

Development Driven by Data

Fort Bragg AutoZone Market Study/Economic Impact

Scope of Work

HdL ECONsolutions shall prepare a Market Study/Economic Impact to carefully evaluate the possibility of AutoZone developing and opening a new store at 1151 S. Main Street in Fort Bragg California. The scope of work shall include:

- Assessment of the Fort Bragg trade area for the opening of new AutoZone store
- Discussion on the merits and challenges of local governments establishing policies or ordinances regulating Formula Businesses
- Evaluation of the merits of allowing a new auto parts retailer in Fort Bragg
- Assessment of the development of the site being pursued by AutoZone at 1151 S. Main Street in Fort Bragg
- Analysis of the economic impacts resulting from the development of the site at 1151 S. Main Street in Fort Bragg, including new annual revenue (sales & property tax), job creation and indirect impacts

In preparing the Market Study/Economic Impact report, HdL ECONsolutions visited the proposed site at 1151 S. Main Street in Fort Bragg and toured the Fort Bragg community and trade area on December 19-20, 2019. Included in the visit was meeting with Paul Clark, Century 21 Fort Bragg Realty, the real estate representative for the property owner and a meeting with Tabatha Miller, Fort Bragg City Manager and Sarah Million McCormick, Assistant Planner, who worked on the AutoZone project. Additionally, several phone conversations occurred with Mitch Bramlitt and Michael Chastain of AutoZone to better understand their perspective of the proposed project in Fort Bragg.

Community & Trade Summary

Fort Bragg is a coastal city along California's Shoreline Highway in Mendocino County. There are many small towns and cities located within 30 miles of Fort Bragg including Casper, Mendocino, Willits, Littleriver, Albion, Laytonville and Redwood Valley. Fort Bragg is approximately 170 miles north of San Francisco, 190 miles northwest of Sacramento and 230 miles southwest of Redding. Fort Bragg is a tourist destination for many reasons, including its historic establishment prior to the Civil War as a military garrison and because of its picturesque views of the Pacific Ocean. Fort Bragg's primary commercial areas are along Main Street (SR 1) corridor and the Downtown Central Business District area of Fort Bragg.

INSIGHT Demographic Report Summary (Full Report Attached)

	City of Fort Bragg	15-Minute Trade Area
Population	6,954	15,983
Households	2,740	6,838
Average Age	40.4	44.9
Average Income	\$52,247	\$68,171
College Degree (AA, BA, MA)	26%	33%
Homeowners/Renters	42.7%/57.3%	57.4%/42.6%
White Collar/Blue Collar	55.1%/44.9%	56.2%/43.8%
Race & Ethnicity		
White	62.1%	73.8%
Hispanic	31.4%	19.9%
Black	0.8%	0.7%
Asian	1.4%	1.5%

Tourism

Visitors from all over California, the U.S. and some international travelers travel along California's State Route 1 which runs along most of the Pacific Ocean coastline in California. At a total of 656 miles, it is the longest state route in California and has several segments identified as Pacific Coast Highway, Cabrillo Highway, Shoreline Highway or Coast Highway. Its southern terminus is at Interstate 5 near Dana Point in Orange County and its northern terminus is at U.S. Route 101 near Leggett in Mendocino County, just 43 miles north of Fort Bragg, CA.

According to the Economic Impact of Travel in California 2010-2018 report (Dean Runyan Associates, May 2019), Mendocino County ranks 4th behind Sonoma, Napa and El Dorado counties in travel related spending, sales tax revenue from travel related spending and travel related employment.

	Travel Related Spending		Sales Tax Revenue		Employment (Travel)	
	2017	2018	2017	2018	2017	2018
Mendocino	\$456.0 M	\$482.2M	\$39.9M	\$43.7M	7.1K	6.9K
Humboldt	\$448.2M	\$453.2M	\$36.6M	\$39.1M	5.5K	5.5K
Shasta	\$462.8M	\$519.6M	\$35.9M	\$41.8M	4.8K	4.9K
Nevada	\$358.8M	\$379.4M	\$28.8M	\$31.6M	3.7K	3.8K
El Dorado	\$910.0M	\$1,000.0M	\$80.0M	\$90.2M	11.7K	12.4K
Sonoma	\$2,099.0M	\$2,200.0M	\$169.0M	\$194.8M	21.5K	22.3K
Napa	\$1,699.0M	\$1,800.0M	\$159.0M	\$164.5M	18.0K	18.3K

Jobs

As the center of employment opportunities on the North Coast of Mendocino County, Fort Bragg businesses provide slightly more jobs than current City residents can fill and thus the City's jobs housing balance is tilted toward jobs rather than rooftops, which is positive for a community. This in addition to visitor travel, provides the context for Fort Bragg pulling in some sales tax revenue from outside of its City limits; a sometimes-elusive statistic that most communities seek. By providing jobs to not only residents but also within the region (as defined by a 15-minute trade area), Fort Bragg is pulling in sales tax revenue dollars from those non-residents who work in the area and make purchases during the day at restaurants, stores, gas stations etc. Employment in Fort Bragg took a major hit in 2002 when the Georgia Pacific Mill closed eliminating 125 jobs in Fort Bragg causing an estimated \$32 million negative impact to the local economy. Additionally, Fort Bragg is dependent on tourism, which can often fluctuate. Pursuing a diversification of its job market and business composition is often a good thing for a community (aka not putting all your eggs in one or two baskets).

Formula Business

About ten cities in California have enacted restrictions to regulate formula businesses (aka national businesses). According to the Institute for Self-Reliance, regulating formula businesses can help avoid standardized décor, appearance, architecture, and services used by chain businesses, while assisting independent businesses to remain in operation. However, please note there is no study or data demonstrating that regulating formula businesses enhances the success of independent or small businesses. The best approach to formula business may be to let all businesses operate in a free marketplace according to market conditions. That approach has the virtue that each new business determines its location based on its belief that it can be successful in a community (trade area). The free marketplace also maximizes economic growth, while permitting each community to regulate formula business based on planning and economic development policies tailored to adhere to the community goals without prejudging formula based businesses based on their identity.

There is no specific definition on what is a Formula Business, but most local governments tend to consider a Formula Business to be one that has a certain number of locations nationwide and features such as décor, appearance, architecture, branding, methods of operation that can be considered standardized.

In November 2016, Mendocino County passed a formula business policy that requires chain stores (defined as retail and restaurant businesses with 10 or more locations) to seek a minor use permit in order to open. The permit application process involves a public hearing, and county staff review of the application based on whether the proposed formula business would fit with the community's character, including the businesses' site design and architecture.

The impetus for the County's ordinance came from the zoning clearance granted to a building permit in February 2015 to construct a Dollar General store on a vacant lot located in the Redwood City Community Area, unlike the AutoZone case where the applicant had to secure various discretionary approvals from the City. In that case, the community expressed concern that the proposed store did not fit the community, conflicted with the general plan policy, and was not subject to environmental review. The Board of Supervisors decided that additional land use regulations would help ensure the establishment of future formula businesses without degrading the unique character of the County areas.

The formula business policy may be applied over C-1 (limited commercial) and C-2 (general commercial) zoning districts in the unincorporated areas of the County including but not limited to the following Community Areas or Commercial Plans:

- Anderson Valley
 - Boonville
 - Navarro
 - Philo
- Covelo
- Fort Bragg
 - Cleone
- Hopland
- Laytonville
- Potter Valley
- Redwood Valley
- Willits
 - Brooktrails
 - Ridgewood
- Calpella
- Ukiah
 - Lake Mendocino Dr.
 - South Ukiah
- Talmage
- Commercial Places
 - Bell Springs
 - Compotche

In addition to Mendocino County, ten cities in California have enacted restrictions on Formula Businesses in parts or all their communities including:

- Arcata
- Benicia
- Calistoga
- Carmel
- Coronado
- Malibu
- Pacific Grove
- Sausalito
- Solvang
- San Francisco

Fort Bragg has also contemplated the idea of regulating Formula Businesses. While not having a process currently in place to regulate formula businesses, the City Council has directed the City Attorney and City Manager to further research the idea and present thoughts and ideas on a possible process for regulating formula businesses in Fort Bragg. The idea of regulating formula businesses presents interesting dynamics for a community that must be considered. The potentially unintended consequences of regulating formula business include reducing sales and property tax revenue for the city and compromising the community's economic foundation. Over-regulating the business community can send the wrong message to commercial developers, real estate brokers and potential new businesses on a city's efforts to promote, encourage and support economic development. If Fort Bragg moves forward with some type of regulation of formula businesses, it might want to consider focusing on regulating formula businesses in a specific area such as the Downtown Central Business District of Fort Bragg, where national or formula businesses are less likely to want to locate. The vast majority of national or formula businesses are more likely to want to locate along the Main Street (SR1) corridor.

Top Sales Tax Producers for Fort Bragg

Top sales tax producers are important for a city because they typically produce a large percentage of the sales tax revenue. In California, typically national retailers/restaurant or so-called formula businesses make up a large percentage of a city's top 25 sales tax producers. In Fort Bragg, the top 25 sales tax producers generate nearly two-thirds of the entire sales tax revenue from all Fort Bragg businesses. During the period of October 2018 to September 2019 (4th quarter 2018 through 3rd quarter 2019) the top 25 sales tax producers in Fort Bragg generated almost \$1 million collectively in sales tax revenue for the City of Fort Bragg. It is imperative that the City of Fort Bragg note that 15 of the top 25 sales tax producers could be classified as a Formula Businesses. In total these 15 businesses generated nearly 63% of the sales tax revenue from the top 25 sales tax producers in Fort Bragg. Collectively these 15 so-called Formula Businesses produced nearly \$620,000 in sales tax revenue during this one-year period for the City of Fort Bragg.

The Top 25 Sales Tax Producers include the following businesses (in alphabetical order):


- ARCO AM/PM
- Boatyard Tobacco
- Chevron
- CVS
- David's Deli
- Denny's
- Dollar Tree
- Fort Bragg 76
- Geo Aggregates
- Harvest Market
- McDonald's
- Mendo Mill & Lumber (Ace Hardware)
- Mendocino Horticulture
- O'Reilly Auto Parts
- Piaci Pub & Pizzeria
- Redwood Coast Fuels
- Rite Aid
- Rossi Building Materials & Ace Hardware
- Safeway Stores
- Sinclair
- Sport Chrysler Jeep Dodge
- Taco Bell
- True Value Coast Hardware
- Two Short Sales
- US Cellular

Void Analysis

A Void Analysis was undertaken for the Fort Bragg area to assess what retailers and restaurants are not situated in the trade area and most importantly might be a good fit from a market analytics perspective. HdL ECONsolutions works with many cities in California in assisting with retail attraction services. During the past 4.5 years, HdL ECONsolutions has helped facilitate 55 transaction in 15 cities that produced new businesses producing more than \$2.5 million in new sales tax revenue. Below is the Void Analysis Summary presenting 25 possible targets for new businesses for Fort Bragg. Analysis considers the retailers nearest location to Fort Bragg, preferred building footprint, along with a match score (market analytics, trade area preference and comparison to their existing store composition determined by a software program). The 25 possible targets for Fort Bragg have a match score ranging from 79 to 94, with anything over 75 considered a good match.


VOID ANALYSIS SUMMARY & MARKET PROFILE

City of Fort Bragg
Coast Hwy & Boatyard Dr
January 2020




Market Profile
 Located along the north coast of California in Mendocino County, Fort Bragg is located roughly 150 miles north of San Francisco. Access from surrounding communities is provided due to the City's strategic location along Pacific Coast Highway and State Route 20. Known for its glass beach and towering redwoods, the City of Fort Bragg is a community of doers who get things done.

	Fort Bragg	15 Min
Population	6,954	15,983
Daytime Population	8,999	16,044
Households	2,740	6,838
Average HH Income	\$57,247	\$68,171
Average Age	40	45
White Collar	55%	56%
Some College or Degree	51%	58%



Retailer	Retail Class	Nearest Location	Est. Annual Sales Tax (\$)	Size (SF)	Match Score
AutoZone	Automotive	36.7	\$15,000 - \$22,000	6,500 - 8,000	94
Big O Tires	Automotive	36.7	\$8,000 - \$16,000	3,500 - 7,000	86
Les Schwab	Automotive	24.6	\$17,000 - \$30,000	10,000 - 15,000	90
Pep Boys	Automotive	93.5	\$13,000 - \$20,000	4,000 - 6,500	86
Dunkin' Donuts	Coffee Shop	50.7	\$2,000 - \$4,500	1,100 - 2,600	88
Dutch Bros Coffee	Coffee Shop	88.6	\$2,000 - \$3,000	350 - 400	90
Boot Barn	Footwear/Shoes	36.5	\$23,000 - \$40,000	8,000 - 12,000	80
7-Eleven	Fuel/Convenience Store	61.3	\$8,000 - \$12,000	2,000 - 3,000	90
Circle K	Fuel/Convenience Store	74.3	\$8,000 - \$12,000	2,400 - 3,400	94
Big Lots Stores	General Merchandise	37.7	\$25,000 - \$35,000	35,000 - 38,000	88
Family Dollar	General Merchandise	119.4	\$7,500 - \$12,500	7,800 - 10,000	83
Grocery Outlet	Grocery Store	24.6	\$11,000 - \$25,000	17,000 - 20,000	92
Raley's	Grocery Store	36.5	\$55,000 - \$78,000	55,000 - 65,000	85
Save Mart Supermarkets	Grocery Store	106.3	\$30,000 - \$42,000	20,000 - 60,000	81
Harbor Freight Tools	Home Improvement	87.0	\$38,000 - \$56,000	13,000 - 18,000	91
Arby's	Restaurant - Quick Service	92.1	\$8,000 - \$13,000	2,000 - 3,100	90
Burger King	Restaurant - Quick Service	24.5	\$10,000 - \$15,000	1,000 - 3,500	95
Carl's Jr.	Restaurant - Quick Service	36.4	\$12,000 - \$16,000	2,500 - 4,000	86
Chipotle Mexican Grill	Restaurant - Quick Service	37.5	\$14,000 - \$18,000	2,200 - 2,800	80
Five Guys	Restaurant - Quick Service	88.3	\$8,000 - \$12,000	2,000 - 3,000	79
Jack in the Box	Restaurant - Quick Service	24.3	\$14,000 - \$20,000	2,200 - 3,100	87
Panda Express	Restaurant - Quick Service	82.4	\$16,500 - \$22,000	800 - 2,500	82
Wendy's	Restaurant - Quick Service	88.3	\$15,000 - \$20,000	3,300 - 4,000	87
Tractor Supply	Home Improvement	68.3	\$37,000 - \$65,000	19,000 - 25,000	94
Dollar General	General Merchandise	54.7	\$10,500 - \$17,000	9,000 - 12,000	84



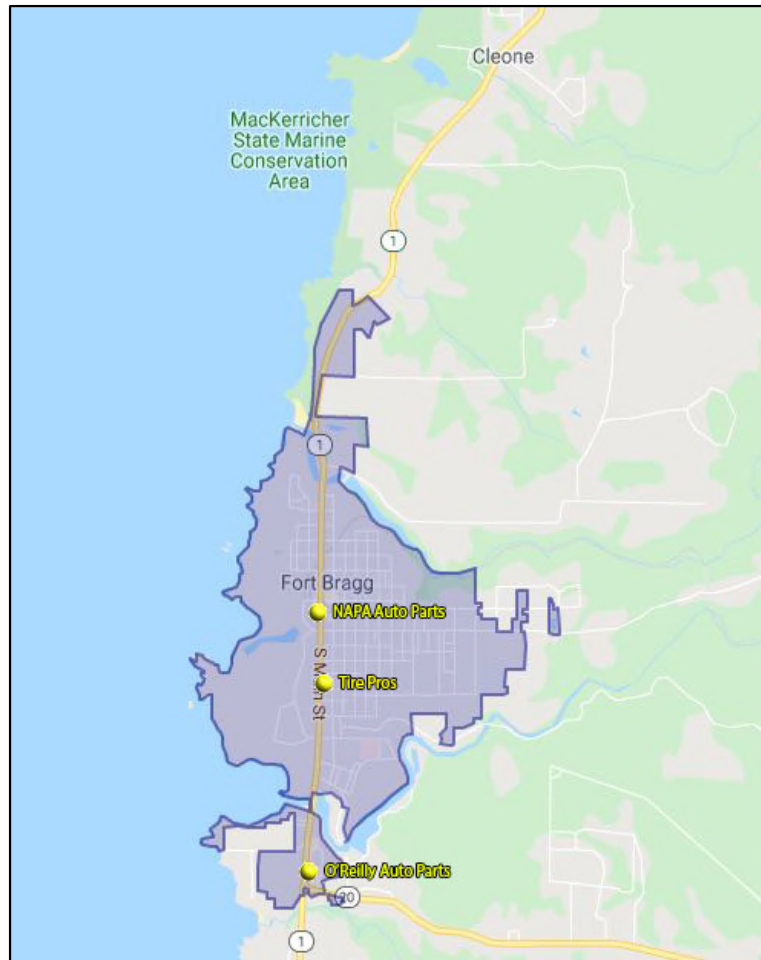
Auto Related Retailers

Currently, in the City of Fort Bragg there are three national retail automotive chains, including Tire Pros, NAPA Auto Parts and O'Reilly Auto Parts. All three businesses are situated along the Main Street (SR 1) corridor. All three of these retailers sell auto parts, supplies and accessories, but their store concepts and services differ. AutoZone and O'Reilly offer free in-store pickup and free shipping of online orders but offer limited in-store services.

While the proposed AutoZone location could pose for some limited competition with the individually owned NAPA Auto Parts, according to statista.com (2019) its prime competitors are O'Reilly Auto Parts, Advance Auto Parts and Pep Boys. Currently, AutoZone is the largest automotive aftermarket retailer in the United States with nearly 8.9 billion U.S. dollars in retail sales. Again, according to statista.com (2019) AutoZone's average net sales in the U.S. per store is about 1.8 million dollars. In contrast, in addition to catering to the do-it-yourselfers and the everyday driver, NAPA is the preferred retailer to serve Auto Service Professionals, including local area mechanic shops. According to their 2018 annual report, NAPA closed the year with approximately 15.3 billion in U.S. dollars in retail sales.

Nationally, NAPA Auto Parts is the leading aftermarket automotive parts and accessories company in the U.S. and derives over 60% of its \$15 billion sales to wholesale or business-to-business transactions. To that end, NAPA's target market differs to that of AutoZone and O'Reilly Auto Parts in that they are very much concentrated on a target market that includes people and businesses that service automobiles.

Since opening in 2014, the O'Reilly's in Fort Bragg has experienced steady growth in sales tax revenue and is an above average store location as compared to the average for O'Reilly in California. The NAPA in Fort Bragg has also demonstrated consistent sales tax revenue over the years for Fort Bragg, but a large amount of sales by NAPA store concept are business-to-business transactions such as auto dealers, mechanics and auto maintenance garages and thus not taxable by NAPA, but the sales tax is charged to the 3rd party user. Additionally, the Tire Pros has also shown consistent sales tax revenue growth since opening in Fort Bragg in late 2012.



The opening of a new AutoZone in Fort Bragg might initially have a slight impact on O’Reilly’s sales performance, but these two retailers often have stores in the same trade area and continue to perform nicely. The addition of a new auto parts retailer should not have any significant impact on NAPA Auto Parts as their target market groups are holistically different. While there may be some limited crossover, the NAPA consumer is mostly within the business-to-business classification. Finally, the opening of a new AutoZone in Fort Bragg should have no impact on the North Coast Tire Pros facility. It is also important to consider that in Willits there is both an O’Reilly and NAPA, while Ukiah is home to an AutoZone, a NAPA and an O’Reilly location. Although Lakeport is outside Mendocino County, it is instructive that this community with a population of under 5,000 includes O’Reilly, AutoZone and NAPA among its corporate citizens. In fact, data supplied by AutoZone indicates that the smaller size of a community has no bearing upon whether these three companies will all conduct a sustainable business in the same city. Table 1 graphically reflects this data.

Table 1

Community	Population	O’Reilly	NAPA	AutoZone
Lakeport	4,900	Yes	Yes	Yes
Crescent City	6,400	Yes	Yes	Yes
Gridley	7,200	Yes	Yes	Yes
Corning	7,600	Yes	Yes	Yes
Yreka	7,600	Yes	Yes	Yes
Orland	7,700	Yes	Yes	Yes
Fortuna	12,200	Yes	Yes	Yes
Grass Valley	13,000	Yes	Yes	Yes
Red Bluff	13,500	Yes	Yes	Yes
Oroville	15,000	Yes	Yes	Yes
Clearlake	15,100	Yes	Yes	Yes
Susanville	15,300	Yes	Yes	Yes
Ukiah	16,000	Yes	Yes	Yes
Paradise	27,000	Yes	Yes	Yes

All three stores perform well in these locations, and this data represents a compelling indicator that a new AutoZone store in Fort Bragg will not adversely impact existing stores in the community. Among AutoZone’s 627 California stores, 78 are located in census-designated rural cities. Of these 78 stores, 53 are located in a trade area with a major competitor of AutoZone (O’Reilly or Advanced Auto). Of these same 78 rural California AutoZone stores, 71 share a trade area with at least 1 AutoZone competitor that the company classifies, with no disrespect, as “minor” (NAPA, Baxters, PepBoys, Fisher Auto Parts, or similar). Table 2 reflects this data.

Table 2

Segment	Number of Minor Competitors				Number of Major Competitors			
	0	1-2	3+	Total	0	1	2+	Total
Rural	7	34	37	78	25	53	0	78

Finally, and perhaps most telling with respect to Fort Bragg’s capacity to sustain AutoZone’s new store, the company’s data also indicates that 2 out of 3 of the company’s 78 rurally located stores share a market area with a “major” competitor and at least one “minor” competitor.

Site Evaluation in Fort Bragg

AutoZone has considered the possibility of opening a new store in Fort Bragg for several years. The nearest AutoZone store to the Fort Bragg area is in Ukiah, 55 miles away. AutoZone has performed significant due-diligence and undertaken careful analysis including using a tried and true methodology used by AutoZone for more than 20 years in determining where and when to open a new store. After working for about a year on site possibilities and preliminary development plans, AutoZone formally submitted their project to the City of Fort Bragg on October 15, 2018.

The site is situated at 1151 S. Main Street in Fort Bragg, which is located on the major business corridor of Fort Bragg. The 2.73 acres of vacant land (APN 018-440-58) is owned by David Wayne Mayhew. AutoZone is in escrow to purchase 1.1 acres of the existing vacant property, a new parcel created by a lot split. Mr. Mayhew would retain ownership of the remaining 1.63 acres and could pursue development of the property in the future.

The property at 1151 S. Main Street has never been developed and has a zoning designation of Highway Visitor Commercial. AutoZone and their consulting team worked closely with City of Fort Bragg staff to meet the planning and design needs and/or requirements, as well as the Coastal Commission in formulating a project that could work for the community. As part of the conditions of approval, AutoZone has agreed to create a “visual easement” on the property to help protect ocean views. The 1.1-acre site plan presented the development of a 7,380 square foot AutoZone store, with architecture and design features sought by City staff. The project follows the city’s requirements for parking, hardscape and landscaping, as well storm water protection and water quality adherence. The project as presented met all planning and design requirements, as well as the City of Fort Bragg’s development standards and regulations. On September 25, 2019 the Planning Commission considered an application for the AutoZone project. Instead of judging the project on the merits of adherence to design and development standards and the many concessions AutoZone had agreed to, much of the discussion by Planning Commission members at the September 25, 2019 meeting focused not so much on evaluating and assessing the development project, but rather upon AutoZone as a company and being a so-called formula business. On October 23, 2019 the Fort Bragg Planning Commission approved Resolution PC08-2019 denying the project. The resolution denying the project pointed to the PC’s determination that the project is inconsistent with Policy LU-4.1 of the Land Use Element of the City Coastal General Plan. Based on the many concessions and enhancements consented to by AutoZone with respect to architecture appearance, site planning, etc. HdL ECONsolutions respectively disagrees with this finding and believes

that the project as presented does comply with Policy LU-4.1. An appeal by AutoZone is pending City Council consideration on Monday January 13, 2020.

Economic Impacts

Direct Impacts

Sales Tax

Development Type	Total Building SQFT	Sales/SQFT	Total Annual Sales	Annual Sales Tax Revenue
AutoZone	7,380	\$177	\$1,306,260	\$13,063
Miscellaneous Retail	5,000	\$250	\$1,250,000	\$12,500

In addition to the potential \$1.3 million in taxable sales generated from this location, AutoZone estimates another \$300,000 to \$400,000 in business-to-business sales that will generate an additional portion of \$3,000 to \$4,000 in sales tax revenue to the general fund through a transaction with a 3rd party user consumer.

Potential exists for an additional 5,000 square feet of retail to complement the AutoZone development on the remaining 1.63-acres of vacant land. Based on the Void Analysis, there are potential retail attraction opportunities in restaurant and general retail categories. This along with the projected sales from AutoZone would provide annual sales tax revenue of approximately \$25,563.

Property Tax

Property tax revenue is based on an estimate of the 0.00148% share of the City’s 1% property tax collected. Please note, there is an additional .563% that is collected and attributed to the tax increment as a result of the parcel being a part of a former RDA project area. The exact amount that the City would receive will depend on what debt obligation (if any) is present.

Total Building SQFT	Bldg. Cost /SQFT	Total Building Cost	Annual Property Tax
7,380	\$200	\$1,476,000	\$22 – General Fund \$8,309 – Incremental Secured
5,000	\$200	\$1,000,000	\$15 – General Fund \$5,629 – Incremental Secured

Jobs

Development Type	Total Building SQFT	Employee/SQFT	Total Employees
AutoZone	7,380	600	12.3
Miscellaneous Retail	5,000	250	20

Per the U.S. Bureau of Labor Statistics on average depending on retail type, employment can be calculated by the factor of approximately 1 worker per every 250 to 750 square feet. This provides a general idea of the potential increase in daytime traffic as a result of new employees at these potential new retail establishments. The proposed AutoZone location in Fort Bragg is estimated to start with approximately 12 employees and ramp up as sales and store traffic increases upon stabilization of the store opening, which estimated at 2 years. The employees for a new AutoZone store will include 4 full-time and 8 part-time employees that will be hired from the local talent pool, with the exception a Store Manager who may come from another existing AutoZone store. This provides a basic measure of the potential in sales tax

revenue generated by these employees who will be making purchases in the City. This is addressed in more detail below as an indirect impact. While this could fluctuate, it does provide a conservative economic impact of potential revenue that could be realized from the increase in new workforce population.

Indirect Impacts

Indirect impacts are a result of sales made within the City to employees working within the new development. Total impacts (employee/spending) is using 2019 dollars using the total estimated employees within the projects. Additionally, sales tax revenue generated by employees is based on an ICSC 2013 study on employee spending, the average employee spending \$146 per week (not including spending on transportation and online sales). The annual spending uses the average weekly spending multiplied by 52 weeks per year and does not consider weekend and holidays. Total sales tax generated by employees within the City of Fort Bragg is based on HdL ECONsolutions’ estimate that 70% is spent on taxable items in Fort Bragg.

Employee Spending

Total Annual Spending by Employees	Percentage Spent in Fort Bragg	Total Spending in Fort Bragg	Sales Tax Generated by Employees
\$245,221.60	70%	\$171,655	\$1,717

It is estimated that with the addition of the AutoZone development, the City of Fort Bragg could realize an additional \$41,254 in revenue from both sales tax, property tax and indirect sales tax revenue generated by AutoZone employee spending. Over a 10-year period with modest 2% growth, this development has the potential to yield approximately \$522,288 in revenue brought into the City.

Revenue Summary Table

Revenue Source		Total
Sales Tax - Direct		
	AutoZone	\$13,063
	Miscellaneous Retail	\$12,500
		\$25,563
Sales Tax – Indirect		
	Employee Spending	\$1,717
Property Tax		
	AutoZone	\$8,331
	Miscellaneous Retail	\$5,644
		\$13,975
Project Total Revenue		\$41,254

Summary

HdL ECONsolutions has carefully analyzed and evaluated the possibility of AutoZone developing a new store in Fort Bragg at 1151 S. Main Street. AutoZone cooperated and effectively worked with City staff to adhere to all desired planning and design considerations, and achieved full and complete compliance with all city development standards and regulations. AutoZone has undertaken significant due-diligence to ensure that the opening and operation of the AutoZone store in Fort Bragg will be successful and a benefit to the city and the community at large.

AutoZone founded in 1979 and based in Memphis Tennessee has over 6,400 stores and is a publicly traded company that is the nation’s leading auto parts retailer. AutoZone typically has a target of opening 150 new stores annually nationwide, including many new stores in California. During HdL ECONsolutions’ conversations with the real estate and development team for AutoZone, the company’s representatives mentioned not being able to recall AutoZone closing a store in California as a result of underperformance. Please note that AutoZone has relocated stores within a trade area where they were so successful, they needed to be made larger to be more efficient. Part of the reason that AutoZone has never closed a store in California based upon lower than expected sales is the comprehensive due-diligence and methodology the company uses in identifying locations and opening new stores. Table 3 reflects AutoZone data regarding new stores opened.

Table 1

Fiscal Year*	Stores Opened	Stores Opened, CA
2005	173	7
2006	185	6
2007	159	10
2008	160	10
2009	140	9
2010	163	17
2011	147	15
2012	151	24
2013	153	19
2014	148	18
2015	158	16
2016	156	15
2017	168	15
2018	155	18
2019	154	22
2020	26	3

**Fiscal Year is September of year prior through August of year reflected*

HdL ECONsolutions has estimated the annual revenue (sales tax and property tax revenue) to be produced by AutoZone and the future development of an approximately 5,000 SF multi-tenant building with retail/restaurant uses of \$41,254 and over a 10-year period (modest 2% growth) would be equate to \$522,288 in new revenue for the City of Fort Bragg.

Based on our expertise and significant development and new business experience throughout California, HdL ECONsolutions would recommend that the Fort Bragg City Council consider approving AutoZone's appeal and enable the development of the project and the opening of a new AutoZone store at 1151 S. Main Street.

About Us

Hinderliter de Llamas Associates (HdL) has been in business for over 35 years. HdL, based in Brea CA and with additional offices in California in San Dimas, Fresno and Pleasanton is a leading consulting firm with significant expertise in sales tax services, financial analysis, business solutions, economic development and cannabis work. HdL presently works for approximately 400 local governments in California including about 360 cities. In 2014, HdL started HdL ECONsolutions, as a division of the company to help local governments and several developers by offering a variety of economic development focused products and services. In 5-1/2 years ECONsolutions has worked with 85 local governments and is currently working with approximately 40 cities and several developers. During the past few years, HdL ECONsolutions has prepared 15 Market Studies. Along with numerous Fiscal Impact Analysis for both the public and private sector. Collectively, the three person HdL ECONsolutions team has over 50 years of experience in working in public sector for cities, as well as over ten years working in the public sector in economic development. Over the years, Barry Foster, Principal/Managing Director for HdL ECONsolutions has helped facilitate more than 31 million square feet of development in California including retail centers, downtowns, hotels, logistics, office, medical/healthcare and auto centers. While employed in the public sector in California, Barry Foster worked for four cities in Economic Development and Development Services, including his last position in a city with a population over 200,000 where he was the Community and Economic Development Direct responsible for seven divisions.