



**HOME TOWN 2030 WORKSHOP
RESULTS AND RECOMMENDATIONS
A TANGIBLE AND VIABLE ROAD MAP FOR THE CITY OF CLINTON**



PREPARED FOR:
Upstate Forever
Ned Barrett, Program Manager



PREPARED BY:
F.A. Johnson Consulting Group, Inc.

DECEMBER 15, 2009

Please Reply To:
1520 Senate Street • Suite 177
Columbia, South Carolina 29201

(803) 799-2057 Telephone
(803) 799-6888 Facsimile
website: www.fajohnsondevelopmentgroup.com

December 15, 2009

Mr. Ned Barrett, Program Manager
Upstate Forever
100 East Main Street, Suite R-4
Spartanburg, SC 29306

RE: 2030 Home Town Workshop Analysis and Recommendations for The City of Clinton

Dear Mr. Barrett:

We are pleased to submit this report to **Upstate Forever** on the **2030 Home Town Workshop** for the City of Clinton. This assignment, and consequently this report, are designed to present a comprehensive strategy and corresponding recommendations for the development of retail hubs in the Clinton community, as well as the long term survival of downtown as a retail center, and the redevelopment of existing blighted retail areas entering Clinton.

As a practical matter, the identified strategies and recommendations contained in this report are a natural extension of the previous planning documents and efforts undertaken by the City of Clinton and Laurens County. The previous planning documents demonstrate the City of Clinton's long standing and continued recognition of the importance of securing and maintaining strong partnerships between the private and public sectors in order to address economic development issues. Creating a positive sustainable retail economic development strategy requires finding the right mix of approaches and a delicate balance of strategies. This is both an art as well as a science.

To this end, the analysis presented consists of multiple components which go beyond focusing on market analysis, understanding site selection criteria, and retail recruitment in a vacuum. This report also identifies additional growth scenarios, which are complementary, supportive, and can run parallel to the retail recruitment recommendations. **As detailed in the report, these additional growth scenarios also have foundational elements in some of previous planning documents.**

This approach provides Clinton with more than one way to increase the visibility of the market and communicate the market's economic vitality in terms that are meaningful to retailers. This report provides a series of steps and a road map in fostering a quality living environment for Clinton that will support the City's economic development goals over the long term. We hope that the Clinton City Council adopts this report as the continuing development framework and road map of the ongoing Retail Development Program. Please note that we were unsuccessful in obtaining GIS data from Laurens County, which negatively impacted the delivery of supporting graphics.

Sincerely,



Fred A. Johnson, II, Esq.
F.A. Johnson Consulting Group, Inc.

cc: Angela Viney, Director Spartanburg Office, Upstate Forever

CERTIFICATION

The F.A. Johnson Consulting Group, Inc. certifies that, to the best of our knowledge and belief:

The statements and facts contained in this report are true and correct.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and represent our firm's personal, impartial, and unbiased professional analyses, opinions, conclusions and recommendations.

Our firm has no present interest or prospective interest in the subject of this report, and no personal interest with respect to the parties involved. Our firm has no bias with respect to the subject of this report, or to the parties involved with this assignment. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.

The attached report was written exclusively for Upstate Forever and the City of Clinton. Authorized use of this report is limited to the organizations for which it was prepared. Possession of the attached report, in whole or in part, does not constitute accountability, obligation, or liability to any third party, on behalf of the F.A. Johnson Consulting Group, Inc. Unauthorized distribution of the attached report to third parties is without any warranty or representations, expressed or implied, as to its content, its suitability for any purpose, its accuracy or completeness.

Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined conclusion or recommendation that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this report.



Fred A. Johnson, II, Esq.
F.A. Johnson Consulting Group, Inc.

ACKNOWLEDGEMENTS

Prepared For:

Upstate Forever

Angela Viney, Director of Sustainable Communities Program & Director of Spartanburg Office
Ned Barrett, Program Manager

City of Clinton

Randy Randall	Mayor
Danny O. Cook, Jr.	Council Member – Ward 1
Shirley Y. Jenkins	Council Member – Ward 2
Betty S. Kinard	Council Member – Ward 3
Eddie McGee	Council Member – Ward 4
Truman Owens	Council Member – Ward 5
John Dowdle, Sr.	Council Member – Ward 6

Facilitators:

Fred A. Johnson, II, Esq. – F.A. Johnson Consulting Group, Inc.
F. A. Johnson, Sr. – F.A. Johnson Consulting Group, Inc.
Karren Hill Gordon. – F.A. Johnson Consulting Group, Inc.
Erika D. Salley. – F.A. Johnson Consulting Group, Inc.
C. Douglas Clary, Jr. PE. – Hybrid Engineering, Inc.
Vida Gholami, PE. – Hybrid Engineering, Inc.
Ned Barrett, Upstate Forever
Shelly Robinson, Upstate Forever

A special thank you is extended to the following individuals who served as a resource to the Technical Team and for their assistance in making this report successful:

Joshua L. Kay, City Manager City of Clinton
Dianne Wyatt, Executive Assistant to the City Manager, City of Clinton
Lynn “Chip” Cooper III, Cooper Motor Company
Jonathon Coleman, Laurens County Economic Development Corporation
L. Christopher Plein, PhD, West Virginia University Professor and Assistant

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QUALIFICATIONS

I. INTRODUCTION AND ANALYSIS OVERVIEW

The City of Clinton, South Carolina has initiated efforts to identify, research, and implement a comprehensive and practical economic development strategy for the City. Specifically, the City of Clinton desires to expand upon its recently completed five-year strategic plan by utilizing the Home Town 2030 process to further explore the planning needed for expanding Economic Development in general, **but also by specifically expanding the retail services sector of the local economy. The intent of this effort is to leverage the assets of the surrounding community, increase the tax base, and spur redevelopment/revitalization along and within the existing blighted areas, particularly along the entrance corridors to the City.**

UPSTATE FOREVER is a private, nonprofit membership-based organization dedicated to promoting sensible growth in the Upstate Region of South Carolina, which includes ten (10) Counties (Abbeville, Anderson, Cherokee, Greenville, Greenwood, Laurens, Oconee, Pickens, Spartanburg, and Union). The organization was founded in 1998, has over 3,500 members, a staff of 21 (full- and part-time), and offices in Greenville and Spartanburg.

UPSTATE FOREVER issued a Request for Proposals to provide grant opportunities for cities to conduct visioning exercises geared toward implementing a specific economic development plan. The City of Clinton responded to the Request for Proposals and was selected by UPSTATE FOREVER for conducting a 1 ½ day workshop aimed at producing a tangible and viable plan for directing the growth of Clinton into the year 2030. UPSTATE FOREVER retained the services of the F.A. JOHNSON CONSULTING GROUP, INC. to carry out a Take-Part Workshop/Visioning Session in association with UPSTATE FOREVER on behalf of the City of Clinton. This report has been prepared at the request of the UPSTATE FOREVER on behalf of the City of Clinton.

PURPOSE OF REPORT

The purpose of this analysis is to assist the City of Clinton in **assessing a feasible development/redevelopment strategy with a focus on retail.** This analysis has been

prepared specifically for the City of Clinton to aid in creating a long-term retail development plan which will support its goals of community enhancement and continued revitalization.

As described in Clinton's Response To Request For Proposals, the principal issues that will be addressed include the development of retail hubs in the community, the integration of retail into the planned residential development, the long term survival of downtown and a retail center, and the improvement and redevelopment of existing blighted retail areas.

The forthcoming analysis will: (1) discuss the above described issues; 2) identify some of the current market forces influencing the demand and supply of real estate activity in the Clinton Market Area, (3) report on and build upon the Public Input received from the process begun at the Home Town 2030 Workshop; and (4) suggest a series of strategies for implementation.

The balance of this report includes specific discussions of the analysis used to assess the City's goals and objectives and the potential impact of current trends in the Clinton Market Area. The following section provides a general summary of the analysis employed.

- A. **PREVIOUS REPORTS AND ANALYSES.** There are a number of existing planning-related documents for the Citizens of Clinton and the Clinton City Staff to draw upon. This data consists of current Comprehensive Plans, Greenway Plans, and other Economic Development reports (these reports are listed and discussed in detail in Section II of this report). These existing reports and analyses provide a valuable baseline of readily available data and information. In terms of Methodology, it is important that the analysis contained in this report builds upon the existing data/reports and does not recreate any steps previously taken. The background research provided by the previous reports and analyses allows for new strategies to build upon the base created by those proposed programs and recommended activities.

- B. **MARKET AREA ANALYSIS.** The readily available reports referenced above provided an excellent point of beginning. In addition to this information, however, a brief analysis/review was made to provide a market-based perspective of Clinton. This analysis is based on a cursory review of the geographical, political, economic, cultural and demographic factors that influence the character of any market and its potential for

growth or new development. Historical real estate trends and future projections were examined to provide support for the subsequent analysis and conclusions.

- C. **HOME TOWN 2030 WORKSHOP.** Public Input is critical to the success of any plan. On November 13, 2009, a Community Take-Part Workshop was held. Forty-four (44) persons signed in at the Community Take-Part Workshop. This provided citizens, local business leaders, and public officials an opportunity to have a focused discussion of Economic Development issues facing the Clinton community. Through this workshop, Upstate Forever sought to accomplish the following primary objectives: 1) Involve an inter-disciplinary team to lead the discussion; 2) Conduct small-group visioning exercises using maps of Clinton; 3) Produce a recommended course of action for economic development and master plan implementation activities/issues; and 4) Identify and establish future actions needed to implement and/or further refine the road map.

EXECUTIVE SUMMARY OF FINDINGS

Following are brief summaries of the conclusions reported in each section of this report.

- A. **PREVIOUS REPORTS AND ANALYSES.** A sequential review of the existing reports and analyses clearly indicates that Clinton takes seriously the charges coming out of or resulting from each exercise. The previous reports, studies, and analyses laid a strong foundation for this Take-Part Workshop. The existing reports summarize core goals and objectives. The recommendations contained in this report are designed to take off from and reinforce existing identified goals, increase the level of activity/investment, and suggest specific new courses of action which will serve as catalytic activity for the broader goals identified by the previous planning processes.
- B. **MARKET AREA ANALYSIS.** National, Regional, and Local market forces will certainly impact both the speed and methodologies implemented by Clinton. These trends must be addressed as a foundation for the recommendations. National economic turmoil has adversely impacted real property markets and values over the past 18 to 24 months. Much of the economic volatility has been attributed to financial markets in general, and

Wall Street in particular. Two primary factors attributable to current conditions include: (1) restriction of commercial credit and loss of securitization of commercial credit and (2) investor fear and the resultant withdrawal from the market. Despite the long-term growth projected in the region, the prevailing climate will impact both developer and retailer responses in the interim.

C. HOME TOWN 2030 WORKSHOP. The Community Take Part Workshop is significant in continuing to promote resident and business leadership's involvement as a basis for potential redevelopment of retail sites. **In the body of this report, many of the responses have been reproduced exactly as written without editorial changes made to the comments.** Similar and duplicate responses have been deleted for clarity and to avoid redundancy.

What would you like to see at the end of today?

- § Community input
- § A way to attract people to this great community
- § Housing
- § Activities
- § Better Schools
- § We would like to open up farmland
- § A good plan and strategy for retail development
- § An improved perception of education
- § Looking to be a cool place to live
- § Attract more young people
- § People need to take advantage of the free events at Presbyterian College
- § We have to make the first impressions

- § 360° look at Clinton – pull the whole community with us as we go
- § We cater to one side of the tracks; those associated with the college – we need to work together – annex areas around Clinton to increase the population to 10,000

What is your perception of the primary trade area?

- § The entire county

Is Clinton doing well in terms of restaurant and food service options?

- § It has changed some
- § Yes
- § Restaurants are full on weekends, but retail shops close in the afternoon

D. RECOMMENDATIONS AND CONCLUSIONS. As summarized above, the previous reports, studies, and analyses laid a strong foundation for this Take-Part Workshop. The previous reports summarize core goals and objectives. The recommendations contained in this report are designed to take off from and reinforce existing identified goals, increase the level of activity/investment, and suggest specific new courses of action which will serve as catalytic activity for both retail development and the broader

goals identified by the previous planning processes. **Consequently, in order to provide objective “best practices” recommendations, this report not only provides a suggested plan of action for retail development, it also outlines complementary and supportive implementation strategies, which are consistent with and further the retail recruitment objectives.** The recommendations and conclusions are designed to create choices for the Clinton leadership for 2030 and beyond. Stated in an alternative manner, although the focus is on retail, Multiple Growth Scenarios are presented for Clinton. Each Growth Scenario includes specific catalytic activities. These Multiple Growth Scenarios have been divided into four (4) broad areas of focus. They are:

i. **Establish and Implement Clinton’s Retail Development Action Plan:**

Retail Recruitment and Retention is an essential economic development strategy. Expanding and relocating businesses cite ample retailing as a part of their selection process. Being serious about retail recruitment will require an aggressive program. This cannot be accomplished without a consistently applied targeted approach. At a minimum, this must include:

1. **Developing Site and Building Inventory for Retail Space**
2. **Identifying/Inventorying What Retail Services (By Category) Are Currently Present In Clinton**
3. **Creating A Retail Recruitment Marketing Package**
4. **Create/Update The Retail Leakage Analysis**

ii. **Adopt Complementary Comprehensive Land Use Strategies In**

Clinton: The creation of a comprehensive Land Use Strategy is not only an independent and specific actionable Growth Scenario item, it is also a foundation inasmuch as it creates or codifies the environment for the Retail Development Action Plan Growth Scenarios. Specifically, the Land Use Improvement Plan must incorporate:

1. **Annexation Plan: Identify And Annex Specific Properties/Parcels**
2. **Infrastructure**

3. Inventory City Assets

4. Accelerate Clinton Park Corporate Center Implementation

iii. The City of Clinton Should Increase Population Base Through Methodologies Identified In Previous Planning Efforts:

Retail recruitment in small markets is subject to population thresholds deemed critical to retailers. In addition to Clinton's efforts to stimulate "primary employment generators" such as manufacturing and warehouse/distribution, alternative approaches to job creation and population growth must be considered. The creation of a Deliberately Occurring Retirement Community ("DORC") would be a Growth Scenario for the City of Clinton that would implement the Stated Goal of Attracting Seniors/Retirees to Clinton described in previous reports. A plan for the creation of a DORC provides another opportunity to explain to a retailer how they can succeed in the Clinton market.

iv. The City of Clinton Should Identify, Promote, and Assist In the Implementation of Specific Redevelopment Catalyst Opportunities:

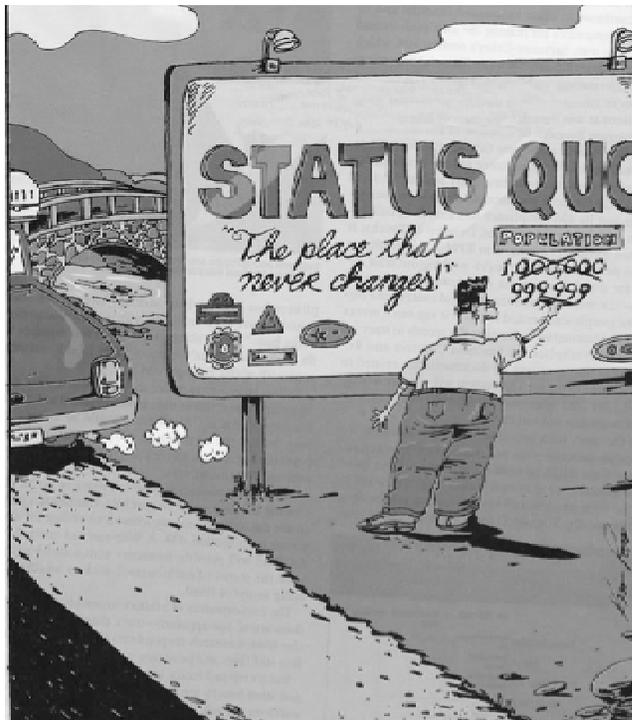
Retail recruitment in smaller communities have some unique sets of challenges. In smaller communities like Clinton, local government must take on a broader role in retail recruitment than their counterparts in communities with populations over 30,000. Just as the City has begun along the interstate, Clinton will likely need to continue to "jump start market forces" above and beyond initiating retailer interest and facilitating retail development. **This will require examining a separate strategy to identify, promote, and assist in the implementation of Specific Redevelopment Catalyst Opportunities.** Some of the specific redevelopment catalyst opportunities include, but are not limited to:

- 1. Downtown Vacancies**
- 2. Copeland Plaza on US Highway 76**
- 3. Martha Dendy Center for Community Development**
- 4. City Gateways Into Town**

5. **Redevelopment of the Clinton Mills Site**
6. **Timken/Torrington Site**

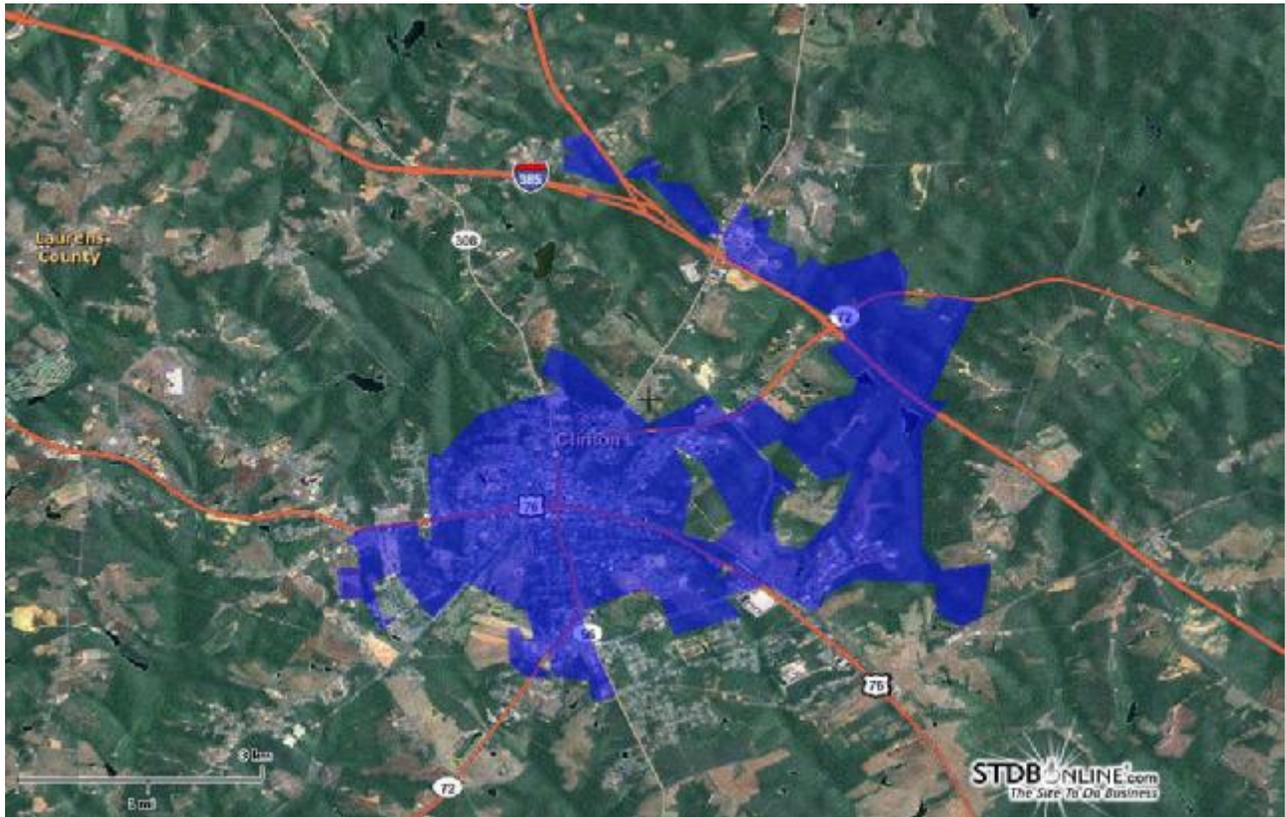
Support in the form of traditional government actions such as providing financial incentives and other forms of development support to secure deals with developers and/or retailers, is only one aspect of implementing Clinton's Retail Recruitment Action Plan. **Success may require Clinton continuing to expand its capacity and willingness to employ a series of strategies.**

The above summarizes only a few of several key points contained in the recommendations and conclusions section of the report. **These recommendations are presented in greater detail in the body of the report and must be read independently of this introduction and overview.**



II. PREVIOUS REPORTS AND ANALYSES

There are a number of existing economic development and planning related documents for the Citizens and Staff of the City of Clinton to utilize as a foundation for the Home Town 2030 Workshop. This data consists of current Comprehensive Plans, Greenway Plans, and other Economic Development reports. These existing reports and analyses provide a good baseline of readily available data and information. In terms of Methodology, it is important that this analysis build upon the existing data and not recreate any steps previously taken.



In order to reduce the risk of repetition of previous efforts, the work program included a data collection, information gathering, and analysis process at the onset. The following documents were obtained, provided and utilized as a basis for this analysis:

- ✓ Laurens County Economic Development Strategic Action Plan
- ✓ City of Clinton Comprehensive Plan
- ✓ Clinton Focus 2013

- ✓ Clinton Community Greenways Plan
- ✓ Martha Dendy Center for Community Development (May 8, 2009) Report
- ✓ Clinton, South Carolina Charrette Report (April 22-25, 2003)
- ✓ Visitors & Newcomers Guide to Laurens County 2009-2010

In addition to the above resources, public resources were consulted for additional background data, including, but not limited to:

- ✓ Presbyterian College Website
- ✓ Local School District Website(s)
- ✓ Musgrove Mill Golf Course Website
- ✓ Clinton Downtown Association Website
- ✓ Thornwell Home for Children Website
- ✓ Upstate Alliance Website

A POINT OF BEGINNING: A SHORT SYNOPSIS OF PREVIOUS PLANNING OUTCOMES

The City of Clinton should be commended for the extensive planning work completed to date. A sequential review of the existing reports and analyses clearly indicates that the City takes seriously the ideas coming out of or resulting from each exercise. The previous reports, studies, and analyses laid a strong foundation for this Take-Part Workshop. The existing reports summarize core goals and objectives. The recommendations contained in this report are designed to take off from and reinforce existing identified goals, increase the level of activity/investment, and suggest specific new courses of action which will serve as catalytic activity for the broader goals identified by the previous planning processes.

Laurens County Economic Development Strategic Action Plan

The Laurens County Economic Development Strategic Action is a County-wide assessment issued in April of 2009 by the Laurens County Development Corporation (LCDC). The Action Plan provides recommendations for workforce development and retail and commercial recruitment to be implemented over a three to five year period. The recommendations are grouped into twelve (12) areas. Those focus areas are Product Development, Marketing

(external), Marketing (internal), Business Retention and Expansion, Research and Data Management, Small Business Development and Entrepreneurship, Retail and Commercial Development, Workforce Development, Tourism and Retirement Industry, Land Use Planning, LCDC Funding, and Community Development.

A strengths, weaknesses, opportunities, and threats (SWOT) analysis was originally contemplated to be a part of the **Take-Part Workshop**. However, both the Laurens County Economic Development Strategic Action Plan and the Charrette Report prepared for the City of Clinton contained extensive baseline assessment data from prior public input as to the local and regional SWOT Analysis thoughts. The Laurens County Economic Development Strategic Action Plan SWOT analysis indicates that businesses are attracted to the County for the interstate highway network, qualified sites, workforce, and small town quality of life. The challenges impacting growth include the lack of quality buildings, retail, and commercial business base growth, ***inadequate future land use planning***, and perceptions of ineffective public schools. The report advised leaders to take advantage of small business development, workforce training, Presbyterian College and Piedmont Tech, and Community Development.

The following list summarizes several key points contained in the Laurens County Economic Development Strategic Action Plan, which have a direct bearing on the outcome-based recommendations contained in this report:

- i. The “hot location” in the Upstate Region;
- ii. Family-friendly, just close enough to the “big-city”;
- iii. Transportation network;
- iv. Perception of low-skilled workers and poor schools;
- v. Top managers choosing to live in Greenville County;
- vi. First impressions stick and the gateways do not present an image that represents the true beauty of the area;
- vii. Vocal no-growth group afraid to change the status quo;
- viii. Lack of County-wide planning;
- ix. In current economic climate, funding is a concern;
- x. National recession and credit crunch will make recruitment of new business more difficult, weaken existing industry, and cripple small businesses.

The following list summarizes several key recommendations contained in the Laurens County Economic Development Strategic Action Plan, which have a direct bearing on the outcome-based recommendations contained in this report:

- i. Public-Private Partnerships for land control;
- ii. Consistent external branding message;
- iii. Change the focus to business rather than only focusing on industry (Business Retention and Expansion);
- iv. Expand the Clinton incubator project to be a countywide Small Business Development Center;
- v. Develop site and building inventory for retail and commercial space;
- vi. Retail recruitment;
- vii. Gateways.

City of Clinton Comprehensive Plan

The Comprehensive Plan examines the population, economic development efforts, natural resources elements, cultural resources, Housing, Community Facilities, Land Use, and Transportation influences. The Economic Development section of the Comprehensive Plan contains an inventory and analysis of the existing economic conditions and trends. It notes a continued decline in the number of retail and wholesale establishments, but an increase in the number of service establishments. Specifically, it is noted that the City has a total active workforce of approximately 3,500 people aged 16 and over. Of the various categories, professional and related services has overtaken manufacturing with the largest number of employees in that category.

The following outline summarizes several key goals contained in the Comprehensive Plan, which have a direct bearing on the outcome-based recommendations contained in this report:

- i. Population Goals:
 - a. Goal One: Attract More Retirees to the City;
 - b. Goal Two: Annex Unassigned Utility areas into the City;
 - c. Expand Infrastructure to increase industrial site locations.
- ii. Economic Development

- a. Goal Three: Aggressively recruit retail to the City;
 - b. Goal Four: Retain local workforce by expanding career and housing opportunities;
 - c. Goal Five: Develop a study to measure the economic impact of institutional employees/students on the City;
 - d. Goal Seven: Develop a plan to attract retirees to Clinton;
 - e. Goal Eight: Develop a downtown development plan;
 - f. Goal Nine: Create a citywide long-range retail development plan (it specifically notes partnering with Upstate Forever in developing a retail expansion plan for the entire City to complement and enhance the development encouraged downtown).
- iii. Natural Resources
 - a. Goal Two: Storm Water Management Plan
 - iv. Cultural Resources
 - a. Goal Two: Plan for the construction of a permanent public library facility and/or development of an arts center
 - v. Housing Goals
 - a. Goal Three: Create an annexation policy that will bring more land inside the City for residential development;
 - b. Goal Four: Expand the quantity and upgrade the quality of housing in all income groups.
 - vi. Land Use Goals
 - a. Goal One: Create an annexation plan

Clinton Focus 2013

The Clinton Focus 2013 report is a planning process designed to build upon the Clinton Challenge 2007 planning process. The report is divided into five components which include economic development, housing, technology, quality of life, and marketing. It is clear to the reader of this report that public input was a central focus of the process followed in creating this document. **Common themes emerge that existed in the previous documents reviewed.**

Relevant to this report, these common points of focus include, but are not limited to:

- i. Economic Development

- a. Develop a community retiree attraction program
- b. Economic Development: Create a Retail Recruitment Committee
- c. Create a Master Development Land Use Plan for the City of Clinton to determine what the City has and what it needs

Martha Dendy Center for Community Development

The Martha Dendy Center for Community Development is a proposed facility contemplated to have a “business incubator component”, “community services center”, and “community center”. Relative to the creation of a Retail Recruitment strategy, this project is relevant in that it is described as having the potential for a regional impact by serving as a regional business incubator. The potential regional impact is underscored by the fact of its inclusion in the Laurens County Economic Development Strategic Action Plan (see pages 8 and 9 above).

SCOPE OF WORK METHODOLOGY

In addition to our research, which centered on the above summarized reports, other due diligence, including interviews and site visits, were a part of the Scope of Work and Methodology conducted prior to the Take-Part Workshop. Specifically, our scope of work generally included four (4) major tasks areas. These major task areas are summarized by the below components:

1. Data Collection, Information Gathering and Analysis:
 - a. Preliminary meeting with Upstate Forever representatives
 - b. Preliminary meetings with representatives of the City Manager’s Office, Steering Committee representatives, and local business owners
 - c. Obtained Socio-Demographic and Real Estate Market data
 - i. Provided Market Analysis (What is the Market?)
 - ii. Socio-Demographic Summary (attached in Exhibits/Addenda)
 - d. Reviewed Focus 2013 Community Strategic Plan to identify Points of Beginning for discussion with Upstate Forever and Clinton City staff based upon the results of the market and Strategic Plan in order to create a suggested implementation plan
2. Coordination with Upstate Forever on finalizing Workshop Goals and Objectives

- a. Refining, modifying, and finalizing Questions for World Café Workshop Format
 - b. Based on the above modifications, three (3) categories were utilized for the World Café Workshop Format including:
 - i. Economic Development, Revitalization & SWOT Discussion
 - ii. Table Top Work Session: Retail and Housing
 - iii. Table Top Work Session: Infrastructure, Annexation, and Redevelopment Sites
 - c. Refined Proposed Agenda Topics And Speakers
3. Conducted the Community Take-Part Workshop
 4. Completed the Report back to the community: Issuance of a final report and presentation at a Public Meeting. The final report includes:
 - a. Market Analysis Data
 - b. Market Recommendations
 - c. Recommendations Impacting Design
 - d. Implementation Strategies
 - e. Workshop Summary with Record of Public Input

The Community Take-Part Workshop was held on November 13, 2009 at the Broad Street United Methodist Church in Clinton. This workshop coincided with the completion of the ½ day implementation session conducted the previous day.

III. Market Area Analysis

Trends in real estate and Economic Development are directly related to historic, economic, demographic, and political forces within a market area. Events occurring nationally, regionally and locally can significantly impact the success of all types of real estate development. Macroeconomic conditions, such as interest rates, inflation, job security, industrial productivity, and stability in the stock market shape consumer confidence and business investment activity. Regional and local economic indicators do not always mirror national trends. As a result, the economic conditions on a regional and local level have the most significant impact on real estate markets and must be analyzed separately. Diversity and stability in employment, job growth, business expansion and the profile of the available labor force all impact the economic stability of a region. Consumer demographics in the local market, such as population growth, household statistics, age/family characteristics, and income levels specifically impact the type of real estate development that can be sustained, the amount of development supported, prices/rents, absorption of space and the amenities required. **The following narrative is provided to illustrate the components of the markets influencing the economic development efforts of the City of Clinton.**

NATIONAL ECONOMIC ANALYSIS

The Laurens County Economic Development Strategic Action Plan (summarized on pages 8 and 9 above) accurately notes that the uncertainty of the National Recession will have a direct impact on the success of recruitment efforts for both industrial and retail recruitment. **When the Laurens County Economic Development Strategic Action Plan report was issued in April of this year, it was not known when the national economic recovery would begin. In recent months, economists have reported that the world-wide economic recession is essentially over.** Unquestionably, national economic turmoil has adversely impacted real property markets and values over the past 18 to 24 months. Much of the economic volatility has been attributed to financial markets in general, and Wall Street in particular. Two primary factors attributed to current conditions include: (1) restriction of commercial credit and loss of securitization of commercial credit and (2) investor fear and their resultant withdrawal from the market. **Due to the direct impact on potential Retail**

Recruitment, the following insights have been compiled from a review of various published articles addressing the nation's economy in recent months.

Commercial Credit

- § Commercial real estate is being affected by events that are occurring across the capital markets spectrum and by the broader liquidity crisis.
- § Analysts predict the lack of credit will continue to be constrictive to deal-making in the near to mid-term, which will increase downward pressure on pricing.
- § The usual sources of commercial real estate financing are tied up with falling asset values and are likely to be sidelined for the near term. The underlying driver of historic levels of capital availability was the ability to securitize real estate loans and to insure their risks at low rates. With the crumbling of the investment houses, the big money has become as dry as it already has been for the small investors.
- § In the near term, there will be less money to loan to developers and real estate investors, which will cause commercial real estate prices to soften before they improve.
- § The real question is how will commercial real estate get financed in the future and who is going to do it? The answer is likely to be private real estate capital.
- § Capital will be restricted for three to five years. Re-emergence of Commercial Mortgage Backed Securities (CMBS) financing in its previous form is unlikely. The result will be higher interest rates, lower loan-to-value (LTV) ratios, and recourse debt.
- § There will be tighter underwriting and restrictions due to increased regulatory pressure for banks to loan on commercial real estate. Capital will be available, but will come from local providers, who prefer short-term loans. Banks are now frequently refusing to renew loans that have been "paid as agreed", and many banks simply do not have the capacity to renew their own loans. As a result, borrowers are having a tough time finding banks that will lend.

Investor Behavior

- § Some analysts believe the overall market is being influenced more by fear and panic than by underlying commercial real estate fundamentals.

- § Market fear will further tighten available debt for borrowers, tenants and small businesses looking to grow. The effects of this economic hangover will be felt through 2011.
- § A collapse of consumer and investor confidence has encouraged businesses to adopt a “bunker mentality”.
- § Real estate is a trailing indicator. The result of current economic volatility is likely to be people waiting before making real estate decisions. The result will be increasing risk premium (cap rates) in anticipation of falling rents.
- § Investor reluctance has brought the real estate industry to a standstill in some markets and a number of specific investor groups have been handicapped in the current economic climate.

Future Impact (What Is Coming)

- § Price Depreciation - The consolidation of the investment banking community will likely result in large amounts of space and real estate assets being returned to the market at much reduced prices over the next three years. The impact will be a readjustment of property prices across the board. **The 5-year interest only debt issuance originated in 2006/2007 at the peak of the market will be up for renewal in 2011/2012. Those owners will be stressed unless rents have increased by that time. This could have a tremendous impact on any strategy designed at retaining existing owner/operators.** If not, owners will be forced to sell or invest more equity into the deal.
- § Underwriting Criteria Tightens - Capital will continue to be restrained, which will increase cap rates and decrease property values. Once values reach the bottom, they may stagnate for years unless an alternative to the loss of securitized loans is found. A large share of all deals in 2010 will be conducted through the assumption of existing financing at LTV's no longer achievable in today's marketplace. Motivated property owners will be the ones who get the deals done. **Over the long-term, significantly increased capital costs will damage the viability of small to medium size businesses. This may very well negatively impact Clinton's “local” growth strategy of identifying and growing local talent.**

§ Retail Vulnerability - The US economy is consumer-driven. The credit crunch first affects the consumer, who spends less, resulting in less demand for consumer goods. **The constriction of money to buyers and tenants will handicap retail growth.** Retail tenants are not expanding and are seeking rent relief from landlords. **As a result, owners are focusing on retaining quality tenants because replacement tenants are effectively non-existent.** The American Institute of Architects projected a decline in new retail construction of 19.2% in 2009.

In recent months, economists have reported that the world-wide economic recession is essentially over. Nevertheless, many “main street” retail operators do not convey the same sentiment. One of the most important factors influencing economic recovery is the improvement in the housing sector. The first time home buyer tax credit, a stimulus package created by the federal government, took effect in February of 2009, and resulted in increased home sale activity through the summer and into early fall. The oversupply of available inventory nationwide has been reduced and sale prices have increased. An estimated 1.2 million first time home buyers took advantage of the tax credit, allowing existing homeowners to sell their homes and purchase another property. The National Association of Realtors reports existing home sales and pending home sales increased considerably between June and August. From an analysis perspective, it is difficult to determine how much of the improvement in the housing sector is the result of incentives and how much is the natural result of rebound from poor economic conditions. **Ultimately, housing markets must stabilize based on demand that is not dependent upon government subsidy for real recovery to occur and spur retail spending.**

Analysts predict that the fundamentals that drove increasing housing values over the last century, such as increasing population, income, and household wealth will not have the same impact in terms of pent up demand in the future.

Further complicating economic recovery is uncertainty in commercial real estate markets. Unlike residential real estate, commercial real estate did not receive much of a stimulus from the federal government. Recent improvements in the financial sector should result in more lending for small businesses and commercial real estate; however,

the impact of maturing commercial mortgage securities in 2010 and 2011 could be catastrophic.

Summary and Conclusion

The following is a list of the most important factors identified in the preceding analysis.

- § National economic turmoil has adversely impacted real property markets and values over the past 18 to 24 months.
- § Restriction of commercial credit, loss of securitization of commercial credit and investor fear have contributed to current conditions.
- § Investor reluctance has brought the real estate industry to a standstill in some markets and many investor groups have been handicapped in the current economic climate.
- § Continuing job loss and the resulting increases in the number of foreclosed properties will hamper recovery of the housing sector, increasing the available inventory and putting downward pressure on pricing.
- § The fundamentals that drove increasing housing values over the last century will not have the same impact in terms of pent up demand in the future. While home values are likely to increase over time and new construction will continue, the rapid growth of the housing market seen over the past 20 years will begin to decelerate.

The short-term impact of national economic instability has been a marked deceleration of sale and leasing activity in all real estate segments, **but particularly among local and regional investors who are sensitive to credit restrictions.** Marketing times for properties are extending rapidly as investors take a wait and see approach. Motivated sellers are slashing prices and receiving limited interest, despite below market pricing in some cases. In some markets, local and regional investors have decided not to buy at any price. While this investor behavior is likely to be short-term, the impact to sale prices and property value will be negative.

REGIONAL AND LOCAL ECONOMIC ANALYSIS

On the surface, the national summary might appear to lead one to a “doom and gloom” conclusion. **The national discussion, however, provides the Clinton leadership with a necessary “reality check” to manage and guide expectations. In a good economic**

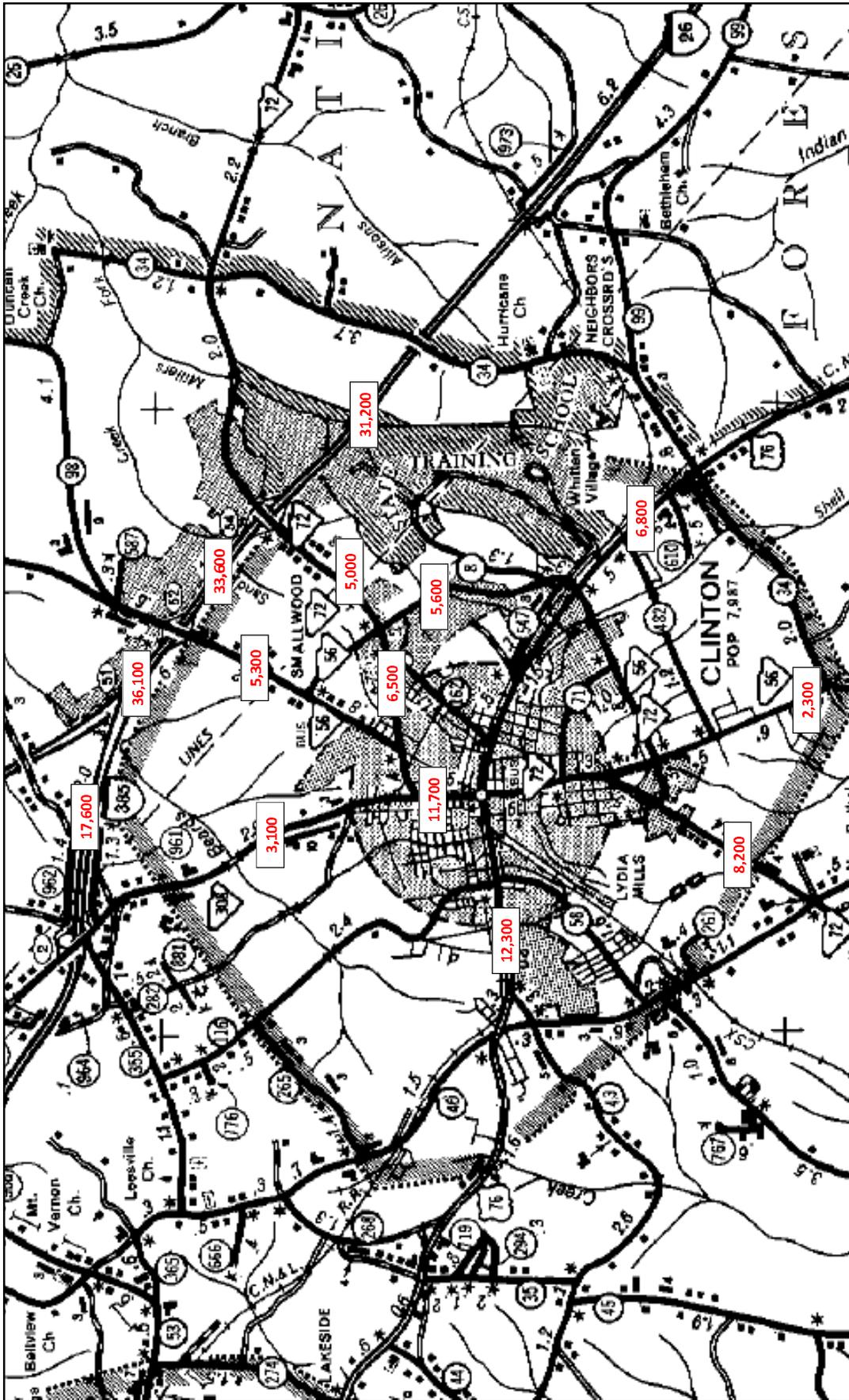
climate, Retail Recruitment is a long term strategy which requires patience. In examining the Regional and Local Economic Analysis, it is important to remember that regional and local indicators do not always mirror national trends. During the initial segment of the workshop, Ned Barrett, Program Director for **Upstate Forever**, graphically presented Urban Land Institute (ULI) data and verbally **described the explosive growth in new residents, new households, and new jobs projected for the ten (10) County Upstate Region of South Carolina (Counties are listed on Page # 1). Barrett described both the opportunities and risks provided by this explosive growth pattern at the regional level.** Certainly, Clinton is positioned to benefit from this regional growth. The ULI population forecast information is available for further review on Upstate Forever's website (www.upstateforever.org). Consequently, the details are not included in the body of this report but are incorporated herein by reference.

Climate: Other Regional Influences

Although not a true economic indicator, the climate of the Clinton region does have an impact on the local and regional economy. As noted in the Comprehensive Plan, one of the best natural resources of the City of Clinton is the climate. Winters are generally mild with an occasional light dusting of snow. Spring, Summer, and Autumn are all usually well suited to outdoor activities and outdoor plant growth. **This is important in the larger context of transforming Clinton into a preferred destination.**

Transportation Linkages: Other Regional Influences

The City of Clinton's transportation routes and networks are excellent and contribute to the attractiveness of the local and regional economy. Its location in immediate proximity to Interstates 26 and 385 provides the City with excellent regional connections. The City finds itself in close commuting proximity to Columbia, Greenville, and Spartanburg. Interstate 385 connects to Interstate 85 in Greenville north of Fountain Inn, which is less than a thirty (30) minute drive. Columbia is an hour's drive away on Interstate 26. Beyond highway transportation, the Port of Charleston in less than three hours away and rail service is available inside the City. **These are all positive factors that must woven into the "Clinton Story" told as a part of the Retail Recruitment strategy.** Attached is a map which depicts the SCDOT's **2008 Average Daily Traffic Counts** for primary transportation arteries in and around Clinton, **which is another key retail indicator** challenging Clinton.



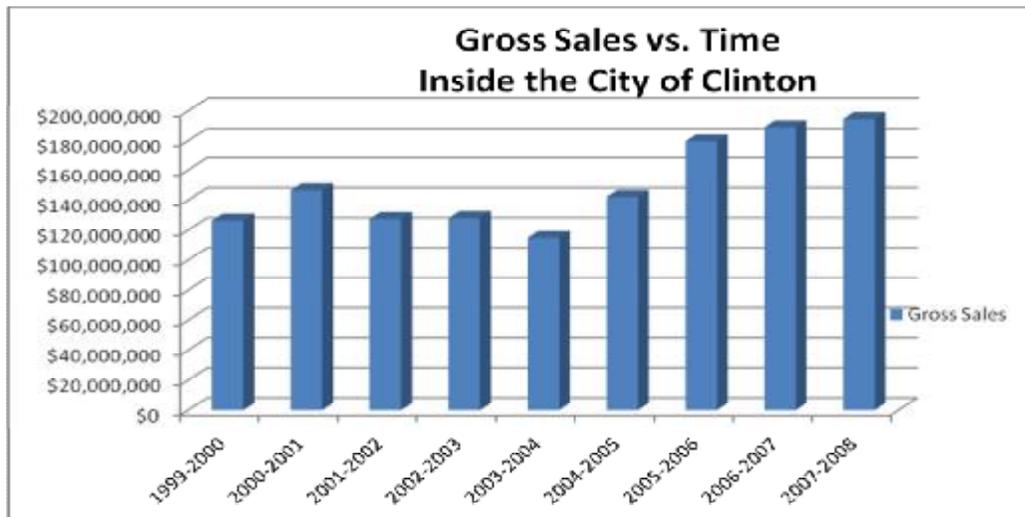
2008 SCDOT AVERAGE DAILY TRAFFIC COUNTS
CLINTON, SC

The **Laurens County Economic Development Strategic Action Plan** is referenced earlier in this report. From a Regional perspective, this report summarized its findings by identifying trends within the County such as population growth being flat, working age groups declining, increasing educational attainment levels, greater out-commuting, high unemployment rates, significant positive wage growth, stable retail sales, growing income gaps with the state, and affordability of housing .

Comparative Fiscal Conditions in Municipalities

As highlighted by West Virginia University Professor and Assistant Dean L. Christopher Plein, Ph.D. in his remarks (see section IV Below), **the City of Clinton is not alone in its current situation**. In evaluating the local market, Clinton must compare itself to other communities. According to the latest **2009 National League of Cities** surveys, city officials around the country report declining retail sales and increases in retail store closings in their communities. The survey also finds that locally owned retailers on “Main Street” are particularly vulnerable. City officials from cities reliant on sales tax revenues are more likely than city officials from cities with other types of revenue structures to report that retail conditions are worse now than they were last year, before the major impacts of the recession took hold.

The National League of Cities Surveys continues on to indicate that over time, sales tax-reliant cities have likely



focused more on retail development as an economic development strategy, increasing their reliance on sales tax revenues and during economic upturns, producing more revenue. In contrast, property tax-reliant cities and cities reliant upon multiple sources of revenue are more likely to have pursued different economic development and revenue-generating strategies.

The above bar chart (previous page) reflects the **Gross Sales trends inside the City of Clinton**. The dip in gross sales inside the City of Clinton is notable following the closing of Clinton Mills in 2001. Since then, despite the closing of significant employers, the reported sales numbers continued to climb through 2008. To further emphasize the trend data, the information from the above bar chart is also presented below in a sequential format with the actual reported sales figures by year.

City of Clinton	
Gross Sales vs. Time	
Fiscal Year	Gross Sales
1999-2000	\$126,382,883
2000-2001	\$146,440,926
2001-2002	\$127,417,218
2002-2003	\$127,914,316
2003-2004	\$114,732,752
2004-2005	\$142,024,981
2005-2006	\$179,542,136
2006-2007	\$189,151,968
2007-2008	\$194,641,535

Only one-third of city officials from rural cities and towns (33 percent) report increased *retail* store closings, compared with at least 50% of city officials from all other types of cities. **These findings imply that retail markets in rural areas may be less “saturated”, or experience less competition and are in a better position to ride out the economic crisis. The figures for Clinton as presented through the end of 2008 appear to support these findings.** Additionally, the current downturn in retail may challenge suburban and urban communities to reassess their capacity for retail and to redevelop accordingly **(copies of the above referenced survey findings are included in the exhibits of this report).**

The discussion held in the Clinton Take Part Workshop is consistent with the challenges identified in the National League of Cities Surveys, showing that in the face of the retail downturn, a key challenge confronting city officials is how to respond to issues surrounding closed stores, vacant properties and future retail development. It is important for the Clinton leadership to understand that collaboration with other local stakeholders is one response. The survey continues on to express that **two-thirds of city officials report that they are working closely with members of the business community including corporate leaders and members of the chambers of commerce. City officials report that they are also collaborating with other local governments and community groups in their region. This is consistent with deliberations and struggles during the table top work sessions on collaboration across City and County lines.**

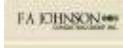
The fiscal condition of individual cities varies greatly depending on differences in local tax structure and reliance thereon. While an overwhelming majority of cities have access to a local property tax, many are also reliant upon local sales taxes and some are reliant upon local income taxes. **Interviews with the City Manager of Clinton reveal that the fiscal condition of Clinton is heavily reliant upon the City's participation in the profitability of utility services. This fact increases the pressure on Clinton to raise the tax base through a combination of traditional industry recruitment and Retail Development.**

Population and Growth Characteristics

The City of Clinton Comprehensive Plan provides an excellent detailed summary of the Population, Social Characteristics, Income, and Demographic Forecasts for the City of Clinton. **This data provides a good baseline of readily available data and information. To minimize duplication of narrative content, this data is incorporated into this report by reference.** As indicated in the Methodology Section of this report, we did independently obtain our own Socio-Demographic data as a baseline for this report's due diligence. This information was consistent with the data reported in the Comprehensive Plan.

The following presents key selected information on the local Clinton economics. The pages which follow contain excerpts of the reports obtained on the local market. Specifically, for reference, we have included retail goods and services expenditures not contained in the Comprehensive Plan Report:

1. Retail Goods and Services Expenditures for The City of Clinton
2. Executive Summary of Clinton Data
3. Demographic and Income Profile for Clinton
4. Graphic Profile for Clinton



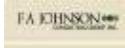
Retail Goods and Services Expenditures

Prepared by FA Johnson Development Group

City of Clinton SC

			Site Type: Geography		
Top Tapestry Segments:			Demographic Summary	2009	2014
Modest Income Homes	29.5%		Population	8,110	7,901
Midlife Junction	17.5%		Households	2,678	2,616
Rural Bypasses	17.0%		Families	1,643	1,563
Heartland Communities	17.0%		Median Age	37.8	38.8
City Dimensions	9.8%		Median Household Income	\$33,814	\$36,302

	Spending Potential Index	Average Amount Spent	Total
Apparel and Services	44	\$1,113.76	\$2,982,649
Men's	42	\$199.86	\$535,228
Women's	39	\$340.78	\$912,621
Children's	49	\$203.17	\$544,091
Footwear	33	\$139.50	\$373,572
Watches & Jewelry	62	\$131.88	\$353,169
Apparel Products and Services ¹	97	\$98.57	\$263,968
Computer			
Computers and Hardware for Home Use	61	\$121.03	\$324,117
Software and Accessories for Home Use	58	\$16.50	\$44,180
Entertainment & Recreation	65	\$2,103.14	\$5,632,199
Fees and Admissions	54	\$333.56	\$893,268
Membership Fees for Clubs ²	56	\$95.34	\$255,326
Fees for Participant Sports, excl. Trips	55	\$61.06	\$163,515
Admission to Movie/Theatre/Opera/Ballet	56	\$84.45	\$226,150
Admission to Sporting Events, excl. Trips	55	\$31.87	\$85,351
Fees for Recreational Lessons	46	\$60.42	\$161,809
Dating Services	53	\$0.42	\$1,117
TV/Video/Sound Equipment	67	\$811.05	\$2,171,997
Community Antenna or Cable TV	72	\$519.32	\$1,390,729
Televisions	59	\$94.95	\$254,270
VCRs, Video Cameras, and DVD Players	65	\$16.30	\$43,662
Video Cassettes and DVDs	66	\$39.46	\$105,678
Video Game Hardware and Software	62	\$27.35	\$73,238
Satellite Dishes	75	\$0.86	\$2,297
Rental of Video Cassettes and DVDs	63	\$27.60	\$73,908
Streaming/Downloaded Video	56	\$0.60	\$1,611
Sound Equipment ³	55	\$80.16	\$214,677
Rental and Repair of TV/Radio/Sound Equipment	66	\$4.45	\$11,927
Pets	79	\$344.47	\$922,504
Toys and Games ⁴	66	\$85.69	\$229,488
Recreational Vehicles and Fees ⁵	73	\$258.30	\$691,726
Sports/Recreation/Exercise Equipment ⁶	49	\$96.60	\$258,687
Photo Equipment and Supplies ⁷	62	\$72.05	\$192,960
Reading ⁸	62	\$101.41	\$271,570
Food	66	\$5,240.51	\$14,034,089
Food at Home	68	\$3,086.89	\$8,266,684
Bakery and Cereal Products	68	\$416.13	\$1,114,390
Meat, Poultry, Fish, and Eggs	68	\$733.23	\$1,963,602
Dairy Products	68	\$348.24	\$932,590
Fruit and Vegetables	65	\$508.04	\$1,360,528
Snacks and Other Food at Home ⁹	68	\$1,081.25	\$2,895,576
Food Away from Home	65	\$2,153.62	\$5,767,406
Alcoholic Beverages	61	\$348.74	\$933,924
Nonalcoholic Beverages at Home	69	\$312.99	\$838,187



Retail Goods and Services Expenditures

Prepared by FA Johnson Development Group

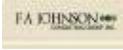
City of Clinton SC

Site Type: Geography

	Spending Potential Index	Average Amount Spent	Total
Financial			
Investments	62	\$889.26	\$2,381,432
Vehicle Loans	70	\$3,727.41	\$9,982,008
Health			
Nonprescription Drugs	78	\$81.83	\$219,133
Prescription Drugs	79	\$434.82	\$1,164,449
Eyeglasses and Contact Lenses	66	\$49.88	\$133,568
Home			
Mortgage Payment and Basics ¹⁰	55	\$5,017.75	\$13,437,532
Maintenance and Remodeling Services	53	\$1,112.41	\$2,979,023
Maintenance and Remodeling Materials ¹¹	64	\$264.11	\$707,297
Utilities, Fuel, and Public Services	72	\$3,236.60	\$8,667,605
Household Furnishings and Equipment			
Household Textiles ¹²	62	\$86.03	\$230,398
Furniture	59	\$374.46	\$1,002,791
Floor Coverings	58	\$50.80	\$136,039
Major Appliances ¹³	65	\$196.85	\$527,175
Housewares ¹⁴	52	\$49.09	\$131,475
Small Appliances	65	\$22.36	\$59,883
Luggage	57	\$5.69	\$15,228
Telephones and Accessories	41	\$18.25	\$48,882
Household Operations			
Child Care	57	\$251.02	\$672,231
Lawn and Garden ¹⁵	69	\$282.97	\$757,786
Moving/Storage/Freight Express	64	\$34.25	\$91,718
Housekeeping Supplies ¹⁶	69	\$498.92	\$1,336,116
Insurance			
Owners and Renters Insurance	69	\$327.06	\$875,858
Vehicle Insurance	67	\$828.31	\$2,218,206
Life/Other Insurance	68	\$327.82	\$877,893
Health Insurance	72	\$1,384.08	\$3,706,578
Personal Care Products ¹⁷	65	\$257.32	\$689,091
School Books and Supplies ¹⁸	63	\$71.23	\$190,744
Smoking Products	82	\$364.82	\$976,994
Transportation			
Vehicle Purchases (Net Outlay) ¹⁹	66	\$3,141.90	\$8,413,997
Gasoline and Motor Oil	72	\$1,961.61	\$5,253,194
Vehicle Maintenance and Repairs	65	\$611.85	\$1,638,535
Travel			
Airline Fares	50	\$214.79	\$575,211
Lodging on Trips	57	\$239.67	\$641,823
Auto/Truck/Van Rental on Trips	50	\$18.62	\$49,857
Food and Drink on Trips	58	\$259.42	\$694,732

Data Note: The Spending Potential Index (SPI) is household-based, and represents the amount spent for a product or service relative to a national average of 100. Detail may not sum to totals due to rounding.

Source: ESRI forecasts for 2009 and 2014. Consumer Spending data are derived from the 2005 and 2006 Consumer Expenditure Surveys, Bureau of Labor Statistics.



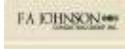
Retail Goods and Services Expenditures

Prepared by FA Johnson Development Group

City of Clinton SC

Site Type: Geography

- ¹**Apparel Products and Services** includes material for making clothes, sewing patterns and notions, shoe repair and other shoe services, apparel laundry and dry cleaning, alteration, repair and tailoring of apparel, clothing rental and storage, and watch and jewelry repair.
- ²**Membership Fees for Clubs** includes membership fees for social, recreational, and civic clubs.
- ³**Sound Equipment** includes sound components and systems, Digital Audio Players, records, CDs, audio tapes, streaming/downloaded audio, tape recorders, radios, musical instruments and accessories, and rental and repair of musical instruments.
- ⁴**Toys and Games** includes toys, games, arts and crafts, tricycles, playground equipment, arcade games, and online entertainment and games.
- ⁵**Recreational Vehicles & Fees** includes docking and landing fees for boats and planes, purchase and rental of RVs or boats, and camp fees.
- ⁶**Sports/Recreation/Exercise Equipment** includes exercise equipment and gear, game tables, bicycles, camping equipment, hunting and fishing equipment, winter sports equipment, water sports equipment, other sports equipment, and rental/repair of sports/recreation/exercise equipment.
- ⁷**Photo Equipment and Supplies** includes film, film processing, photographic equipment, rental and repair of photo equipment, and photographer fees.
- ⁸**Reading** includes magazine and newspaper subscriptions, single copies of magazines and newspapers, and books.
- ⁹**Snacks and Other Food at Home** includes candy, chewing gum, sugar, artificial sweeteners, jam, jelly, preserves, margarine, fat, oil, salad dressing, nondairy cream and milk, peanut butter, frozen prepared food, potato chips, nuts, salt, spices, seasonings, olives, pickles, relishes, sauces, gravy, other condiments, soup, prepared salad, prepared dessert, baby food, miscellaneous prepared food, and nonalcoholic beverages.
- ¹⁰**Mortgage Payment and Basics** includes mortgage interest, mortgage principal, property taxes, homeowners insurance, and ground rent.
- ¹¹**Maintenance and Remodeling Materials** includes supplies/tools/equipment for painting and wallpapering, plumbing supplies and equipment, electrical/heating/AC supplies, materials for hard surface flooring, materials for roofing/gutters, materials for plaster/panel/siding, materials for patio/fence/brick work, landscaping materials, and insulation materials for owned homes.
- ¹²**Household Textiles** includes bathroom linens, bedroom linens, kitchen linens, dining room linens, other linens, curtains, draperies, slipcovers, decorative pillows, and materials for slipcovers and curtains.
- ¹³**Major Appliances** includes dishwashers, disposals, refrigerators, freezers, washers, dryers, stoves, ovens, microwaves, window air conditioners, electric floor cleaning equipment, sewing machines, and miscellaneous appliances.
- ¹⁴**Housewares** includes plastic dinnerware, china, flatware, glassware, serving pieces, nonelectric cookware, and tableware.
- ¹⁵**Lawn and Garden** includes lawn and garden supplies, equipment and care service, indoor plants, fresh flowers, and repair/rental of lawn and garden equipment.
- ¹⁶**Housekeeping Supplies** includes soaps and laundry detergents, cleaning products, toilet tissue, paper towels, napkins, paper/plastic/foil products, stationery, giftwrap supplies, postage, and delivery services.
- ¹⁷**Personal Care Products** includes hair care products, nonelectric articles for hair, wigs, hairpieces, oral hygiene products, shaving needs, perfume, cosmetics, skincare, bath products, nail products, deodorant, feminine hygiene products, and personal care appliances.
- ¹⁸**School Books and Supplies** includes school books and supplies for college, elementary school, high school, and preschool.
- ¹⁹**Vehicle Purchases (Net Outlay)** includes net outlay for new and used cars, trucks, vans, motorcycles, and motor scooters.



Executive Summary

Prepared by FA Johnson Development Group

Site Type: Geography

2009 Population	
Total Population	8,110
Male Population	46.5%
Female Population	53.5%
Median Age	37.8
2009 Income	
Median HH Income	\$33,814
Per Capita Income	\$17,782
Average HH Income	\$44,586
2009 Households	
Total Households	2,678
Average Household Size	2.49
2009 Housing	
Owner Occupied Housing Units	51.4%
Renter Occupied Housing Units	32.8%
Vacant Housing Units	15.8%
Population	
1990 Population	8,124
2000 Population	8,091
2009 Population	8,110
2014 Population	7,901
1990-2000 Annual Rate	-0.04%
2000-2009 Annual Rate	0.03%
2009-2014 Annual Rate	-0.52%

In the identified market area, the current year population is 8,110. In 2000, the Census count in the market area was 8,091. The rate of change since 2000 was 0.03 percent annually. The five-year projection for the population in the market area is 7,901, representing a change of -0.52 percent annually from 2009 to 2014. Currently, the population is 46.5 percent male and 53.5 percent female.

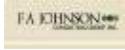
Households	
1990 Households	2,704
2000 Households	2,683
2009 Households	2,678
2014 Households	2,616
1990-2000 Annual Rate	-0.08%
2000-2009 Annual Rate	-0.02%
2009-2014 Annual Rate	-0.47%

The household count in this market area has changed from 2,683 in 2000 to 2,678 in the current year, a change of -0.02 percent annually. The five-year projection of households is 2,616, a change of -0.47 percent annually from the current year total. Average household size is currently 2.49, compared to 2.39 in the year 2000. The number of families in the current year is 1,643 in the market area.

Housing

Currently, 51.4 percent of the 3,180 housing units in the market area are owner occupied; 32.8 percent, renter occupied; and 15.8 percent are vacant. In 2000, there were 3,011 housing units—51.4 percent owner occupied, 37.7 percent renter occupied and 10.9 percent vacant. The rate of change in housing units since 2000 is 0.59 percent. Median home value in the market area is \$77,727, compared to a median home value of \$162,279 for the U.S. In five years, median home value is projected to change by 1.98 percent annually to \$85,745. From 2000 to the current year, median home value changed by 3.68 percent annually.

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI forecasts for 2009 and 2014. ESRI converted 1990 Census data into 2000 geography.



Site Type: Geography

Median Household Income

1990 Median HH Income	\$22,925
2000 Median HH Income	\$26,759
2009 Median HH Income	\$33,814
2014 Median HH Income	\$36,302
1990-2000 Annual Rate	1.56%
2000-2009 Annual Rate	2.56%
2009-2014 Annual Rate	1.43%

Per Capita Income

1990 Per Capita Income	\$10,616
2000 Per Capita Income	\$12,933
2009 Per Capita Income	\$17,782
2014 Per Capita Income	\$18,555
1990-2000 Annual Rate	1.99%
2000-2009 Annual Rate	3.5%
2009-2014 Annual Rate	0.85%

Average Household Income

1990 Average Household Income	\$28,787
2000 Average Household Income	\$35,378
2009 Average HH Income	\$44,586
2014 Average HH Income	\$45,721
1990-2000 Annual Rate	2.08%
2000-2009 Annual Rate	2.53%
2009-2014 Annual Rate	0.5%

Households by Income

Current median household income is \$33,814 in the market area, compared to \$54,719 for all U.S. households. Median household income is projected to be \$36,302 in five years. In 2000, median household income was \$26,759, compared to \$22,925 in 1990.

Current average household income is \$44,586 in this market area, compared to \$71,437 for all U.S. households. Average household income is projected to be \$45,721 in five years. In 2000, average household income was \$35,378, compared to \$28,787 in 1990.

Current per capita income is \$17,782 in the market area, compared to the U.S. per capita income of \$27,277. The per capita income is projected to be \$18,555 in five years. In 2000, the per capita income was \$12,933, compared to \$10,616 in 1990.

Population by Employment

Total Businesses	356
Total Employees	6,000

Currently, 80.1 percent of the civilian labor force in the identified market area is employed and 19.9 percent are unemployed. In comparison, 89.4 percent of the U.S. civilian labor force is employed, and 10.6 percent are unemployed. In five years the rate of employment in the market area will be 86.0 percent of the civilian labor force, and unemployment will be 14.0 percent. The percentage of the U.S. civilian labor force that will be employed in five years is 92.9 percent, and 7.1 percent will be unemployed. In 2000, 50.3 percent of the population aged 16 years or older in the market area participated in the labor force, and 0.0 percent were in the Armed Forces.

In the current year, the occupational distribution of the employed population is:

- 44.9 percent in white collar jobs (compared to 61.5 percent of U.S. employment)
- 25.1 percent in service jobs (compared to 17.1 percent of U.S. employment)
- 30.0 percent in blue collar jobs (compared to 21.4 percent of U.S. employment)

In 2000, 72.9 percent of the market area population drove alone to work, and 0.7 percent worked at home. The average travel time to work in 2000 was 14.3 minutes in the market area, compared to the U.S. average of 25.5 minutes.

Population by Education

In 2009, the educational attainment of the population aged 25 years or older in the market area was distributed as follows:

- 31.5 percent had not earned a high school diploma (16.2 percent in the U.S.)
- 31.5 percent were high school graduates only (29.8 percent in the U.S.)
- 5.9 percent had completed an Associate degree (7.2 percent in the U.S.)
- 13.3 percent had a Bachelor's degree (17.0 percent in the U.S.)
- 6.2 percent had earned a Master's/Professional/Doctorate Degree (9.8 percent in the U.S.)

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing, ESRI forecasts for 2009 and 2014. ESRI converted 1990 Census data into 2000 geography. Business data provided by InfoUSA, Omaha NE Copyright 2009, all rights reserved.



Demographic and Income Profile

Prepared by FA Johnson Development Group

City of Clinton SC

Site Type: Geography

Summary	2000	2009	2014
Population	8,091	8,110	7,901
Households	2,683	2,678	2,616
Families	1,667	1,643	1,563
Average Household Size	2.39	2.49	2.47
Owner Occupied HUs	1,549	1,635	1,553
Renter Occupied HUs	1,134	1,042	1,062
Median Age	32.4	37.8	38.8

Trends: 2009-2014 Annual Rate	Area	National
Population	-0.52%	0.91%
Households	-0.47%	0.94%
Families	-0.99%	0.74%
Owner HHs	-1.02%	1.19%
Median Household Income	1.43%	0.80%

Households by Income	2000		2009		2014	
	Number	Percent	Number	Percent	Number	Percent
< \$15,000	747	27.5%	565	21.1%	543	20.8%
\$15,000 - \$24,999	540	19.9%	450	16.8%	395	15.1%
\$25,000 - \$34,999	401	14.8%	358	13.4%	334	12.8%
\$35,000 - \$49,999	437	16.1%	443	16.6%	443	16.9%
\$50,000 - \$74,999	341	12.6%	428	16.0%	473	18.1%
\$75,000 - \$99,999	124	4.6%	217	8.1%	209	8.0%
\$100,000 - \$149,999	104	3.8%	155	5.8%	159	6.1%
\$150,000 - \$199,000	6	0.2%	42	1.6%	42	1.6%
\$200,000+	14	0.5%	18	0.7%	18	0.7%
Median Household Income	\$26,759		\$33,814		\$36,302	
Average Household Income	\$35,378		\$44,586		\$45,721	
Per Capita Income	\$12,933		\$17,782		\$18,555	

Population by Age	2000		2009		2014	
	Number	Percent	Number	Percent	Number	Percent
0 - 4	431	5.3%	459	5.7%	440	5.6%
5 - 9	502	6.2%	474	5.8%	456	5.8%
10 - 14	533	6.6%	457	5.6%	444	5.6%
15 - 19	952	11.8%	778	9.6%	709	9.0%
20 - 24	953	11.8%	721	8.9%	720	9.1%
25 - 34	909	11.2%	887	10.9%	828	10.5%
35 - 44	1,007	12.4%	1,039	12.8%	968	12.3%
45 - 54	895	11.1%	1,044	12.9%	976	12.4%
55 - 64	632	7.8%	906	11.2%	952	12.0%
65 - 74	574	7.1%	571	7.0%	638	8.1%
75 - 84	461	5.7%	486	6.0%	474	6.0%
85+	242	3.0%	287	3.5%	297	3.8%

Race and Ethnicity	2000		2009		2014	
	Number	Percent	Number	Percent	Number	Percent
White Alone	4,880	60.3%	4,698	57.9%	4,484	56.7%
Black Alone	3,073	38.0%	3,219	39.7%	3,191	40.4%
American Indian Alone	17	0.2%	27	0.3%	30	0.4%
Asian Alone	22	0.3%	39	0.5%	45	0.6%
Pacific Islander Alone	2	0.0%	1	0.0%	1	0.0%
Some Other Race Alone	37	0.5%	65	0.8%	84	1.1%
Two or More Races	60	0.7%	61	0.8%	67	0.8%
Hispanic Origin (Any Race)	77	1.0%	125	1.5%	154	1.9%

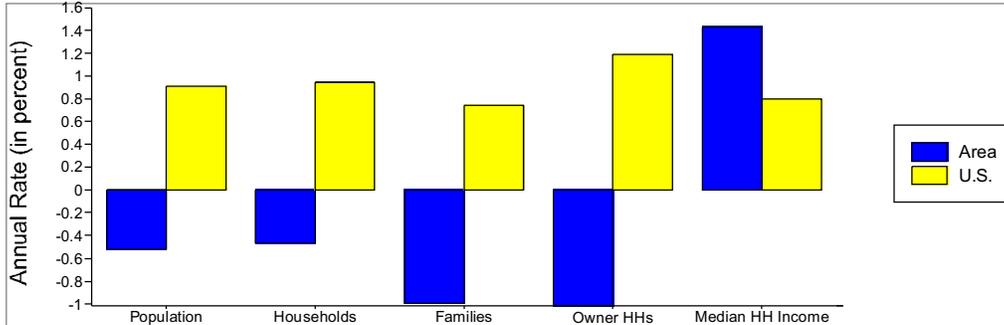
Data Note: Income is expressed in current dollars.

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI forecasts for 2009 and 2014.

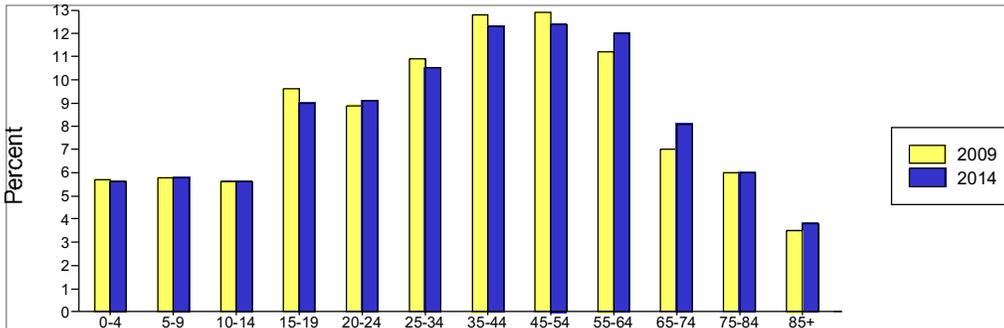
City of Clinton SC

Site Type: Geography

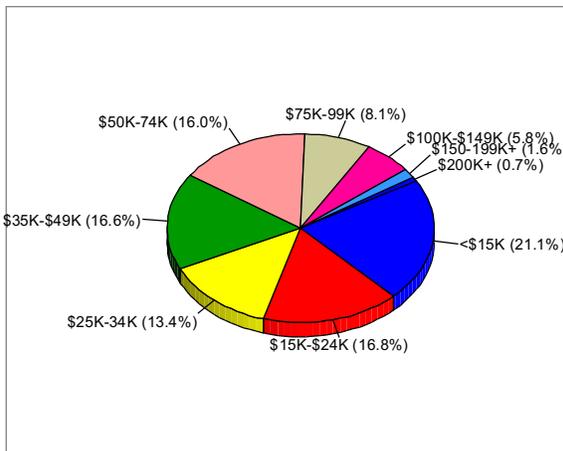
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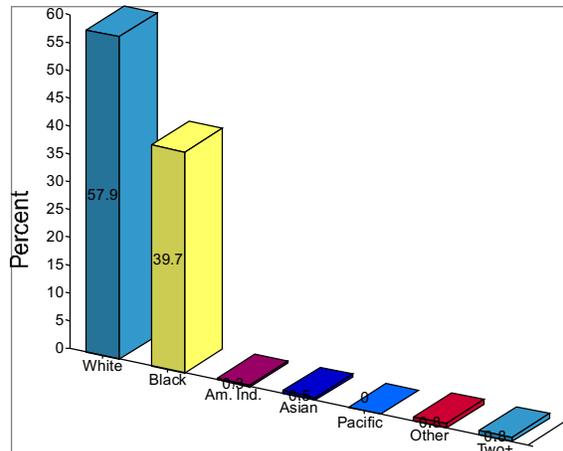
Population by Age



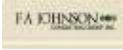
2009 Household Income



2009 Population by Race



2009 Percent Hispanic Origin: 1.5%



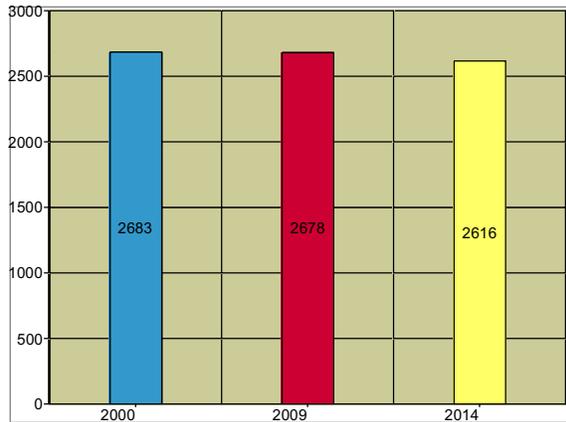
Graphic Profile

Prepared by FA Johnson Development Group

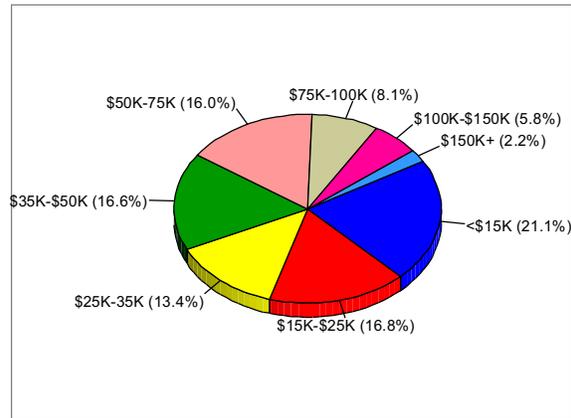
City of Clinton SC

Site Type: Geography

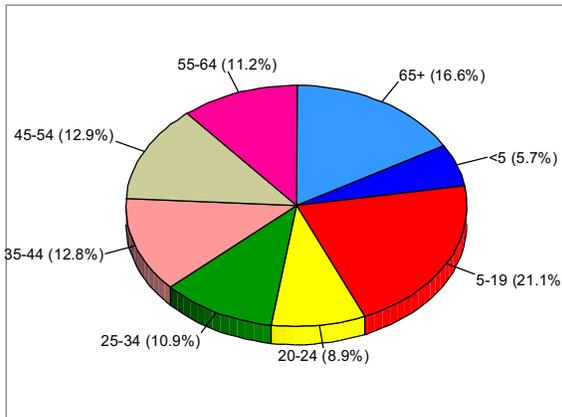
Households



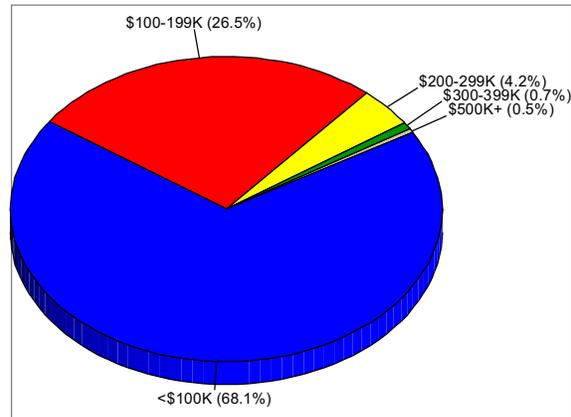
2009 Households by Income



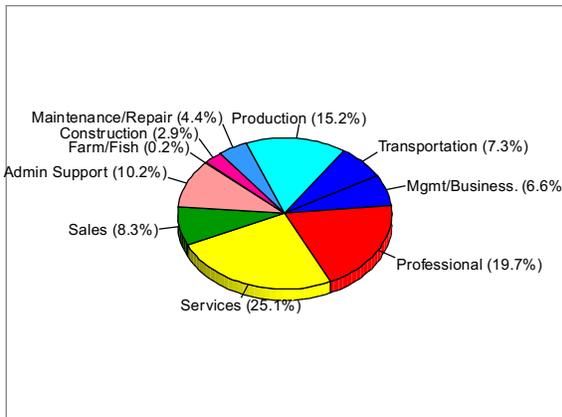
2009 Population by Age



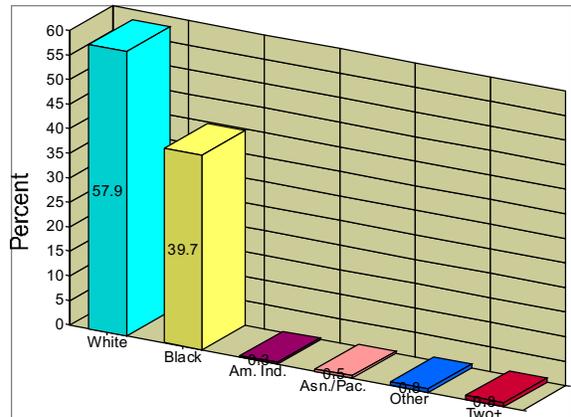
2009 Owner Occupied HUs by Value



2009 Employed 16+ by Occupation



2009 Population by Race



2009 Percent Hispanic Origin: 1.5%

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI forecasts for 2009 and 2014.

IV. HOME TOWN 2030 WORKSHOP

The central focus of this assignment was a Community Take-Part Workshop to obtain input from residents and business leaders on the future development of Clinton. **Specifically, as stated previously, the Upstate Forever’s goal was to address the development of retail hubs in the Clinton community, the long term survival of downtown, and the improvement/redevelopment of existing blighted retail areas.**

Forty-four (44) persons signed in at the Community Take-Part Workshop. The workshop included a foundational presentation, which was held the evening before the Community Take Part Workshop. Ned Barrett, Program Director for Upstate Forever, utilized Urban Land Institute (ULI) data to describe to the group the explosive growth in new residents, new households, and new jobs projected for the Upstate Region. Barrett described both the opportunities and risks provided by this explosive growth pattern. He described the Mission of Upstate Forever and its goal to be a positive change agent to facilitate planned and controlled growth that minimizes the effects of uncontrolled sprawl.

West Virginia University Professor and Assistant Dean L. Christopher Plein, Ph.D. described key issues that the residents and business leaders assembled must consider as they work to develop a long term strategy for the City of Clinton. The following are some of the central ideas and suggestions provided by Professor Plein at the Workshop:

1. It is the community’s job, not the consultant’s job to create the vision of the Clinton Community. In support of this point, Plein reminded the Clinton leaders to consider the fact that all communities are always in a state of flux and constant dynamic. So as the community creates a vision for the future, it must be careful not to think of the past with nostalgia as the “golden era.” The challenges have always been great and the community will continue to grapple with balancing the challenges of development, economy, and governance.
2. The fact that communities often know what they want to avoid, but do not know how to get where they want to be, is something that can be used to create dialogue in order to find common ground.

3. It is both the process and underlying principles involved in creating the plan, which are important to developing the outcome (i.e. vision). The community must always think about what principles it considers important to guide the process.
4. Creating an effective plan requires finding the right balance between seeking utopia and accepting the future as being inevitable. A master plan or vision that seeks utopia would be too specific, highly designed, and overly prescriptive. This creates too many constraints for success. Clinton was cautioned to avoid taking a fatalistic/inevitability mindset that could undermine good planning efforts. In creating an effective retail plan, the City of Clinton must navigate between these two potential extremes to find success.
5. Clinton must carefully consider how it measures success. Many communities measure success based upon the “announcement” of successfully acquiring new opportunities. Clinton was advised that it must identify its current assets and seek to preserve them. Specifically, the group was advised that recognizing and building upon the existing base (i.e. assets) Clinton currently has should be considered as an achievement. This existing achievement is an independent measure of success. Although the focus of this workshop is the creation of new opportunities, a true measure of success should also focus on identifying and preserving existing assets.

A. Retail as Catalyst for Economic Development

The F.A. Johnson Consulting Group, Inc. conducted a detailed work session on Retail as Catalyst for Economic Development. The participants were advised that local business leaders, City Staff, and Economic Development officials must work to find ways to sustain and enhance retail services. This requires an understanding of all aspects of retail, retail recruitment, and development. Specifically, discussion focused on the following broad categories:

- Ø Why Shopping Centers Matter?
- Ø Retail As An Economic Development Strategy
- Ø The Basics (Terminology – types of retail centers)
- Ø The Players (Developers, Retailers, Brokers, and Public Sector Officials)

- Ø The Site Selection Process
- Ø The Plan (Creating The Plan – Who does the City want to be?)
- Ø The Implementation Process (How Cities Should Make Partnering Decisions)

Given the traditional emphasis solely on industrial recruitment, Clinton was applauded for recognizing that encouraging quality retail in the downtown district can foster community development as well as boost the tax base and employment rate. Due to the complex nature of Retail Recruitment, workshop participants were encouraged to understand the different roles of people in the process and the terminology utilized. Going forward, participants were advised of the following comments:

1. The City of Clinton must have a plan if the City wants to incorporate retail as a part of its strategy;
2. The core leadership (not just Public Officials) must understand how retailers think and buy into the plan;
3. Retail is another tool (in addition to industry) in the City's economic development toolbox;
4. Both the Public and Private sectors will be needed to achieve success.

The following is a list of the most important factors identified in the preceding discussion:

- What is realistically attainable for Clinton depends on the local market factors. City officials must know where they are now in order to know where the City is going in terms of recruitment. It requires:
 - Prioritizing goals;
 - Analyzing current markets;
 - Analyzing potential markets;
 - Creating a pragmatic strategy.
- A comprehensive strategy must include, Retention, Recruitment, Revitalization, and Replacement.
- **During the discussion, local business owners placed emphasis on the need to retain existing businesses. The City cannot afford to ignore this sentiment.**
- City officials must be able to explain to a retailer how they can succeed in the local market.

- Focus on attracting in-shoppers and minimizing out-shopping (leakage). This analysis must be routinely updated.
 - Prior reports (April 2003 Charrette Report) indicated that Clinton was leaking annual sales of \$16.4 million
 - § **“Leakage” refers to amount of retail expenditures (dollars being spent) by Clinton residents outside of the Clinton community.**
 - These reports defined Clinton’s Primary Trade Area as: Clinton 29325, Kinards 29355, and Joanna 29351 (City and Zip Code).
 - At that time, it was projected that Clinton could support 63,573 square feet of additional retail space.
 - There is risk in inaction if retailers locate in adjacent communities.
- Clinton must compare what is possible (i.e. market potential) with what is desirable. This requires determining appropriate retail matches for the Clinton community based on Population, Income, Education, Traffic, and Geography.
 - In identifying market potential, Population is only one factor. Competition in the geographic area must be considered and the City must be able to provide customer expenditure data and traffic count data as a part of its ongoing marketing efforts.
 - **Retailers want properly zoned land near people with reasonably well paying jobs.**
- **Ultimately, Clinton must decide if the type of retail that would prosper in Clinton is the kind of retail that is really wanted. It is important to note that income disparity issues arose several times in the break-out sessions on this subject relative to the type of retail desired versus the type of retail that can be supported.**

B. A Retail Recruiter’s Perspective For Clinton

Amy Stone, Vice President for Retail Recruitment for the City Center Partnership in Columbia, described the issues, challenges, and recommendations to the City of Clinton from a retail recruiter’s perspective. Amy Stone began by describing her role as a retail recruiter for the City of Columbia on behalf of the City Center Partnership. She described her organization, its Mission/Role, boundaries, and the process they went through in establishing a retail recruitment strategy.

It is important to note that Ms. Stone advised the group that there are a very small number of municipalities that have taken the approach/strategy of hiring a retail recruiter. It is also noteworthy that as a part of her qualitative assessment summary, Stone indicated that in Columbia, 29% of the retail space is being used for office/residential and 10% is service use. So a total of 39% of the retail space is being used for purposes other than “traditional” retail use. **Although this statistic applies to Columbia, this statistic could serve as an important consideration as Clinton works to implement its retail strategy for addressing vacant or blighted retail space.** The following are some of the central considerations and guiding thoughts provided by Ms. Stone:

1. In general, communities must identify targeted focus areas. They must embrace one or two areas where a difference can be made. Communities must also decide what its assets are.
2. Specifically for Clinton, the City must know/be able to describe:
 - a. Who are the consumers?
 - b. How much do they spend?
 - c. Where do they spend (i.e. categories)?
 - d. What is the employee market, residential market, and visitor market?
3. Differentiate downtown from other retail districts in terms of merchandise mix.
4. Success requires a strong and sustained implementation program.
5. Clinton must go beyond prospecting for retailers. Other actions should be pursued as part of a holistic retail strategy and implementation program. For example, Clinton must build consensus and commitment to a retail strategy among owners and stakeholders.

In order to attract retail successfully, Clinton needs someone who is charged with this specific task. According to Stone, this should not come in the form of a committee and should not be assigned to someone who is already overloaded. **When Clinton is prospecting for retailers, at least three additional policy questions should be considered in implementing the strategy. Those questions include:**

1. Does the retailer fit the merchandise mix (i.e. need) of Clinton?
2. Are they doing well elsewhere? Do they have a good business plan?

3. Would the retailer be a catalyst to bring other retailers?

In terms of the physical placement of retail, it was emphasized that the City should concentrate on primary retail street(s) in the development core first (key corners and blocks first). Retail will be most successful if it is contiguous to or very near each other. The creation of one way streets does not help retail. It was recommended to sell the “Vision” instead of making a specific sales pitch. This means finding good retailers and **developing a relationship over time. One suggested methodology was for the City to become active in the International Council of Shopping Centers’ Alliance Program.**

Lastly, the Take Part Workshop **participants were given specific recommendations and thoughts as they began the break-out sessions. Those recommendations were:**

1. To the extent possible, Clinton should begin with locally owned/family owned operators rather than National operators. National operators are followers.
2. The anchor tenants of yesterday are not the anchor tenants of today.
3. Clinton does not want to try to duplicate the mall.
4. There must be a focused plan. Focus on one or two areas and make downtown a priority.
5. Retention is important. Clinton must let the existing owner/operators know that they are important (i.e. “special”) and that the City wants them to stay.

C. Panel Discussion Highlights

Following the retail recruitment presentation, a panel discussion was held to frame the topics for the break-out table-top work sessions. Clinton City Manager Josh Kay, Jonathon Coleman of the Laurens County Economic Development Corporation, and Local Business Owner/Developer Chip Cooper (Cooper Motor Company) participated in the panel discussion. Each participant began by describing their individual and organizational efforts to increase development in Clinton. They then each responded to a series of questions designed to spark thoughts in the minds of the audience participants (i.e. other attendees).

Representative comments from this discussion included:

- We need someone talented to implement the ideas; we need money to pay them.
- Knowing that the City has a small staff, a conversation has been held about how to afford to hire someone to handle industrial, commercial and residential development. The strategies are being developed now.
- A lot of people want change, but they won't support change. Being a small community, word travels fast, quickly can become negative, and tends to stifle development.
- We need to focus on industry, the creation of jobs for the unemployed and underemployed residents, economic development, infrastructure & providing incentives.

Although the discussion addressed a broad array of issues facing Clinton's recruitment efforts, the above sampling focuses on four (4) central issues that must be addressed in the final plan. 1) paying for this initiative; 2) identifying a specific point of accountability (i.e. a specific person); 3) challenging the status-quo mentality; 4) and creating jobs and increasing employment.

D. World Café Summary

World Café is a meeting process featuring a series of simultaneous conversations in response to predetermined questions. Participants changed tables during the process and focused on identifying common ground in response to each question. The combined responses of the following participants are summarized below.

The printed responses for each Group are presented in an unedited format exactly as captured during the Workshop. Following the unedited responses are photos of the sessions as well as a tabular "Executive Summary" in which duplicative/similar responses were deleted.

GROUP 1	GROUP 2	GROUP 3
Randy Randall, Mayor	Josh Kay, City Manager	Frank Stovall
Joe Giles	Jeff Richards	Jonathon Coleman
Avery Smith	Ethel Simpson Jones	Myra Nichols
Sammy Wham	Bill McDonald	Russ Emerson
Barbara Emerson	Carroll Copeland	Susan Galloway
Morris Galloway	Kevin Patton	Geneva Kelly
Laura Blind	Mike Smith	Chip Cooper
Jennifer Johnson	Mary Windsor	Chris Plein

Table Top Work Session - Retail, Seniors and Housing – C. Douglas Clary, Jr., P.E.

What's missing here?

Lowes – US Highway 76 West.

Eco Tourism – Bass Pro Shop on I-26 Frontage Road – best location top of Frontage Road.

Movie Theater Complex – Phase II of the Clinton Park Corporate Center.

Restaurant – must have another one downtown.

Sports Complex – we need a few courts so we can host tournament play – no site has been identified at this point.

Interstate visibility is vital to attract persons outside of Clinton.

Radio Shack.

Verizon Wireless store needs to reopen.

PC School of Pharmacy will require more restaurants (e.g. “high end” coffee shop).

Most PC students do have vehicles.

We should host a big fishing tournament on Lake Greenwood and bring those of us to the table that can talk “side industry” support.

Lots of Clinton residents own summer/weekend homes at Lake Greenwood.

ATV retailer looking here for I-26 Frontage Road location.

Mayor Randall feels strongly about completing the library and theater as outlined in the Clinton Focus 2013 report.

PC School of Pharmacy students will likely be older (22 & up).

Did you all support 120 Musgrove when it was open?

Yes.

Yes, but it was closed due to the lack of management.

Do you fear that PC graduates will live elsewhere?

They will typically stay here for the first 2 years.

Do we need another restaurant to open besides 120 Musgrove?

I think so – they catered to a different class.

The price point for 120 Musgrove was a bit too high.

Another Casual American (e.g.Applebee's type) Restaurant is needed.

They didn't promote 120 Musgrove enough.

I like the cafeteria style restaurants.

Where would you want the sports complex?

Towards the interstate and it should include big ball fields, tennis, and a water park.

We need a large area – it won't be small.

There is so much that you can do to draw interest.

Do you want to be near the high school and share some facilities?

The best site is an industrial spot.

A minimum of 75 acres is needed.

Should include a police substation.

Should be well designed.

Residential development should be or develop around it.

Group 2

If you could name 3 retail establishments, what would they be and where would you locate them?

Target and Movie Theater.

A group that specializes in theaters in small towns liked the old Chevrolet site north of US Highway 76 in front of the railroad tracks near Copeland Plaza.

A location that will allow us to pull people from other small towns.

It has to be a big box near interstate.

Can we support a Target? The new Bi-Lo shopping center looks prosperous and clean. Most other shopping centers are mostly vacant.

Get those that did not grow up here involved in the process.

What is needed from the County?

Funding assistance.

Politics get in the way!

What assets do you have?

Presbyterian College has NCAA Division I sports and those sports related events could draw tourists but it has to be well marketed to get them off the interstate and into Clinton.

Once the lights are installed at the stadium, we can play night games.

We need a steakhouse for entertaining clients. It doesn't have to be fine dining, but an Italian restaurant would not work. Variety is needed.

Would like to see sports complex by interstate.

Downtown should be pedestrian friendly with everything pointed inward to downtown as a destination.

Is Presbyterian College elitist?

93% of our students receive loans and financial aid and our students are service oriented.

That's the perception.

It's the railroad mentality.

Notes: There is a Super Wal-Mart in Laurens

We don't go to Newberry to shop it's another Clinton. We do go to the Newberry Opera House occasionally, but I can go to PC for free.

The Clinton Park Corporate Center is not easy to access.

PC School of Pharmacy students and their parents will soon inundate this area and there won't be enough housing.

No financing available.

Not many people want to see progress.

There are 2-3 elected officials (county council members) who are a thorn in the side who don't support Clinton; they don't understand economic development and one didn't support the Pharmacy School development and could care less about us

Group 3

When I moved from Laurens to Clinton, my business skyrocketed.

Kohl's is needed.

We have Adams Building Supply and people do a lot of home improvement projects themselves.

Do you go to Newberry? Why? Why not?

Yes.

Yes, to eat and see shows at the Newberry Opera House.

To get my car fixed

We would love to see an Old Navy, a new restaurant, and movie theatre complex. We need a plaza or strip mall. The area closest to PC is growing.

Copeland Plaza should be the location for further retail development. Also, a Big Lots could locate at the old Bi-Lo.

Where would you locate a Kohl's or similar store?

In the Clinton Park Corporate Center. We also need a fitness center separate from the Sports Complex.

We should construct a new YMCA.

The YMCA is the hub of the community.

PC athletes are very competitive. Does that come from the YMCA?

Group – Yes.

Our fans travel, and they fill the local stadium (5,000 seats)

Fitness Center could be located on Ring Road across from Phase III of Clinton Park Corporate Center

Avery Dennison was supposed to expand in that area. , but I am not sure – anA Casual American Restaurant (e.g. Olive Garden, Applebee's, Ruby Tuesdays) is needed downtown that offers upscale dining as well as affordable lunches and dinners and it needs to serve alcohol.

Do you all allow Sunday alcohol sales in restaurants?

GROUP – No.

Need places to go to have dinner and adult beverages.

Need a local bar and grill.

Does the Chamber host events where adult beverages are served?

It depends on the venue.

Are there networking opportunities for the businesses in the community at those events?

GROUP – Yes, that's their objective. It is what you make it (in terms of success).

Shared ideas from other groups

Group agreed with "Eco Tourism" retail facility.

Restaurants should be placed by theater.

Cracker Barrel - We did not have the population to support a Cracker Barrel.

I-385 near Clinton will soon be closed for 8 months and traffic will be diverted to I-26.

Ideas were discussed about taking advantage of PC's shift into NCAA Division I in sports and businesses related to that including the establishment of the movie theater and reactivating 120 Musgrove .

Where do you see Clinton in 25 years?

Going in a positive direction and getting some of the things we have talked about with the pharmacy school It's a new dimension and we don't want only an Applebee's downtown. We want a nice mix of retail establishments.

One key goal is to get the Timken-Torrington plant building reoccupied.

One of the partners of a window manufacturer is currently occupying a portion of the facility and wants to expand, but the bank won't finance

2 more occupants are looking at sharing the the facility.

This looks like a great place to raise kids – I don't understand why the per capita income lags.

It's the loss of the textile mills.

Ms. Windsor – we took the mills for granted.

– add A vineyard and winery would also be a nice retail addition to the list

Mr. Clary recommends locating them on the north side of I-26.

It's a great place to raise kids until we start talking about the schools. Approximately 70% of kids are on free and reduced lunch.

PC use to require all faculty and staff to live in Clinton, but now half do not due to housing and schools.

On a day-to-day basis I wonder how much longer I can keep my business open

Are you all here because you want to be?

If I had a choice I would have moved my mother to NY with me, but I moved here to take care of her – I am here today to make a difference

Table Top Work Session – Infrastructure, Annexation, and Redevelopment Sites – Vida Gholami and Karren Hill Gordon

Group I

Redevelopment Sites & Hot Spots

At the corner of Musgrove Street and Ferguson Street, 48 multifamily housing units are planned to replace single family homes with on-site parking and 7 acres. It should break ground in December for occupancy during the Summer of 2010 mostly for new pharmacy students.

Industrial supply building along the railroad tracks on West Main Street has potential for retail units. Its current tenants include fitness club, car detailing, etc.

Clinton Plaza Shopping Center at the intersection of SC Highway 72 and Willard Road.

CWS Guano and vacant land near East Main Street and North Adair Street.

US Highway 76 at the old Copeland Plaza site.

Out parcels adjacent to Ingles at the intersection of SC Highways 56 and 72.

Clinton Mill Site

Chevrolet Dealer Site

Intersection of Ring Road and US Highway 76 East at the Little Mission Plaza.

It was suggested that local merchants/service providers participate in the development of a model apartment to market the housing community and local merchants/service providers to potential residents.

There was a brief discussion on “buying local” for goods and services. Local vendors can provide incentives for volume purchases.

It was further suggested that an organization be created to promote “Laurens County First.” The concept is to feature prominent businesses that support the community by “buying local”.

Annexation

Sunset Boulevard – it would be cost prohibitive to provide sewer / cost is a concern in residential areas near Sunset Boulevard southeast of downtown.

Undeveloped property tract along SC Highway 72 near Bush River.

Merrie Oaks.

SC Highway 308 corridor entrance into City from I-385.

US Highway 76 corridor west toward Laurens.

Undeveloped Forest Road corridor.

SC Highway 56 corridor.

There are issues with isolated unannexed areas (i.e. “donut holes”) that the group felt the State of South Carolina needs to address.

Group II

Greenways

Thornwell Home for Children

Some land is partially owned by the City of Clinton.

25 acres incorporated into the Greenway Plan, but it’s not “protected”. This area needs to be annexed and protected.

Empty buildings and their future usage need to be addressed along with the 400 acres of property.

There should be a lease agreement with the school district.

The farm is utilized for agricultural field trips for students.

Is funding available from the SC Department of Education to preserve the green space for the development of an educational park?

Group III

Is it possible to not transfer ownership of greenways, but instead conserve the easements for community use to compliment the area?

Concerned about deterioration of previous improvements and the negative (future) impact on the town unless the situation is addressed

Other Greenways

Act on existing plans to implement and promote nature-based amenities and ecotourism.

Gain community support for Clinton’s trademark “Noble Trees” campaign.

Green Spaces/Parks

Concept of Clinton as a hub along a bike trail connecting many municipalities.

There are plans to add bicycle parking next year.

There is a pedestrian pathway connectivity issue.

Presbyterian College: Connectivity of PC and downtown must address the railroad and other obstacles including vehicular traffic.

Revise and promote existing plans. There should be public “buy-in” to the process.

Gateways

SC Highway 72 should be landscaped similarly to the landscaping for the new high school.

There is an issue of property outside the city limits for various gateways.

SC Highway 308 signage corner needs to be landscaped.

From Laurens, the looks of the corner near the Dollar Store have improved – it was noted by Group 3 that this is outside city limits and the development would not meet city standards – others commented that the improvements constitute an improved gateway

Interstate signage should be more direct to emphasize SC Highway 72.

Table Top Work Session – Revitalization and SWOT Discussion - Fred Johnson, Esq.

Group 1

Retail recruitment – local or regional?

Clinton is at the south end of Laurens County. It is different and has different needs from the balance of the county in terms of recruitment.

We need someone to focus on Clinton.

Regional recruitment is fine for the industry.

The representative from the Laurens County Development Corporation commented that Rutherford County, NC is similar.

We are about to lose our I-385 interstate corridor for 6-8 months and we need to take advantage of potential increased traffic on US Highway 76.

We need to put money towards signage.

It doesn't always have to be “either/or” as it depends on what we are recruiting. There is already enough tension between cities. and we don't need to add to that. If we can locate something that is unique, it will attract people from Laurens.

Small=City of Clinton

Target=Joint effort

Fred explained that Clinton can focus on certain asset classes; Laurens can focus on others, and they can complement each other. Interstate signs are not going to draw people off the interstate. There has to be something out there to get people off of the interstate.

Steve Timmons is already working on this. We need a frontage road, but there is a delay with SCDOT.

What do the residents consider to be the community? Where do we naturally feel they are?

College Kids - Shop Laurens County has had a good impact, but College kids save up and go to Greenville if they can't find it here.

The closing of I-385 will be interesting.

Beer and wine are big things and not being able to serve alcohol on Sundays is a factor.

Are there sufficient bars/restaurants for college students?

Maybe not.

Town Rhythms would see more success if it served beer and wine.

GenY 12-32 spending bracket is more than the Baby Boom bracket. What do people from the outside want? The future.

If you just do it one time, people will get used to it. It may be tough the first time, but if it's a success, it will work. Getting past the initial pushback is the tough part.

What is going to be sustainable retail in light of the new economy? Mega-shopping is a thing of the past.

Back to drinks, the Study Club does great but it needs to be smoke-free.

Balancing interstate and downtown, What is your reaction to retail? Would you rather see efforts in central downtown? How do you balance the resources with the efforts?

It seems like we need to get something out there to pull them off the interstate. Traffic counts and rooftops are all that matter to big retail, and downtown doesn't have that. They follow each other.

What about "mom and pop shops"?

We can either let the interstate be the destination or Clinton, but it's hard to do both. The interstate will take care of itself once the Frontage Road is complete.

The restaurants and shops in Greenville are local.

Focus on downtown.

Group 2

Retail recruitment: City or regional or a combination?

Badcock Furniture – Hometown business – the city has our best interest at heart. We can open it up near the edges and down the 76 corridor.

Downtown business owners think we know what we want, but that doesn't mean the city can help us; money is the breaking point.

City Manager Josh Kay asks “What would you want me to hire?”

Focus on the city, but keep the doors open to visitors.

Focus and Cooperation could both be better.

Mr. Patton, a local Builder wants to see more research and contacts become available.

What about the struggle between the retail we desire versus the retail our demographics support? It is really hard to say no if a business is not a perfect fit for the city but we can't keep buildings empty. If the city can't do it, builders can't do it. A coordinator would be a great instrument to have.

Where do you think the customer base comes from (small operator)?

Depends on the business and it depends on the property. Discussion followed by comparing Bojangles vs, upscale restaurant.

What is more important? Any business that stays open or a type of preferred business that adds to character of the place?

The “whatever” is better than vacancy right now.

Cell phone, check cashing, financing, income tax are for guaranteed leases.

Antiques really bring people into the city.

Balance between interstate and downtown? Why is this side more successful?

PC is a big factor.

Where do we focus first?

Old Bi-Lo site. The owner won't make improvements but the Presbyterian Home is right behind it.

Downtown. The interstate is best area to look at to make the biggest impact on downtown and it's the fastest.

75 % on the interstate and 25% on downtown but you have to make a physical connection between the two.

Get the interstate businesses to direct people downtown.

Group 3

Are there any missing items?

Where is the money coming from?

Assistant City Manager Frank Stovall is very good at pursuing grants.

Game plans and implementation costs.

How are we going to prioritize the points of focus?

Airport turns in a 5 year rolling plan that must be approved. Safety takes top priority.

County economic development gets together and prioritizes the big capital projects.

The Focus 2013 Report is referred to often.

Another issue is that long time residents recognize the quality of life here. We need to develop a map of some kind of land classification to indicate what areas are good for what uses (retail, etc.) We need a document/study that shows ripe areas and incentives.

Everything is zoned but not studied.

There does seem to be a need for a wish list of what is wanted and where it is wanted.

We don't have a critical mass of stores, but it would be nice to look at where we would like a critical mass in order to avoid sprawl.

Retail recruitment: city vs. county?

We have to work in the county perspective and be realistic, but we also have to stretch our horizons. We have very much bought into regional industrial recruiting concept and we have a presence on the Upstate Alliance Board of Directors.

Retail needs to be more tailored to our city.

Retail supports the industrial recruiting (executives are looking for certain things).

Focus but keep some regional perspective.

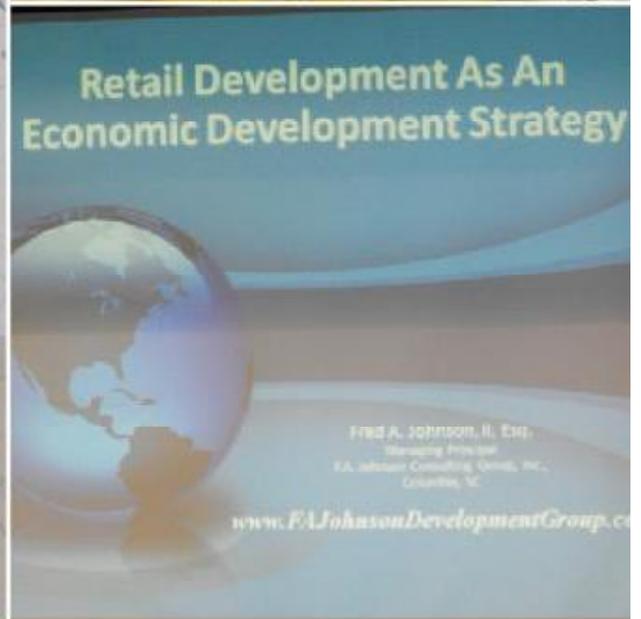
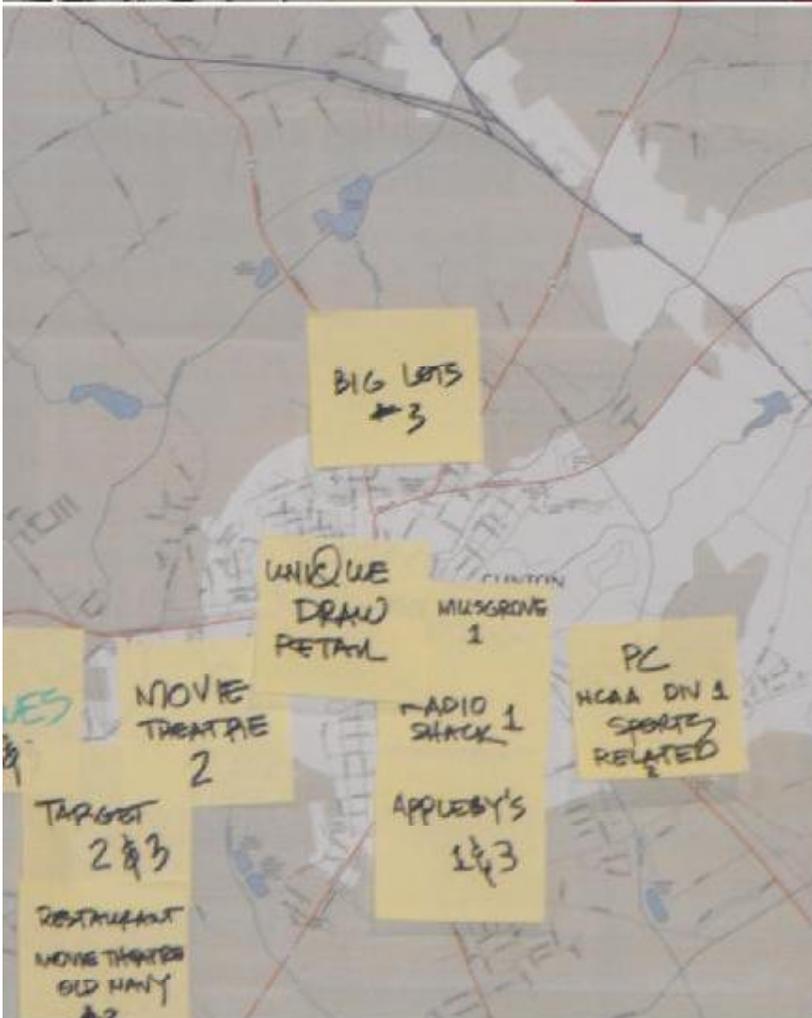
Desired retail vs. viable retail (that serves a certain income bracket but isn't sexy):

Piggly Wiggly didn't fit the model but Fatz has proven them wrong.

Showing the Fatz success story is important. Need to get that message out scientifically.

Program idea: train hospitality workers to sell the place. Merchants and chamber can work together on branding and a theme (workforce training issue).





What assets do you have?

- Presbyterian College-
NCAA Division I Sports
- Downtown
- YMCA

What's missing here?

- Lowes
- Bass Pro Shop
- Movie Theater
- Restaurants
- Sports Complex
- Interstate Visibility
- Radio Shack
- Verizon Wireless
- All-Terrain Vehicle retailer
- Library

Do you need another restaurant?

- Applebee's / Ruby
Tuesdays
- Cafeteria style restaurants
- Steak house
- Olive Garden
- Bar & Grill
- Cracker Barrel

If you could name 3 retail establishments what would they be and where would you put them?

- Target / Kohl's / Old Navy
 - Clinton Park Corp.
Ctr.
- Movie Theater
 - old Chevrolet site
 - near interstate
- Big Lots
 - Copeland Plaza
 - Plaza / Strip Mall

Is Presbyterian College elitist?

- 93% of students receive financial-aid
- It's community service oriented
- That's the perception
- It's the railroad mentality

Do you fear that PC graduates will move elsewhere?

- Yes; After 2 years.

Where do you see Clinton in 25 years?

- Moving in a positive direction
- Taking advantage of the Pharmacy School
- More diverse

This looks like a great place to raise kids; I don't understand why the per capita income lags.

- It's the loss of the textile mills
- 70% of kids are on free and reduced lunch
- PC staff are no longer required to reside in Clinton

Redevelopment sites – hot spots

- Corner of Musgrove Street and Ferguson Street
- Industrial Supply Building
- Clinton Plaza
- CWS Guano
- E. Main and N. Adair Sts.
- Old Copeland Plaza site
- SC Highway 56 at SC Highway 72

Green Spaces / Parks

- Concept of Clinton as a hub along a bike trail connecting many towns
- Adding bicycle racks
- Pedestrian pathway
- Presbyterian College
- Pedestrian-friendly downtown

Gateways

- SC Highway 72 should be landscaped similarly to the landscaping for the new high school
- Gateways outside city limits
- SC Highway 308 signage corner should be landscaped

Retail recruitment: City, regional or a combination?

- As a hometown business, the city has our best interest at heart.
- Money is the breaking point.
- Focus on the city; welcome visitors
- Focus on cooperation
- We need someone to focus on Clinton
- Regional is fine for industry
- We have to work in the county's perspective and be realistic, but we also have to stretch our horizons.
- Retail needs to be tailored to our city.

What is needed from the County?

- Funding
- Less bureaucracy

What is going to be sustainable retail in light of the new economy? Mega-shopping is a thing of the past.

- The Study Club, but it needs to be smoke-free

Balancing interstate and downtown – Retail: Would you rather see efforts in central downtown?

- We need something to pull them off the interstate.
- We can either let the interstate be the destination or Clinton; it's hard to do both.
- The interstate will take care of itself once the Frontage Road is in.

What about "Mom and Pop Shops"?

- The restaurants and shops in Greenville are local

Where do you think the customer base comes from for a small operator?

- Depends on the business.

- Depends on the property.

**What is more important?
Any business that stays
open or a type of preferred
business that adds to the
character of Clinton?**

- The “whatever” is better than the vacancy right now.
- Cell phone, check cashing, finance companies & tax preparers are guaranteed leases.

**Balance between interstate
and downtown? Why is
downtown more
successful?**

- PC is a big factor

Where do we focus first?

- Old Bi-Lo site
- Downtown
- Physical connection
- Between 75 interstate/25 downtown
- Get the interstate businesses to direct people downtown.

**Are there any missing
items:**

- Funding/ Grants for implementation
- Game plan
- Housing for Pharmacy School students and their parents
- Limited financing available
- We need a Frontage Road, but there is a delay with SCDOT
- I-385 near Clinton will be closed for 8 months and traffic will be diverted to I-26

**How are we going to
prioritize the points of
focus?**

- Draft a 5-year rolling plan that must be approved.
- County economic development office

prioritizes the capital
projects

- Focus 2013 Plan
- Develop a map of zoning and land classifications
- Offer incentives
- Plan development

Clinton can focus on certain asset classes; Laurens on others; and they can compliment each other. Interstate signs are not going to draw people off the interstate. There has to be something out there to get people off of the interstate - Fred Johnson Fsa

V. IMPLEMENTATION STRATEGIES AND RECOMMENDATIONS

As summarized above, the previous reports, studies, and analyses laid a strong foundation for this Take-Part Workshop. **The existing reports summarize core goals and objectives. The recommendations contained in this report are designed to take off from and reinforce existing identified goals, increase the level of activity/investment, and suggest specific new courses of action which will serve as catalytic activity** for the broader goals identified by the previous planning processes. The recommendations and conclusions are **designed to create choices for the Clinton leadership** for 2030 and beyond. **To this end, Multiple Growth Scenarios are presented.** Each Growth Scenario includes specific catalytic activity of actions. These Multiple Growth Scenarios have been divided into four (4) broad areas of focus. The four (4) broad areas of focus are:

- i. **Establish and Implement Clinton's Retail Development Action Plan:**
Retail Recruitment and Retention is an essential economic development strategy. Expanding and relocating businesses cite ample retailing as a part of their selection process. Being serious about retail recruitment will require an aggressive program. This cannot be accomplished without a consistently applied targeted approach. At a minimum, this must include:
 1. **Developing A Site and Building Inventory for Retail Space**
 2. **Identifying/Inventorying What Retail Services (By Category) Are Currently Present In Clinton**
 3. **Creating A Retail Recruitment Marketing Package**
 4. **Create/Update The Retail Leakage Study**
- ii. **Adopt Complementary Comprehensive Land Use Strategies:** The creation of a Land Use Improvement Plan is not only an independent specific actionable Growth Scenario item. It is also a foundation inasmuch as **it creates or codifies the environment for the Retail Development Plan** Growth Scenarios. Specifically, the Land Use Improvement Plan must incorporate:
 1. **Annexation Plan: Identify and begin to annex specific properties and parcels;**
 2. **Infrastructure:** Identify and quantify infrastructure needs.

3. Inventory City Assets

4. Accelerate Clinton Park Corporate Center

- iii. **Increase Population Base Through Methodologies Identified in Previous Planning Efforts:** Retail recruitment in small markets is subject to population thresholds deemed critical to retailers. In addition to Clinton's efforts to stimulate "primary employment generators" such as manufacturing and warehouse/distribution, alternative approaches to job creation and population growth must be considered. The creation of a Deliberately Occurring Retirement Community (DORC) would be a Growth Scenario for the City of Clinton that would implement the Stated Goal of Attracting Seniors/Retirees to Clinton described in both the Comprehensive Plan and Focus 2013 Plan (see pages 10 & 11 above). A plan for the creation of a DORC provides another opportunity to explain to a retailer how they can succeed in the Clinton market.
- iv. **The City of Clinton should Identify, Promote, and Assist In the Implementation of Specific Redevelopment Catalyst Opportunities:** Retail recruitment in smaller communities has some unique challenges. In smaller communities like Clinton, local government must take on a broader role in retail recruitment than their counterparts in communities with populations over 30,000. Just as the City has begun along the interstate, Clinton will likely need to continue to "jump start market forces" above and beyond initiating retailer interest and facilitating retail development. **This will require examining a separate strategy to identify, promote, and assist in the implementation of Specific Redevelopment Catalyst Opportunities.** Some of the Specific Redevelopment Catalyst Opportunities include, but are not limited to:
1. **Martha Dendy Center for Community Development**
 2. **Clinton Mills Site**
 3. **Timken/Torrington Site**
 4. **City Gateways Into Town**

Support in the form of traditional government actions, such as providing financial incentives and other forms of development support to secure deals with developers and/or retailers, is only one aspect of implementing Clinton's Retail Development Plan. Success may require Clinton

continuing to expand its capacity and willingness to employ a series of strategies. The above summarizes only a few of several key points described in greater detail below.

Recommendations and Conclusions

Retail development goes hand in hand with other forms of economic development, such as industrial recruitment. It is difficult to consider one without the other. The creation of the Retail Recruitment Plan is a minimum requirement. For this reason, **in identifying catalytic opportunities, we have also identified tangential strategies for implementation that could have a direct bearing on the success of the overall retail initiative.** Each will be addressed separately.

Focus Area I: Establish and Implement Clinton's Retail Development Action Plan

By its very nature, the Clinton Retail Recruitment Plan must contain a number of components. The following are suggestions and essential recommendations to be included for action:

- **Recommendation I.1: Establish And Implement A Retail Development Plan:** Retail Development is driven by critical fundamentals that must be acknowledged and considered when creating a plan. **Clinton must compare what is possible (i.e. market potential) with what is desirable.** This requires determining appropriate retail matches (Market Profile) for the Clinton community based on Population, Income, Education, Traffic, and Geography through **an independently prepared Market Analysis that examines the current retail market and the potential retail market.** It must be realized that some of the results of this analysis may be difficult to accept. Through such analysis, Clinton must establish a profile of target merchant types and merchandise categories, which will allow the City to prioritize goals and create a pragmatic strategy;
 - **Recommendation I.1(a): Create A Retail Recruitment Marketing Package:** Clinton must create a well prepared and well organized marketing package. Interviews with the City Manager indicate that while industrial recruitment packages can be quickly compiled for a prospect, no corresponding package has been created for Retail Recruitment. In identifying market potential, Population is only one factor. Competition in the geographic area must be considered and the City

must be able to provide customer expenditure data and traffic count data as a part of its marketing. A readily available fact sheet that explains the merits of the community (from a retailer's perspective) is necessary to establish an understanding of Clinton before promoting a specific site. This would include a summary of retail and restaurant sales. When a specific retailer has been identified or targeted, Clinton must be prepared to then customize the marketing package for the specific identified retailer. It is further recommended that income and demographic data available from the SC Department of Commerce be incorporated and routinely updated in this package. City of Clinton staff should be afforded access to all features of the Laurens County Geographic Information System (GIS) and should be well versed in its use in assisting retail prospects. In addition, coordination with City of Clinton Public Works Department regarding the availability of utilities to new retail sites is essential to enhancing comfort levels of retail prospects.

- **Recommendation I.1(b): Update Retail Leakage Study:** Clinton must be able to identify its "retail trade area," its most directly competitive retail nodes, and its estimated annual consumer demand expenditures or its potential expenditures. Again, "Leakage" refers to amount of retail expenditures (dollars being spent) by Clinton residents outside of the Clinton community. This study should also separately evaluate the retail leakage from Presbyterian College (see also I.1(g)).
- **Recommendation I.1(c): Develop A Site and Building Inventory for Retail Space:** Assemble a database of space inventory along with terms for either lease or purchase. This should include dimensions, square footage of buildings, current zoning, site conditions, building conditions, elevations, photographs, utility availability, and contact information. This will also necessitate routine contacts with both local and regional realtors and developers.
- **Recommendation I.1(d): Begin Identifying/Inventorying What Retail Services (By Category) Are Currently Present (and missing) In Clinton:**
- **Recommendation I.1(e): Make Website Improvements:** The City is not currently maximizing its online presence. Existing online information must remain current. Further, as information such as the inventory and marketing plan are completed, this information must be added to the City website. City Council meeting agenda and minutes should be uploaded to the City website. Utility rate and fee information should also be readily available on the website.

- **Recommendation I.1(f): Implementation Considerations: Maximize An Existing Public/Private Partnering Opportunity:** The recommendation to have an independently prepared Market Analysis (contained in 1.1) *should be considered to be carried out through a working relationship/partnership with Upstate Forever. In addition, components I.1(a) through (d), would be a natural addition to this task.* Given Upstate Forever’s current retail initiative work program with the City of Clinton, such a partnership could leverage the existing work, create efficiencies in implementation, and would be consistent with the Upstate Forever Mission of proactively advocating for controlled growth strategies.
- **Recommendation I.1(g): Disperse The Financial Impact of The Retail Initiative Through Leveraging of City Financial Resources with Private and/or Grant Resources:** It is readily apparent that City staff, elected officials, and business leaders acknowledge that Clinton has limited financial resources. The subject of paying for Retail Recruitment expenses was raised during the opening session, panel discussion, and break-out table top sessions. The City must leverage its resources by involving organizations such as Presbyterian College and Upstate Forever in the retail chase. This should involve both financial and non-financial leveraging. Financial leveraging should include encouraging Presbyterian College and/or Upstate Forever to take the lead to identify and pursue some grant opportunities that might not be available to the City. Non-financial leveraging could include the College conducting volunteer surveys such as the survey necessary for Recommendation I.1(b).
- **Recommendation I.2: Focus on Retention:** Financial incentives and subsidies for retailers can often become controversial. Existing merchants may become resentful of assistance provided to new retailers who may be competitors, and some residents may not support government assistance. Early on in the Take-Part Workshop process and on multiple occasions, the subject of retention of existing businesses was raised. It is important that existing merchants believe that retention is an important part of the City’s long range strategy. The City must remember that “Mom and Pop Shop” operators typically do not have the credit and liquidity to withstand long downturns like the current environment (described in detail in Section II National Analysis above).
 - **Recommendation 1.2(a): Implementation Considerations:** The retention effort could **include a range of financial and non-financial components.** These include, but are not limited to, relaxing rules on outdoor seating and temporary

signage, marketing grants, façade grants, establishing/maintaining a merchant directory, and creating a local vendor preference ordinance. It is further recommended that partnering with the Laurens County Chamber of Commerce to further identify implementation activities may be of significant benefit.

- **Recommendation I.3: Prepare an Inventory of Economic Development Tools: *Clinton must consider Specific Incentives in advance.*** Incentives alone will not make a poorly structured deal work nor be the sole consideration of a retailer. Nonetheless, Clinton must decide early on the range and type of incentives it can (i.e. will) offer and the type of incentives it will not offer.
 - **Recommendation 1.3(a): Implementation Considerations:** Best Practices examples would suggest that these incentive considerations might include discounted permitting and entitlement fees, use of a revolving loan fund, catalyst tenant grants, etc.
- **Recommendation I.4: Evaluate Staff Assignments:** There must be a dedicated individual with responsibilities and accountability to address Retail Recruitment/Retention and private development (this may include other private initiatives). It is apparent that Clinton's City Manager is both fully engaged and committed to the City's Recruitment goals. In the face of limited financial resources and staff with multiple responsibilities, the City of Clinton must ask why it would not support the funding of its sales and marketing team when it is looking to grow its revenues through securing new retail recruitment. Economic Development deals take time to complete. Successful retail economic development requires a consistent and long term strategy with someone whose primary responsibility is that task. Interviews with the Mayor and City Manager regarding both the challenges and success associated with securing Fatz Restaurant highlight the need for a focused effort and dedicated resources (both fiscal and personnel resources) in the area of recruitment.
- **Recommendation I.5: Re-evaluate Industry Memberships:** Interviews with the Municipal Association of South Carolina indicate that Clinton was once a participant in the Association's Main Street Program. It appears that due to funding and staff limitations, this participation ended. Clinton must evaluate the long term benefits of programs such as the Main Street Program as well as the International Council of Shopping Centers ("ICSC") Membership. Participating as a member in ICSC and specifically its Alliance Program, which is targeted at Public/Private efforts, may well provide long term benefits. It also

might facilitate local/regional prospecting trips. The City must be prepared to allow up to five (5) years for recommendations 1.4 and 1.5 to pay large dividends.

- **Recommendation I.6: Foster/Create A “Co-opetition” Mind Set in the Leadership and Community:** Both the Public and Private sectors will be needed to achieve success. Similarly, City and County governments must work together with the Laurens County Development Corporation and the Laurens County Chamber of Commerce in a collaborative approach. During the Take-Part Workshop, this was termed “thinking together but not thinking alike”. **The City leadership must foster and create an environment in which the key stakeholders realize that in many instances, they must cooperate in order to compete (regionally).** This approach is often affectionately known as “Co-opetition.”

Focus Area II: Adopt Complementary Land Use Strategies

In general, the intent of a Master Plan is not to create community, but to enable it. In this instance, the importance of creating strategies for a Land Use Improvement Plan is to establish the framework and create a vision to drive the process. The objective is to establish a market based framework that is implementable and a vision of what the Clinton community could look like. It is hard to implement goals and objectives if threats and opportunities are not also identified.

Specifically, the Land Use Improvement Strategies should incorporate recommendations such as:

- **Recommendation II.1: Annexation: Identify and annex specific properties and parcels to be annexed:** When talking about change, retailers focus on future change. They want to know what to expect in the future. Ultimately, the success of an annexation plan will not depend on the substance of the plan itself, but in the process of how Clinton decides to proceed with it.
- **Recommendation II.2: Infrastructure:** Retailers might be totally unaware of future growth and development plans around particular locations and might require as much information as possible. Information on future development plans can provide evidence that will change a retailer’s mind about locating at a particular site.
- **Recommendation II.3: Inventory City Assets And Acknowledge The Importance of Small Successes:** Not all development projects need to be targeted as a “Homerun.” Clinton must recognize that even small projects or store renovations (or
F.A. Johnson Consulting Group, Inc.

expansions) can be an important first step to future and more substantial development. Moreover, for the owner of such a facility, this success may well involve a tremendous investment and their willingness to risk their investment must always be applauded and supported by the City and the business community.

- **Recommendation II.4: Accelerate Clinton Park Corporate Center Implementation:** It is important to note that a majority of the responses during the table-top work session focused on “destination retailers” as missing from the Clinton market. As emphasized by Amy Stone, initially local and regional operators should be targeted. Nationals will follow when the locals have good sales. Clinton is not alone. Citizen participation often results in names of desired retailers that are not supported by the sales potential or other realities of the consumer market. The City has invested a considerable sum in the development of Clinton Park Corporate Center as a Business and Industrial Park that is Class A in every respect. Much of this park features high interstate visibility and is well suited to retail development. This being the case, a concerted effort should continue to promote the development of Clinton Park Corporate Center as a key destination for business.

Focus Area III: Increase Population Base Through Methodologies Identified in Previous Planning Efforts

The creation of a master land use improvement plan is a vitally important step in the continued economic development and retail recruitment in Clinton. Many communities, however, create master plans, shelve them, and then become disappointed that development unfolded differently than had been envisioned in such a master plan. This is largely attributable to the fact that developers will follow the path of least resistance. Early in the Take-Part Workshop, participants were asked what they would like to see at the end of the Workshop. Notable responses to this question that resonated with participants were “a way to attract people to this great community,” “housing,” and to take a “360 degree” look at Clinton. A comprehensive look means being pragmatic. The reality is that the expectation going forward is that there will not be the same growth in the number of households with kids. It is essential that one understands the actual residents in the market and that there is a diversity of retail needs among those residents. It is likewise important to understand what the Clinton market represents and to allow that market to encourage more investment and re-investment.

- **Recommendation III.1: Aggressively implement the goals of attracting retirees to the City and of developing a community retiree attraction program.**
 - **Recommendation III.1(a): One strategy for achieving Population Goals is through the creation of a Deliberately Occurring Retirement Community:**

Given the aging of the population base in Clinton, in the Upstate Region, and the nation as a whole, the creation of a retirement community would benefit the larger Clinton economy, increase the local tax base, provide service to existing residents and provide a complementary use with minimal adverse impact to the community. Clinton is slowly transitioning into an area that would benefit from development of a Deliberately Occurring Retirement Community (DORC). At present, senior citizens tend to outlive their ability to drive by approximately 8 to 10 years. Accordingly, creation of a Deliberately Occurring Retirement Community (DORC) would involve more densely developed retail on a limited basis. A **Deliberately Occurring Retirement Community** (DORC) is a collection of uses or master-planned development which is targeted to the needs of the senior population and is typically designed to provide a retirement community in which seniors can age in place. A retirement community, or active adult community, is a very broad, generic term that covers many varieties of housing for retirees and seniors - especially designed or geared for people who no longer work, or restricted to those over a certain age. Many retirement communities have special facilities including amenities such as clubhouses, swimming pools, arts and crafts, boating, trails, par three golf courses, active adult retail and on-site medical facilities. An age restricted community generally requires at least one household resident to be 55 plus years of age or older (occasionally 50+ or 60+ years of age). There are three categories of retirement communities:

 - ACTIVE communities or independent living communities are developed with residential units and do not have long-term healthcare facilities;
 - ACTIVE/SUPPORTIVE communities, also known as continuing care retirement communities, include a combination of residential and healthcare facilities;
 - SUPPORTIVE communities comprise long-term continuing care healthcare units, like assisted living facilities or nursing homes.

Retirement communities are often built in warm climates and the climate of the Clinton region would be suitable for this type of development. Continuing Care Retirement Communities (CCRC's) are frequently referred to as life care communities. Many have large campuses that include separate housing for those who live very independently, assisted living facilities that offer more support, and nursing homes for those needing skilled nursing care. Residents move from one housing choice to another as their needs change, which keeps them in the local community. 89 % of seniors want to age in place, meaning that they want to stay in the same community or region where they have their social network.

- **Recommendation III.2: Encourage Additional Multifamily Development:** As discussed during the Take-Part Workshop, an existing project at the corner of Musgrove Street and Ferguson Street is underway for 48 multifamily units. It is anticipated that the opening of the Pharmacy School will facilitate absorption of these units. As soon as there is evidence that the market will support additional units, additional multifamily should be encouraged/facilitated. These types of projects must be promoted, because even with the new census underway, these units will not be captured and will not represent the positive trends that must be in the Clinton story over and above the numbers.
- **Recommendation III.3: Create Public/Private alliances to address the segment of the community seeking to maintain the Status Quo:** The Participant Summary Narrative quotes one participant as saying "...not many people want to see progress." This sentiment was echoed in interviews and tours with private developers explaining the resistance to new residential projects. This subject must be addressed repetitively through open forums.

Focus Area IV: Identify, Promote, and Assist In the Implementation of Specific Redevelopment Catalyst Opportunities

Retail recruitment in smaller communities has some unique challenges. In smaller communities like Clinton, local government must take on a broader role in retail recruitment/retention than their counterparts in communities with populations over 30,000. Just as the City has begun projects along the interstate, Clinton will likely need to continue to "jump start market forces" above and beyond initiating retailer interest and facilitating retail development. This will require examining a

separate strategy to identify, promote, and assist in the implementation of Specific Redevelopment Catalyst Opportunities. **To be clear, these are not “Retail Projects” but can help the retail effort long term.** Some of the recommended Specific Redevelopment Catalyst Opportunities include, but are not limited to:

- **Recommendation IV.1: The City should initially focus its efforts on repositioning the downtown vacancies:** This is consistent with Ms. Stone's recommendations and best practices recommendations. From the break-out discussions, there is support for this downtown focus from the participants. However, balancing downtown efforts with efforts along the interstate produces advocacy from both sides.
- **Recommendation IV.2: While the downtown vacancies are being addressed, attention should be given to Copeland Plaza on US Highway 76 northwest of the City.**
- **Recommendation IV.3: Martha Dendy Center for Community Development:** Implementation of the Martha Dendy Center represents an opportunity for the City to partner with a Private non-profit entity like Upstate Forever for implementation. Such a Public/Private effort could lead to securing Federal Resources for the Dendy project. In addition, this approach would allow for implementation without placing additional project responsibilities on City staff (leverage) on a fast track basis.
- **Recommendation IV.4: City Gateways Into Town**
- **Recommendation IV.5: Redevelopment of the Clinton Mills Site**
- **Recommendation IV.6: Timken/Torrington Site**

CONCLUSION

Our charge was to assist Upstate Forever in **assessing a feasible development/ redevelopment strategy for the City of Clinton with a focus on retail.** Understanding of a retailers' site-selection processes will lead to a better understanding of the variety of challenges faced by retailers. While all retailers use market and demographic data to assess a potential site, a large information void exists regarding indicators and data sources. The City of Clinton must fill this void by telling “its story” rather than by attempting to pitch a specific site. The above recommendations regarding the Clinton Retail Development Plan are designed to assist the City in telling its story by addressing the indicators and data drivers that impact retailer decisions.

The Take-Part workshop was designed as both a capacity building tool on retail recruitment and as an idea generator to hear what the people say they want. The discussion addressed a broad array of issues facing Clinton's recruitment efforts. The above sampling focuses on four (4) central issues that must be addressed in the final plan: 1) paying for this initiative; 2) identifying a specific point of accountability (i.e. a specific person); 3) challenging the status-quo mentality; and 4) creating jobs and increasing employment. As two participants expressed "...*retail supports industrial recruiting*" and "*showing the Fatz [restaurant] success story is important...[we] need to **get that message out** scientifically.*" [emphasis added] The recommendations contained in this report are designed to get the Clinton message out in industry terms and provide a road map for a feasible development strategy. The next step is to actually establish and implement the retail development plan acknowledging that it might take up to five years for traction to build momentum. Notwithstanding, many smaller successes can be achieved along the way.

Exhibits

Home Town 2030 Workshop Agenda

A Tangible and Viable Action Plan For The City of Clinton

8:30 a.m. – 8:45 a.m. Registration

8:45 a.m. – 9:00 a.m. Opening Remarks and Introductions
Ned Barrett, Program Manager-Upstate Forever
Randy Randall, Mayor-City of Clinton
Josh Kay, City Manager-City of Clinton

9:00 a.m. – 9:45 a.m. C. Douglas Clary, Jr., PE
Implementation And Planning Thoughts and Considerations

9:45 a.m. – 10:45 a.m. F.A. Johnson, II, Esq.
Retail as an Essential Economic Development Strategy

10:45 a.m. – 11:00 a.m. Break

11:00 a.m. – 11:45 am Amy E. Stone, Vice President Retail Recruitment
City Center Partnership, Columbia, SC
Retail Recruitment: Perspectives for the City of Clinton

11:45 a.m. – 12:45 p.m. Luncheon & Panel Discussion
Josh Kay, City Manager
Chip Cooper, Business Owner
Dixie Prickett, Ashton Press “Industry Representative”

12: 45 p.m. – 3:00 p.m. Visioning Sessions

Break-out Work Sessions for Participants:

(Three Groups Working at One Station Each for Forty Minutes. Each Table-top session will have a Facilitator and scribe)

1. Economic Development, Revitalization & SWOT Discussion– *Facilitator: F.A. Johnson, II, Esq.*
2. Table Top Work Session: Retail, Seniors & Housing – *Facilitator: C. Douglas Clary, Jr., PE*
3. Table Top Work Session: Infrastructure, Annexation, & Redevelopment Sites – *Facilitators: Vida Gholami and Karren Hill Gordon*

3:00 p.m. – 3:30 p.m. Review Table Top Results & Catalyst Opportunities Identified
C. Douglas Clary, Jr., PE

Review the Concepts & Catalysts Identified in the Work Sessions and Begin to Identify Themes for a Composite Plan

3:30 p.m. – 4:00 p.m. Prioritization of Strategies for Implementation
F.A. Johnson, II, Esq

Consolidated Workshop Session to Identify and Prioritize Follow-up Actions

4:00 p.m. – 4:15 p.m. Conclusion/Wrap-Up



According to the latest National League of Cities survey, city officials around the country are reporting declining retail sales and increases in retail store closings in their communities. The survey also finds that locally owned retailers on main street are particularly vulnerable. City officials from cities reliant on sales tax revenues are more likely than city officials from cities with other types of revenue structures to report that retail conditions are worse now than they were last year, before the major impacts of the recession took hold.¹

State of America's Cities Survey: Local Retail Slowdown

By *Christiana McFarland*

CURRENT STATE OF RETAIL

The survey reveals that one way declining economic conditions are playing out in America's cities is through a dramatic retail slowdown. Three in five city officials report that the current state of retail sales (64 percent) and retail store closings (57 percent) is either worse or much worse than it was last year.

When examined across different types of local tax structures, city officials from sales tax-reliant cities are more likely to report worsening retail sales (66 per-

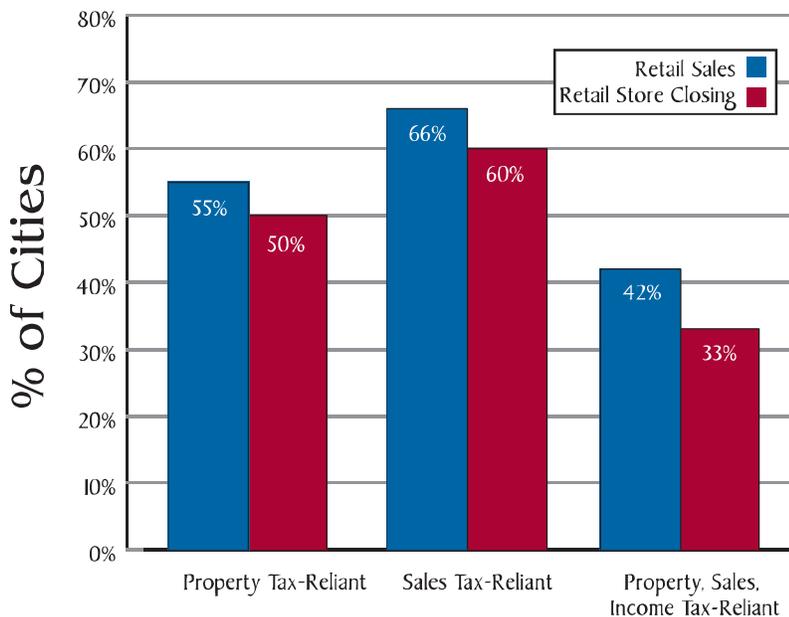


FIGURE 1

Retail Conditions Compared to this Time Last Year, Percent Reporting Worse or Much Worse, by Tax Reliance

Christiana McFarland is the Research Manager at the National League of Cities. She oversees the conduct of NLC's *State of America's Cities Survey* series.

¹ "Cities" refers generally to municipalities.

The National League of Cities *State of America's Cities* is a national survey series of local officials that has been conducted for more than 20 years. The series provides insights into how local officials view issues and problems they face in governing the nation's cities and towns.



cent) and retail store closings (60 percent), than city officials from property tax-reliant cities (55 and 50 percent, respectively) and city officials from cities relying on a combination of property, sales, and income tax revenues (42 and 33 percent, respectively).

Over time, sales tax-reliant cities have likely focused more on retail development as an economic development strategy, increasing their reliance on sales tax revenues and during economic upturns, producing more revenue. In contrast, property tax-reliant cities and cities reliant upon multiple sources of revenue are more likely to have pursued different economic development and revenue-generating strategies.²

When examined by type of city, city officials from core cities of large metropolitan areas (87 percent) are more likely than city officials from other types of cities to report worsening *retail sales*, although majorities of city officials from core cities of smaller/medium metropolitan regions (67 percent) and rural regions (51 percent), as well as inner-ring, developed suburbs (68 percent) and newer suburbs (64 percent) also report worsening retail sales.

Only one-third of city officials from rural cities and towns (33 percent) report increased *retail store closings*, compared with at least 50 percent of city officials from all other types of cities. These findings imply that retail markets in rural areas may be less “saturated,” or experience less competition, and in a better position to ride out the economic crisis. Additionally, the current downturn in retail may challenge suburban and urban communities to reassess their capacity for retail and to redevelop accordingly.

LOCAL TAX STRUCTURES

An NLC analysis of the extent to which municipal governments rely upon the three major tax sources – property, sales and income taxes – as a share of general revenue reveals three broad models of local tax reliance: “property tax-reliant cities” or those cities that rely primarily on property taxes; “sales tax-reliant cities” or cities that rely on sales taxes in addition to property taxes; and cities that have the authority to levy, and subsequently rely upon, all three major sources of revenue. Source: *Cities & State Fiscal Structure*, by Christopher Hoene and Michael A. Pagano, National League of Cities, 2008.

RETAIL CLOSINGS AND LOCAL IMPLICATIONS

When looking at the types and locations of retail closings in cities, locally owned main street retailers appear to be hardest hit by the current downturn. Three in five city officials (63 percent) report that the types of retailers most affected by the economic downturn are locally owned retailers on Main Street, followed by locally owned (42 percent) and smaller chain retailers (36 percent) in neighborhood centers and smaller chain retailers in regional malls (27 percent).

Alternatively, only about 15 percent of city officials report that anchor stores and large retail employers in malls (18 percent) or neighborhood centers (16 percent) have closed.

² For more information on local development and revenue strategies, see *Terra Incognita: Vacant Land and Urban Strategies*, by Ann O.M. Bowman and Michael A. Pagano (Georgetown University Press: Washington, DC), 2004.

FIGURE 2

Percent Reporting the Types and Locations of Retail Stores that have Closed in the Past Year

LOCATION OF RETAIL STORE	TYPE OF RETAIL STORE			
	Entire Retail Area	Anchor/Large Retail Employer	Smaller Chain Retailer	Locally Owned Retailer
Regional Mall	3%	18%	27%	15%
Neighborhood Center	2%	16%	36%	42%
Downtown/ Main Street	1%	4%	14%	63%

Note: Respondents could check all that apply among the various options. Percentages will not add to 100% as a result.

Locally owned retailers are vital to the stability of local and regional economies because they tend to spend more of their revenues on inventory, supplies, and services provided by other local businesses.³ When asked directly about the most pressing local implications of the retail slowdown, four in five city officials report negative impacts on other local businesses (81 percent) and negative impacts on the regional economy (80 percent).

Nearly four in five city officials also report a decline in new business start-ups (78 percent). This finding indicates that the current economic crisis is not only resulting in slower sales and increased store closings, but that the business churning process, whereby newer, more productive businesses enter the market place, is also being disrupted.⁴

Additionally, seven in 10 report unemployment as a problem faced by their city as a result of deteriorating retail conditions; three in four (77 percent) report a decline in tax revenue.

FIGURE 3

Percent Reporting the types of Conditions Resulting from Decline in Retail and the Extent to which they are a Problem

Conditions Resulting from Decline in Retail	Major/Moderate Problem	Minor/ No Problem
Negative impact on other businesses	81%	19%
Negative impact on regional economy	80%	20%
Decline in new business start-ups	78%	22%
Declining tax revenue	77%	23%
Unemployment	70%	30%
Negative impact on nearby neighborhoods	51%	49%
Vacancy and blight	51%	49%
Increased crime	31%	69%
Lost sense of "community"	24%	76%

City officials from sales tax-reliant cities (79 percent) are more likely to report declining tax revenue as a pressing local concern resulting from the retail downturn, compared to city officials from property tax-reliant cities (67 percent) and city officials from cities relying on a combination of all three sources of revenue (59 percent).

The results indicate that sales tax-reliant cities are feeling increasing fiscal pressures from the retail slowdown, whereas city officials from cities relying on three sources of revenue are perhaps more likely to be buoyed by their diversity of revenue streams.

LOCAL RESPONSES

In the face of the retail downturn, a key challenge confronting city officials is how to respond to issues surrounding closed stores, vacant properties and future retail development. Collaboration with other local stakeholders is one response, and two-thirds of city officials (67 percent) report that they are working closely with members of the business community, including corporate lead-

³ For example, see *Local Works: Examining the Impact of Local Business on the West Michigan Economy*, Civic Economics, 2008.

⁴ For more information, see *Turmoil and Growth: Young Businesses, Economic Churning and Productivity Gains*, by Steven Davis, John Haltiwanger, and Ron Jarmin, Ewing Marion Kauffman Foundation, 2008.

ers, developers, and chambers of commerce. City officials report that they are also collaborating with other local governments in their region (35 percent) and community groups (35 percent).

When economic conditions improve, one in two city officials (51 percent) say that their plans to redevelop vacancies left by retail closings will include mixed-use projects that will incorporate some combination of retail, restaurants, offices, open space and higher-density residential. One in two (49 percent) also report that they plan to target new retail.

ABOUT THE SURVEY

The *State of America's Cities: Local Retail Slowdown* survey was sent to a random sample of 1,670 municipal officials across the country. The survey was conducted in January and February 2009. Survey data are drawn from 399 responding local officials, for a response rate of 24 percent. With this response rate it can be expected with a 95 percent degree of confidence (i.e., in 95 out of 100 random sample surveys) that the answers to the survey questions from another random sample of municipal officials would be within 4 percentage points (+/- 4%) of the results of this survey.



National League of Cities
1301 Pennsylvania Avenue, NW
Washington, DC 20004
www.nlc.org

ABOUT THE NATIONAL LEAGUE OF CITIES

The National League of Cities is the nation's oldest and largest organization devoted to strengthening and promoting cities as centers of opportunity, leadership and governance. NLC is a resource and advocate for more than 1,600 member cities and the 49 state municipal leagues, representing 19,000 cities and towns and more than 218 million Americans.

Through its Center for Policy and Research, NLC provides an applied think tank capacity by developing, conducting, and reporting research on issues affecting cities and towns.

RESEARCH BRIEF

on America's Cities

CHRISTOPHER W. HOENE & MICHAEL A. PAGANO

City Fiscal Conditions in 2009

SEPTEMBER 2009

Facing a national economic recession driven by declining housing values, restrictive credit markets, slowed consumer spending and rising unemployment, the nation's city finance officers report that the fiscal condition of the nation's cities continues to weaken in 2009.¹ Among the findings of the National League of Cities' latest annual survey of city finance officers are:

- Nearly nine in 10 (88 percent) city finance officers report that their cities are less able to meet fiscal needs in 2009 than in the previous year;
- Final numbers for 2008 reveal that city expenditure growth (4.9 percent) outpaced city revenue growth (3.4 percent);
- As finance officers look to the close of 2009, they predict that revenues will decline (-0.4 percent), while spending will increase by 2.5 percent;
- Property tax revenues increased by 6.2 percent in 2008, reflecting rising housing values in previous years, but are predicted to slow to 1.6 percent growth by the close of 2009;
- City sales tax revenues (-3.8 percent) and income tax revenues (-1.3 percent) are predicted to decline through to end of 2009;
- Spending pressures stem from declining local economic health, rising costs of providing services, public safety and infrastructure costs and employee-related costs for health care, pensions and wages;
- To cover budget shortfalls and balance annual budgets, cities are instituting hiring freezes and laying off personnel, as well as delaying or cancelling planned infrastructure projects; and,
- Ending balances, or "reserves," while still at high levels, decreased as cities used these balances to weather the effects of the downturn.

MEETING FISCAL NEEDS

In 2009, nearly nine in 10 (88 percent) city finance officers report that their cities are less able to meet fiscal needs than in 2008. City finance officers' assessment of their cities' fiscal conditions in 2009 has decreased significantly from their 2008 assessment, when 64 percent of city finance officers said their cities were less able to meet fiscal needs than in 2007. Pessimism about the ability to meet city fiscal needs is at its highest level in the history of NLC's 24-year survey. Finance officers in cities that rely upon property taxes and sales taxes — the two most common local tax sources — are equally likely to say that their cities are less

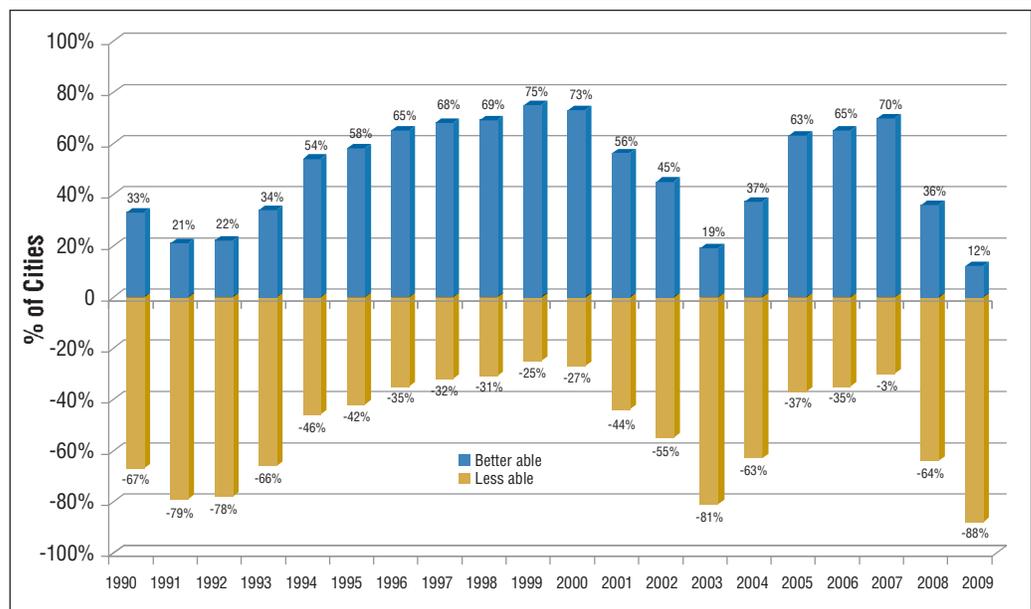


Figure 1: % of Cities "Better Able/Less Able" to Meet Financial Needs in FY 2009

¹ All references to specific years are for fiscal years as defined by the individual cities. The use of "cities" or "city" in this report refers to municipal corporations.

The City Fiscal Conditions Survey is a national mail and online survey of finance officers in U.S. cities conducted in the spring-summer of each year. This is the 24th edition of the survey, which began in 1986.

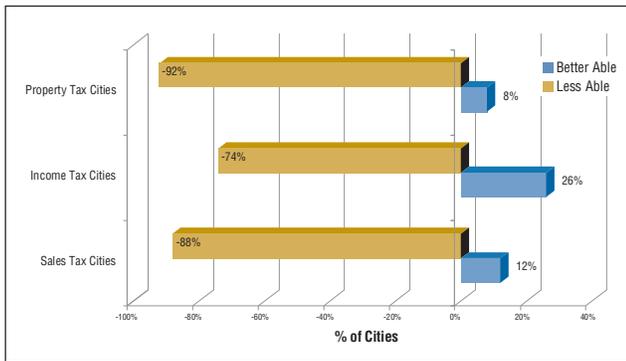


Figure 1A: % of Cities "Better Able/Less Able" to Meet Financial Needs in FY 2009, by Tax Authority

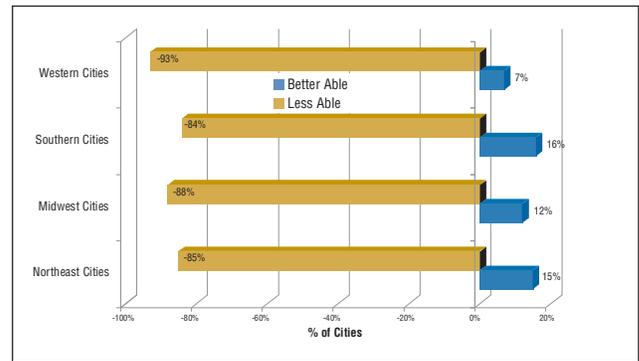


Figure 1B: % of Cities "Better Able/Less Able" to Meet Financial Needs in FY 2009, by Region

able to meet fiscal needs in 2009. Finance officers in the West are slightly more likely to say that their cities are worse off in 2009 than finance officers in cities in other regions.²

REVENUE AND SPENDING TRENDS

Cities ended 2008 with year-to-year general fund expenditure growth outpacing general fund revenue growth.³ In current dollars, not adjusted for inflation, the year-to-year change in general fund revenues in 2008 was 4.1 percent over 2007 revenues, while expenditures increased by 5.6 percent. Looking to the close of 2009, city finance officers predict that revenues will decrease slightly by -0.4 percent, while expenditures will increase by 2.5 percent.

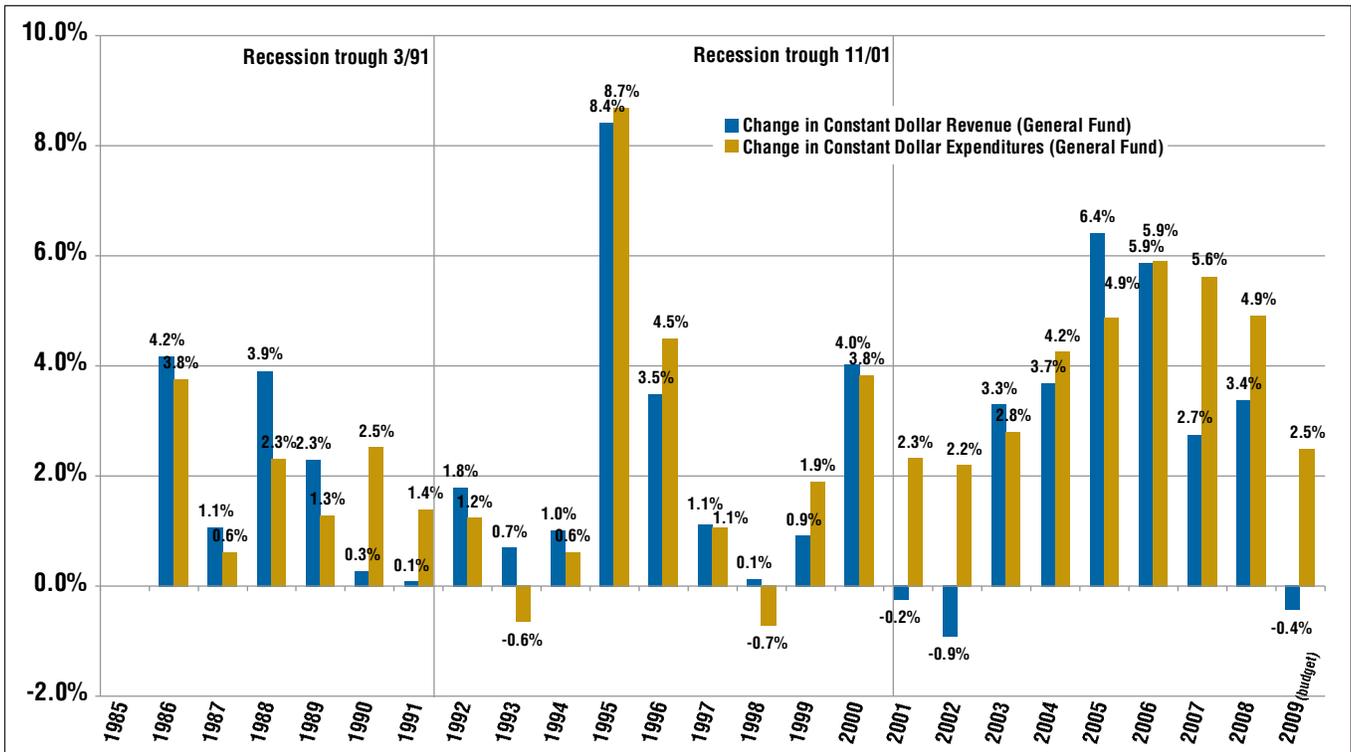


Figure 2: Year-to-Year Change in General Fund Revenues and Expenditures (Constant Dollars)

² Regional classifications are based on U.S. Census-defined regions: "Northeast" includes cities in Conn., Maine, Mass., N.H., N.J., N.Y., Pa., R.I., Vt.; "Midwest" includes cities in Ill., Ind., Iowa, Kan., Mich., Minn., Mo., Neb., N.D., Ohio, S.D., Wisc.; "South" includes cities in Ala., Ark., Del., D.C., Fla., Ga., Ky., La., Md., Miss., N.C., Okla., S.C., Tenn., Texas, Va., W.Va.; "West" includes cities in Alaska, Ariz., Calif., Colo., Hawaii, Idaho, Mont., Nev., N.M., Ore., Utah, Wash., Wyo.

³ The general fund is the largest and most common fund of all cities, accounting for approximately two-thirds of city revenues across the municipal sector.

Adjusting for inflationary factors in the state and local sector, the constant dollar, year-to-year increase in city revenues from 2007 to 2008 was 3.4 percent, while expenditures grew at a rate of 4.9 percent.⁴ For 2009, in constant dollars, city finance officers project that general fund revenues will decline by -0.4 percent and expenditures will increase by 2.5 percent. In other words, the projections for 2009 are the same in current and constant dollars, reflecting the impact of the economic recession on inflation.

Taken together, city finance officers' projections for 2009 revenue and spending point to a budget gap of 2.9 percent. Because city governments are required to balance their budgets under state law, this budget gap suggests that many city governments are confronting decisions in 2009 about cutting spending, raising additional revenues, or drawing down reserves.

For the final 2008 numbers in particular, a more dramatic impact on city revenues might have been expected given the stark downturn in underlying economic conditions. However, these impacts were not as evident for 2008 due to the lag between changing economic conditions and city revenue collections. Due to property tax assessment cycles, it often takes several years for city property tax revenues to accurately reflect the totality of changes in housing values. Similarly, it can take several months for city sales tax revenues to reflect changes in consumption, largely due to collection and administration issues. For these reasons, the deeper effects of the economic recession will likely be experienced and reported by cities beyond 2009, with the leanest years likely to be 2010 and 2011. (For more on the lag between economic changes and city revenues, see page 8)

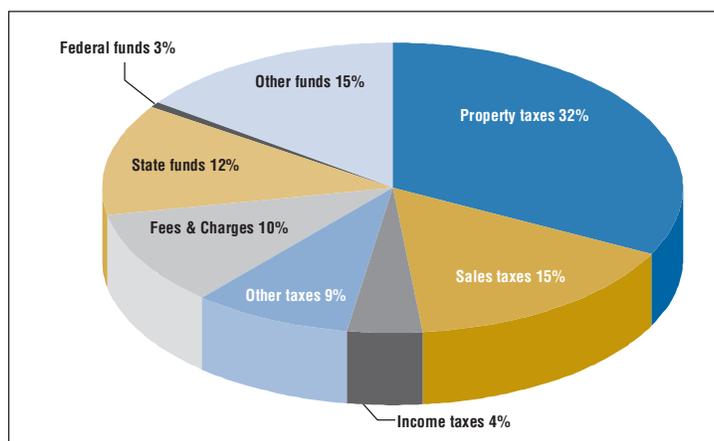


Figure 3: Municipal General Fund Revenue Composition, 2009

TAX REVENUES

The fiscal condition of individual cities varies greatly depending on differences in local tax structure and reliance. While an overwhelming majority of cities have access to a local property tax, many are also reliant upon local sales taxes and some are reliant upon local income taxes. Consequently, it is also worthwhile to understand the differing performance of these tax sources and the connections to broader economic conditions.⁵

Local property tax revenues are driven primarily by the value of residential and commercial property, with property tax bills determined by local governments' assessment of the value of property. Property tax collections lag the real estate market because local assessment practices take time to catch up with changes in the market. As a result, current property tax bills and property tax collections typically reflect values of property from anywhere from 18 months to several years prior.

The effects of the well-publicized downturn in the real estate market over the past two years are becoming increasingly evident in city property tax revenues, but do not yet reflect the full effects of the economic downturn. Collections for 2008 continued to reveal strong revenue growth as assessments caught up with the previous growth in the real estate market. Property tax revenues increased in 2008 by 6.9 percent, compared with 2007 levels, or in constant dollars, an increase of 6.2 percent. Projected property tax collections for 2009, however, point to some of the impact of the downturn in real estate values. Property tax revenues for 2009 are projected to grow in current dollars by 1.7 percent, or 1.6 percent in constant-dollar terms. But the full weight of the decline in housing values has yet to be experienced by many cities, and property tax revenues will likely decline in 2010, 2011 and 2012 as declining property values are reflected in city property tax rolls.

Changes in economic conditions are also evident in terms of changes in city sales tax collections. When consumer confidence is high, people spend more on goods and services and city governments with sales-tax authority reap the benefits through increases in sales tax collections. For much of this decade, consumer spending was also fueled by a strong real estate market that provided additional wealth to homeowners. The struggling economy and the declining real estate market have reduced consumer confidence, resulting in less consumer spending and slower growth or decline in sales tax revenues. City sales tax receipts improved in 2008 over previous-year receipts by 3.0 percent in current dollars, or 2.3 percent in constant dollars. However, city finance officers project a decline in 2009 of -3.8 percent in current and constant dollars.

City income tax receipts have been fairly flat, or have declined, for most of the past decade in constant dollars. Income tax revenues are driven primarily by income and wages, not capital gains. The lack of growth in these revenues suggests that economic recovery

⁴ "Constant dollars" refers to inflation-adjusted dollars. "Current dollars" refers to non-adjusted dollars. To calculate constant dollars, we adjust current dollars using the U.S. Bureau of Economic Analysis (BEA) National Income and Product Account (NIPA) estimate for inflation in the state and local government sector. Constant dollars are a more accurate source of comparison over time because the dollars are adjusted to account for differences in the costs of state and local government.

⁵ For more information on variation in local and state tax structures, see *Cities and State Fiscal Structure*, NLC (2008) at http://www.nlc.org/resources_for_cities/publications/1637.aspx.

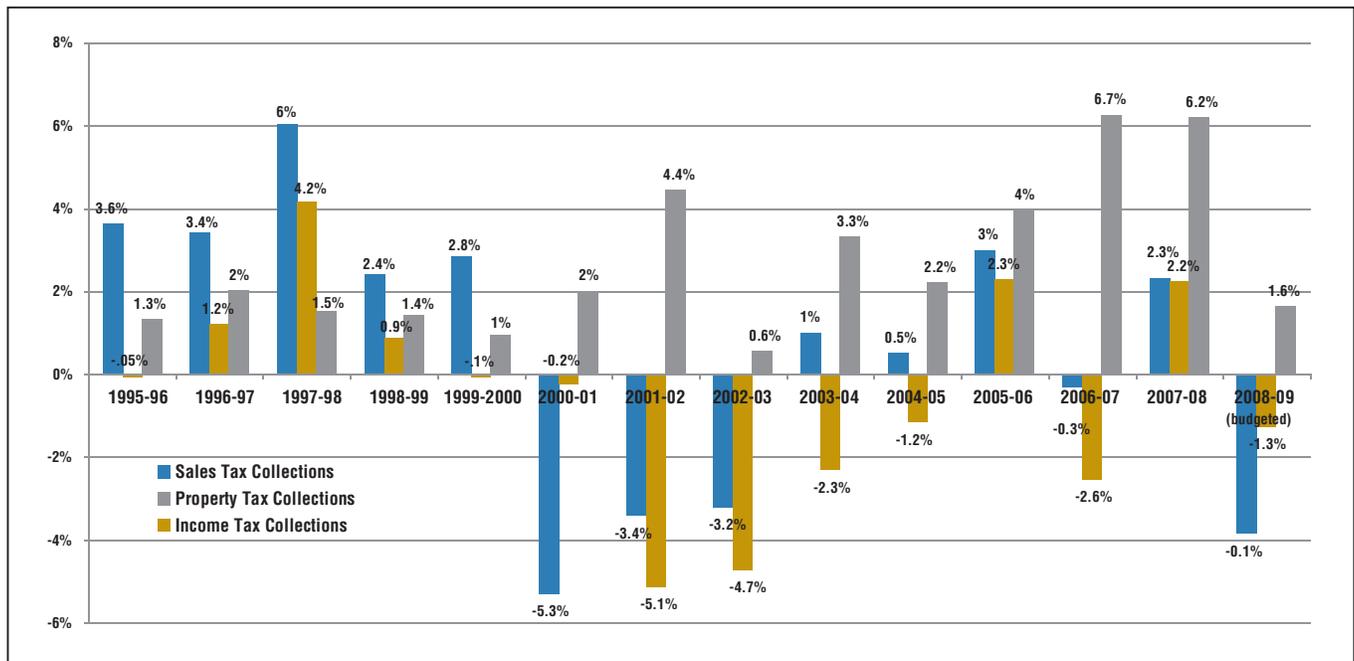


Figure 4: Year-to-Year Change in General Fund Tax Receipts (Constant Dollars)

following the 2001 recession was, as many economists have noted, a recovery characterized by a lack of growth in jobs, salaries and wages. In current dollars, 2008 city income tax revenues increased by 3.0 percent (2.2 percent in constant dollars). Amid the current recession, with the unemployment level increasing to nine to 10 percent nationally, wages and other compensation that drive income taxes will be affected as well. Projections for 2009 are for a current dollar decline of 1.2 percent (constant-dollar decline of 1.3 percent). Unemployment often lags other economic indicators and the effects of high unemployment on wages and compensation will likely intensify in future years.

City finance officers are therefore predicting no growth or actual declines in all three major sources of tax revenue for cities in 2009. In last year’s report, city finance officers also expected actual declines in all three major revenue sources, but were spared somewhat when closing the 2008 books as the property tax receipts nationally were not as down as predicted. However, with national economic indicators pointing to continued struggles, the impacts of those economic conditions on local revenue sources, and the lag between declining economic conditions and local revenue impacts, all indications point to worsening city fiscal conditions in 2010, 2011 and beyond.

FACTORS INFLUENCING CITY BUDGETS

A number of factors combine to determine the revenue performance, spending levels and overall fiscal condition of cities. The survey presented city finance directors with a list of factors that affect city budgets.⁶ Respondents were asked whether each of the factors had increased or decreased between 2008 and 2009, regardless of fiscal impact, and whether the change is having a positive or negative influence on the city’s overall fiscal picture. Leading the list of factors that finance officers say have increased over the previous year are employee wage costs (86 percent), employee health benefit costs (81 percent) and pension costs (77 percent). Infrastructure (80 percent) and public safety (74 percent) costs were most often noted as increasing among specific service arenas. Prices that impact the cost of delivering city services (77 percent) were also among the most-selected factors.

Leading factors that city finance officers report to have decreased are the health of the local economy (77 percent) and the amount of state aid to cities (50 percent).

When asked about the positive or negative impact of each factor on city finances in 2009, four in five city finance officers cited employee wages (83 percent), the health of the local economy (81 percent) and employee health benefit costs (79 percent) as having a negative impact. At least seven in 10 city finance officers also cited infrastructure costs (75 percent), prices (75 percent), pension costs (75 percent) and public safety costs (71 percent). One in two (51 percent) reported that the amount of state aid is having a negative impact on city finances.

⁶ The factors include: infrastructure needs; public safety needs; human service needs; education needs; employee wages; employee pension costs; employee health benefit costs; prices and inflation; amount of federal aid; amount of state aid; federal non-environmental mandates; federal environmental mandates; state non-environmental mandates; state environmental mandates; state tax and expenditure limitations; population; city tax base; and the health of the local economy.

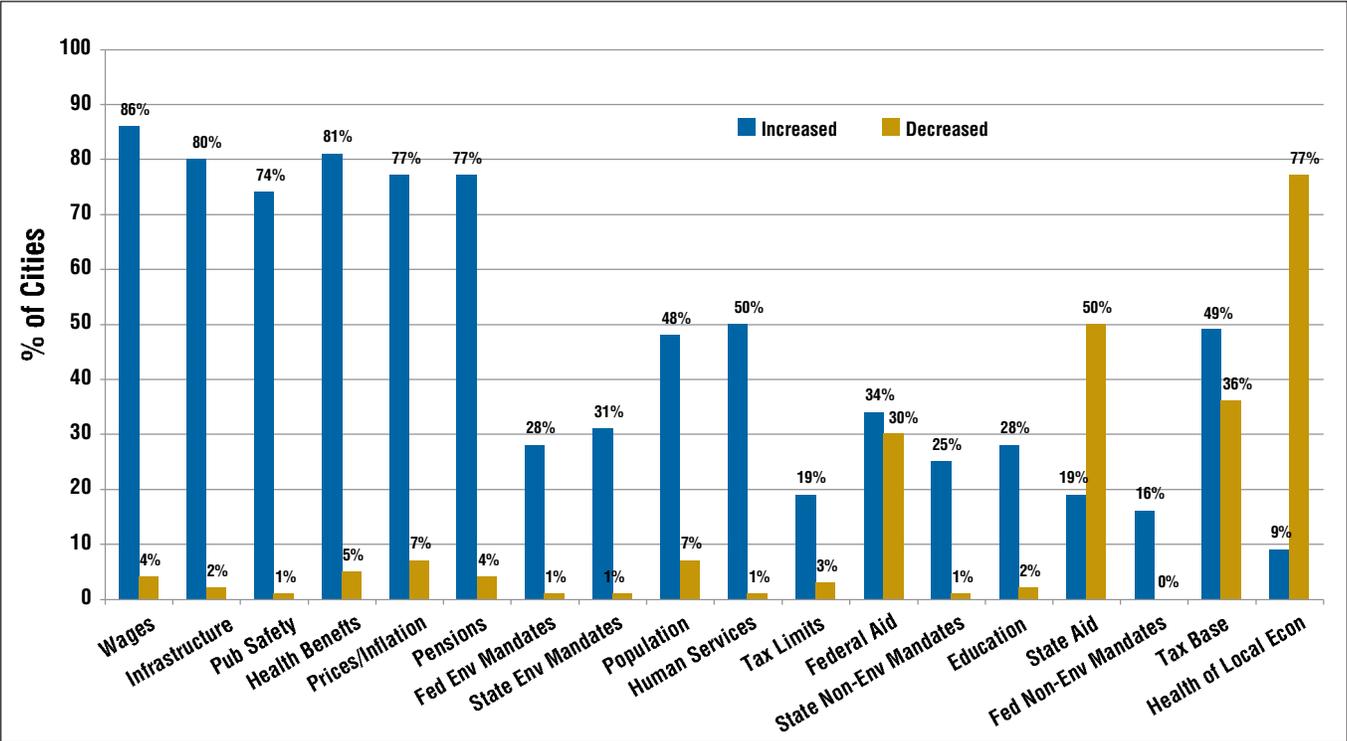


Figure 5: Change in Selected Factors From FY 2008 to 2009

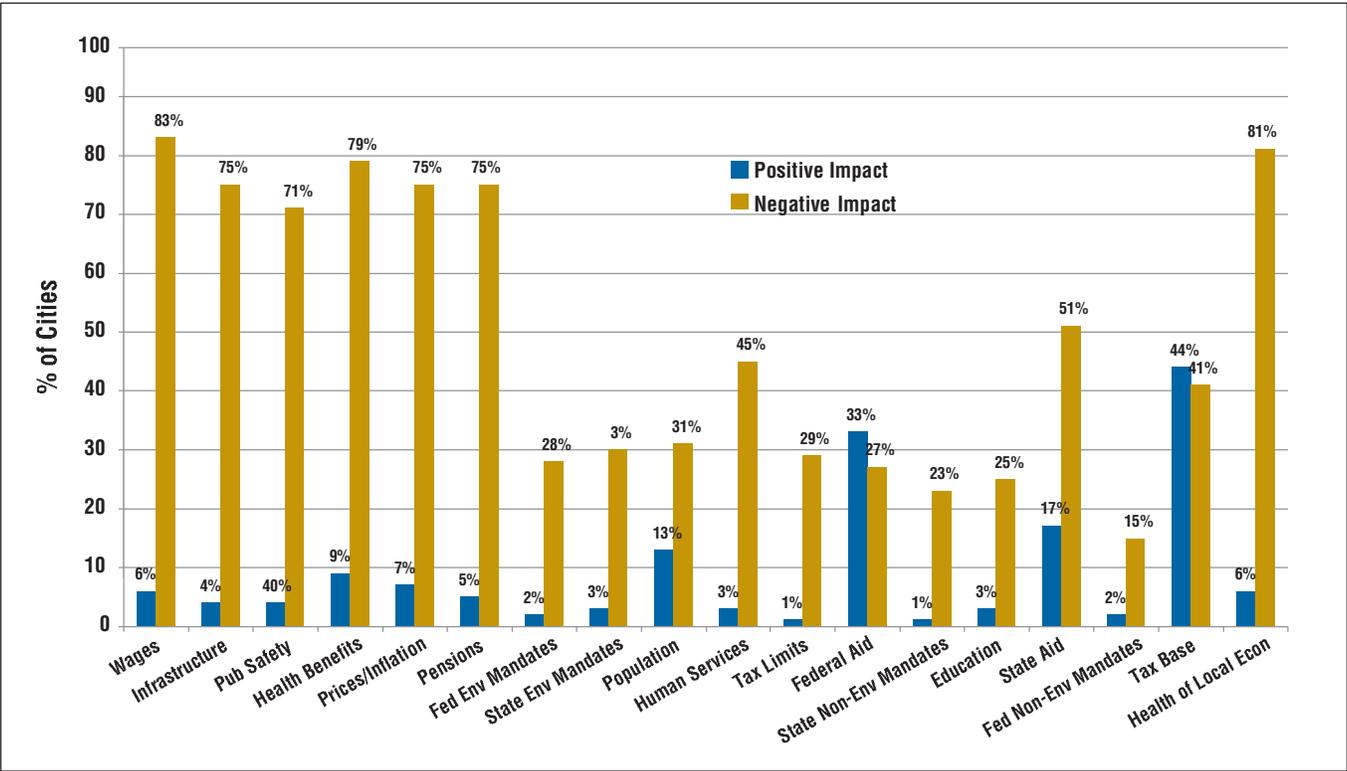


Figure 6: Impact of Selected Factors on FY 2009 Budgets and Ability to Meet Cities' Overall Needs

FISCAL ACTIONS

City finance officers were also asked about specific revenue and spending actions taken in 2009. The most common action taken to boost city revenues has been to increase the levels of fees for services. Almost half (45 percent) of the responding city finance officers reported that their city has taken this step. At least one in five cities also increased the number of fees (27 percent) or the level of impact and development fees (19 percent). One in four cities (25 percent) has increased property tax rates. Increases in sales tax rates (5 percent), income tax rates (1 percent), and other tax rates (6 percent) are less common. On the spending side, one in two (53 percent) city finance officers reported increases in public safety spending, decreases in overall operating spending (49 percent) and decreases in spending on the municipal workforce (49 percent) in 2009.

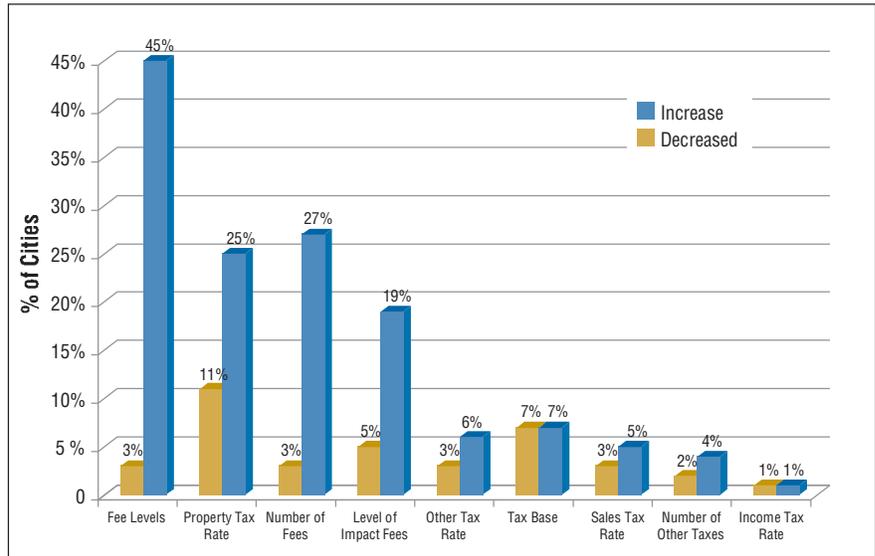


Figure 7: Revenue Actions in 2009

SPENDING CUTS & RESPONSES TO SHORTFALLS

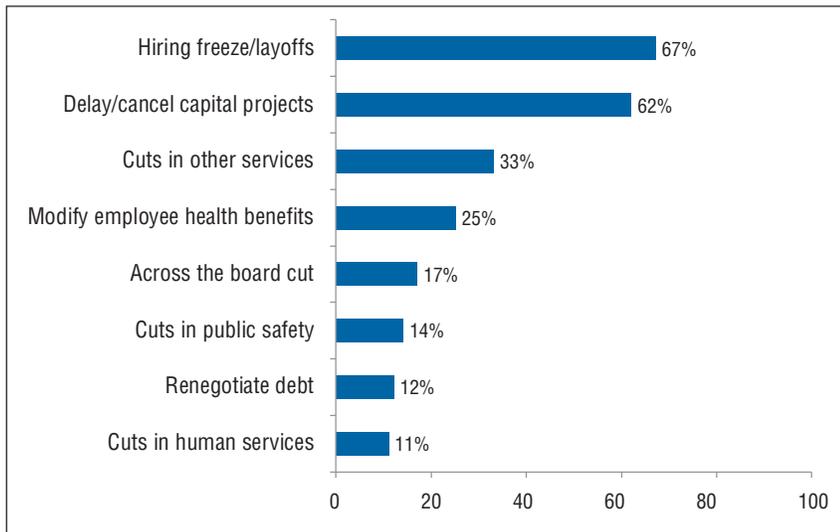


Figure 8: City Spending Cuts in 2009

In response to declining economic conditions and the prospect of budget shortfalls, city finance officers were asked if their cities were making spending cuts in 2009 and whether they would likely face another round of cuts in 2010. Nine in 10 (91 percent) finance officers reported that their cities are making spending cuts in 2009, and 82 percent predict that their cities will make further cuts in 2010.

When asked about the most common responses to prospective shortfalls this fiscal year, by a wide margin the most common responses were instituting a hiring freeze and/or laying off staff (67 percent) and delaying or cancelling capital infrastructure projects (62 percent). One in three finance officers reported that their city is making cuts in services other than public safety and human-social services — types of services that tend to be higher in demand during economic downturns.

ENDING BALANCES

One way that cities prepare for future fiscal challenges is to maintain high levels of general fund ending balances, or what are often referred to as “reserves.” Ending balances are similar to “rainy day funds” in that they provide a financial cushion for cities. Despite recent cyclical changes in economic and fiscal conditions, city ending balances have grown in recent years. In 2007, as cities began preparing for the coming downturn, city ending balances, as a percentage of general fund expenditures, reached a historical high for the NLC survey of 25 percent, and were a comparable 24 percent in 2008. However, as economic conditions make balancing city budgets more difficult, ending balances may be utilized to help fill the gap. City finance officers projected a draw down of ending balances for 2009 to just under 21 percent of general fund expenditures.

Ending balances, which are transferred forward to the next fiscal year in most cases, are maintained for many reasons. For example, cities build up healthy balances in anticipation of unpredictable events such as natural disasters and economic downturns. But they are also built up deliberately, much like a personal savings account, to set aside funds for planned events such as construction of water treatment facilities or other capital projects. Bond underwriters also look at reserves as an indicator of fiscal responsibility, which can increase credit ratings and decrease the costs of city debt, thereby saving the city money. Finally, as federal and state aid to cities have become smaller proportions of city revenues, cities have become more self-reliant and are much more likely to set aside funds for emergency or other purposes.

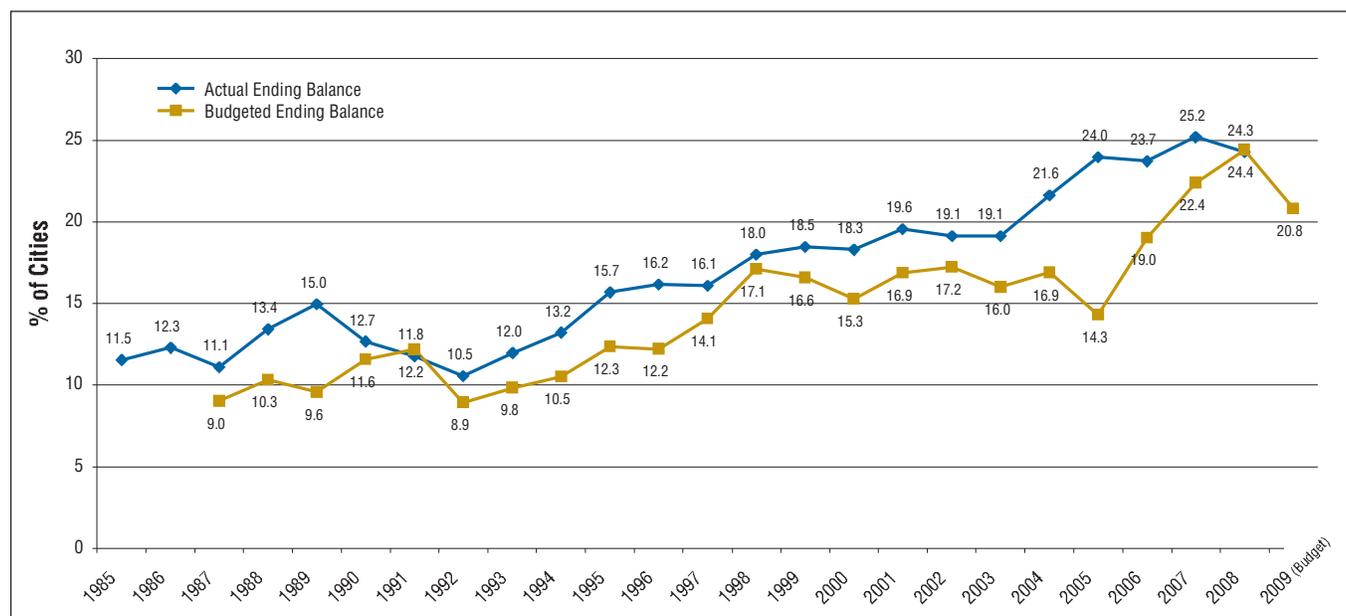


Figure 9: Ending Balances as a Percentage of Expenditures (General Fund)

BEYOND 2009

2009 represents a critical turning point for city fiscal conditions. The impacts of the current economic downturn are evident in city finance officers' assessments of their ability to meet fiscal needs, in projections for 2009 revenues and in the actions taken in response to changing conditions. Since city fiscal conditions tend to lag behind national economic conditions, the effects of a depressed real estate market, low levels of consumer confidence and high levels of unemployment will likely play out in cities well into future years. National economic forecasts are not projecting immediate and substantial improvements in the nation's economic conditions, meaning that the nation's cities will most likely still be realizing the effects of the current downturn in 2010, 2011 and beyond. The outlook for the nation's cities in the next year includes a number of concerns:

- Real estate markets tend to be slow to recover from downturns, which will be particularly true this time around as housing values recover from the largest real estate decline at least the past 40 years, meaning that a rapid rebound in property tax revenues is unlikely in the next few years;
- Other economic conditions — consumer spending, unemployment and wages — are also struggling and will weigh heavily on future city sales and income tax revenues;
- Large state government budget shortfalls in 2010 and 2011 will likely be resolved through cuts in aid and transfers to many local governments as states have historically balanced their budgets in part by such actions;
- Three of the factors that city finance officers report as having the largest negative impact on their ability to meet needs are employee-related costs for health care coverage, pensions and wages. Health care costs, in particular, are increasing at a faster rate than city revenues. This reality is unlikely to change in the near future, placing added fiscal strain on city budgets;
- Tightened credit markets have made it increasingly difficult for cities to maintain debt-funded projects, particularly for infrastructure, and have resulted in higher debt costs;
- Facing revenue and spending pressures, cities are likely to continue to draw down ending balances; and
- Public concern about government taxes and spending in the midst of recession, combined with the 2010 election year, conspire to raise the prospect of political efforts to permanently constrain local authority, limiting the tools available to public officials to offset declining fiscal conditions.

Confronted with these issues, nine in 10 (89 percent) city finance officers forecast that their cities will be less able to meet needs in 2010 than they were in 2009. The economic downturn will translate into reduced city revenues, while demand for services and increases in costs will continue to put pressure on the spending side of the ledger. The fiscal health of the nation's cities represents more bad news for the national economy. The state-local sector of the economy is now in the midst of a downturn that will be several years in length. Faced with these pressures, local, state and federal leaders will need to work together to ensure that their responses help to stabilize the economy and do not exacerbate the difficult conditions already confronting the nation's leaders.

THE LAG BETWEEN ECONOMIC & CITY FISCAL CONDITIONS

We often refer to the lag between changes in the economic cycle and the impact on city fiscal conditions.

What does this mean? The lag refers to the gap between when economic conditions change and when those conditions have an impact on reported city revenue collections. In fact, cities likely feel the impacts of changing economic conditions sooner. However, because reporting of city fiscal conditions occurs, in most cases, on an annual basis, whether through annual budget reporting or NLC's annual survey, those impacts tend to not become evident until some point after the changes have started to occur.

How long is the lag? The lag is typically anywhere from 18 months to several years, and it is related in large part to the lag in property tax collections. Property tax bills represent the value of the property in some previous year, when the last assessment of the value of the property was conducted. A downturn in real estate prices may not be noticed for one to several years after the downturn began, because property tax assessment cycles vary across jurisdictions: some reassess property annually, while others reassess every few years. Consequently, property tax collections, as reflected in property tax assessments, lag economic changes (both positive and negative) by some period of time. Sales and income tax collections also exhibit lags due to collection and administration issues.

Figure 2 (pg. 3), which shows year-to-year change in city general fund revenues and expenditures, also includes markers for the official U.S. recessions that occurred in 1991 and 2001, with low points, or "troughs" in March 1991 and November 2001 according to the National Bureau of Economic Research (NBER). Comparing the dates of the recessions to the low point of city revenue and expenditures as reported in NLC's annual survey (typically conducted between March and June of every year), we see that the low point for city revenues and expenditures after the 1991 recession occurred in 1993, approximately two years after the trough of the U.S. economic recession (March 1991 to March 1993). After the 2001 recession, the low point for city revenues and expenditures occurred in 2003, approximately 18 months after the trough of the U.S. economic recession (November 2001-April 2003). Our reporting on this lag is dependent upon when the annual NLC survey is conducted, meaning that there is some degree of error in the length of the lag; for instance, had the survey been conducted in November of 1992, rather than April of 1993, we might have picked the effects of changing economic conditions earlier. Nevertheless, our point, that the evidence of the effects of changing economic conditions tend to take 18 months to several years to become evident, is borne out by the available data.

FIRM QUALIFICATIONS RETAIL RECRUITMENT AND RETENTION FACILITATION EXPERIENCE

F.A. Johnson Consulting Group, Inc. provides consultation for urban planning and community development projects. In particular, the firm specializes in the revitalization of blighted areas, and has provided professional services to a variety of municipal governments, non-profit organizations, private investors/developers, community development corporations, as well as urban design and master planning firms for projects located throughout the southeastern United States. Our experience working within a variety of markets and for a broad spectrum of clients allows our team to provide critical insight into the real estate market forces impacting each project.

RECENT RETAIL RECRUITMENT AND RETENTION TEACHING, FACILITATION, AND SPEAKING EXPERIENCE

INTERNATIONAL COUNCIL OF SHOPPING CENTERS (2009)

Viable Retail: Repositioning Underperforming & Vacant Retail Space, Spartanburg, South Carolina

NATIONAL LEAGUE OF CITIES (2008)

Topic: City-Developer Relations

First Tier Suburbs Council, Congress of Cities Conference, Orlando, Florida

INTERNATIONAL COUNCIL OF SHOPPING CENTERS (2008)

Greyfields to Goldfields: Reusing Empty “Big Box” Stores, Greenville, South Carolina

AUBURN UNIVERSITY ECONOMIC & COMMUNITY DEVELOPMENT INSTITUTE (2008)

Retail As A Catalyst For Economic Development, Prattville, Alabama

NATIONAL LEAGUE OF CITIES (2007)

First Tier Suburbs Council, International Council of Shopping Centers RECON, Las Vegas, Nevada

NATIONAL COMMUNITY DEVELOPMENT ASSOCIATION (2007)

Public/Private Partnership Tools & the Nuts & Bolts of Putting Deals Together, Valdosta, Georgia

PUBLICATIONS

Johnson, II, F.A. (2008). Vision To Fulfillment: The Non-Profit Developer’s Training Manual. Bloomington: Authorhouse.

Member, Editorial Review Committee (*for republication*)

International Council of Shopping Centers. Retail 1-2-3 (Illinois Edition). New York: International Council of Shopping Centers.

FIRM QUALIFICATIONS

DEMOGRAPHIC AND REAL ESTATE MARKET ANALYSIS EXPERIENCE

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RECENT MARKET ANALYSIS PROJECT EXPERIENCE

- **Regency Mall Redevelopment Market Analysis- 2009**
*City of Augusta – Richmond County,
Augusta, GA*
- **North Columbia Catalyst Initiatives Market Analysis - 2007**
*Eau Claire Community Development Corporation,
Columbia, SC*
- **The Methodist Oaks Master Plan/Market Analysis - 2006**
*The Methodist Oaks,
Orangeburg, SC*
- **The Inn @ Castle Street Market Analysis - 2006**
City of Wilmington, NC
- **OCAB Conference & Training Center Master Plan/Market Analysis - 2006**
*Orangeburg-Calhoun-Allendale-Bamberg Community Action Agency, Inc.,
Orangeburg, SC*
- **North Columbia Master Plan/Market Analysis - 2005**
City of Columbia, SC
- **City of Greenwood Master Plan/Market Analysis - 2005**
City of Greenwood, SC
- **Sandhills Master Plan/Market Analysis - 2004**
City of Augusta, GA
- **East Central City Master Plan/Market Analysis, Phases I & II - 2003 & 2006**
*East Central City Consortium
Columbia, SC*