

**Appendix J:
Urban Decay Study**

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Chico Walmart Expansion Urban Decay Analysis

Prepared for:

FirstCarbon Solutions

Prepared by:

ALH | ECON

ALH Urban & Regional Economics

December 2015

December 18, 2015

Mr. Jason Brandman
Vice President
FirstCarbon Solutions
1350 Treat Boulevard, Suite 380
Walnut Creek, CA 94597

Re: Urban Decay Analysis for Chico Walmart Expansion Project

Dear Mr. Brandman:

ALH Urban & Regional Economics (ALH Economics) is pleased to present this study regarding the urban decay analysis of the planned Chico Walmart Expansion project in the City of Chico. This study highlights the study findings regarding the economic impact/urban decay analysis of the planned expansion of the existing Walmart store in Chico, including expansion space for food and general merchandise sales, along three parcels slated for development of a fuel station, kiosk, and retail or restaurant space. The purpose of this report is to provide an assessment of the potential for the project to cause or contribute to urban decay.

It has been a pleasure working with you on this project. Please let me know if you have any questions or concerns.

Sincerely,



Amy L. Herman, AICP
Principal

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I. EXECUTIVE SUMMARY

INTRODUCTION

The purpose of this study is to assess the economic impact and potential for urban decay resulting from expansion of the existing Walmart store in Chico, CA, and development of additional associated commercial space. The Project site is located in a commercial area surrounded by many other retail establishments and other commercial land uses. The proposed expansion will include expanding the existing store space to accommodate increased food sales and associated food sales support space, additional general merchandise space, and additional apparel space. The Project is also planned to include development on two adjoining parcels, comprising the addition of a fuel station, associated kiosk, and retail or restaurant space. Collectively, with a 3% buffer to allow for potential design changes to the Walmart expansion space, the proposed incremental Walmart store space and the proposed adjoining parcel development totals 120,000 square feet. This is the amount of space that is the subject of this analysis.

This study estimates the potential impacts of the Project's tenants on existing retailers in the Project's market area, primarily in the form of diverted sales from existing retailers. The study further estimates the extent to which the opening of the Project and other cumulative retail projects may or may not contribute to urban decay pursuant to potential store closures attributable to existing retailer sales diversions. The key indicator from a CEQA perspective is impacts on the physical environment, which includes existing stores and commercial real estate conditions, as measured by the current baseline. This is the baseline reflected by existing conditions discussed in this report.

SUMMARY OF FINDINGS

Project Sales

ALH Economics estimates that net new stabilized sales for the Project would total \$61.8 million in 2015 dollars. Based on assumptions regarding the allocation of Project space by type of retail category, and associated average sales estimates, the Project's total sales distribution is assumed as follows:

- \$27.6 million in Food & Beverage Store sales;
- \$13.3 million in Food & Drinking Places sales;
- \$11.2 million in Other Retail Group sales;
- \$5.1 million in General Merchandise Store sales;
- \$4.6 million in Gasoline Station sales; and
- \$68,000 in Clothing & Clothing Accessories sales.

These categories of sales are based upon categories defined by the State of California Board of Equalization. The "Other Retail" category is a broad category that includes a wide range of goods, such as office supplies, pet supplies, books, toys, pharmacy, jewelry, sporting goods, and gifts.

The Project is anticipated to draw 80% of its sales from its market area. This market area includes 34 census tracts radiating out from the Project site that includes the City of Chico, Town of

Paradise, and many nearby unincorporated areas. These 34 census tracts were defined as the market area based on the location of other regional Walmart stores and comparative travel time to these and other retail nodes. Pursuant to this 80% market area sales assumption, the estimated portion of Project sales generated by market area residents is \$49.5 million. The remaining 20% balance of Project sales are anticipated to originate from other sources, such as area hotel guests, people who work in Chico but live beyond the market area, and other shoppers traveling through the area.

Retail Sales Base and Characterization

The market area retail sales base is estimated to total \$2.1 billion. The majority of this comprises sales occurring in the City of Chico. Both the City of Chico and the market area as a whole are retail attraction markets, meaning that more sales are captured by area retailers than would be expected from resident spending alone. This retail base attraction is characteristic of all major retail sectors. In contrast, the Town of Paradise is characterized by leakage in all major retail categories, meaning that Paradise households shop elsewhere for many of their retail needs, such as the City of Chico. This amount of leakage is estimated to comprise support for 470,000 square feet of retail for the current household base.

Project Sales and Store Impacts

Recognizing that the market area is a sales attraction market, the analysis estimates that for the Project to be successful, all of its sales from market area residents would occur to the detriment of existing retailers, excepting demand generated by new market area households. The Project's first full year of operations is estimated to be 2018. Therefore, there may be potential for new market area household growth to generate additional demand for retail sales in the market area. The analysis additionally assumes that sales impacts up to 3% of each retail category's sales base can be absorbed by existing retailers.

The result of the Project's analysis indicates that net of new growth and the 3% sales buffer, the Project is estimated to result in Food & Beverage sales impacts totaling less than \$500,000. This is the only retail category anticipated to experience sales impacts that exceed the 3% sales buffer attributable to normal annual market fluctuations. Given the size of the market area's retail base, especially in Food & Beverage Store sales, this is a very negligible level of sales impact, and is not believed to be sufficient to cause existing stores to close. This is especially the case since these sales impacts are anticipated to occur in the Food & Beverage stores category, in which most stores competitive with Walmart are larger stores such that this level of sales, even in addition to the 3%, if dispersed widely enough would not likely comprise a tipping point leading to store failure and closure.

Cumulative Project Sales Impacts

ALH Economics identified 10 potential cumulative retail development projects in the market area. Cumulative projects are defined as retail developments that have the potential to generate net new retail sales that may be competitive with the Project, especially sales generated by market area consumers. Six of these projects are anticipated to be developed within the timeframe of the Project, all in Chico, with a seventh project considered for a subsequent timeframe beyond the

Project's 2018 operational year. This subsequent project is a Walmart-anchored project in the Town of Paradise, assumed to enter the market by 2021.

The cumulative projects will have their own unique market areas, so cumulative project sales will not all be competitive with the Project or relate to the market area sales base. This share of sales is estimated to total \$61.4 million. Exclusive of the Paradise Walmart-anchored project this sales estimate drops to \$39.8 million. These are the sales anticipated to be generated by households living in the portion of the cumulative projects' market areas shared with the Project's market area.

These sales were added to the Project sales to develop an estimate of total Project and cumulative project sales. The collective sales were then analyzed relative to the existing sales bases to assess prospective sales impacts. The impact analysis considered sales impacts absorbed by new demand and the 3% sales buffer.

With the addition of the cumulative projects, the sales impacts are more pronounced than for just the Project alone. This is especially the case in the Food & Beverage Stores and Food Services & Drinking Places categories. After consideration of the 3% buffer, the remaining impacts are estimated at \$13.8 million and \$18.5 million, respectively. ALH Economics believes these levels of impacts are sufficient to contribute to the closure of one existing grocery store and some amount of restaurant space in the City of Chico, given the location and nature of the cumulative projects.

A separate analysis was conducted also adding in the potential Paradise Walmart-anchored project. Because of the timing of this project, the anticipation of additional interim household growth and associated retail demand, and the limited market area overlap, the cumulative project impacts with the addition of this project are not anticipated to be different than the impacts excluding consideration of the Paradise Walmart-anchored project.

URBAN DECAY DETERMINATION

Definition of Urban Decay

For the purpose of this analysis, urban decay is defined as, among other characteristics, visible symptoms of physical deterioration that invite vandalism, loitering, and graffiti that is caused by a downward spiral of business closures and long term vacancies. This physical deterioration¹ to properties or structures is so prevalent, substantial, and lasting for a significant period of time that it impairs the proper utilization of the properties and structures, and the health, safety, and welfare of the surrounding community.

¹ The manifestations of urban decay include such visible conditions as plywood-boarded doors and windows, parked trucks and long term unauthorized use of the properties and parking lots, extensive gang and other graffiti and offensive words painted on buildings, dumping of refuse on site, overturned dumpsters, broken parking barriers, broken glass littering the site, dead trees and shrubbery together with weeds, lack of building maintenance, homeless encampments, and unsightly and dilapidated fencing.

Retail Market Characteristics

Historically, Chico has maintained a reasonably healthy retail market sector, while Paradise is in more moderate condition. As of 3rd quarter 2015 Chico had an overall retail vacancy rate of 4.4%. This rate comprises a relatively low rate in recent years, since hitting a peak of 7.3% in 1st quarter 2012. Prior to that time period the Chico vacancy rate was as low as 1.3% in 1st quarter 2008, which is an exceedingly low vacancy rate. All of these rates, however, indicate an extremely healthy and very stable retail base throughout the City. The retail market in Paradise is not as strong as in Chico, although the market is presently healthier than in the recent past. Paradise retail vacancy peaked at 11.5% in the 4th quarter of 2014, but dropped to 10.4% by 3rd quarter 2015. This vacancy rate is still within the general range conceived to be acceptable for a retail commercial base. These favorable retail vacancy rates in Chico and Paradise bodes well for the market area with respect to any potential increases in vacancy attributable to potential Project impacts resulting in store closures.

Retail vacancies in Chico are finding new tenants. At least 22 retail leases were executed over the one-year time frame from approximately mid-October 2014 to mid-October 2015, totaling almost 50,000 square feet. These lease transactions ranged in size, up to 7,507 square feet. Over a longer period of time the Chico retail market has demonstrated the ability to backfill even larger spaces, including spaces vacated by grocery stores. Field observation indicates that properties that are not immediately backfilled and remain vacant are in generally good condition and do not exhibit signs of urban decay. These factors suggest that retail vacancies that might occur in Chico as a result of cumulative project impacts may not remain vacant for long, and for those that do not meet with immediate market success, there is no evidence to suggest urban decay would result.

Urban Decay Conclusion

ALH Economics focused on determining whether or not physical deterioration in existing retail centers would likely result from the opening of the Project and other cumulative retail developments in reaching a conclusion about urban decay. The conclusion is based on consideration of current market conditions, findings regarding diverted sales, and regulatory controls. Highlights of these findings are as follows:

Current Market Conditions: The fieldwork and market research indicated that retail market conditions are moderate to very strong in market area's core commercial areas, with low to moderate retail vacancy rates. Retail leasing activity is occurring, especially in Chico, which comprises the more robust portion of the market area, and existing vacancies are well maintained.

Sales and Vacancy Impacts: ALH Economics anticipates that the Project alone will not result in closure of existing retailers. The Project combined with cumulative projects sales impacts could result in closure of existing retailers. The analysis conservatively suggests that one grocery store could close and some restaurants. The result could be the equivalent of up to 80,500 square feet of vacant space, anticipated to occur in the City of Chico. Even if this amount of vacancy results, however, the resulting increment in Chico's retail vacancy rate will be nominal, with the resulting vacancy rate well within the range indicative of a healthy retail market. Moreover, the market's demonstrated retail absorption, including backfilling of

larger retail spaces, coupled with the strong to moderately strong market conditions, suggest that vacancies that might occur as a result of the cumulative project impacts would likely be backfilled within a reasonable time and not be characterized by prolonged vacancy.

Even if some sites experience prolonged vacancy because they might be of a size that experiences less demand or they are located in shopping centers with poor visibility or other undesirable characteristics, the prevailing conditions in the market area suggest that these vacancies would be well-maintained and would not devolve into urban decay or deterioration. Moreover, it should be noted that when tenants vacate prior to lease expiration, they continue to be responsible for rent and their share of building operating expenses. While not all tenants would have the wherewithal to continue these payments, national or regional retailers are more likely to have this capability. This is an important consideration because landlords would continue to receive income on these vacated spaces through committed lease payments, which means they would have available financial resources to continue to maintain their properties.

Regulatory Controls: During Project-related fieldwork conducted in November 2015, ALH Economics found there were little-to-no visible signs of litter, graffiti, weeds, or rubbish associated with existing commercial nodes in the Project's market area. Few City of Chico Code Enforcement cases pertain to commercial properties, and the City has an average report closure rate of 91%, indicating strong regulatory controls are in place for property maintenance. Thus, ALH Economics concludes that existing measures to maintain private commercial property in good condition in Chico and Paradise are generally effective and would serve to help preclude the potential for urban decay and deterioration in the event any existing retailers in the market area close following the operations of the Project and other cumulative retail projects.

Based upon these findings, it is concluded that the Walmart Expansion Project and the identified cumulative projects will not cause or significantly contribute to urban decay.

II. INTRODUCTION

STUDY BACKGROUND

Walmart is seeking to expand the existing Walmart store in Chico, California, and develop additional commercial space on the existing store site, which is located at 2044 Forest Avenue in Chico, CA (the “Project”). The Project site is located in a commercial area surrounded by many other retail establishments and other commercial land uses, such as hotels (see Exhibit 1). The proposed expansion will include expanding the existing store space to accommodate increased food sales and associated food sales support space, additional general merchandise space, and additional apparel space. A new fuel station and associated kiosk are also planned to be added to the existing Walmart parcel. The Project is also planned to include development on two adjoining parcels, comprising retail or restaurant space.

An Environmental Impact Report (EIR) for the Project is being prepared and coordinated by First Carbon Solutions for the City of Chico. To support this effort and comply with the California Environmental Quality Act (“CEQA”), ALH Urban & Regional Economics (“ALH Economics”) was asked to prepare findings regarding the potential for the Project to cause or contribute to urban decay. The decision by the Fifth District Court of Appeal in *Bakersfield Citizens for Local Control v. The City of Bakersfield* indicated that CEQA requires a lead agency to consider and analyze the potential for the introduction of planned retailers to result in adverse physical impacts on the environment by causing a chain reaction of store closures and long-term vacancies, otherwise referred to as a condition of “urban decay.” This analysis is not required for all projects subject to CEQA, but only projects where there is the perceived potential for urban decay or deterioration to result.

This study addresses the Bakersfield decision by considering the potential impact of the Project in conjunction with the introduction of other relevant cumulative retail developments. The key indicator from a CEQA perspective is impacts on the existing physical environment, which in the context of an urban decay analysis includes existing stores and commercial real estate conditions, as measured by the current baseline. The Notice of Preparation (NOP) for the EIR was released in October 2015. The market conditions were most recently assessed in November 2015, comprising the study baseline. Other data included in the report were the most recently available at the time of the NOP. For study purposes, the Project is anticipated to be completed by year-end 2017, with 2018 comprising the first full year of operations.

STUDY TASKS

ALH Economics engaged in numerous tasks to complete this assignment assessing the prospective urban decay of the Project. These tasks included the following:

- Identified the Project’s market area, i.e., the area from which the majority of Walmart consumers are anticipated to originate;
- Developed a definition of the Project, including net additional square footage estimates by type of space;
- Estimated the Project’s net retail sales;
- Conducted fieldwork to review the Project’s site and evaluate existing market conditions;

- Conducted retail sales leakage analyses for the City of Chico and Town of Paradise;
- Estimated demand generated by households added to the market area by the time the Project achieves stabilized sales;
- Estimated the Project’s impacts on existing retailers;
- Identified planned market area retail projects;
- Assessed the cumulative impacts of planned retail projects; and
- Assessed the extent to which operations of the Project and the cumulative projects may or may not contribute to urban decay.

The findings pertaining to these tasks are reviewed and summarized in this report, with analytical findings presented in the exhibits in Appendices A and B.

STUDY RESOURCES AND REPORT ORGANIZATION

Study Resources

The urban decay analysis relied upon a number of key resources. These resources are all identified in the sources and notes to the exhibits developed to support the analysis. These resources are as follows:

- **Governmental resources.** These sources include representatives from the City of Chico’s Planning, Community Development, Code Enforcement/Housing, and Public Works Departments; the United States Bureau of Labor Statistics, Consumer Price Index; California State University Chico State resources; the U.S. Census, U.S. Economic Census; State of California Board of Equalization; Butte County Association of Governments; Town of Paradise Planning and Code Enforcement Departments; City of Chico Municipal Code; Town of Paradise Municipal Code; and U.S. Bureau of Labor Statistics, Consumer Expenditures Survey.
- **Third party resources.** These sources include First Carbon Solutions; Walmart SEC Form 10-K reports; AAA; Tax Policy Center; Hinderliter de Llamas; CB Richard Ellis; CoStar; Nielson, a national resource for demographic estimates and projections; Retail Maxim, a retail industry performance resource; Cross Development, LLC; Dollar General SEC Form 10-K; GoogleMaps; ESRI ArcMap; and US Census Tigerline Shapefiles.

All of these resources are identified as warranted in the text and/or the series of exhibits found in Appendices A and B that document the study analysis.

Report Organization

This report includes nine chapters, as follows:

- I. Executive Summary
- II. Introduction
- III. Project Sales Estimation
- IV. Market Area Definition and Retail Characterization
- V. Market Area Demographics and Retail Spending Potential

- VI. Project Sales Impact Analysis
- VII. Competitive Store Impacts
- VIII. Cumulative Project Impacts
- IX. Urban Decay Determination

This report is subject to the appended Assumptions and General Limiting Conditions.

III. PROJECT SALES ESTIMATION

A description of the planned Chico Walmart Expansion Project and ALH Economics' estimates of the net retail sales generated by the Project are presented below. This includes sales generated by retail category. This estimate is necessary to facilitate analysis of the Project's urban decay impacts.

PROJECT DESCRIPTION

This analysis evaluates the proposed expansion of the Chico Walmart store, which is located on Forest Avenue in the City of Chico. The planned development is expected to add 64,386 square feet to the 131,302-square-foot store size, though for purposes of this study, the increase is estimated at 66,500 square feet in order to allow a 3.0% buffer for potential design changes. Exhibit 2 presents the existing store size and the incremental increases in sales and support space that are part of the planned expansion. Most of the expansion area will comprise food sales and associated support space. The square footage expansion information is summarized below in Table 1.

Table 1. Summary Project Square Feet

Component	Existing	Proposed	Proposed with Buffer	Net Change
Walmart Store (Parcel 1)	131,302	195,513	197,802	66,500
Parcel 1: Fuel Station & Kiosk	0	1,451	1,500	1,500
Parcel 2: Retail/Restaurant	0	26,300	26,300	26,300
Parcel 3: Retail/Restaurant	0	25,700	25,700	25,700
Total	131,302	248,964	251,302	120,000

Source: Exhibit 2.

The Project includes development on three parcels. One of these parcels (Parcel 1), which includes the Walmart store expansion space, will also comprise a fuel station with a retail kiosk totaling 1,451 square feet, or 1,500 square feet with the 3% buffer. The two other parcels (Parcels 2 and 3) are planned for retail or restaurant development, with 26,300 and 25,700 square feet, respectively.

Collectively, the incremental Walmart store space and other proposed development totals 120,000 square feet inclusive of the 3% buffer. This is the amount of space that is the subject of this analysis.

PROJECTED SALES

There will be several sales components associated with the Project. These include the Walmart store expansion space and the sales associated with the fuel station, associated kiosk, and restaurant and retail space on Parcels 2 and 3. The following provides support for the sales assumptions for each of these components.

Walmart Expansion Space Sales

To estimate the annual increase in sales related to the planned Chico Walmart expansion, ALH Economics relied on information from the Walmart Stores, Inc. annual Form 10-K reports from the corporation's ten most recent fiscal years.² Exhibits 3 and 4 present summaries of store distribution by type, total store square footage, average store sizes, and calculations of sales per square foot for the corporation's Walmart U.S. business segment, which comprises Walmart Supercenter, Discount, and Neighborhood Market stores (see Exhibit 3). During the past 10 years, sales in the Walmart U.S. segment ranged from \$428 to \$457 per square foot in current dollars (see Exhibit 4). On a constant dollar basis, adjusted to 2015 dollars, per square foot sales performance ranged from \$556 in 2005 to \$440 in 2014, averaging \$484 per square foot overall. Thus, overall, it appears that Walmart average per square foot store sales declined steadily over the past decade. This is likely related to two factors. First, the Great Recession dampened sales among most retailers. While Walmart has been more resilient than most stores due to its discount orientation, the chain's sales per square foot have not kept pace with inflation. Second, Walmart has been adjusting its mix of store formats over time and this shift appears to be affecting the chain's sales per square foot metric.

For example, within the Walmart U.S. segment, the corporation operates the following three store formats:³

- Supercenters are defined as large format stores (178,000 square feet per store on average), which offer "general merchandise and grocery;"
- Discount stores have a smaller format (105,000 square feet per store on average) and are described as offering "general merchandise and a limited grocery;" and
- Neighborhood Markets offer "grocery," and have an average size of 37,000 square feet per store.

The percentage of Supercenter stores in the chain's portfolio has risen steadily from 29% in fiscal year 2000 and peaking at 79% in fiscal year 2013. With the rise of Neighborhood Markets especially since 2012, Supercenters most recently comprise 75% of all U.S. Walmart stores. During the same period, Walmart's sales per square foot metric has declined in constant dollar terms, suggesting that the average Supercenter generates comparable to slightly lower sales per square foot levels than the smaller format stores.⁴ One potential explanation for this finding is that the larger Supercenter format typically has a substantial amount of support space (e.g., food sales support and expanded stockroom/receiving area), which appears to be necessary for the level of grocery operations. Consequently, even though the average Supercenter likely generates higher levels of sales when compared with the smaller format stores, these sales are spread over a larger amount of retail space (i.e., the combination of sales and support areas as reported in the 10-K filings), which limits the sales per square foot performance.

² At the time of the analysis, the most recent Form 10-K report was for the fiscal year ending January 31, 2015. Data from prior 10-K reports back to the 2005 fiscal year were considered in the analysis of sales trends.

³ Store format descriptions as provided in the Wal-Mart Stores, Inc. Form 10-K report for the fiscal year ending January 31, 2015, page 8.

⁴ In other words, if the Supercenter format was more markedly more productive than the smaller format stores on a sales per square basis, then overall sales per square foot would be expected to increase at a faster rate as the store mix shifted between 2003 and 2010.

For the purpose of analysis, ALH Economics assumes Walmart expansion space sales at the \$484 per square foot average presented in Exhibit 4. This sales figure is applied to all expansion space associated with the store, including non-sales space, with the exception of the Food Tenant Area, which comprises expansion space for the existing Subway restaurant. A separate sales figure more appropriate for a fast food tenant is applied to the food tenant expansion space. Together, these sales estimates result in a net new store sales estimate of \$32.2 million for the 66,500 net new square feet including the buffer space.

The Walmart expansion space sales will comprise several retail categories, corresponding to the categories used for reporting purposes by the State of California Board of Equalization. These categories are noted below.

Fuel Station Sales

Sales for the fuel station are based on a different sales metric than the Walmart expansion space. The Project will include 8 pumps. For the purposes of the EIRS's analysis, it is assumed that the fuel station would retail 5,000 gallons of petroleum products per day. This equates to 1,825,000 annual gallons sold.

ALH Economics estimated the fuel station sales based on gasoline prices during the time period associated with the Chico sales base included in this study (e.g., 3rd quarter 2013 through 2nd quarter 2014, with adjustments to 2015).⁵ In this manner estimated sales are benchmarked to the approximate existing sales base for purpose of the analysis. In addition, the analysis also backs out the many fuel taxes and other fees added to the price of gasoline, as these taxes are not included in gasoline sales reported in the State of California's taxable retail sales figures.

The gasoline sales analysis is presented in Exhibit 5. During the benchmark period from third quarter 2013 through second quarter 2014 gasoline prices in California averaged \$3.89 per gallon. In order to determine the taxable basis of the per gallon price it was necessary to back out fuel taxes, which are currently estimated per gallon at \$0.184 for Federal fuel tax, \$0.395 for State fuel tax, and \$0.140 for State underground storage tank fee. In addition, there is a State 2.25% sales tax rate on fuel (excluding diesel) and most local jurisdictions also receive 1% of the taxable sales price. Based upon these taxes, ALH Economics estimates that the taxable basis of the estimated gasoline price is \$3.05. Pursuant to taxable sales information provided by the City of Chico, gasoline sales in 2015 average 17.8% lower than the 2013-2014 benchmark period.⁶ Thus, the analysis assumes a gasoline sales price of \$2.51 per gallon. This equates to estimated taxable gasoline sales of \$4,576,190 a year for the Project's fuel station.

Additional New Sales

There are several other components of net new sales that will occur at the Project. These include sales at the small kiosk associated with the fuel station and sales at the retail or restaurant space associated with Parcels 2 and 3. ALH Economics assumes the kiosk sales occur at the same rate as Food & Beverage stores in general, which is estimated at \$595 per square feet (see Exhibit 6). As the kiosk is likely to comprise a convenience shopping location for gas patrons, such as for the purpose of drinks

⁵ The purpose of this adjustment is to be able to estimate gasoline sales at a price point comparable to the price point reflected in the current sales base estimated for 2015.

⁶ The taxable base sales price per gallon is adjusted pursuant to analysis of recent retail sales trends for the City of Chico (i.e., first quarter 2015 and first quarter 2014). This is the most recent sales performance data available through the City's tax consultant. See later Exhibit 10.

and snacks, this category seems generally relevant. This results in an estimate of close to \$900,000 in annual sales for the kiosk.

Parcels 2 and 3 are generally planned for retail or restaurant space. To facilitate the analysis ALH Economics assumes each parcel is divided 50% restaurant and 50% retail, with corresponding annual sales per square foot of \$500 and \$429 per square foot, respectively. These correspond to sales estimates of \$13.0 million for restaurant sales and \$11.2 million for retail sales. The retail sales figure corresponds to a generalized average for a range of retailers, as the specific nature of the retail user is not presently known.

PROJECTED RETAIL SALES BY CATEGORY

BOE Retail Sales Categories

The new sales generated by the Project will be spread across several different retail categories, with a concentration among grocery items. To perform a more detailed analysis, ALH Economics allocated all the Project's anticipated sales to categories that match the classifications reported by the State of California Board of Equalization (BOE), which publishes taxable retail sales figures for cities and counties. To maximize the use of these data, the analysis is benchmarked to the BOE retail categories and the related sales figures reported in its *Taxable Sales in California* publication (with some adjustments, as noted in the Retail Sales Base Characterization chapter.) These categories, as typically reported for cities, include:⁷

- Clothing & Clothing Accessories
- General Merchandise Stores
- Food Stores
- Food Services & Drinking Places
- Home Furnishings & Appliances
- Building Materials
- Motor Vehicles & Parts
- Service Stations
- Other Retail Stores⁸

The BOE records a retailer's sales in only one sales category. For example, the actual sales for a Walmart are reported by the BOE under the General Merchandise classification. For purposes of this study, however, the impact of the Chico Walmart expansion is more appropriately analyzed across several retail categories since the new retail space within the store will likely compete with a range of retailers, including those classified under Food & Beverage Stores, General Merchandise, Clothing, and Other Retail by the BOE.

⁷ The category list is based on the 2013 *Taxable Sales in California* report (Table 4), which was the most recent full year of reported data provided by the BOE at the time of this study.

⁸ The Other Retail Stores category includes a wide range of retailers, such as pet supplies, office supplies, drug store sales, sporting goods, jewelry, florists, and gifts.

Distribution of Project Sales

The Walmart store sales are allocated based upon the distribution of the store's anticipated net new sales space as presented in Exhibit 2. This includes some space anticipated to be dedicated to general merchandise, food, and apparel sales. The assumption is that all indoor sales area not designated for general merchandise sales, apparel sales, or food tenant area will comprise Food & Beverage Store sales. This includes the food sales support, stockroom/receiving area, and ancillary areas noted in Exhibit 2.

The fuel station, associated kiosk, and parcels 2 and 3 sales are assumed to be distributed as reviewed above, reflecting the Gasoline Stations, Food & Beverage Stores, Food & Drinking places, and Other Retail categories. Thus, the total net new sales associated with the Project are estimated at \$61.8 million pursuant to the study's sales assumptions documented in Exhibit 2. By retail category and percentage distribution of all sales, the \$61.8 million in sales is distributed as shown in Table 2, below.

Table 2. Summary of Project Sales

Retail Category	Net New Sales	
	Amount	Percent
General Merchandise Stores	\$5,148,061	8%
Clothing & Clothing Accessories Stores	\$84,739	0%
Food & Beverage Stores	\$27,575,589	45%
Gasoline Stations	\$4,576,190	7%
Food Services & Drinking Places	\$13,296,790	22%
Other Retail Group	\$11,153,571	18%
Total	\$61,834,939	100%

Source: Exhibit 2.

The analysis presented in subsequent chapters defines the market area from which the majority of the Project's sales are likely to be generated and the range of existing and planned retailers that are anticipated to compete with the Project's new retail space.

IV. MARKET AREA DEFINITION AND RETAIL CHARACTERIZATION

This report chapter discusses the approach to estimating the Project's market area, which is the area from which the majority of shoppers are anticipated to originate. This chapter describes the market area and characterizes the area's existing retail inventory.

APPROACH TO DEFINING MARKET AREA

The Project's market area definition is based on the principle that most consumers will travel to the shopping destination most convenient to their homes given the type of goods available. A market area is the geographic area from which the majority of a retail shopping center's demand is anticipated to originate. Several tasks were completed to identify the Project's market area, foremost of which included mapping the location of the Project relative to other Walmart stores, especially existing or planned stores with a major food sales component, and taking into consideration comparative travel time and the size and composition of the retail base in Chico and other areas within the general environs of Chico.

MARKET AREA CONCEPTUAL DESCRIPTION

In developing a market area, ALH Economics strives to identify the area from which the majority of demand for a shopping center will originate, typically at least 70%, based upon the following industry resources.

Materials published by major industry organizations indicate that a retail store's trade area generally supplies 70% to 90% of the store's sales, while the remaining 10% to 30% of sales are attributed to consumers residing outside of the store's market area. In its Shopping Center Development Handbook, Third Edition, the Urban Land Institute (ULI) states the following:

"A site generally has a primary and a secondary trade area, and it might have a tertiary area. The primary trade area should generally supply 70 to 80 percent of the sales generated by the site. These boundaries are set by geographical and psychological obstacles."⁹

ULI is a nonprofit research and education organization representing the entire spectrum of land use and real estate development disciplines. Among real estate, retail, and economic development professionals, this organization is considered a preeminent educational forum.

Information published by the International Council of Shopping Centers (ICSC), a trade association for the shopping center industry, also provides instructional information about market area definitions. In the recent publication Developing Successful Retail in Secondary & Rural Markets, the ICSC says:

"A trade area is the geographic market that you will be offering to potential retailers as a consumer market. ... Defining a retail trade area is an art and a science. In general, a trade area should reflect the geography from which 75-90 percent of retail sales are generated.

⁹ Shopping Center Development Handbook, Third Edition, Urban Land Institute, 1999, page 44.

Different stores can have different trade areas based on their individual drawing power and the competitive market context.”¹⁰

In summary, these industry resources suggest that a retail project’s trade area, or market area, typically is defined as the geographic area from which at least 70% of demand is anticipated to originate.

PROJECT MARKET AREA DEFINITION

ALH Economics conducted research to develop an estimate of the market area for the Project, i.e., the area from which the majority of shoppers will originate. This market area took into consideration the location of other retail nodes where consumers can shop, including nodes with other Walmart stores, including stores with expanded food sales similar to what is planned for the Chico store expansion. Such Walmart stores are located in Red Bluff, Willows, and Oroville, with the Oroville store relocating in 2017 to include expanded food sales. The locations of these stores are plotted on Exhibit 7, and are generally located at three corners bordering Chico and its environs. For market area definition purposes, ALH Economics assumes that households that live closer to any one of these three existing/planned Walmart stores will shop there, and not shop in Chico. However, locations closer to Chico, and especially the Walmart store site, are assumed to comprise areas included in the Chico Walmart store’s market area.

To identify these closer areas ALH Economics selected several geographic locations and calculated their travel time and distance between the Chico Walmart site and the next nearest Walmart site. This mapping was achieved using the Google Maps functionality. Thus, the general boundary of the Project’s market area was determined based upon this mapping analysis. This especially included analysis of the Town of Paradise, and a determination that Paradise households are more likely to shop in Chico than in Oroville, especially given the larger size of the Chico retail base compared to Oroville.¹¹ ALH Economics then superimposed census tract boundaries over the general boundary to identify the census tracts that would best comprise the market area for the Project. An advantage of using census tracts is that the market area definition is easily defined, easily replicable, and key demographic estimates and projections are readily available in this format.

The resulting market area is presented in Exhibit 7. This area extends to Hamilton City on the west, through the Unincorporated County area of Durham to the south, to Paradise on the east, and Forest Ranch to the north. Because of the configuration of Butte County census tracts an additional area north of Forest Ranch is included in the market area. It is possible that consumers living in this area might not shop in Chico. However, there is very little population in this additional geographical area. For example, this area includes the Butte Meadows Census Designated Place, which in 2010 had a population of 40.¹² Thus, the inclusion of this limited population base is not anticipated to have a material impact on the findings.

¹⁰ Developing Successful Retail in Secondary & Rural Markets, International Council of Shopping Centers in cooperation with National Association of Counties, 2007, page 7.

¹¹ Specifically, according to the State of California Board of Equalization, Oroville taxable retail sales in 2013 (the most recent year for which annual data are available) totaled \$336.7 million, compared to \$1.7 billion in Chico (see http://www.boe.ca.gov/news/2013/ts_a13_rpt.pdf).

¹² See https://en.wikipedia.org/wiki/Butte_Meadows,_California.

MARKET AREA SUPPORT OF PROJECT SALES

For the purpose of this study, ALH Economics developed an estimate of the percentage of Project sales from market area resident spending. This estimate is based on considering the geographic size of the market area, the Project size and tenant orientation, population density of the area, amount of existing retail in the market area, and Project proximity to major thoroughfares, including State Route 99. Pursuant to all these considerations, ALH Economics estimates that 80% of the Project's demand would be generated from market area shoppers.

Pursuant to this 80% market area sales assumption, the estimated portion of Project sales generated by market area residents is \$49.5 million; this leaves the estimated portion of sales generated from other sources at \$12.4 million (see Exhibit 8). These \$49.5 million in market area generated sales are summarized in Table 3, which identifies that the largest amount, at 45% of the total, comprises \$22.1 million in Food & Beverage Store Sales. The next highest amount at 22% of the total is \$10.6 million in Food & Drinking Sales, followed closely by another 18%, comprising \$8.9 million in Other Retail sales.

Table 3. Project Sales Generated by Market Area Residents

Retail Category	Market Area Generated	
	Amount	Percent
General Merchandise Stores	\$4,118,448	8%
Clothing & Clothing Accessories Stores	\$67,791	0%
Food & Beverage Stores	\$22,060,471	45%
Gasoline Stations	\$3,660,952	7%
Food Services & Drinking Places	\$10,637,432	22%
Other Retail Group	\$8,922,857	18%
Total	\$49,467,951	100%

Source: Exhibit 8.

As noted in Table 3, market area support is also estimated to account for \$4.1 million in General Merchandise sales, \$3.7 million in Gasoline Station sales, and less than \$100,000 in Clothing sales at the Project.

The remaining 20% balance of Project sales are anticipated to originate from other sources, such as area hotel guests, people who work in Chico but live beyond the market area, and other shoppers traveling through the area.

MARKET AREA RETAIL ORIENTATION

The market area is dominated by the City of Chico and the Town of Paradise. These two locations comprise the major commercial portions of the market area. Chico, however, is the main locus, with taxable retail sales for retail and food services in 2013 totaling \$1.4 billion compared to \$139.2 million in Paradise. In its entirety, Butte County, in which both Chico and Paradise are located, had

2013 taxable retail sales totaling \$2.1 billion.¹³ Thus, the incorporated portions of the market area comprise almost three-fourths of all retail commercial activity in Butte County.

There are numerous commercial corridors in Chico and a wide range of regional-serving retailers. The Project site is located in the southernmost portion of Chico, which includes a significant portion of Chico's retail base. This area includes Chico Mall, anchored by JCPenney, Sears, Forever 21, and Dick's Sporting Goods. There are numerous other specialty apparel and other retailers located at the Mall, including Motherhood Maternity, Men's Wearhouse, and Bath & Body Works. This traditional mall is operating at high occupancy and serves to help anchor this southern portion of Chico as a major retail destination. Other major retailers in this general area include Walmart, Costco, discount food stores WinCo and FoodMaxx, Target, Kohl's, Michael's, Office Depot, Bed Bath & Beyond, Staples, Old Navy, and Best Buy. These uses are distributed among several shopping centers, but all are located in a node generally centered around Forest Avenue and East 20th Street, as well as nearby frontage along State Route 99. Given the presence of all these retailers, this area is the commercial retail core of Chico. This commercial area accounts for the definition of the market area, with this area comprising the closest major retail core for many households in Butte County and even portions of nearby Glenn County.

There are yet many other retail locations in Chico as well, with another smaller core of regional retailers located in the northern part of the city, centered near East Avenue and Cohasset Road. This area includes major retailers such as Kmart, Sportsman's Warehouse, Trader Joe's, many eating establishments, and a major cinema, Cinemark 14. In addition, there are a number of major thoroughfares in Chico lined with commercial establishments. These include Main Street, Mangrove Avenue, and East Avenue, among others. Chico also features a robust downtown, adjacent to the Chico campus of the California State University. This downtown area features many small, specialty retailers, including restaurants, taverns, bicycle shops, sporting goods, clothing, and jewelry stores. Downtown also features the Senator Theatre, which is a major entertainment venue that generates retail and restaurant sales, as well as brings in business to other downtown establishments.

Compared to Chico, the retail base in Paradise is minimal. The major retailers in Paradise include grocery stores, Kmart (BigK), pharmacies such as Rite Aid, and small general merchandise stores such as Dollar General and Dollar Tree. There are many specialized services available in Paradise, such as feed and pet supply, tires, knitting, a number of eating establishments, and small boutiques, but little opportunity to purchase large scale items such as electronics, furniture, or a range of apparel options.

Beyond the incorporated areas of Chico and Paradise there are very limited shopping opportunities in the market area. Some of the fringe areas include small food stores and a very limited number of personal services, such as Forest Ranch, Magalia, Durham, and Hamilton City, thus households from these areas need to leave their communities to purchase even the most basic of consumer goods.

¹³ See Taxable Sales in California (Sales & Use Tax) During 2013, Fifty-Third Annual Report, pages 3, 17, and 33.

V. MARKET AREA DEMOGRAPHICS AND RETAIL SPENDING POTENTIAL

This report chapter identifies the market area's demographic characteristics, including in comparison to the City of Chico and Town of Paradise. The chapter additionally estimates retail demand generated by the market area's residents.

DEMOGRAPHIC CHARACTERISTICS

ALH Economics developed population and household estimates and projections for the market area to provide a basis for estimating market area retail demand. These estimates and projections were prepared using a combination of two data sources. The primary data source includes the Butte County Association of Governments, which prepared long term growth forecasts for Butte County in November 2014. These projections include several growth scenarios, including low, medium, and high. The projections are presented at five-year intervals beginning with 2020, and benchmarked to 2014. Direction from the City of Chico Community Development Department Planning resulted in the selection of the medium growth scenario for projection purposes, which the City indicates represents the most accurate forecast for growth in Chico. These projections are presented for population and housing unit counts, which ALH Economics interpolated for the interim year of 2018, corresponding with the Project's anticipated first full year of operations.

ALH Economics converted the housing unit counts to household estimates, based upon an estimated vacancy rate for housing units pursuant to data reported by the State of California Department of Finance. In addition, a portion of the market area is not located in Butte County and therefore is not reflected in the Butte County projections. This portion is the Hamilton City census designated place, which is located in Glenn County. A separate estimation procedure was engaged in based upon data prepared by Nielson Reports to estimate the demographics associated with the Hamilton City portion of the market area.

The resulting demographic estimates and projections for the Project's market area indicate that the market area has an estimated 2015 household count of 64,487 (See Exhibit 9). The population equivalent is 161,518. This is for the 34 census tracts that collectively comprise the market area. By 2018, the first estimated year of full operations for the Project, the household count is forecasted to increase to 66,975, for an increase of 2,488 households. By 2020, a couple years after full operations, the household count is forecast to rise to 68,687, or by an additional 1,712 households.

As shown in Exhibit 9, the City of Chico comprises the largest portion of the market area, with Chico's households comprising approximately 54% of the market area's household count. The Town of Paradise comprises a smaller portion, averaging approximately 18% of the market area total. The remaining 28% of the market area households live in unincorporated portions of Butte County with a very small portion in the Hamilton City Census Designated Place (which is located in Glenn County).

Household incomes in the market area vary by geography, with the average household income in Chico in 2015 comprising \$60,892 and ranging up to \$97,570 in Paradise. For the market area as a whole, however, the average is \$61,757 as presented in Table 4 below.

Table 4. Market Area Average Household Income

Geographic Area	2015 Income
City of Chico	\$60,892
City of Paradise	\$97,570
Market Area	\$61,757

Source: Nielsen Reports.

These average household incomes are estimated by Nielsen Reports, as there are no governmental resources with current household income estimates for the jurisdictions comprising the market area, or of course for the customized market area itself.

MARKET AREA RETAIL DEMAND POTENTIAL

Approach to Estimating Retail Demand

ALH Economics prepared a retail spending potential analysis, or demand analysis, for the Project's market area households. This spending analysis takes into consideration average household income, the percent of household income spent on retail goods, and prospective spending on retail by the same retail categories reported by the BOE. Pursuant to data published by the U.S. Bureau of Labor Statistics, 2013 Consumer Expenditures Survey, households in the income group with annual household incomes between \$50,000 and \$70,000 throughout the United States spent an average of 36% of household income on the type of retail goods tracked by the BOE. This is the second highest income bracket analyzed by the Consumer Expenditures Survey, and these households had average household incomes of \$59,101 before taxes. These income parameters are the most appropriate Consumer Expenditures Survey match for the market area. Therefore, ALH Economics assumes that for the market area households, 36% of income will be spent on retail goods.

As a proxy for household spending patterns, ALH Economics analyzed statewide taxable sales trends for 2013 and converted them to estimated total sales. The results, presented in Exhibit B-4, indicate that household spending by retail category ranges from a low of 5.2% on Home Furnishings & Appliances to a high of 17.1% on Food & Beverage stores.

Market area retail demand projections for the market area's current and future household bases were estimated based upon the percent share of income spent on retail and estimated distribution of retail spending. The demand projection for the current household base is presented in Exhibit 10, the demand estimates for the incremental new households is presented in Exhibit 11. These demand estimates are then combined in Exhibit 12, which presents the total demand estimate for the current 2015 time period as well as future household demand in 2018, all in 2015 dollars.

Retail Demand Findings

The household demand estimates in Exhibit 12 are summarized below in Table 5. This indicates that the current household base has the estimated potential to spend \$1.4 billion on retail goods. The largest share of spending is for food & beverage stores, which totals \$243.5 million for the existing household base. This demand figure will increase by almost \$10.0 million by the time the Project is fully operational, totaling \$252.9 million in 2018.

Table 5. Market Area Retail Demand Estimates, in millions

Type of Retailer	Existing 2015	Projected 2018
Motor Vehicles & Parts Dealers	\$196.4	\$204.0
Home Furnishings & Appliance Stores	\$73.4	\$76.2
Building Materials & Garden Equip	\$85.7	\$89.0
Food & Beverage Stores	\$243.5	\$252.9
Gasoline Stations	\$164.2	\$170.6
Clothing & Clothing Accessories Stores	\$100.9	\$104.8
General Merchandise Stores	\$198.1	\$205.7
Food Services & Drinking Places	\$181.3	\$188.3
Other Retail Group	\$178.5	\$185.4
Total	\$1,422.1	\$1,476.9

Source: Exhibit 12.

These figures demonstrate that the market area has very strong retail spending potential, with even more potential emerging by the time the Project is estimated to become fully operational in 2018.

There is the possibility of yet additional retail demand generated by other market area households, notably on-campus student households associated with the California State University campus located in Chico. Theoretically, off campus student households are accounted for in the Butte County projections, and thus the market area projections reviewed above. However, students living in on-campus housing, dormitories, and fraternities/sororities may not be included. ALH Economics estimated these population groups to determine if the analysis should include separate estimation of their associated retail demand. This estimation is presented in Exhibit 13, which demonstrates that 85% of Chico State's student population lives in off campus private housing. This leaves only a small balance of students who may not be accounted for in the preceding retail demand projections. As noted by the student budget estimates in Exhibit 13, prepared by Chico State, students living on campus have a relatively low budget of spending on personal items, which would comprise some retail spending. Presumably the room and board spending of these students is largely captured by the University. Accordingly, ALH Economics believes the retail demand potential from this population group is nominal, and would not contribute in a material manner to the market area retail demand projections. Thus, the analysis conservatively excludes consideration of on campus student retail spending.

VI. PROJECT SALES IMPACT ANALYSIS

This chapter assesses the extent to which the Project's sales might impact the existing retail sales base. It examines the characterization of the sales bases in Chico and Paradise, the two cities that comprise the Project's market area, as well as the market area as a whole, and then considers the extent to which the Project may or may not divert sales away from existing retailers.

RETAIL SALES BASE CHARACTERIZATION

Approach

For the purpose of this study, ALH Economics characterized the retail sales bases of Chico and Paradise with regard to the extent to which they attract or leak retail demand generated by their population base. Toward this end, ALH Economics uses a retail model that estimates retail spending potential for an area based upon household counts, income, and consumer spending patterns. The model then computes the extent to which the area is or is not capturing this spending potential based upon taxable sales data published by the State of California Board of Equalization (BOE) or provided by local government municipal tax consultants. This analysis can be most readily conducted for cities, groupings of cities, or counties, consistent with the geographies reported by the BOE.

For any study area, retail categories in which spending by locals is not fully captured are called "leakage" categories, while retail categories in which more sales are captured than are generated by residents are called "attraction" categories. This type of study is generically called a retail demand, sales attraction, and spending leakage analysis, or retail gap analysis. Generally, attraction categories signal particular strengths of a retail market while leakage categories signal particular weaknesses. ALH Economics' model, as well as variations developed by other urban economic and real estate consultants and economic analysts, compares projected spending to actual sales.

For the purpose of generating a Retail Demand, Sales Attraction, and Spending Leakage Analysis for the relevant cities, and the market area as a whole, ALH Economics obtained taxable retail sales data for 3rd Quarter 2013 through 2nd Quarter 2014 as reported by the BOE and adjusted the taxable sales to reflect total, more current sales. These were the most recent BOE data available at the time the study was conducted. Using the retail sales data, combined with household counts from the demographic estimates benchmarked to Butte County Association of Governments forecasts and household income figures estimated by Nielsen Reports, ALH Economics conducted Retail Demand, Sales Attraction, and Spending Leakage Analyses. These analyses compared total estimated household spending to actual retail sales in both Chico and Paradise. To the extent possible, sales estimates were updated to reflect a more current time period than measured by the BOE data. This included analyzing sales tax trend data in Chico from 2nd Quarter 2014 through 2nd Quarter 2015, to generate sales adjustment factors by category to result in an estimated 2015 retail sales base. These data were provided by the City of Chico via the City's tax consultant. Comparable data were not available for the Town of Paradise; therefore, sales adjustments for Paradise were based upon the CPI index, with the exception of gasoline sales, which was adjusted as the same rate as Chico because the volatility of gasoline sales is not tied to the CPI index. Retail sales for both cities were also adjusted upward to adjust for nontaxable sales in key sales categories, including food & beverage stores and the drug store component of other retail sales. All these adjustments are noted as relevant in the analysis.

Household Spending Estimates

ALH Economics' Retail Demand, Sales Attraction, and Spending Leakage Analysis requires household count, average household income, and percent of income spent on retail inputs for the area of analysis. As noted in Table 4, the household income profiles vary substantially between Chico and Paradise, with average incomes much higher in Paradise. Accordingly, the percent of income spent on retail is assumed to be greater in Chico, as these households have less disposable income, and thus a higher percentage of spending on retail. These assumptions are generally consistent with the aforementioned findings pertaining to the U.S. Consumer Expenditures Survey. As referenced earlier, households in the income group with annual household incomes between \$50,000 and \$70,000 throughout the United States spent an average of 36% of household income on the type of retail goods tracked by the BOE. The survey findings further indicated that U.S. households with incomes greater than \$70,000 spent an average of 25% of income on retail (see Exhibit B-5). Thus, as incomes increase, the percent of spending on retail decreases. Based on these findings, with interpolation based upon the summary presented in Exhibit B-5, and the respective average household incomes of \$60,892 in Chico and \$97,570 in Paradise, ALH Economics assumed that the Chico households would spend 35% of income on retail while the Paradise households would spend 30% of income on retail. As presented in Table 6, below, these assumptions result in per household spending estimates of \$21,743 for Chico households and \$29,271 for Paradise households.

Table 6. Market Area Average Household Income

City	2015 Income	% Spent on Retail	Average HH Spending
Chico	\$60,892	36%	\$21,743
Paradise	\$97,570	30%	\$29,271

Sources: Nielsen Reports; and ALH Urban & Regional Economics.

Retail Demand, Sales Attraction, and Spending Leakage Findings

City of Chico. The estimate of Chico's retail sales base pursuant to the most recently available BOE data is presented in Exhibit 14. This figure, reflective of annual retail sales ending the 2nd Quarter of 2014, is approximately \$1.7 billion. With interim adjustments to mid-2015 based on changes in citywide retail sales trends, the sales base was estimated to increase modestly, but still rounds to a total of \$1.7 billion by the end of 2nd Quarter 2015 (see Exhibit 15). This indicates average sales on a per household basis of \$45,323. This figure reflects sales captured per household, not demand per household. Pursuant to the estimated distribution of household demand based upon the pattern noted earlier in Exhibit B-4, and cited in Table 6, estimated retail spending per household in Chico is \$21,743 (see Exhibit 16). This demand figure is substantially lower than the sales per household figure, indicating in the aggregate that Chico captures more sales than is spent by its own households. In other words, Chico as a whole attracts retail sales. This result is not surprising, as Chico has a large retail base with limited retail in most neighboring locations.

Overall, the Retail Demand, Sales Attraction, and Spending Leakage estimates in Exhibit 16 suggest that just over 50% of the sales achieved in Chico are attracted from elsewhere. As Exhibit 16 further indicates, this retail sales attraction extends across every retail category, including Food & Beverage Stores, Gasoline Stations, and other categories reflective of the Project's anticipated sales. Based on these findings, there does not appear to be opportunity for retail new to the City of Chico to stem

leakage and recapture sales lost to local retailers, unless the market area as a whole experiences leakage, which subsequent analysis suggests is not the case (see later discussion on Market Area sales base). Therefore, instead of comprising recaptured sales leakage, sales achieved by new Chico retailers will comprise sales generated by new household growth, sales diverted away from existing retailers, sales that serve to strengthen the city's existing sales attraction, or some combination thereof.

Town of Paradise. The findings for the Town of Paradise display a very different trend than Chico. The estimated 3rd Quarter 2013 through 2nd Quarter 2014 sales base in Paradise totaled \$187.7 million (see Exhibit 17). Adjusted to 2015 based upon changes in the CPI index, coupled with the more volatile estimate of changes in Gasoline sales, results in a slightly lower 2015 sales estimate of \$181.8 million (See Exhibit 18; the decline is due to the lower cost of gasoline). Per household sales generally equaled \$15,164, compared to the per household demand estimate of \$29,271. Thus, in contrast to the City of Chico, Paradise is estimated to experience sales leakage in all major retail categories. This is attributable to the relatively thin retail base in the Town of Paradise. As noted in Exhibit 19, the degree of retail sales leakage varies by category, but overall approaches close to 50% of household spending potential. Leakage is greatest in the Clothing & Clothing Accessories category, at 96.3%, and lowest in the Food & Beverage stores category, at 9.0%. Only the sales leakage in Food & Beverage stores is a single digit figure, with all other levels of leakage in the double-digit range. This finding indicates that in contrast to the City of Chico, and the market area as a whole, the Town of Paradise has the opportunity to recapture sales leakage, in the event new retail locates in Paradise.

The leakage in Paradise can be expressed in terms of the amount of supportable square feet of retail space, demonstrating the extent to which Paradise households are likely supporting retail in other locations, most notably the City of Chico (see Exhibit 20). This is accomplished based on industry average assumptions regarding store sales performance and an allocation of additional space for services, such as banks, personal services, and business services. ALH Economics refers to an industry resource to develop per square foot sales estimates. As referenced earlier, this resource, Retail Maxim, prepares an annual publication that culls reports for numerous retailers and publishes their annual retail sales on a per square foot basis. This type of information for a range of retailers or type of retailers is presented in Exhibit B-1 annually from 2010 through 2013. The figures are then averaged and presented in 2015 dollars as a generalized estimate of sales per square foot per year applicable to the retail categories for which Paradise exhibits leakage. The resulting sales per square foot range from a low of \$297 per square foot for General Merchandise Stores to a high of \$595 per square foot for Food & Beverage Stores (e.g., grocery stores). Finally, the analysis assumes 15% of retail space will be occupied by uses whose sales are not reflected in the major BOE categories, yet which require commercial space. This typically includes service retail, such as finance, personal, and business services.

The result of the supportable space analysis indicates that the estimated Paradise leakage of \$169.1 million is equivalent to support for about 470,000 square feet of retail. A good portion of this estimate comprises space for motor vehicles and part sales. Absent this square footage the amount of space supportable by the estimated Paradise leakage totals about 420,000 square feet of retail space. This provides insight into the retail dynamics in the market area, and demonstrates an opportunity for new retail outlets in Paradise to recapture sales leakage and increase the local retail base.

PROJECT SALES IMPACTS

This section estimates the extent to which the Project's sales may comprise a negative sales impact on the existing retail sales base. For study purposes, ALH Economics developed an estimate of the size of the market area retail sales base, including the preceding findings for the City of Chico and Town of Paradise, and estimates for the balance of the market area. This provides a more meaningful basis for analysis than examining the sales base in just the City of Chico alone, where the Project is located.

Approach

ALH Economics has developed an analytic approach that estimates the impact of the Project's incremental sales on existing retailers. For this analysis, the approach assumes that if the Project is adding sales to a category in an amount greater than any potential recaptured leakage in the category, **then at worst**, the amount of sales in that category in excess of any recaptured leakage would be diverted away from existing area retailers. In cases when this applies, this can be a conservative assumption, given that diverted sales beyond the amount of recaptured leakage could also occur among other retailers beyond the market area or relevant city boundaries. Or, in cases where new household growth occurs, demand captured from these new households can offset impacts by increasing total sales captured by retailers throughout the area under study.

Market Area Retail Sales Base

To best assess the Project's sales impacts it is optimal to have an understanding of the size of the existing retail sales base. Because the market area includes unincorporated County areas beyond Chico and Paradise it was necessary to develop an estimation procedure for the amount of sales occurring in these unincorporated areas. The study approach to estimating these sales is documented in Exhibits 21 and 22 plus the associated support exhibits in Appendix B. The approach combines analysis using BOE data and sales estimates for relevant areas generated by Nielsen Reports, which are then benchmarked to BOE data for the relevant geographies. In cases where key sales data points are missing ALH Economics engaged in a procedure documented in Exhibits B-6 to B-18 to estimate the missing data points.

Overall, for the Butte County portion of the market area, the approach is benchmarked to BOE data for Butte County, and backs out sales data for all incorporated areas to result in an estimate of sales for the unincorporated county areas. A share of the unincorporated area sales is estimated to comprise market area sales based upon the share of the unincorporated area households located in the market area. This share, as noted in Exhibit 21, is 51.9%, which was derived from the demographic estimates presented in Exhibit 8. Based upon these steps, ALH Economics estimates that in the 2013-2014 timeframe, the unincorporated area market area sales totaled \$180.7 million. As with other sales, ALH Economics adjusted these sales to 2015 dollars pursuant to the CPI index and a separate adjustment factor for gasoline sales. This adjustment is noted in Exhibit 22, which also includes the addition of the estimated Chico and Paradise sales and a small allocation for Hamilton City sales, pursuant to a separate estimation procedure associated with analyzing Glenn County sales. The result is an estimated market area 2015 retail sales base estimate totaling \$2.1 billion.

Retail Leakage Considerations

Combining the earlier estimated market area retail demand estimates (see Exhibit 10) with the market area sales base (see Exhibit 22) results in the ability to estimate the extent to which the market area as a whole experiences retail sales attraction or leakage, beyond just the constituent cities. The result,

presented in Exhibit 23, demonstrates that similar to the City of Chico, the market area as a whole is a retail sales attraction area. As with the City of Chico, market area retail attraction is present in all major retail sales categories.

Because there is no retail leakage in either Chico or the market area as a whole, ALH Economics assumes there is no potential for Project support to be gained by recapturing existing leakage. The leakage noted in Paradise likely contributes to the attraction in Chico and the market area. Thus, there is not anticipated to be any net gain in area sales from the existing population base. This could be different if the Project were to include retailers unique to the market, such that consumers would choose to increase their spending vector, but given that the Walmart store already exists and that discount food shopping opportunities already exist, and that no unique additional retailers have yet been identified for the Project, this is an unlikely occurrence.

Future Growth Considerations

As noted earlier, the market area is estimated to grow by 2,488 households between 2015 and 2018, the year the Project is estimated to be fully operational. These new households will generate additional demand for retail sales, as documented in Exhibit 11. These new sales are estimated to total \$54.9 million, and includes sales in all the categories of estimated Project sales.

Estimated Project Sales Base Impacts

Approach. ALH Economics analyzed the Project impacts on the existing sales base based upon the amount of Project sales estimated to be net new to the sales base. This means the sales captured by the existing Walmart store are already considered in the retail base. As estimated in Exhibit 8, the portion of net new sales anticipated to be contributed by market area consumers totals \$49.5 million.

These sales were examined as impacts on the existing sales base, taking into account additional demand that would result from new household growth. This does not mean that the new households are anticipated to spend all their retail dollars at the Project, but that as new retail dollars are spent in the market it provides support for all retailers, which may or may not include the Project's retailers. Thus, if the Project diverts retail dollars spent at existing retailers, new demand generated by household growth can potentially offset these sales diversions. Moreover, new demand for sales categories not represented by the Project can additionally provide support for yet other retailers, and hence support retail occupancy by additional new retailers.

Sales Base Impacts. The analysis assessing the Project's impacts on the market area's estimated existing retail sales base is fully presented in Exhibit 24 and summarized below in Table 7. Taking into consideration prospective demand generated by households new to the market area prior to the full operation of the Project (i.e., 2018), the overall sales impacts will result in an estimated sales decline of \$18.3 million for existing retailers, or 0.9% of existing market area sales. Overall this is a nominal level of impact, which comprises approximately 25% of all Project sales. Thus, overall, 75% of the Project's \$61.8 million in estimated sales will comprise net new sales to the City of Chico's retail base (see Exhibit 8 for the \$61.8 million figure).

For some Project sales categories, new market area demand will exceed the portion of Project sales estimated to be generated by market area households, thus no impact will result, and demand available for other retailers will result. These categories include the Project's anticipated sales categories of Gasoline Stations, General Merchandise Stores, and Clothing & Clothing Accessories. There are yet other sales categories that will experience no sales impacts, as these are categories not

represented by Project sales. These categories include Motor Vehicles & Parts Dealers, Home Furnishings & Appliances, and Building Materials & Garden Equipment.

Table 7. Project Sales Impacts on Existing Sales Base

Retail Category	Total Net New Sales	Sales Impact Less New Demand	Remaining Demand	% Impact on Sales Base	Amount Impact > 3%
Motor Vehicle & Parts Dealers	\$0	\$0	\$7,575,837	0.0%	\$0
Home Furnishings & Appliances	\$0	\$0	\$2,831,589	0.0%	\$0
Building Materials & Garden Equip.	\$0	\$0	\$3,307,296	0.0%	\$0
Food & Beverage Stores	\$22,060,471	\$12,667,084	\$0	3.1%	\$492,439
Gasoline Stations	\$3,660,952	\$0	\$2,675,114	0.0%	\$0
Clothing & Clothing Accessories	\$67,791	\$0	\$3,823,181	0.0%	\$0
General Merchandise Stores	\$4,118,448	\$0	\$3,522,950	0.0%	\$0
Food Services & Drinking Places	\$10,637,432	\$3,642,162	\$0	1.6%	\$0
Other Retail Group	\$8,922,857	\$2,034,919	\$0	0.8%	\$0
Total	\$49,467,951	\$18,344,165	\$23,735,966	0.9%	\$492,439

Source: Exhibit 24.

However, there are three categories where future demand is less than Project sales, with the potential for sales impacts to result. These categories include Food & Beverage Stores, Food Services & Drinking Places, and the Other Retail Group. For these three categories, the Project is estimated to have a 0.8% to 3.1% impact on the existing sales base categories. These percentage impact levels are relatively low, especially given the dynamic nature of the retail industry, which results in periodic fluctuations in sales performance. Historic fluctuations in retail sales nationally suggest that a 3% +/- variation in sales is not uncommon. In the typical ebb and flow of retailing, stores commonly experience sales increases and declines, and stores respond by implementing new merchandising, product repositioning, service changes, and other new strategies. Examples of this kind of annual fluctuations are presented in Exhibit B-1, which includes historical sales per square foot figures for a sample of retail categories. This data trend shows categories where sales have been noted to fluctuate on an annual basis, including some fluctuations greater than 3%. Therefore, it is most relevant to focus on examining percentage impacts above the 3% threshold. This then lays the foundation for estimating the remaining impacts on the commercial retail base in the market area after consideration of all offsetting factors.

As noted in Table 7, the Food & Beverage Stores category is the only category of sales impact that exceeds the 3% threshold attributable to normal annual market fluctuations. With a 3.1% sales impact, the sales in this category only slightly exceeds the threshold, representing a dollar amount of less than \$500,000. Given the size of the market area's retail base, especially in Food & Beverage Store sales, this is a very negligible level of sales impact.

Conclusion Regarding Project Impacts on Store Closures

As stated above, with growth taken into consideration and each retail sector's ability to absorb up to a 3% decline in sales, the Project's residual sales impacts total less than \$500,000. This is a nominal level of impact, and is not believed to be sufficient to cause existing stores to close. This is especially the case since these sales impacts are anticipated to occur in the Food & Beverage stores category, in which most stores competitive with Walmart are larger stores such that this level of sales, even in addition to the 3%, if dispersed widely enough would not likely comprise a tipping point leading to store failure and closure. This conclusion is further probed in the following chapter that more

specifically addresses the type of market area stores likely to be most competitive with the Project, especially including grocery stores, general merchandise stores, and gasoline stations.

VII. COMPETITIVE STORE IMPACTS

This chapter elaborates on the Project impacts discussed in the prior chapter. It focuses on the major categories where new Project sales will result, especially including food sales, gasoline sales, and general merchandise sales. Other categories where sales impacts are estimated to remain after future demand is taken into account are also reviewed in general.

COMPETITIVE GROCERY STORES

Identification of Competitive Grocery and Food Stores

There are a number of grocery and food stores distributed throughout the market area, including regional and national chain stores such as Safeway, and general merchandise stores with a strong grocery component, such as Costco and Target. There are also numerous independent stores, mostly of a natural foods or ethnic orientation. In addition, there are smaller markets selling food items useful for the preparation of limited meal preparation. All of the identified stores are mapped on Exhibits 25 and 26. For the purpose of this analysis ALH Economics identified and visited over 30 market area grocery and food stores or stores selling some food items. Some of these stores were not singled out in the analysis and thus are not included in the maps because they were not deemed competitive with the food sales component of a Walmart store, largely because they are more convenience than food oriented, and do not sell products highly competitive with food stores. These stores are also not the type of stores where one could purchase ingredients to make a home cooked meal.

Conventional Grocery and Food Stores. Conventional stores are full-service grocery stores that offer most or all of the following: a fresh bakery; fresh meat and seafood; frozen foods including frozen meat; fresh produce; a deli counter; and prepared foods. Other specialties sometimes include organic foods, a flower selection, a pharmacy, or a photo center. The market area has these types of stores located in both Chico and Paradise, but only one in any of the market area's unincorporated areas. In Chico there are four such stores, representing the Raley's, Safeway, and Save Mart chains (see below for discussion of more upscale stores). All four of these stores in Chico are located in shopping centers, which span the older, somewhat worn Towne & Country Center anchored by Save Mart, with a moderate number of small shop vacancies, to Skypark Plaza anchored by Raley's with sub-regional tenants such as Ross Dress for Less, Tuesday Morning, and Jo-Ann Fabrics. With the exception of Towne & Country Center, which had 5 shop vacancies at the time the Project fieldwork was conducted, none of the grocery-anchored shopping centers have more than 1 or 2 small shop vacancies.

The Town of Paradise and the nearby Magalia census-designated place have another four traditional grocery stores, each representing a different grocery retailer, including Safeway, Save-Mor Foods, Save Mart, and Holiday Market. These stores serve various market segments, with Save-Mor in Magalia comprising the most conventional store in a stand-alone location and Holiday Market comprising the most well-appointed store, including a healthy lifestyle orientation, including a gluten-free section. These stores range from comprising stand-alone stores to anchoring small to medium-sized shopping centers. Vacancy is highest in the older Old Town Plaza shopping center where Safeway is located, where 4 shop vacancies were noted.

Upscale Grocery and Food Stores. Upscale stores focus on providing extensive or exclusive product selection often in a stylized setting. There is usually an emphasis on fresh foods, gourmet products, and organic foods at upscale stores. These stores have wider aisles and nicer decors, such as wood flooring in the produce section. It can sometimes be difficult to distinguish upscale stores from the more traditional stores, but ALH Economics believes that two market area stores exhibit more of an upscale orientation. These include two Lifestyle-oriented Safeway stores in Chico, one at Park Plaza shopping center and the other at East Avenue Marketplace. These shopping centers have 3 and 2 small shop vacancies, respectively, but the centers are in relatively good condition. There are no upscale stores in the Paradise area, although the Holiday Market identified as a conventional store shares some characteristics with an upscale store, such as attractive wood flooring in the store.

Specialty and Niche Market Stores. Specialty and niche market stores are usually smaller stores that are distinguished from other stores by offering a certain type of grocery selection that is different than conventional stores. This may be the store's own, local, or imported brands of items, or oftentimes organic or natural foods products. In the Project's market area, there are three examples of these stores. These include the Trader Joe's and two natural foods-oriented stores, Chico Natural Foods Cooperative and S&S Produce. There are no such stores in the Paradise portion of the market area. Only the Trader Joe's is located in a shopping center, with the other two stores comprising stand-alone stores along a commercial corridor. Similar to most of the other Chico grocery-anchored shopping centers, North Valley Plaza, where Trader Joe's is located, features one to two in-line shop vacancies, with the center as a whole in moderate condition.

Discount Grocery and Food Stores. Discount stores are characterized by lower-than-average price points. Sometimes these are manifested by bulk sales, which allow the customer to get more for their dollar relative to most other grocery stores. The market area has five discount food stores in Chico and one in Paradise. The Chico stores include WinCo Foods, FoodMaxx, Grocery Outlet, and, while not specifically a grocery store, Cash & Carry, which is a restaurant supply wholesaler with numerous bulk-oriented food products for sale at very favorable prices. In addition, Costco is also a discount food retailer, although Costco as a whole is considered a general merchandise store. There is another Grocery Outlet store located in Paradise that is also a discount grocery retailer. The WinCo store in Chico is a stand-alone store, but is located very near a major node of retail in Chico, including Chico Mall, a regional shopping center. The Grocery Outlet store is co-located with K-Mart, but is next to the Almond Orchard Shopping Center, which has a number of small shop vacancies. The Food Maxx and Cash & Carry stores are both located in shopping centers, including Chico Crossroads and Mangrove Plaza, respectively. The Chico Crossroads center has 3 small shop vacancies while Mangrove Plaza has none.

The Grocery Outlet store in Paradise is located in the same shopping center as the Paradise Safeway, the Old Town Plaza. As noted earlier, this center has numerous vacancies, but is in moderate condition.

Ethnic Markets. Ethnic food stores are stores that are distinguished from other stores by offering food products unique to a specific international culture or cuisine. These stores are often but not always smaller than conventional food stores. The market area does not feature many of these stores, two of which are highlighted in the City of Chico. These include a market selling Asian food products and a more Hispanic-oriented market. Both stores are small and located in small strip shopping centers.

Small Local Markets. In communities too small to support grocery stores small local markets often supply key food products to support select food supply needs. These markets typically feature some combination of fresh produce, fresh or frozen meats, eggs, dairy, and numerous beverages. The products are sufficient to prepare limited meals, but do not provide the breadth or depth of products available at larger stores. There are many such markets in the market area, but the ones of most significance are located in the small unincorporated communities at the fringes of the market area, or at the edges of the incorporated areas. As depicted on Exhibit 26, these stores are located in Paradise, Magalia, which is north of Paradise, Forest Ranch, which is northeast of Chico, Durham, which is south of Chico, and Hamilton City, which is west of Chico. All these stores sell food items that can serve household needs in between major shopping trips to locations with more expansive grocery options, notably Chico or Paradise given their relative proximity.

Grocery and Food Stores Most Susceptible to Impacts

As cited in the previous chapter, the grocery sales impacts associated with the Project are estimated to total \$12.7 million. However, when the retail sector's ability to absorb up to a 3% decline in sales is taken into consideration, the residual grocery sales impacts drop to less than \$500,000. In all likelihood the grocery sales impacts will be experienced to some level throughout the market area, with shoppers who might otherwise plan to shop at Walmart choosing to extend their shopping trip to include food sales. The market area already includes a number of discount food shopping opportunities, most of which are clustered in the area near the Project (e.g., WinCo Foods, FoodMaxx, and Costco). ALH Economics believes it is unlikely that many of these existing discount food shoppers will significantly change their shopping habits because there is yet an additional discount food shopping option available. Instead, such stores are likely to experience sales impacts on par with other market area stores, and thus not bear a disproportionate amount of the sales impact.

GASOLINE SALES IMPACTS

This section addresses the Project's planned fuel station and presents analysis regarding the market area's prospective support for the facility. This use is singled out because it is a specific Project component that will comprise new sales to the Walmart site. Existing market area gas stations south of State Route 32 are identified and the Project's support is explored in the context of these facilities.

Area Gas Stations

The Project is planned to include a fuel station with 8 pumps. In addition, this component of the Project will include a small, 1,500-square-foot kiosk, assumed to comprise convenience food sales. As noted in Exhibit 5, the Project's annual gasoline sales are estimated to total \$4.6 million. The kiosk is estimated to comprise an additional \$900,000 (rounded) in annual sales (see Exhibit 6). These are anticipated to comprise primarily convenience-oriented sales, such as snacks and drinks.

ALH Economics identified existing gasoline stations in the general environs of the planned Walmart fuel station. These existing stations are located south of State Route 32. Gasoline sales are generally convenience-oriented, and are also price-driven. If there are economy-priced gas stations in the vicinity of the planned Project fuel station site it seems most appropriate to focus on assessing the Project's possible impact on these gas stations.

The existing gas stations and their proximity to the Project site are mapped in Exhibit 27. The gas station map numbers generally are displayed from north to south. The map identifies 13 stations, with

several located in close proximity to the Project site. The stations are further identified in Exhibit 28, which includes information on name, address, distance from the Project site, number of pumps, price of gas per gallon, name of convenience store, and information on any features of the convenience stores, beyond the typical features of snacks, drinks, lottery tickets, auto supplies, and sundry products.

The existing area gas stations total 60 pumps. This count excludes the pumps located at the Pacific Price gas station located 2.2 miles from the Project site (map number 11 on Exhibit 27) because this station is oriented towards commercial trucks. Thus, this station is not anticipated to be competitive with the planned Walmart fuel station. Moreover, Pacific Pride is the only gas station in this area that is positioned to serve tractor trailers, and therefore effectively functions as a truck stop, albeit without typical truck stop amenities such as scales, overnight parking, and restaurant. Further, given this orientation, Pacific Pride would have little appeal to non-commercial customers due to its location, industrial appearance, and prevalence of trucks.

Gasoline prices in the Project site's environs vary, with the prices posted on November 4, 2015 included in Exhibit 28. This date corresponds to a date of fieldwork examining the gas stations and their associated convenience stores. As a point of reference, the credit prices for regular gas ranged from a low of \$2.44 a gallon at the 7-Eleven store located 1.4 miles north of the Project site to a high of \$2.75 a gallon at the Flyers Chevron located 1.1 miles southeast of the Project site. For cash purchases, gas was priced lowest at the Arco located 0.3 miles from the Project site. This gas price was \$2.37 a gallon, which was only slightly exceeded at a cost of \$2.39 a gallon at the Costco gas station located approximately 1.0 miles from the Project site. Thus, this area of the Project environs appears to have a strong selection of lower-priced gasolines stations.

Almost all of the identified gas stations are accompanied by a convenience store. This includes 11 of the 13 gas stations, with one of the stations lacking a store including the more commercial-oriented Pacific Pride station. Most of these convenience operations are fairly typical, with a few including somewhat more unique features, such as deli sandwiches, car wash, or expanded alcohol and grocery options. These more unique features likely serve as an additional draw for these stations, especially the car wash feature. The convenience store associated with the gas station closest to the Project site, Sinclair Gas, includes some of these more unique features, which will help differentiate this operation from the Walmart fuel station.

Project Impact on Existing Gas Stations

With its proposed 8 pumps, the Project will expand the existing Project environs inventory by 13%. The percentage increase throughout the market area will be much less, as there are many additional gas stations located throughout the market area. As noted in Exhibits 15 and 23, gasoline sales in 2015 are estimated to total \$121.6 million and \$187.0 million in the City of Chico and the market area, respectively. The Project's anticipated \$3.7 million in gasoline sales generated by market area residents (see Exhibit 8) will comprise only a small addition to these gasoline sales bases. Moreover, as demonstrated in Exhibit 24, the market area is anticipated to generate future demand for gasoline sales in excess of the Project's estimated addition to supply, i.e., \$6.3 million in new sales compared to the Walmart gasoline sales of \$3.7 million.

The specific pricing of Walmart gas is not available; however, the information in Exhibit 27 indicates there are already a number of economy-priced gas stations in Chico, including in the area near the Project site. Thus, the Project's fuel station is not anticipated to have a specific advantage over other existing gas stations, and therefore is not anticipated to draw gasoline sales away from any specific gas station. Instead, it is likely that existing Walmart shoppers in need of gasoline at the time of their

shopping trip will divert their gasoline purchase from any number of other gasoline stations located throughout the market area, and thus will not impact any one gas station to an extent that would impact individual gas station viability. Moreover, as demonstrated in the analysis, new market area demand for gasoline sales will more than exceed the anticipated Walmart fuel station gasoline sales. Thus any potential for sales diversions throughout the market area will be more than offset by additional new demand generated by the time the Project achieves its first full year of operations.

As noted, ALH Economics anticipates that the Walmart fuel station sales will be generated from throughout the market area, and will not be drawn away from any specific gas station close to the Project site. This conclusion extends equally to the sales achieved at the kiosk planned to be co-located with the fuel station. With a limited sales estimate of approximately \$900,000, this kiosk will not result in a significant level of sales diverted from existing gas station convenience retailers. Nor are these sales anticipated to compete with more substantial food stores or small markets, as these purchases are typically associated with a gasoline purchase, and are unlikely to divert sales away from other types of stores.

GENERAL MERCHANDISE IMPACTS

This retail use is singled out because Walmart is a general merchandise retailer. However, the increment in general merchandise sales generated by market area consumers is anticipated to be relatively low, at \$4.2 million. As noted in Exhibit 24, future growth in retail demand will more than offset this increment in sales. There are many general merchandise retailers in the market area, noted on Exhibits 25 and 26. In Chico this includes Kmart, Kohl's, JCPenney, Sears, Target, Big Lots, and Costco. Other parts of the market area as noted in Exhibit 26 have numerous Dollar General stores, another Kmart (BigK), and a Dollar Tree store. These stores are not anticipated to experience significant sales impacts associated with the Project, in part because the sales are so low, the stores are widely dispersed throughout the market area, and future growth is anticipated to offset the estimated sales.

OTHER PROJECT IMPACTS

As noted in Exhibit 24 there will be projected sales impacts in the Food Services & Drinking Places retail group and the Other Retail group. These levels of sales total \$3.6 million and \$3.0 million, respectively. As noted, these sales impacts are well below the 3% threshold discussed regarding retail variability. Thus, these sales impacts are not anticipated to be material. This is especially the case since these impacts are not anticipated to be localized given the large size of the market area, such that no particular restaurant or set of restaurants or retailer are likely to experience impacts at a level that will materially impact viability and lead to closure.

VIII. CUMULATIVE PROJECT IMPACTS

This analysis seeks to quantify the impact of the Project taking into consideration other planned competitive retail projects within the market area. Cumulative projects are defined as retail developments that have the potential to generate net new retail sales that may be competitive with the Project, especially sales generated by market area consumers. The cumulative projects assessed for impacts include retail developments that are in various stages of entitlement or planning. Because specific development timelines are not available for many of the projects, the analysis carefully considers each project prior to determining the set of projects most likely to be operational during the Project's approximate timeframe.

IDENTIFIED RETAIL DEVELOPMENT PROJECTS

Based on overall cumulative projects information, ALH Economics identified 10 potential cumulative retail development projects in the market area relevant to the urban decay analysis. Information about these projects was primarily derived from interviews with local government sources, reviews of planning department information, and supplemental project information. These 10 projects are described in Exhibit 29, which includes their address, square footage, development status, anticipated completion date, and estimated extent to which their market area overlaps with the Project's market area. This latter factor is an important consideration in assessing the degree to which the cumulative projects are likely to be competitive with the Project, and extent to which they will draw upon the same pool of demand as the Project.

Of the cumulative projects, seven are located in the City of Chico, two are located in the Town of Paradise, and one is located in Unincorporated Butte County. By area, these projects are summarized below, with more project detail included in Exhibit 29.

City of Chico

The seven identified cumulative projects in the City of Chico include the following:

- New Earth Market, an upscale 25,000-square-foot grocery store comprising redevelopment of a former retail site in Chico, located 4.1 miles northwest of the Project site, under construction and anticipated to be completed in 2016;
- Galaxies Restaurant, an 18,200-square-foot sports bar, restaurant, and family entertainment center in plan check, located 4.2 miles northwest of the Project site, with potential completion in 2016;
- Ulta Beauty, a 10,000-square-foot beauty store approved near the existing Costco store, located 1.1 miles southwest of the Project site;
- Panera Bread/Noodles, a 7,600-square-foot under construction restaurant comprising infill development 0.8 miles north of the Project site;
- Ready Chef Go, a 6,500-square-foot under construction restaurant comprising backfilling of a former vacant space (e.g., blockbuster video) approximately 3.0 miles northwest of the Project site;
- Starbucks, a new 5,200-square-foot coffee store under construction 4.2 miles northwest of the Project site; and

- A potential Italian restaurant located in the same center as the under construction New Earth Market, located 4.1 northwest miles from the Project site. This project is anticipated, but no application has yet been received by the City of Chico.

All but one of these seven projects is anticipated to be completed by the end of 2016. The last project, the potential Italian restaurant, comprises the project with the unknown timing. Because specific definition for this project is not known, and there is no active application, this project is subsequently not included in the more detailed cumulative projects analysis.

All but one of the Chico cumulative projects is anticipated to have 100% overlap with the Project's market area. This is because these projects are relatively small, and are unlikely to attract demand from beyond the Project's relatively large market area. Instead, most of these projects are anticipated to mostly draw demand from within just the City of Chico, and thus all their sales are anticipated to be generated by market area residents. The exception to this assumption is the New Earth Market. There is an existing New Earth Market located in the City of Yuba City. ALH Economics visited this store to gain an understanding of the store's market orientation. This store is an upscale market with a strong focus on natural foods. The store in Yuba City also includes a pizza bar and a specialty coffee drink bar. There is no similar store already located in Chico. Moreover, this store is located over 4.0 miles from the Walmart store, in the northern part of the City of Chico. Thus, ALH Economics anticipates that this store may draw some demand from a unique market area with only partial overlap with the Project's market area. For analytical purposes, this percentage overlap is estimated as 75%, reflecting the potential for this store to draw consumers from further to the north than the Project. Because of its more upscale nature, Walmart food shoppers are not likely to comprise New Earth Market food shoppers, thus the stores will not be competitive with each other. However, in general, they are likely to draw partially from the same market area and overall pool of consumers.

Town of Paradise

The two identified cumulative projects in the Town of Paradise include the following:

- A Walmart-anchored shopping center near the entrance to the Town of Paradise 10 miles east of the Project site, with up to 227,000 square feet of retail including a 160,000-square-foot Walmart store; this is an active application but there has been no movement on the application in at least two years, and major infrastructure improvements will be required prior to site development.
- A Safeway store located at Lower Skyway and Black Olive, about 11.4 miles east of the Project. This project is very preliminary with only conceptual plans, and thus no definitive plans for development are available.

ALH Economics believes that neither of the two Paradise projects are sufficiently defined to comprise new development projects suitable for inclusion in the cumulative impact analysis. It would be speculative to include the Safeway store in the analysis as there is no existing definition to the project, which could alternatively include expansion of an existing Safeway store in Paradise.

However, to be conservative, ALH Economics assumes the Paradise Walmart-anchored center could be developed at some point in time following the Project's development. Given the timing involved in preparing an EIR and the understanding that there are no current plans to move forward with this project, ALH Economics considers it likely that this project would be developed well after the Project's anticipated 2018 completion. Further, if developed, ALH Economics anticipates that this project would

have only 22.5% overlap with the Project's market area (see Exhibits 29 and B-19). This limited overlap is due to the expectation that a Walmart-anchored project in Paradise would not draw consumers from Chico or areas to the north, south, or west of Chico, but more from Paradise and areas beyond Paradise that are not included in the Project's market area.

Butte County

The one identified cumulative project in the market area's unincorporated portion of Butte County includes the following:

- A Dollar General store in Durham located at the southeast corner of Midway and the Durham-Dayton Highway, with construction anticipated to begin by the end of 2015 and construction complete in 2016.

This project is anticipated to have 80% market area overlap with the Project. While this project is located in Durham, which is fully located within the Project's market area, there are likely to be some shoppers attracted to the store from outside the market area to the south of Durham.

CUMULATIVE PROJECT SALES ESTIMATES AND SALES IMPACTS

Sales Estimates

Sales figures for cumulative projects anticipated to be developed within the Project's general timeframe are estimated in Exhibit 30. These total sales estimates per project reflect the share of each cumulative project sales anticipated to be sourced from the same market area as the Project. The estimates were developed with sensitivity to the size and nature of the prospective retail space, and range from \$403 per square foot to \$1,040 per square foot, as general sales estimations. These figures reflect estimates for specialty/organic grocery stores, restaurants, or specific retailers.

Pursuant to the market area overlap assumptions for the full amount of planned retail development among the cumulative projects, which totals 308,600 square feet, the estimated sales originating from the Project's market area total \$61.4 million. Excluding the Paradise Walmart project lowers the planned amount of development to 81,600 square feet, with \$39.8 million in sales originating from the Project's market area.

These estimated retail sales generated by market area households are distributed by retail category in Exhibit 31. These distributions were pursuant to the type of retail and information about sales distributions in filing documents for the two general merchandise retailers, i.e., Walmart and Dollar General. The results indicate that the largest portions of cumulative project market area sales will occur in three retail categories, including Food Services & Drinking Places, Food & Beverage Stores, and Other Retail. These findings are summarized in the following Table 8.

Table 8. Cumulative Project Sales Competitive with Project

Retail Category	Excluding	Including
	Paradise	Paradise
	Walmart Project	Walmart Project
Motor Vehicle & Parts Dealers	\$0	\$0
Home Furnishings & Appliances	\$81,920	\$1,302,346
Building Materials & Garden Equipment	\$0	\$0
Food & Beverage Stores	\$13,247,212	\$23,010,618
Gasoline Stations	\$0	\$0
Clothing & Clothing Accessories	\$70,400	\$1,290,826
General Merchandise Stores	\$678,400	\$2,247,519
Food Services & Drinking Places	\$21,541,447	\$23,800,525
Other Retail Group	\$4,185,627	\$9,786,982
Total	\$39,805,006	\$61,438,815

Source: Exhibit 31.

As noted in Table 8, lesser amounts of sales will occur in the General Merchandise, Home Furnishings & Appliance Stores, and Clothing & Clothing Accessories Categories, with no sales in the remaining categories.

The cumulative project sales are combined with the Project market area-derived sales in Exhibit 32 to estimate the total amount of new sales that will need to be generated by market area households to support the planned projects. These sales figures total \$89.3 million excluding the Paradise Walmart project and \$110.9 million including the Paradise Walmart project. Exhibit 32 also displays how these sales are distributed by retail sales category.

Impact Analysis

In an analysis parallel to the Project impact analysis, the cumulative project impact analysis is documented in Exhibit 33 for the cumulative projects *excluding* the Paradise Walmart project. This exhibit takes into consideration the anticipated sales by retail category from the Project and the cumulative projects, focusing on the sales anticipated to originate from the Project’s market area for each project. As with the Project’s sales impact analysis, the cumulative projects analysis includes consideration of interim demand that will be generated by the time the Project experiences its estimated first full operational year in 2018. As noted, the analysis in Exhibit 33 does not include consideration of the Paradise Walmart project, as this project is not anticipated to be completed by 2018.

Impacts Excluding Paradise Walmart Project. The results in Exhibit 33 indicate maximum cumulative project impacts on market area retailers totaling \$57.3 million. This compares to the Project’s impact analysis of \$18.3 million. When the 3% sales buffer is taken into consideration the reduced impact is \$32.2 million. Table 9 highlights the comparative sales impact findings for just the Project as well as the Project in combination with the competitive portion of the cumulative retail projects.

**Table 9. Comparative Sales Impacts in 2018
Chico Walmart Expansion Project and Cumulative Projects (1)**

Retail Category	Project	Project and Cumulative Projects	
		Total	> 3%
Motor Vehicle & Parts Dealers	\$0	\$0	\$0
Home Furnishings & Appliances	\$0	\$0	\$0
Building Materials & Garden Equipment	\$0	\$0	\$0
Food & Beverage Stores	\$12,667,084	\$25,914,296	\$13,739,651
Gasoline Stations	\$0	\$0	\$0
Clothing & Clothing Accessories	\$0	\$0	\$0
General Merchandise Stores	\$0	\$0	\$0
Food Services & Drinking Places	\$3,642,162	\$25,183,609	\$18,472,877
Other Retail Group	\$2,034,919	\$6,220,545	\$0
Total	\$18,344,165	\$57,318,451	\$32,212,528

Sources: Exhibits 24 and 33.

(1) Excludes the Paradise Walmart project.

The figures in Table 9 indicate that three categories will experience incremental sales impacts on top of the sales impacts from the Project alone that are more than negligible, especially relative to the existing sales base. These include Food & Beverage Store impacts, Food Service & Drinking Places impacts, and Other Retail impacts.

- Food & Beverage Store Impacts.** The Food & Beverage sales impacts are estimated at \$25.9 million, but lowers to \$13.8 million when the 3% sales buffer representative of the retail industry is taken into consideration. The incremental impacts are largely attributable to the estimated sales of the New Earth Market currently under construction. This store will be located in the northern portion of the City of Chico, near Trader Joe's. This is a store that will be unique to the market, and given its product orientation and instore offerings will be most competitive with Chico's existing upscale food stores, select specialty stores, as well as more natural food stores. These include two Safeway stores, Trader Joe's, S&S Produce, and Chico Natural Foods Cooperative. However, consumers are anticipated to originate from a large area to shop at this store, even if only on an occasional basis; therefore, other stores may experience negative sales impacts as well. These stores are not anticipated to include any of Chico's discount food retailers, as the price point of New Earth Market is not comparable to discount pricing.¹⁴

Chico's upscale food stores, specialty food stores, and natural foods stores all serve existing customer niches. Safeway is a strong, well-established retailer and is anticipated to be able to withstand sales declines attributable to the cumulative project impacts. The same is true of Trader Joe's, which is a very well-established specialty food store. In like manner, S&S Produce and Chico Natural Foods likely have a very strong customer base, and are also anticipated to be able to withstand any sales declines associated with the introduction of the cumulative projects. Further, grocery stores located near CSU Chico are also likely to have less of a risk of sales erosion due to their dependence on student sales. Thus, if any stores are to experience negative sales impacts associated with the development of the New Earth Market they are

¹⁴ These findings are based upon ALH Economics findings pursuant to a November 2015 site visit to the original New Earth Market located in Yuba City.

likely to be among the more traditional grocery stores in the general vicinity of New Earth Market.

Based upon location, two existing market area stores may be the most susceptible to these losses, and given the size of the impact, if concentrated enough could be sufficient to erode sales to the level of unsustainability, such that one existing grocery store might close. These stores include the Raley's on W. East Avenue (#5 on Exhibit 25) or the Save Mart on W. East Avenue (#7 on Exhibit 25). This Raley's store is located next to an Orchard Supply Hardware store in the Chico East Plaza and has an antiquated interior, including produce coolers that appear aged. The store product mix has a bit of an upscale orientation, but is not sufficient for the store to be considered upscale, especially given the lack of an upscale appearance. Thus, this store appears to lack recent investment and could be at risk if it bears a disproportionate amount of sales impacts from the cumulative food sales impacts. However, this store is relatively comprehensive, and includes an on-site bakery, staffed bank, interior eating area, florist, pharmacy, prepared foods, expanded personal area, and greetings cards, magazines, and seasonal products. Alternatively, the nearby Save Mart Supermarket is located in the slightly run down Towne & Country center, which with 5 shop vacancies has more than any other grocery-anchored shopping center in Chico. This center also appears to lack recent reinvestment, with an older façade and poorly weathered brick exterior. The Save Mart store however, is a very comprehensive store, with numerous in-store options, such as a staffed seafood counter, staffed butcher, deli counter, staffed bank, pharmacy, expanded personal area, greetings cards and magazines, and seasonal products. With its staffed seafood and butcher counters the Save Mart store is a bit more comprehensive than the Raley's store.

Whether or not one of the above two stores close as a result of the cumulative food stores impacts, the study concludes that one market area store could be at risk of closure. This risk could be diminished if the cumulative project food sales are lower than projected, or if market area attraction is enhanced by the even stronger retail base resulting from the new project development. This store impact is likely to occur in Chico rather than Paradise because Paradise area households are less likely to patronize the New Earth Market than households located closer.

- **Food Service & Drinking Places.** The Food Services & Drinking category is anticipated to have \$18.5 million in sales impacts after the 3% buffer is taken into account. This impact is attributable to several major new restaurants entering the Chico market. These include Galaxies, Panera, Ready Chef Go, and Starbucks. This is a fairly large volume of impact and suggests that there could be significant impacts on existing market area restaurants. This impact could be lessened if the Project's assumed restaurant space is not fully leased by 2018, if the cumulative restaurants do not achieve the estimated level of sales, or achieve the estimated sales over time as the restaurants mature and stabilize. However, this volume of impact suggests that some existing market area restaurants could experience sales losses sufficient to prompt closure. Restaurants in general have a high failure rate, so it would not be unusual for older restaurants to fail when newer restaurants with high customer demand enter the market.
- **Remaining Impacts.** After the 3% buffer is taken into account there are no other sales impacts due to the cumulative projects that are likely to be material to existing retailers.

Impacts Including Paradise Walmart Project. The preceding analysis was conducted to coincide with the timeframe anticipated for the Project’s first full year of operations. This excluded the Paradise Walmart project because it is unlikely that the Paradise Walmart project could be completed by that timeframe. This is because while there is an active application for the Paradise Walmart store no action has been taken in at least two years, and substantial infrastructure work would need to occur before the project could be completed, as well as annexation of the Project into the City of Paradise and preparation of an Environmental Impact Report. Accordingly, ALH Economics believes a later timeframe is appropriate for analysis of the Paradise Walmart project. Given the lengthy timeframe likely for the necessary actions prior to development, the analysis assumes at least a three year lag after completion of the Chico Walmart Expansion Project. This would bring the timeframe for the Paradise Walmart project out to 2021. Accordingly, prospective market area demand was projected out to the year 2021 so the parallel impact analysis could be based on the anticipated household base by that time. This analysis is conducted in Exhibit 34, which shows projected incremental market area demand for retail totaling \$116.7 million.

Taking this projected growth into account and adding the share of Paradise Walmart sales anticipated to be generated by the market area results in the impact analysis presented in Exhibit 35 and summarized in Table 10. This summary shows cumulative project impacts of \$48.7 million, which lessens to \$25.8 million with the 3% sales buffer taken into account.

**Table 10. Comparative Sales Impacts in 2021
Chico Walmart Expansion Project and Cumulative Projects (1)**

Retail Category	Project	Project and Cumulative Projects	
		Total	> 3%
Motor Vehicle & Parts Dealers	\$0	\$0	\$0
Home Furnishings & Appliances	\$0	\$0	\$0
Building Materials & Garden Equipment	\$0	\$0	\$0
Food & Beverage Stores	\$12,667,084	\$25,089,908	\$12,915,262
Gasoline Stations	\$0	\$0	\$0
Clothing & Clothing Accessories	\$0	\$0	\$0
General Merchandise Stores	\$0	\$0	\$0
Food Services & Drinking Places	\$3,642,162	\$19,557,941	\$12,847,209
Other Retail Group	\$2,034,919	\$4,058,133	\$0
Total	\$18,344,165	\$48,705,981	\$25,762,471

Sources: Exhibits 24 and 35.

(1) Includes the Paradise Walmart project.

Because of interim expectations of market area growth, the impacts by the time the Paradise Walmart project is assumed to be completed are less than the cumulative project impacts coincident with the timing of the Project’s first full year of operations in 2018. This comparison is shown below in Table 11. With each successive year prior to completion of the Paradise Walmart project the cumulative impacts will continue to decline, as additional growth occurs in the market area. Thus, because of the lag in timing, the addition of the Paradise Walmart project is not anticipated to change the results of the cumulative impact analysis.

Table 11. Comparative Sales Impacts >3% of Existing Sales Base

Retail Category	Without the Paradise Walmart Project By 2018	With the Paradise Walmart Project By 2021
Motor Vehicle & Parts Dealers	\$0	\$0
Home Furnishings & Appliances	\$0	\$0
Building Materials & Garden Equipment	\$0	\$0
Food & Beverage Stores	\$13,739,651	\$12,915,262
Gasoline Stations	\$0	\$0
Clothing & Clothing Accessories	\$0	\$0
General Merchandise Stores	\$0	\$0
Food Services & Drinking Places	\$18,472,877	\$12,847,209
Other Retail Group	\$0	\$0
Total	\$32,212,528	\$25,762,471

Sources: Exhibits 33 and 35.

(1) Includes the Paradise Walmart project.

This finding of no change in cumulative impact analysis is strengthened by reconsideration of the earlier finding of retail sales leakage in Paradise. As noted earlier in Exhibit 19, Paradise leaks a considerable amount of household retail spending, equivalent to almost one-half of all demand generated by Paradise households. This level of leakage was estimated to be equivalent to support 470,000 square feet of retail space, based on the estimated 2015 household base. This supportable square feet estimate would only increase by 2021, the timeframe of the estimated Walmart Paradise project development. Since the Walmart Paradise project totals an estimated 227,000 square feet, this suggests the project would be well supported by its own market area, which will extend beyond Paradise to surrounding unincorporated areas, including areas not part of the Chico Walmart Expansion Project’s market area. Thus, in conclusion, inclusion of the Paradise Walmart project does not change the findings of the Project’s cumulative impact analysis.

Cumulative Impacts Conclusion. The cumulative impacts analysis concludes that at worst, one grocery store and some restaurants could close as a result of cumulative project development. The grocery store would likely be a conventional-oriented store in Chico. It is more difficult to forecast what or how many restaurants might close, as it will depend upon how successful the cumulative restaurants are and which restaurants experience erosion in their customer base due to changing dining patterns. Given that all the cumulative restaurants are located in Chico, it is likely that any restaurants that close will also be in Chico, as they will likely draw demand away from other Chico restaurants.

IX. URBAN DECAY DETERMINATION

The purpose of this chapter is to assess the degree to which development of Chico Walmart Expansion Project would or would not contribute to or cause urban decay. This includes impacts associated with the Project combined with other cumulative planned retail development. This chapter discusses the definition of urban decay, the study's approach to determining urban decay potential, and ALH Economics' urban decay determination.

STUDY DEFINITION OF URBAN DECAY

For the purpose of this analysis, urban decay is defined as, among other characteristics, visible symptoms of physical deterioration that invite vandalism, loitering, and graffiti that is caused by a downward spiral of business closures and long term vacancies. This physical deterioration¹⁵ to properties or structures is so prevalent, substantial, and lasting for a significant period of time that it impairs the proper utilization of the properties and structures, and the health, safety, and welfare of the surrounding community.

APPROACH TO DETERMINING URBAN DECAY POTENTIAL

ALH Economics engaged in several tasks to assess the probability of urban decay ensuing from Project development and the identified cumulative projects. These tasks revolved around assessing the potential for closed retail store spaces, if any, to either (a) remain vacant for a prolonged period of time such that they contribute to the multitude of causes that could eventually lead to urban decay, or (b) be leased to other retailers within a reasonable marketing period.

The purpose of this research was to determine if sufficient retailer demand exists to absorb vacated space in the event existing retailers close due to any negative economic impacts of the Project and the development of other planned retail. An additional purpose was to assess the potential for long-term vacancies to devolve into urban decay. ALH Economics conducted field research and contacted real estate brokers and third party resources to determine the commercial health of the market area.

THE CURRENT ENVIRONMENT

ALH Economics conducted fieldwork throughout portions of the City of Chico, Town of Paradise, and Unincorporated County areas as well. The purpose of this fieldwork was to perform reconnaissance of the Project site, identify and visit select competitive retailers, examine the physical condition of major shopping centers and commercial shopping corridors, and identify existing retail vacancies and assess their condition and appearance. These personal observations are complemented by historical and current retail market performance data, demonstrating the underlying strength or weakness of the local commercial retail market.

¹⁵ The manifestations of urban decay include such visible conditions as plywood-boarded doors and windows, parked trucks and long term unauthorized use of the properties and parking lots, extensive gang and other graffiti and offensive words painted on buildings, dumping of refuse on site, overturned dumpsters, broken parking barriers, broken glass littering the site, dead trees and shrubbery together with weeds, lack of building maintenance, homeless encampments, and unsightly and dilapidated fencing.

Retail Market Statistics

Historically, Chico has maintained a reasonably healthy retail market sector, while Paradise is in more moderate condition. Historical trend data in Exhibits 36 and 37 present quarterly vacancy, absorption, and new construction trends in Chico and Paradise, respectively, beginning 1st quarter 2007. Select 3rd quarter 2015 market statistics are summarized in Table 12. This table indicates that the retail inventory totals 7.3 million square feet in Chico and a much lesser 986,000 square feet in Paradise.

As summarized in Table 12, as of 3rd quarter 2015, Chico had an overall retail vacancy rate of 4.4%. This rate comprises a relative low in recent years, since hitting a peak of 7.3% in 1st quarter 2012. Prior to that time period the Chico vacancy rate was as low as 1.3% in 1st quarter 2008, which is an exceedingly low vacancy rate. All of these rates, however, indicate an extremely healthy and very stable retail base throughout the City.

In general, retail markets are deemed most healthy when there is some increment of vacancy, at least 5.0%, which allows for market fluidity and growth of existing retailers. Even retail vacancy rates at the 10.0% level are generally considered a reasonably healthy retail market. Thus, the current Chico retail vacancy rate of 4.4% is a very low vacancy rate and indicative of a very strong market.

**Table 12. Third Quarter 2015 Retail Vacancy and Inventory
Chico and Paradise**

City	Vacancy Rate	Retail Inventory	Vacant Sq. Ft.
Chico	4.4%	7,345,711	325,065
Paradise	10.4%	985,655	102,615

Sources: Exhibits 36 and 37.

The retail market in Paradise is not as strong as in Chico, although the market is presently healthier than in the recent past. As shown in Exhibit 37, Paradise retail vacancy peaked at 11.5% in the 4th quarter of 2014, but dropped to 10.4% by 3rd quarter 2015. Vacancy was lowest in the 2008 and 2009 timeframe, even at less than 1.0%, which is an extremely low vacancy rate not sustainable for a growing or dynamic retail market. While much higher now at 10.4%, this vacancy rate is still within the general range generally conceived to be acceptable for a retail commercial base.

Generally speaking, the 4.4% vacancy rate in Chico and 10.4% vacancy rate in Paradise are indicative of strong to moderate retail markets. This bodes well for the market area with respect to any potential increases in vacancy attributable to potential Project impacts resulting in store closures.

Representative Retail Lease Transactions

Table 13 demonstrates that retail vacancies in Chico are finding new tenants. This table summarizes 22 retail lease transactions for previously occupied spaces that occurred over the one-year time frame generally from mid-October 2014 to mid-October 2015. These 22 lease transactions totaled approximately 48,648 square feet of leased space, with a relatively small average of 2,211 square feet. The largest lease transaction during this timeframe was 7,507 square feet, for a medical service provider. Other lease transactions during this timeframe included 6,120 square feet for the Ready Chef Go restaurant included in the cumulative projects, 5,446 square feet for The Pour House, a lounge and restaurant, 3,500 square feet for ABC Books, and 3,235 square feet for MCM Vintage, a co-op offering a selection of vintage, mid-century furnishings, decor, antiques, collectibles, vinyl records, and fine art.

**Table 13. Chico Retail Lease Transactions
10/13/14-10/13/15**

Type	Number of Leases	Total Sq. Ft.	Largest Space	Average Sq. Ft.
Chico	22	48,648	7,507	2,211

Sources: CoStar; and ALH Urban & Regional Economics.

As a smaller market, Paradise experiences less retail market leasing activity than the much larger Chico. Accordingly, over the same time period measured in Chico, there was less retail market activity. However, as noted in Exhibit 37, Paradise has been characterized by net positive absorption on a quarterly basis since 3rd quarter 2014. Since that time period, Paradise has experienced approximately 18,000 square feet net retail absorption. This helped counter the generally successive net losses in retail over the prior two-year period from late 2012 to late 2014. While not excessively high, the demonstrated absorption is an indicator of the demand for previously occupied retail space in both Chico and Paradise.

Existing Vacancies

ALH Economics conducted fieldwork in Chico and Paradise to assess the condition of existing retail vacancies. A selection of properties was viewed representing a range of vacancies from small to large. The vacancies were located throughout the City of Chico and the Town of Paradise. Following are photos and comments regarding some of the representative vacancies. In general, these include vacancies at older and newer shopping centers, some of which are a bit run down given their age while others comprise newer construction. As noted in the photo comments, in general the vacancies were found to be well maintained with no visible signs of urban decay, especially with regard to boarded up windows, graffiti, or visible signs of trash. The vacancies are presented in no particular order, except that Chico vacancies are presented first.

2201 Pillsbury Road, The Almond Orchard Shopping Center, Shop Space Vacancy, Chico. This is a shop vacancy in an older neighborhood shopping center with approximately 5-6 total vacancies. The property in general is maintained with no signs of decay, with moderate shopping volume. Another space was advertising the grand opening of a nail salon.



896 East Avenue, Former Hollywood Video, Chico. This is a former Hollywood Video space available for lease. The property was most recently used as a temporary retail location for a Halloween Spirit store. This location is adjacent to the shopping center being rehabilitated where the New Earth Market is under construction.



3217 Cohasset Road, La Dolce Piazza, vacant furniture store, Chico. This is the site of Austin Brothers, a furniture store that relocated to Mangrove Avenue. This newer center is a medium-sized strip center with neighborhood-serving retail, restaurants, and business services. There are a number of smaller to medium vacancies, with this space comprising the largest. Overall the plaza is in good condition and well maintained with no signs of urban decay.



917 East Avenue, Fairview Shopping Center, Chico. This vacancy is located in this older, small strip mall, which is in relatively poor condition. There are approximately 11 to 12 total retail spaces, with 2 vacant. The former tenant of this space is unknown.



230 W. East Avenue, Towne & Country Shopping Center, Chico. This is one of 5 vacancies at this community shopping center, anchored by Save Mart. Vacancies range from approximately 900 to 1,300 square feet. The center has heavy shopper volume and the parking lot is in good condition. There do not appear to be any signs of urban decay, although the center looks a bit worn.



241 W East Avenue, Chico East Plaza, Chico. This is a well-maintained center anchored by Raley's and Orchard Supply Hardware. This is a medium-sized vacancy, and is the only apparent vacancy in the center, which has limited additional tenants, including Togos, Baskin Robins, Les Schwab Tires, and a Rabobank.



1505-1555 Springfield Drive, Springfield Village, Chico. This center is anchored by Kohl's and David's Bridal. This is a vacant Shoe Pavilion space. Springfield Village has close proximity to State Route 99 and the Chico Mall and is in excellent condition. All retail around the perimeter is vacant.



2560 Notre Dame Boulevard, Chico. This is a former 99 Cent Only store. This is a medium-sized vacancy of approximately 26,000 square feet in good condition with no visible signs of decay. The property is adjacent to Home Depot and TJ Maxx, both of which have high shopping volume.



6626-6646 Clark Road, Paradise Plaza, Paradise. This is an approximately 29,000-square-foot vacant former Rite Aid store. This space is at the end of a shopping center anchored by Big K and Save Mart. This space has been vacant for many years since Rite Aid relocated. The building is showing some indications of deterioration but there is no graffiti or trash and the parking lot is well maintained.



6020 Clark Road, Old Town Plaza, Paradise. This is a former Nature's Pantry store, which was a natural foods/supplements store. This is one of about 4 vacancies at the center, which is anchored by Safeway and also includes Grocery Outlet. The center is in excellent condition and is well maintained with no signs of urban decay.



Representative Vacancy Summary. As these photos demonstrate, the existing vacancies span a range of conditions, but with none exhibiting outward signs of urban decay. The vacancies are weighted towards Chico because the cumulative project impacts with potential retail closures are anticipated to occur in Chico and not Paradise. However, the condition of Paradise vacancies is instructive regarding overall retail market conditions. The former Rite Aid in Paradise appears to exemplify the worst conditions, mostly because of the unattractive nature of the metal grates installed across the front of the store. However, these grates are more uniform and pleasing to the eye than the traditional alternative, which would be plywood boards, which can be an indicator of conditions suggestive of urban decay. Moreover, this property has been vacant for many years, in which case its current condition is indicative of reasonably good property management in the face of prolonged vacancy.

Retail Backfilling Examples

As demonstration of the potential for backfilling of retail vacancies, including any vacancies that might result from the cumulative project's sales impacts, ALH Economics compiled a list of examples of backfilled tenants, with a focus on larger tenant spaces backfilled in Chico. This list, presented in Exhibit 38, includes 11 examples of backfilled tenant spaces, comprising almost 300,000 square feet of space. The average space cited totals approximately 27,200 square feet. Two of these examples were former grocery store spaces, but also include other larger tenant spaces. The distance of each backfilled site from the Project site is cited on Exhibit 38, with the distance ranging from 0.4 to 4.7 miles. The two examples closest to the Project site include the backfilling of Linen's N Things located 0.4 miles from the Project site, which closed in 2008 and was backfilled by PetsMart in 2012, and the backfilling of Fashion Bug & Nail Salon located 0.5 miles from the Project site by BevMo! in 2013. These two examples include retail spaces sized 25,000 and 8,500 square feet, respectively.

The quantity of good-sized retail backfill examples is a very strong indicator of the reuse potential of larger retail spaces and the attraction of the retail market in Chico. The information in Exhibit 38 identifies the current tenant and the prior tenant. Other examples beyond those cited above include Creative Composition, a printing and mail service, backfilling a former Grocery Outlet 22,000-square-foot space vacated in 2007 after the store relocated elsewhere in Chico and the former Mervyn's space at North Valley Plaza being subdivided and occupied by two new tenants, comprising Sportsman's Warehouse with 46,000 square feet and Goodwill with 26,000 square feet. Thus, the backfilling examples include spaces that were fully occupied by new tenants as well as existing spaces being subdivided to accommodate smaller tenants. These are just some of the 11 backfill examples collected for the purpose of this study, and this list is not comprehensive. The presence of these and yet other backfilling examples in Chico shows that the market has the demonstrated ability to backfill retail vacancies, including former grocery store space as well as larger spaces subdivided for multiple tenants. This information suggests that any retail vacancies that might occur in Chico as a result of cumulative project impacts will not remain vacant for long and especially will not contribute to conditions of urban decay or deterioration.

REGULATORY CONTROLS

Owners of commercial retail properties are generally financially motivated to maintain property in a manner appropriate to retain existing tenants and attract new retail tenants. This appears to be the case in the City of Chico and Town of Paradise, as evidenced by the overall positive prevailing physical condition of the retail vacancies in these jurisdictions. If property owners lag, however, and property maintenance begins to show signs of deferred maintenance or other disrepair, these two areas have regulatory controls that can be implemented to avoid the onset of deterioration or decay. A review of these regulations follows.

City of Chico

City ordinances, such as the City of Chico Municipal Code of Ordinances Chapter 1.14 on Nuisance Abatement, Chapter 8.02 Junk – Storage, Chapter 8.08 on Solid Waste Disposal – Storage and Collection, Chapter 8.20 on Weed and Rubbish Abatement, Chapter 9.20 on Camping, Chapter 9.22 Depositing Foreign Matter in Public Ways, Chapter 9.42 on Injury to Public Property, Chapter 9.44 on Obstruction of Streets and Sidewalks, Chapter 9.46 on Graffiti Removal, and Chapter 10.52 on Abandoned Vehicles require property owners to maintain their properties so as not to create a nuisance by creating a condition that reduces property values and promotes blight and neighborhood deterioration.¹⁶ Enforcement of these ordinances can help prevent physical deterioration due to any long-term closures of retail spaces. The City of Chico's Code Enforcement Department is part of the Housing and Neighborhood Services Department and is currently comprised of one code enforcement supervisor, whose title is Building Official, two Code Enforcement Officers (with a third one starting at the end of November 2015), and one Administrative Assistant.¹⁷

Code enforcement within the City of Chico is done on both a proactive basis by the Code Enforcement Department and a complaint basis by the public, with the majority being reactive.¹⁸ Public complaints can be made to the City by calling the Code Enforcement Department directly,

¹⁶ City of Chico, "Chico Municipal Code,"

[http://library.amlegal.com/nxt/gateway.dll/California/chico_ca/chicomunicipalcode?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:chico_ca](http://library.amlegal.com/nxt/gateway.dll/California/chico_ca/chicomunicipalcode?f=templates$fn=default.htm$3.0$vid=amlegal:chico_ca) (accessed November 3, 2015).

¹⁷ Code Enforcement Department, Administrative Assistant, City of Chico; interview conducted November 2015.

¹⁸ Ibid.

emailing the Code Enforcement Department, or mailing a written letter. The Code Enforcement Department works with residents, property owners, City Council, and other City departments to help resolve any violations on a voluntary basis. Code Enforcement staff promote and take part in a variety of community cleanup events, including the “Drop and Dash: Divert, Don’t Trash” for community members to get rid of unwanted items, instead of illegally dumping them.¹⁹

The City of Chico Municipal Code Section 1.14.040 on Manner of Serving Notices and Section 1.14.050 on Request to Abate Nuisance, state that once a nuisance has been determined the property owner will receive in-person, or by certified mail, a written notice to abate the nuisance, which sets forth a reasonable time to abate the nuisance, and advises the property owner of the potential consequences if the nuisance is not abated.²⁰ In addition, according to Section 1.14.100 Nuisance abatement work performed by or on behalf of the city:

Where a property owner has failed to abate a nuisance within the time prescribed by a nuisance abatement order approved by the city council and served on such property owner in the manner provided for by this chapter, the director shall cause the nuisance to be abated either by the use of city forces or, with approval of the city manager, by employing a private contractor to perform such work.²¹

Moreover, Sections 1.14.110 - 1.14.200 on Assessment for city abatement costs and Collection of assessment by recordation of council resolution levying assessment, state that the City shall keep a record of the expenses accrued to abate the violation, once complete the city clerk will schedule a hearing before the city council to determine if the abatement work was necessary and reasonable to abate the nuisance, and the owner will receive a copy of the record of costs and the time and date of the hearing at least 10 days prior. If the city council deems the abatement work necessary and reasonable, the city will levy an assessment against the owner of the property by placing a lien against the property and if the amount is not paid by the property owner it may be collected in any manner provided by law.²² According to the Code Enforcement Department the violations are resolved anywhere from an hour to months later, with an estimated majority of violations being resolved within 30 days.²³

From 2013 to mid-October 2015 the Code Enforcement Department opened an average of 1,300 cases per year, with an average closure rate of approximately 91%. Within the average 1,300

¹⁹ City of Chico, “Code Enforcement Department,” http://www.chico.ca.us/housing_neighborhood_services/code_enforcement/code_enforcement.asp (accessed November 17, 2015).

²⁰ City of Chico, “Municipal Code 1.14.040 on Manner of Serving Notices and Section 1.14.050 on Request to Abate Nuisance,” [http://library.amlegal.com/nxt/gateway.dll/California/chico_ca/chicomunicipalcode?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:chico_ca_public](http://library.amlegal.com/nxt/gateway.dll/California/chico_ca/chicomunicipalcode?f=templates$fn=default.htm$3.0$vid=amlegal:chico_ca_public) (accessed November 10, 2015).

²¹ City of Chico, “Municipal Code 1.14.100 on Nuisance abatement work performed by or on behalf of the city,” [http://library.amlegal.com/nxt/gateway.dll/California/chico_ca/chicomunicipalcode?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:chico_ca](http://library.amlegal.com/nxt/gateway.dll/California/chico_ca/chicomunicipalcode?f=templates$fn=default.htm$3.0$vid=amlegal:chico_ca) (accessed November 17, 2015).

²² City of Chico, “Municipal Code 1.14.110 – 1.14.200 on Assessment for city abatement costs and Collection of assessment by recordation of council resolution levying assessment,” [http://library.amlegal.com/nxt/gateway.dll/California/chico_ca/chicomunicipalcode?f=templates\\$fn=default.htm\\$3.0\\$vid=amlegal:chico_ca](http://library.amlegal.com/nxt/gateway.dll/California/chico_ca/chicomunicipalcode?f=templates$fn=default.htm$3.0$vid=amlegal:chico_ca) (accessed November 17, 2015).

²³ Code Enforcement Department, Administrative Assistant, City of Chico; interview conducted November 2015.

violations, approximately 13% occur on commercial property and 87% occur on residential private property. Typical types of violations that occur are for property maintenance—including graffiti, homeless encampments, zoning, signage, and anything within the municipal code. When graffiti violations are spotted property owners or community members can call the graffiti hotline to report the violation. The City of Chico Public Works Department will remove the graffiti (if feasible) within 24-48 hours. Property owners sign a waiver, which gives the Public Works Department permission to remove graffiti on an as-needed basis. Public works will remove the graffiti with a pressure washer, a coat of primer paint, or some other method; however, it is then up to the property owner to match their own paint.²⁴

Town of Paradise

In addition to Chico, the Town of Paradise also has ordinances that require property owners to maintain their properties so as not to create a nuisance by creating a condition that reduces property values and promotes blight and neighborhood deterioration.²⁵ These include the Town of Paradise Municipal Code of Ordinances Chapter 8.04 on Public Nuisance Abatement, Chapter 8.05 on Unlawful Dumping, Chapter 8.32, Article II on Parking on Property Not Designated as Trailer Camp, Chapter 10.06 on Illegally Parked Vehicles, and Chapter 10.16 on Abandoned Vehicles. Enforcement of these ordinances can help prevent physical deterioration due to any long-term closures of retail spaces. The Town of Paradise’s Code Enforcement Department is part of the Community Development Department.

Code enforcement within the Town of Paradise is done on both a proactive basis by the Code Enforcement Department and a complaint basis by the public. Public complaints can be made to the Town by calling the Code Enforcement Department directly, filling out an online form, or mailing a written letter. The Code Enforcement Department works with residents, neighborhood associations, public service agencies, and other Town departments to help resolve any violations on a voluntary basis.

The Town of Paradise Municipal Code Chapter 8.04.030 and 8.04.040 on Mailing notice to abate nuisance and Posting of notice on property, state that once a nuisance has been determined the property owner will receive by mail and a posting on the property, a written notice to abate the nuisance, which sets forth 30 days to abate the nuisance after the date of the notice.²⁶ In addition, according to Chapter 8.04.090 Abatement by town gives the town the right to abatement the nuisance if the nuisance has not been abated within the allotted time and Chapter 8.04.120 Expenses—A lien and a special assessment against the property states:

²⁴ Public Works Department, Senior Maintenance Worker, City of Chico; interview conducted November 2015.

²⁵ Town of Paradise, “Paradise Municipal Code,” https://www.municode.com/library/ca/paradise/codes/code_of_ordinances (accessed December 15, 2015).

²⁶ Town of Paradise, “The Town of Paradise Municipal Code Chapter 8.04.030 and 8.04.040 on Mailing notice to abate nuisance and Posting of notice on property,” https://www.municode.com/library/ca/paradise/codes/code_of_ordinances?nodeId=TIT8HESA_CH8.04P_UNUAB_8.04.030MANOABNU (accessed December 15, 2015).

If the property owner does not pay the expense of abating the nuisance within five (5) days after the town council confirms the costs of abatement, the cost shall become a lien and a special assessment against the real property upon which the nuisance was abated.²⁷

The Municipal Codes were created and adopted to address nuisances, blight, and sustain a clean environment for the Town of Paradise and its citizens.²⁸

ALH Economics did not obtain Information about code enforcement cases in Paradise; however, visual observation during fieldwork in November 2015 indicated that in general, code enforcement appears to be successful with limited evidence of properties exhibiting indicators of urban decay.

Summary

During the fieldwork conducted in November 2015 there were limited visible signs of litter, graffiti, weeds, or rubbish associated with existing commercial retail nodes and corridors in the City of Chico, Town or Paradise, or other select commercial areas within the market area. There was one instance where interior finish materials were noted on the sidewalk and parking lot outside a retail space undergoing renovation, which ALH Economics assumes was temporary during the renovation phase. All vacant commercial retail examined properties were reasonably well-maintained with no significant signs of decay or deterioration. Thus, ALH Economics concludes that existing measures to maintain private commercial property in good condition in the City of Chico and Town of Paradise are effective and would serve to preclude the potential for urban decay and deterioration in the event any existing area retailers close following the operations of the Project and other cumulative retail projects.

POTENTIAL FOR URBAN DECAY RESULTING FROM THE PROJECT

Contributing Causes to Urban Decay

Before considering how the Project and cumulative projects might affect the market and environs, it is useful to focus on what constitutes the *environmental* impact known as urban decay. The leading court case on the subject, *Bakersfield Citizens for Local Control v. City of Bakersfield* (2004) 124 Cal.App.4th 1184, 1204, described the phenomenon as “a chain reaction of store closures and long-term vacancies, ultimately destroying existing neighborhoods and leaving decaying shells in their wake.” The court also discussed prior case law that addressed the potential for large retail projects to cause “physical deterioration of [a] downtown area” or “a general deterioration of [a] downtown area.” (Id. at pp. 1206, 1207). When looking at the phenomenon of urban decay, it is also helpful to note economic impacts that do not constitute urban decay. For example, a vacant building is not urban decay, even if the building were to be vacant over a relatively long time. Similarly, even a number of empty storefronts would not constitute urban decay. Based on the preceding descriptions regarding urban decay, therefore, ALH Economics’ analysis examined whether there was sufficient market demand to support the Project without affecting existing retailers so severely such as to lead to a downward spiral toward decay of the commercial real estate market.

²⁷ Town of Paradise, “The Town of Paradise Municipal Code Chapter 8.04.090 and 8.04.120 on Abatement by town and Expenses –A lien and a special assessment against the property,” https://www.municode.com/library/ca/paradise/codes/code_of_ordinances?nodeId=TIT8HESA_CH8.04P_UNUAB_8.04.030MANOABNU (accessed December 15, 2015).

²⁸ Town of Paradise, “Code Enforcement,” <https://www.townofparadise.com/index.php/our-government/departments/code-enforcement> (accessed December 17, 2015).

Project and Cumulative Project Vacancy Impacts

The preceding analysis indicates that the Project alone is not anticipated to cause any existing retailers to close and vacate their commercial spaces. However, cumulative project impacts could contribute to the closure of one grocery store and one or more restaurant spaces in the City of Chico. More specifically, sales impacts in excess of typical market fluctuations (3%) could generate the following retail vacancies:

- Food & Beverage Store sales impacts of \$13.7 million could equate to 23,100 square feet of space using a store sales estimate of \$595 per square foot, which is a general standard for grocery stores (see Exhibit B-1)
- Food Services & Drinking Places sales impacts of \$18.5 million could equate to 37,000 square feet of space using a restaurant sales estimate of \$500 per square foot, which is a general figure for restaurants (see Exhibit B-1)

Alternatively, if no offset is considered for market fluctuations, the effect on grocery store vacancy could equate to 43,500 square feet of space, which is more consistent with the size of a full-service grocery store. For the sake of preparing a conservative analysis, it is assumed that about 60,100 to 80,500 square feet of retail space could close in Chico as a result of the cumulative projects.

Given the size of the Chico retail base, it would take about 75,000 square feet of incremental vacancy to increase the vacancy rate by 1.0%. Thus, the prospective cumulative project vacancy impacts would raise the City of Chico's vacancy rate by about this amount. Despite the number of vacancies shown above, Chico's retail vacancy per the CoStar data presented in Exhibit 36 is 4.4%. A 1.0% increment in this vacancy rate would increase the rate to 5.4%, which continues to be well within the range of a robust, healthy commercial retail sector. Even if Chico's vacancy rate rises to the most recent historical high of 7.3% in 2012, a 1.0% increase would still result in a vacancy rate considered within the range of a healthy commercial market. Thus, this potential increment in retail vacancy is not perceived to be detrimental to the real estate sector, and hence the physical environment of Chico. Further, the actual increment in vacancy will be less because as new development occurs the inventory will increase, so the vacancy will be a smaller percentage of the increased base.

In addition to increasing the prevailing vacancy rate by a nominal amount, the market has demonstrated the ability to backfill retail vacancies, including larger vacancies such as might be caused by the closure of a grocery store. The numerous examples presented in Exhibit 38 demonstrates that the market is resilient and that larger scale vacancies can be successfully backfilled. This provides support and evidence to suggest that continued backfilling can occur, without risk the market devolving into urban decay. In addition, as noted in Exhibit 33, there will be yet additional new market area demand in other retail categories not served by the cumulative projects. This level of demand totals \$21.9 million, which will generate support for additional retailers new to the market, which can help fill cumulative project-induced or other vacancies. This includes demand in many retail categories, including Motor Vehicles & Parts Dealers, Clothing & Clothing Accessories, General Merchandise, Home Furnishings & Appliances, and Building Materials & Garden Equipment.

Urban Decay Conclusion

In developing a conclusion regarding the potential for urban decay, ALH Economics relied on the definition presented earlier in this chapter, which focused on determining whether or not physical deterioration would likely result from the opening of the Project and other cumulative retail

developments. ALH Economics' conclusion is based on consideration of current market conditions, findings regarding sales and vacancy impacts, and regulatory controls, as summarized below:

Current Market Conditions: The fieldwork and market research indicated that retail market conditions are moderate to very strong in the market area's core commercial areas, with low to moderate retail vacancy rates. Retail leasing activity is occurring, especially in Chico, which comprises the more robust portion of the market area, and existing vacancies are well maintained.

Sales and Vacancy Impacts: ALH Economics anticipates that the Project alone will not result in closure of existing retailers. The Project combined with cumulative projects sales impacts could result in closure of existing retailers. The analysis suggests that one grocery store could close and some restaurants. The result could be the equivalent of up to 80,000 square feet of vacant space, anticipated to occur in the City of Chico. Even if this amount of vacancy results, however, the resulting increment in Chico's retail vacancy rate will be nominal, with the resulting vacancy rate well within the range indicative of a healthy retail market. Moreover, the market's demonstrated retail absorption, including backfilling of larger retail spaces, coupled with the strong to moderately strong market conditions, suggest that vacancies that might occur as a result of the cumulative project impacts would likely be backfilled within a reasonable time and not be characterized by prolonged vacancy.

Even if some sites experience prolonged vacancy because they might be of a size that experiences less demand or they are located in shopping centers with poor visibility or other undesirable characteristics, the prevailing conditions in the market area suggest that these vacancies would be well-maintained and would not devolve into urban decay or deterioration. Moreover, it should be noted that when tenants vacate prior to lease expiration, they continue to be responsible for rent and their share of building operating expenses. While not all tenants would have the wherewithal to continue these payments, national or regional retailers are more likely to have this capability. This is an important consideration because landlords would continue to receive income on these vacated spaces through committed lease payments, which means they would have available financial resources to continue to maintain their properties.

Regulatory Controls: During Project-related fieldwork conducted in November 2015, ALH Economics found there were little-to-no visible signs of litter, graffiti, weeds, or rubbish associated with existing commercial nodes in the Project's market area. Thus, ALH Economics concludes that existing measures to maintain private commercial property in good condition in Chico and Paradise are generally effective and would serve to help preclude the potential for urban decay and deterioration in the event any existing retailers in the market area close following the operations of the Project and other cumulative retail projects.

In conclusion, while some existing stores may experience negative impacts following the addition of the Project combined with cumulative retail developments, as evidence suggests that closed store spaces would not exhibit traditional signs of deterioration and decay, such as graffiti, refuse dumping, and dilapidated fencing. Existing vacant spaces throughout the area appear well-maintained, including longer-term vacancies. This, plus the recent area leasing activity, indicates that the City of Chico is an inherently appealing retail market. Based upon these findings, it is concluded that the

Walmart Expansion Project and the identified cumulative projects will not cause or significantly contribute to urban decay.

ASSUMPTIONS AND GENERAL LIMITING CONDITIONS

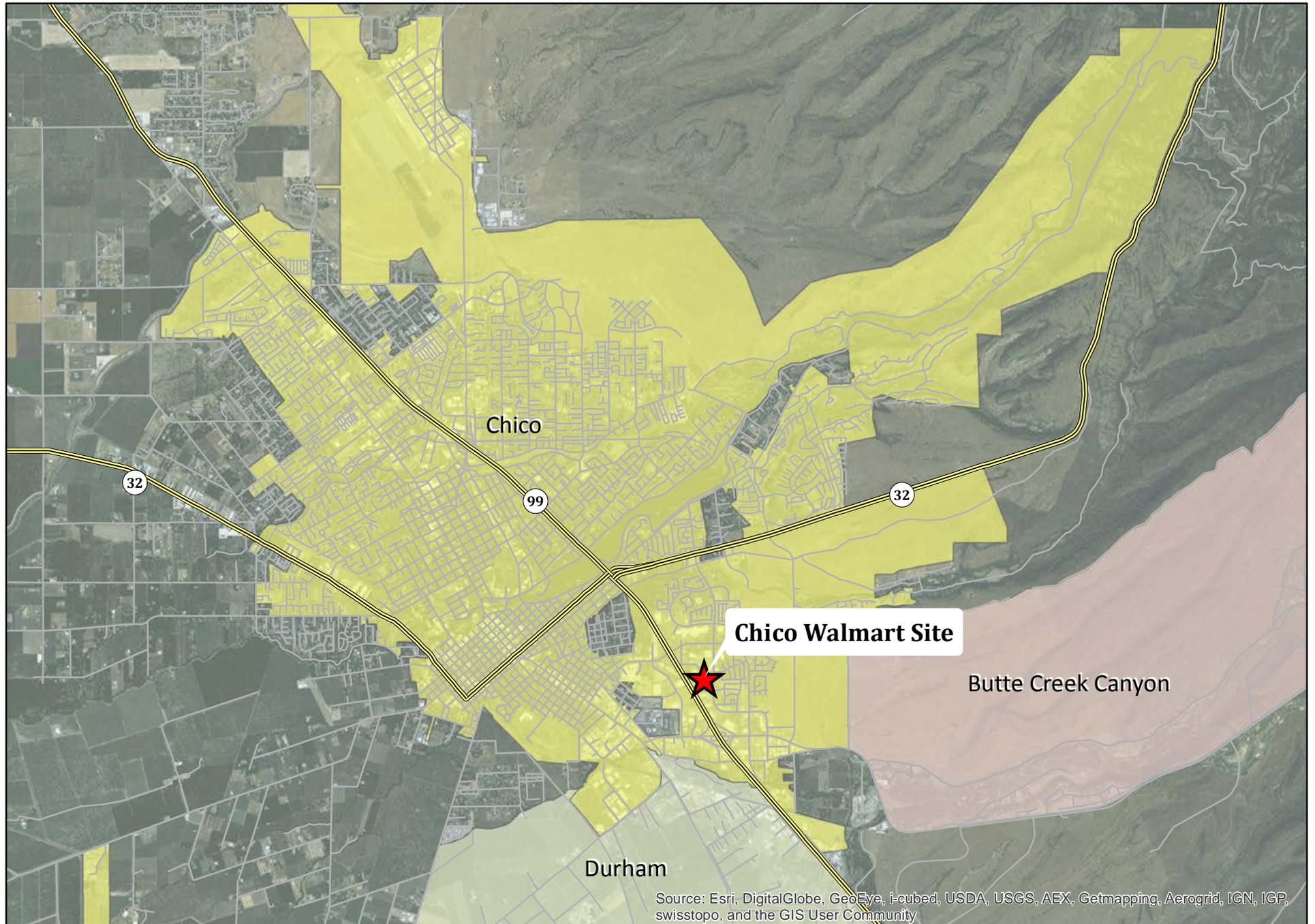
ALH Urban & Regional Economics has made extensive efforts to confirm the accuracy and timeliness of the information contained in this study. Such information was compiled from a variety of sources, including interviews with government officials, review of City and County documents, and other third parties deemed to be reliable. Although ALH Urban & Regional Economics believes all information in this study is correct, it does not warrant the accuracy of such information and assumes no responsibility for inaccuracies in the information by third parties. We have no responsibility to update this report for events and circumstances occurring after the date of this report. Further, no guarantee is made as to the possible effect on development of present or future federal, state or local legislation, including any regarding environmental or ecological matters.

The accompanying projections and analyses are based on estimates and assumptions developed in connection with the study. In turn, these assumptions, and their relation to the projections, were developed using currently available economic data and other relevant information. It is the nature of forecasting, however, that some assumptions may not materialize, and unanticipated events and circumstances may occur. Therefore, actual results achieved during the projection period will likely vary from the projections, and some of the variations may be material to the conclusions of the analysis.

Contractual obligations do not include access to or ownership transfer of any electronic data processing files, programs or models completed directly for or as by-products of this research effort, unless explicitly so agreed as part of the contract.

APPENDIX A: EXHIBITS

Exhibit 1: Chico Walmart Expansion Project Location



Source: Esri, DigitalGlobe, GeoEye, i-cubed, USDA, USGS, AEX, Getmapping, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community



This map contains information from sources we believe to be reliable, but we make no representation, warranty, or guarantee of its accuracy. This map is published for the use of ALH Urban & Regional Economics its clients only. Redistribution in whole or part to any third party without the prior written consent of ALH Urban & Regional Economics is strictly prohibited.

Exhibit 2
Chico Walmart Expansion Project
Project Description

Site Use	Planned Net Change Square Feet			Analyzed Net Change Square Feet (1)	
	Existing	Proposed	Net Change	Proposed	Net Change
Walmart					
General Merchandise Sales	91,529	101,821 (2)	10,292	102,159	10,630
Clothing and Clothing Accessories Stores	NA (3)	NA (3)	175 (3)	181	181
Food Sales	6,314	36,197	29,883	37,178	30,864
Food Sales Support	450	19,532	19,082	20,159	19,709
Food Tenant Area	1,505	2,080	575	2,099	594
Stockroom / Receiving Area	11,321	14,300	2,979	14,398	3,077
Tire and Lube Express	5,170	5,170	0	5,170	0
Outdoor Garden Center	5,413	5,413	0	5,413	0
Ancillary Area	9,600	11,000	1,400	11,046	1,446
Subtotal	131,302	195,513	64,386	197,802	66,500
Parcel 1 - Fuel Station and Kiosk (8 fueling positions)	0	1,451	1,451	1,500	1,500
Parcel 2 - Retail or Restaurant	0	26,300	26,300	26,300	26,300
Parcel 3 - Retail or Restaurant	0	25,700	25,700	25,700	25,700
Subtotal	0	53,451	53,451	53,500	53,500
TOTAL	131,302	248,964	117,837	251,302	120,000

Sources: City of Chico - Chico Walmart Expansion Administrative Draft EIR; City of Chico Walmart Expansion Project Description September 2015; First Carbon Solutions International; and ALH Urban & Regional Economics.

(1) To remain consistent with the EIR, ALH Economics analyzed square footages for the Walmart store expansion in excess of the actual planned square feet, by a factor of 3.0%.

(2) Initially this figure was cited as 101,996. However, the increment of space allocated for Clothing and Clothing Accessories stores (i.e., 175 square feet), is reallocated from General Merchandise Sales to Clothing and Clothing Accessories.

(3) Existing space allocated to Clothing and Clothing Accessories is not identified. However, the net change is estimated to comprise 175 square feet. Thus, this allocation of space is identified under the Net Change column. The 3% space buffer for the Walmart store is then applied to this space increment.

Exhibit 3
Walmart Stores Segment
Store Counts and Square Footages by Format
Fiscal Years Ending 2000-2015 (1)

Fiscal Year	Number of Stores by Store Format							
	Discount		Supercenter		Neighborhood Market		Total	
	<i>Count</i>	<i>% of Total</i>	<i>Count</i>	<i>% of Total</i>	<i>Count</i>	<i>% of Total</i>	<i>Count</i>	<i>% of Total</i>
2000	1,801	71%	721	29%	7	0%	2,529	100%
2001	1,736	66%	888	34%	19	1%	2,643	100%
2002	1,647	60%	1,066	39%	31	1%	2,744	100%
2003	1,568	55%	1,258	44%	49	2%	2,875	100%
2004	1,478	49%	1,471	49%	64	2%	3,013	100%
2005	1,353	43%	1,713	54%	85	3%	3,151	100%
2006	1,209	37%	1,980	60%	100	3%	3,289	100%
2007	1,075	31%	2,256	66%	112	3%	3,443	100%
2008	971	27%	2,447	69%	132	4%	3,550	100%
2009	891	24%	2,612	71%	153	4%	3,656	100%
2010	803	22%	2,747	74%	158	4%	3,708	100%
2011	708	19%	2,907	76%	189	5%	3,804	100%
2012	629	16%	3,029	78%	210	5%	3,868	100%
2013	561	14%	3,158	79%	286	7%	4,005	100%
2014	508	12%	3,288	78%	407	10%	4,203	100%
2015	470	10%	3,407	75%	639	14%	4,516	100%

Fiscal Year Ending	Square Footage by Store Format							
	Discount		Supercenter		Neighborhood Market		Total	
	<i>Sq. Ft.</i>	<i>% of Total</i>	<i>Sq. Ft.</i>	<i>% of Total</i>	<i>Sq. Ft.</i>	<i>% of Total</i>	<i>Sq. Ft.</i>	<i>% of Total</i>
2000	170,786,117	57%	130,713,208	43%	320,490	0%	301,819,815	100%
2001	165,374,845	50%	162,597,877	49%	898,152	0%	328,870,874	100%
2002	157,685,708	44%	197,442,347	55%	1,417,990	0%	356,546,045	100%
2003	151,913,061	39%	234,611,270	60%	2,160,833	1%	388,685,164	100%
2004	145,064,854	34%	275,067,679	65%	2,777,637	1%	422,910,170	100%
2005	135,481,000	30%	320,056,000	70%	3,621,000	1%	459,158,000	100%
2006	123,607,000	25%	370,711,000	74%	4,218,000	1%	498,536,000	100%
2007	114,507,000	21%	421,211,000	78%	4,672,000	1%	540,390,000	100%
2008	104,561,000	18%	456,516,000	81%	5,552,000	1%	566,629,000	100%
2009	96,304,000	16%	486,625,000	83%	6,370,000	1%	589,299,000	100%
2010	86,869,000	14%	509,475,000	85%	6,564,000	1%	602,908,000	100%
2011	75,116,000	12%	534,577,000	87%	7,374,000	1%	617,067,000	100%
2012	66,402,000	11%	552,237,000	88%	8,047,000	1%	626,686,000	100%
2013	59,098,000	9%	570,409,000	89%	11,226,000	2%	640,733,000	100%
2014	53,496,000	8%	589,858,000	89%	15,778,000	2%	659,132,000	100%
2015	49,327,000	7%	607,415,000	89%	23,370,000	3%	680,112,000	100%

Average Store Size, Discount and Supercenter Formats Combined

Fiscal Year Ending January 31:	Avg. Store Square Feet, Discount and Supercenter Formats Only	Avg. Store Square Feet, All Formats
2003	136,774	135,195
2004	142,466	140,362
2005	148,577	145,718
2006	155,007	151,577
2007	160,828	156,953
2008	164,154	159,614
2009	166,409	161,187
2010	167,984	162,597
2011	168,656	162,215
2012	169,119	162,018
2013	169,268	159,983
2014	169,482	156,824
2015	169,394	150,601

Sources: Walmart Stores, Inc. 10-K Reports for fiscal years ending January 31, 2000, January 31, 2001, January 31, 2002, January 31, 2003, January 31, 2004, January 31, 2005, January 31, 2006, January 31, 2007, January 31, 2008, January 31, 2009, January 31, 2010, January 31, 2011, January 31, 2012, January 31, 2013, January 31, 2014, and January 31, 2015; and ALH Urban & Regional Economics.

(1) The fiscal year generally ends on January 31st of that year, for example the fiscal year 2015 ended January 31, 2015.

Exhibit 4
Estimated Sales per Square Foot
All Walmart Stores
2005-2014

<u>Calendar Year (1)</u>	<u>Net Sales for All U.S. Walmart Stores (1)</u> [A]	<u>Square Footage of All U.S. Walmart Stores (1)</u> [B]	<u>Sales per Square Foot Estimates</u> [C = A / B]	<u>Annual CPI Index (2)</u> [D]	<u>Sales per Square Foot Adjusted to 2015 Dollars (3)</u> [E = H*(241.69/D)]
2005	\$209,910,000,000	459,158,000	\$457	198.90	\$556
2006	\$226,294,000,000	498,536,000	\$454	205.70	\$533
2007	\$239,529,000,000	540,390,000	\$443	212.23	\$505
2008	\$255,745,000,000	566,629,000	\$451	219.65	\$497
2009	\$258,229,000,000	589,299,000	\$438	218.82	\$484
2010	\$260,261,000,000	602,908,000	\$432	221.20	\$472
2011	\$264,186,000,000	617,067,000	\$428	227.49	\$455
2012	\$274,490,000,000	626,686,000	\$438	232.38	\$456
2013	\$279,406,000,000	640,733,000	\$436	235.82	\$447
2014	\$288,049,000,000	659,132,000	\$437	240.22	\$440
Estimated Average Sales Per Square Foot (2015\$)					\$484

Sources: United States Securities and Exchange Commission, Walmart Stores, Inc. 10-K forms for the fiscal year ending January 31, 2015 and the nine prior fiscal years; Bureau of Labor Statistics, Consumer Price Index for the United States; and ALH Urban & Regional Economics.

(1) Information in the first three columns is published in Walmart Stores, Inc. 10-K reports for the ten most recent fiscal years. Walmart's fiscal year primarily covers the prior year. For example, the Walmart fiscal year ending January 31, 2015 comprises 11 months in 2014 and one month in 2015. The analysis assumes that the sales and square footage figures for a fiscal year are a reasonable proxy for the prior calendar year results.

(2) Annual CPI Index for West Urban, All Items prepared by the Bureau of Labor Statistics.

(3) Calculated using the Bureau of Labor Statistics Consumer Price Index shown in Column D, benchmarked to the end of the first quarter 2015 Consumer Price Index (CPI) of 241.69. This timeframe best approximates the time frame for estimated retail sales in Chico reflected in the analysis.

Exhibit 5
Chico Walmart Expansion Project
Estimated Fuel Station Taxable Retail Sales

Project Component	Figure	Measure
Gasoline Sales		
Number of gallons sold (1)	1,825,000	annual gallons sold
Sale Price per Gallon of Gasoline (2)	\$3.89	per gallon
Fuel Taxes		
Federal Fuel Tax (3)	\$0.184	tax per gallon
State Fuel Tax (4)	\$0.395	tax per gallon
State Underground Storage Tank Fee (5)	\$0.140	tax per gallon
State Sales Tax (4)	2.25%	rate per gallon
Local Fuel Tax (6)	1.00%	rate per gallon
Taxable Base Sales Price per Gallon estimate for 2013-2014 (7)	\$3.05	per gallon
Change to Q1 2015 (8)	(17.8%)	
Adjusted to 2015	\$2.51	per gallon
2015 Taxable Gasoline Sales	\$4,576,190	annual taxable sales

Sources: AAA, "California Metro Areas Fuel Prices"; Tax Policy Center, "State Motor Fuels Tax Rates, 2013," <http://www.taxpolicycenter.org/taxfacts/displayafact.cfm?Docid=606>; californiagasprices.com; California State Board of Equalization, Fuel Taxes Division - Tax Rates; California State Board of Equalization, "Tax Rates – Special Taxes and Fees," http://www.boe.ca.gov/sptaxprog/tax_rates_stfd.htm#18.; Hinderliter de Llamas (HdL) City of Chico Sales Tax Data for Q1 2015 and Q1 2014; and ALH Urban & Regional Economics.

(1) For the purposes of the EIR's analysis, it is assumed that the fuel station would retail 5,000 gallons of petroleum products per day.

(2) Gas prices are highly volatile. For study purposes, the rate selected reflects an approximate average price throughout California over approximately mid-2013 to mid-2014. This is the time period that corresponds with the study's base taxable retail sales data obtained from the State of California Board of Equalization, referenced later in Exhibit 9. See www.californiagasprices.com/retail_price_chart.aspx.

(3) Federal tax rate per Tax Policy Center for 2013.

(4) Gas prices at the pump are fully loaded with all relevant taxes. To estimate the taxable cost per gallon it is necessary to deduce the taxable base by backing out all applicable taxes. The effective date of the cited taxes is July 1, 2013 according to the State of California Board of Equalization.

(5) State underground storage tank fee per BOE as of January 2014.

(6) While the Chico sales tax rate is higher than 1.00%, the purpose of this estimate is to back out the share of local taxes reflected in the average cost of gasoline in the State of California.

(7) Given the estimated sale price per gallon of gasoline, this is the estimated taxable portion less all applicable taxes.

(8) The taxable base sales price per gallon is adjusted pursuant to analysis of recent retail sales trends for the City of Chico (i.e., first quarter 2015 and first quarter 2014). This is the most recent sales performance data available through the City's tax consultant. See later Exhibit 10.

Exhibit 6
Chico Walmart Expansion Project
Distribution of Sales and Net Sales Estimates
2015 Dollars

Store Characteristic	California Board of Equalization Sales Category	Net New Square Feet (1)	Sales per Square Foot (2) (3)	Net New Sales
Walmart				
General Merchandise Sales	General Merchandise Stores	10,630	\$484	\$5,148,061
Clothing & Clothing Accessories	Clothing and Clothing Accessories Stores	181	\$469 (4)	\$84,739
Food Sales	Food and Beverage Stores	30,864	\$484	\$14,947,483
Food Sales Support	Food and Beverage Stores	19,709	\$484	\$9,544,820
Food Tenant Area	Food and Drinking Places	594	\$521 (5)	\$309,274
Stockroom / Receiving Area	Food and Beverage Stores	3,077	\$484	\$1,490,096
Tire and Lube Express	Motor Vehicles and Parts Dealers	0	NA	\$0
Outdoor Garden Center	Building Materials and Garden Equipment and Supplies	0	NA	\$0
Ancillary Area	Food and Beverage Stores	1,446	\$484	\$700,280
Subtotal		66,500		\$32,224,753
Parcel 1 -				
Fuel Station (8 fueling positions)	Gasoline Stations (7)	NA	NA	\$4,576,190
Kiosk	Food and Beverage Stores	1,500	\$595	\$892,909
Parcel 2 - Retail or Restaurant (6)				
	Food and Drinking Places (8)	12,850	\$500	\$6,418,830
	Other Retail Group (9)	12,850	\$429	\$5,512,438
Parcel 3 - Retail or Restaurant (6)				
	Food and Drinking Places (8)	13,150	\$500	\$6,568,686
	Other Retail Group (9)	13,150	\$429	\$5,641,133
Subtotal		53,500		\$29,610,186
Total/Weighted Average		120,000		\$61,834,939

Source: ALH Urban & Regional Economics.

(1) See Exhibit 2.

(2) See Exhibit 4 for Walmart sales per square foot.

(3) See Exhibit B-1 for sales per square foot for uses other than Walmart.

(4) The Clothing and Clothing Accessories Stores sales per square foot is based on the average estimated sales for Specialty Apparel for 2015 of \$469, see Exhibit B-1.

(5) This expansion space is for the existing restaurant tenant, Subway. The sales per square foot estimate is based on the average estimated sales for fast food restaurants for 2015 of \$521, see Exhibit B-1.

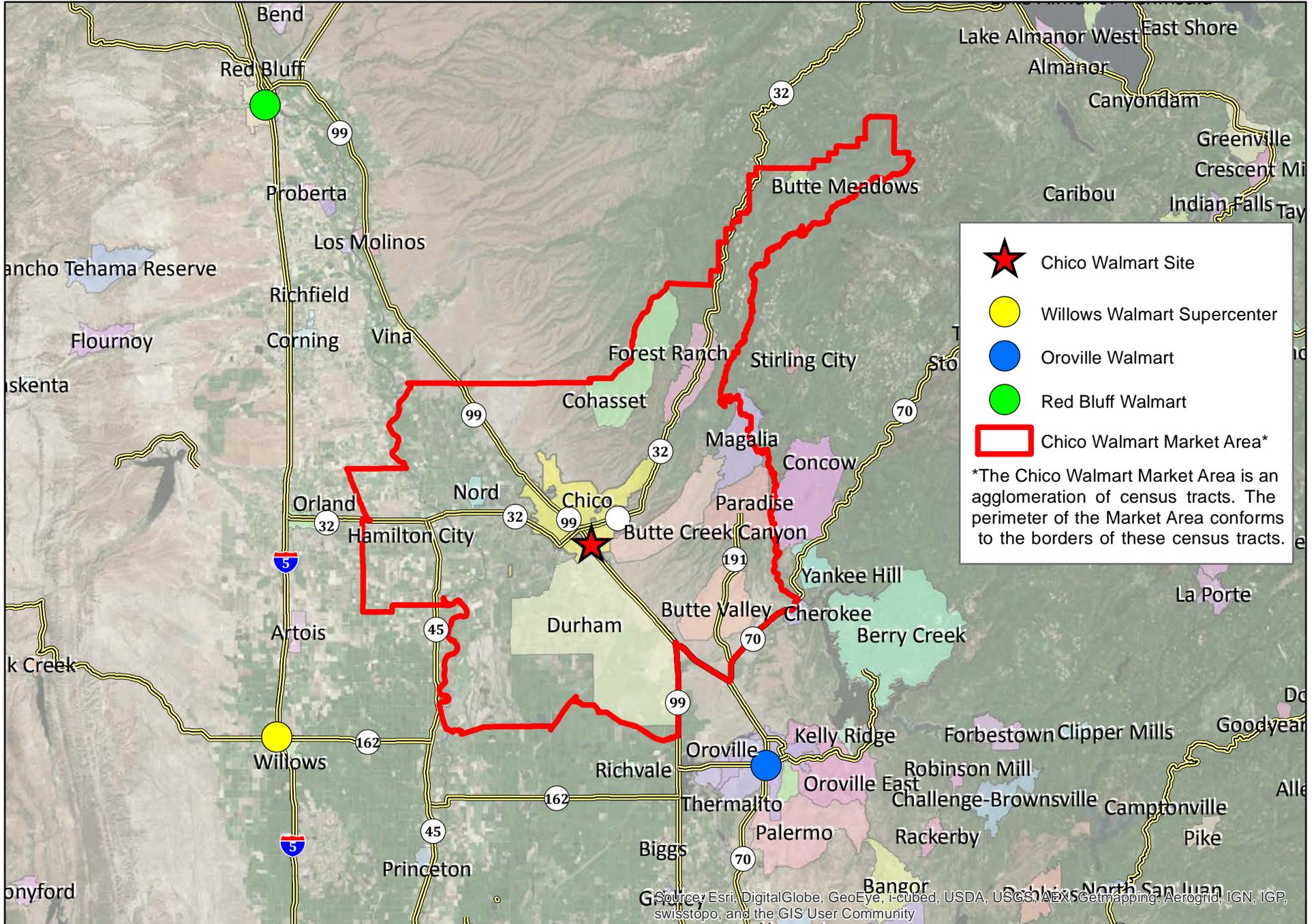
(6) ALH Urban & Regional Economics assumes Parcel 2 and Parcel 3 will include 50% of each of the following two retail categories: Food and Drinking Place; and Other Retail.

(7) See Exhibit 5.

(8) The Food and Drinking Places sales per square foot is based on the average estimated sales for restaurants for 2015 of \$500, see Exhibit B-1.

(9) The Other Retail sales sales per square foot is based on the average estimated sales for other retail categories for 2015 of \$429, see Exhibit B-1.

Exhibit 7: Chico Walmart Expansion Project Market Area



This map contains information from sources we believe to be reliable, but we make no representation, warranty, or guarantee of its accuracy. This map is published for the use of ALH Urban & Regional Economics its clients only. Redistribution in whole or part to any third party without the prior written consent of ALH Urban & Regional Economics is strictly prohibited.

Exhibit 8
Chico Walmart Expansion Project
Project Sales Generated by Market Area Residents (1)
2015 Dollars

Sales Category	Net New Sales	
	Total (2)	Generated by Market Area Residents (3)
General Merchandise Stores	\$5,148,061	\$4,118,448
Clothing and Clothing Accessories Stores	\$84,739	\$67,791
Food and Beverage Stores	\$27,575,589	\$22,060,471
Gasoline Stations	\$4,576,190	\$3,660,952
Food and Drinking Places	\$13,296,790	\$10,637,432
Other Retail Group	\$11,153,571	\$8,922,857
Total	\$61,834,939	\$49,467,951

Source: ALH Urban & Regional Economics.

(1) This pertains to the share of Project sales anticipated to be generated by households residing in the market area. Sales generated by households or other consumers living outside the market area are not subject to diversion from market area retailers, and thus are not included in the analysis.

(2) See Exhibit 6.

(3) ALH Urban & Regional Economics estimates that 20% of sales at the expanded Walmart will be attributed to consumers residing outside of the store's market area.

Exhibit 9
Chico Walmart Expansion Project
Market Area, City of Chico, and Town of Paradise Housing Units and Household Estimates and Projections
2014-2040

Geographic Area	2014	2015	2018	2020	2025	2030	2035	2040	Aggregate Growth		Average Annual Growth Rate	
									2014-2020	2020-2040	2014-2020	2020-2040
Population (1) (2)												
City of Chico	88,389	89,237	91,832	93,603	100,519	110,552	120,099	126,009	5,214	32,406	1.0%	1.5%
Town of Paradise	26,109	26,286	26,826	27,192	28,294	29,547	30,669	31,347	1,083	4,155	0.7%	0.7%
Butte County	222,316	225,245	234,264	240,476	260,981	285,534	306,598	319,342	18,160	78,866	1.3%	1.4%
Market Area less Hamilton City (3) (4)	157,778	159,856	166,257	170,666	185,219	202,644	217,593	226,638	12,888	55,971	1.3%	1.4%
Hamilton City CDP (5)	--	1,662	1,626	1,603	--	--	--	--	<i>Average Annual Growth Hamilton City</i>			-0.7%
Total Market Area Population	--	161,518	167,884	172,269	--	--	--	--	--	--	--	--
Housing Units (1) (2)												
City of Chico	38,146	38,512	39,632	40,396	43,381	47,711	51,831	54,382	2,250	13,986	1.0%	1.5%
Town of Paradise	13,023	13,111	13,381	13,563	14,113	14,738	15,298	15,636	540	2,073	0.7%	0.7%
Butte County	97,379	98,629	102,477	105,125	113,812	124,264	133,266	138,716	7,746	33,591	1.3%	1.4%
Market Area less Hamilton City (3) (4)	69,110	69,997	72,728	74,607	80,773	88,190	94,579	98,447	5,497	23,840	1.3%	1.4%
Households (6)												
City of Chico	34,879	35,214	36,237	36,936	39,665	43,625	47,392	49,724	2,057	12,788	1.0%	1.5%
Town of Paradise	11,908	11,989	12,235	12,401	12,904	13,476	13,988	14,297	494	1,895	0.7%	0.7%
Hamilton City CDP (5)	--	485	476	470	--	--	--	--	<i>Average Annual Growth Hamilton City</i>			-0.6%
Total Market Area Households (7)	--	64,487	66,975	68,687	--	--	--	--	--	--	--	--

Sources: Butte County Association of Governments, "Draft Butte County Long Term Regional Growth Forecasts 2014-2040, November 25, 2014" medium growth scenario, page 3; Nielson Reports 2015; State of California Department of Finance, "Table 2: E-5 City/County Population and Housing Estimates, 1/1/2015"; and ALH Urban & Regional Economics.

- (1) Figures in bold are figures provided by the cited data sources.
- (2) Housing unit estimates pursuant to the Butte County Association of Governments medium growth scenario.
- (3) See Exhibit B-2 for the census tracts that comprise the Market Area.
- (4) To estimate the housing units in the Market Area per the Butte County Association of Governments (BCAG) data, ALH Urban & Regional Economics used Nielson Reports to estimate the percentage of households in the market area within Butte County. This percentage was then applied to the BCAG Butte County housing units to estimate the market area housing units. See Exhibit B-3.
- (5) The Hamilton City census-designated place is not located in Butte County, and thus needs to be separately estimated. See Exhibit B-3 for the projections pertaining to this Glenn County location.
- (6) The household estimate applies a housing vacancy rate of 8.6% estimate to the housing units. This vacancy rate is per the State of California Department of Finance as of January 1, 2015 for Butte County.
- (7) The total market area households includes the calculations noted in footnote 4 to the Butte County housing units plus the estimated and projected households in Hamilton City CDP.

Exhibit 10
Market Area Retail Spending Potential (1)
Existing Retail Demand, 2015
2015 Dollars

Type of Retailer	Per Household Demand (2)	Total Market Area Demand (3)
Motor Vehicles and Parts Dealers	\$3,045	\$196,378,915
Home Furnishings and Appliance Stores	\$1,138	\$73,399,732
Building Materials and Garden Equip (4)	\$1,329	\$85,730,874
Food and Beverage Stores	\$3,776	\$243,492,993
Gasoline Stations	\$2,547	\$164,241,879
Clothing and Clothing Accessories Stores	\$1,564	\$100,860,795
General Merchandise Stores	\$3,072	\$198,078,382
Food Services and Drinking Places	\$2,812	\$181,329,603
Other Retail Group (5)	\$2,769	\$178,547,392
Total	\$22,052	\$1,422,060,565

Source: ALH Urban & Regional Economics.

(1) All figures are expressed in 2015 dollars.

(2) The per household spending estimates for the market area were generated by ALH Urban & Regional Economics by taking the estimated average 2015 market area household income figure of \$61,757 and multiplying by 36%, utilizing the assumption that 36% of household income is spent on BOE type retail. This figure was then multiplied by the percentages calculated from the ratio of the BOE sales for the State of California. See Exhibit B-4.

(3) Represents per household spending multiplied by the respective household count in Exhibit 9.

(4) Building Materials and Garden Equipment includes hardware stores, plumbing and electrical supplies, paint and wallpaper products, glass stores, lawn and garden equipment, and lumber.

(5) Other Retail Group includes drug stores, electronics, health and personal care, pet supplies, gifts, art goods and novelties, sporting goods, florists, electronics, musical instruments, stationary and books, office and school supplies, second-hand merchandise, and miscellaneous other retail stores.

Exhibit 11
Retail Demand Generated by Market Area Household Growth
2015-2018 (1)
2015 Dollars

Type of Retailer	Market Area	
	Per Household Demand (2)	New Growth 2015-2018 (3)
Motor Vehicles and Parts Dealers	\$3,045	\$7,575,837
Home Furnishings and Appliance Stores	\$1,138	\$2,831,589
Building Materials and Garden Equip .	\$1,329	\$3,307,296
Food and Beverage Stores	\$3,776	\$9,393,387
Gasoline Stations	\$2,547	\$6,336,065
Clothing and Clothing Accessories Stores	\$1,564	\$3,890,972
General Merchandise Stores	\$3,072	\$7,641,398
Food Services and Drinking Places	\$2,812	\$6,995,270
Other Retail Group	\$2,769	\$6,887,938
Total	\$22,052	\$54,859,752

Source: ALH Urban & Regional Economics.

(1) The year increment represents the base time period and the anticipated completion of the Walmart expansion in 2018.

(2) The per household spending estimates for the Market Area were generated by ALH Urban & Regional Economics by taking the estimated average 2015 area household income figure of \$61,757 for 2015 from Nielson Reports and multiplying by 36%, utilizing the assumption that 36% of household income is spent on BOE type retail. This figure was then multiplied by the percentages calculated from the ratio of the BOE sales for the State of California. See Exhibit B-4.

(3) Represents per household spending multiplied by the respective increase in households. The net increase in market area households is estimated at 2,488 between 2015 and 2018. See Exhibit 9 for household projections.

Exhibit 12
Existing and Future Market Area Retail Demand by Category
2015 and 2018

Type of Retailer	Existing 2015 (1)	Incremental 2015-2018 (2)	Total 2018
Motor Vehicles and Parts Dealers	\$196,378,915	\$7,575,837	\$203,954,751
Home Furnishings and Appliance Stores	\$73,399,732	\$2,831,589	\$76,231,321
Building Materials and Garden Equip	\$85,730,874	\$3,307,296	\$89,038,170
Food and Beverage Stores	\$243,492,993	\$9,393,387	\$252,886,380
Gasoline Stations	\$164,241,879	\$6,336,065	\$170,577,944
Clothing and Clothing Accessories Stores	\$100,860,795	\$3,890,972	\$104,751,768
General Merchandise Stores	\$198,078,382	\$7,641,398	\$205,719,780
Food Services and Drinking Places	\$181,329,603	\$6,995,270	\$188,324,873
Other Retail Group (6)	\$178,547,392	\$6,887,938	\$185,435,331
Total	\$1,422,060,565	\$54,859,752	\$1,476,920,317

Source: ALH Urban & Regional Economics.

(1) See Exhibit 10.

(2) See Exhibit 11.

**Exhibit 13
Chico State Student Housing Distribution and Student Budget
2015**

Housing Type	Number of Students
2015-2016 Housing Type	
Dormitories (1)	1,500
University Owned Apartments/Housing (1)	850
Fraternities/Sororities (2)	112
Off Campus Private Housing (3)	13,789
Total Full-Time Student Population (4)	16,251

Estimated Standard Full-Time Budgets for 2015/2016 (nine-month academic year) (5)

	Undergraduate			Post baccalaureate		
	Off Campus	On Campus	With Relatives	Off Campus	On Campus	With Relatives
Tuition/Fees	\$7,022	\$7,022	\$7,022	\$8,178	\$8,178	\$8,178
Books/Supplies	\$1,764	\$1,764	\$1,764	\$1,764	\$1,764	\$1,764
Room/Board	\$10,996	\$12,234	\$4,770	\$10,996	\$12,234	\$4,770
Transportation	\$1,084	\$1,084	\$1,084	\$1,084	\$1,084	\$1,084
Personal	\$1,392	\$1,392	\$1,392	\$1,392	\$1,392	\$1,392
	\$22,258	\$23,496	\$16,032	\$23,414	\$24,652	\$17,188

Sources: California State University (CSU) Chico Public Affairs and Publications, "Chico Facts"; CSU Chico University Housing and Food Service; CSU Fraternity and Sorority Affairs; CSU Financial Aid & Scholarship Office; and ALH Urban & Regional Economics.

(1) Per the CSU Chico University Housing and Food Service.

(2) Per the CSU Fraternity and Sorority Affairs.

(3) The CSU Chico University Housing and Food Service does not have access to the number of students living in private/off campus housing. ALH Urban & Regional Economics estimated the figure for students living in off campus housing by subtracting the figures given for the University-owned housing and the fraternities/sororities from the total full-time student body.

(4) Per the CSU Chico University Housing and Food Service.

(5) Undergraduate budgets reflect estimated amount of State University Fee; other costs are averaged. Post baccalaureate budgets reflect weighted averages of estimated Credential and Graduate fees, and an average for other costs. Budgets are for a nine-month academic year. One-semester budgets are half the above amounts. Budgets include direct university charges (fees and on-campus room and board) and discretionary expenses (transportation, books and supplies, personal expenses, and off-campus room and board).

Exhibit 14
City of Chico Taxable Sales Estimate
in Current Dollars
Third Quarter 2013 Through Second Quarter 2014
(in \$000s)

Type of Retailer	BOE Taxable Sales Estimate in \$000s (1)				Total Taxable Sales	City of Chico Taxable
	Q3 2013	Q4 2013	Q1 2014	Q2 2014	City of Chico	Sales Adjusted to
	[A]	[B]	[C]	[D]	[E = A + B + C +D]	Total Retail
Motor Vehicle & Parts Dealers	\$51,417	\$49,878	\$48,748	\$52,584	\$202,627	\$202,627
Home Furnishings & Appliances	\$19,463	\$24,238	\$20,256	\$19,024	\$82,981	\$82,981
Building Materials & Garden Equipment	\$35,430	\$29,513	\$32,323	\$41,676	\$138,942	\$138,942
Food & Beverage Stores	\$21,555	\$24,995	\$21,140	\$23,149	\$90,839	\$302,797 (2)
Gasoline Stations	\$39,250	\$34,840	\$34,360	\$39,577	\$148,027	\$148,027
Clothing & Clothing Accessories	\$24,219	\$31,090	\$22,684	\$24,750	\$102,743	\$102,743
General Merchandise Stores	\$60,458	\$80,892	\$57,608	\$62,306	\$261,264	\$348,352 (3)
Food Services & Drinking Places	\$42,444	\$46,477	\$46,412	\$48,382	\$183,715	\$183,715
Other Retail Group	\$34,526	\$42,019	\$35,685	\$38,556	\$150,786	\$199,275 (4)
Total (5)	\$328,762	\$363,942	\$319,216	\$350,004	\$1,361,924	\$1,709,459

Sources: California State Board of Equalization (BOE), "Taxable Sales in California (Sales & Use Tax)" reports, for Third Quarter 2013, Fourth Quarter 2013, First Quarter 2014, and Second Quarter 2014; U.S. Economic Census, "Retail Trade: Subject Series - Product Lines: Product Lines Statistics by Kind of Business for the United States: 2007"; and ALH Urban & Regional Economics.

(1) Taxable sales are pursuant to reporting by the State of California Board of Equalization (BOE).

(2) Sales for Food and Beverage Stores have been adjusted to account for non-taxable sales; only 30.0% of all food store sales are estimated to be taxable.

(3) Sales for General Merchandise Stores have been adjusted to account for non-taxable food sales, since some General Merchandise Store sales include non-taxable food items. ALH Urban & Regional Economics estimates that at least 25% of General Merchandise sales are for grocery items that are also non-taxable. This estimate is based on analysis of the 2007 U.S. Economic Census, which attributes 26% of General Merchandise Stores sales to food.

(4) Sales for Other Retail Group have been adjusted to account for non-taxable drug store sales, since drug store sales are included in the Other Retail Group category. ALH Urban & Regional Economics estimates that 33.0% of drug store sales are taxable, based on discussions with the California BOE and examination of U.S. Census data. In Butte County, drug store sales in Q3 2013, Q4 2013, Q1 2014, and Q2 2014 represented approximately 15.84% of all Other Retail Group sales. ALH Urban & Regional Economics applied that percentage and then adjusted upward for non-taxable sales.

(5) Totals may not add up due to rounding.

Exhibit 15
City of Chico
Adjusted Retail Sales Base
2015 Estimate

Type of Retailer	City of Chico Sales Base			Sales per Household 2015 (4)
	2013/2014 (1) (2)	Increase to Q2 2015 (3)	Approx. 2015 Estimate	
	[A]	[B]	[C = A x (1+ B)]	[D = C / # of HH]
Motor Vehicles & Parts Dealers	\$202,627,000	9.0%	\$220,803,989	\$5,733
Home Furnishings & Appliance Stores	\$82,981,000	2.7%	\$85,219,524	\$2,213
Building Materials & Garden Equipment	\$138,942,000	9.3%	\$151,879,591	\$3,944
Food & Beverage Stores	\$302,796,667	(1.5%)	\$298,328,121	\$7,746
Gasoline Stations	\$148,027,000	(17.8%)	\$121,632,452	\$3,158
Clothing & Clothing Accessories Stores	\$102,743,000	10.9%	\$113,950,981	\$2,959
General Merchandise Stores	\$348,352,000	0.2%	\$348,998,349	\$9,062
Food Services & Drinking Places	\$183,715,000	5.1%	\$193,156,218	\$5,015
Other Retail Group	\$199,275,294	6.1%	\$211,525,038	\$5,492
Total	\$1,709,458,961	2.1%	\$1,745,494,262	\$45,323

Sources: Hinderliter de Llamas (HdL) City of Chico Sales Tax Data for Q2 2015 and Q1 2014; and ALH Urban & Regional Economics.

(1) See Exhibit 14.

(2) Reflects sales for third quarter 2013 through second quarter 2014.

(3) The sales base is adjusted pursuant to analysis of recent retail sales trends for the City of Chico (i.e., second quarter 2015 and second quarter 2014). This is the most recent sales performance data available through the City's tax consultant.

(4) The City of Chico had an estimated 38,512 households in early 2015. See Exhibit 9.

Exhibit 16
City of Chico
Retail Demand, Sales Attraction, and Spending Analysis (1)
2015

Type of Retailer	Per Household		City of Chico Household Spending (4)	City of Chico Sales (3)	Retail Sales Attraction/(Leakage)	
	Spending (2)	Sales (3) (4)			Amount	Percent
Motor Vehicles and Parts Dealers	\$3,003	\$5,733	\$115,636,637	\$220,803,989	\$105,167,351	47.6%
Home Furnishings and Appliance Stores	\$1,122	\$2,213	\$43,221,026	\$85,219,524	\$41,998,498	49.3%
Building Materials and Garden Equip (5)	\$1,311	\$3,944	\$50,482,151	\$151,879,591	\$101,397,440	66.8%
Food and Beverage Stores	\$3,723	\$7,746	\$143,379,502	\$298,328,121	\$154,948,619	51.9%
Gasoline Stations	\$2,511	\$3,158	\$96,712,921	\$121,632,452	\$24,919,530	20.5%
Clothing and Clothing Accessories Stores	\$1,542	\$2,959	\$59,391,321	\$113,950,981	\$54,559,660	47.9%
General Merchandise Stores	\$3,029	\$9,062	\$116,637,359	\$348,998,349	\$232,360,990	66.6%
Food Services and Drinking Places	\$2,773	\$5,015	\$106,774,933	\$193,156,218	\$86,381,285	44.7%
Other Retail Group (6)	\$2,730	\$5,492	\$105,136,644	\$211,525,038	\$106,388,395	50.3%
Total	\$21,743	\$45,323	\$837,372,495	\$1,745,494,262	\$908,121,767	52.0%

Source: ALH Urban & Regional Economics.

(1) All figures are expressed in 2015 dollars.

(2) The per household spending estimates for the City of Chico were generated by ALH Urban & Regional Economics by taking the estimated average 2015 area household income figure of \$60,892 for 2015 from Nielson Reports and multiplying by 36%, utilizing the assumption that 36% of household income is spent on BOE type retail. This figure was then multiplied by the percentages calculated from the ratio of the BOE sales for the State of California. See Exhibit B-4.

(3) See Exhibit 15.

(4) Represents per household spending multiplied by the respective household count for Market Area of 38,512.

(5) Building Materials and Garden Equipment includes hardware stores, plumbing and electrical supplies, paint and wallpaper products, glass stores, lawn and garden equipment, and lumber.

(6) Other Retail Group includes drug stores, health and personal care, pet supplies, gifts, art goods and novelties, sporting goods, florists, musical instruments, stationary and books, office and school supplies, second-hand merchandise, and miscellaneous other retail stores.

Exhibit 17
Town of Paradise Taxable Sales Estimate
in Current Dollars
Third Quarter 2013 Through Second Quarter 2014
(in \$000s)

Type of Retailer	BOE Taxable Sales Estimate in \$000s (1)				Total Taxable Sales	Town of Paradise
	Q3 2013	Q4 2013	Q1 2014	Q2 2014	Town of Paradise	Taxable Sales
	[A]	[B]	[C]	[D]	[E = A + B + C +D]	Adjusted to Total
						Retail
Motor Vehicle & Parts Dealers	\$2,605	\$2,427	\$2,579	\$2,989	\$10,600	\$10,600
Home Furnishings & Appliances	\$758	\$822	\$808	\$813	\$3,201	\$3,201
Building Materials & Garden Equipment	\$3,468	\$3,198	\$2,927	\$4,128	\$13,721	\$13,721
Food & Beverage Stores	\$3,932	\$4,451	\$3,734	\$4,101	\$16,218	\$54,060 (2)
Gasoline Stations	\$10,840	\$10,171	\$9,569	\$11,506	\$42,086	\$42,086
Clothing & Clothing Accessories	\$189	\$238	\$176	\$309	\$912	\$912
General Merchandise Stores	\$3,395	\$4,519	\$3,303	\$3,876	\$15,093	\$20,124 (3)
Food Services & Drinking Places	\$5,487	\$5,627	\$5,617	\$5,922	\$22,653	\$22,653
Other Retail Group	\$3,518	\$4,234	\$3,613	\$3,999	\$15,364	\$20,305 (4)
Total (5)	\$34,192	\$35,687	\$32,326	\$37,643	\$139,848	\$187,662

Sources: California State Board of Equalization (BOE), "Taxable Sales in California (Sales & Use Tax)" reports, for Third Quarter 2013, Fourth Quarter 2013, First Quarter 2014, and Second Quarter 2014; U.S. Economic Census, "Retail Trade: Subject Series - Product Lines: Product Lines Statistics by Kind of Business for the United States: 2007"; and ALH Urban & Regional Economics.

(1) Taxable sales are pursuant to reporting by the State of California Board of Equalization (BOE).

(2) Sales for Food and Beverage Stores have been adjusted to account for non-taxable sales; only 30.0% of all food store sales are estimated to be taxable.

(3) Sales for General Merchandise Stores have been adjusted to account for non-taxable food sales, since some General Merchandise Store sales include non-taxable food items. ALH Urban & Regional Economics estimates that at least 25% of General Merchandise sales are for grocery items that are also non-taxable. This estimate is based on analysis of the 2007 U.S. Economic Census, which attributes 26% of General Merchandise Stores sales to food.

(4) Sales for Other Retail Group have been adjusted to account for non-taxable drug store sales, since drug store sales are included in the Other Retail Group category. ALH Urban & Regional Economics estimates that 33.0% of drug store sales are taxable, based on discussions with the California BOE and examination of U.S. Census data. In Butte County, drug store sales in Q3 2013, Q4 2013, Q1 2014, and Q2 2014 represented approximately 15.84% of all Other Retail Group sales. ALH Urban & Regional Economics applied that percentage and then adjusted upward for non-taxable sales.

(5) Totals may not add up due to rounding.

Exhibit 18
Town of Paradise
Adjusted Retail Sales Base
2015 Estimate

Type of Retailer	Town of Paradise Sales Base			Sales per Household 2015
	2013 (1) (2)	Increase to Q2 2015 (3)	Approx. 2015 Estimate	(4)
	[A]	[B]	[C = A x (1+ B)]	[D = C / # of HH]
Motor Vehicles & Parts Dealers	\$10,600,000	1.12%	\$10,719,154	\$894
Home Furnishings & Appliance Stores	\$3,201,000	1.12%	\$3,236,982	\$270
Building Materials & Garden Equipment	\$13,721,000	1.12%	\$13,875,237	\$1,157
Food & Beverage Stores	\$54,060,000	1.12%	\$54,667,687	\$4,560
Gasoline Stations	\$42,086,000	(17.8%)	\$34,581,687	\$2,885
Clothing & Clothing Accessories Stores	\$912,000	1.12%	\$922,252	\$77
General Merchandise Stores	\$20,124,000	1.12%	\$20,350,213	\$1,697
Food Services & Drinking Places	\$22,653,000	1.12%	\$22,907,642	\$1,911
Other Retail Group	\$20,304,707	1.12%	\$20,532,952	\$1,713
Total	\$187,661,707	-3.23%	\$181,793,808	\$15,164

Sources: Bureau of Labor Statistics Consumer Price Index West Urban; and ALH Urban & Regional Economics.

(1) See Exhibit 17.

(2) Reflects sales for third quarter 2013 through second quarter 2014.

(3) The sales base is adjusted pursuant to the urban west Consumer Price Index for the end of second quarter 2014 to end of second quarter 2015 with the exception of gas prices. ALH Urban & Regional Economics estimates that gas prices would decline similar to the City of Chico and used the same adjustment figure (see Exhibit 15).

(4) The Town of Paradise had an estimated 11,989 households in early 2015. See Exhibit 9.

Exhibit 19
Town of Paradise
Retail Demand, Sales Attraction, and Spending Analysis (1)
2015

Type of Retailer	Per Household		Paradise Household Spending (4)	Paradise Sales (3)	Retail Sales Attraction/(Leakage)	
	Spending (2)	Sales (3) (4)			Amount	Percent
Motor Vehicles and Parts Dealers	\$4,042	\$894	\$48,459,768	\$10,719,154	(\$37,740,614)	(77.9%)
Home Furnishings and Appliance Stores	\$1,511	\$270	\$18,112,606	\$3,236,982	(\$14,875,624)	(82.1%)
Building Materials and Garden Equip (5)	\$1,765	\$1,157	\$21,155,521	\$13,875,237	(\$7,280,284)	(34.4%)
Food and Beverage Stores	\$5,012	\$4,560	\$60,085,952	\$54,667,687	(\$5,418,265)	(9.0%)
Gasoline Stations	\$3,381	\$2,885	\$40,529,419	\$34,581,687	(\$5,947,733)	(14.7%)
Clothing and Clothing Accessories Stores	\$2,076	\$77	\$24,889,081	\$922,252	(\$23,966,830)	(96.3%)
General Merchandise Stores	\$4,077	\$1,697	\$48,879,140	\$20,350,213	(\$28,528,927)	(58.4%)
Food Services and Drinking Places	\$3,732	\$1,911	\$44,746,100	\$22,907,642	(\$21,838,458)	(48.8%)
Other Retail Group (6)	\$3,675	\$1,713	\$44,059,543	\$20,532,952	(\$23,526,591)	(53.4%)
Total	\$29,271	\$15,164	\$350,917,132	\$181,793,808	(\$169,123,325)	(48.2%)

Source: ALH Urban & Regional Economics.

(1) All figures are expressed in 2015 dollars.

(2) The per household spending estimates for the Town of Paradise were generated by ALH Urban & Regional Economics by taking the estimated average 2015 area household income figure of \$97,570 for 2015 from Nielson Reports and multiplying by 30%, utilizing the assumption that 30% of household income is spent on BOE type retail. This figure was then multiplied by the percentages calculated from the ratio of the BOE sales for the State of California. See Exhibit B-4.

(3) See Exhibit 18.

(4) Represents per household spending multiplied by the respective household count for Paradise of 11,989.

(5) Building Materials and Garden Equipment includes hardware stores, plumbing and electrical supplies, paint and wallpaper products, glass stores, lawn and garden equipment, and lumber.

(6) Other Retail Group includes drug stores, health and personal care, pet supplies, gifts, art goods and novelties, sporting goods, florists, musical instruments, stationary and books, office and school supplies, second-hand merchandise, and miscellaneous other retail stores.

Exhibit 20
Town of Paradise
Supportable Square Feet from Existing Households
2015 Dollars

Retail Category	Town of Paradise Retail Leakage (1)	Sales Per Sq. Ft. (2)	Supportable Sq. Ft.	
			Amount (3)	Vacancy Adjusted (4)
Motor Vehicles and Parts	\$37,740,614	\$800 (5)	47,176	49,659
Home Furnishings and Appliances	\$14,875,624	\$323	46,126	48,553
Building Materials and Garden Equip.	\$7,280,284	\$300	24,282	25,560
Food and Beverage Stores	\$5,418,265	\$595	9,102	9,581
Gasoline Stations	\$5,947,733	NA (6)	N/A (6)	N/A (6)
Clothing and Clothing Accessories	\$23,966,830	\$385	62,256	65,533
General Merchandise Stores	\$28,528,927	\$297	96,015	101,069
Food Services and Drinking Places	\$21,838,458	\$500	43,719	46,020
Other Retail Group	\$23,526,591	\$429	54,843	57,729
Subtotal	\$169,123,325	--	383,518	403,704
Additional Service Increment (15% of total) (7)	N/A	N/A	67,680	71,242
Total	N/A	N/A	451,198 (8)	474,945
Total Rounded to Nearest 10,000			450,000	470,000 (9)

Source: ALH Urban & Regional Economics.

(1) See Exhibit 19 for the amount of estimated Town of Paradise retail sales leakage.

(2) These figures reflect achievable sales per square foot estimates for each respective retail category except as noted. The figures reflect general industry averages as well as national averages reported in the Retail MAXIM publication "Alternative Retail Risk Analysis for Alternative Capital." See Exhibit B-1.

(3) Reflects the estimated supportable square feet of retail for each category with leakage.

(4) Includes a 5% vacancy allowance for all categories of retail space.

(5) The cited source for sales per square foot, Retail Maxim (see Exhibit B-1), does not include sales figures for auto dealers. Sales figures for auto parts stores are included, and average \$227 per square foot. However, auto dealer sales greatly outweigh these sales in the overall category. Such sales are typically very high, especially relative to the amount of building area required to support their sales. For analytical purposes ALH Urban & Regional Economics assumes such sales are high, and overall average \$800 for the category.

(6) Gasoline sales are highly volatile, and gasoline stations do not typically require large increments of built space. Therefore, estimates for gasoline stations are excluded from this analysis.

(7) Includes an allocation of 15% of space to accommodate service retail, such as banks, personal, and business services.

(8) Excludes Gasoline Stations.

(9) Reflects the total amount of retail space supportable by 100% of the estimated Town of Paradise retail leakage.

Exhibit 21
Market Area Taxable Sales Estimate
Third Quarter 2013 Through Second Quarter 2014
2013-2014 Current Dollars

Type of Retailer	Butte County Sales (1)	City of Chico (2)	City of Paradise (3)	City of Oroville (4)	City of Gridley (5)	City of Biggs (6)	Estimate of Unincorporated Butte County Sales	Estimate of Unincorporated Butte County Portion of the Market Area Sales (7)
	[A]	[B]	[C]	[D]	[E]	[F]	[G = A - (B+C+D+E+F)]	[H = G * 51.9%]
Motor Vehicle & Parts Dealers	\$290,490,000	\$202,627,000	\$10,600,000	\$40,032,000	\$10,965,556	\$0	\$26,265,444	\$13,627,874
Home Furnishings & Appliances	\$118,198,000	\$82,981,000	\$3,201,000	\$5,883,000	\$1,883,812	\$168,139	\$24,081,050	\$12,494,498
Building Materials & Garden Equipment	\$236,807,000	\$138,942,000	\$13,721,000	\$32,948,646	\$6,999,810	\$272,860	\$43,922,685	\$22,789,367
Food & Beverage Stores	\$543,210,000	\$302,796,667	\$54,060,000	\$79,246,667	\$9,707,319	\$271,548	\$97,127,800	\$50,394,941
Gasoline Stations	\$304,209,000	\$148,027,000	\$42,086,000	\$56,033,000	\$2,380,086	\$4,478,615	\$51,204,299	\$26,567,446
Clothing & Clothing Accessories	\$124,524,000	\$102,743,000	\$912,000	\$7,685,000	\$116,227	\$0	\$13,067,773	\$6,780,239
General Merchandise Stores	\$452,540,000	\$348,352,000	\$20,124,000	\$62,555,986	\$3,262,295	\$8,486	\$18,237,233	\$9,462,422
Food Services & Drinking Places	\$265,792,000	\$183,715,000	\$22,653,000	\$37,360,000	\$11,103,070	\$513,098	\$10,447,832	\$5,420,877
Other Retail Group	\$343,750,506	\$199,275,294	\$20,304,707	\$55,455,170	\$4,734,358	\$41,268	\$63,939,708	\$33,175,237
Total	\$2,679,520,506	\$1,709,458,961	\$187,661,707	\$377,199,469	\$51,152,533	\$5,754,013	\$348,293,823	\$180,712,901

Source: ALH Urban & Regional Economics.

(1) See Exhibit B-6.

(2) See Exhibit 14.

(3) See Exhibit 17.

(4) See Exhibit B-7

(5) See Exhibit B-9.

(6) See Exhibit B-12.

(7) To estimate the percentage of the market area's portion of unincorporated Butte County, ALH Urban & Regional Economics used the average percentage of market area population that lives in unincorporated Butte County of 51.9%. See Exhibit 9. This is deemed a reasonable approach for analytical purposes.

Exhibit 22
Market Area Taxable Sales Estimate
2015
Current Dollars

Type of Retailer	Estimate of Unincorporated Butte County Portion of the Market Area Sales			City of Chico (3)	City of Paradise (4)	Hamilton City CDP		Estimated 2015 Market Area Sales
	2013-2014 (1)	Increase to Q2 2015 (2)	Approx. 2015 Estimate			2013-2014 (5)	Approx. 2015 Estimate	
	[A]	[B]	[C = A * (1+B)]			[F]	[G = F * (1+B)]	
Motor Vehicle & Parts Dealers	\$13,627,874	1.12%	\$13,781,065	\$220,803,989	\$10,719,154	\$439,448	\$444,388	\$245,748,596
Home Furnishings & Appliances	\$12,494,498	1.12%	\$12,634,948	\$85,219,524	\$3,236,982	\$75,386	\$76,234	\$101,167,688
Building Materials & Garden Equipment	\$22,789,367	1.12%	\$23,045,542	\$151,879,591	\$13,875,237	\$0	\$0	\$188,800,370
Food & Beverage Stores	\$50,394,941	1.12%	\$50,961,429	\$298,328,121	\$54,667,687	\$1,843,562	\$1,864,286	\$405,821,522
Gasoline Stations	\$26,567,446	(17.83%)	\$21,830,231	\$121,632,452	\$34,581,687	\$10,865,394	\$8,927,996	\$186,972,365
Clothing & Clothing Accessories	\$6,780,239	1.12%	\$6,856,455	\$113,950,981	\$922,252	\$0	\$0	\$121,729,688
General Merchandise Stores	\$9,462,422	1.12%	\$9,568,789	\$348,998,349	\$20,350,213	\$0	\$0	\$378,917,352
Food Services & Drinking Places	\$5,420,877	1.12%	\$5,481,813	\$193,156,218	\$22,907,642	\$2,121,523	\$2,145,371	\$223,691,044
Other Retail Group	\$33,175,237	1.12%	\$33,548,159	\$211,525,038	\$20,532,952	\$0	\$0	\$265,606,150
Total (5)	\$180,712,901	(1.7%)	\$177,708,431	\$1,745,494,262	\$181,793,808	\$15,345,313	\$13,458,274	\$2,118,454,774

Source: ALH Urban & Regional Economics.

(1) See Exhibit 21.

(2) The sales base is adjusted pursuant to the urban west Consumer Price Index for the end of second quarter 2014 to end of second quarter 2015 with the exception of gas prices. ALH Urban & Regional Economics estimates that gas prices would decline similar to the City of Chico and used the same adjustment figure (see Exhibit 15).

(3) See Exhibit 15.

(4) See Exhibit 18.

(5) See Exhibit B-14.

Exhibit 23
Market Area
Retail Demand, Sales Attraction, and Spending Analysis (1)
2015

Type of Retailer	Market Area Household Spending (2)	Market Area Sales (3)	Retail Sales Attraction/(Leakage)	
			Amount	Percent
Motor Vehicles and Parts Dealers	\$196,378,915	\$245,748,596	\$49,369,681	20.1%
Home Furnishings and Appliance Stores	\$73,399,732	\$101,167,688	\$27,767,956	27.4%
Building Materials and Garden Equip (5)	\$85,730,874	\$188,800,370	\$103,069,496	54.6%
Food and Beverage Stores	\$243,492,993	\$405,821,522	\$162,328,529	40.0%
Gasoline Stations	\$164,241,879	\$186,972,365	\$22,730,487	12.2%
Clothing and Clothing Accessories Stores	\$100,860,795	\$121,729,688	\$20,868,892	17.1%
General Merchandise Stores	\$198,078,382	\$378,917,352	\$180,838,970	47.7%
Food Services and Drinking Places	\$181,329,603	\$223,691,044	\$42,361,441	18.9%
Other Retail Group (6)	\$178,547,392	\$265,606,150	\$87,058,757	32.8%
Total	\$1,422,060,565	\$2,118,454,774	\$696,394,210	32.9%

Source: ALH Urban & Regional Economics.

(1) All figures are expressed in 2015 dollars.

(2) See Exhibit 10.

(3) See Exhibit 22.

Exhibit 24
Project Sales Impacts
Impact on Existing Market Area Retail Sales Base Inclusive of Future Demand to 2018
2015 Dollars

Retail Category	Market Area Sales Impacts Inclusive of Future Demand						
	Walmart Market Area-Generated Project Sales (1)	New Market Area Demand 2015-2018 (2)	Project Sales in Excess of New Market Area Demand (3)	Remaining Demand Available for Retail Backfilling	Market Area Existing Sales Base (4)	Sales Impact % of Market Area Sales Base	Sales Impact > 3% of Sales Base (5)
	[A]	[B]	[C = A - B if >0]	[D = B - A if >0]	[E]	[F = C / E]	[G = C - (E * 0.3) if >0]
Motor Vehicle & Parts Dealers	\$0	\$7,575,837	\$0	\$7,575,837	\$245,748,596	0.0%	\$0
Home Furnishings & Appliances	\$0	\$2,831,589	\$0	\$2,831,589	\$101,167,688	0.0%	\$0
Building Materials & Garden Equipment	\$0	\$3,307,296	\$0	\$3,307,296	\$188,800,370	0.0%	\$0
Food & Beverage Stores	\$22,060,471	\$9,393,387	\$12,667,084	\$0	\$405,821,522	3.1%	\$492,439
Gasoline Stations	\$3,660,952	\$6,336,065	\$0	\$2,675,114	\$186,972,365	0.0%	\$0
Clothing & Clothing Accessories	\$67,791	\$3,890,972	\$0	\$3,823,181	\$121,729,688	0.0%	\$0
General Merchandise Stores	\$4,118,448	\$7,641,398	\$0	\$3,522,950	\$378,917,352	0.0%	\$0
Food Services & Drinking Places	\$10,637,432	\$6,995,270	\$3,642,162	\$0	\$223,691,044	1.6%	\$0
Other Retail Group	\$8,922,857	\$6,887,938	\$2,034,919	\$0	\$265,606,150	0.8%	\$0
Total	\$49,467,951	\$54,859,752	\$18,344,165	\$23,735,966	\$2,118,454,774	0.9%	\$492,439

Source: ALH Urban & Regional Economics.

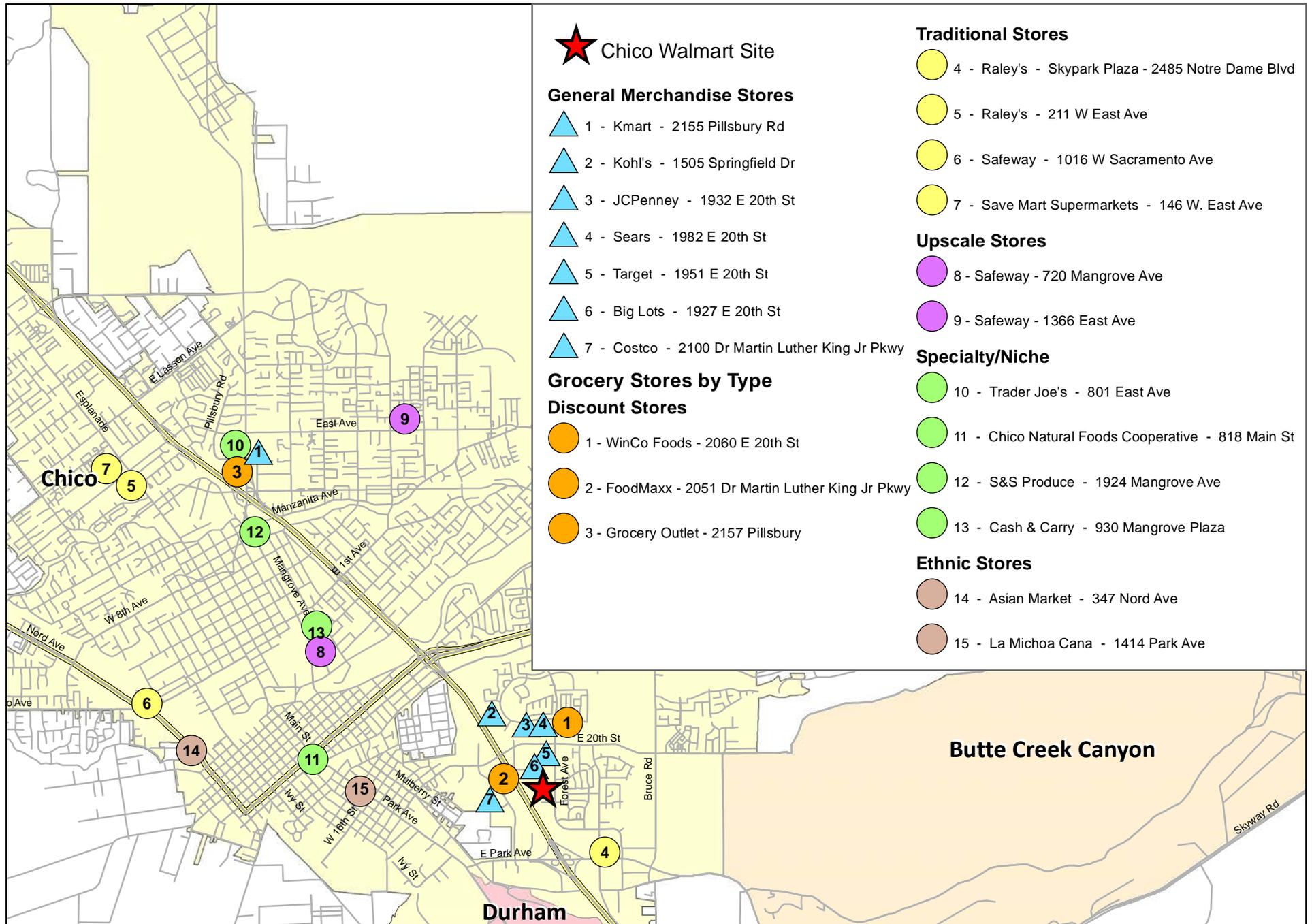
(1) See Exhibit 6.

(2) See Exhibit Exhibit 11.

(3) Comprises the level of net Chico Walmart Expansion market-area-generated sales not anticipated to be absorbed by new demand occurring between the 2015 baseline period and 2018, the projected first full year of operations for the Chico Walmart Expansion. These are the amount of sales anticipated to be diverted from existing baseline retail establishments in the Market Area in order for the Chico Walmart Expansion Project to achieve its assumed level of sales generated by Market Area residents, assuming only Market Area establishments experience sales impacts.

(4) See Exhibit 22.

Exhibit 25: Chico Grocery and General Merchandise Stores



Chico Walmart Site

General Merchandise Stores

- ▲ 1 - Kmart - 2155 Pillsbury Rd
- ▲ 2 - Kohl's - 1505 Springfield Dr
- ▲ 3 - JCPenney - 1932 E 20th St
- ▲ 4 - Sears - 1982 E 20th St
- ▲ 5 - Target - 1951 E 20th St
- ▲ 6 - Big Lots - 1927 E 20th St
- ▲ 7 - Costco - 2100 Dr Martin Luther King Jr Pkwy

Grocery Stores by Type

Discount Stores

- 1 - WinCo Foods - 2060 E 20th St
- 2 - FoodMaxx - 2051 Dr Martin Luther King Jr Pkwy
- 3 - Grocery Outlet - 2157 Pillsbury

Traditional Stores

- 4 - Raley's - Skypark Plaza - 2485 Notre Dame Blvd
- 5 - Raley's - 211 W East Ave
- 6 - Safeway - 1016 W Sacramento Ave
- 7 - Save Mart Supermarkets - 146 W. East Ave

Upscale Stores

- 8 - Safeway - 720 Mangrove Ave
- 9 - Safeway - 1366 East Ave

Specialty/Niche

- 10 - Trader Joe's - 801 East Ave
- 11 - Chico Natural Foods Cooperative - 818 Main St
- 12 - S&S Produce - 1924 Mangrove Ave
- 13 - Cash & Carry - 930 Mangrove Plaza

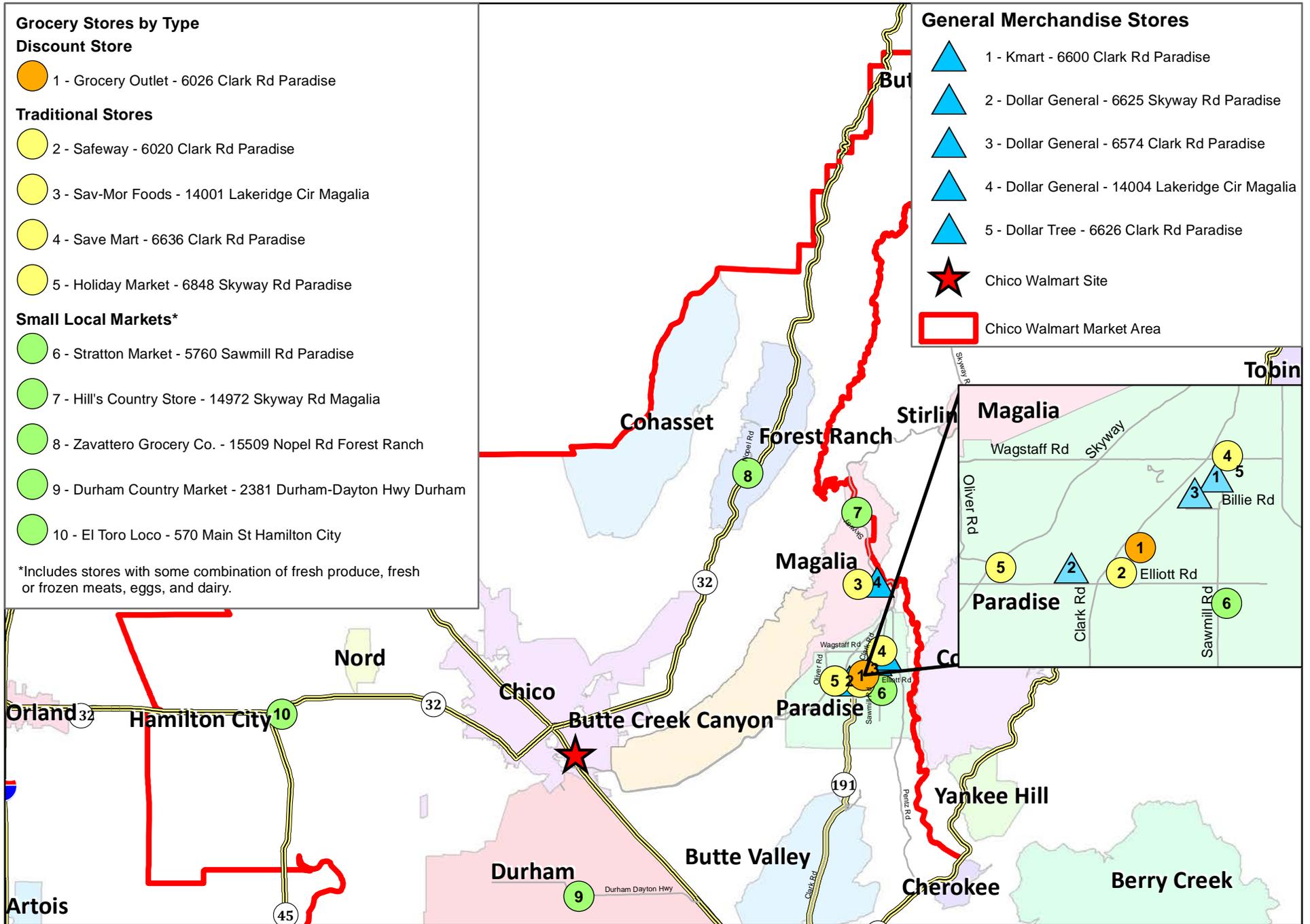
Ethnic Stores

- 14 - Asian Market - 347 Nord Ave
- 15 - La Michoa Cana - 1414 Park Ave



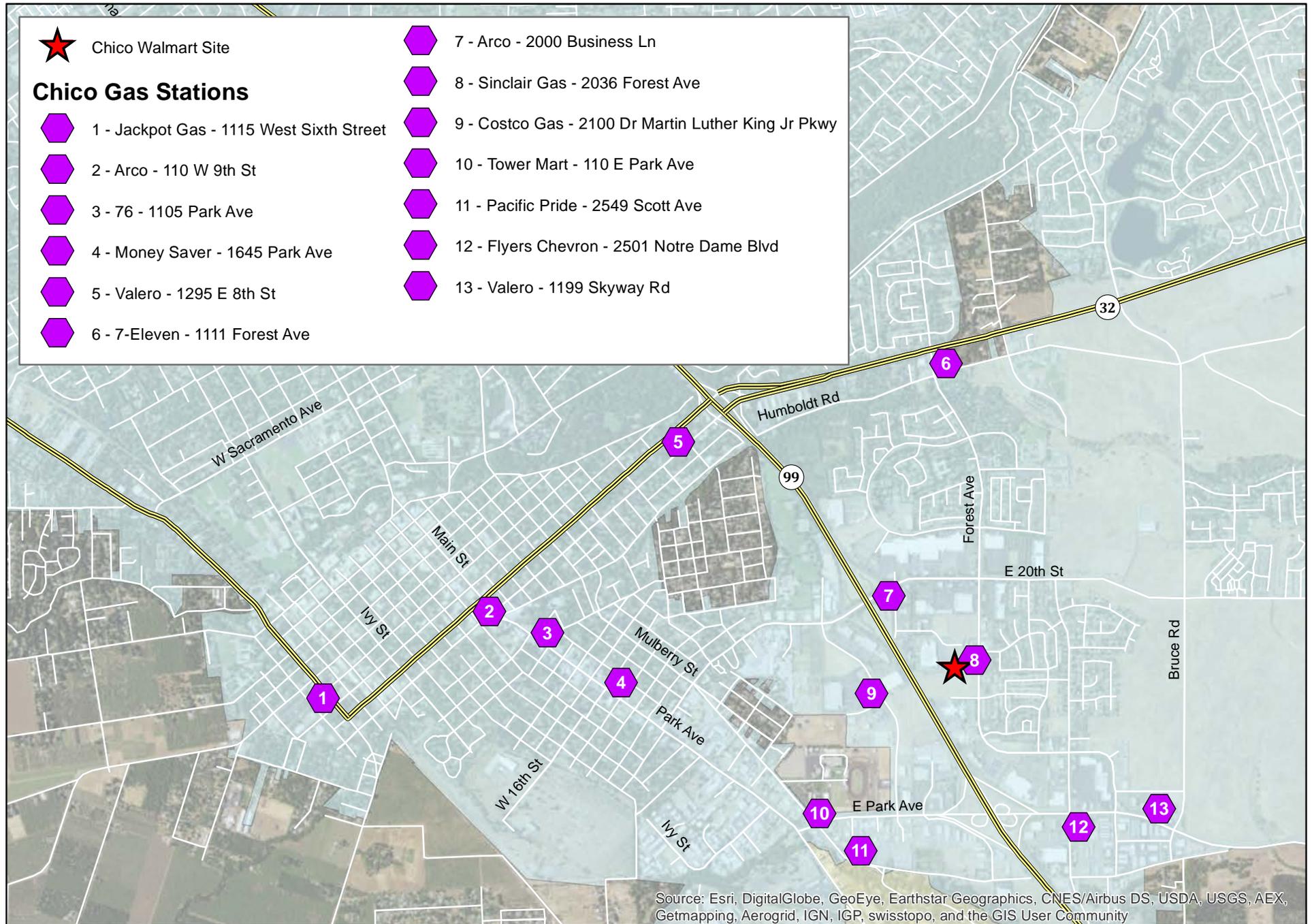
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Exhibit 26: Other Market Area Grocery and General Merchandise Stores



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Exhibit 27: Chico Walmart Expansion Site and Area Gas Stations, South of Route 32



Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AEX, Getmapping, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community



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Exhibit 28
List of City of Chico Gas Stations Located Near the Chico Walmart Expansion Site
Gas Stations South of State Route 32
November 4, 2015 (1)

Map #	Name of Station	Address	Distance from Project Site (miles)	Number of Pumps	Price of Gas per Gallon		Name of Convenience Store	Unique Store Features
					(Cash/Debit)	(Credit)		
1	Jackpot Gas	1115 W. 6th St.	3.5	2	Regular: \$2.59 Mid Grade:\$2.89 Premium: \$3.09 Diesel: N/A	Regular: \$2.69 Mid Grade: \$2.99 Premium: \$3.09 Diesel: N/A	Foodmart	
2	Arco	110 W. 9th St.	2.3	4	Regular: \$2.35 Mid Grade:\$2.59 Premium: \$2.69 Diesel: \$2.65	Regular: N/A Mid Grade: N/A Premium: N/A Diesel: N/A	Food Mart	Deli sandwiches
3	76	1105 Park Ave.	2.0	3	Regular: \$2.59 Mid Grade: \$2.69 Premium: \$2.79 Diesel: \$2.69	Regular: \$2.59 Mid Grade:\$2.69 Premium: \$2.79 Diesel: \$2.69	Circle K	
4	Money Saver	1645 Park Ave.	1.7	7	Regular: \$2.45 Mid Grade:\$2.65 Premium: \$2.79 Diesel: \$2.79	Regular: \$2.45 Mid Grade: \$2.65 Premium: \$2.79 Diesel: \$2.79	Food Mart	
5	Valero	1295 E 8th St.	2.2	6	Regular: \$2.59 Mid Grade: \$2.72 Premium: \$2.82 Diesel: \$2.69	Regular: \$2.67 Mid Grade: \$2.80 Premium: \$2.90 Diesel: \$2.77	Food Shop	Gordo Burrito, car wash
6	7-Eleven	1111 Forest Ave.	1.4	6	Regular: \$2.42 Mid Grade: \$2.54 Premium: \$2.66 Diesel: N/A	Regular: \$2.42 Mid Grade: \$2.54 Premium: \$2.66 Diesel: N/A	7-Eleven	
7	Arco	2000 Business Ln.	0.3	4	Regular: \$2.37 Mid Grade: \$2.57 Premium: \$2.67 Diesel: N/A	Regular: N/A Mid Grade: N/A Premium: N/A Diesel: N/A	AM/PM	
8	Sinclair Gas	2036 Forest Ave.	0.2	6	Regular: \$2.49 Mid Grade: \$2.61 Premium: \$2.73 Diesel: N/A	Regular: \$2.57 Mid Grade: \$2.69 Premium: \$2.81 Diesel: N/A	Dino Mart	Deli sandwiches, car wash
9	Costco Gas	2100 Dr Martin Luther King Pkwy	1.0	8	Regular: \$2.39 Mid Grade: N/A Premium: \$2.59 Diesel: N/A	Regular: N/A Mid Grade: N/A Premium: N/A Diesel: N/A	N/A	
10	Tower Mart	110 E Park Ave.	2.0	4	Regular: \$2.59 Mid Grade: \$2.79 Premium: \$2.89 Diesel: N/A	Regular: \$2.59 Mid Grade: \$2.79 Premium: \$2.89 Diesel: N/A	Tower Market	Expanded alcohol and grocery options
11	Pacific Pride (2)	2549 Scott Ave.	2.2	6 regular / 6 diesel	Regular: (2) Mid Grade: (2) Premium: (2) Diesel: (2)	Regular: (2) Mid Grade: (2) Premium: (2) Diesel: (2)	N/A	
12	Flyers Chevron	2501 Notre Dame Blvd.	1.1	4	Regular: \$2.75 Mid Grade: \$2.87 Premium: \$3.02 Diesel: \$2.75	Regular: \$2.75 Mid Grade: \$2.87 Premium: \$3.02 Diesel: \$2.75	Flyers	
13	Valero	1199 Skyway Rd.	1.3	6	Regular: \$2.59 Mid Grade: \$2.69 Premium: \$2.79 Diesel: \$2.69	Regular: \$2.65 Mid Grade: \$2.75 Premium: \$2.85 Diesel: \$2.75	Food Shop	
Total (3)				60				

Source: ALH Urban and Regional Economics.

(1) Pricing information is based on one day of fieldwork, occurring November 4, 2015.

(2) This station is oriented towards commercial trucks and prices were not displayed.

(3) Excludes Gas Station #11, Pacific Pride, as this gas station is geared toward commercial trucks/vehicles.

Exhibit 29
Identified Market Area Planned and Proposed Retail Projects (1)
Project Details and Timing Estimates
October-November 2015

Project	Description	Potential Retail Sq. Ft.	Status	Location	Driving Distance and Direction Project Site	Expected Opening / Completion	Percent Sales from Inside the Chico Walmart Market Area (2)
Chico							
1	New Earth Market	This project is an infill development and comprises an upscale grocery store with a deli and café. The store is taking over three spaces previously occupied by ABC Books (used books, departed early 2015), Cozy Bed Sleep Center (relocated in mid-2014), and True Value Hardware (went out in 2008 and was briefly occupied by Walgreens in 2010 while their new drive thru store was under construction right next door).	25,000	Under Construction	864 East Ave	4.1 miles, northwest	Summer 2016 75%
2	Galaxies Restaurant	This project is a sports bar, restaurant, and family entertainment center.	18,200	Plan Check	825 East Ave	4.2 miles, northwest	2016 100%
3	Ulta Beauty	This project comprises a beauty store on a one-acre pad located near Costco.	10,000	Approved	2100 Martin Luther King Jr. Pkwy	1.1 miles, southwest	Fall 2016 100%
4	Panera Bread/Noodles Restaurant	This project is an infill development with 7,600 square feet of restaurant space.	7,600	Under Construction	1910 E 20th St	0.8 miles, north	Spring 2016 100%
5	Ready Chef Go	This project is an infill development in a former Blockbuster Video with approximately 6,500 square feet of restaurant space.	6,500	Under Construction	980 Mangrove Ave	3.0 miles, northwest	Summer 2016 100%
6	Starbucks	This is new 5,200-square-foot Starbucks with a drive thru.	5,200	Under Construction	851 East Ave	4.2 miles, northwest	Summer 2016 100%
7	Restaurant	This preliminary project is a potential Italian restaurant going into part of the old Firestone building. The City of Chico has not received any applications.	NA	Preliminary	864 East Ave	4.1 miles, northwest	NA NA
	<i>Subtotal</i>		<u>72,500</u>				
Paradise							
8	Walmart-anchored center	This project is an active development, but there has been no movement in at least two years. Major infrastructure needs to be completed and the site needs to be annexed into the Town. The preliminary project plans propose to develop approximately 227,000 square feet of retail, restaurant, and a motel. This includes a 160,000-square-foot Walmart with development potential to include a gas station, restaurant, and commercial retail.	227,000	Active	Skyway and Skyway Crossroads	10 miles, east	NA, but anticipated beyond 2018 22.5% (3)

CONTINUED ON THE NEXT PAGE

Exhibit 29
Identified Market Area Planned and Proposed Retail Projects (1)
Project Details and Timing Estimates
October-November 2015

Project	Description	Potential Retail Sq. Ft.	Status	Location	Driving Distance and Direction Project Site	Expected Opening / Completion	Percent Sales from Inside the Chico Walmart Market Area (2)
CONTINUED FROM THE PREVIOUS PAGE							
9 Safeway	This project is very preliminary and the plans are conceptual as of October 2015. Safeway is currently paying the land owner at the site a monthly fee to keep the site for the new store. Since this project is so preliminary there is no size or completion estimate. If a new store is not built there is the potential to expand the existing store.	NA	Pre-application	Lower Skyway and Black Olive	11.4 miles, east	NA	NA
	<i>Subtotal</i>	<u>227,000</u>					
Unincorporated Portions of the Market Area							
10 Dollar General - Durham	This project is a general merchandise retailer with 9,100 square feet, of which 7,400 is sales area	9,100	Approved, Const. start 12/15	SEC Midway and Durham-Dayton Highway	7.2 miles, south	2016	80%
	RETAIL TOTAL						
	All Projects	308,600					
	Excluding Paradise Walmart	81,600					

Sources: City of Chico Planning Department; City of Chico, "City of Chico Development Activity Updated: September 10, 2015,"; Town of Paradise Planning Department; Packland Paradise Walmart Site Plan; Proposed Walmart Store #5194-00 Paradise, CA Application Re- Submittal August 28, 2009; Butte County Planning Department; Cross Development LLC; and ALH Urban & Regional Economics.

(1) Includes retail development projects with development plans in progress. Projects are generally listed in descending order of size.

(2) This column comprises the percent of the cumulative project's market area assumed to overlap with the Chico Walmart Expansion Project's market area. If the cumulative project market area is anticipated to be both smaller than and subsumed within the Chico Walmart Expansion Project's market area then this assumption is 100%. Other projects anticipated to have a similar market area and similar share of sales generated by market area households as the Chico Walmart Expansion Project are designated a share of market area sales more comparable to the Project's anticipated share of sales.

(3) This center is anticipated to serve Paradise and the surrounding unincorporated communities, including some not included in the Chico Walmart Expansion Project market area. As such it is unlikely to draw from Chico or other unincorporated areas south, north, or west of Chico, limiting the market area overlap with the Chico Walmart Expansion Project. Paradise population and households comprise 16% and 19% of the market area totals, respectively, which helped inform the 22.5% market area overlap assumption. See Exhibit B-19.

Exhibit 30
Identified Market Area Planned and Proposed Retail Projects
Cumulative Projects Sales Estimates (1)
2015 Dollars

Project Name	Estimated Sq. Ft. (2)	Sales per Sq. Ft. (3)	Total Retail Sales	Percent Sales from Inside the Market Area (4)	Total Retail Sales
	[A]	[B]	C = (A * B)	[D]	E = (C * D)
Chico					
1 New Earth Market	25,000	\$691 (5)	\$17,275,536	75%	\$12,956,652
2 Galaxies Restaurant	18,200	\$500 (6)	\$9,091,261	100%	\$9,091,261
3 Ulta Beauty	10,000	\$403 (7)	\$4,026,907	100%	\$4,026,907
4 Panera Bread/Noodles Restaurant	7,600	\$500 (6)	\$3,796,351	100%	\$3,796,351
5 Ready Chef Go	6,500	\$500 (6)	\$3,246,879	100%	\$3,246,879
6 Starbucks	5,200	\$1,040 (8)	\$5,406,956	100%	\$5,406,956
	<i>Subtotal</i>	<i>72,500</i>			<i>\$38,525,006</i>
Paradise					
8 Walmart-anchored center (9)					
Walmart Store	160,000	\$484	\$77,487,349	23%	\$17,434,654
Restaurant	20,100	\$500 (6)	\$10,040,349	23%	\$2,259,078
Retail	20,100	\$429 (9)	\$8,622,569	23%	\$1,940,078
Motel	26,800	NA	NA	NA	NA
	<u>227,000</u>				<u>\$21,633,810</u>
Unincorporated Portions of the Market Area					
10 Dollar General - Durham	9,100	See Note (10)	\$1,600,000	80%	\$1,280,000
Total					
All Projects	308,600				\$61,438,815
Excluding Paradise Walmart Project	81,600				\$39,805,006

Sources: Dollar General Corp, Form 10-K, Filed 3/20/15 for the Period Ending 01/30/15; and ALH Urban & Regional Economics.

(1) Projects with an undetermined timeline are generally too speculative for inclusion in this analysis. Project numbers match the numbers on Exhibit 29.

(2) See Exhibit 29.

(3) See Exhibit B-1.

(4) See Exhibit 29.

(5) The sales per square foot estimate for the New Earth Market space is based on the average for Specialty/Organic food stores, see Exhibit B-1.

(6) The sales per square foot estimate for the Galaxies Restaurant space is based on the average for Restaurants, see Exhibit B-1.

(7) The sales per square foot estimate for the Ulta space is based on the average for Ulta Salon, Cosmetics, & Fragrances, see Exhibit B-1.

(8) The sales per square foot estimate for the Starbucks space is based on the 2013 figure for Starbucks, inflated to 2015, as Starbucks sales have grown annually, see Exhibit B-1.

(9) The sales per square foot estimate is based on the average for Other Retail, see Exhibit B-1.

(10) In 2014, average net store Dollar General sales totaled \$223 per square foot throughout the U.S. This net sales figure was calculated by Dollar General based on average selling square footage of Dollar General stores, which averages 7,400 square feet (see Dollar General 10K, pages 27-28). While this is a figure that pertains to mature stores, this analysis conservatively assumes that the Durham Dollar General store will perform consistent with the retailer's national average. This results in a stabilized store sales estimate of \$1.6 million in 2014 dollars. (i.e., 7,200 square feet of sales area x \$223 per square foot). Assuming a modest inflationary increase in sales for 2015, up to \$226 per square foot, would continue to result in a rounded stabilized store sales estimate of \$1.6 million.

Exhibit 31
Identified Market Area Planned and Proposed Retail Projects
Estimate of Cumulative Project Sales by Retail Category (1)
2015 Dollars

Planned Project	Estimated Net Sales (2)	Sales Distribution					
		Home Furnishings and Appliance Stores	Food and Beverage Stores	Clothing and Clothing Accessories Stores	General Merchandise Stores	Food Services and Drinking Places	Other Retail Group
Chico							
1 New Earth Market	\$12,956,652	\$0	\$12,956,652	\$0	\$0	\$0	\$0
2 Galaxies Restaurant	\$9,091,261	\$0	\$0	\$0	\$0	\$9,091,261	\$0
3 Ulta Beauty	\$4,026,907	\$0	\$0	\$0	\$0	\$0	\$4,026,907
4 Panera Bread/Noodles Restaurant	\$3,796,351	\$0	\$0	\$0	\$0	\$3,796,351	\$0
5 Ready Chef Go	\$3,246,879	\$0	\$0	\$0	\$0	\$3,246,879	\$0
6 Starbucks	\$5,406,956	\$0	\$0	\$0	\$0	\$5,406,956	\$0
8 Walmart-anchored center							
Walmart Store (3)	\$17,434,654	\$1,220,426	\$9,763,406	\$1,220,426	\$1,569,119	\$0	\$3,661,277
Restaurant	\$2,259,078	\$0	\$0	\$0	\$0	\$2,259,078	\$0
Retail	\$1,940,078	\$0	\$0	\$0	\$0	\$0	\$1,940,078
Subtotal	\$21,633,810						
10 Dollar General - Durham (4)	\$1,280,000	\$81,920	\$290,560	\$70,400	\$678,400	\$0	\$158,720
Total							
All projects (5)	\$61,438,815	\$1,302,346	\$23,010,618	\$1,290,826	\$2,247,519	\$23,800,525	\$9,786,982
Excluding Paradise Walmart Project (6)	\$39,805,006	\$81,920	\$13,247,212	\$70,400	\$678,400	\$21,541,447	\$4,185,627
Percent of Total							
All projects (4)		2%	37%	2%	4%	39%	16%
Excluding Paradise Walmart Project (6)		0%	33%	0%	2%	54%	11%

Sources: Walmart Stores, Inc. 10-K Report for Fiscal Year Ending January 31, 2015; Dollar General Corp, Form 10-K, Filed 3/20/15 for the Period Ending 01/30/15; and ALH Urban & Regional Economics.

(1) Retail categories to which no sales are allocated are not shown in this exhibit. Project numbers match the numbers on Exhibit 29.

(2) See Exhibit 30.

(3) The estimated breakdown for Walmart is per the Walmart 10-K strategic merchandise units.

(4) Dollar General's 10K (see page 5) indicates store sales comprise 75.7% consumables, 12.4% seasonal, 6.4% home products, and 5.5% apparel. For the sake of analysis, and based upon ALH Urban and Regional Economics' visual observation of Dollar General stores, the store's "Consumables" sales are anticipated to be divided between these two categories: 30% food/70% general merchandise. Seasonal goods are anticipated to comprise "Other Retail" and home products are assumed to comprise "Home Furnishings and Appliance Stores."

(5) Figures may not total due to rounding.

(6) The analysis is also shown excluding the Paradise Walmart project because of the lack of certainty regarding project development or associated timing.

Exhibit 32
Walmart Expansion Project and Cumulative Retail Project Net New Sales Generated by the Market Area (1)
2015 Dollars

Retail Category	Net New Project Retail Sales by MA Residents (2)	Net New Cumulative Project Market Area Retail Sales (3)		Total	
		Excluding	Including	Excluding	Including
		Paradise Walmart	Paradise Walmart	Paradise Walmart	Paradise Walmart
Motor Vehicle & Parts Dealers	\$0	\$0	\$0	\$0	\$0
Home Furnishings & Appliances	\$0	\$81,920	\$1,302,346	\$81,920	\$1,302,346
Building Materials & Garden Equipment	\$0	\$0	\$0	\$0	\$0
Food & Beverage Stores	\$22,060,471	\$13,247,212	\$23,010,618	\$35,307,683	\$45,071,089
Gasoline Stations	\$3,660,952	\$0	\$0	\$3,660,952	\$3,660,952
Clothing & Clothing Accessories	\$67,791	\$70,400	\$1,290,826	\$138,191	\$1,358,617
General Merchandise Stores	\$4,118,448	\$678,400	\$2,247,519	\$4,796,848	\$6,365,967
Food Services & Drinking Places	\$10,637,432	\$21,541,447	\$23,800,525	\$32,178,878	\$34,437,957
Other Retail Group	\$8,922,857	\$4,185,627	\$9,786,982	\$13,108,484	\$18,709,839
Total	\$49,467,951	\$39,805,006	\$61,438,815	\$89,272,957	\$110,906,767

Source: ALH Urban & Regional Economics.

(1) Reflects only the portion of sales anticipated to be supported by market area residents, as these are the portion of sales that could be diverted from existing Market Area retailers.

(2) See Exhibit 24.

(3) See Exhibit 31.

Exhibit 33
Cumulative Project Sales Impacts
Excluding Paradise Walmart Project
Impact on Existing Market Area Retail Sales Base Inclusive of Future Demand to 2018
2015 Dollars

Retail Category	Project and Cumulative Project Sales Supported by Market Area Households (1)	New Market Area Demand 2015-2018 (2)	Project Sales in Excess of New Market Area Demand (3)	Remaining Demand Available for Retail Backfilling	Market Area Sales Impacts Inclusive of Future Demand		Sales Impact > 3% of Sales Base (5) [G = C - (E * 0.3) if >0]
					Market Area Existing Sales Base (4)	Sales Impact % of Market Area Sales Base	
	[A]	[B]	[C = A - B if >0]	[D = B - A if >0]	[E]	[F = C / E]	
Motor Vehicle & Parts Dealers	\$0	\$7,575,837	\$0	\$7,575,837	\$245,748,596	0.0%	\$0
Home Furnishings & Appliances	\$81,920	\$2,831,589	\$0	\$2,749,669	\$101,167,688	0.0%	\$0
Building Materials & Garden Equipment	\$0	\$3,307,296	\$0	\$3,307,296	\$188,800,370	0.0%	\$0
Food & Beverage Stores	\$35,307,683	\$9,393,387	\$25,914,296	\$0	\$405,821,522	6.4%	\$13,739,651
Gasoline Stations	\$3,660,952	\$6,336,065	\$0	\$2,675,114	\$186,972,365	0.0%	\$0
Clothing & Clothing Accessories	\$138,191	\$3,890,972	\$0	\$3,752,781	\$121,729,688	0.0%	\$0
General Merchandise Stores	\$4,796,848	\$7,641,398	\$0	\$2,844,550	\$378,917,352	0.0%	\$0
Food Services & Drinking Places	\$32,178,878	\$6,995,270	\$25,183,609	\$0	\$223,691,044	11.3%	\$18,472,877
Other Retail Group	\$13,108,484	\$6,887,938	\$6,220,545	\$0	\$265,606,150	2.3%	\$0
Total	\$89,272,957	\$54,859,752	\$57,318,451	\$22,905,246	\$2,118,454,774	2.7%	\$32,212,528

Source: ALH Urban & Regional Economics.

(1) See Exhibit 32.

(2) See Exhibit Exhibit 11.

(3) Comprises the level of net cumulative project sales not anticipated to be absorbed by new demand occurring between the 2015 baseline period and 2018, a prospective future stabilized year for the majority of the cumulative projects. These are the amount of sales anticipated to be diverted from existing baseline retail establishments in the Market Area in order for the Chico Walmart Expansion and the cumulative projects to achieve their assumed levels of operation, assuming only Market Area establishments experience sales impacts.

(4) See Exhibit 22.

(5) Comprises the remaining sales impacts after existing retailers absorb sales impacts equivalent to 3% of the sales base for the categories forecasted to experience impacts.

Exhibit 34
Retail Demand Generated by Market Area Household Growth
2015-2021 (1)
2015 Dollars

Type of Retailer	Market Area	
	Per Household Demand (2)	New Growth 2015-2021 (3)
Motor Vehicles and Parts Dealers	\$3,045	\$16,114,972
Home Furnishings and Appliance Stores	\$1,138	\$6,023,226
Building Materials and Garden Equip .	\$1,329	\$7,035,127
Food and Beverage Stores	\$3,776	\$19,981,182
Gasoline Stations	\$2,547	\$13,477,787
Clothing and Clothing Accessories Stores	\$1,564	\$8,276,698
General Merchandise Stores	\$3,072	\$16,254,431
Food Services and Drinking Places	\$2,812	\$14,880,016
Other Retail Group	\$2,769	\$14,651,706
Total	\$22,052	\$116,695,146

Source: ALH Urban & Regional Economics.

(1) The year increment represents the base time period and a hypothetical future completion date of 2020 for the Paradise Walmart project.

(2) The per household spending estimates for the Market Area were generated by ALH Urban & Regional Economics by taking the estimated average 2015 area household income figure of \$61,757 for 2015 from Nielson Reports and multiplying by 36%, utilizing the assumption that 36% of household income is spent on BOE type retail. This figure was then multiplied by the percentages calculated from the ratio of the BOE sales for the State of California. See Exhibit B-4.

(3) Represents per household spending multiplied by the respective increase in households. The net increase in market area households is estimated at 5,292 between 2015 and 2021. See Exhibit 9 for household projections. The 2021 figure is interpolated based on 2020 estimates and 2025, assuming household count stability in Hamilton City.

Exhibit 35
Cumulative Project Sales Impacts
Including Paradise Walmart Project
Impact on Existing Market Area Retail Sales Base Inclusive of Future Demand to 2021
In 2015 Dollars

Retail Category	Project and Cumulative Project Sales Supported by Market Area Households (1)	New Market Area Demand 2015-2021 (2)	Project Sales in Excess of New Market Area Demand (3)	Remaining Demand Available for Retail Backfilling	Market Area Sales Impacts Inclusive of Future Demand		Sales Impact > 3% of Sales Base (5)
					Market Area Existing Sales Base (4)	Sales Impact % of Market Area Sales Base	
	[A]	[B]	[C = A - B if >0]	[D = B - A if >0]	[E]	[F = C / E]	[G = C - (E * 0.3) if >0]
Motor Vehicle & Parts Dealers	\$0	\$16,114,972	\$0	\$16,114,972	\$245,748,596	0.0%	\$0
Home Furnishings & Appliances	\$1,302,346	\$6,023,226	\$0	\$4,720,880	\$101,167,688	0.0%	\$0
Building Materials & Garden Equipment	\$0	\$7,035,127	\$0	\$7,035,127	\$188,800,370	0.0%	\$0
Food & Beverage Stores	\$45,071,089	\$19,981,182	\$25,089,908	\$0	\$405,821,522	6.2%	\$12,915,262
Gasoline Stations	\$3,660,952	\$13,477,787	\$0	\$9,816,836	\$186,972,365	0.0%	\$0
Clothing & Clothing Accessories	\$1,358,617	\$8,276,698	\$0	\$6,918,081	\$121,729,688	0.0%	\$0
General Merchandise Stores	\$6,365,967	\$16,254,431	\$0	\$9,888,464	\$378,917,352	0.0%	\$0
Food Services & Drinking Places	\$34,437,957	\$14,880,016	\$19,557,941	\$0	\$223,691,044	8.7%	\$12,847,209
Other Retail Group	\$18,709,839	\$14,651,706	\$4,058,133	\$0	\$265,606,150	1.5%	\$0
Total	\$110,906,767	\$116,695,146	\$48,705,981	\$54,494,360	\$2,118,454,774	2.3%	\$25,762,471

Source: ALH Urban & Regional Economics.

(1) See Exhibit 32.

(2) See Exhibit 11.

(3) Comprises the level of net cumulative project sales not anticipated to be absorbed by new demand occurring between the 2015 baseline period and 2021, a prospective future stabilized year for the cumulative projects assuming the Paradise Walmart project is completed after 2018 but by 2021. These are the amount of sales anticipated to be diverted from existing baseline retail establishments in the Market Area in order for the Chico Walmart Expansion and the cumulative projects to achieve their assumed levels of operation, assuming only Market Area establishments experience sales impacts.

(4) See Exhibit 22.

(5) Comprises the remaining sales impacts after existing retailers absorb sales impacts equivalent to 3% of the sales base for the categories forecasted to experience impacts.

Exhibit 36
City of Chico Retail Vacancy Trends
2007 To Q4 2015 (to mid-October)

Period	Rentable Building Area					Total Net Absorption	Leasing Activity		New Construction			
	# Bldgs	Total SF	Vacant SF	Percent Vacant	Occupied SF		Total Deals	Total SF Leased	Number Delivered	RBA Delivered	# Under Const	RBA Under Const
2015 Q4 TD	671	7,345,711	323,195	4.40%	7,022,516	1,870	1	1,152	0	0	0	0
2015 Q3	671	7,345,711	325,065	4.40%	7,020,646	23,799	3	10,165	0	0	0	0
2015 Q2	671	7,345,711	348,864	4.70%	6,996,847	-4,971	9	18,180	0	0	0	0
2015 Q1	671	7,345,711	343,893	4.70%	7,001,818	-4,456	6	15,246	0	0	0	0
2014 Q4	671	7,345,711	339,437	4.60%	7,006,274	33,321	6	14,679	1	4,387	0	0
2014 Q3	670	7,341,324	368,371	5.00%	6,972,953	23,877	9	35,221	0	0	1	4,387
2014 Q2	670	7,341,324	392,248	5.30%	6,949,076	-3,247	9	22,782	0	0	1	4,387
2014 Q1	670	7,341,324	389,001	5.30%	6,952,323	41,911	6	10,575	0	0	0	0
2013 Q4	670	7,341,324	430,912	5.90%	6,910,412	10,095	12	22,955	0	0	0	0
2013 Q3	670	7,341,324	441,007	6.00%	6,900,317	-23,662	13	61,590	0	0	0	0
2013 Q2	670	7,341,324	417,345	5.70%	6,923,979	37,290	12	27,053	0	0	0	0
2013 Q1	670	7,341,324	454,635	6.20%	6,886,689	-4,424	5	8,385	0	0	0	0
2012 Q4	670	7,341,324	450,211	6.10%	6,891,113	20,274	10	17,325	0	0	0	0
2012 Q3	670	7,341,324	470,485	6.40%	6,870,839	31,862	10	18,070	0	0	0	0
2012 Q2	670	7,341,324	502,347	6.80%	6,838,977	30,697	7	14,925	0	0	0	0
2012 Q1	670	7,341,324	533,044	7.30%	6,808,280	4,375	14	30,812	1	14,000	0	0
2011 Q4	669	7,327,324	523,419	7.10%	6,803,905	-7,913	10	27,757	0	0	1	14,000
2011 Q3	669	7,327,324	515,506	7.00%	6,811,818	-31,352	8	26,557	0	0	1	14,000
2011 Q2	669	7,327,324	484,154	6.60%	6,843,170	-6,882	6	19,249	0	0	1	14,000
2011 Q1	669	7,327,324	477,272	6.50%	6,850,052	-22,814	8	14,068	0	0	0	0
2010 Q4	669	7,327,324	454,458	6.20%	6,872,866	18,059	12	73,983	0	0	0	0
2010 Q3	669	7,327,324	472,517	6.40%	6,854,807	22,165	4	24,851	1	13,200	0	0
2010 Q2	668	7,314,124	481,482	6.60%	6,832,642	-2,406	12	29,901	0	0	1	13,200
2010 Q1	668	7,314,124	479,076	6.60%	6,835,048	-35,419	16	47,602	0	0	0	0
2009 Q4	668	7,314,124	443,657	6.10%	6,870,467	-22,476	9	19,385	0	0	0	0
2009 Q3	668	7,314,124	421,181	5.80%	6,892,943	-54,938	9	31,211	1	12,000	0	0
2009 Q2	667	7,302,124	354,243	4.90%	6,947,881	59,171	12	36,222	1	15,698	1	12,000
2009 Q1	666	7,286,426	397,716	5.50%	6,888,710	-130,886	5	7,612	2	6,977	2	27,698
2008 Q4	664	7,279,449	259,853	3.60%	7,019,596	-71,911	2	1,930	0	0	2	6,977
2008 Q3	664	7,279,449	187,942	2.60%	7,091,507	-77,988	5	8,316	2	11,262	2	6,977
2008 Q2	662	7,268,187	98,692	1.40%	7,169,495	-6,322	6	17,371	0	0	2	11,262
2008 Q1	662	7,268,187	92,370	1.30%	7,175,817	46,527	2	5,951	3	19,824	2	11,262
2007 Q4	659	7,248,363	119,073	1.60%	7,129,290	17,947	1	2,600	0	0	3	19,824
2007 Q3	659	7,248,363	137,020	1.90%	7,111,343	48,424	6	11,436	0	0	3	19,824
2007 Q2	659	7,248,363	185,444	2.60%	7,062,919	-35,436	3	28,100	0	0	0	0
2007 Q1	659	7,248,363	150,008	2.10%	7,098,355	-4,416	0	4,431	3	27,522	0	0

Sources: Costar; and CB Richard Ellis.

Exhibit 37
Town of Paradise Retail Vacancy Trends
2007 To Q4 2015 (to mid-October)

Period	Rentable Building Area					Total Net Absorption	Leasing Activity		New Construction			
	# Bldgs	Total SF	Vacant SF	Percent Vacant	Occupied SF		Total Deals	Total SF Leased	Number Delivered	RBA Delivered	# Under Const	RBA Under Const
2015 Q4 TD	107	996,455	102,615	10.30%	893,840	0	0	0	0	0	0	0
2015 Q3	106	985,655	102,615	10.40%	883,040	842	0	0	0	0	0	0
2015 Q2	106	985,655	103,457	10.50%	882,198	3,740	0	0	0	0	0	0
2015 Q1	106	985,655	107,197	10.90%	878,458	5,900	0	0	0	0	0	0
2014 Q4	106	985,655	113,097	11.50%	872,558	5,485	0	0	1	9,002	0	0
2014 Q3	105	976,653	109,580	11.20%	867,073	2,080	1	1,190	0	0	1	9,002
2014 Q2	105	976,653	111,660	11.40%	864,993	-7,822	1	890	0	0	0	0
2014 Q1	105	976,653	103,838	10.60%	872,815	-7,637	3	7,697	0	0	0	0
2013 Q4	105	976,653	96,201	9.90%	880,452	10,768	3	4,190	1	9,026	0	0
2013 Q3	104	967,627	97,943	10.10%	869,684	-6,020	1	9,018	0	0	1	9,026
2013 Q2	104	967,627	91,923	9.50%	875,704	-5,115	1	1,341	0	0	1	9,026
2013 Q1	104	967,627	86,808	9.00%	880,819	-1,242	0	0	0	0	1	9,026
2012 Q4	104	967,627	85,566	8.80%	882,061	-454	0	0	0	0	0	0
2012 Q3	104	967,627	85,112	8.80%	882,515	-37,687	0	0	0	0	0	0
2012 Q2	104	967,627	47,425	4.90%	920,202	831	0	0	0	0	0	0
2012 Q1	104	967,627	48,256	5.00%	919,371	2,300	2	6,731	0	0	0	0
2011 Q4	104	967,627	50,556	5.20%	917,071	0	0	0	0	0	0	0
2011 Q3	104	967,627	50,556	5.20%	917,071	1,220	0	0	0	0	0	0
2011 Q2	104	967,627	51,776	5.40%	915,851	-4,780	0	0	0	0	0	0
2011 Q1	104	967,627	46,996	4.90%	920,631	750	1	750	0	0	0	0
2010 Q4	104	967,627	47,746	4.90%	919,881	-29,145	1	1,500	0	0	0	0
2010 Q3	104	967,627	18,601	1.90%	949,026	-3,600	2	3,000	0	0	0	0
2010 Q2	104	967,627	15,001	1.60%	952,626	-4,200	1	1,400	0	0	0	0
2010 Q1	104	967,627	10,801	1.10%	956,826	16,106	1	1,650	1	17,326	0	0
2009 Q4	103	950,301	9,581	1.00%	940,720	-5,183	0	0	0	0	1	17,326
2009 Q3	103	950,301	4,398	0.50%	945,903	2,419	0	0	1	367	1	17,326
2009 Q2	102	949,934	6,450	0.70%	943,484	3,290	0	0	0	0	1	367
2009 Q1	102	949,934	9,740	1.00%	940,194	-750	1	1,200	0	0	1	367
2008 Q4	102	949,934	8,990	0.90%	940,944	-1,200	0	0	0	0	0	0
2008 Q3	102	949,934	7,790	0.80%	942,144	-3,570	0	0	0	0	0	0
2008 Q2	102	949,934	4,220	0.40%	945,714	-2,100	0	0	0	0	0	0
2008 Q1	102	949,934	2,120	0.20%	947,814	3,753	0	0	1	3,753	0	0
2007 Q4	101	946,181	2,120	0.20%	944,061	0	0	0	0	0	1	3,753
2007 Q3	101	946,181	2,120	0.20%	944,061	0	0	0	0	0	1	3,753
2007 Q2	101	946,181	2,120	0.20%	944,061	7,458	0	0	0	0	0	0
2007 Q1	101	946,181	9,578	1.00%	936,603	-5,078	0	5,793	1	3,600	0	0

Sources: Costar; and CB Richard Ellis.

Exhibit 38
Examples of Larger Backfilled Retail/Commercial Tenants in Chico

Location	Driving Distance from Site (Miles)	Prior Tenant - Estimated Year Closed	Current/Future Tenant	Approximate Year of Occupancy	Estimated Square Footage
North Valley Plaza	4.0	Mervyn's - 2008	Sportsman's Warehouse (46,000 s.f.) and Goodwill (26,000 s.f.)	2013 and 2014	72,000
Chico Mall	0.5	Troutman's - 2003	Dick's Sporting Goods	2013	52,000
Crossroads Center	0.9	Circuit City - 2009	Michael's	2010	22,500
2027 Dr. MLK	0.8	Golf - Etc. - 2010	Guitar Center	2013	6,680
North Valley Plaza	3.9	Michael's - 2010	99 Cent Store	2015	18,000
North Valley Plaza	3.9	Hancock Fabric's - 2007	Dollar Tree	2007	14,000
North Valley Plaza	3.9	Factory 2U - 2003	Trader Joe's	2005	18,000
396 East Park Ave	2.0	Grocery Outlet - 2007	Creative Composition printing and mail service	2010+	22,000
Towne & Country Center	4.7	Albertson's - 2007	Save Mart	2007	40,000
Pheasant Run Shopping Center	0.4	Linen's N Things - 2008	PetSmart	2012	25,000
1937 E. 20th Ave	0.5	Fashion Bug & Nail Salon	BevMo!	2013	8,500
				Total:	298,680
				Average:	27,153

Sources: City of Chico; and ALH Urban and Regional Economics.

APPENDIX B: SUPPORT EXHIBITS

Exhibit B-1
Calculation of Sales per Square Foot Estimates
Select Retail Stores and Store Types
2010 Through 2013, and 2015 Projected (1)

Store or Category (2)	2010		2011		2012		2013		Average
	In 2010\$'s	In 2015\$'s	In 2011\$'s	In 2015\$'s	In 2012\$'s	In 2015\$'s	In 2013\$'s	In 2015\$'s	In 2015\$'s
Apparel									
Apparel - Specialty	\$405	\$444	\$447	\$476	\$472	\$492	\$451	\$463	\$469
Women's' Apparel	\$365	\$400	\$455	\$485	\$515	\$537	\$473	\$486	\$477
Shoe Stores	\$371	\$406	\$454	\$484	\$487	\$508	\$475	\$488	\$471
Ross Dress for Less	\$324	\$355	\$195	\$208	\$195	\$203	\$362	\$372	\$284
Kohl's	\$229	\$251	\$215	\$229	\$209	\$218	\$190	\$195	\$223
Discount Stores									
Target	\$196	\$215	\$212	\$226	\$213	\$222	\$202	\$208	\$218
Wal-Mart	\$282	\$309	\$290	\$309	\$304	\$317	\$297	\$305	\$310
Wal-Mart	\$422	\$462	\$499	\$532	\$456	\$475	\$376	\$386	\$464
Department Stores Category									
Sears	\$252	\$276	\$276	\$294	\$274	\$286	\$285	\$293	\$287
Sears	\$206	\$226	\$205	\$218	\$210	\$219	\$161	\$165	\$207
Domestics Category									
Furniture Category	\$294	\$322	\$288	\$307	\$268	\$279	\$300	\$308	\$304
Average of Domestics & Furniture	\$198	\$217	\$290	\$309	\$361	\$376	\$449	\$461	\$341
Average of Domestics & Furniture	\$246	\$269	\$289	\$308	\$315	\$328	\$375	\$385	\$323
Neighborhood Center Category									
Supermarkets	\$535	\$586	\$533	\$568	\$575	\$600	\$611	\$628	\$595
Specialty/Organic	\$510	\$559	\$658	\$701	\$698	\$728	\$756	\$777	\$691
Drug Stores	\$724	\$793	\$657	\$700	\$667	\$695	\$629	\$646	\$709
Rite Aid	\$421	\$461	\$560	\$596	\$549	\$572	\$556	\$571	\$550
CVS	\$802	\$878	\$806	\$858	\$883	\$921	\$875	\$899	\$889
Restaurants Category									
Casual Dining	\$429	\$470	\$496	\$528	\$480	\$501	\$486	\$499	\$500
Fast Food Chains	\$431	\$472	\$578	\$616	\$563	\$587	\$567	\$583	\$564
Starbucks	\$431	\$472	\$507	\$540	\$492	\$513	\$543	\$558	\$521
Starbucks	\$671	\$735	\$749	\$798	\$785	\$819	\$1,012	\$1,040	\$848
Home Improvement	\$269	\$295	\$278	\$296	\$287	\$299	\$301	\$309	\$300
Auto - DIY Stores (3)	\$205	\$225	\$218	\$232	\$220	\$229	\$217	\$223	\$227
Other Retail Categories									
Accessories	\$778	\$852	\$978	\$1,042	\$1,191	\$1,242	\$1,032	\$1,060	\$1,049
HBA, Home Fragrances	\$541	\$593	\$474	\$505	\$531	\$554	\$519	\$533	\$546
Electronics & Appliances	\$686	\$751	\$1,171	\$1,247	\$821	\$856	\$946	\$972	\$957
Office Supplies	\$263	\$288	\$270	\$288	\$262	\$273	\$283	\$291	\$285
Sports	\$226	\$248	\$239	\$255	\$252	\$263	\$253	\$260	\$256
Pet Supplies	\$185	\$203	\$188	\$200	\$218	\$227	\$234	\$240	\$218
Book Superstores	\$180	\$197	\$247	\$263	\$210	\$219	\$189	\$194	\$218
Toys	\$320	\$351	\$333	\$355	\$312	\$325	\$220	\$226	\$314
Music Superstores	\$318	\$348	\$317	\$338	\$314	\$327	\$292	\$300	\$328
Gifts, Hobbies & Fabrics	\$124	\$136	\$136	\$145	\$137	\$143	\$151	\$155	\$145
Ulta Salon, Cosmetics, & Fragrances	\$368	\$403	\$402	\$428	\$380	\$396	\$373	\$383	\$403
Average of Other Retail Categories	\$363	\$397	\$432	\$460	\$421	\$439	\$408	\$420	\$429

Sources: Retail MAXIM, "Alternative Retail Risk Analysis for Alternative Capital" 2011, 2012, 2013, and 2014 (all publications present figures in the prior year dollars); United States Bureau of Labor Statistics Consumer Price Index - All Urban Consumers; and ALH Urban & Regional Economics.

- (1) Figures are adjusted to 2015 pursuant to the April CPI Index for all urban consumers.
(2) Includes industry-and category-representative stores.
(3) Average reflects a four-year trend.

Exhibit B-2**Chico Walmart Market Area Census Tracts and the Associated Jurisdiction**

Census Tract GeolD	Name	Majority Jurisdiction
06007000102	1.02	Chico
06007000103	1.03	Chico
06007000104	1.04	Chico
06007000201	2.01	Chico
06007000202	2.02	Chico
06007000300	3	Chico
06007000401	4.01	Chico
06007000402	4.02	Chico
06007000501	5.01	Chico
06007000502	5.02	Chico
06007000601	6.01	Chico
06007000603	6.03	Chico
06007000604	6.04	Chico
06007000700	7	Chico
06007000800	8	Chico
06007000901	9.01	Butte Creek Canyon
06007000903	9.03	Chico
06007000904	9.04	Chico
06007001000	10	Chico
06007001100	11	Chico
06007001200	12	Chico
06007001300	13	Chico
06007001400	14	Nord
06007001500	15	Durham
06007001600	16	Cohasset, Forest Ranch, Butte Meadow
06007001702	17.02	Magalia
06007001703	17.03	Magalia
06007001800	18	Paradise
06007001900	19	Paradise
06007002000	20	Paradise
06007002100	21	Paradise
06007002200	22	Butte Valley, Creek Canyon
06007002300	23	Butte Valley, Creek Canyon
06021010501	105	Hamilton City

Sources: ESRI ArcMap; US Census Tigerline Shapefiles 2015; and ALH Urban & Regional Economics.

Exhibit B-3
Market Area Population and Households Estimates and Projections (1)
2015-2020

Geographic Area	2015	2018	2020	Average Annual Growth Rate 2015-2020
<u>Population</u>				
Market Area	155,490	157,926	159,571	0.5%
Hamilton City	1,662	1,626	1,603	-0.7%
Market Area less Hamilton City	153,828	156,300	157,968	0.5%
Butte County	223,804	227,266	229,604	0.5%
Market Area Share of Butte County (2)	68.7%	68.8%	68.8%	
<u>Households</u>				
Market Area	63,828	64,856	65,551	0.5%
Hamilton City	485	476	470	-0.6%
Market Area less Hamilton City	63,343	64,380	65,081	0.0%
Butte County	89,253	90,675	91,635	0.5%
Market Area Share of Butte County (2)	71.0%	71.0%	71.0%	

Sources: Nielson Reports 2015; and ALH Urban & Regional Economics.

(1) Figures in bold are figures provided by the cited data sources.

(2) Pertains to share of Market Area in Butte County, and does not include Hamilton City which is in Glenn County.

Exhibit B-4**State of California Board of Equalization Taxable Retail Sales Estimate by Retail Category****2013****(in \$000s)**

Type of Retailer	Total Taxable Sales (1)	State of California Taxable Sales Adjusted to Total Retail	% of Total
Motor Vehicle & Parts Dealers	\$67,986,436	\$67,986,436	13.8%
Home Furnishings & Appliances	\$25,411,008	\$25,411,008	5.2%
Building Materials & Garden Equipment	\$29,680,053	\$29,680,053	6.0%
Food & Beverage Stores	\$25,289,203	\$84,297,343 (2)	17.1%
Gasoline Stations	\$56,860,585	\$56,860,585	11.5%
Clothing & Clothing Accessories	\$34,918,036	\$34,918,036	7.1%
General Merchandise Stores	\$51,431,094	\$68,574,792 (3)	13.9%
Food Services & Drinking Places	\$62,776,360	\$62,776,360	12.8%
Other Retail Group	\$48,086,943	\$61,813,158 (4)	12.6%
Total (5)	\$402,439,718	\$492,317,771	100%

Sources: California State Board of Equalization (BOE), "Taxable Sales in California (Sales & Use Tax) during 2013; U.S. Economic Census, "Retail Trade: Subject Series - Product Lines: Product Lines Statistics by Kind of Business for the United States and States: 2007"; and ALH Urban & Regional Economics.

(1) Taxable sales are pursuant to reporting by the BOE.

(2) Sales for Food and Beverage Stores have been adjusted to account for non-taxable sales; only 30.0% of all food store sales are estimated to be taxable.

(3) Sales for General Merchandise Stores have been adjusted to account for non-taxable food sales, since some General Merchandise Store sales include non-taxable food items. ALH Urban & Regional Economics estimates that at least 25% of General Merchandise sales are for grocery items that are also non-taxable. This estimate is based on analysis of the 2007 U.S. Economic Census, which attributes approximately 26% of General Merchandise Stores sales to food.

(4) Sales for Other Retail Group have been adjusted to account for non-taxable drug store sales, since drug store sales are included in the Other Retail Group category. ALH Urban & Regional Economics estimates that 33.0% of drug store sales are taxable, based on discussions with the California BOE and examination of U.S. Census data. In California, drug store sales in 2013 represented approximately 14.06% of all Other Retail Group sales. ALH Urban & Regional Economics applied that percentage and then adjusted upward for non-taxable sales.

(5) Totals may not add up due to rounding.

Exhibit B-5
Household Income Spent on Retail (1)
United States
2013

Characteristic	All Consumer Units	Household Income Range		
		\$40,000 to \$49,999	\$50,000 to \$69,999	\$70,000 and more
Average HH Income	\$63,784	\$44,576	\$59,101	\$131,945
Amount Spent on Retail (2)	\$20,555	\$17,769	\$21,104	\$32,771
Percent Spent on Retail (3)	32%	40%	36%	25%

Sources: Table 1202. Income before taxes: Annual expenditure means, shares, standard errors, and coefficient of variation, Consumer Expenditure Survey, 2013, U.S. Bureau of Labor Statistics; and ALH Urban & Regional Economics.

(1) Includes retail categories estimated to be equivalent to the retail sales categories compiled by the State of California, Board of Equalization.

(2) Includes the Consumer Expenditures categories of: food; alcoholic beverages; laundry and cleaning supplies; other household products; household furnishings and equipment; apparel and services; vehicle purchases, cars and trucks, new; vehicle purchases, cars and trucks, used; vehicle purchases, other vehicles; gasoline and motor oil; 1/2 of maintenance and repairs (as a proxy for taxable parts); drugs; medical supplies; audio and visual equipment and services; pets, toys, hobbies, and playground equipment; other entertainment supplies, equipment, and services; personal care products and services; and reading; tobacco products and smoking supplies.

(3) Percentages may be low as some expenditure categories may be conservatively undercounted by ALH Economics.

Exhibit B-6
Butte County Taxable Sales Estimate
in Current Dollars
Third Quarter 2013 Through Second Quarter 2014
(in \$000s)

Type of Retailer	BOE Taxable Sales Estimate in \$000s (1)				Total Taxable Sales Butte County [E = A + B + C +D]	Butte County Taxable Sales Adjusted to Total Retail
	Q3 2013 [A]	Q4 2013 [B]	Q1 2014 [C]	Q2 2014 [D]		
Motor Vehicle & Parts Dealers	\$73,346	\$70,519	\$69,754	\$76,871	\$290,490	\$290,490
Home Furnishings & Appliances	\$28,876	\$33,324	\$28,781	\$27,217	\$118,198	\$118,198
Building Materials & Garden Equipment	\$57,485	\$48,972	\$55,549	\$74,801	\$236,807	\$236,807
Food & Beverage Stores	\$39,938	\$43,957	\$37,131	\$41,937	\$162,963	\$543,210 (2)
Gasoline Stations	\$80,508	\$72,407	\$69,742	\$81,552	\$304,209	\$304,209
Clothing & Clothing Accessories	\$28,979	\$37,818	\$27,573	\$30,154	\$124,524	\$124,524
General Merchandise Stores	\$77,834	\$103,829	\$75,473	\$82,269	\$339,405	\$452,540 (3)
Food Services & Drinking Places	\$62,516	\$66,580	\$66,556	\$70,140	\$265,792	\$265,792
Other Retail Group	\$61,350	\$74,070	\$63,985	\$69,035	\$268,440	\$343,751 (4)
Total (5)	\$510,832	\$551,476	\$494,544	\$553,976	\$2,110,828	\$2,679,521

Sources: California State Board of Equalization (BOE), "Taxable Sales in California (Sales & Use Tax)" reports, for Third Quarter 2013, Fourth Quarter 2013, First Quarter 2014, and Second Quarter 2014; U.S. Economic Census, "Retail Trade: Subject Series - Product Lines: Product Lines Statistics by Kind of Business for the United States: 2007"; and ALH Urban & Regional Economics.

(1) Taxable sales are pursuant to reporting by the State of California Board of Equalization (BOE).

(2) Sales for Food and Beverage Stores have been adjusted to account for non-taxable sales; only 30.0% of all food store sales are estimated to be taxable.

(3) Sales for General Merchandise Stores have been adjusted to account for non-taxable food sales, since some General Merchandise Store sales include non-taxable food items. ALH Urban & Regional Economics estimates that at least 25% of General Merchandise sales are for grocery items that are also non-taxable. This estimate is based on analysis of the 2007 U.S. Economic Census, which attributes 26% of General Merchandise Stores sales to food.

(4) Sales for Other Retail Group have been adjusted to account for non-taxable drug store sales, since drug store sales are included in the Other Retail Group category. ALH Urban & Regional Economics estimates that 33.0% of drug store sales are taxable, based on discussions with the California BOE and examination of U.S. Census data. In the State of California, drug store sales in Q3 2013, Q4 2013, Q1 2014, and Q2 2014 represented approximately 13.82% of all Other Retail Group sales. ALH Urban & Regional Economics applied that percentage and then adjusted upward for non-taxable sales.

(5) Totals may not add up due to rounding.

Exhibit B-7
City of Oroville Taxable Sales Estimate
in Current Dollars
Third Quarter 2013 Through Second Quarter 2014
(in \$000s)

Type of Retailer	BOE Taxable Sales Estimate in \$000s (1)				Total Taxable Sales	City of Oroville
	Q3 2013	Q4 2013	Q1 2014	Q2 2014	City of Oroville	Taxable Sales
	[A]	[B]	[C]	[D]	[E = A + B + C +D]	Adjusted to Total
						Retail
Motor Vehicle & Parts Dealers	\$9,896	\$9,168	\$9,732	\$11,236	\$40,032	\$40,032
Home Furnishings & Appliances	\$1,467	\$1,456	\$1,463	\$1,497	\$5,883	\$5,883
Building Materials & Garden Equipment	\$8,019 (2)	\$6,484 (2)	\$7,824 (2)	\$10,622 (2)	\$32,949	\$32,949
Food & Beverage Stores	\$6,164	\$6,168	\$5,272	\$6,170	\$23,774	\$79,247 (3)
Gasoline Stations	\$14,846	\$13,158	\$12,758	\$15,271	\$56,033	\$56,033
Clothing & Clothing Accessories	\$1,757	\$2,334	\$1,714	\$1,880	\$7,685	\$7,685
General Merchandise Stores	\$10,857 (2)	\$13,747 (2)	\$10,630 (2)	\$11,683 (2)	\$46,917	\$62,556 (4)
Food Services & Drinking Places	\$9,190	\$9,038	\$9,361	\$9,771	\$37,360	\$37,360
Other Retail Group	\$9,059 (2)	\$11,464 (2)	\$10,900 (2)	\$10,539 (2)	\$41,961	\$55,455 (5)
Total (6)	\$71,255	\$73,017	\$69,653	\$78,669	\$292,594	\$377,199

Sources: California State Board of Equalization (BOE), "Taxable Sales in California (Sales & Use Tax)" reports, for Third Quarter 2013, Fourth Quarter 2013, First Quarter 2014, and Second Quarter 2014; U.S. Economic Census, "Retail Trade: Subject Series - Product Lines: Product Lines Statistics by Kind of Business for the United States: 2007"; and ALH Urban & Regional Economics.

(1) Taxable sales are pursuant to reporting by the State of California Board of Equalization (BOE).

(2) The BOE omits certain sales because their publication would result in the disclosure of confidential information. ALH Urban & Regional Economics estimated the missing category sales figures. See Exhibit B-8 for calculations.

(3) Sales for Food and Beverage Stores have been adjusted to account for non-taxable sales; only 30.0% of all food store sales are estimated to be taxable.

(4) Sales for General Merchandise Stores have been adjusted to account for non-taxable food sales, since some General Merchandise Store sales include non-taxable food items. ALH Urban & Regional Economics estimates that at least 25% of General Merchandise sales are for grocery items that are also non-taxable. This estimate is based on analysis of the 2007 U.S. Economic Census, which attributes 26% of General Merchandise Stores sales to food.

(5) Sales for Other Retail Group have been adjusted to account for non-taxable drug store sales, since drug store sales are included in the Other Retail Group category. ALH Urban & Regional Economics estimates that 33.0% of drug store sales are taxable, based on discussions with the California BOE and examination of U.S. Census data. In Butte County, drug store sales in Q3 2013, Q4 2013, Q1 2014, and Q2 2014 represented approximately 15.84% of all Other Retail Group sales. ALH Urban & Regional Economics applied that percentage and then adjusted upward for non-taxable sales.

(6) Totals may not add up due to rounding.

Exhibit B-8
Board of Equalization Omitted Taxable Sales Estimates for the City of Oroville
Using Butte County Sales Percentages
in Current Dollars
Third Quarter 2013 Through Second Quarter 2014
(in \$000s)

Type of Retailer	Butte County		Oroville	
	Amount [A]	% of Total [B]	Given [C]	Calculated [E = B * D]
Q2 2013				
Building Materials & Garden Equipment	\$57,485	11.3%	#	\$8,019
General Merchandise	\$77,834	15.2%	#	\$10,857
Other Retail Group	--	--	\$27,935	\$9,059 (1)
Total	\$510,832	--	\$71,256	--
Q4 2013				
Building Materials & Garden Equipment	\$48,972	8.9%	#	\$6,484
General Merchandise	\$103,829	18.8%	#	\$13,747
Other Retail Group	--	--	\$31,695	\$11,464 (1)
Total	\$551,476	--	\$73,017	--
Q1 2014				
Building Materials & Garden Equipment	\$55,549	11.2%	#	\$7,824
General Merchandise	\$75,473	15.3%	#	\$10,630
Other Retail Group	--	--	\$29,353	\$10,900 (1)
Total	\$494,545	--	\$69,652	--
Q2 2014				
Building Materials & Garden Equipment	\$74,801	13.5%	#	\$10,622
General Merchandise	\$82,269	14.9%	#	\$11,683
Other Retail Group	--	--	\$32,844	\$10,539 (1)
Total	\$553,976	--	\$78,670	--

Sources: California State Board of Equalization (BOE), "Taxable Sales in California" reports, for Third Quarter 2013, Fourth Quarter 2013, First Quarter 2014, and Second Quarter 2014; and ALH Urban & Regional Economics.

(1) The BOE omits certain sales because their publication would result in the disclosure of confidential information; the omitted sales are included in the Other Retail Group sales. The Other Retail Group is calculated by taking the figure given by the BOE and subtracting the new estimated for the categories that had been omitted.

Exhibit B-9
Calculation of the City of Gridley Taxable Sales
2015 Dollars

Retail Category	2015 Nielson Data (1)			2013-2014 BOE Data (2)	
	Butte County Sales	City of Gridley Sales	Ratio of City to Entire County	Butte County Sales	City of Gridley Sales
	[A]	[B]	[C = B / A]	D	[E = D * C]
Motor Vehicle & Parts Dealers	\$299,835,370	\$11,318,330	3.8%	\$290,490,000	\$10,965,556
Home Furnishings & Appliances	\$98,708,084	\$1,573,186	1.6%	\$118,198,000	\$1,883,812
Building Materials & Garden Equipment	\$373,854,149	\$11,050,805	3.0%	\$236,807,000	\$6,999,810
Food & Beverage Stores	\$232,750,880	\$4,159,325	1.8%	\$543,210,000	\$9,707,319
Gasoline Stations	\$213,786,504	\$1,672,634	0.8%	\$304,209,000	\$2,380,086
Clothing & Clothing Accessories	\$149,365,424	\$139,413	0.1%	\$124,524,000	\$116,227
General Merchandise Stores	\$450,346,493	\$3,246,482	0.7%	\$452,540,000	\$3,262,295
Food Services & Drinking Places	\$310,531,291	\$12,971,988	4.2%	\$265,792,000	\$11,103,070
Other Retail Group	\$758,220,981	\$10,442,719	1.4%	\$343,750,506	\$4,734,358
Totals	\$2,887,399,176	\$56,574,882	2.0%	\$2,679,520,506	\$51,152,533

Sources: California State Board of Equalization, "Taxable Sales in California"; and ALH Urban & Regional Economics.

(1) Nielson data are in 2015 dollars. See Appendices B-10 and B-11 for translation of Nielson to BOE categories.

(2) BOE data are in 2013-2014 Dollars.

Exhibit B-10
Translation of Nielson Retail Sales Categories to Board of Equalization Categories
Butte County
2015 Dollars (millions)

Claritas Sales Category	Nielson Retail Sales 2015 2015 \$'s	BOE Category
Motor Vehicle & Parts Dealers		
- Automotive Dealers	\$229,859,940	Motor Vehicles & Parts
- Other Motor Vehicle Dealers	\$26,454,397	
- Automotive Parts, Accessories, & Tire Stores	\$43,521,033	
Furniture & Home Furnishings Stores		
- Furniture Stores	\$16,612,126	Home Furnishings & Appliances
- Home Furnishing Stores	\$22,089,760	
Electronics & Appliance Stores		
- Appliance, Television, and Other Electronics	\$53,763,414	Home Furnishings & Appliances
- Household Appliances Stores	\$11,599,087	
- Radio Television and Other Electronics	\$42,164,327	
- Computer and Software Stores	\$5,653,440	
- Camera & Photographic Equipment Stores	\$589,344	
Building Material & Garden Equipment & Supply Dealers		
- Building Material & Supply Dealers	\$353,224,842	Building Materials and Garden Equip. & Supplies
- Home Centers	\$103,119,216	
- Paint and Wallpaper Stores	\$9,681,967	
- Hardware Stores	\$63,568,636	
- Other Building Materials Dealers	\$176,855,023	
- Building Materials, Lumberyards	\$66,144,573	
- Lawn and Garden Equipment and Supplies	\$20,629,307	
- Outdoor Power Equipment Stores	\$1,318,311	
- Nursery and Garden Centers	\$19,310,996	
Food & Beverage Stores		
- Grocery Stores	\$216,996,014	Food and Beverage Stores
- Supermarkets and Other Grocery Stores	\$211,445,046	
- Convenience Stores	\$5,550,968	
- Specialty Food Stores	\$7,344,627	
- Beer, Wine, & Liquor Stores	\$8,410,239	
Health & Personal Care Stores		
- Pharmacies and Drug Stores	\$213,920,766	Other Retail Group
- Cosmetics, Beauty Supplies and Perfume Stores	\$4,749,108	
- Optical Goods Stores	\$2,881,351	
- Other Health and Personal Care Stores	\$15,767,116	
Gasoline Stations		
- Gasoline Stations with Convenience Stores	\$155,244,284	Service Stations
- Other Gasoline Stations	\$58,542,220	
Clothing & Clothing Accessories Stores		
- Clothing Stores	\$67,747,850	Clothing & Clothing Accessories
- Men's Clothing Stores	\$3,163,909	
- Women's Clothing Stores	\$21,534,510	
- Children's and Infants' Clothing Stores	\$3,677,357	
- Family Clothing Stores	\$25,025,593	
- Clothing Accessories Stores	\$2,883,869	
- Other Clothing Stores	\$11,462,612	
- Shoe Stores	\$3,897,144	
- Jewelry, Luggage, & Leather Goods Stores	\$77,720,430	
- Jewelry Stores	\$77,671,581	
- Luggage, & Leather Goods Stores	\$48,849	
Sporting Goods, Hobby, Book, & Music Stores		
- Sporting Goods, Hobby, & Musical Instruments	\$102,755,466	Other Retail Group
- Sporting Goods Stores	\$51,518,708	
- Hobby, Toys and Games Stores	\$43,115,668	
- Sew, Needlework, Piece Goods Stores	\$6,179,119	
- Musical Instrument and Supplies Stores	\$1,941,971	
- Book, Periodical, & Music Stores	\$10,838,760	
- Book Stores and News Dealers	\$10,838,760	
- Book Stores	\$3,555,593	
- News Dealers and Newsstands	\$7,283,167	
- Pre-recorded Tape, Compact Disc, & Records	\$0	
General Merchandise Stores		
- Department Stores excluding Leased Dept Stores	\$369,332,839	General Merchandise Stores
- Other General Merchandise Stores	\$81,013,654	
Miscellaneous Store Retailers		
- Florists	\$114,494	Other Retail Group
- Office Supplies, Stationery, & Gift Stores	\$49,374,452	
- Office Supplies and Stationery Stores	\$24,616,619	
- Gift, Novelty, and Souvenir Stores	\$24,757,833	
- Used Merchandise Stores	\$3,975,220	
- Other Miscellaneous Store Retailers	\$27,334,078	
Non-store Retailers	\$326,510,170	Other Retail Group
Foodservice & Drinking Places		
- Full-Service Restaurants	\$111,223,205	Food Services & Drinking Places
- Limited-service Eating Places	\$163,708,711	
- Special Foodservices	\$13,786,057	
- Drinking Places - Alcoholic Beverages	\$21,813,318	
TOTAL RETAIL STORES	\$2,887,399,176	
Calculations		
BOE Category	In Millions	
Motor Vehicles & Parts	\$299,835,370	
Home Furnishings and Appliances	\$98,708,084	
Building Materials and Garden Equip	\$373,854,149	
Food and Beverage Stores	\$232,750,880	
Gasoline Stations	\$213,786,504	
Clothing and Clothing Accessories	\$149,365,424	
General Merchandise	\$450,346,493	
Food Services and Drinking Places	\$310,531,291	
Other Retail Group	\$758,220,981	
Retail Total	\$2,887,399,176	

Sources: Nielson Reports; State of California Board of Equalization; and ALH Urban & Regional Economics.

Exhibit B-11
Translation of Nielson Retail Sales Categories to Board of Equalization Categories
City of Gridley
2015 Dollars (millions)

Claritas Sales Category	Nielson Retail Sales 2015 2015 \$'s	BOE Category	
Motor Vehicle & Parts Dealers			
- Automotive Dealers	\$9,307,224	Motor Vehicles & Parts	
- Other Motor Vehicle Dealers	\$162,265		
- Automotive Parts, Accessories, & Tire Stores	\$1,848,841		
Furniture & Home Furnishings Stores			
- Furniture Stores	\$308,780		
- Home Furnishing Stores	\$58,646		
Electronics & Appliance Stores			
- Appliance, Television, and Other Electronics	\$688,236	Home Furnishings & Appliances	
- Household Appliances Stores	\$0		
- Radio Television and Other Electronics	\$688,236		
- Computer and Software Stores	\$517,524		
- Camera & Photographic Equipment Stores	\$0		
Building Material & Garden Equipment & Supply Dealers			
- Building Material & Supply Dealers	\$6,850,671	Building Materials and Garden Equip. & Supplies	
- Home Centers	\$0		
- Paint and Wallpaper Stores	\$0		
- Hardware Stores	\$4,224,062		
- Other Building Materials Dealers	\$2,626,609		
- Building Materials, Lumberyards	\$982,369		
- Lawn and Garden Equipment and Supplies	\$4,200,134		
- Outdoor Power Equipment Stores	\$281,959		
- Nursery and Garden Centers	\$3,918,175		
Food & Beverage Stores			
- Grocery Stores	\$3,625,916	Food and Beverage Stores	
- Supermarkets and Other Grocery Stores	\$3,266,083		
- Convenience Stores	\$359,833		
- Specialty Food Stores	\$108,649		
- Beer, Wine, & Liquor Stores	\$424,760		
Health & Personal Care Stores			
- Pharmacies and Drug Stores	\$7,991,677	Other Retail Group	
- Cosmetics, Beauty Supplies and Perfume Stores	\$0		
- Optical Goods Stores	\$0		
- Other Health and Personal Care Stores	\$721,867		
Gasoline Stations			
- Gasoline Stations with Convenience Stores	\$0	Service Stations	
- Other Gasoline Stations	\$1,672,634		
Clothing & Clothing Accessories Stores			
- Clothing Stores	\$139,413	Clothing & Clothing Accessories	
- Men's Clothing Stores	\$0		
- Women's Clothing Stores	\$0		
- Children's and Infants' Clothing Stores	\$0		
- Family Clothing Stores	\$0		
- Clothing Accessories Stores	\$0		
- Other Clothing Stores	\$139,413		
- Shoe Stores	\$0		
- Jewelry, Luggage, & Leather Goods Stores	\$0		
- Jewelry Stores	\$0		
- Luggage, & Leather Goods Stores	\$0		
Sporting Goods, Hobby, Book, & Music Stores			
- Sporting Goods, Hobby, & Musical Instruments	\$6,701	Other Retail Group	
- Sporting Goods Stores	\$6,701		
- Hobby, Toys and Games Stores	\$0		
- Sew, Needlework, Piece Goods Stores	\$0		
- Musical Instrument and Supplies Stores	\$0		
- Book, Periodical, & Music Stores	\$0		
- Book Stores and News Dealers	\$0		
- Book Stores	\$0		
- News Dealers and Newsstands	\$0		
- Pre-recorded Tape, Compact Disc, & Records	\$0		
General Merchandise Stores			
- Department Stores excluding Leased Dept Stores	\$0		General Merchandise Stores
- Other General Merchandise Stores	\$3,246,482		
Miscellaneous Store Retailers			
- Florists	\$16,355	Other Retail Group	
- Office Supplies, Stationery, & Gift Stores	\$498,750		
- Office Supplies and Stationery Stores	\$0		
- Gift, Novelty, and Souvenir Stores	\$498,750		
- Used Merchandise Stores	\$240,416		
- Other Miscellaneous Store Retailers	\$19,671		
Non-store Retailers			
Foodservice & Drinking Places			
- Full-Service Restaurants	\$5,987,985	Food Services & Drinking Places	
- Limited-service Eating Places	\$6,338,916		
- Special Foodservices	\$0		
- Drinking Places - Alcoholic Beverages	\$645,087		
TOTAL RETAIL STORES	\$56,574,882		
Calculations			
BOE Category	In Millions		
Motor Vehicles & Parts	\$11,318,330		
Home Furnishings and Appliances	\$1,573,186		
Building Materials and Garden Equip	\$11,050,805		
Food and Beverage Stores	\$4,159,325		
Gasoline Stations	\$1,672,634		
Clothing and Clothing Accessories	\$139,413		
General Merchandise	\$3,246,482		
Food Services and Drinking Places	\$12,971,988		
Other Retail Group	\$10,442,719		
Retail Total	\$56,574,882		

Sources: Nielson Reports; State of California Board of Equalization; and ALH Urban & Regional Economics.

Exhibit B-12
Calculation of the City of Biggs Taxable Sales
In 2015 Dollars

Retail Category	2015 Nielson Data (1)			2013-2014 BOE Data (2)		
	Butte County Sales	City of Biggs Sales	Ratio of City to Entire County	Butte County Sales	City of Biggs Sales	Percent of Total
	[A]	[B]	[C = B / A]	D	[E = D * C]	
Motor Vehicle & Parts Dealers	\$299,835,370	\$0	0.0%	\$290,490,000	\$0	0.0%
Home Furnishings & Appliances	\$98,708,084	\$140,414	0.1%	\$118,198,000	\$168,139	2.9%
Building Materials & Garden Equipment	\$373,854,149	\$430,772	0.1%	\$236,807,000	\$272,860	4.7%
Food & Beverage Stores	\$232,750,880	\$116,351	0.0%	\$543,210,000	\$271,548	4.7%
Gasoline Stations	\$213,786,504	\$3,147,400	1.5%	\$304,209,000	\$4,478,615	77.8%
Clothing & Clothing Accessories	\$149,365,424	\$0	0.0%	\$124,524,000	\$0	0.0%
General Merchandise Stores	\$450,346,493	\$8,445	0.0%	\$452,540,000	\$8,486	0.1%
Food Services & Drinking Places	\$310,531,291	\$599,465	0.2%	\$265,792,000	\$513,098	8.9%
Other Retail Group	\$758,220,981	\$91,025	0.0%	\$343,750,506	\$41,268	0.7%
Totals	\$2,887,399,176	\$4,533,872	0.2%	\$2,679,520,506	\$5,754,013	100.0%

Sources: California State Board of Equalization, "Taxable Sales in California"; and ALH Urban & Regional Economics.

(1) Nielson data are in 2015 dollars. See Appendices B-10 and B-13 for translation of Nielson to BOE categories.

(2) BOE data are in 2013-2014 Dollars.

Exhibit B-13
Translation of Nielson Retail Sales Categories to Board of Equalization Categories
City of Biggs
2015 Dollars (millions)

Claritas Sales Category	Nielson Retail Sales 2015 2015 \$'s	BOE Category
Motor Vehicle & Parts Dealers		
- Automotive Dealers	\$0	Motor Vehicles & Parts
- Other Motor Vehicle Dealers	\$0	
- Automotive Parts, Accessories, & Tire Stores	\$0	
Furniture & Home Furnishings Stores		
- Furniture Stores	\$0	
- Home Furnishing Stores	\$0	
Electronics & Appliance Stores		
- Appliance, Television, and Other Electronics	\$140,414	Home Furnishings & Appliances
- Household Appliances Stores	\$0	
- Radio Television and Other Electronics	\$140,414	
- Computer and Software Stores	\$0	
- Camera & Photographic Equipment Stores	\$0	
Building Material & Garden Equipment & Supply Dealers		
- Building Material & Supply Dealers	\$206,245	Building Materials and Garden Equip. & Supplies
- Home Centers	\$0	
- Paint and Wallpaper Stores	\$0	
- Hardware Stores	\$0	
- Other Building Materials Dealers	\$206,245	
- Building Materials, Lumberyards	\$77,136	
- Lawn and Garden Equipment and Supplies	\$224,527	
- Outdoor Power Equipment Stores	\$0	
- Nursery and Garden Centers	\$224,527	
Food & Beverage Stores		
- Grocery Stores	\$116,168	Food and Beverage Stores
- Supermarkets and Other Grocery Stores	\$116,168	
- Convenience Stores	\$0	
- Specialty Food Stores	\$183	
- Beer, Wine, & Liquor Stores	\$0	
Health & Personal Care Stores		
- Pharmacies and Drug Stores	\$0	Other Retail Group
- Cosmetics, Beauty Supplies and Perfume Stores	\$0	
- Optical Goods Stores	\$0	
- Other Health and Personal Care Stores	\$0	
Gasoline Stations		
- Gasoline Stations with Convenience Stores	\$3,147,400	Service Stations
- Other Gasoline Stations	\$0	
Clothing & Clothing Accessories Stores		
- Clothing Stores	\$0	Clothing & Clothing Accessories
- Men's Clothing Stores	\$0	
- Women's Clothing Stores	\$0	
- Children's and Infants' Clothing Stores	\$0	
- Family Clothing Stores	\$0	
- Clothing Accessories Stores	\$0	
- Other Clothing Stores	\$0	
- Shoe Stores	\$0	
- Jewelry, Luggage, & Leather Goods Stores	\$0	
- Jewelry Stores	\$0	
- Luggage, & Leather Goods Stores	\$0	
Sporting Goods, Hobby, Book, & Music Stores		
- Sporting Goods, Hobby, & Musical Instruments	\$0	Other Retail Group
- Sporting Goods Stores	\$0	
- Hobby, Toys and Games Stores	\$0	
- Sew, Needlework, Piece Goods Stores	\$0	
- Musical Instrument and Supplies Stores	\$0	
- Book, Periodical, & Music Stores	\$0	
- Book Stores and News Dealers	\$0	
- Book Stores	\$0	
- News Dealers and Newsstands	\$0	
- Pre-recorded Tape, Compact Disc, & Records	\$0	
General Merchandise Stores		
- Department Stores excluding Leased Dept Stores	\$2,309	General Merchandise Stores
- Other General Merchandise Stores	\$6,136	
Miscellaneous Store Retailers		
- Florists	\$0	Other Retail Group
- Office Supplies, Stationery, & Gift Stores	\$0	
- Office Supplies and Stationery Stores	\$0	
- Gift, Novelty, and Souvenir Stores	\$0	
- Used Merchandise Stores	\$0	
- Other Miscellaneous Store Retailers	\$91,025	
Non-store Retailers		
Foodservice & Drinking Places		
- Full-Service Restaurants	\$405,985	Food Services & Drinking Places
- Limited-service Eating Places	\$0	
- Special Foodservices	\$0	
- Drinking Places - Alcoholic Beverages	\$193,480	
TOTAL RETAIL STORES	\$4,533,872	
Calculations		
BOE Category	In Millions	
Motor Vehicles & Parts	\$0	
Home Furnishings and Appliances	\$140,414	
Building Materials and Garden Equip	\$430,772	
Food and Beverage Stores	\$116,351	
Gasoline Stations	\$3,147,400	
Clothing and Clothing Accessories	\$0	
General Merchandise	\$8,445	
Food Services and Drinking Places	\$599,465	
Other Retail Group	\$91,025	
Retail Total	\$4,533,872	

Sources: Nielson Reports; State of California Board of Equalization; and ALH Urban & Regional Economics.

Exhibit B-14
Calculation of the Hamilton City Census Designated Place Taxable Sales
2015 Dollars

Retail Category	2015 Nielson Data (1)			2013-2014 BOE Data (2)	
	Glenn County Sales	Hamilton City CDP Sales	Ratio of CDP to Entire County	Glenn County Sales (3)	Hamilton City CDP Sales
	[A]	[B]	[C = B / A]	D	[E = D * C]
Motor Vehicle & Parts Dealers	\$84,505,587	\$1,294,923	1.5%	\$28,678,000	\$439,448
Home Furnishings & Appliances	\$1,597,788	\$79,140	5.0%	\$1,522,000	\$75,386
Building Materials & Garden Equipment	\$9,797,614	\$0	0.0%	\$14,370,000	\$0
Food & Beverage Stores	\$74,716,990	\$3,060,329	4.1%	\$45,010,000	\$1,843,562
Gasoline Stations	\$128,453,397	\$24,088,240	18.8%	\$57,941,000	\$10,865,394
Clothing & Clothing Accessories	\$320,934	\$0	0.0%	\$1,458,000	\$0
General Merchandise Stores	\$60,377,106	\$0	0.0%	\$31,260,191	\$0
Food Services & Drinking Places	\$22,966,030	\$2,304,449	10.0%	\$21,143,000	\$2,121,523
Other Retail Group	\$26,378,581	\$0	0.0%	\$32,658,932	\$0
Totals	\$409,114,027	\$30,827,081	7.5%	\$234,041,123	\$15,345,313

Sources: California State Board of Equalization, "Taxable Sales in California"; and ALH Urban & Regional Economics.

(1) Nielson data are in 2015 dollars. See Appendices B-15 and B-16 for translation of Nielson to BOE categories.

(2) BOE data are in 2013-2014 Dollars.

(3) See Exhibit B-17.

Exhibit B-15
Translation of Nielson Retail Sales Categories to Board of Equalization Categories
Glenn County
in 2015 Dollars (millions)

Claritas Sales Category	Nielson Retail Sales 2015 2015 \$'s	BOE Category	
Motor Vehicle & Parts Dealers			
- Automotive Dealers	\$71,165,518	Motor Vehicles & Parts	
- Other Motor Vehicle Dealers	\$7,928,447		
- Automotive Parts, Accessories, & Tire Stores	\$5,411,622		
Furniture & Home Furnishings Stores			
- Furniture Stores	\$560,793		
- Home Furnishing Stores	\$474,863		
Electronics & Appliance Stores			
- Appliance, Television, and Other Electronics	\$301,850	Home Furnishings & Appliances	
- Household Appliances Stores	\$64,432		
- Radio Television and Other Electronics	\$237,418		
- Computer and Software Stores	\$260,282		
- Camera & Photographic Equipment Stores	\$0		
Building Material & Garden Equipment & Supply Dealers			
- Building Material & Supply Dealers	\$5,061,933	Building Materials and Garden Equip. & Supplies	
- Home Centers	\$0		
- Paint and Wallpaper Stores	\$0		
- Hardware Stores	\$866,251		
- Other Building Materials Dealers	\$4,195,682		
- Building Materials, Lumberyards	\$1,569,207		
- Lawn and Garden Equipment and Supplies	\$4,735,681		
- Outdoor Power Equipment Stores	\$2,163,066		
- Nursery and Garden Centers	\$2,572,615		
Food & Beverage Stores			
- Grocery Stores	\$42,580,968	Food and Beverage Stores	
- Supermarkets and Other Grocery Stores	\$37,741,891		
- Convenience Stores	\$4,839,077		
- Specialty Food Stores	\$5,425,431		
- Beer, Wine, & Liquor Stores	\$26,710,591		
Health & Personal Care Stores			
- Pharmacies and Drug Stores	\$15,098,101	Other Retail Group	
- Cosmetics, Beauty Supplies and Perfume Stores	\$0		
- Optical Goods Stores	\$0		
- Other Health and Personal Care Stores	\$2,662,092		
Gasoline Stations			
- Gasoline Stations with Convenience Stores	\$92,338,247	Service Stations	
- Other Gasoline Stations	\$36,115,150		
Clothing & Clothing Accessories Stores			
- Clothing Stores	\$320,934	Clothing & Clothing Accessories	
- Men's Clothing Stores	\$0		
- Women's Clothing Stores	\$54,141		
- Children's and Infants' Clothing Stores	\$28,127		
- Family Clothing Stores	\$180,908		
- Clothing Accessories Stores	\$0		
- Other Clothing Stores	\$57,758		
- Shoe Stores	\$0		
- Jewelry, Luggage, & Leather Goods Stores	\$0		
- Jewelry Stores	\$0		
- Luggage, & Leather Goods Stores	\$0		
Sporting Goods, Hobby, Book, & Music Stores			
- Sporting Goods, Hobby, & Musical Instruments	\$1,633,374	Other Retail Group	
- Sporting Goods Stores	\$1,633,374		
- Hobby, Toys and Games Stores	\$0		
- Sew, Needlework, Piece Goods Stores	\$0		
- Musical Instrument and Supplies Stores	\$0		
- Book, Periodical, & Music Stores	\$0		
- Book Stores and News Dealers	\$0		
- Book Stores	\$0		
- News Dealers and Newsstands	\$0		
- Pre-recorded Tape, Compact Disc, & Records	\$0		
General Merchandise Stores			
- Department Stores excluding Leased Dept Stores	\$54,219,295		General Merchandise Stores
- Other General Merchandise Stores	\$6,157,811		
Miscellaneous Store Retailers			
- Florists	\$137,589	Other Retail Group	
- Office Supplies, Stationery, & Gift Stores	\$2,243,930		
- Office Supplies and Stationery Stores	\$913,404		
- Gift, Novelty, and Souvenir Stores	\$1,330,526		
- Used Merchandise Stores	\$238,417		
- Other Miscellaneous Store Retailers	\$1,266,280		
Non-store Retailers			
Foodservice & Drinking Places			
- Full-Service Restaurants	\$10,208,015	Food Services & Drinking Places	
- Limited-service Eating Places	\$9,198,236		
- Special Foodservices	\$2,644,756		
- Drinking Places - Alcoholic Beverages	\$915,023		
TOTAL RETAIL STORES	\$409,114,027		
Calculations			
BOE Category	In Millions		
Motor Vehicles & Parts	\$84,505,587		
Home Furnishings and Appliances	\$1,597,788		
Building Materials and Garden Equip	\$9,797,614		
Food and Beverage Stores	\$74,716,990		
Gasoline Stations	\$128,453,397		
Clothing and Clothing Accessories	\$320,934		
General Merchandise	\$60,377,106		
Food Services and Drinking Places	\$22,966,030		
Other Retail Group	\$26,378,581		
Retail Total	\$409,114,027		

Sources: Nielson Reports; State of California Board of Equalization; and ALH Urban & Regional Economics.

Exhibit B-16
Translation of Nielson Retail Sales Categories to Board of Equalization Categories
Hamilton City Census Designated Place
2015 Dollars (millions)

Claritas Sales Category	Nielson Retail Sales 2015 2015 \$'s	BOE Category
Motor Vehicle & Parts Dealers		
- Automotive Dealers	\$0	Motor Vehicles & Parts
- Other Motor Vehicle Dealers	\$1,219,763	
- Automotive Parts, Accessories, & Tire Stores	\$75,160	
Furniture & Home Furnishings Stores		
- Furniture Stores	\$0	
- Home Furnishing Stores	\$0	
Electronics & Appliance Stores		
- Appliance, Television, and Other Electronics	\$79,140	Home Furnishings & Appliances
- Household Appliances Stores	\$0	
- Radio Television and Other Electronics	\$79,140	
- Computer and Software Stores	\$0	
- Camera & Photographic Equipment Stores	\$0	
Building Material & Garden Equipment & Supply Dealers		
- Building Material & Supply Dealers	\$0	Building Materials and Garden Equip. & Supplies
- Home Centers	\$0	
- Paint and Wallpaper Stores	\$0	
- Hardware Stores	\$0	
- Other Building Materials Dealers	\$0	
- Building Materials, Lumberyards	\$0	
- Lawn and Garden Equipment and Supplies	\$0	
- Outdoor Power Equipment Stores	\$0	
- Nursery and Garden Centers	\$0	
Food & Beverage Stores		
- Grocery Stores	\$2,057,720	Food and Beverage Stores
- Supermarkets and Other Grocery Stores	\$1,397,845	
- Convenience Stores	\$659,875	
- Specialty Food Stores	\$48,659	
- Beer, Wine, & Liquor Stores	\$953,950	
Health & Personal Care Stores		
- Pharmacies and Drug Stores	\$0	Other Retail Group
- Cosmetics, Beauty Supplies and Perfume Stores	\$0	
- Optical Goods Stores	\$0	
- Other Health and Personal Care Stores	\$0	
Gasoline Stations		
- Gasoline Stations with Convenience Stores	\$24,088,240	Service Stations
- Other Gasoline Stations	\$0	
Clothing & Clothing Accessories Stores		
- Clothing Stores	\$0	Clothing & Clothing Accessories
- Men's Clothing Stores	\$0	
- Women's Clothing Stores	\$0	
- Children's and Infants' Clothing Stores	\$0	
- Family Clothing Stores	\$0	
- Clothing Accessories Stores	\$0	
- Other Clothing Stores	\$0	
- Shoe Stores	\$0	
- Jewelry, Luggage, & Leather Goods Stores	\$0	
- Jewelry Stores	\$0	
- Luggage, & Leather Goods Stores	\$0	
Sporting Goods, Hobby, Book, & Music Stores		
- Sporting Goods, Hobby, & Musical Instruments	\$0	Other Retail Group
- Sporting Goods Stores	\$0	
- Hobby, Toys and Games Stores	\$0	
- Sew, Needlework, Piece Goods Stores	\$0	
- Musical Instrument and Supplies Stores	\$0	
- Book, Periodical, & Music Stores	\$0	
- Book Stores and News Dealers	\$0	
- Book Stores	\$0	
- News Dealers and Newsstands	\$0	
- Pre-recorded Tape, Compact Disc, & Records	\$0	
General Merchandise Stores		
- Department Stores excluding Leased Dept Stores	\$0	General Merchandise Stores
- Other General Merchandise Stores	\$0	
Miscellaneous Store Retailers		
- Florists	\$0	Other Retail Group
- Office Supplies, Stationery, & Gift Stores	\$0	
- Office Supplies and Stationery Stores	\$0	
- Gift, Novelty, and Souvenir Stores	\$0	
- Used Merchandise Stores	\$0	
- Other Miscellaneous Store Retailers	\$0	
Non-store Retailers		
Foodservice & Drinking Places		
- Full-Service Restaurants	\$239,538	Food Services & Drinking Places
- Limited-service Eating Places	\$2,064,911	
- Special Foodservices	\$0	
- Drinking Places - Alcoholic Beverages	\$0	
TOTAL RETAIL STORES	\$30,827,081	
Calculations		
BOE Category	In Millions	
Motor Vehicles & Parts	\$1,294,923	
Home Furnishings and Appliances	\$79,140	
Building Materials and Garden Equip	\$0	
Food and Beverage Stores	\$3,060,329	
Gasoline Stations	\$24,088,240	
Clothing and Clothing Accessories	\$0	
General Merchandise	\$0	
Food Services and Drinking Places	\$2,304,449	
Other Retail Group	\$0	
Retail Total	\$30,827,081	

Sources: Nielson Reports; State of California Board of Equalization; and ALH Urban & Regional Economics.

Exhibit B-17
Glenn County Board of Equalization Taxable Sales Estimate
in Current Dollars
Third Quarter 2013 Through Second Quarter 2014
(in \$000s)

Type of Retailer	BOE Taxable Sales Estimate in \$000s (1)				Total Taxable Sales Glenn County	Glenn County Taxable Sales Adjusted to Total Retail
	Q3 2013 [A]	Q4 2013 [B]	Q1 2014 [C]	Q2 2014 [D]	[E = A + B + C +D]	
Motor Vehicle & Parts Dealers	\$6,560	\$6,597	\$7,639	\$7,882	\$28,678	\$28,678
Home Furnishings & Appliances	\$350	\$419	\$385	\$368	\$1,522	\$1,522
Building Materials & Garden Equipment	\$3,549	\$3,104	\$3,650	\$4,067	\$14,370	\$14,370
Food & Beverage Stores	\$3,927	\$3,313	\$2,899	\$3,364	\$13,503	\$45,010 (2)
Gasoline Stations	\$15,206	\$13,968	\$12,656	\$16,111	\$57,941	\$57,941
Clothing & Clothing Accessories	\$319	\$498	\$287	\$354	\$1,458	\$1,458
General Merchandise Stores	\$5,590 (3)	\$7,037 (3)	\$4,959 (3)	\$5,859 (3)	\$23,445	\$31,260 (4)
Food Services & Drinking Places	\$5,306	\$5,233	\$5,022	\$5,582	\$21,143	\$21,143
Other Retail Group	\$6,574 (3)	\$7,342 (3)	\$4,855 (3)	\$6,733 (3)	\$25,504	\$32,659 (5)
Total (6)	\$47,381	\$47,511	\$42,352	\$50,320	\$187,564	\$234,041

Sources: California State Board of Equalization (BOE), "Taxable Sales in California (Sales & Use Tax)" reports, for Third Quarter 2013, Fourth Quarter 2013, First Quarter 2014, and Second Quarter 2014; U.S. Economic Census, "Retail Trade: Subject Series - Product Lines: Product Lines Statistics by Kind of Business for the United States: 2007"; and ALH Urban & Regional Economics.

(1) Taxable sales are pursuant to reporting by the State of California Board of Equalization (BOE).

(2) Sales for Food and Beverage Stores have been adjusted to account for non-taxable sales; only 30.0% of all food store sales are estimated to be taxable.

(3) The BOE omits certain sales because their publication would result in the disclosure of confidential information. ALH Urban & Regional Economics estimated the missing category sales figures. See Exhibit B-18 for calculations.

(4) Sales for General Merchandise Stores have been adjusted to account for non-taxable food sales, since some General Merchandise Store sales include non-taxable food items. ALH Urban & Regional Economics estimates that at least 25% of General Merchandise sales are for grocery items that are also non-taxable. This estimate is based on analysis of the 2007 U.S. Economic Census, which attributes 26% of General Merchandise Stores sales to food.

(5) Sales for Other Retail Group have been adjusted to account for non-taxable drug store sales, since drug store sales are included in the Other Retail Group category. ALH Urban & Regional Economics estimates that 33.0% of drug store sales are taxable, based on discussions with the California BOE and examination of U.S. Census data. In the State of California, drug store sales in Q3 2013, Q4 2013, Q1 2014, and Q2 2014 represented approximately 13.82% of all Other Retail Group sales. ALH Urban & Regional Economics applied that percentage and then adjusted upward for non-taxable sales.

(6) Totals may not add up due to rounding.

Exhibit B-18
Board of Equalization Omitted Taxable Sales Estimates for Glenn County
Using State of California Sales Percentages
in Current Dollars
Third Quarter 2013 Through Second Quarter 2014
(in \$000s)

Type of Retailer	California		Glenn County	
	Amount	% of Total	Given	Calculated
	[A]	[B]	[C]	[E = B * D]
Q2 2013				
General Merchandise	\$11,860,066	11.8%	#	\$5,590
Other Retail Group	--	--	\$12,164	\$6,574 (1)
Total	\$100,526,422	--	\$47,381	--
Q4 2013				
General Merchandise	\$15,942,319	14.8%	#	\$7,037
Other Retail Group	--	--	\$14,379	\$7,342 (1)
Total	\$107,642,612	--	\$47,512	--
Q1 2014				
General Merchandise	\$11,306,475	11.7%	#	\$4,959
Other Retail Group	--	--	\$9,814	\$4,855 (1)
Total	\$96,558,412	--	\$42,352	--
Q2 2014				
General Merchandise	\$12,320,384	11.6%	#	\$5,859
Other Retail Group	--	--	\$12,592	\$6,733 (1)
Total	\$105,809,345	--	\$50,320	--

Sources: California State Board of Equalization (BOE), "Taxable Sales in California" reports, for Third Quarter 2013, Fourth Quarter 2013, First Quarter 2014, and Second Quarter 2014; and ALH Urban & Regional Economics.

(1) The BOE omits certain sales because their publication would result in the disclosure of confidential information; the omitted sales are included in the Other Retail Group sales. The Other Retail Group is calculated by taking the figure given by the BOE and subtracting the new estimated for the categories that had been omitted.

Exhibit B-19
Market Area and Paradise Environs Market Area Portions (2)
Population and Household Estimates
2015-2020

Geographic Area	Year (3)			Average Annual	
	2015	2018	2020	Growth Rate	
2015-2020					
Population					
Market Area (1)	161,518	167,884	172,269	--	
<u>Census Tract (2)</u>	<u>Associated City</u>				
6007001702	Magalia	5,749	5,800	5,834	0.3%
6007001703	Magalia	2,872	2,902	2,923	0.4%
6007001800	Paradise	5,635	5,672	5,697	0.2%
6007001900	Paradise	3,342	3,350	3,356	0.1%
6007002000	Paradise	5,178	5,213	5,237	0.2%
6007002100	Paradise	4,558	4,569	4,577	0.1%
6007002200	Butte Valley, Creek Canyon (4)	5,131	5,156	5,172	0.2%
6007002300	Butte Valley, Creek Canyon (4)	5,413	5,494	5,549	0.5%
	<i>Subtotal</i>	37,878	38,157	38,345	
	<i>Subtotal exc. Butte Valley</i>	27,334	27,508	27,624	
	% of Total Market Area	23.5%	22.7%	22.3%	
	% Exc. Butte Valley of Total Market Area	16.9%	16.4%	16.0%	
Households					
Market Area (1)	64,487	66,975	68,687	--	
<u>Census Tract (2)</u>	<u>Associated City</u>				
6007001702	Magalia	2,430	2,449	2,462	0.3%
6007001703	Magalia	1,221	1,234	1,243	0.4%
6007001800	Paradise	2,509	2,530	2,544	0.3%
6007001900	Paradise	1,480	1,486	1,490	0.1%
6007002000	Paradise	2,392	2,422	2,443	0.4%
6007002100	Paradise	2,127	2,138	2,146	0.2%
6007002200	Butte Valley, Creek Canyon (4)	2,381	2,402	2,416	0.3%
6007002300	Butte Valley, Creek Canyon (4)	2,424	2,465	2,492	0.6%
	<i>Subtotal</i>	16,964	17,127	17,236	
	<i>Subtotal exc. Butte Valley</i>	12,159	12,260	12,328	
	% of Total Market Area	26.3%	25.6%	25.1%	
	% Exc. Butte Valley of Total Market Area	18.9%	18.3%	17.9%	

Sources: Nielson Reports 2015; and ALH Urban & Regional Economics.

(1) See Exhibit 9.

(2) These census tracts comprise the portion of the Project's market area that corresponds with the Paradise area and other areas near Paradise that are estimated to comprise the portion of the Project's market area that would generate demand for a prospective Walmart-anchored shopping center in Paradise if such a center were ultimately developed in Paradise.

(3) Population and Household estimates for 2015 and projections for 2020 per Nielson Reports 2015; 2018 is estimated using the average annual growth rate.

(4) This area is equidistant between Chico and Paradise, and thus may or may not comprise a Paradise market area.

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