

Section I

INTRODUCTION AND PROJECT LOCATION CONTEXT

INTRODUCTION

This report evaluates the potential of a proposed mixed-use development in the Southwest Area of the City of Ithaca, New York to negatively affect the downtown area of Ithaca such that blighting conditions¹ could occur. This report has been prepared as part of the environmental review requested for projects of this scale under the State Environmental Quality Review law for New York State.

The impacts to the community potentially resulting from the development of one of the land use scenarios under evaluation are the primary focus of this study. The circumstance being investigated that could create blighted conditions in Ithaca is one in which retail sales are shifted from an existing commercial district to the proposed development to an extent that either 1) a predominance of buildings or structures would be deteriorated to the point of being unfit or unsafe for use or occupancy, or b) a predominance of economically unproductive buildings or structures would require redevelopment in order to prevent further deterioration or jeopardize the economic well being of area residents and business owners. The degree to which blighting conditions could potentially occur in downtown Ithaca as the result of the development of the Southwest Area is measured against this definition. Impacts and costs to the downtown are measured, and mitigation strategies are offered as a means of minimizing the risk of blighting conditions, or to correct such conditions.

This study utilizes a number of data sources such as demographic and economic information for the City of Ithaca and Tompkins County. The retail market of both the City and the wider region are analyzed to gauge the performance of Ithaca's economy and the impact a new commercial

¹ Pursuant to Subdivision (a) of section 970-c of the general municipal law of the State of New York, "blighted conditions" or a "blighted area" means an area within a municipality in which one or more of the following conditions exist: (i) a predominance of buildings and structures which are deteriorated or unfit or unsafe for use or occupancy; or (ii) a predominance of economically unproductive lands, buildings or structures, the redevelopment of which is needed to prevent further deterioration which would jeopardize the economic well being of the people; or

development will have on the market and community. This study utilizes a number of local sources in its analysis, including interviews with local officials, consumer surveys, and prior market studies and planning documents.

ASSUMPTIONS

In preparing this report, the following assumptions were made. This study is qualified in its entirety by these assumptions.

1. The size and design of the Southwest Area mixed use project will be appropriate to its market potential, and will serve to create a high-quality, development with broad-based market appeal and a distinctive image. However, no assumption about the type of retail or other types of space has been made. Thus the report assumes “generic” retail space. The market potential and effects on Ithaca will vary between space types developed. Thus, conclusions drawn from this report are placed in this context. Reasonable assumptions regarding the nature of the future development; the market’s response to the new offerings and the nature of the competitive outcome are made based on the size and characteristics of the available consumer market, the existing retail offerings, and the retail space proposed for Southwest Area.
2. Changes in economic conditions or unforeseeable events are not factored into this analysis. These might be a major recession, development of other major retail centers in the area or other such changes that would effect the findings of this analysis.
3. Every reasonable effort has been made in order that the data contained in this study reflect the most accurate and timely information possible, and it is believed to be reliable. This study is based on estimates, assumptions and other information developed by the Office of Thomas J. Martin from its independent research efforts, general knowledge of the industry, and consultations with the client. No responsibility is assumed for inaccuracies in reporting by the client, its agents and representatives, or any other data source used in the preparation of this study. No warranty or representation is made that any of the projected values or results contained in this study will actually be achieved. There will usually be differences between forecasted or projected results and actual results because events and circumstances usually do not occur as expected, and other factors not considered in the study may influence actual results. Changes in economic conditions or unforeseeable events are not factored into this analysis. These might be a major recession, development of other major retail centers in the area or other such changes that would effect the findings of this analysis. This report should be presented to third parties in its entirety. Information, assumptions and analyses contained in this report which are extracted, read or used out of context may not be representative of the findings of the report.

(iii) an area in economic distress resulting from the loss or reduction of five hundred or more jobs due to the closing or relocation of a manufacturing or industrial facility.

4. Unless otherwise noted or dated all estimates and projections in this report are in current dollar values. No inflationary assumptions are made.
5. This report was prepared during the period of August through September 1999. It represents data available at that time.

SITE SCENARIOS AND LOCATION

Six development scenarios for the Southwest Area are to be examined as part of the City of Ithaca’s General Environmental Impact Statement (GEIS). The development scenarios range in size between 500,000 to 1.25 million square feet. The land use mix also varies with each development scenario, though all of the development scenarios propose a majority of retail uses. The site scenarios and the land use mix for each scenario are shown by data in **Table I-1**.

Table I-1
Southwest Area Land Use Scenarios

Scenario	Overall Size (sq. ft.)	Land Use Mix			
		Retail	Office	Light Industrial	Residential
1	1,050,000	600,000	250,000	200,000	
2	600,000 + 600 units	400,000	100,000	100,000	600 units
3	500,000	500,000			
4	750,000	500,000	250,000		
5	1,000,000	800,000	200,000		
6	1,250,000	1,000,000	250,000		

Source: City of Ithaca Planning Department, 1999.

The study area of the proposed mixed-use development is in the Southwest area of the City of Ithaca. The study area is approximately 350 acres in size consisting primarily of a site which had until the 1960s been used for the disposal of municipal household waste, and Southwest Park, an undeveloped city-owned parcel of land which is in the process of being alienated. This site has been the subject of a land use study in 1994 that was amended in 1998. The *Southwest Area Land Use Plan*, City of Ithaca, 1998, provides additional data describing the site.

The Southwest area site is bounded to the south and east by Elmira Road, Ithaca's main automobile-intensive commercial district. The site is bounded to the west by the Ithaca flood control channel and railroad tracks. The site is bounded to the north by the Cherry Street Industrial Park and a mobile home park. Elmira Road is a four-lane State highway that is the major artery for the Southwest area of Ithaca. Elmira Road is largely given to commercial developments, which include large shopping plazas, and strip-type developments. Typical uses in these developments include automobile-related retail, fast food outlets and large general merchandise stores. The total gross leasable area along the Elmira Road corridor was estimated to be approximately 392,800 square feet² in 1994. This figure has grown in the past five years as new businesses have continued to locate along Elmira Road.

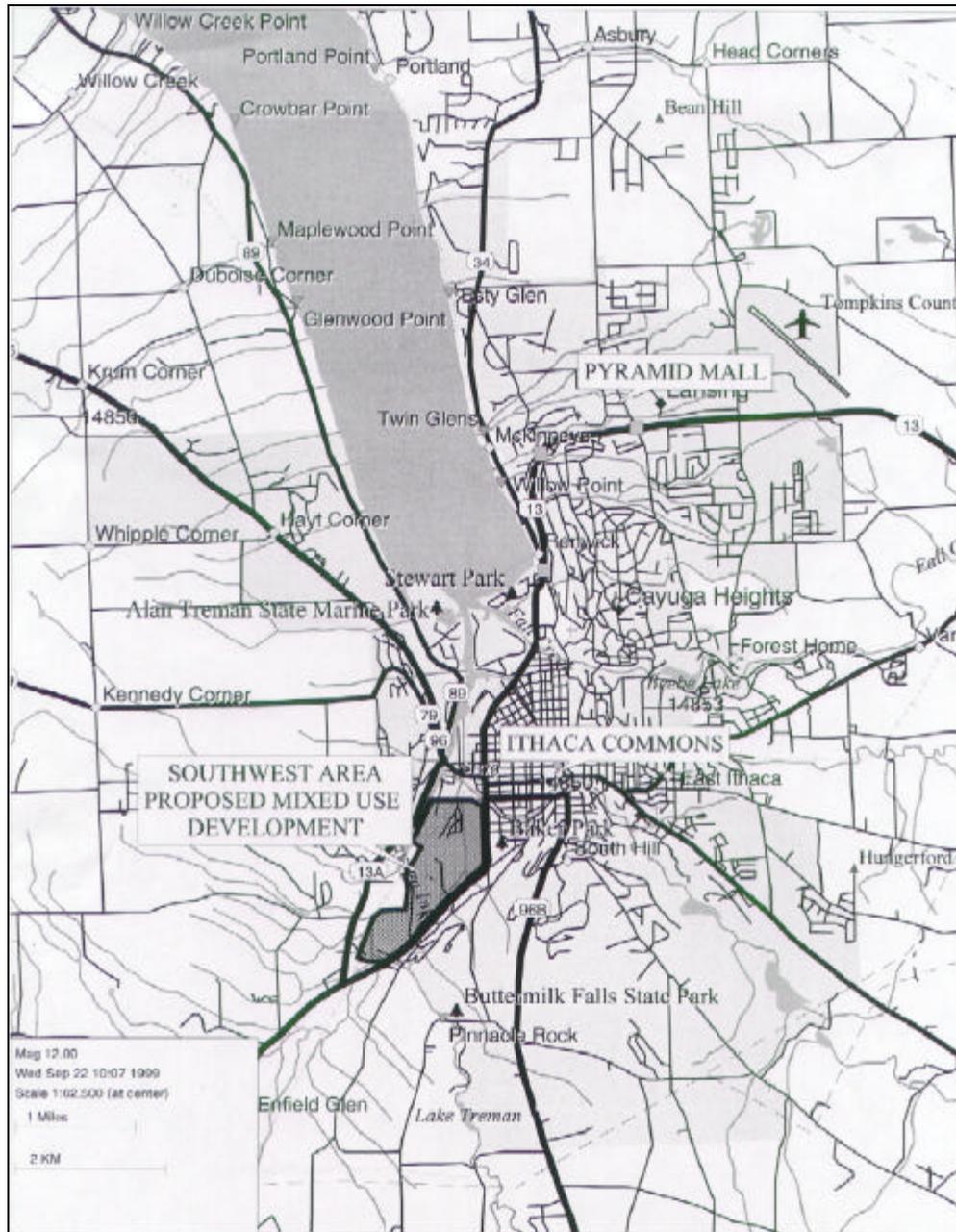
LOCATION AND DEMOGRAPHIC CONDITIONS

Regional Context

The City of Ithaca is located in the center of Tompkins County, New York at the southern tip of Cayuga Lake in an area known as the Finger Lakes Region. Ithaca is the only City in the County, and it is the central place for services, entertainment, government, and to a substantial extent, shopping. Ithaca is surrounded by some of Upstate New York's larger metropolitan areas. These cities include Binghamton (52 miles), Syracuse (58 miles) and Elmira (34 miles). Figure I-1 shows a map of the Ithaca region.

² RKG Associates, Inc., *Economic and Fiscal Impact Analysis of a Proposed Wal-Mart Store on the City of Ithaca*, 1994.

Figure I-1
Map of Ithaca Region



Ithaca is also a regional service center for the southern Finger Lakes region, particularly for education. The Ithaca urbanized area is the home of two private universities, Cornell University and Ithaca College, as well as the Tompkins County Community College (TC3). The institutions of higher learning have a powerful influence on the City of Ithaca for a number of reasons. Principally, the universities add thousands of students to the local area, creating a market for housing, services and recreation. Cornell University, the largest University in the Ithaca area, enrolled 18,319 students in the 1998-1999 school year.³ As well, the universities, most prominently Cornell University, own a significant amount of land in the City that is not taxable given their tax-exempt status.

Demographic Profile

Population and Households

The New York State Department of Labor estimated the City of Ithaca's resident population at 28,507 persons in 1996. This represents a slight drop from the official Census figure of 29,541 in 1990. Tompkins County is estimated to have grown during the same time period to just under 96,000 residents. Data in **Table I-2** summarizes population trends in the area. Both the City of Ithaca and Tompkins County are unusual in that they have a very high percentage of college students. In 1990 there were 16,361 college students living in the City of Ithaca,⁴ which represented 55 percent of the total City population.⁵ There were 12,146 non-student residents in 1990. In Tompkins County 28 percent of residents were college students. Though students might not be considered part of the "permanent" population of both the City and County (given that most do not live in the area year-round) the presence of students is greatly felt in the area's commercial and housing markets.

³ Cornell University Office of Community Relations.

⁴ Tompkins County Draft Economic Development Plan, 1998.

⁵ Tompkins County Draft Economic Development Plan, 1998.

Table I-2
Estimated City and County Population Change, 1990-1996

	April 1, 1990	July 1, 1996 (est.)	Estimated Change 1990-96	
			Number	%
Ithaca City	29,541	28,507	-1,034	-3.50
Tompkins County	94,097	95,956	1,859	1.02

Source: New York State Department of Labor

Households

According to the 1990 U.S. Census, there were 9,614 households in the City of Ithaca, representing an average household size of 2.28 persons excluding those living in dormitories or other group quarters. Tompkins County had 33,341 households which reflected an average household size of 2.5 persons, not including those living in dormitories or other group quarters.

Personal Income

Personal income data for both the City of Ithaca and Tompkins County are shown below in **Table I-3**. Residents of the County had higher per capita median household and median family incomes than the residents of the City. The per capita income in 1989 for the State of New York as a whole was \$16,501 and median household income was \$32,965, which are higher figures than both the City and County. It is likely that the large number of students as a percentage of the total population pulls down income statistics for the City and the County.

Table I-3
Estimated Personal Income Summary, 1989

	Per Capita Income	Median Household Income	Median Family Income
Ithaca City	\$9,213	\$17,738	\$30,787
Tompkins County	\$13,171	\$27,742	\$37,874

Source: U.S. Bureau of the Census, 1990. All figures in 1989 dollars. Includes persons in group quarters (students).

Data on student spending and buying power are difficult to ascertain, as many students do not record an income and/or they spend their parents' money while at school. Despite extensive research a definitive source of student spending was not located. However, this does not mean that students are not an important market segment of the area's economy. Many businesses cater almost exclusively to the student population. The growth of Collegetown and the specialized retail mix in downtown Ithaca and the Commons reflects the capacity of students to contribute to the economy. Cornell University's Office of Financial Aid compiles a student expense budget for each school year, a nine-month period. For the 1999-2000 school year, students are expected to spend an average of \$9,475 for room and board, books, supplies and personal expenses. This rounds to over \$1,000 per student per month for rent, food, and personal expenditures. These figures are used as a conservative "proxy" of average student buying power in the market analysis section of this document.

Employment

Because of the small size of the local economy, employment figures are tracked at the County level by the State of New York Department of Labor. Data in **Table I-4** provide employment trends in Tompkins County for a number of non-agricultural industrial sectors over the last 15 years. Total employment in the County increased by almost 40 percent between 1981 and 1996. The industrial sector that experienced the greatest growth is the service sector, which grew by 113 percent. This is likely a result of the expansions of both Cornell University and Ithaca College during this time as well as reflecting trends in the national economy. In addition to Services, Finance, Insurance and Real Estate (FIRE) employment grew strongly, at almost 39 percent. The Wholesale and Retail Trade sector added 1,500 jobs while growing by 25 percent. Manufacturing experienced the greatest job loss, at more than 30 percent.

Table 1-4
Total Non-agricultural Employment in Tompkins County, 1981-1996

Total Non-agricultural employees	1981	1991	1996	% change, 1981-1996
TOTAL	36,300	50,100	50,500	39.12%
Selected Sectors				
Manufacturing	5,500	4,000	3,800	-30.91%
Transportation, Communications and Utilities	1,200	1,400	1,400	16.67%
Wholesale and Retail Trade	6,000	8,100	7,500	25.00%
FIRE	1,300	1,600	1,800	38.46%
Services	12,800	26,300	27,300	113.28%
Government	8,400	7,200	7,700	-8.33%

Source: New York Department of Labor.

Educational services in particular provide a major source of employment in the County. The top local employers, ranked by the number of employees, are as follows:

- Cornell University 8,800 employees
- Ithaca College 1,316 employees
- Ithaca City School District 1,200 employees
- Borg Warner Automotive 1,097 employees
- County of Tompkins 704 employees
- Cayuga Medical Center 700 employees⁶

Ithaca and Tompkins County typically have unemployment rates substantially lower than does the State of New York. Recent unemployment rates prepared by the New York State Department of Labor are no exception. For May 1999, the City of Ithaca had an unemployment rate of 2.3 percent.

⁶ Tompkins County Chamber of Commerce, 1999.

The County, meanwhile, had an overall unemployment rate of 3.2 percent. These figures compare favorably with that of the State of New York, which posted a 4.9 percent unemployment rate for May 1999. The low rates of unemployment in the City and County can, in part, be explained by the large number of persons employed in the educational services sector, which is often less vulnerable to market forces and employment cycles.

Economic Setting

The City of Ithaca has seen a number of changes in its local economy over the years that are typical of cities small and large throughout the region and the nation. Retail development and consumer trends have altered Ithaca's commercial and physical landscape over the years. Most notable has been the gradual de-concentration of certain types of retail and commercial activity from the downtown core, particularly general merchandisers. In 1973 there were five general merchandisers operating in downtown Ithaca. Three general merchandisers relocated to the Pyramid Mall when it opened in 1976, though no other downtown merchants relocated to the mall. Most recently, Woolworth's, the last general merchandiser in the downtown, closed its doors. Though there are other general merchandisers serving the City of Ithaca, most such stores are found outside of the City limits. The principal nearby comparison shopping center is the Pyramid Mall, located in the Village of Lansing, outside of the City limits. In addition, there is evidence that consumers are using the general merchandise offerings in the regionally competitive shopping areas such as Cortland, Horseheads, Elmira, Waterloo, Seneca Falls and Syracuse.

Downtown, meanwhile, has evolved into a commercial center oriented to downtown workers seeking convenience goods and services, area residents living in close proximity to downtown, students and tourists. The retail mix in downtown and on The Commons is heavily weighted to specialty retail, restaurants and cafes, which serve downtown workers during the day and students and locals during the evening. Downtown's mix of retail and entertainment is also attractive to tourists. This focus on specialty retail and entertainment is downtown's response to a commercial marketplace that has undergone profound change over the years. The downtown is not a comparison-shopping district that competes directly with the Pyramid Mall or regional shopping centers.

The local marketplace in Ithaca is divided among five main nodes of commercial activity. They are as follows:

Downtown: Downtown Ithaca is the City’s traditional retail core, though the nature of the retail mix has changed over the years. It contains a mix of high-density residential, office and retail spaces. Much of Downtown’s economic activity is centered on the Commons, a pedestrian marketplace offering more than 100 specialty shops and restaurants. The downtown is part of a Business Improvement District (BID), which is administered by the Ithaca Downtown Partnership.

At the very center of downtown is The Commons, which is the very heart of downtown commercial activity, as well as the main gathering spot for residents, students and tourists alike. The Commons is a pedestrian marketplace offering retail uses at the ground level and office and residential uses at upper levels. Many of the stores on the Commons are owned and operated by local residents. The Commons is as socially prominent as it is commercially prominent. It is a named marketplace offering many opportunities for passive recreation and social interaction. The Commons has helped to define and reinforce the uniqueness of downtown Ithaca and the City’s identity, and it is still evolving. The City of Ithaca has conducted revitalization studies for The Commons, and \$350,000 has been set aside for physical improvements to the downtown.

Collegetown: Collegetown is a mid-rise, high-density residential and retail cluster that caters almost exclusively to the Cornell University student community. This area offers a mix of residences, retail, restaurants and cafes, entertainment and services.

West State Street: Extending west of downtown, directly off the Commons, West State Street contains a mixture of lower density retail and light industrial activity. The sections of West State Street closest to the Commons act as an informal extension of the Downtown and Commons with uses similar to those located on the Commons. It is known as the “secondary Commons.” Heading out of the downtown, West State Street is dominated by local commercial activity offering uses such as a hardware store.

West End: The West End is a traditional mixed-use commercial area of roughly eleven blocks combining low-density retail, residential and light industrial uses. This is a heavily traveled area, as it serves as the point of ingress and egress to and from Downtown from Route 13, which runs

north-south through the City of Ithaca. A low-interest commercial loan program was designed for the West End to promote the redevelopment of the area by targeting businesses and assisting them with land acquisition, equipment, working capital, and leasehold improvements.

Inlet Island: Inlet island is an island of 25 acres that is located at the south end of Cayuga Lake and is surrounded by the Cayuga Inlet and the Flood Control Channel. State highway improvements to roads on the island have made the area primed for redevelopment.

Private development uses, particularly entertainment and recreational uses, are being sought, though the City has worked to maximize public access to the waterfront. A public improvement plan for the island, which set forth land use regulations and development guidelines for the island, was drafted and adopted by the Ithaca Common Council in 1998.

Elmira Rd/Southwest: The Elmira Road area to the south and west of downtown is the City's prototypical automobile-intensive commercial strip. The subject mixed use project would be located in this district. Typical retail uses include large "big box" retailers, general merchandisers, supermarkets, auto-related products and services and chain restaurants. This commercial strip extends outward from the western edge of downtown, and is the location of the proposed commercial development examined in this report.

Triphammer Road: Though not in the City of Ithaca, Pyramid Mall, along with Triphammer Shopping Center and Cayuga Mall (which are both clustered next to Pyramid Mall), have a great amount of influence on the commercial patterns in Ithaca. Pyramid Mall is located off Route 13 to the northeast of downtown Ithaca. Pyramid Mall has a gross leasable area (GLA) of 600,000 square feet, including its four anchor stores, Ames, Sears, JC Penney and The Bon Ton. The Pyramid Mall opened in 1976 with three general merchandise stores that were formerly located in downtown. Currently the Pyramid Mall has 64 stores, two banks, and a ten-screen movie theater. As well, the Mall recently announced its intent to expand by another 440,000 square feet and is actively pursuing "big-box" retailers such as Wal-Mart to occupy the new space.⁷ The Triphammer Shopping Center

⁷ "Planning Board stalls mall expansion plan" in *The Ithaca Journal*, July 13, 1999, p. 2A.

has a GLA of 178,000 square feet and the Cayuga Mall has a GLA of 197,300 feet. These are typical “community” shopping centers. Triphammer Road can also be defined to include for analytical purposes East Hill Plaza, an 110,000 square-foot strip center containing a supermarket and a number of Cornell University offices.⁸ It is useful to group East Hill Plaza with Triphammer Road because it is outside of the Ithaca City limits.

Summary

The population of the City of Ithaca may be experiencing a slight downward trend, though it has shown to be fairly stable throughout the years. This is in part due to the stable student population at Cornell and Ithaca College, which attract their desired number of students each year. The Countywide population is probably experiencing a slight upward trend. The large number of students skews income figures downward for both the City and the County. However, Countywide, the median family income is only about five percent lower than the figure for the entire state. Local business activity has expanded steadily over the last fifteen years. While manufacturing has declined (following a broad national trend), most other industrial sectors have expanded, especially the service sector. Cornell University is the dominant employer in the city, accounting for approximately 8,000 jobs. Unemployment is consistently lower than that of the State as a whole.

Ithaca’s economic setting can be best described as undergoing a prolonged period of change. Unlike a number of communities which have seen their downtowns deteriorate due to new competitive development and consumer trends, the City of Ithaca and its downtown core have largely managed to adapt to these new realities and maintain their vitality. This adaptation to

⁸ Figures from the *1990 Directory of Shopping Centers in the United States*, published by the National Research Bureau, 1989.

market changes has resulted in a downtown retail mix and strategy which is significantly different than it was 20 years ago. It has also relied on policy intervention in the form of a BID and the Ithaca Downtown Partnership to help maintain activity in the downtown.

Section II

MARKET EVALUATION

This section examines the retail market conditions in the City of Ithaca with a particular focus on downtown Ithaca. Market dynamics in Ithaca and the region are analyzed and establishments are evaluated in terms of size, retail mix, occupancy and vacancy, revenues and other factors. This section also addresses the issue of retail sales leakage including the sources that contribute to sales leakage and an estimate of the magnitude of the leakage. Finally, this section examines the market-side impacts of the project currently proposed for the Southwest Area. This analysis will form the basis for assessing the overall community impacts of the proposed development.

This analysis makes reference to a number of areas both in and outside of Ithaca, as well as to terminology that refers to market and retail characteristics. Definitions are provided here for the sake of clarity.

- ◆ ‘Downtown Ithaca’ shall refer to the designated Business Improvement District (BID), which is inclusive of the Commons and retail adjacent to the Commons.
- ◆ The ‘City of Ithaca’ shall mean all areas within the Ithaca (city) municipal boundary.
- ◆ The ‘Ithaca Urbanized Area’ shall mean all areas within the Ithaca (city) municipal boundary plus adjacent municipalities, such as the Town of Ithaca and the Village of Lansing, in which economic activity for the local area occurs.
- ◆ The ‘15 mile market area’ shall mean a concentric ring around the City of Ithaca that extends for 15 miles, and includes the City of Ithaca. Residents of this market area have a strong market orientation to the Ithaca Urbanized Area. However, residents of this area still use retail areas outside of Ithaca (sales leakage).
- ◆ The ‘30 mile market area’ shall mean a concentric ring around the City of Ithaca that extends for 30 miles. The Ithaca Urbanized Area competes more generally with other markets for customers in this market area.

LOCAL AND REGIONAL MARKET CONDITIONS

As discussed in the previous section, Ithaca is a central place for the wider area, serving basic needs such as groceries, basic goods and services and some comparison retailing. In addition, because the higher education sector and the visitor market, it has a substantial restaurant and specialty retail component, much of which is in the downtown area. However, the selection of

“shoppers” or comparison retailing is limited. The Pyramid Mall which is outside of Ithaca in the Village of Lansing has Ames, Sears, JC Penney and the Bon Ton as anchors to its 600,000 square feet of retail shops. However, this retail supply for comparison goods type shopping is limited compared to malls in Syracuse and Horseheads. In the emerging and very important “big box retailing” and discount merchandiser retail segments, Ithaca is substantially under-served and market area residents generally use the offerings of this type in Syracuse, Horseheads/ Elmira and Binghamton. The relatively small inventory of mass-merchandiser retailing in the Ithaca market is an important indicator that there is potential to develop new retail space in the department store, big box and/or discount store segments.

In addition to evaluating the “retail inventory” in Ithaca, retail sales volume analyses have been prepared to identify the sales “leakage” (or sales outflow) that occurs in this market area.⁹

Sales leakage typically occurs because the local area is under-served with one or more types of retail types. Correcting the shortage of retail types often reverses the sales leakage to the benefit of the local economy. In addition, the new retail offerings may increase the retail sales “imported” or attracted from residents outside of the local market area.

In the case of major new retail offerings developed in the Southwest Area of Ithaca, the market sales support for the development would come from the capture of sales currently leaving the local market, attraction of new shoppers from outside the local area, and competition for the sales occurring in the local area. It is important to note that competition for sales occurs largely within retail types. Grocery stores largely compete with grocery stores; mass merchandisers largely compete with mass merchandisers, and specialty retailers with other specialty retailers. Retailers, whose offerings are largely targeted to a specific market niche, are less affected by the introduction of major new retailers to a marketplace. Indeed, competition from the major new retailers is often counterbalanced by the new business which destination shoppers can bring to smaller local retailers. This is the theory behind indoor retail malls, in which the large

⁹ Sales leakages are the retail sales that residents of an area make outside of their local area.

department stores are the “anchors” to draw shoppers that patronize both the department stores and the smaller specialty stores on-site.

A technique used in this analysis is to evaluate the Ithaca retail market to compare retail sales that occur in the market area on a per capita basis to the amounts that occur “on average” at the State level. This will give insights into the retail segments that are well represented—or not—in Ithaca.

Description of Retail Types

The International Council of Shopping Centers publishes a list of principal shopping center types. Though these definitions are not applicable to all retail types, they do encompass most “typical” shopping center types. Shopping centers have two basic configurations: malls, which are enclosed and climate-controlled, and strip centers, which are an attached row of retail outlets that do not have enclosed walkways.

Below are the typical shopping center types:¹⁰

Neighborhood Center: Designed to provide convenience shopping for the day-to-day needs of consumers in the immediate neighborhood. Roughly half of such centers are anchored by a supermarket, while a third have a drugstore anchor. Neighborhood centers generally are of a strip center configuration.

Community Center: Similar to a Neighborhood Center, Community Centers typically offer a wider range of apparel and other soft goods. Common anchors include supermarkets, super drugstores, and discount department stores. Community Centers may also be anchored by off-price retailers or discount department stores can be also termed as off-price or discount centers.

Regional Center: Regional Centers provide general merchandise (much of which is apparel) and services in full depth and variety. Main retail destinations are the anchor stores, which typically include general merchandisers, department stores and larger apparel stores. Regional Centers are typically enclosed.

¹⁰ Definitions adapted from the International Council of Shopping Centers.

Superregional Center: A Superregional Center is like a Regional Center, only larger. It offers more anchor tenants, a deeper selection of merchandise, and draws from a larger population base. Superregional Centers are typically enclosed, and often on multiple levels.

Fashion/Specialty Center: This shopping center is composed mainly of upscale apparel shops, boutiques, and craft shops carrying unique, high-quality and high-priced merchandise. These centers pay attention to physical and landscape design, and are usually found in high income trade areas.

Power Center: A Power Center is dominated by several large anchors, including general merchandise stores, warehouse clubs, or “category killer” stores. This center typically consists of several freestanding, unconnected anchors, with only a minimum of small specialty tenants.

Theme/ Festival Center: These centers employ a unified architectural theme and are often oriented to tourist markets. Anchors of these centers typically include restaurants and entertainment facilities. These centers are typically found in urban areas, some of which are adapted from older, sometimes historic buildings.

Outlet Center: Outlet Centers are agglomerations of manufacturers’ outlet stores that sell their own brands at discount prices. These centers are typically not anchored and are often of strip configuration. These centers are located in rural or tourist areas, usually along a major highway that connects two or more larger cities.

Local Retail Supply

The Ithaca retail market place includes convenience and “everyday” shopping, and destination or “comparison” shopping¹¹. Convenience and everyday shopping is available in several clusters in the area. The destination shopping available serves areas beyond the local neighborhood. The proposed Southwest Area retail development would be largely destination or comparison retailing in character. Following is a discussion of retail inventory in the Ithaca area.

¹¹ ‘Comparison shopping’ shall mean areas of retail activity in which goods are offered that do not include everyday items. Goods offered include durables, apparel, and consumer goods and depth of selection, quality and price figure prominently in the decision to purchase. In comparison shopping outlets there are multiple retailers offering similar products in a localized geographic area. Retailers tend to be large and serve markets beyond the local area. Sometimes comparison goods are offered “conveniently” in a market. In these cases, depth of selection, pricing and so forth are not sufficient to create “comparison” shopping.

Regional Conditions

Major new retail offerings in the Southwest Area would serve not only the Ithaca area, but the regional market as well. The retailing here would be of a type and in an amount to compete with the shopping districts throughout the wider region.

Local Retail Inventory

The inventory of commercial activity outside of downtown Ithaca provides a mixture of retail opportunities and is aimed at meeting a diverse marketplace. Collegetown, for example, serves the basic and entertainment needs of the Cornell University student population, while Elmira Road is anchored by two large supermarkets (Wegman's and Tops) and a 109,000 square-foot Big K (K-Mart). As well, the Triphammer Road corridor, which brings together the Pyramid and Cayuga Malls, as well as the Triphammer Shopping Center, provides an alternative shopping resource attracting both Ithaca residents and residents of the wider region. As noted previously, this shopping area is outside of the City of Ithaca. Data in **Table II-1** provide an estimate of the total square footage of the major commercial centers in the Ithaca urbanized area.

These data have several implications. First it is clear that the Triphammer Road Corridor is a dominant retail presence. This is in square footage terms (the Pyramid Mall itself contains more square footage than the downtown), and because it offers the bulk of the comparison shopping in the Ithaca area. Further, the Pyramid Mall is part of a development shift to the northeast. City planners in Ithaca note that the population centroid for the urbanized area has been tracking consistently in a northeasterly direction out of downtown -- in the direction of the Pyramid Mall. This means that the population of Ithaca has shifted such that more residents are living in the northeast section of the urbanized area. An additional market factor is that more than half (about 55 %) of total retail square footage is not within the Ithaca City limits, despite Ithaca being an employment, service and government and residential center. The Triphammer Road area, which accounts for over 975,000 square feet of retail, is in the Village of Lansing. Thus while Ithaca is the central place for the area, it is not now the focus of comparison retailing in the area.

Table II-1

Estimated Inventory of Occupied Retail Space in Ithaca Urbanized Area

Ithaca Primary Market Area	Estimated Retail Square Feet ^{1/}	% of Total Retail
In City of Ithaca		
Downtown ^{2/}	358,800	18.2%
Elmira Road Corridor	392,800	19.9%
Wegmans	79,100	4.0%
Tops Supermarket	66,850	3.4%
Big K (K-Mart)	109,000	5.5%
Misc. West End Retail	137,800	7.0%
Collegetown	138,000	7.0%
Collegetown	103,000	5.2%
Cornell University Store	35,000	1.8%
Outside of City of Ithaca		
Triphammer Road Corridor	975,300	49.4%
Pyramid Mall	600,000	30.4%
Cayuga Mall	197,300	10.0%
Triphammer Shopping Center	178,000	9.0%
East Hill	110,000	5.6%
East Hill Plaza	110,000	5.6%
TOTAL	1,974,900	100.0%
Within Ithaca City Limits	889,600	45.0%

1/ Excludes free standing restaurants, auto dealers and convenience food stores.
Totals rounded to nearest 100 square feet.

2/ Includes occupied retail space only as of 12/01/93. Current situation is similar.

Source: RKG Associates, 1994 and the Office of Thomas J. Martin

Downtown Inventory

A detailed space inventory for downtown Ithaca was compiled by the City of Ithaca Planning Department in 1990 and updated in 1994. It was found that downtown Ithaca contains roughly 526,772 square feet of total (occupied and vacant) retail space. Of this total, 403,800 square feet, or 76 percent, was occupied.¹² Since that inventory, an estimated 20,000 square feet of the former McCurdy's space has been re-occupied as retail space, but the 65,000 square-foot Woolworth's store closed and is being converted into the new Tompkins County Public Library. Therefore, the estimated downtown retail inventory of occupied space is 358,000 square feet.

¹² City of Ithaca and in association with RKG Associates, 1994.

Table II-2 displays the estimated distribution of occupied retail in downtown Ithaca by retail category.

Table II-2
Distribution of Occupied Retail in Downtown Ithaca, 1994

Retail Category	Percent To Total
Apparel:	16.0%
Automotive & Other:	6.3%
Drug & Other:	5.9%
Eating & Drinking:	15.7%
Food Stores:	2.3%
General Merchandise:	16.5%
Hardware & Building:	3.7%
Home Furnishings:	21.6%
Misc. Shoppers Goods:	12.1%

Source: City of Ithaca and in association with RKG Associates, 1994.

The 1994 vacancy rate of 24 percent was due in large part to the closing of the McCurdy's department store in downtown. This building alone represented over 50,000 square feet of total vacancy. If this space were not included in the inventory, the vacancy rate would have been around 15 percent.

In April 1999, the Ithaca Downtown Partnership reported vacancy data for the Business Improvement District (BID), including the Commons. Data in **Table II-3** summarize vacancies from this survey. In total 59,900 square feet were identified as vacant. The retail vacancy rate in the downtown area was estimated to be about 14 percent.

Rents (as indicated by the inventory of vacant space) on the Commons are in general slightly more expensive and larger in average size than BID properties off the Commons, though restaurant rents per square foot are smaller on The Commons than off. Retail vacancies on The Commons account for three-quarters of retail vacancies in the BID.

Table II-3
Vacancies in the Commons and BID, April, 1999

	Number of Vacant Spaces, all floors	Amount of Vacant square footage	Average sq. ft. of vacant space	Average rent per sq. ft.
Commons				
Retail	14	45,431	3,245	\$10.58
Office	9	5,718	635	\$13.42
Restaurant	3	11,752	3,917	\$10.87
Studio	NA	NA	NA	NA
Assembly	NA	NA	NA	NA
<i>Total</i>	<i>26</i>	<i>62,901</i>	<i>2,419</i>	<i>\$10.89</i>
Total BID				
Retail	22	59,931	2,724	\$10.32
Office	20	20,989	1,049	\$13.15
Restaurant	4	12,152	3,038	\$12.27
Studio	2	450	225	\$16.00
Assembly	1	20,000	20,000	\$4.50
Total	49	113,522	2,317	\$10.24

Source: Ithaca Downtown Partnership, April 1999

NA means not applicable.

Regional Retail Offerings

The wider region that is within shopping day-trip distance of Ithaca is the location of a number of competitive shopping centers that also affect local retail market dynamics in the Ithaca urbanized area. Ithaca is located in the center of a competitive region that includes the Elmira/Big Flats/ Horseheads area, the Binghamton/Vestal area, Cortland Waterloo, Seneca Falls and Syracuse. A description of some of the major retail destinations in these areas is provided in **Table II-4**. All of the destinations profiled in the table are within 60 miles of Downtown Ithaca. However, topography and transportation access is influential in determining where residents of

the region shop. Ithaca is about 20 miles from the closest interstate, Interstate 81, which runs north-south between Syracuse and Binghamton. Moreover, the configuration of the Finger Lakes can impede direct access between cities in the region, particularly in an east-west direction. Though Cortland offers comparison shopping with retailers such as K-Mart, Ames and Wal-Mart, its retailing is more oriented to discount, convenience and everyday shopping.

Table II-4
Selected Major Retail Centers in the Ithaca Region

Location	Mall/ Shopping Center Name	Type	GLA (sq. ft.)	Stores	Year Opened	Distance from Ithaca
Syracuse	Carousel Center	Super-regional	1,500,000	170	1990	58 miles
Binghamton	Oakdale Mall	Super-regional	858,000	100	1975	52 miles
Horseheads	Arnot Mall	Super-regional	902,000	130	1967	28 miles
Cortland	Cortlandville Crossing	Community	180,000	25	1963	22 miles
	Cortlandville Plaza	Community	103,000	3	NA	22 miles
Waterloo	Prime Outlets	Outlet	NA	101	NA	42 miles

Source: National Research Bureau, *Shopping Center Directory, 1990-30th Edition*; profiled establishments; and the Office of Thomas J. Martin.

Customer Base

A profile of the area's customer base is important to an understanding of the retail environment and the opportunities for additional retail development in a market area.

Downtown Customer Base

As the commercial and retail profile of downtown Ithaca has changed over the years, so has its customer base. In April 1998 a study¹³ was prepared for the Ithaca Downtown Partnership by the Center for Governmental Research to address a variety of issues related to the business climate in Ithaca and the shopping preferences of local residents. A number of common themes

¹³ *Shopping in Downtown Ithaca: Survey of Consumers & Business Owners*, Center for Governmental Research, Rochester, NY, April 1998. All subsequent data in this section are taken from this source.

emerged from the survey, including a strong desire among residents for a general merchandise store in downtown to replace the departed Woolworth's. Besides downtown, Pyramid Mall is a popular shopping destination. Half of the respondents who had made more than three purchases in the BID in the in the past year (non-student downtown shoppers) identified downtown as their preferred shopping area, though 25 percent favored Pyramid Mall. Of respondents who had not made purchases in the BID in the past year (non-student, non-downtown shoppers), almost 60 percent favored Pyramid Mall as the preferred shopping area. Carousel Mall in Syracuse was favored by 10 percent of the respondents.

The downtown shopping study did not estimate the percentage of downtown shoppers that are students. However, information provided by local business owners and government officials indicates that students are an important component of the customer base in downtown Ithaca. The study found that of the total student population shopping in downtown Ithaca, 75 percent attend Cornell University and 20 percent attend Ithaca College (the remainder is split between TC3, other area colleges and student visitors). These findings demonstrate the downtown's capacity to bring students out of the Collegetown area, presumably as a result of the greater number of stores and retail mix. Among downtown business owners, only 6 percent of respondents claimed students as their primary customers. The majority, almost 66 percent, stated that their customer base comes from a mix of downtown residents, downtown workers, students and tourists. As well, 65.5 percent of business owners responding to the survey had been in business over 10 years. More business owners reported an increase in sales (39 percent) than a decrease (35.1 percent) over the past year, and 26 percent of business owners found sales to be the same as the previous year. More than 80 percent of business owner respondents stated their intention to renew their lease when it expires. These data attest to the stability of the downtown business climate and its designation as a favored and established specialty retail area serving the local market and visitors to the area.

Regional Customer Base

The most recent US Census of Retail Trade was completed in 1992. Though the data are not current (the 1997 Census of Retail Trade is scheduled for release in 2001), they do provide insights into consumer spending patterns and the presence of particular types of commercial

establishments in comparison to a wider region. Retail trade in Tompkins County was compared with the State of New York and the United States as a whole.

Data in **Table II-5** compare retail trade characteristics for the three geographic areas. Tompkins County is further compared with New York to establish a ratio of retail characteristics between the two.

Tompkins County is notable for the percentage of students that comprise the total population. Students are more than 3.5 times more prevalent in Tompkins County than in the State as a whole. The influence of students may relate to the somewhat lower per capita income in Tompkins County, than in the larger jurisdictions. In terms of retail sales, sales of apparel and home furnishings are much lower on a per capita basis in Tompkins County than in the State as a whole.

Table II-5

1992 Retail Sales Per Capita and Retail Establishments Per 10,000 Residents,
Tompkins County, New York, United States

	Tompkins County	New York	United States	Ratio Tompkins Co. to NY	Ratio Tompkins Co. to US
Population (1989)	94,000	18,000,000	270,000,000		
% College Students (1989)	28.4%	8%	7%	3.55	4.06
Median Family Income (1989)	\$37,874	\$39,741	\$35,225	0.95	1.08
Per Capita Income (1989)	\$13,171	\$16,501	\$14,420	0.80	0.91
Per Capita Sales (\$)					
General Merchandise	\$740	\$680	\$980	1.09	0.76
Building & Garden	390	310	395	1.26	0.99
Food Stores	1,620	1,350	1,480	1.20	1.09
Automotive	1,150	1,050	1,580	1.10	0.73
Gas Stations	460	360	540	1.28	0.85
Apparel	290	520	410	0.56	0.71
Home Furnishings	240	370	370	0.65	0.65
Eat & Drink	720	710	780	1.01	0.92
Drug & Proprietary	225	340	310	0.66	0.73
Miscellaneous	540	910	735	0.59	0.73
Sporting Goods	43	51	58	0.84	0.74
Bookstores	\$59	\$37	\$32	1.59	1.84
Establishments Per 10,000					
General Merchandise	1.3	1.3	1.4	1.00	0.93
Building & Garden	3.2	2.4	2.8	1.33	1.14
Food Stores	6.8	9.2	7.2	0.74	0.94
Automotive	3.5	2.5	3.8	1.40	0.92
Gas Stations	3.4	3.0	4.2	1.13	0.81
Apparel	6.0	6.5	5.8	0.92	1.03
Home Furnishings	4.2	4.1	4.4	1.02	0.95
Eat & Drink	21.8	18.2	17.3	1.20	1.26
Drug & Proprietary	1.4	2.3	1.9	0.61	0.74
Miscellaneous	12	12.1	12.1	0.99	0.99

Source: 1992 US Census of Retail Trade

RETAIL SALES AND CONSUMER SPENDING POTENTIAL

For this analysis the Ithaca area was evaluated in two segments. These segments are depicted in **Figure II-1**. The local market area is defined as those areas within a 15-mile ring, with the location of the proposed development at its locus. The wider regional area was evaluated as those areas within a band between 15 and 30 miles. Retail sales leakage is indicative of a market opportunity to recapture, in Ithaca, retail sales that are currently lost out of the market, as well as to attract additional retail customers to Ithaca from outside of the market area.

For these market areas, retail sales and consumer spending estimates were collected and evaluated. The data detail the total amount of retail sales and estimates of consumer spending for a 15 mile ring radiating out from the point of the proposed development. A comparison of the dollar amount of retail sales by category and the estimated consumer spending help to identify the retail categories in which the Ithaca retail market is importing or exporting sales. That is, the relative flows of spending by area residents outside the local area, and the attraction of spending to the local area from residents of other areas.

The retail sales and consumer spending tables are grouped into broad market segments in order to best allow for comparability between the data sets. These data sets are not strictly comparable, as they come from different sources with different methodologies. However, the comparison of retail sales and consumer spending does provide a clear and reliable analysis of the sales and spending trends occurring in the Ithaca consumer market area. Data in **Table II-6** provide the retail sales and consumer spending by households for the City of Ithaca, as defined by its 14850 zip code, and in the 15-mile local area. The 14850 zip code was the closest unit of measure to representing actual City of Ithaca activity that would allow a direct comparison between total retail sales and total consumer spending. It is important to note that this zip code includes the City of Ithaca, and the Villages of Cayuga Heights and Lansing. It does not include most of the Cornell University campus, which has a distinct zip code (14853).

Figure II-1
Ithaca 14850 Zip Code Area

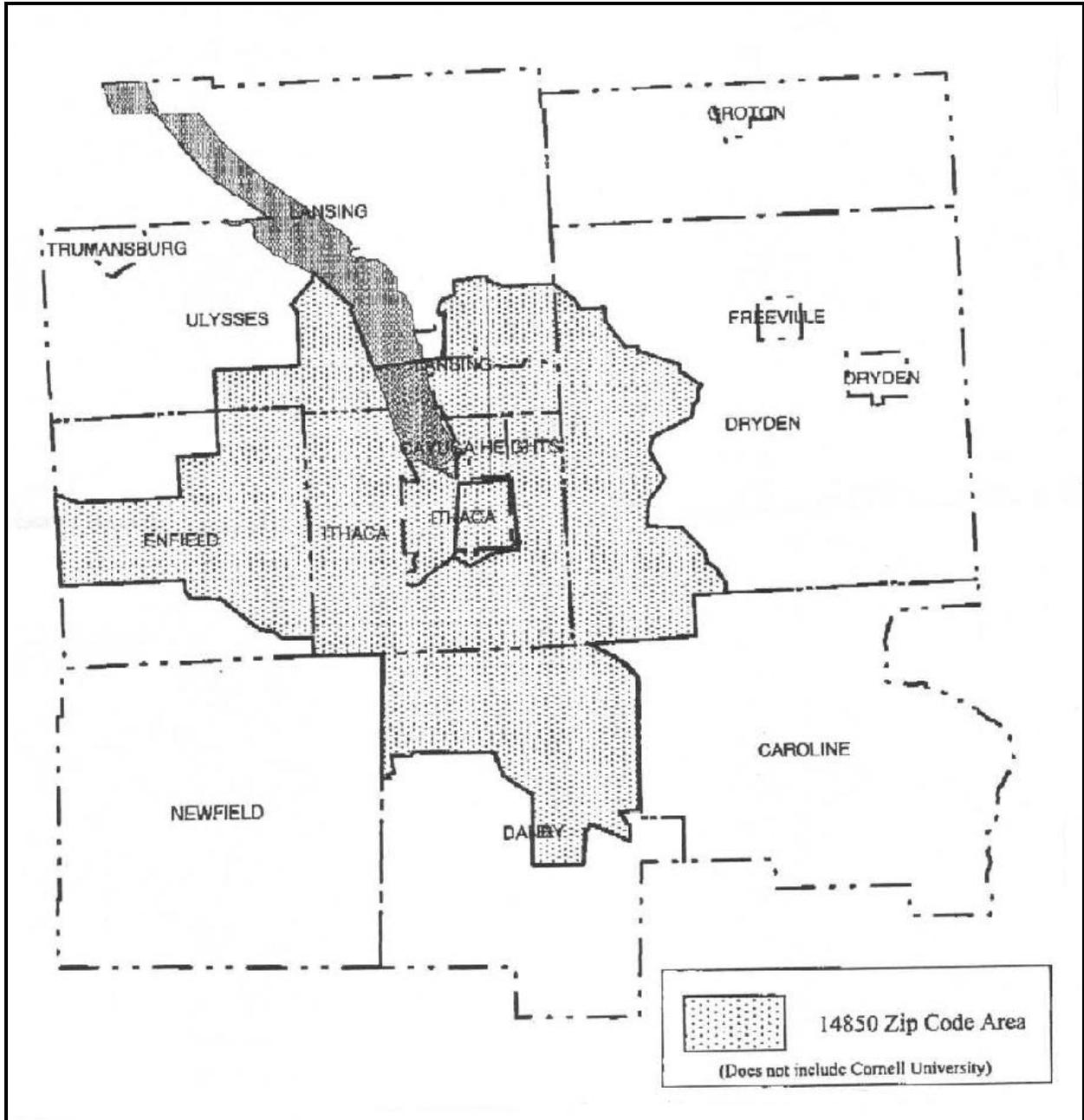


Figure II-2
15 and 30 Mile Market Areas

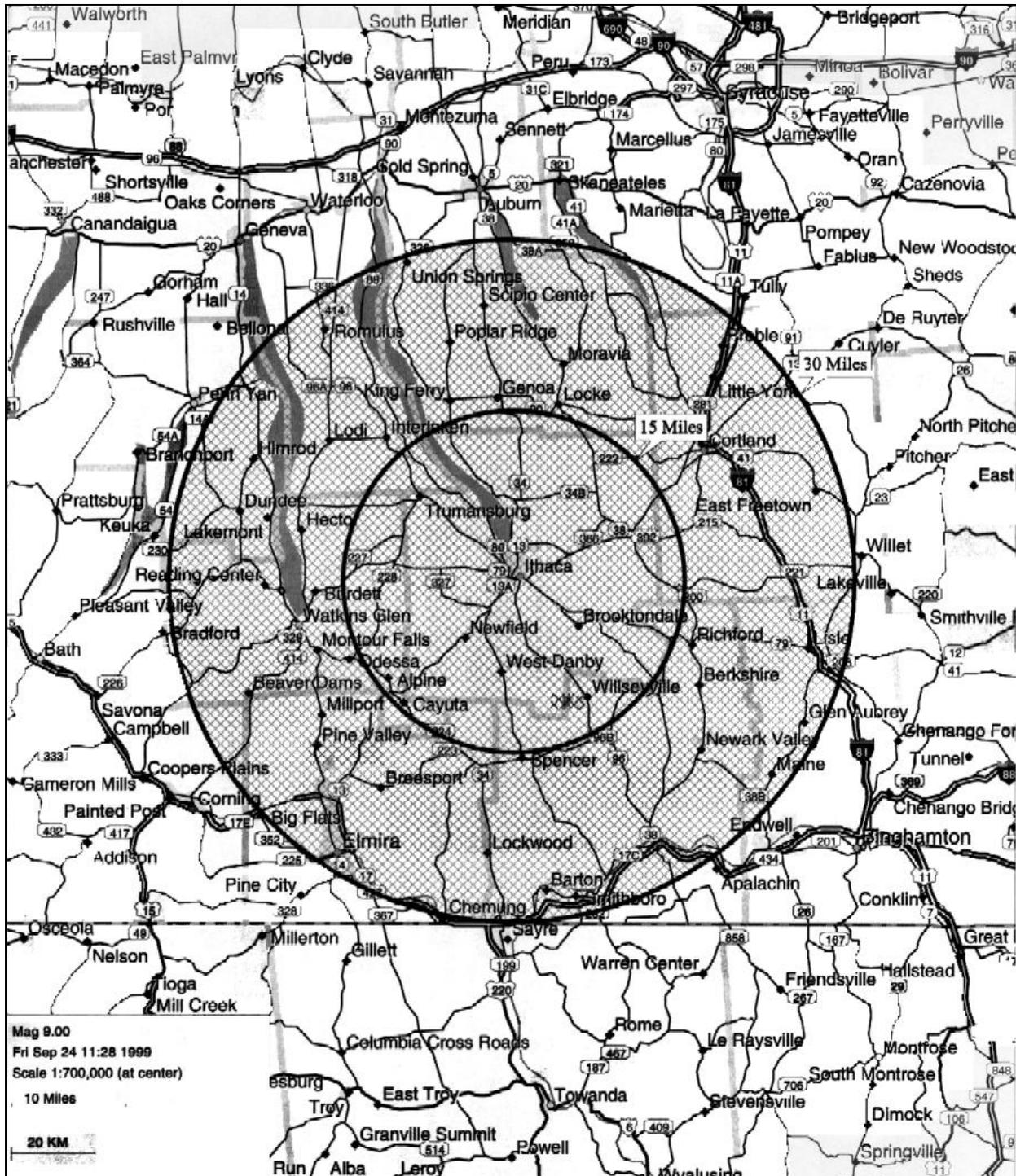


Table II-6

**Estimated Retail Sales and Household Consumer Spending,
 Ithaca 14850 Zip Code and Within 15 miles of Study Area
 (\$000)**

	14850 Zip Code		Within 15 Miles of Study Area	
	Total Retail Sales, 1997	Total Consumer Spending	Total Retail Sales, 1999	Total Consumer Spending
Food Store Sales	\$139,431	\$74,853	\$189,609	\$146,201
Eating & Drinking Place Sales	58,897	54,530	69,754	91,453
General Merchandise Sales ¹¹	236,633	107,076	280,384	229,033
Automotive Dealer Sales	142,100	34,855	177,899	78,461
Gasoline Service Station Sales	\$36,546	\$30,464	\$57,213	\$56,880
TOTAL	\$613,607	\$301,778	\$774,859	\$602,027

¹¹ Includes sales in the following categories: apparel; building materials & hardware; drugstores; general merchandise; and miscellaneous sales

Source: Claritas, Inc. and the Office of Thomas J. Martin

Data in Table II-6 show that within the 14850 zip code and the 15-mile market area, there are more sales being made than there is spending by household consumers in this area. The total consumer spending, however, includes spending by students, tourists, and spending by households outside the area. These will be evaluated later in the analysis. The households within the 15-mile radius make up only part of the total current and potential market for Ithaca retailers. Since Ithaca is the only city in Tompkins County and centrally located in the Finger Lakes region, it can be assumed that the Ithaca consumer market extends beyond this 15-mile boundary.

In order to evaluate more fully the Ithaca consumer market, a geographic band extending between 15 and 30 miles from the project study area was examined. This market area is comprised of persons who are close enough to shop in Ithaca, but also have other shopping alternatives. This analysis assumes that one-half of the regional residents are good prospects to make purchases in Ithaca while the other half of regional residents are not, as they reside closer to competing retail centers. The reasons a potential consumer decides to make purchases in one area over another depends on a number of factors, including among them location, ease of access, traffic, store type, comparison shopping opportunities, and personal preferences. These data also show that over 95 percent of general merchandise sales within the 15-mile ring occur in

the 14850 ZIP Code – Ithaca is the central shopping place within this area despite the limitations of retailing in Ithaca cited in this report.

Data in **Table II-7** provide the retail sales and consumer spending figures of the 15 to 30 mile band “Secondary” market area that is also available to destination retailers in Ithaca. When combined with the 15-mile local market, it is clear that there is substantial market potential for expanded retail offerings in Ithaca from which to draw. That is, retail spending in the 30-mile band is \$2 billion, while spending in the 15-mile band is \$770 million.

Table II-7
Retail Sales and Household Consumer Expenditure Potential to 30 Miles, 1999
(\$000)

	Total Retail Sales 15 mile Ring	15 mile Ring Consumer HH Spending	15-30 mile band Consumer HH Spending	Total Consumer HH Spending
Food Store Sales	\$189,609	\$146,201	\$350,570	\$496,770
Eating & Drinking Place Sales	69,754	91,453	217,996	309,448
General Merchandise Sales ¹⁴	280,384	229,033	559,582	788,615
Automotive Dealer Sales	177,899	78,461	158,166	236,627
Gasoline Service Station Sales	57,213	56,880	113,953	170,833
TOTAL	\$774,859	\$602,027	\$1,400,266	\$2,002,293

Source: Claritas, Inc. and the Office of Thomas J. Martin

While there is a substantial 30-mile market, much of this area is also within the market draw areas of retailers in Syracuse, Horseheads, Binghamton and Cortland. Thus, only a portion of

¹⁴ Includes sales in the following categories: apparel, building materials, hardware, drugstores, general merchandise and miscellaneous merchandise

this market area would be competitively available to the Ithaca market. Those consumers most available to Ithaca are the consumers who are located between the competitive offerings (those who are locationally “indifferent”), and those who would prefer shopping in Ithaca with its ambiance, restaurants, specialty retail and entertainment offerings. In addition, special promotions, specific retailers, or other reasons to travel to Ithaca will also draw customers to retail offerings in Ithaca.

The Ithaca consumer market sales potential¹⁵ (or the spending for which the market can compete) for the proposed development, then, is comprised of the 15 mile ring surrounding the proposed development plus one-half of the 15- to 30- mile band. This analysis conservatively estimates consumer spending in the secondary market area being “available” to Ithaca at 50 percent, with the other half more closely associated with other retail areas such as Elmira, Horseheads or Cortland. Data in **Table II-8** compare this aggregate amount of consumer spending potential to actual retail sales made in the 15-mile area surrounding the proposed development.

¹⁵ This is an estimate of household consumer “prospects”, not a projection of sales.

Table II-8
Retail Sales and Household Consumer Expenditure Reduced “Competitive” Potential To 30 Miles, 1999 with Assumptions Regarding Secondary Market Capture Rate Potential (\$000)

	Total Retail Sales 15 mile Ring	15 mile Ring Consumer HH Spending	15-30 mile Band Consumer HH Spending¹	Total Consumer HH Spending
Food Store Sales	\$189,609	\$146,201	\$175,285	\$321,485
Eating & Drinking Place Sales	69,754	91,453	108,998	200,450
General Merchandise Sales ¹⁶	280,384	229,033	279,791	508,824
Automotive Dealer Sales	177,899	78,461	79,083	157,544
Gasoline Service Station Sales	57,213	56,880	56,977	113,857
TOTAL	\$774,859	\$602,027	\$700,133	\$1,302,160

1/ This is “Reduced” to half of actual to reflect the competitive nature of the region’s retail environment.

Source: Claritas, Inc. and the Office of Thomas J. Martin

Data in this table show that there is much more consumer spending potential in the Ithaca household consumer market area than there are retail sales within the 15 mile market of Ithaca. The difference between household consumer spending potential within 30 miles and actual retail sales within 15 miles of Ithaca is over \$525 million. Thus, there is an indication of substantial retail development opportunity. This is especially true in the general merchandise category, with \$230 million in market potential for which to compete.¹⁷

Data in Table II-7 indicate that there is potential for growth in retailing in Ithaca based on the market it dominates – to 15 miles, plus a share of the “competitive” household consumer spending in the 15-30 mile band. These household spending estimates are the base of total retail spending, but they do not include additional spending potential from students and travelers to Ithaca that will be evaluated subsequently and added to the assessment of market potential.

¹⁶ Includes sales in the following categories: apparel, building materials, hardware, drugstores, general merchandise and miscellaneous merchandise

¹⁷ \$509 million sales potential less \$280 million current sales.

Student, Traveler and Tourist Spending Potential

Students, as is well known in Ithaca, contribute heavily to the local economy, while tourists also make a significant contribution to the area. The household consumer spending estimates provided in Table II-7 were based on only the number of households in their respective market areas. Most students are not counted in this household total, and given the sheer number of students in Ithaca, as well as their significant spending potential, student expenditures are an important factor in the Ithaca retail market. Travelers to Ithaca were also not counted in this retail spending potential analysis. As a destination for friends and family of students and residents, business travelers and tourists, an additional retail market is in place for Ithaca. Indeed, expanded retail offerings in Ithaca would expand the spending of out-of-town visitors to Ithaca. Adding these two market segments to household consumer spending in Ithaca provides a more complete assessment of retail sales potential in Ithaca.

Student Spending Potential

Good estimates of student expenditures are hard to come by. As most resident students record minimal income, there is often little basis for estimating their real expenditures. Some students can live very inexpensively, while other students may have substantial spending patterns. In order to provide a reasonable estimate for student expenditures, Cornell University's Financial Aid Office provided an estimate of student living expenses, called the "student expense budget," which estimates costs for a number of goods and services over the course of a nine-month academic year. The expense budget is \$4,975 per student.¹⁸ Costs for food were 65% of total, with food sales then divided among food store sales (food at home) and eating and drinking place sales at the same ratio that applied to the total market (62% food at home; 38% eating and drinking place sales). Because many students eat on campus, the "food at home" category spent in Ithaca businesses is assumed at 10% of their expenditures (and 90% of this category is reduced from the analysis). All other costs were placed in the general merchandise category, which includes costs for apparel, books, supplies, and other merchandise, such as bicycles,

¹⁸ This estimates conservative, reflecting the only source of data that was available. Local sources indicate that student buying power in Ithaca is much higher than what is budgeted by local universities. However, it is difficult to ascribe a higher level of student spending without having a basis for this elevated spending.

recorded music, housewares, etc. These per capita costs were then multiplied by an estimate of 10,300 total students in the Ithaca area living in group quarters whose expenditures are not accounted for in household spending data. In all, this approach yields a total spending estimate for these categories of \$42.1 million annually from direct student expenditures. These are considered to be conservative estimates of spending potential.

Tourist Spending Potential

The Tompkins County Draft Economic Development Plan estimated that there were 600,000 visitors to Tompkins County in 1997. Of that total, 350,000 stayed overnight in paid accommodations, and it was estimated that each person spent between \$150-200 over the course of a three-night stay. Taken at the average of \$175, this arrives at a per diem expenditure of just under \$59. This is perceived to be a very conservative estimate considering accommodation costs are included in this estimate. For overnight visitors, it was estimated by the Office of Thomas J. Martin that of the \$59 per person, \$30 was spent on accommodations, \$15 for food, \$6 for retail, \$5 for transportation and \$3 for other miscellaneous expenses.

In addition to the 350,000 overnight visitors, the Tompkins County Draft Economic Development Plan estimated 150,000 day trip visitors and 85,000 persons visiting friends and relatives (VFRs). The Tompkins County Draft Economic Development Plan assumed that this group of visitors, totaling 235,000, spent a total of 3.5 million dollars, or approximately 15 dollars per capita. Of this \$15, \$8 has been assumed to be spent on food, \$2 for retail, \$4 for transportation and \$1 for other miscellaneous expenses.

Similar to the student case, the figures presented for tourists, both in the numbers of tourists and their total and per capita expenditures, are considered to be low. The Finger Lakes region is a popular tourist destination, and the City of Ithaca is one of the region's more popular attractions. However, data that might provide a more definitive indication of tourism in the Ithaca area were not available, and therefore, a conservative estimate was used.

These sales category costs were then multiplied by the number of visitors for each visitor type (overnight, day trip, VFR) to estimate total retail expenditures by category. Total consumer

expenditures for both students and visitors to the Ithaca area were then added to the total amount of consumer expenditures. These figures are presented in **Table II-9**.

The data in Table II-9 show the total consumer market sales potential, including the estimated spending of students and tourists compared to actual retail sales. The difference between the actual retail sales in the Ithaca local area and the amount of consumer spending potential estimated for the area is almost 580 million dollars. This spending is “potential sales” for which Ithaca can reasonably compete. It includes sales leakage from area residents and sales demand from residents of adjacent areas.

A substantial amount of consumer spending potential is being lost in general merchandise, which includes the categories of apparel, hardware, home furnishings, housewares, electronics, and so forth, and also includes store types such as general merchandisers and “big box” retailers, which sell goods across a number of categories. Consumers typically comparison-shop much more in these categories than in the food categories, which are more convenience oriented. Based on this analysis, there is over \$260 million in sales potential for which major new merchandise retailers could reasonably compete. This clearly demonstrates the sales potential for such store types to be developed in Ithaca, which could have the effect of recapturing lost sales from other areas. Current and new retailers in Ithaca can reasonably expect to capture a portion of these sales. However, the market opportunity is substantial.

Local Market versus NY State and Indexes

The analysis of consumer sales potential and actual retail sales is one method of approximating the magnitude and type of sales leakage from the Ithaca local area. Another method used in this analysis is a comparison of retail sales among a number of sales categories in the local area to the State of New York as a whole. This comparison yields further evidence that the Ithaca local area is experiencing sales leakage in a number of sales categories.

The data in **Table II-10** show that, overall, the Ithaca market area to 15 miles has a smaller amount of retail sales compared to the average for the State of New York as a whole. Given its central location in its region, Ithaca should exceed the average. For all the sales categories listed, Ithaca has a ratio of sales to New York State of .92; that is to say, sales in the 15-mile market area are about 92% of the average for the State as a whole. While Ithaca does show a greater average amount of sales in the furniture, gasoline, and food store sales categories, it shows a much smaller than average amount of sales in the categories of apparel (.37) and miscellaneous

sales (.45). These two categories formed part of the potential sales leakage identified earlier. The shortfall of sales in these categories lends further evidence that the Ithaca area is underserved in these sales categories, and given the amount of estimated consumer spending in these categories, significant opportunity exists for the re-capture of sales by the development of the study area for retail uses.

Comparison of Retail Market Indexes

An additional method used to assess the dynamics of market activity in the Ithaca area is to compare retail sales by selected categories that occur in the identified market areas, indexed against a baseline of sales volume per capita for the United States as a whole. This is known as a market index. The average sales for all sales categories in the United States is indexed at 1.00, and retail sales in a specified location can fall on either side of this index. Sales categories falling below the index indicate less retail sales than average; categories exceeding the index indicate more retail sales than average on a per capita basis. Data in **Table II-11** compare the market indexes for selected retail sales categories for the Ithaca 15-mile market area, the Ithaca 15-30 mile market area, and the State of New York to the United States index.

From the data presented in the table above, it is clear that the Ithaca area, particularly the 15 mile local area, is experiencing lower retail sales volumes on a per capita basis than the United States and the State of New York. The local area exceeds the United States index only in food sales, which is not a comparison shopping type.

Table II-11
Retail Sales Market Index, Selected Sales Categories, 1999

Sales Category	15 Mile Ring Index (Base=US)	15 to 30 Mile Band Index (Base=US)	New York State Index (Base=US)
<u>Sales By Selected Store Types</u>			
Apparel & Accessories Store Sales	52	62	133
Food Store Sales	116	97	86
General Merchandise Store Sales	66	95	63
Furniture/Home Furnish/Appliance Store Sales	58	44	89
Gasoline Service Station Sales	96	119	63
Drugstore Sales	71	133	118
Automotive Dealer Sales	74	79	70
Eating & Drinking Place Sales	75	74	81
Bldg Materials & Hardware Store Sales	86	138	78
<u>Sales By Selected Product Lines</u>			
Drugs, Health & Beauty Aids in All Stores	69	93	96
Footwear in All Stores	63	72	103
Furniture & Sleep Equip in All Stores	71	49	90
Groceries & Other Foods in All Stores	112	96	83
Major Hhld Appliances in All Stores	58	70	77
Men's & Boy's Clothing in All Stores	61	82	98
Women's & Girls' Clothing in All Stores	63	86	99
<u>Sales By Selected Merchandise Categories</u>			
Audio Equip, Musical Instrument & Supply Sales	57	56	89
Home Computer, Hardware, Software & Supply Sales	64	49	71
Television, Video Recorder & Tape Sales	50	63	71

Source: Claritas, Inc.

For all other categories it finds itself often well below the national index. Some notable categories include apparel store sales (52), furniture/home furnishings/appliance store sale (58) and general merchandise store sales (66). Categories of goods such as electronics are low as well. This further attests to the lack of sales in the Ithaca 15-mile market area, and lends further evidence of significant sales leakage, especially in comparison goods categories out of the Ithaca

15-mile market area. The situation indicates an opportunity to develop comparison shopping in Ithaca to serve the local market and the surrounding area.

Retail Market Implications

The tests conducted in this market analysis all point to the same conclusion. There is substantial opportunity to attract new retail sales to the City of Ithaca in the comparison or general merchandise categories. The total amount of additional sales potential for which Ithaca retailers can reasonably compete has been estimated at over \$594 million, with over \$260 million attributable to general merchandise. This analysis is supported by the Retail Sales Index analyses and per capita sales analyses conducted for this report along with “on the ground” observations. Ithaca has but one general merchandiser (K-Mart) in the city limits, whereas there were five such stores in downtown Ithaca in the early 1970s. The relatively low retail sales levels attest to a shortfall of comparison retail outlets in the Ithaca area, especially in the general merchandise categories and in a lack of major retail anchors for the area. Clearly, potential customers are going elsewhere to make comparison shopping purchases. Retail development of the type proposed would “recapture” substantial portions of the sales local area residents make outside of the local area and would attract new customers to Ithaca from beyond the local area.

Household Consumer Market Sales Potential and Leakage Summary

Though sales and spending data for the City of Ithaca proper were not available, the analysis of the Ithaca Urbanized Area as informed by the 14850 zip code allows the best approximation of actual economic activity in the City of Ithaca. The evaluation of the Ithaca 14850 zip code, 15 mile ring and the 15-30 mile band surrounding the project study area in Ithaca indicate that:

- ◆ Ithaca local area residents spend a substantial amount of their disposable incomes outside of the Ithaca Urbanized Area;
- ◆ The Ithaca Urbanized Area is not bringing in potential customers from the wider region to the extent possible, which in turn indicates that Ithaca Urbanized Area is under-served in a number of sales categories; and
- ◆ Significant opportunities exist locally to capture household consumer retail demand in the region.

Section III

RETAIL MARKET IMPLICATIONS

This section examines the implications of the retail market evaluation of the Southwest Area development on the City of Ithaca. Issues are addressed and assumptions and estimates are made in the following categories:

- ◆ The origin of sales, that is the components of sales at the Southwest Area, including correction of sales leakage, attraction of new sales and transference of sales from within the market.
- ◆ The sales derived from in-market competition, and the areas within the local market that would compete most directly with new retail development at the site.
- ◆ The role of a major new retail center in Ithaca to attract new shoppers to Ithaca, and thus create new sales opportunities for existing retailers in the Ithaca area. These sales would help to compensate for sales lost by existing retailers to the major new retail center.
- ◆ The net effect of the above market forces on submarkets of the Ithaca area retail market.
- ◆ The relative effect of sales losses due to the proposed project on Ithaca retail submarkets.

This analysis generically evaluates these effects. That is:

- ◆ The retail space proposed for the site is evaluated in a range of sizes.
- ◆ The layout of the site, and the physical planning and inter-relationship with other site uses has not been determined.
- ◆ The access to and visibility of the Southwest Area site will depend on future planning. In turn, these are major factors in the economic dynamic under consideration.
- ◆ The signage to and at the site will also effect the performance of the retail development.
- ◆ There are a wide variety of retail types that might be included in the retail mix in the Southwest Area. The mix of retailer types, stores sizes, physical configuration and other development specific characteristics would have a somewhat different impact on the economic dynamic. In addition, different retailers within a particular retail category have different market impacts.
- ◆ The analysis in this section assumes full build-out of each development scenario. Data are provided according to this assumption. The build-out time period for each development scenario varies; a year-by-year build-out summary is found in Section VII.

While the analyses are presented in quantitative form in order to understand order-of-magnitude effects, it must be clear that these quantitative analyses are based on data ranges, and reasonable assumptions about retail sales, market shares, leakage, impacts of changes in sales and other relevant factors.

CURRENT SALES DISTRIBUTION

Assumptions regarding the current sales distribution among the Ithaca urbanized area retailers and the sales potential at the proposed Southwest Area retail development underlie an assessment of the effects of the new retail development. Data in **Table III-1** provide estimates of the sales levels in defined retail districts in the urbanized area. While these are for analytical purposes only, they are useful in understanding the relative sales volume based on retail types in the sub-market as well as the location, market segment served, and physical configuration of the space. These are based on Urban Land Institute figures from their publication, *Dollars and Cents of Shopping Centers, 1998*, and a general understanding of retail sales volumes. An informal discussion with the City of Ithaca Comptroller's office regarding local market conditions indicated that these national averages are likely to be higher than the sales levels usually achieved by Ithaca retailers on average. These were also checked against the actual retail sales levels in the area as presented in Section II of this report. In total, \$384 million in retail sales are estimated to occur in the City of Ithaca retail districts identified plus at Triphammer Road and at East Hill Plaza. Sales in the City of Ithaca are estimated to include only about 45 percent of total sales of the local competitive retail space in the Ithaca urbanized area.

Table III-1
Estimate of Current Retail Sales, Ithaca Primary Market Area

Ithaca Primary Market Area	% of Total Retail	Estimated Retail Square Feet^{1/}	Estimated Average Sales Per SF For District	Estimated Current Retail Sales	Percent To Total
Downtown	20.0%	403,800	\$180	\$72,684,000	18.9%
Collegetown\ East Hill	6.8%	138,000	\$180	\$24,840,000	6.5%
Collegetown	5.1%	103,000			
Cornell University Store	1.7%	35,000			
Elmira Road Corridor	19.4%	392,800	\$190	\$74,632,000	19.4%
Wegmans	3.9%	79,100			
Tops Supermarket	3.3%	66,900			
Big K (K-Mart)	5.4%	109,000			
Misc. West End Retail	6.8%	137,800			
Within Ithaca City Limits	46.3%	934,600	\$184	\$172,156,000	
Triphammer Road Corridor	53.7%	1,085,300	\$195	\$211,633,500	55.1%
Pyramid Mall	29.7%	600,000			
Cayuga Mall	9.8%	197,300			
Tiphammer Shopping Center	8.8%	178,000			
East Hill Plaza	5.4%	110,000			
TOTAL of All Areas	100.0%	2,019,900	\$190	\$383,789,500	100.0%

¹ Excludes free standing restaurants, auto dealers and convenience food stores.
Totals rounded to nearest 100 square feet.

Source: RKG Associates, 1994, and the Office of Thomas J. Martin

FUTURE SALES POTENTIAL

There are six retail development scenarios for Southwest Area. A factor of \$190 in average sales per square foot of retail was applied to estimate total retail sales by scenario. This estimate is based on Urban Land Institute figures from their publication, *Dollars and Cents of Shopping Centers, 1998*, a general understanding of retail sales volumes, discussions with the City of Ithaca Comptroller's office, and actual retail sales levels in the area as presented in Section II of this report. Data in **Table III-2** present the results of this analysis as being between \$76 million and \$190 million based on retail space of 400,000 to 1,000,000 square feet.

**Table III-2
 Sales Potential of Retail Development at Southwest Area**

	Square Footage	Sales Potential In New Southwest Area Retail Development By Scenario
Assumed Retail Sales Per Square Foot	\$ 190.00	
Scenario 1	600,000	\$114,000,000
Scenario 2	400,000	\$76,000,000
Scenario 3	500,000	\$95,000,000
Scenario 4	500,000	\$95,000,000
Scenario 5	800,000	\$152,000,000
Scenario 6	1,000,000	\$190,000,000

Source: The Office of Thomas J. Martin

Source of Retail Sales at Southwest Area

The sources of Retail Sales at Southwest Area have been identified as coming from three sources:

Correction of existing retail sales leakage. As described in Section II, there is considerable retail spending by area residents that is made outside of the City of Ithaca that could be made at Southwest Area because it is proposed to be a large retail center that will offer local consumers additional retail choices and depth of retail offerings. Thirty to thirty-four percent of total estimated Southwest Area sales are estimated to be derived from this source, or \$22.8 to \$64.6 million depending on the Scenario. This represents about 4 percent to 11 percent of the sales leakage in retail categories identified in Section II. These are new sales to Ithaca.

Attraction of import retail sales. The market area of 15 to 30 miles from Ithaca has considerable retail spending potential. A major new retail center in Ithaca will be very competitive in attracting shoppers from this “secondary” market area. Thirty to thirty-four percent of total estimated Southwest Area sales are estimated to be derived from this source, or \$22.8 to \$64.6 million depending on the Scenario. These new retail sales in Ithaca represent about 3 percent to 8 percent of the retail demand for food and general merchandise in the 15 to 30 mile market.

Sales from competition in the local market. As a major new retail center, the Southwest Area development will compete in the local area for the existing sales volume of the area. The new retail development is assumed to gain 32 to 40 percent of its sales from the existing Ithaca retail market. The existing retail offerings have established market niches; they have captive nearby markets and many capable retailers. Therefore, while the existing retailers will lose some sales to the new retailers, they will continue to be patronized by their existing shoppers. These sales drawn from existing retailers are estimated at \$30.4 to \$60.8 million. These represent about 8 percent to 16 percent of retail sales estimated for the five major retail areas in the Ithaca urbanized area as shown in Table III-1.

Data in **Table III-3** provide the estimates of sources of sales in the Southwest Area retail development.

Location in Ithaca Area of Sales Lost Due To New Competitive Retail Space

The existing retail areas have different retail types, and they serve different retail market segments in different locations. Therefore, they would compete differently with the proposed Southwest Area retail development. The downtown area serves the College market and college employee markets, has a captive market in downtown employees and visitors, and has a distinct and unique retail assortment that is very different than the comparison type shopping implied by the retail size and types under consideration. Therefore, there is comparatively little competitive overlap with the proposed Southwest Area retail development. Conversely, the Elmira Road Corridor, and the Triphammer Road area would compete much more with the proposed development. Therefore, the vast majority of competitive sales losses are attributed to these shopping areas that specialize in comparison and everyday shopping. Data in **Table III-4** summarize the assumptions on retail sales “lost” by existing retail areas to the proposed new retail under the six development scenarios. For the downtown areas, the estimate is \$3.0 million to \$7.6 million annually. This represents about 5 percent to 12 percent of estimated current sales volume. However, following is an analysis that indicates some of this loss would be made up by the new shoppers attracted to Ithaca by the new Southwest area retail development.

New Retail Sales Attracted to the Ithaca Area by Shoppers Using the New Southwest Area Retail Stores

The new retail development would be the largest or one of the largest retail outlets in the Ithaca area depending on the build-out scenario developed. The project is forecast to prevent sales leakage (retain shoppers from the retail market area who are now shopping elsewhere) and attract new shoppers to the area. These shoppers will visit other existing stores in the local area, and thus further increase the retail sales occurring in the Ithaca area. A conservative assumption of 5% to 10% of additional sales is considered reasonable, with a mid-range assumption of 7.5% used in this analysis. That is, for each ten dollars of new sales attracted to Ithaca at the Southwest Area retail outlet (but not including sales competitively taken from existing stores) an additional \$.75 would be spent by these shoppers in other Ithaca area stores. Thus, this development would act as an “anchor” retail center for the overall Ithaca area in attracting new shoppers and creating sales “spillover” in other Ithaca area retail districts.

These sales would be distributed among the five principal retail districts in the Ithaca area. The downtown area is especially well positioned to benefit from the new shoppers in the area. It offers specialty shops and a wide variety of restaurants and entertainment. It is a well-known destination. Therefore, it is assumed to gain 30% of the additional retail sales attracted by the Southwest Area retail development. Data in **Table III-5** summarize the assumptions regarding attraction of new sales to the area.

Net Sales Loss by Retail District

This analysis indicates that there would be retail sales lost by existing retail districts to the proposed new retail development. Data in **Table III-6** summarize the net sales lost by the local market area due to the Southwest Area retail project. Data in **Table III-7** provide a summary analysis of net losses of retail sales in the local retail districts due to the project. This analysis shows the total amount, the amount of sales per square foot, as well as an estimate of the percentage loss of sales on a per square foot basis in these districts. In the downtown area, the net loss of sales on average per square foot would be \$5 to \$8 per square foot depending on the development scenario. This represents an estimated 3 percent to 5 percent of current sales volume estimates. Other retail districts would be affected at a higher level. For instance, on Elmira Road several retailers would probably compete directly with the Southwest Area retail development, and the Triphammer mall area would also face substantial competition.

Table III-6

**Estimate of Distribution of Net Sales Loss by Local Market Area
 Due to the Southwest Area Retail Development**

	Downtown	Elmira Road Corridor	East Hill Plaza / Triphammer Road Corridor	Collegetown\ East Hill	Total
Scenario 1	\$3,021,000	\$13,395,000	\$23,193,300	\$860,700	\$40,470,000
Scenario 2	2,014,000	8,930,000	15,462,200	573,800	26,980,000
Scenario 3	2,517,500	11,162,500	19,327,750	717,250	33,725,000
Scenario 4	2,517,500	11,162,500	19,327,750	717,250	33,725,000
Scenario 5	3,283,200	15,504,000	27,615,360	1,021,440	47,424,000
Scenario 6	\$3,173,000	\$16,435,000	\$30,382,900	\$1,119,100	\$51,110,000

Source: The Office of Thomas J. Martin

It is important to note that this study focuses on the effects on the City of Ithaca. The Triphammer Road Corridor is outside of the study area, and it is beyond the scope of this inquiry to examine the potential for blighted conditions along in this area. Elmira Road, which is in the City of Ithaca, will benefit from new retail development and spillover effects. Other properties in this area are assumed, in time, to turn over to other uses. The potential for closure of stores

along the Elmira Road corridor would not have the same potential for blighting as the same percentage of retail space loss in downtown, due to the nature of the localized retail environment.

Table III-7
Evaluation of Lost Retail Sales on Ithaca Area Existing Retail Districts

	Downtown	Elmira Road Corridor	East Hill Plaza / Triphammer Road Corridor	Collegetown\ East Hill	Total
Current Occupied Square Footage	358,800	392,800	1,085,300	138,000	1,974,900
Estimated Current Sales	\$180.00	\$190.00	\$195.00	\$180.00	\$190.00
Sales Lost Per Square Foot					
Scenario 1	\$8.42	\$34.10	\$21.37	\$6.24	\$20.49
Scenario 2	\$5.61	\$22.73	\$14.25	\$4.16	\$13.66
Scenario 3	\$7.02	\$28.42	\$17.81	\$5.20	\$17.08
Scenario 4	\$7.02	\$28.42	\$17.81	\$5.20	\$17.08
Scenario 5	\$9.15	\$39.47	\$25.44	\$7.40	\$24.01
Scenario 6	\$8.84	\$41.84	\$27.99	\$8.11	\$25.88
Percentage Sales Lost					
Scenario 1	4.7%	17.9%	11.0%	3.5%	10.8%
Scenario 2	3.1%	12.0%	7.3%	2.3%	7.2%
Scenario 3	3.9%	15.0%	9.1%	2.9%	9.0%
Scenario 4	3.9%	15.0%	9.1%	2.9%	9.0%
Scenario 5	5.1%	20.8%	13.0%	4.1%	12.6%
Scenario 6	4.9%	22.0%	14.4%	4.5%	13.6%

Source: The Office of Thomas J. Martin

Retail Market Implications

This evaluation is based on the market analysis conducted in Section II. Its findings are that the new retail development would attract substantial new volumes of retail sales to the City of Ithaca in the comparison or general merchandise categories. Retail development of the type proposed would “recapture” substantial portions of the sales local area residents make outside of the local area and would attract new customers to the City of Ithaca from beyond the local area. In addition to new sales in Ithaca, the project would attract new shoppers to Ithaca who would also bring new sales to the City, and these new sales would offset some of the sales losses existing retailers would have due to the substantial new competition. The downtown area would be much less affected by the new project. The downtown area serves the College market and college

employee markets, has a captive market in downtown employees and visitors, and has a distinct and unique retail assortment that is very different than the comparison type shopping implied by the retail size and types under consideration. Therefore, there is comparatively little competitive overlap with the proposed Southwest Area retail development. This analysis estimates a net retail sales loss of 3% to 5% for the downtown area due to the project. Based on these findings, a major new retail development at Southwest Area is projected to have relatively minor competitive impacts on the business climate of downtown Ithaca.

Section IV

EMPLOYMENT AND NEW RESIDENTS

This section estimates the numbers and types of jobs that will be created by the various development scenarios analyzed in this report. This section also determines the number of new residents to Ithaca that could be anticipated as the result of the new development. These estimates are applied to assess the impact that these new jobs and potential City residents will have on the City of Ithaca.

Overview

Employment in Ithaca is dominated by the educational services sector. Cornell University and Ithaca College are the largest employers in the area, employing 8,800 and 1,300 persons respectively. The Ithaca City School District employs another 1,200 persons. These institutions alone represent 22 percent of all County jobs. The service sector, which includes many retail and professional occupations, has experienced substantial growth over the years, gaining 14,500 jobs since 1981. This is an increase of 113 percent. Of the 50,500 jobs¹⁹ in Tompkins County, 27,300, or 54 percent of all county jobs are now in the service sector.

As detailed in Section I of this report, the City of Ithaca has a very low rate of unemployment compared to that of Tompkins County and the State of New York as a whole. For May 1999, the City of Ithaca had an unemployment rate of 2.3 percent. The County in that time period had an overall unemployment rate of 3.2 percent. These figures compare favorably with that of the

State of New York, which had a 4.9 percent unemployment rate for May 1999. The low rates of unemployment in the City and County can, in part, be explained by the large number of persons employed in the educational services sector, which is often less vulnerable to market forces and employment cycles.

¹⁹ 1996 estimate from the New York State Department of Labor

Employment

Each of the six proposed development scenarios for the Southwest Area site has different size and use characteristics. They all, however, include retail as the primary use. Planning standards for employment per development unit were used to estimate potential employment for each development scenario. The standards used are as follows:²⁰

- ◆ One retail job per 500 square feet
- ◆ One office job per 250 square feet
- ◆ One industrial job per 500 square feet
- ◆ One to three jobs per 100 residential units; an average of two jobs

Data in **Table IV-1** provide employment estimates for each of the development scenarios. These data assume that the development will be built to the maximum amount of square feet proposed and will be completely occupied. Though this is not likely to be the case, an assumption of total occupancy and build-out provides the maximum employment impact of each development scenario, which is useful in evaluating other on- and off-site impacts. Employment figures based on annual construction are found in Appendix A.

Table IV-1
Full Build-out Employment Estimates For Development Scenarios

Alternative	Overall Size (sq. ft.)	Maximum Employment				Total
		Retail	Office	Light Industrial	Residential	
1	1,050,000	1,200	1,000	400	0	2,600
2	600,000 + 600 units	800	400	200	12	1,412
3	500,000	1,000	0	0	0	1,000
4	750,000	1,000	1,000	0	0	2,000
5	1,000,000	1,600	800	0	0	2,400
6	1,250,000	2,000	1,000	0	0	3,000

Source: Center for Urban Policy Research and Office of Thomas J. Martin

²⁰ The standards relating facility size to number of employees include general measures drawn from Burchell, Robert W. and Listokin, David, *The Fiscal Impact Handbook*, published by the Center of Urban Policy Research. The standard for industrial jobs is based on a combined estimate of one industrial job per 300 square feet, and one industrial warehouse job per 750 square feet. The standard of one to three residential jobs per 100 residential units is provided by the Office of Thomas J. Martin is based on typical employment patterns.

As shown in Table IV-1, maximum employment ranges from 1,000 to 3,000 jobs, depending on the development scenario selected. Most of the jobs fall in the retail and office categories, as retail occupies most, if not all of the square footage of each development scenario. Office jobs, while occupying much less in the way of square footage, demand much less square footage per employee.

The light industrial, office and residential jobs would be in response to market demand created generally within the Ithaca economy. These development types and the accompanying jobs would not be caused by this type of development, but would be in response to market forces outside of this proposed project. The retail jobs would be net new to the area except to the extent that they replace retail jobs currently located elsewhere in the city. As shown in Section II there is a substantial opportunity to correct “sales leakage” from the local area, and to “import” new sales to the City from outside of the area. Thus, the local area would increase the size of its retail economy, and the City of Ithaca economy generally would increase in size. Thus, this analysis shows higher employment levels in the retail sector due to the project. For the industrial, office and residential support economic sectors, it is assumed in this analysis that this employment would probably occur anyway. However, this project will certainly facilitate community economic growth by providing prime location for businesses. These employment estimates are also useful in evaluating possible imports in the vicinity of the project.

New Residents

It is likely that the jobs in the proposed new development will bring some in-migrants to the Ithaca area. This is due to low unemployment in the Ithaca area and the expansion of Ithaca’s economy resulting from the Southwest Area development. However, the impact these new residents will have on the character, function or the resources of the community are judged to be minimal. A majority of the jobs in the retail sector will be filled by local or outlying area residents, which in most cases will not induce relocation to a new residence. As well, the manufacturing sector in Ithaca continues to decline, losing more than 30 percent of its manufacturing workforce since 1981. It would be safe to assume that new retail or light industrial jobs would replace some of these former manufacturing jobs. The decline in manufacturing jobs is representative of a national trend. Many cities have experienced a gradual

decline in the manufacturing sector, which has often been offset by a rise in service sector employment.

Managers of the larger retail outlets in the proposed development might come from farther afield, as the number of such positions would expand in the local area. This might require a move to the Ithaca area. Assuming that one out of ten new jobs are managerial or supervisory, this could create up to 200 new jobs at this level. Of these jobs, 75 percent, or 150 jobs could be imported, requiring relocation to the Ithaca area. At present, approximately 30 percent of Tompkins County residents live in the City of Ithaca. If this residential distribution is assumed for the new in-migrants, 45 of the 150 in-migrants will live in the City of Ithaca. Multiplied by the current average household size for Ithaca of 2.25, the City of Ithaca could expect 101 new residents.

The population of the City of Ithaca is stable or losing a slight number of residents and Tompkins County's population is estimated to be growing only slightly. As such, there would be little measurable strain on City infrastructure such as housing, the school district, roads, and utilities due to in-migration. These potential new in-migrants would not have a noticeable impact on the character, function or resources of the community.

The new development will be composed of firms relocating from inside of Ithaca as well as firms moving to Ithaca from outside the City. The Ithaca Downtown Partnership has indicated that there is currently a shortage of quality office space in Downtown Ithaca. It is seeking opportunities for converting existing commercial space and even building new office space in downtown, a clear indicator that there are existing firms looking to upgrade from their current office space. Therefore, this project may meet community economic development needs for this real estate sector.

Assuming that half of the employment in the new office development scenario (500 new jobs) is located in Ithaca, the impact analysis makes assumptions on where these in-migrants will live. Based on current patterns, 30 percent of new in-migrants will live within the City of Ithaca. That would add 150 new workers living in Ithaca, or 338 new residents, based on an average household size of 2.25 residents per household. These 338 new residents would bring the Ithaca

City population to approximately 28,838 residents, an increase of approximately 1.2 percent. Discussions with City officials and the experience of comparable situations indicate that there would be relatively little impact to the City of Ithaca. The City's current infrastructure and resources are presently not strained by population growth. As well, these new residents would migrate to the community over the build-out period of the project rather than all at once. This will allow the City to plan for new growth should it be deemed necessary.

The potential impact on community character from transference of some of the downtown's office employment to new office space at the Southwest Area is judged to be minimal. Because office employment types in downtown areas tend to be located in such environments to take advantage of the space types, amenities and proximity to the city center, this potential transference and resultant impacts would be minimal.

Summary

The development of Southwest Area will bring an estimated 1,000 to 3,000 jobs to the City of Ithaca. The expansion of Ithaca's economy due to the Southwest Area development coupled with Ithaca's low unemployment rate will induce in-migration to the Ithaca area, particularly in managerial, professional and supervisory types in the retail and office sectors. This will reinforce Ithaca's standing as a central service center for the County and offer a substantial opportunity for the City of Ithaca to correct sales leakage from the local area, and to import new sales to the local area from outside of the area.

It is unlikely that this new residential in-migration will negatively impact community character in Ithaca. Currently seven of every ten Tompkins County residents live outside of the City of Ithaca. New in-migrants are expected to follow a similar pattern. As well, the populations of both the City and County are stable. The City of Ithaca is not currently experiencing population pressures and thus is able to accommodate new residents without placing a strain on housing or its capacity provide services to the community.

Section V
TAX REVENUE

The development of Southwest Area will bring revenue from sales and property taxes to the City of Ithaca. This section estimates expected sales and property tax revenue for the various development scenarios for Southwest Area.²¹

Sales Taxes

Sales tax revenue estimates for the Southwest Area development were generated from estimates of net new sales to Ithaca calculated in Section III of this report. Since the exact size, configuration and mix of retail has yet to be determined for this area, it was necessary to base these sales tax estimates on a number of assumptions. The assumptions used in this analysis are as follows:

- ◆ Current sales tax revenue breakdowns apply. Currently, sales tax in Tompkins County is 8 percent. Of this total, the State of New York receives 4 percent, Tompkins County receives 2 percent and the City of Ithaca receives 2 percent of revenue from all sales made in the City.
- ◆ Sales per square foot of retail are estimated to be \$190. This is based on Urban Land Institute figures from their publication, *Dollars and Cents of Shopping Centers, 1998*, and a general understanding of retail sales volumes. An informal discussion with the City of Ithaca Comptroller's office regarding local market conditions indicated that these national averages are likely to be higher than the sales levels usually achieved from the sales levels achieved by Ithaca retailers on average. This was also checked against the actual retail sales levels in the area as presented in Section II of this report.
- ◆ The analysis assumes full build-out and 95 percent occupancy of retail. This is the typical occupancy rate for well-performing retail space given normal tenant turnover rates. Sales tax revenue broken out over a 20-year period is found in Appendix A.
- ◆ The sales tax revenue calculated includes only sales that are net new to the City of Ithaca and Tompkins County. For the City of Ithaca, this includes new import sales in Ithaca plus correction of sales leakage minus net sales losses in the local area due to the Southwest Area development. For Tompkins County, this includes new import sales in the County Ithaca

²¹ Annual sales and property tax revenues depend on the timeframe for full build-out for each development scenario. Full build-out for the retail component of each development scenario is two to six years. Full build-out for the other components (office, industrial, residential) of each development scenario is seven to sixteen years. Please refer to the tables in Appendix A for a year-by-year estimate of sales and property tax revenue for each development scenario.

plus correction of sales leakage minus net sales losses by existing County retail due to the Southwest Area development.

Based on this model, the following sales tax revenue is estimated for each development scenario. Data in **Table V-1** detail sales tax revenue at full build-out for the City of Ithaca. Data in **Table V-2** show sales tax revenue at full build-out for Tompkins County. These tables provide data for tax revenues at full build-out for each development scenario. This is done to portray the total revenue for each development scenario, though the timeframe for development of each scenario varies. Please refer to the tables in **Appendix A** of this report to see the detailed build-out timeframe and year-by-year revenue estimates for each development scenario.

Table V-1

Sales Tax Revenue at Full Build-out, City of Ithaca

Alternative	Square Feet of Retail	Net New Sales to City of Ithaca	Sales Tax	Retail Sales Tax Revenue to City of Ithaca
1	600,000	\$51,123,300	2%	\$971,343
2	400,000	34,082,200	2%	647,562
3	500,000	42,602,750	2%	809,452
4	500,000	42,602,750	2%	809,452
5	800,000	77,471,360	2%	1,471,956
6	1,000,000	\$108,472,900	2%	\$2,060,985

Source: The Office of Thomas J. Martin.

Depending on the development scenario, between roughly \$650,000 and \$2 million in sales tax revenue will be generated by sales at the Southwest Area site. Revenue potential is related to the total square footage of retail for each development scenario as well as the competitive impact the project would have in the local area.

Table V-2

Sales Tax Revenue at Full Build-out, Tompkins County

Alternative	Square Feet of Retail	Net New Sales to Tompkins County	Sales Tax	Retail Sales Tax Revenue to Tompkins County
1	600,000	\$27,930,000	2%	\$530,670
2	400,000	18,620,000	2%	353,780
3	500,000	23,275,000	2%	442,225
4	500,000	23,275,000	2%	442,225
5	800,000	49,856,000	2%	947,264
6	1,000,000	\$78,090,000	2%	\$1,483,710

Source: The Office of Thomas J. Martin.

Depending on the development scenario, between roughly \$350,000 and \$1.5 million in sales tax revenue will be generated by sales at the Southwest Area site for Tompkins County. Though the percentage of sales tax revenue is the same as the City of Ithaca, the net sales revenue is less due to the larger sales losses anticipated among retailers along the Triphammer corridor and East Hill Plaza due to the Southwest Area development. Data in **Table V-3** detail sales tax revenue at full build-out for the State of New York.

Table V-3

Gross Sales Tax Revenue at Full Build-out, State of New York²²

Alternative	Square Feet of Retail	Net New Sales to City of Ithaca (\$)	Sales Tax	Retail Sales Tax Revenue to State of New York (\$)
1	600,000	\$51,123,300	4%	\$1,942,685
2	400,000	34,082,200	4%	1,295,124
3	500,000	42,602,750	4%	1,618,905
4	500,000	42,602,750	4%	1,618,905
5	800,000	77,471,360	4%	2,943,912
6	1,000,000	\$108,472,900	4%	\$4,121,970

Source: The Office of Thomas J. Martin.

²² Note: This analysis does not estimate net tax revenue to the State of New York because sales are less likely to have been imported from out of state. Sales are largely being shifted from other jurisdictions in New York State and would not be considered entirely net new revenue to the State of New York. However, there may be new sales imported into the State. In addition, the project would reflect growth in the economy.

Since the State of New York collects double the sales tax revenue as the City and County (4%), it derives double the revenue from net new retail sales at Southwest Area. Sales tax revenue is estimated to be between approximately \$1.6 million and \$4.1 million depending in the total square footage of retail proposed for each development scenario. However, the total net new revenue to the State of New York would be small (see footnote). The portion of revenue that could be considered net new to the State of New York is the portion of sales that represent retail growth in the State. State economies are continually growing, so a small portion of all sales could represent new economic activity. However, the actual amount of this new economic activity is beyond the scope of this analysis.

Property Taxes

Property taxes are the second source of fiscal revenues to the City of Ithaca from the development of Southwest Area. New streams of property tax revenue have been identified by City government officials as being important to Ithaca, given the large percentage of tax-exempt property in the City's real property inventory. This issue is further discussed later in this section.

Because these development scenarios are not detailed beyond the total square footage in each use classification, a number of assumptions must be made about the property values in order to generate a reasonable estimate of property tax revenue.

- ◆ Current property tax rates are used. A total property tax rate of \$33.4753 per \$1,000 of assessed value is broken down as follows:
 - ◆ City of Ithaca: \$ 9.3093
 - ◆ Tompkins County: \$ 5.2160
 - ◆ Ithaca City School District (ICSD): \$18.9500

- ◆ For the purposes of this estimate, the configuration of retail is assumed as to be 25 percent small stores (500 to 10,000 square feet), 25 percent medium-size stores (10,000 to 30,000 square feet), and 50 percent large stores (over 30,000 square feet, though most stores would be over 50,000 square feet). The Tompkins County Assessment Office indicated that retail property values vary depending on the size of the retail unit.

- ◆ Residential units are assumed to be multifamily housing, incorporating a mix of one-, two- and three-bedroom units, with two-bedroom units representing the average unit type. The average unit size is estimated to be 900 square feet.

- ◆ Property values are based on prevailing market conditions for Tompkins County and are assumed to be within the range of values provided by the Tompkins County Assessment Office.
- ◆ No adjustments for tax abatements or phased taxation for potential property owners have been made. All property owners are assumed to pay taxes based on the full market value of the property as assessed.
- ◆ The analysis assumes full build-out for all use classifications.

Property Values

The Tompkins County Assessment Office provided a range of property values for each of the use classifications in the proposed development scenarios. Because the development will be new construction, the Assessment Office stated that the properties would likely be assessed at the higher end of the range. As well, the Assessment Office provided three sets of values for retail, based on size. Larger retail spaces are generally less valuable per square foot because these types of structures (such as large general merchandisers or discount warehouses) tend to be less “finished” than smaller retail structures. The assumed property values are provided in **Table V-4**. The tables that follow provide data for tax revenues at full build-out for each development scenario. This is done to portray the total revenue for each development scenario, though the timeframe for development of each scenario varies. Please refer to the tables in **Appendix A** of this report to see the detailed build-out timeframe and year-by-year revenue estimates for each development scenario.

Table V-4
Assumed Value of New Construction per Square Foot, Southwest Area

	Value Range per Sq. Ft.		Assumed Value ^{/1}
	Low	High	
Retail			
Small	\$100	\$120	\$113
Medium	60	60	60
Large	50	75	67
Office	120	120	120
Light Industrial	50	75	67
Residential	\$80	\$85	\$83

^{/1} calculated as the upper two thirds of the difference between the low and high values in the range.

Source: Tompkins County Assessment Office, September 1999.

Given these assumed values, the total value for each development scenario can be calculated. The configuration of retail is assumed as to be 25 percent small stores (500 to 10,000 square feet), 25 percent medium-size stores (10,000 to 30,000 square feet), and 50 percent large stores (over 30,000 square feet, though most stores would be over 50,000 square feet). For the residential category, an average unit size of 900 square feet is assumed. The total assessed value of each development scenario is presented in **Table V-5**.

Table V-5
Assumed Total Property Valuation, Southwest Area

Scenario	Overall Size (sq. ft.) ^{/1}	Property Valuation				Total Valuation
		Retail	Office	Light Industrial	Residential	
1	1,050,000	\$46,050,000	\$30,000,000	\$13,400,000		\$89,450,000
2	600,000 + 600 units	30,700,000	12,000,000	\$6,700,000	\$44,820,000	94,220,000
3	500,000	38,375,000				38,375,000
4	750,000	38,375,000	30,000,000			68,375,000
5	1,000,000	61,400,000	24,000,000			85,400,000
6	1,250,000	\$76,750,000	\$30,000,000			\$106,750,000

^{/1} Includes Square feet of retail, office and light industrial and the number of residential units.

Source: The Office of Thomas J. Martin.

The total value of the development scenarios ranges from approximately \$38 million to \$107 million. This analysis indicates that the scenarios that incorporate office space will have a higher total value, even where the total development square footage is smaller. As well, the incorporation of residential units will add to the total value of the development.

Property Tax Revenue

Revenue from property taxes is distributed among the City of Ithaca, Tompkins County, and the Ithaca City School District. Of the total property tax rate of \$33.4753 per \$1,000 of assessed value, these three entities receive the following distribution:

	<u>Amount</u>	<u>Percent to Total</u>
◆ City of Ithaca:	\$ 9.3093	(27.8%)
◆ Tompkins County:	\$ 5.2160	(15.6%)
◆ Ithaca City School District (ICSD):	\$18.9500	(56.6%)

These property tax rates are applied to the total property valuation from Table V-4 to estimate the total revenue for each development scenario that will accrue to each entity. Total revenue for the City of Ithaca is presented in **Table V-6**. Total revenue for Tompkins County is presented in **Table V-7**. Total revenue for the Ithaca City School District is presented in **Table V-8**.

Table V-6

**Property Tax Revenue at Full Build-out to
City of Ithaca from Southwest Area Development**

Alternative	Overall Size (sq. ft.)	Revenue to City of Ithaca				Total Revenue
		Retail	Office	Light Industrial	Residential	
1	1,050,000	\$428,693	\$279,279	\$124,745		\$832,717
2	600,000 + 600 units	285,796	111,712	62,372	417,243	877,122
3	500,000	357,244				357,244
4	750,000	357,244	279,279			636,523
5	1,000,000	571,591	223,423			795,014
6	1,250,000	\$714,489	\$279,279			\$993,768

Source: The Office of Thomas J. Martin.

Table V-7

**Property Tax Revenue at Full Build-out to
Tompkins County from Southwest Area Development**

Alternative	Overall Size (sq. ft.)	Revenue to Tompkins County				Total Revenue
		Retail	Office	Light Industrial	Residential	
1	1,050,000	\$240,197	\$156,480	\$69,894		\$466,571
2	600,000 + 600 units	160,131	62,592	34,947	233,781	491,452
3	500,000	200,164				200,164
4	750,000	200,164	156,480			356,644
5	1,000,000	320,262	125,184			445,446
6	1,250,000	\$400,328	\$156,480			\$556,808

Source: The Office of Thomas J. Martin.

Table V-8

**Property Tax Revenue at Full Build-out to
Ithaca City School District from Southwest Area Development**

Scenario	Overall Size (sq. ft.)	Revenue to Ithaca City School District				Total Revenue
		Retail	Office	Light Industrial	Residential	
1	1,050,000	\$872,648	\$568,500	\$253,930		\$1,695,078
2	600,000 + 600 units	581,765	227,400	126,965	\$849,339	1,785,469
3	500,000	727,206				727,206
4	750,000	727,206	568,500			1,295,706
5	1,000,000	1,163,530	454,800			1,618,330
6	1,250,000	\$1,454,413	\$568,500			\$2,022,913

Source: The Office of Thomas J. Martin.

The City of Ithaca can anticipate property tax revenues ranging from roughly \$350,000 to \$1 million from the Southwest Area development, based on the assumptions made in this analysis. Changes to the property tax structure and market forces that could potentially affect property values can alter these revenue estimates.

Total Estimated Tax Revenue to Various Government Entities

The total tax revenue for the City of Ithaca is the sum of sales tax revenue and property tax revenue. Total tax revenue is presented in **Table V-9**.

Table V-9
Total Tax Revenue at Full Build-out to
Various Government Entities from Southwest Area Development

Scenario	Overall Size (sq. ft.)	Sales Tax Revenue	City Property Tax Revenue	Total City Tax Revenue	Total County Tax Revenue	Total ICSD Tax Revenue	Total Revenue
1	1,050,000	\$971,343	\$832,717	\$1,804,060	\$997,241	\$1,695,078	\$4,496,378
2	600,000 + 600 units	647,562	877,122	1,524,684	845,232	1,785,469	4,155,385
3	500,000	809,452	357,244	1,166,697	642,389	727,206	2,536,292
4	750,000	809,452	636,523	1,445,976	798,869	1,295,706	3,540,551
5	1,000,000	1,471,956	795,014	2,266,970	1,392,710	1,618,330	5,278,010
6	1,250,000	\$2,060,985	\$993,768	\$3,054,753	\$2,040,518	\$2,022,913	\$7,118,183

Source: The Office of Thomas J. Martin.

City of Ithaca

Based on the assumptions used in this analysis, the City of Ithaca can expect total tax revenue from the Southwest Area development to be between \$1.16 million and \$3.05 million, depending on the development scenario. At full build-out, this would present an additional 7.6 percent to 20.1 percent in sales and property tax revenue to the City of Ithaca, based on the approximately \$15.2 million in total sales and property tax revenue²³ collected by the City in 1998.

Development Scenario six yields the highest total revenue, as it includes 1.25 million square feet of developed space, of which 1 million square feet are retail. The total tax revenue derived from scenario two is approximately \$1.5 million; however, this scenario includes residential uses, which will have much higher fiscal costs. Therefore, the “net” benefit of new revenues minus fiscal costs associated with this scenario will yield lower net fiscal benefit. This will be further discussed in Section VI.

Tompkins County

Tompkins County can expect total revenue resulting from the development of the Southwest Area between \$640,000 and \$2.0 million. Most of this revenue comes from sales taxes; the County only collects 15.6 percent of all property tax revenue.

²³ City of Ithaca Comptroller’s office, 1999.

Ithaca City School District

The Ithaca City School District can expect property tax revenues between approximately \$725,000 and \$2.0 million resulting from the development of the Southwest Area. Similar to the case of the City of Ithaca, the second development scenario may prove to realize a lower net benefit to the ICSD, as the 600 residential units open up the likelihood of new school-age children to the district.²⁴ The Ithaca City School District has a total budget of \$67,543,827,²⁵ though the new tax revenue does not impact the overall budget (less than one percent), the ICSD did not provide what percentage of the total budget is derived from property tax revenue.

Tax-exempt Property

The development of the Southwest Area will provide additional property tax revenue for the City of Ithaca. While this is beneficial to any community, it is especially important to the City of Ithaca. Due in large part to Cornell University (as well as Ithaca College and numerous City and County buildings), 59 percent of all property in the City is tax exempt.²⁶ This is higher than in most municipalities. This creates higher tax rates on the remaining 41 percent of taxable property in the City. Property taxes in the City of Ithaca are 21 percent higher than those in the Town of Ithaca, 28 percent higher than the Town of Lansing, and 23 percent higher than the Town of Dryden.²⁷ Higher property tax rates can create a disincentive for prospective homeowners and businesses seeking to invest in the City. The additional revenue provided to the City by the development of the Southwest

²⁴ The School District did not provide the marginal cost estimate for students given the expected growth associated with the Southwest Area Development.

²⁵ Ithaca City School District, Business Services Department

²⁶ Planning/Environmental Research Consultants, *An Economic Development Plan for the City of Ithaca: A Program for Action*, September, 1998, p. 14.

²⁷ Planning/Environmental Research Consultants, *An Economic Development Plan for the City of Ithaca: A Program for Action*, September, 1998, p. 11.

Area can help ease the tax liability on existing homeowners and businesses while stimulating new residential and commercial investment in the City.

Section VI

DELIVERY OF PUBLIC SERVICES AND INFRASTRUCTURE COSTS

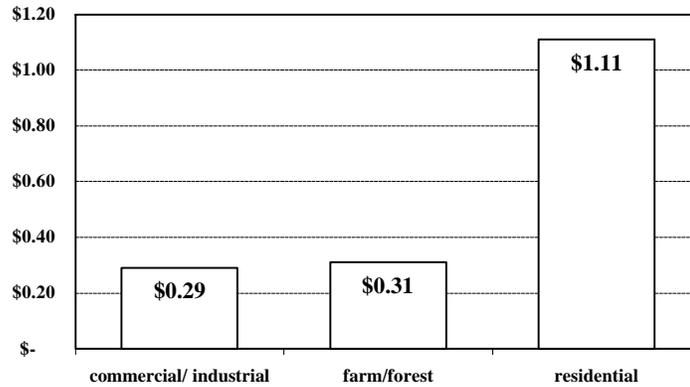
Overview

Most new development creates increased demands for the delivery of public services. New developments require infrastructure enhancements such as water, sewer, electricity and roads. As well, new developments typically demand police, fire, emergency services as well as schools, in the case of increased population due to the development. Often an increase in the provision of public services comes at a financial cost to the local government. The net impact on fiscal budgets then is determined by subtracting the costs of providing services from the local government revenue resulting from the development.

The American Farmland Trust (AFT) developed Cost of Community Services (COCS) studies in the mid-1980s to help communities better understand the relationship between residential and commercial growth, land use and municipal finances. In more than 40 COCS studies conducted by the AFT in communities in the Northeast and Midwest, commercial/ industrial properties, as well as non-developed farm or forest land, provide more in local tax revenues than they cost local governments to provide services to the properties. Residential land uses typically cost local governments more to provide services to residential landowners than these residential landowners pay in property taxes. A summary table of these COCS studies is found in **Table VI-1**.

Table VI-1

**Median Cost, per Dollar of Revenue Raised,
to Provide Public Services for Different Land Uses,
Survey of 40 Communities**



Source: American Farmland Trust, 1999.

If the above cost-revenue patterns are assumed for Southwest Area, the development of commercial/ industrial facilities should provide a clear fiscal benefit to the City of Ithaca. As well, it could be assumed that Scenario 2, with 600 residential units in addition to 600,000 square feet of commercial space, will prove more costly for the City of Ithaca and will not provide as much fiscal benefit.

Fiscal Cost Estimates

Representatives from various City departments were interviewed in order to address potential City cost increases resulting from the development of the Southwest Area.²⁸ City departments interviewed include Police, Fire, Public Works (both the streets and facilities division and the water and sewer division) and the Ithaca City School District. Departmental budgets were also examined in order to provide a rough cost estimate of additional services or resources resulting from the Southwest Area development. For the purpose of this study, it is assumed that the costs of infrastructure will be the responsibility of the developer. The City will be responsible of on going infrastructure maintenance upon the completion of construction.

Police

The Ithaca Police Department currently has 78 sworn officers on the force. There are also 32 civilian employees, 22 of which are full time, and 10 of which are part time. There are two full time openings for officers. There are approximately 2 officers per 1,000 population. This was indicated to be above the national average. There are four patrol beats for the City of Ithaca and three police substations in addition to the headquarters located on East Clinton Street. One substation is in the north side of town, one is in the south, and a third is located on the Ithaca Commons. The Police Department currently has a fleet of 33 vehicles.

The City police department responded to approximately 17,500 calls in 1998. The North Side and Cornell University areas received the largest number of police calls. The Elmira Road area was described as receiving few police calls. The Police Department does not receive many calls to commercial properties. Shoplifting is the most common activity to which the police respond. Other calls to the area are commonly for traffic accidents on or in the vicinity of Elmira Road.

The Ithaca Police Department estimated that, as the result of the new development in Southwest Area, it would seek to add one patrol position. One patrol position is made up of four officers who can cover a 24-hour, seven-day shift. The Police Department also stated that it would seek to add one extra officer in its traffic unit in anticipation of greater traffic on Elmira Road. In total, five officers were determined to be needed in order to provide adequate services to the Southwest Area area. Assuming a median salary with benefits of \$30,000,²⁹ this would mean the Police Department would have to allocate \$150,000 from its budget to fund these positions, not including costs for additional motor vehicles and other equipment. Currently there are 2.36 officers per vehicle. Assuming this ratio to be the same, the five new officers would require two new vehicles.

Fire

The City of Ithaca Fire Department currently has 71 paid employees. Of this total, 63 are fire-fighting personnel and eight personnel work in administration. There are also approximately 20

²⁸ All information contained in this section is from interviews with and data provided by each respective City department, unless otherwise indicated.

²⁹ Based on SurveyComps Benchmark Survey for police and fire salaries. The median actual salary is from the Elmira, NY MSA, dated 2/15/99.

volunteers and 20 students, who offer their services in exchange for room and board. At any one time five fire engines are in service. One engine is always kept in reserve.

The Fire Department has four stations in the Ithaca urbanized area:

- ◆ Downtown: 310 W. Green St.
- ◆ Cornell/Collegetown: 309 College Ave.
- ◆ South Hill: 965 Danby Rd. (adjacent to Ithaca College; in Town of Ithaca)
- ◆ West Hill: 1240 Trumansburg Rd. (In Town of Ithaca)

The Fire Chief indicated that the Downtown and Cornell/Collegetown stations are the most active. Demand for fire and emergency services is not heavy in the Elmira Road area. In 1998, the City of Ithaca Fire Department responded to 3,409 incidents in the following areas:

- ◆ 2,235 in City
- ◆ 387 in Town
- ◆ 508 in Cornell district (city)
- ◆ 83 in Cornell district (town)
- ◆ 140 at Ithaca College
- ◆ 45 out of District

The Fire Chief stated that the department will respond to over 4,000 incidents in 1999, if current rates continue throughout the year.

As regards the potential development at Southwest Area, the City of Ithaca Fire Department will cover the area without staff or equipment increases despite being understaffed and working with a zero-growth budget. The development at Southwest Area will certainly create additional demand for services, though the Fire Department stated that the demand would more likely be in the form of EMS services related to traffic accidents. Fire calls can potentially increase as the result of the new development, though the new construction will be built to the latest fire safety standards and would not be considered a risk. Service demand will still remain the highest in the College areas.

Public Works

The City of Ithaca Public Works Department is responsible for the provision for a number of services, including roads, streetlights, lighting, water, sewer, snow removal, landscaping, and signage, among its other duties. The Public Works department is also responsible for ongoing maintenance of public roads, facilities and parks.

There are currently 72 miles of road maintained by the department in the City of Ithaca. The Public Works department stated that development of the Southwest area would add approximately 13,700 linear feet (2.6 miles) of road. This adds approximately 3.5 percent to the road surface that would be maintained by Public Works. The Public Works department expressed concern about increased traffic caused by the development and its impact on the longevity of the roads in the Elmira Road area. A new bridge would also have to be maintained. Current plans call for a vehicle bridge of approximately 100 feet in length to be constructed allowing access to the Southwest Area from the Inlet Island area to the north.

The Roads and Facilities division estimated that development of the Southwest Area would require the purchase of new equipment as well as two new full-time staff and two part-time (seasonal) staff. The quantity and type of the new equipment was not provided. Currently staffing at the Public Works department is has fallen from approximately 140 persons to 108 persons. A declining budget in real dollar terms was said to be responsible for the drop in staffing. Currently the Streets and Facilities division is minus seven persons and the Parks and Forestry division is minus five persons since 1988.

The Ithaca Public Works Department developed a 20-year cost budget for the maintenance of the additional 13,700 linear feet of road and a 100-foot bridge for the Southwest Area development. Maintenance costs for the road include striping, catch-basin cleaning, street sweeping, snow removal, pavement crack sealing and overlay, grass mowing, sidewalk repairs, tree trimming, and street and traffic lighting. Maintenance costs for the bridge include flushing, concrete sealing, graffiti removal, snow removal and concrete repairs. Data in **Table VI-2** show itemized and total annual and 20-year maintenance projections for the Southwest Area access road and three bridges, which are indicated in the concept plan for the Southwest Area development.

Table VI-2 ^{/1}

Projected 20-Year Maintenance Costs, Southwest Area Access Road and Bridge

	Total Annual Cost	Total 20-year cost
Access Road (13,700 linear ft.)	\$104,092	\$2,081,849
Operating	26,230	524,590
Administration (@10%)	2,623	52,459
Street Lighting (highest rate)	75,240	1,504,800
Bridges (3 @ 100 ft.)	\$4,447	\$88,932
Total	\$108,539	\$2,170,781

^{/1} costs are in 1999 dollars and do not account for price escalation.

Source: City of Ithaca Department of Public Works

The City of Ithaca Public Works department also administers water and sewer service through its Water and Sewer division. The Water and Sewer division assumed that connection costs for water and sewer lines for the Southwest Area site are assumed to be the responsibility of the developer. Currently there is adequate water capacity and sewer capacity to accommodate new commercial development and the water and sewer lines along Elmira Road are new and would not require any additional maintenance as a result of new commercial development. Over the long term, maintenance of sewer and water lines would be absorbed into the division's operating budget. As well, consumers of these services are charged according to usage. Additional usage will result in additional income for the department.

Schools

The Ithaca City School District will be impacted by the new development through new in-migrants with school-age children and if new residential units are constructed, as proposed in scenario two. According to current districting, school-age children living in the potential development area would attend Belle Sherman Elementary School, Boynton Middle School and Ithaca High School. Otherwise, the schools in which in-migrant school-age children would attend would depend on the location of their residence. The School District reports that it has a current student population of approximately 6,000 students and is near, but not at, capacity. Capacity figures are difficult to determine due to the many variables, such as school age distribution and the physical capacity of each individual school.

Data in **Table VI-3** show that total enrollment in the Ithaca City School District declined between 1995 and 1997. The enrollment estimate for the current year 1999 is 6,000 students, which means that the downward trend in enrollment is continuing, though slowing.

Table VI-3
Enrollment in Ithaca City School District, 1995-1997

Enrollment	October 1995	October 1996	October 1997	Net gain / loss, 1995-1997
Elementary	2,913	2,839	2,789	-124
Middle	1,479	1,475	1,453	-26
High School	1,711	1,765	1,779	68
Total	6,103	6,079	6,021	-82

Source: New York State Department of Education

Table VI-3 also shows that enrollment in the elementary and middle schools have been declining, while enrollment in the high schools has been increasing. However, in all grades, there is a net loss of 82 students over this time period. This is an indication that there are fewer younger children enrolling in the Ithaca City School District and evidence that the enrollment will continue to decline as the fewer numbers of children in the younger age cohorts progress through the school system over time. Since the Ithaca City School District has enrolled over 6,100 students as recently as 1995 and enrollment currently stands at 6,000, it is reasonable to assume that the School District has capacity for at least 100 students, especially in the elementary schools.

School-age children are approximately 7 percent of the City of Ithaca's total population and there are approximately .22 school-age children per household.³⁰ Assuming full build-out of 600 residential units at the Southwest Area, there could be potentially 132 school-age children added to the Ithaca City School District, though this number is high since it assumes all residents are in-migrants to Ithaca. Further, multi-family housing of the type under construction typically has a

³⁰ Estimate of percentage of school-age population determined by dividing number of school-age children (2,072) into City population (29,541). Estimate of school-age children per household determined by dividing number of

lower ratio of children compared to single family housing, the predominant housing type in Ithaca.

According to the Ithaca City School District the average fully loaded cost per student is approximately \$11,250. The average fully loaded costs (which would not be replicated for new students) include administration, capital costs, and so forth. Considering what appears to be a shrinking school enrollment, the net increase in operating costs will respond to marginal per student cost increases rather than average per student costs. The School District did not provide an estimate of marginal (or additional) costs per student, but these are lower than average costs.

Summary

The proposed Southwest Area development will create additional fiscal costs. The City of Ithaca Police estimates a need for five new officers, which may cost an estimated \$150,000 per year for salaries and fringe benefits only. Though the City of Ithaca Fire department does not foresee needing any budgetary adjustments, it does project an increase in activity in the vicinity of the proposed development, largely due to traffic accidents. This additional activity might ultimately have budgetary consequences. The City of Ithaca Public Works department has produced a 20-year maintenance schedule for the development, which adds an estimated \$105,575 to its annual operating cost, not including personnel. As well, there may be additional education costs. The extent of these costs would depend on the extent to which any new students create little need for new staff and capital, or whether they would create much lower direct, “per-student” costs. The Ithaca City School District did not provide information to make this judgment. However, the stable population of the city and existing capacity in the schools are indicators that this project is not likely to have major impacts on School District budgets. The full impact of these anticipated

school-age children (2,072) into the number of City households (9,614). All figures are from the 1990 U.S. Census, as it represents the most recent data available for all figures.

costs due to the Southwest Area development will be reviewed in comparison to the estimated revenue to the City of Ithaca from sales and property taxes of the Southwest Area development.

Section VII

SUMMARY OF POTENTIAL IMPACTS AND MITIGATION MEASURES

This report has evaluated the potential of a proposed mixed-use development in the Southwest Area of the City of Ithaca, New York to negatively affect other areas such that blighted conditions³¹ could occur elsewhere. The impacts to the community potentially resulting from the development of one of the land use scenarios under evaluation are the primary focus of this study. The circumstance being investigated that could create blighting conditions in Ithaca is one in which retail sales are shifted from an existing commercial district to the proposed development to an extent that either 1) a predominance of buildings or structures would be deteriorated to the point of being unfit or unsafe for use or occupancy, or 2) a predominance of economically unproductive buildings or structures would require redevelopment in order to prevent further deterioration or jeopardize the economic well being of area residents and business owners. The degree to which blighting conditions could potentially occur in downtown Ithaca as the result of the development of the Southwest Area is measured against this definition. Impacts and costs to the downtown are measured, and mitigation strategies are offered as a means of minimizing the risk of blighting conditions, or to correct such conditions.

ECONOMIC IMPACTS SUMMARY

The full build-out estimates of retail sales, sales taxes, property taxes and employment would occur once the project is fully developed. Assumptions regarding the phase in of the project have been made, and the various estimates of impacts have been applied pro rata by year based on the number of square feet developed that is assumed for that year. This is presented in **Appendix A** for the six development scenarios for a 20-year period. All amounts are in current dollars.

³¹ Pursuant to Subdivision (a) of section 970-c of the general municipal law of the State of New York, “blighted conditions” or a “blighted area” means an area within a municipality in which one or more of the following conditions exist: (i) a predominance of buildings and structures which are deteriorated or unfit or unsafe for use or occupancy; or (ii) a predominance of economically unproductive lands, buildings or structures, the redevelopment of which is needed to prevent further deterioration which would jeopardize the economic well being of the people; or (iii) an area in economic distress resulting from the loss or reduction of five hundred or more jobs due to the closing or relocation of a manufacturing or industrial facility.

The text table below summarizes the assumption of absorption rate used in the buildout analysis. A different absorption rate would change the number of years to full build-out, and the realization of tax revenues or other impacts. For retail, the absorption rate varies with each development scenario, though the first year rate is 300,000 square feet in for all development scenarios.

Absorption Assumptions	Annual Absorption Rate	First Year	Second Year^{1/}	Third Year
Retail Sq. Ft.		300,000	200,000 or remainder	100,000
Office Sq. Ft.	50,000			
Light Industrial Sq. Ft.	50,000			
Residential Sq. Ft.	45,000			

1/ For scenario 6, 200,000 SF absorption is maintained through year 3 to reflect the large scale of this scenario.

Source: The Office of Thomas J. Martin

POTENTIAL IMPACTS ON COMMUNITY CHARACTER

The tests conducted in the market analysis indicate significant sales leakage occurring in the market area that retail in Ithaca could serve. The current total potential leakage in the market area has been estimated at over \$594 million, with over \$250 million of this amount attributable to general merchandise sales. These general merchandise sales are the type that is most applicable when considering the Southwest Area development scenarios. This finding is supported by the Retail Index findings and the per capita sales analyses conducted for this report along with “on the ground” observations. Ithaca has but one general merchandiser (K-Mart) in the city limits, whereas there were five such stores in Downtown Ithaca in the early 1970s. To a large extent, downtown Ithaca has already changed from its past as being a comparison shopping destination for the area, to become a specialty retail, restaurant and entertainment area, with standard retail offerings that are focused on the close-in student, employee and nearby resident markets.

The relatively low retail sales levels in the Ithaca area as a whole attest to the lack of retail outlets in the Ithaca local area, especially in the general merchandise categories and in a lack of

major retail anchors for the area. Given this understanding of the retail offerings in Ithaca, and the reported sales potential versus actual sales volume in Ithaca, it has been determined that sales in merchandise categories are “leaking” out of the local area. Potential consumers are going elsewhere to make comparison-shopping purchases. Retail development of the type proposed would “recapture” substantial portions of the sales local area residents make outside of the local area and would attract also new customers to Ithaca from beyond the local area.

The retail market analysis conducted in Section III found that the new retail development would attract substantial new volumes of retail sales to Ithaca in the comparison or general merchandise categories. Retail development of the type proposed would “recapture” substantial portions of the retail purchases local area residents make outside of the local area and would attract new customers to Ithaca from beyond the local area. These new sales and shoppers in the local Ithaca area would offset some of the sales losses existing retailers are likely to experience due to the substantial new competition created in the Southwest area. The downtown area would be much less affected by the new project than in those existing retail areas that serve general shopping needs. The downtown area serves the local resident, student and university employee markets, has a captive market in downtown employees and visitors, and has a distinct and unique retail assortment that is very different than the comparison type shopping implied by the retail size and types under consideration. Therefore, there is comparatively little competitive overlap with the proposed Southwest Area retail development. This analysis estimates a net retail sales loss of 3% to 5% for the downtown area due to the project.

Impact On the Downtown Retail District

Major new retail development in the Southwest Area is expected to have minimal negative competitive impacts on the downtown area of Ithaca. The reasons for this determination are as follows:

- ◆ The downtown area is a distinct and mature commercial district that serves local residents, students and tourists for dining, services and specialty retailing. Currently, it does not compete substantially in the comparison goods market. This is a niche shopping, service, dining and entertainment district that has already been transformed from its earlier role as a regional shopping destination. Therefore, new destination and comparison retailing in the Southwest Area will have relatively little impact on the downtown area.

- ◆ Ithaca and the local area have substantial sales leakage in the comparison goods and merchandise lines. Purchases made by local market residents outside of the local area for comparison goods and merchandise will be an important part of the market support for retail development in the Southwest Area.
- ◆ Retail development in the Southwest Area of the magnitude planned will be able to attract new shoppers to Ithaca. In addition to correcting sales “leakage,” shoppers from outside the local area will make new sales in the local area. Thus the project will foster “importing” of retail sales to Ithaca by making Ithaca a more competitive regional retail center. These will be the second major source of market support for the Southwest Area retail development.
- ◆ A third component of sales for the Southwest Area will be from competition for the existing retail volume in the Ithaca area. This will mean existing retailers may lose sales to the new retail development. The retail types that would be competed against most directly will be those retail outlets that are most similar to the new offerings. These include the Pyramid Mall, K-Mart, and the stores at the Cayuga Mall shopping center and the Triphammer Shopping Center. The downtown area has less market overlap with standard “big box” or shopping center retailing. Therefore, it will have relatively low market impacts.
- ◆ Shoppers are already supporting the downtown area despite the mall and shopping center offerings in the local area. Therefore, transference of sales from the downtown area to new retail development would be modest given the predominance of niche retailing in this area; the captive student and employee markets; and the destination nature of the downtown area with its restaurants, entertainment and general ambiance.
- ◆ A major new shopping center will attract new shoppers to the Ithaca area. The Southwest Area retail development will act as a “gateway” retail development for Ithaca. Other retail establishments and businesses should be able to gain additional sales from the new shoppers attracted to Ithaca. These sales will help to offset sales that are directly lost by local retailers to the Southwest Area retail development. The downtown area should be especially well placed to gain new business. Downtown Ithaca has many destination restaurants and unique shops that will be differentiated from the more mainstream retailing that would be in place at the Southwest Area retail development.

Based on these findings, a major new retail development at Southwest Area is projected to have relatively minor competitive impacts on the business climate of downtown Ithaca.

An estimated 3% to 5% sales decline for the downtown area due to the project could affect businesses in several ways. Following are discussions of these possible effects.

Sales Competition. With an estimated 358,800 square feet, a loss of 3% to 5% of sales on a square foot basis is 10,800 square feet to 17,900 square feet. In a worst case assessment of the situation, all of this space would go vacant. However, it is unlikely that certain businesses would absorb any competitive effects and the remainder none. It is more likely that all businesses that have any competitive product lines would share some of the competitive pressure. Therefore, it is unlikely that there would be a one-for-one trade-off in lost retail sales with loss of occupied retail space. Rather, it is more likely that there would be a combination of the two effects with some retailers losing some sales, and the possibility of a limited number of store closings.

Drawing Shoppers Out Of the Downtown Area. A different assessment of the competitive effect on the downtown area is that 3% to 5% of customers would be drawn out of the downtown area. This might affect not only the retailers making the sales, but non-retail businesses that rely on foot traffic for part of their market support. Again, while this would be a negative trend, it would not be an overwhelming competitive pressure, and would not represent a threat to the general business climate of the downtown area. The effects would be of a magnitude that they would be amenable to measures to mitigate the competitive impacts associated with the proposed retail development.

Project Phasing

Since the project will likely be developed in phases, there will be an opportunity for local businesses to adapt to the changing competitive circumstances. The retail component is assumed to be phased in during a two- to six-year period depending on the development scenario. This factor should be taken into account when evaluating the potential for negative effects on the downtown business climate.

POTENTIAL MITIGATION MEASURES

Following is a discussion of measures that may be put into effect to mitigate the potential impacts as discussed above. These would assist the downtown area of Ithaca to respond to the competitive pressures that may be created.

Competitive Response by the Downtown Businesses. In the normal course of business, retailers are constantly responding to changes in fashion, market channels, new product lines, new opportunities and new competition. Sales competition of the magnitude projected for the downtown area from the Southwest Area retail development is within the magnitude to allow reasonable response on the part of downtown retailers. Such responses could, and should, include the following:

- ◆ Placing further emphasis on specialty retail goods that may further secure the downtown's retail niche.
- ◆ Providing customer service typically unavailable in mass merchandise environments.
- ◆ Targeting tourists, visitors and the new shoppers attracted by the new retail development as potential customers.
- ◆ Reinforcing the activities of the Downtown BID in business retention, development, marketing and promotion.

Possible Mitigation Measures. In addition to these internal responses to the potential competitive pressures of the new retail development, there may be several mitigation measures that lower the risk of negative impacts to the downtown area from the Southwest Area retail development. These would reinforce the response which businesses have to the ongoing changes and competition in the economic environment. In addition, such mitigation measures would proactively support the downtown as a focus of the economic and social life of Ithaca. These potential mitigation measures include:

- ◆ **Signage.** As a central place, there is a "spoke" of roads leading to Ithaca from all directions. Creating a signage program at all gateway locations to the City which identify the downtown as a desirable destination to shop, dine be entertained will aid downtown businesspeople to better capitalize on the existing market potential and the additional trips to Ithaca occasioned by the new destination retail offerings in the Southwest Area.
- ◆ **BID Funding.** Continued funding of the downtown Business Improvement District will help to mitigate the risks to the downtown area. BID funding could be increased using some part of the increased tax revenue expected from the Southwest Area development. Following is an outline of downtown marketing and management strategies to promote retail and commercial activity in downtown Ithaca.

- ◆ **Management and Recruitment.** Downtown areas often adopt coordinated approaches to operating as a business unit. The strategies here can include:
 - Identify and recruit targeted retail and service businesses that will optimize the downtown's business mix.
 - Institute uniform and/or extended hours or coordinate business hours by business types or other logical approaches.
 - Emphasize cleanliness, maintenance, public safety and affordable parking as hallmarks of the downtown area.
- ◆ **Downtown Marketing.** A pool of marketing funds to be used to fund several of the following: co-op advertising, direct marketing, joint promotion, publicity and events.
- ◆ **Physical Improvements.** This type of program can also be used to improve the downtown business physical environment, including streetscape, transportation, parking, façade programs, small business loan programs etc.

Develop Tourism Base

Downtown Ithaca, in a competitive response to additional regional retail competition, can be organized and operated as a single cohesive commercial district. The idea is not to replicate a mall, but to use the principles of a focused business mix, high quality standards, provision of parking and a safe clean environment, and effective marketing that will allow the downtown to best serve its market niche.

- ◆ Increase tourism base by highlighting city attributes and marketing locational advantage of Ithaca over other areas in region.
- ◆ Support Capital projects that enhance the entertainment base of the downtown area such as the State Theater project.

ADVERSE ECONOMIC EFFECTS THAT CANNOT BE AVOIDED IF THE PROJECT IS IMPLEMENTED

The project as proposed will introduce substantial new retail space to Ithaca. However, the findings of this evaluation are that this project has low potential to cause blight as defined by the State of New York and referenced in the report. This potential is substantially lowered if the mitigation measures suggested in this report are implemented to lower project risk. Therefore, the analysis has not identified adverse economic effects that cannot be avoided if the project is implemented.

GROWTH-INDUCING ASPECTS

The project has identified a moderate potential for economic growth in the area. The retail development will help to retain sales currently lost due to sales leakage, and will attract new shoppers to Ithaca. This would be net new economic activity in Ithaca. The office and industrial development would create an opportunity to attract new firms to Ithaca, or to foster growth of existing firms. Therefore, this project has the potential to induce economic growth in Ithaca. Given the current stable economic profile and low unemployment in the area, such growth would be expected to induce some additional population to the commutation shed for Ithaca. Some population growth in Ithaca should be expected. However, this growth would be moderate in scale, and is expected to be absorbed in the normal change that occurs in all healthy local economies. The current low growth patterns in the area indicate that this project will not place undue burdens on any service delivery systems of local government.

Summary and Conclusions

The Southwest Area proposals provide an opportunity to enhance the retail base of Ithaca and the Ithaca area. Currently this area experiences substantial sales leakage. This leakage represents not only an economic loss to the area, but it manifests itself in the need for area residents to travel relatively long distances to do a portion of their shopping. Thus, many area residents will appreciate the additional shopping opportunities near their homes. There is expected to be low risk for negative effects on the downtown area, as this area is a distinct and mature commercial district that serves the local market area for dining, services and specialty retailing. Currently, it does not compete substantially in the comparison goods market. This is a niche shopping, service, dining

and entertainment district that has already been transformed from its earlier role as a regional shopping destination. Therefore, new destination and comparison retailing in the Southwest Area will have relatively little impact on the downtown area. The project will bring substantial new fiscal revenues to the City and the County, with the estimation by City officials that there will be relatively low additional service provision costs. In addition, these new revenues can be used to support and enhance City services, which in turn improves the quality of life in the city's neighborhoods, thus strengthening the future viability of the City as a whole.

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