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Research Memorandum

To: Tara Sundin
From: Hart Hodges, Director
James McCafferty, Director
RE: Slater Road Development
Date: August 7, 2017

Summary

We think new retail development near the City of Bellingham could attract new shoppers to the area, but will almost certainly also draw shoppers that currently shop in the City of Bellingham. As such, the City will see lower tax revenues and potentially could see retail store closures.

- Based on the scenarios we considered for retail development at Slater Road and Interstate 5 (details below), we think the most likely outcome is that the City would see a decline in tax revenues between $300,000 and $1.6 million.
- There is a small chance there would be enough population growth and economic growth in the area to support the amount of development proposed, without significant negative impacts to business in Bellingham, but we think the chance of that sort of growth is very small.
- We can imagine non-retail development that does not negatively impact the City. This development may also stand a better chance of success on its own. (It isn't clear to us that the region will support a significant increase in square footage of retail space at this time.)

Key Question:

How might new development at the intersection of Slater Road and Interstate 5 affect the existing businesses and tax collections within the City of Bellingham?

Key Factors to Consider:

Most of the retail activity in Whatcom County occurs in the City of Bellingham. Not only does the City draw shoppers from all over the county, it also sees shoppers from Lower Mainland BC as well as from other parts of the US. The net result is a high degree of retail capture. The only way for new retail development outside the City Limits, assuming the development is successful, to not impact the city through increased retail vacancies and lower tax revenues would be for the development to be such that it does not compete with businesses that currently exist in the city, or draw a sufficient number of new customers to off-set the attrition within Bellingham or have a net population increase within the region that sufficiently increases demand. A combination of these factors may also create the scenario of no impact to current retailers – however these are all unlikely to occur in the near-term.

Bellingham also sees most of the office related activity in the county. As such, new office development just outside the city, if successful, would likely result in increased office vacancies in the City of Bellingham and lower tax revenues for the city.

Scenarios and Potential Impacts:

The impacts of any new development will depend on the amount and exact type of development. This memo shows the potential impacts in terms of lost sales tax and City B&O tax only (not lost property tax or other impacts) for four different scenarios and four different levels of projected sales loss. We have defined sales loss as the percentage of sales at the new development that comes from people currently shopping or conducting business in the City of Bellingham.

Summary Table: Lost Sales and BO tax, by Scenario

Share of Sales from Existing Shoppers (%)	Decline in Annual Sales and B&O Tax			
	Scenario A – Retail (750,000 sq. ft.)	Scenario B – Retail (750,000 sq. ft.)	Scenario C – Mixed Use (680,000 sq. ft.)	Scenario D – Office Focus (320,000 sq. ft.)
40	$794,000	$305,500	$574,000	$659,000
50	$992,500	$381,800	$700,000	$820,000
60	$1.1 million	$458,200	$861,000	$988,000
70	$1.4 million	$963,000	$1 million	$1.15 million
80	$1.59 million	$1.1 million	$1.15 million	$1.3 million

We describe below the rationale for the various assumptions and the methodology used to generate the potential impact figures. We also show output from the financial model used to generate the impact estimates and provide a copy of the model itself.

Introduction

In this memo, we address how a new development project at Slater Road, outside of the Bellingham city limits, might affect economic activity in Bellingham. In particular, we assess the potential impacts of development that the Lummi Tribe may undertake on their trust land at the intersection of Slater Road and Interstate 5. The land is outside the city limits, which means that declines in retail activity in the city due to the new development would reduce City tax revenues – and potentially employment within the city. As the exact type of development is not known at this time, we consider different likely potential scenarios. The scenarios include those contained within project descriptions or proposals the Lummi have considered in recent years for the site.

According to data from ESRI, Whatcom County could support 540,000 more square feet of general merchandise retail space than currently exists in the county. The data also suggest that the county could support new developments that focus on other types of retail, such as specialty clothing. However, those data do not paint the entire picture, so to speak. The City of Bellingham has 1.8 million square feet more general merchandise retail space than would be predicted based on the number of people who live in Bellingham and their income. It also has more specialty retail than would be expected based solely on its population.

The City of Bellingham draws shoppers from the surrounding communities in Whatcom County, resulting in more retail space in Bellingham than would be expected and less in the surrounding county. In addition, Bellingham draws shoppers from Lower Mainland BC. So while it is true that the parts of the county are underserved in terms of retail options, the county as a whole is over served. The county as a whole pulls shoppers into the area – with the bulk of the activity found in the City of Bellingham.

At issue is figuring out what might happen if a significant amount of retail space were to be built close to, but outside the City of Bellingham. Someone could look at the data that show the county (not including the City of Bellingham) can support more retail than currently exists and conclude additional development would be possible without having any negative impact on existing businesses or governments in the area. This view imagines that the new development would simply serve unmet demand and/or attract new shoppers from BC or other outlying areas. Another person could look at the data and conclude that any new development in the area would necessarily compete with existing businesses, noting that the county as a whole is already overserved. In this case, any new development would have a negative impact on existing businesses and governments unless it was able to somehow attract only shoppers who do not currently shop in the county.

These different perspectives are, in fact, held by realtors and developers who would like to see additional development at the Slater Road area and people working at or familiar with existing retail areas, including Barkley Village and Bellis Fair Mall.

Our view looking at the ESRI data and trends in retail is that any new general retail development in the county will have an impact on existing retail businesses and the distribution of tax revenues. While there is a 'retail gap' in the county outside of the City of Bellingham, there is a surplus of retail in the county as a whole. We do not view the county beyond the City of Bellingham to be a well-defined trade area, where someone can look at the trade gap and conclude additional retail spaces can be readily supported without consideration for the adjacent areas. As such, we see two important questions:

- How might we quantify the potential impacts of development outside the City of Bellingham on the City?
- Are there particular types of development that would have no negative impacts on the City (or perhaps even positive impacts)?

Approach

We focus first on retail spaces to ask how additional retail development outside the city, but near Bellingham, might affect retail sales within the city. We anticipate different impacts depending on the type of retail that could be added. We address the possible impacts of additional hotel rooms and other, non-retail development, options separately.

As noted above, data from ESRI show the amount of sales that occur in Bellingham above and beyond what would be expected just from the people who live in Bellingham. The additional retail sales or retail capture in Bellingham is much larger than the shortage of retail space in the rest of the county, which shows that Bellingham captures more sales than would be expected in the entire county.

The ESRI data cover the following retail areas:

- General merchandise
- Family wear
- Other retail
- Limited service eating and drinking establishments

- Full service eating and drinking establishments

For all of these categories, there is more square footage of space in Whatcom County than would be expected based on spending by county residents. That is, there is a surplus of retail in the county as a whole, with essentially all of the surplus and related retail capture existing in Bellingham.

For a new retail business to open and NOT to have a negative impact on existing businesses in Bellingham, it would have to offer something that is not offered in stores in Bellingham and does not compete with what is sold in stores in Bellingham. General merchandise, basic family and many types of specialty wear, and various restaurants at a new development would compete with and almost certainly have a negative impact on businesses in Bellingham. They would also likely have a negative impact on the City by lowering the tax revenues captured by the City. But how much?

General Merchandise Example

In this example, we consider what the impact might be on the City of Bellingham if a developer added 100,000 square feet of new general merchandise retail space just outside the city limits.

ESRI data suggest there is 1.86 million square feet of general merchandise square footage in Bellingham/Whatcom County more than is expected based on the population. Any additional square footage adds to this surplus – and the sales at the new business(es) will come from new customers attracted from outside the area or from reductions in sales at existing businesses. There is no retail gap or excess demand to support the new business. One can only make an educated guess as to the share of shoppers at the new store that will come from new shoppers versus those who already shop in the area.

Note: an important question given the excess square footage that already exists is whether a new retail business would be successful. We do not address that question at this point in time. Instead, we ask what the impact to the City would be in the form of reduced sales tax and B&O tax revenues, assuming the new businesses are successful. We also note there could be other impacts such as reduced property tax revenue, but predicting the change in assessed value is beyond the scope of this assessment and memo.

Data on national retail industry financial ratios and benchmarks suggest that a successful general merchandise retail business might have sales of $130 per square foot per year. Some publications show higher sales per square foot.[1] As such, 100,000 square feet of successful general merchandise retail would have annual sales of perhaps $13 million. Again, these sales will come from either new shoppers, those already shopping in the area, or a mix.

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[1] See for example the Urban Land Institute publication "Dollars and Cents of Shopping Centers" and https://bt-wpstatic.freetls.fastly.net/wp-content/blogs.dir/2331/files/2016/11/BizStats-Retail-Sales-per-Square-Foot.pdf See also https://www.joe.org/joe/2012june/tt4.php and http://www.uta.edu/faculty/hansz/5334/ProjectF07/2004%20Complete%20Report.pdf

If we assume 50 percent of the shoppers at the new retail store are new to the area (adding to the retail capture that already exists) and 50 percent comes from existing shoppers, the City of Bellingham would see a decline in retail sales tax of $55,250 and a decline in B&O tax revenue of $11,000. We have assumed that the local sales tax rate is 0.85 percent and B&O tax rate is 0.17 percent.

It may be important to note that some publications show higher sales per square foot than assumed here. Increasing the sales per square foot would increase the tax impact. In this analysis, we have chosen national averages rather than attempting to determine what type of store might be impacted more than another at what relevant sales per square foot ratio.

In addition to the sales tax loss, if the shoppers now going to the new development no longer shop in Bellingham, the City could see general merchandise retail decline by 50,000 square feet. Looking at data on sales per square foot, this loss of space could translate to a loss in 50-60 jobs. Of course, actual employment impacts could be larger or smaller depending on the particular businesses that lose customers. The decline in square footage and employment could be quite small if the impacts are spread across a large number of business – each able to absorb a relatively small decline in revenue without much change in staffing. But the decline could be large if one businesses loses a large portion of its revenue and is no longer viable. And the tax impacts are independent of the distribution of employment impacts.

Share of Sales that come from existing shoppers

Most of the factors used when calculating the impacts of new retail development on the City of Bellingham are data points. For example, we use average sales per square foot for different retail businesses and average spending per person. People can disagree about the accuracy of these figures, but different opinions do not suggest wildly different numbers. However, people can have different opinions about what portion of sales at a new development might come from new shoppers versus people who currently shop in Whatcom County/Bellingham – and those different assumptions do suggest significantly different numbers. And those different numbers matter:

Continuing with the general merchandise example, if we assume 40 percent of the shoppers at the new development already shop in the area, the additional 100,000 square feet of general merchandise space implies a decrease of $44,200 in sales tax and $8,800 in B&O tax. Increasing the share of sales that come from those already shopping in the area to 60 percent increases the losses to $66,300 and $13,200, respectively.

> **** What you assume as the share of sales that come from existing shoppers – those already shopping in the county – matters a great deal in this analysis. ****

We spoke with current and former managers from Bellis Fair Mall and Barkley Village to ask whether they felt a new retail development just outside the City of Bellingham would draw customers away from current businesses in Bellingham. They said yes. They qualified their remarks by saying the amount of pull would depend on exactly what type of stores and brands were offered at the new development.

One of the people we contacted said people from Bellingham would try any new store, but it isn't clear they would want to drive out of the city on a regular basis if they could find what they need in the city. Again, we avoid asking whether the new business(es) is likely be successful. We simply assume for now that the new business(es) are able to attract the shoppers and sales needed to be successful. And or conversations with retail experts make us think it is reasonable to assume that the share of sales that come from existing shoppers might be in the 40-60 percent range.

Findings / Calculations

The example above focused on general merchandise retail. New retail development is likely to include a mix of retail options. And with different average sales per square foot, different amounts and types of retail will have different implications for impacts on the City of Bellingham. We address the range of possibilities by creating different, illustrative scenarios.

Table 1 shows the mix of different types of retail for two scenarios. The retail categories correspond to the categories used in the US Census Bureau's Economic Census and where data are available on sales per square foot for different types of retail.

Table 1. Scenarios to Show Different Types of Retail Spaces

Type of Retail or Food Service	Percentage	
	Scenario A	Scenario B
Women's Clothing	20	0
Specialty Retail	20	0
Family Wear	20	0
Other retail	10	0
General Merchandise	10	75
Limited Service Eating & Drinking	5	15
Full Service Eating & Drinking	15	10
Total	**100**	**100**

Table 2 shows the tax impact on the City of Bellingham for these scenarios, given different assumptions about the share of sales that come from existing shoppers and assuming 750,000 total square feet of development. The assumption of 750,000 square feet of retail comes from a proposal considered by the Lummi several years ago. We show different scenarios for the mix of retail as the proposal did not show the exact mix. We show the potential impacts of mixed use (i.e., retail and office) development in subsequent sections of the memo.

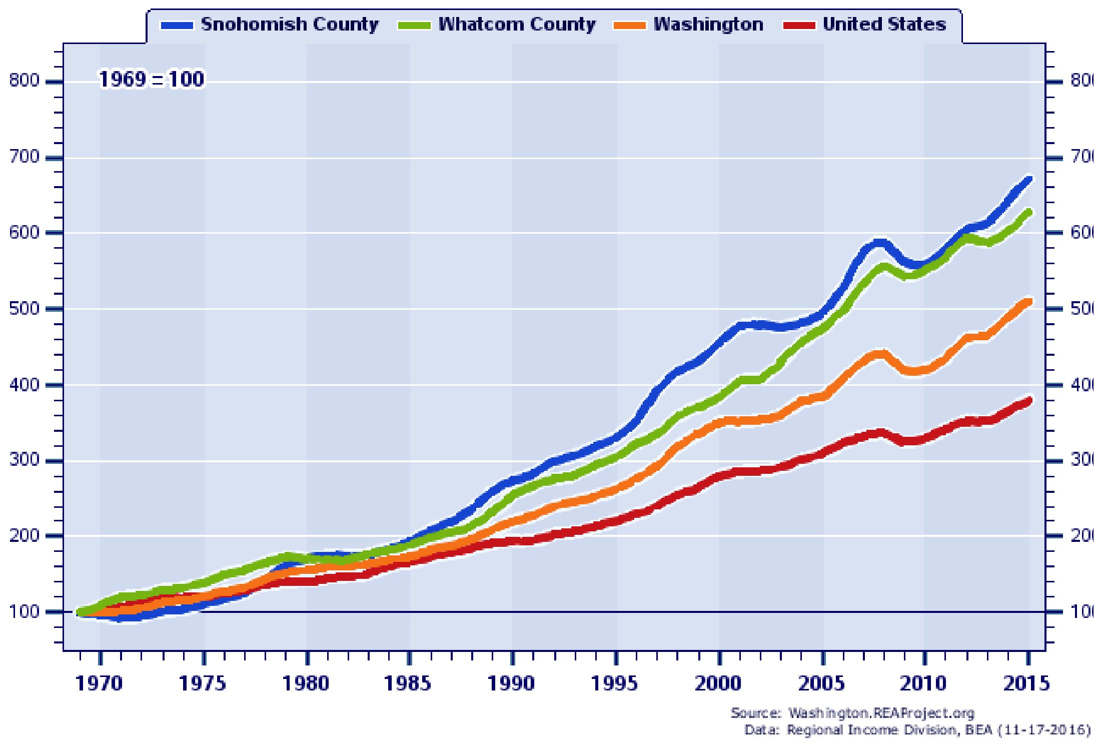
The table shows the likely tax impacts, where we estimate the amount of sales tax and B&O tax that might be lost as sales move from businesses within the city to the new development. Sales tax rates used in these calculations are city collection rates, not total tax rates.

Table 2. Retail Sales Tax Impacts, by Scenario

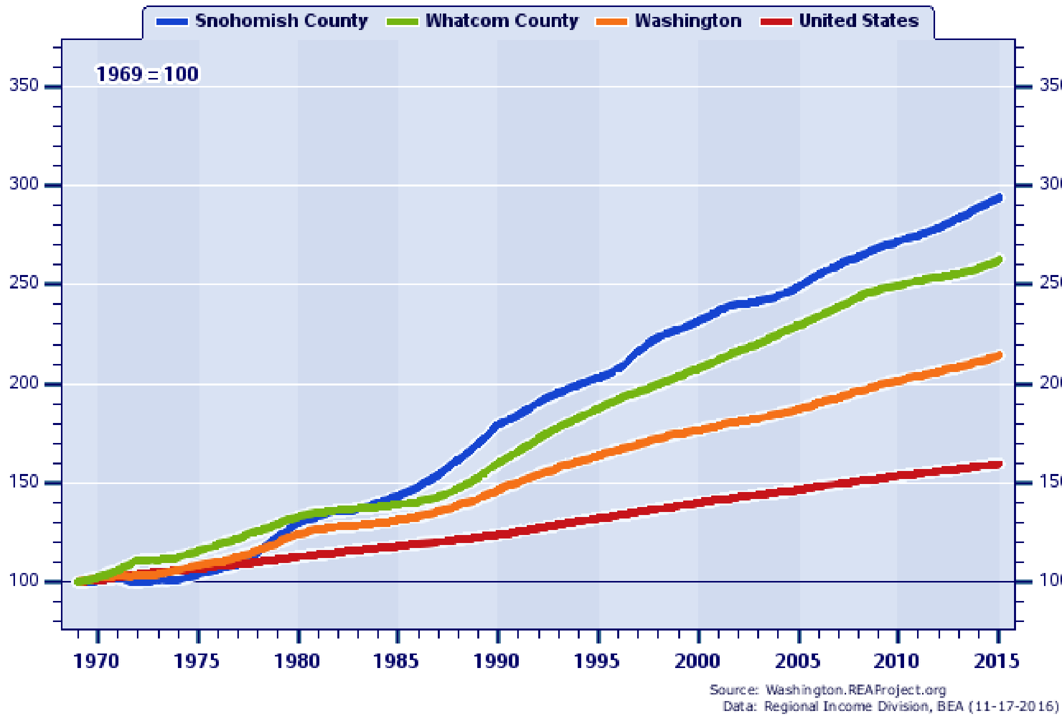
Share of Sales from Existing Shoppers (%)	Decline in Annual Sales and B&O Tax (Decline in Revenues for General Fund)	
	Scenario A	Scenario B
40	$794,000	$305,500
50	$992,500	$381,800
60	$1.1 million	$458,200
70	$1.4 million	$963,000
80	$1.59 million	$1.1 million

The tables illustrate how important the assumption is regarding the share of sales from existing shoppers. It also shows the importance of knowing the mix of retail that might be added.

Personal Income Indexes



Population Indexes



A Case Study

The Quil Ceda Village and Premier Outlets just north of Marysville provide a convenient case study and let us consider what happened to taxable retail sales in Marysville and Everett with the development of new retail space on tribal land.

The Tulalip Tribe opened the Quil Ceda Village in 2001 with two primary tenants, WalMart and Home Depot. This development was expanded with the Seattle Premium Outlets opening in 2005 with multiple expansions since. A large hotel/casino/events center, as well as a number of restaurants and other large format retailers, have also added to the mix available within the development.

The Washington Department of Revenue reports that for tax purposes retail sales within the development are reported under the unincorporated Snohomish County location code with both the state and county receiving their allocations. The tribe does not benefit from tax collections; however, litigation is pending in the matter.

In looking at DOR records from 1999 to 2010 we make the following observations:

Unincorporated Snohomish County: During the study period the number of reporting retail outlets increased by 252% with an increase in reportable sales of 488%. (Percentage changes can be hard to interpret when the starting amount or initial base is small.)

Everett: During the study period the number of reporting retail outlets increased by 68% with an increase in reportable sales of 9%.

Marysville: During the study period the number of reporting retail outlets increased by 95% with an increase in reportable sales of 93%. Of crucial note is also the significant annexations by the city and significant retail expansion in Smokey Point. For example, the Costco in the Smokey Point area is now within the City of Marysville.

Arlington: During the study period the number of reporting retail outlets increased by 80% with an increase in reportable sales of 54%.

The increase in taxable retail sales within the City of Marysville makes it difficult to conclude that the Quil Ceda development had a negative impact on the surrounding cities. Even Everett saw an increase in taxable retail sales. However, the question isn't whether those cities saw increases; rather, the question is whether they saw the sort of increase they would have expected without the development. With population and inflation both increasing from 1999 to 2010, the cities should have seen notable increases in taxable retail sales.

From 1999 to 2010, Snohomish County's population increased 19.67 percent. Inflation, as measured by the broad CPI index, increased 31.88 percent over the same period. As such, Everett and Marysville should have expected an increase in overall sales of roughly 50-51 percent (19-20 percent due to inflation and 31 percent due to population growth) – assuming that the population growth was evenly distributed and spending patterns remained the same. We notice that Arlington saw the sort of increase in taxable sales one would have expected. Everett saw significantly less growth. And Marysville is hard to interpret due to the annexations.

We imagine that the City of Bellingham might be like the City of Everett with the Quil Ceda development. If new development were to occur north of the City of Bellingham, Bellingham might see modest increases in nominal taxable sales in the future simply because there would be more people in the City and goods and services would cost more. However, the growth would not be nearly as large as it would be without the development – and there is a chance the impact of the development could be larger than the increase in sales due to population growth, inflation, and the addition of new businesses. In particular, retail activity is changing with more options for online shopping and other retail developments in the region. Having a destination based sales tax will mitigate some of the impact of online shopping, but certainly not all. Moreover, new developments such as new retail options in Surrey, BC and Delta, BC (e.g., the new Tsawwassen Mills shopping area with more than 200 stores) could result in fewer Canadian shoppers coming to Whatcom County. We address some of these issues in the subsequent sections.

Concerning Internet Retail Impacts

There is much discussion related to how internet retail impacts traditional stores. The reality is that of all retail sales a relatively small percentage takes place online. After removing large items such as cars, boats and homes the impact appears certainly smaller. Research has suggested that approximately 50% of online retail sales comes via Amazon. While that sounds impressive it accounts for less than 2% of total retail sales for most counties – including Whatcom.

The challenge for both online and traditional retail is to meet customer demand while also providing the experience that the consumer desires. The trend in retail is that of creating an experience that drives customer loyalty and strengthens the stability and margins of the company. The internet sells items considered a commodity by the consumer, whereas traditional retailers sell an overall relational experience.

We note that while the amount of online sales is currently still small, it is growing and does matter. Stores like the Sportsman Chalet in Bellingham closed in recent years, due in part to people coming to the store to look at and to learn about products, then going home and buying them online. Large stores like Macy's are trying to determine the right balance between offering an experience for shoppers with a certain inventory, versus having a smaller footprint and selling more items online. Some stores are seeing customers come in to learn about products and to manage their returns. They may even order online in the store, with home delivery. This uncertainty is hard to manage, and stores with small profit margins can struggle.

Other Considerations When Quantifying Impacts

If a store loses a portion of its revenue, that store may no longer be viable and close. The numbers above assume the share of sales from existing shoppers is all that might be removed from the City of Bellingham. In fact, the impact could be larger. If the decline in sales at the various stores in Bellingham that are effected means those stores close – rather than just getting a little smaller – the impacts shown above are lower than what would be realized. If those stores can survive with the decline in revenue, then the impacts shown above are accurate. Therefore, the figures in the table could be viewed as a lower bound for the given share of sales lost.

This report describes retail spaces in a rather abstract manner. Of course, some retail spaces are very visible and their success or failures matters in ways not captured in discussions about tax revenue. The Greenhouse and the old Woolworth building on Cornwall Street in downtown Bellingham provide a convenient example of how a successful or closed retail space can affect an area.

The retail shopping experience is not simply a commodity gathering exercise – where shoppers simply gather the items on their list. Today, retail shoppers increasingly demand an experience that is valued as much as, or more than, the products/services purchased. Empty storefronts tend to send a clear signal to shoppers that negatively impacts the experience and may entice them to shop elsewhere.

Our view is that new development outside the city limits should be handled with care as it may compete directly with development in the waterfront area or planned urban villages in Bellingham. The City and surrounding area may not have the economic growth or population growth to support retail and other growth simultaneously in multiple areas.

Being cautious in supporting new retail development may be especially important given current trends in retail in the US. In short, the US has too much retail space. A CBS News report in August 2016 noted that we have roughly 7.3 square feet of retail space per person. That compares to roughly 1.7 square feet in Japan and France and 1.3 square feet in the United Kingdom. The US was "overstored" before shoppers started embracing online options. The US is clearly overstored now. And one expert quoted in the CBS story predicted that 50 percent of retail not tied to bars and restaurants will go online by 2030.[2]

Other retail experts highlight how the oversupply in retail exists independently of e-commerce. For example, retail stores exist in places where demographics have changed or the population has declined.[3] Some stores need to be closed simply because they no longer have enough customers, regardless of e-commerce. Bellingham seems to have the population and population growth to avoid some of those problems. But retail in Bellingham could become viewed as oversupplied depending on developments in Canada or other places from which Bellingham currently draws shoppers. The City of Bellingham must consider this broad context when thinking about new developments both inside the city and just outside the city limits.

American retail is struggling at the macro level. There have been significant store closures – many of these offered what would be considered commodity items which are easily ordered online. Some businesses have flourished – many of these offer unique experiences to their customer along with the tangible items. Retailers are changing where they find profits – Macy's recently announced that their store branded credit cards will now charge nearly 30% interest. This announcement tracks with other major retailers such as Pottery Barn and GAP. Retail is adjusting to consumer preferences – we ponder if new retail options would cater more to these trends or would the existing retailers adapt quicker given the prospect of increased competition?

Office Spaces

With the commercial real estate market as active as it is right now, it would be easy to conclude that additional office and/or industrial space would be welcome. In this case we wonder whether new office would be economically viable outside the city limits. There appears to be a demand for office space, but proximity to other businesses matters. For example, medical clinics looking to expand want to be close to various Peace Health facilities or the Pacific Rim Outpatient Surgery Center.

Other businesses also want to locate near other specific businesses. So it isn't clear the demand for medical or other office spaces in the Slater Road area really exists or would be sufficient to support new development. Put another way, there may be a few businesses that want office or industrial/warehouse space in that area, but the business case for a large amount of new space is not obvious. Moreover, it is important to note that as with retail, most of the office activity in the county occurs in Bellingham. Bellingham has more office space per capita than you would expect if business were spread across the county in the same manner that the population is distributed. In addition, office spaces generate a surprising amount of tax revenues for the City.

In the event that new office space is constructed and occupied, the impact on the City of Bellingham could be significant. Table 3 shows the impacts for a given amount of office space, by office type. We show in the table the impacts if 50,000 square feet of space was pulled from Bellingham to the new

[2] http://www.cbsnews.com/news/u-s-retailers-have-a-ridiculous-problem/
[3] https://www.bisnow.com/national/news/retail/retail-over-supply-demand-costar-andrea-olshan-72944

development; as if 100,000 square feet were added, with half of the new space taken by new businesses and half by businesses currently located in Bellingham.

Table 3. Tax Impacts with Office Space Development

Industry Sector	Sq. Ft. of Space Pulled from Bellingham	Annual Decline in Sales and B&O Tax
Business Services	50,000	$135,737
Technical Services	50,000	$344,444
Medical	50,000	$312,315

The Lummi described in 2015 a possible development that had 636,000 square feet of retail, 20,000 square feet of medical offices, and 24,000 square feet of "high turnover, sit down" restaurants.[4] That proposal also included 35,000 square feet for a museum. We do not consider any possible impacts of the museum space on the City. But we do consider the possible impacts of the other spaces and imagine another scenario where the development might focus on office spaces and include perhaps 300,000 square feet of office space, spread evenly across business services, technical services, and medical uses.

Table 4. Scenarios to Show Different Types of Mixed Use and Office Spaces

Type of Retail or Food Service	**Percentage**	
	Scenario C – Mixed Use (680,000 sq. ft.)	**Scenario D – Office Focus (320,000 sq. ft.)**
Women's Clothing	13	0
Specialty Retail	20	0
Family Wear	0	0
Other retail	10	0
General Merchandise	50	0
Limited Service Eating & Drinking	2	3.5
Full Service Eating & Drinking	2	3.5
Medical Office	3	31
Office (Technical Services)	0	31
Office (Business Services)	0	31
Total	**100**	**100**

[4] These figures appear in a memo from Brad Lincoln at Gibson Traffic Consultants, Inc. to Greg Young, City of Ferndale. The City of Bellingham provided us a copy of the memo so we could use the development figures in this assessment.

Table 5. Retail Sales Tax Impacts, by Scenario

Share of Sales from Existing Shoppers (%)	Decline in Annual Sales and B&O Tax	
	Scenario C – Mixed Use (680,000 sq. ft.)	Scenario D – Office Focus (320,000 sq. ft.)
40	$574,000	$659,000
50	$700,000	$820,000
60	$861,000	$988,000
70	$1 million	$1.15 million
80	$1.15 million	$1.3 million

Mitigating the Negative Impacts

One way to reduce the impacts of new development on the City of Bellingham is for the new development to have stores that don't exist in Bellingham or compete with businesses located in Bellingham.

There are certainly stores not found in Bellingham (Nordstrom, Ann Taylor, etc.). But adding those stores would certainly impact the sales at stores found in Bellingham. In this case, the way to quantify those impacts is to adjust the percentage of sales drawn from Bellingham businesses. The provided model lets users ask "what if" by changing parameters such as the city sales loss assumption or the mix of retail. The included screen shots show the details of sample output from the model.

There are also types of development that would be new to the area and result in little or no competition with businesses that exist in Bellingham. For example, a water park similar to facilities like the Great Wolf Lodge near Chehalis would be new destination facility that would not compete with other businesses in Bellingham, though it would compete with the water slides in Birch Bay to the extent that indoor and outdoor water parks are viewed as substitutes.

Another development that would add visitors and could be supported by area residents without drawing sales away from existing business is an indoor sports complex that could accommodate large volleyball and basketball tournaments; practices by area volleyball and basketball clubs; and maybe even use by sports teams from Lower Mainland BC.

Regional volleyball teams participate in "Powerleague" which includes groups of teams playing every weekend – with perhaps 16 teams on a given day. With 9-12 players per team, that's nearly 200 players, plus coaches, parents and siblings. These players often stay overnight prior to league play and go to restaurants during league days. In addition, there are tournaments many weekends from Thanksgiving through Memorial Day. Basketball leagues also last from before Thanksgiving into summer – suggesting that a sports facility could attract a large number of people to the area without drawing a significant amount of shopping from the City.

Conclusion

To simply assume that the retail landscape in Bellingham would remain unchanged if the proposed development did not occur would, at best, be naïve. The retail landscape will continue to evolve and morph from both macro and micro factors (economic, social and otherwise) with or without the Slater Road development. With the development, Bellingham's retail landscape will have a faster more dramatic change than without. Tax revenues collected by the City will drop and retail vacancies will increase. The assessment above shows that, assuming new retail development at Slater Road is successful, the City would see a decrease of anywhere between $300,000 and $1.6m per year in general fund revenues. The make-up of the development will determine the scale of these impacts.