

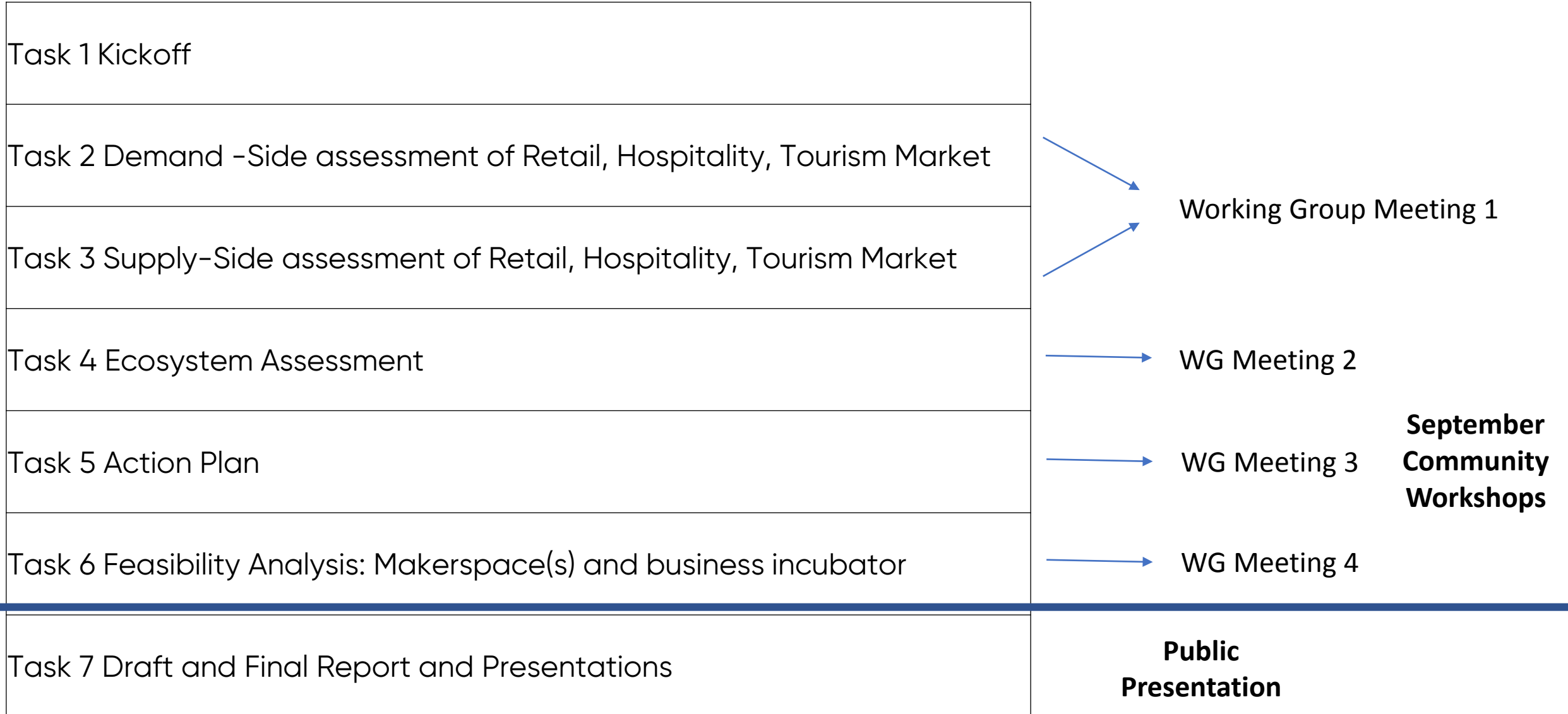
RETAIL AND HOSPITALITY ENTREPRENEURSHIP ACTION PLAN

Presentation,

Walsenburg Community Center, December 6, 2021

1. Presentation by Gabe Preston, RPI Consulting
 - Introduction
 - Customer segments
 - Market opportunity analysis
 - Entrepreneurship ecosystem evaluation
 - Action plan
 - Retail pop-up incubator feasibility study
2. Q & A and discussion

The process



Thank you working group:

- Dustin Stambaugh, City of Walsenburg Administrator
- Brian Lalander, City of Walsenburg Mayor
- Tim Tady, Town of La Veta Trustee
- Carl Young, Huerfano County Administrator
- Carlton Croft (Director), Dominic Elizondo, Bailee Harris, Huerfano County Economic Development
- Sarah Jardis, Spanish Peaks Business Alliance, Huerfano County Tourism Board
- Kerrie Meyler, Spanish Peaks Chamber of Commerce
- Kelly Delia, Spanish Peaks Chamber of Commerce
- Mark Madic, Southern Colorado Innovation Link
- Megan Moore, Southern Colorado Innovation Link

Retail/hospitality customer segments: tourism

Travel trends in Colorado

Figure 1 - Millions of **Overnight Trips** to/within Colorado

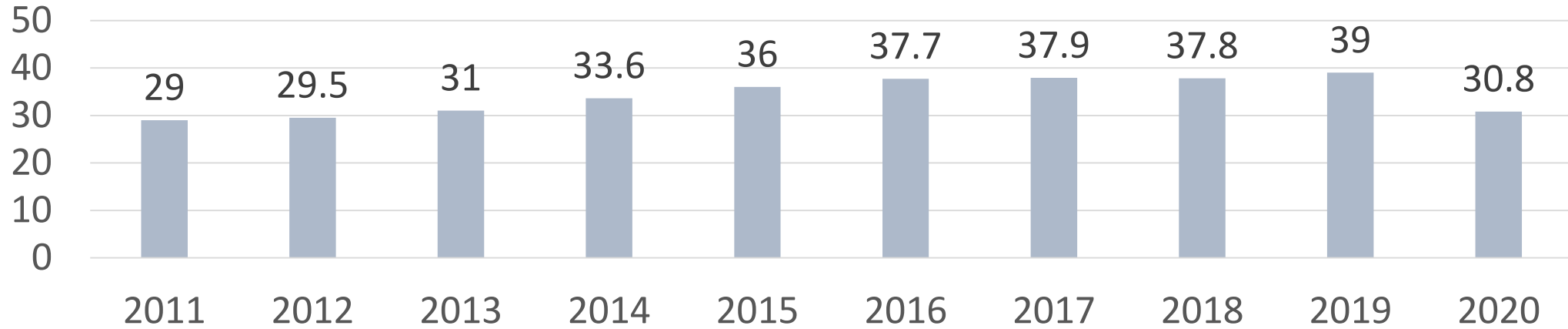
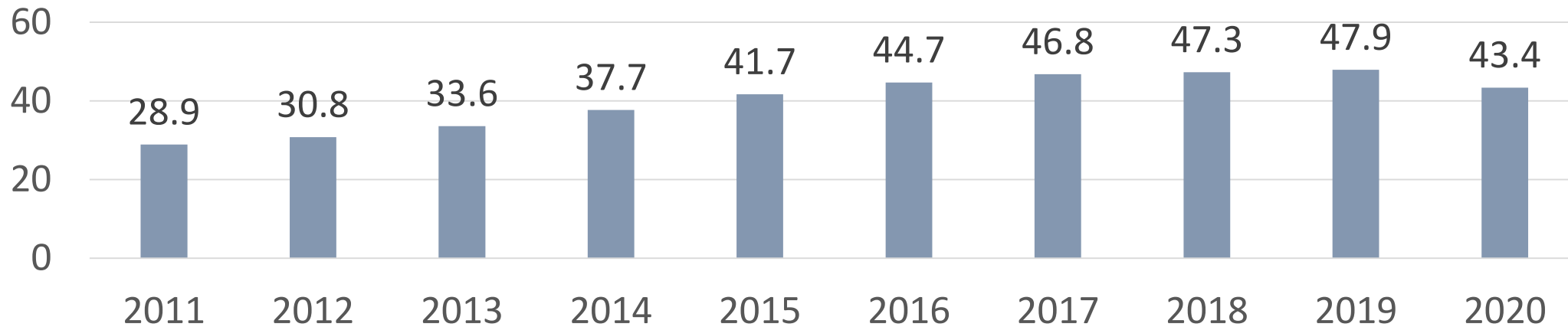


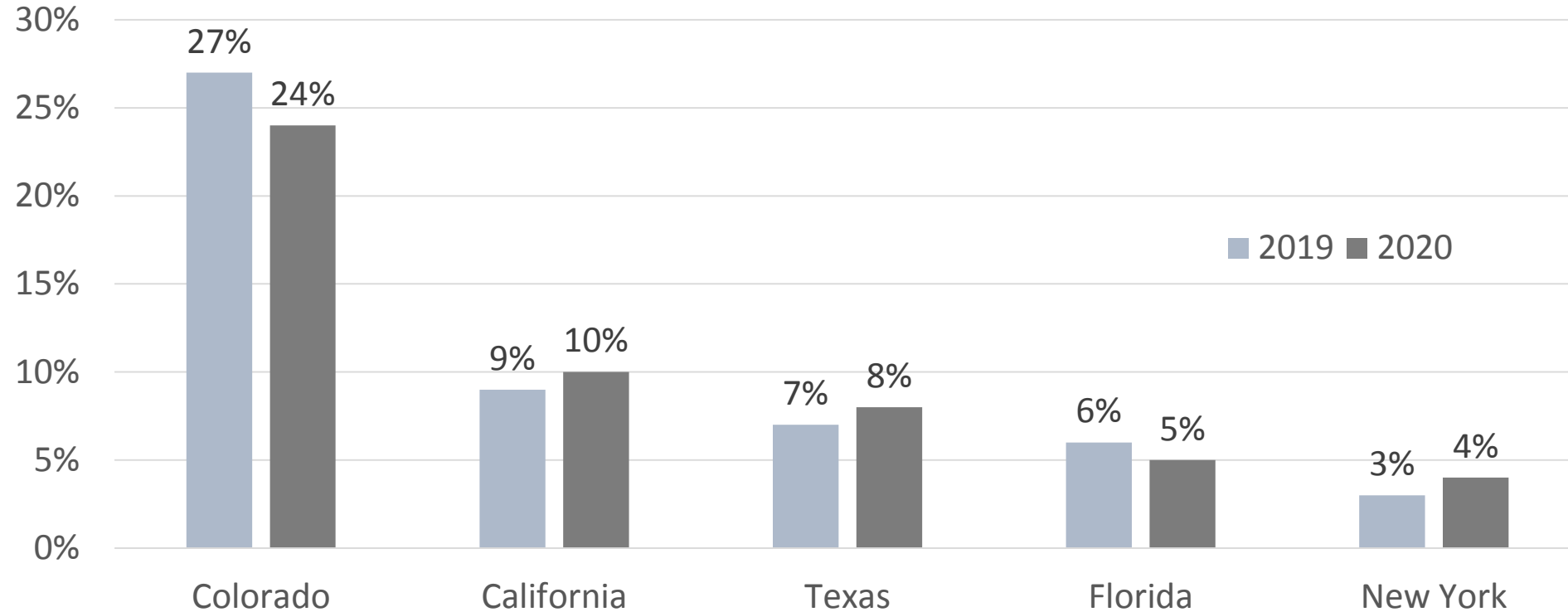
Figure 3 - Millions of **Day Trips** to/within Colorado



- Overnight visitation increased substantially during recovery from 2008
- Day trips grew at a faster rate than overnight trips

In-state market

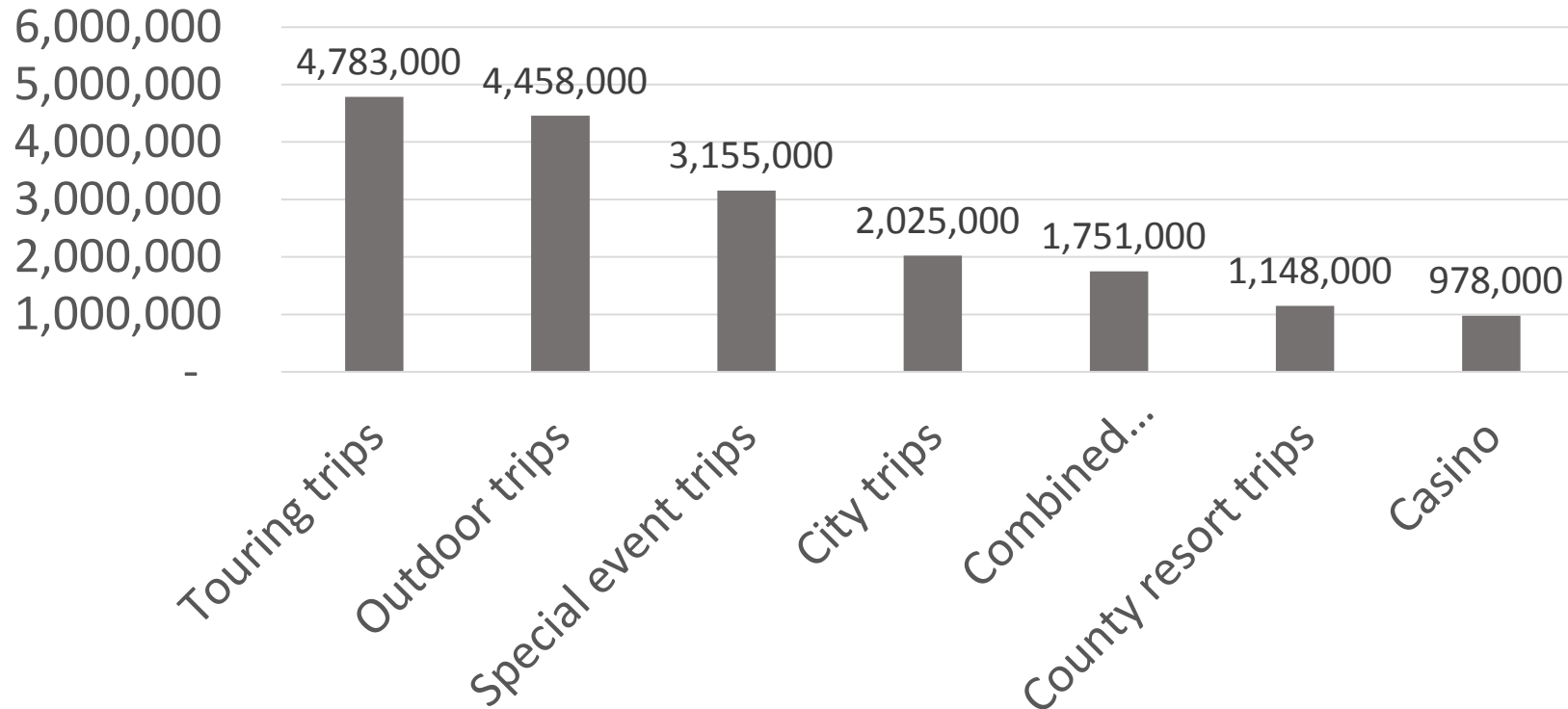
Figure 2 - Top States of Origin for Colorado Overnight Trips



- 60% of the state's day trips are from in-state
- 15% of the state's day trips are from Pueblo/Colorado Springs

Drive touring market

Figure 5 - 2019 Marketable Overnight Trips in Colorado

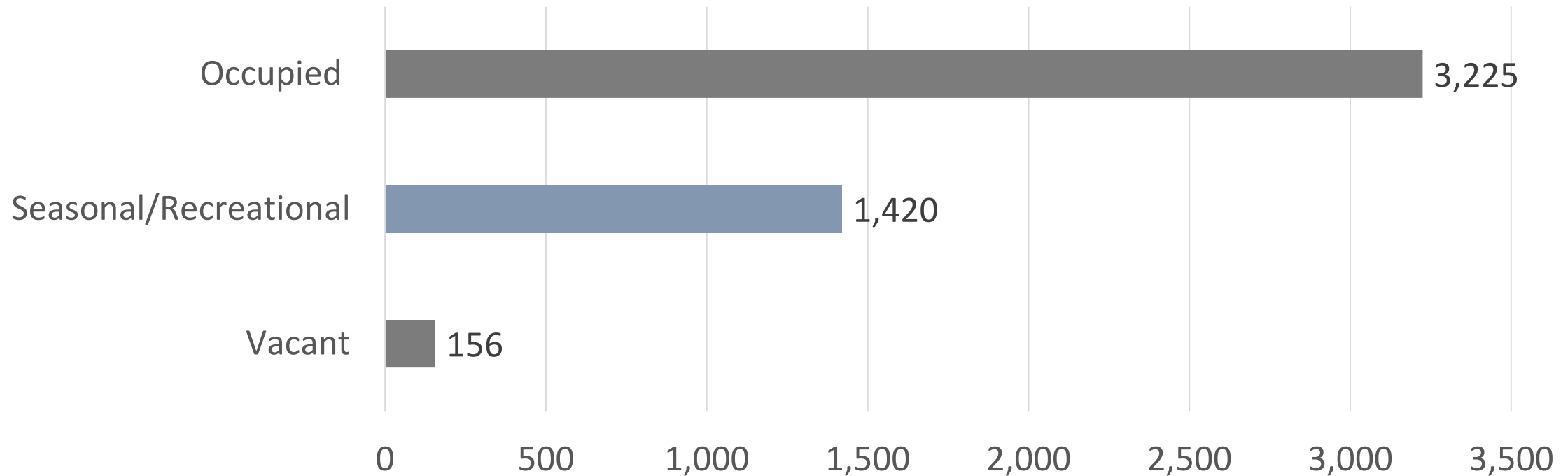


- Drive touring accounted for 26% of all marketable overnight trips in 2019
- 25% of leisure trips by in-state residents were drive touring trips

Source: Colorado Tourism Office,
Colorado Travel Year 2019,
Longwoods International

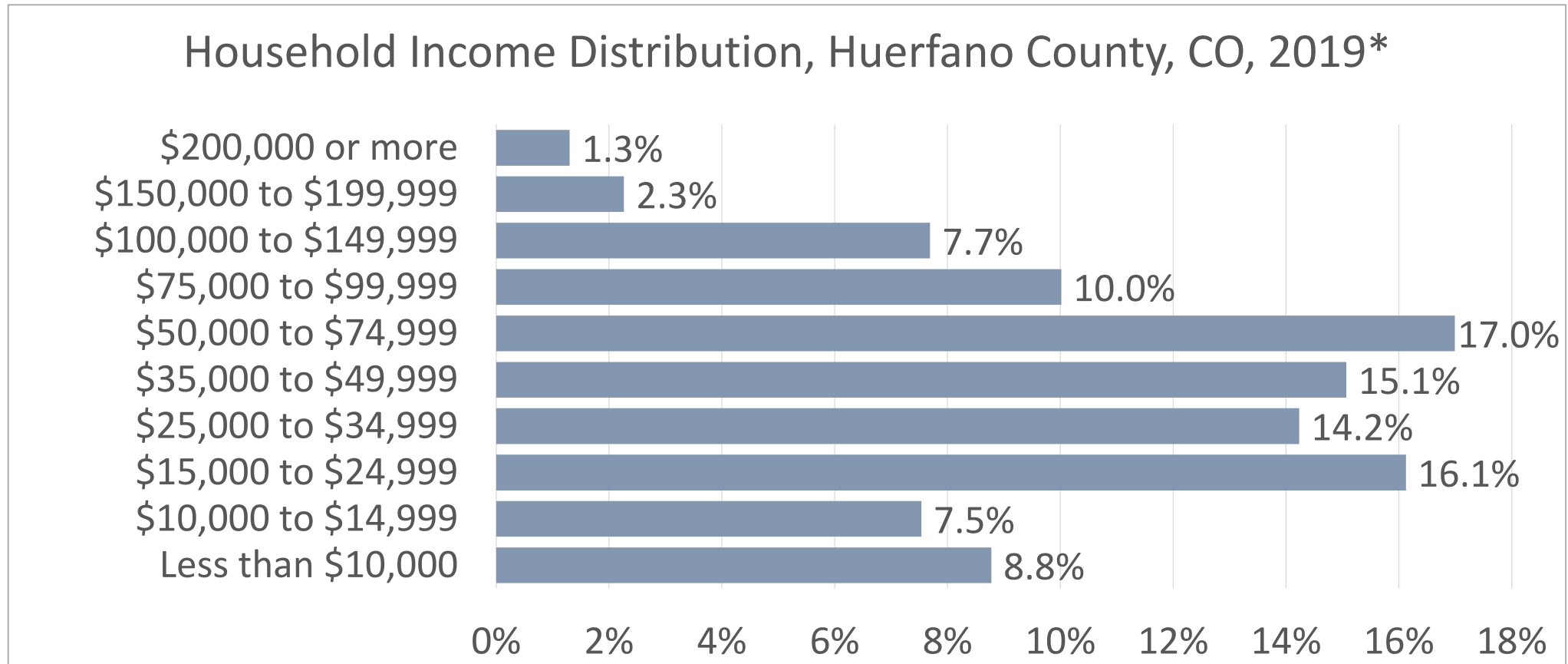
Customer segment: part-time residents

Figure 7 - Huerfano County Housing Units



- 30% of the housing units in the county as seasonal/recreational
- 1400+ have capacity for three to four thousand part-time residents

Customer segment: local residents

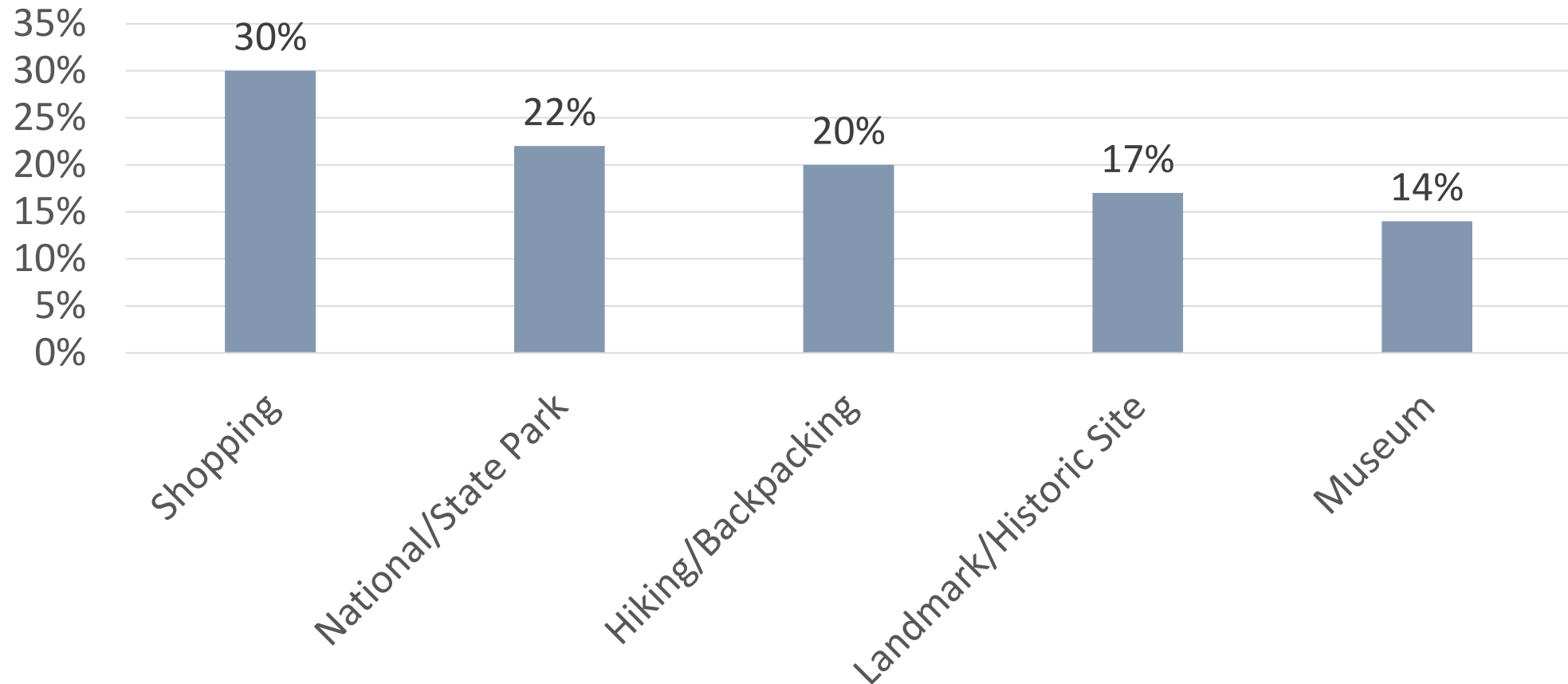


- Household incomes span a wide range
- Challenge for identifying target markets and setting price points

Market opportunity assessment

Opportunity: retail shopping

Figure 10 - Leisure Trip Activities and Experiences - Top Participation Rates

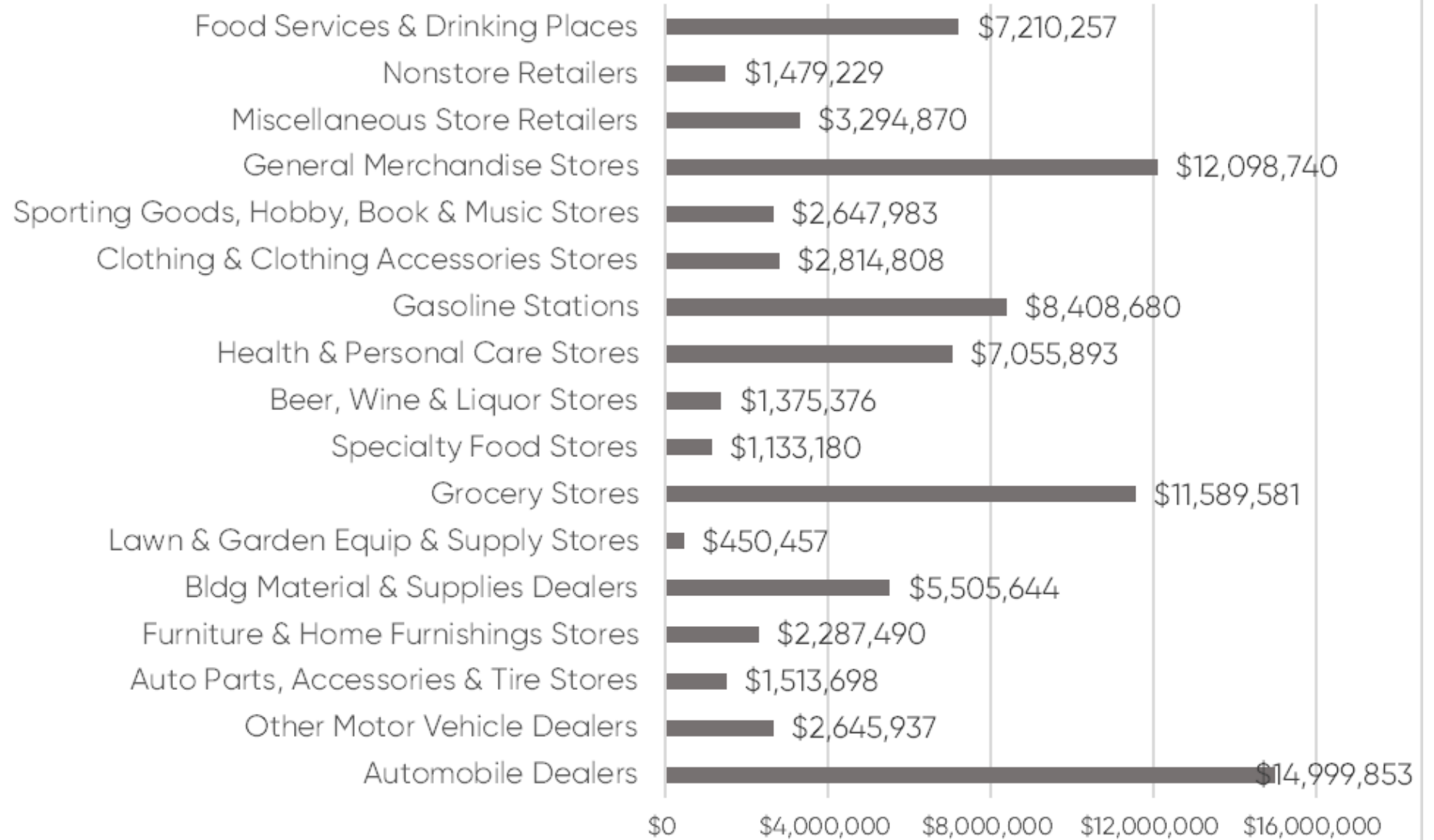


- About one-third of leisure trip parties go shopping
- 39% of drive touring visitors go shopping

Huerfano
county
household
annual
retail
spending

Total =
\$89 million

Figure 13 - County Household Spending



Retail leakage

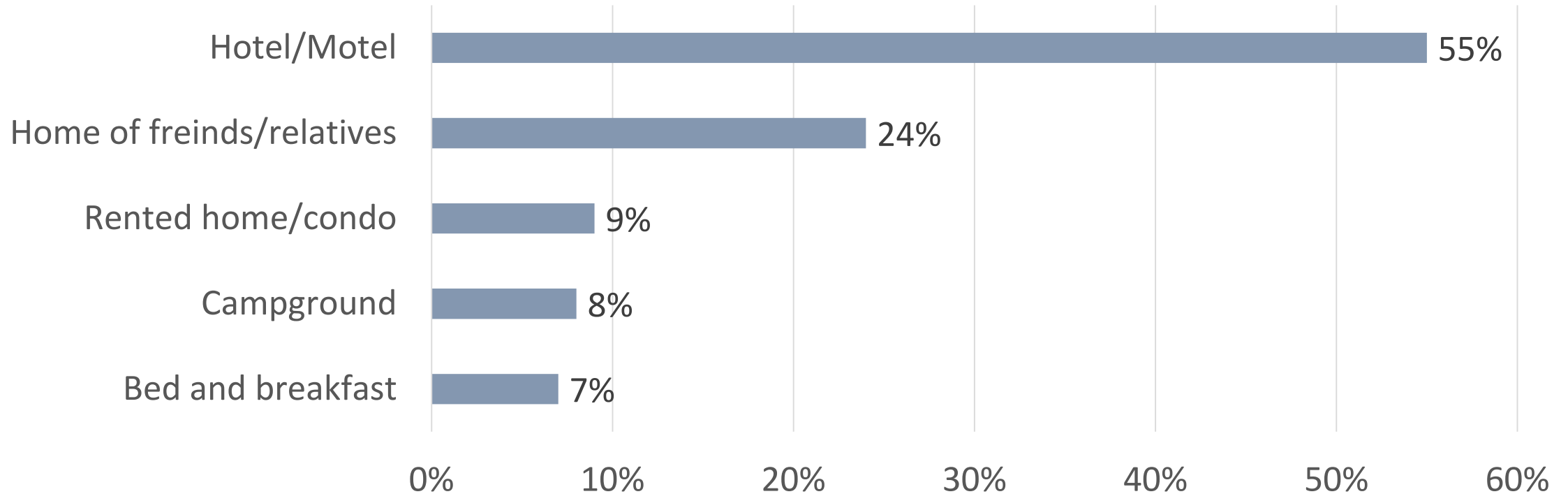
Retail Category	Retail Leakage	Target Market
Automobile Dealers	\$14,999,853	Residents
Other Motor Vehicle Dealers	\$2,645,937	Residents
Auto Parts, Accessories & Tire Stores	\$1,199,461	Residents
Furniture & Home Furnishings Stores	\$2,143,387	Residents & Visitors
Bldg Material & Supplies Dealers	\$4,187,563	Residents
Grocery Stores	\$2,748,392	Residents & Visitors
Specialty Food Stores	\$1,133,180	Residents & Visitors
Health & Personal Care Stores	\$1,351,256	Residents
Clothing & Clothing Accessories Stores	\$1,410,050	Residents & Visitors
Sporting Goods, Hobby, Book & Music Stores	\$992,744	Residents & Visitors
General Merchandise Stores	\$10,649,480	Residents & Visitors
Miscellaneous Store Retailers	\$2,087,601	Residents & Visitors

Source: ESRI Business Analyst
Online, 2021

- Huerfano county retail leakage total = \$45.5 Million
- Most of the retail categories for residents & visitors are perfect for “main street”

Opportunity: overnight accommodations

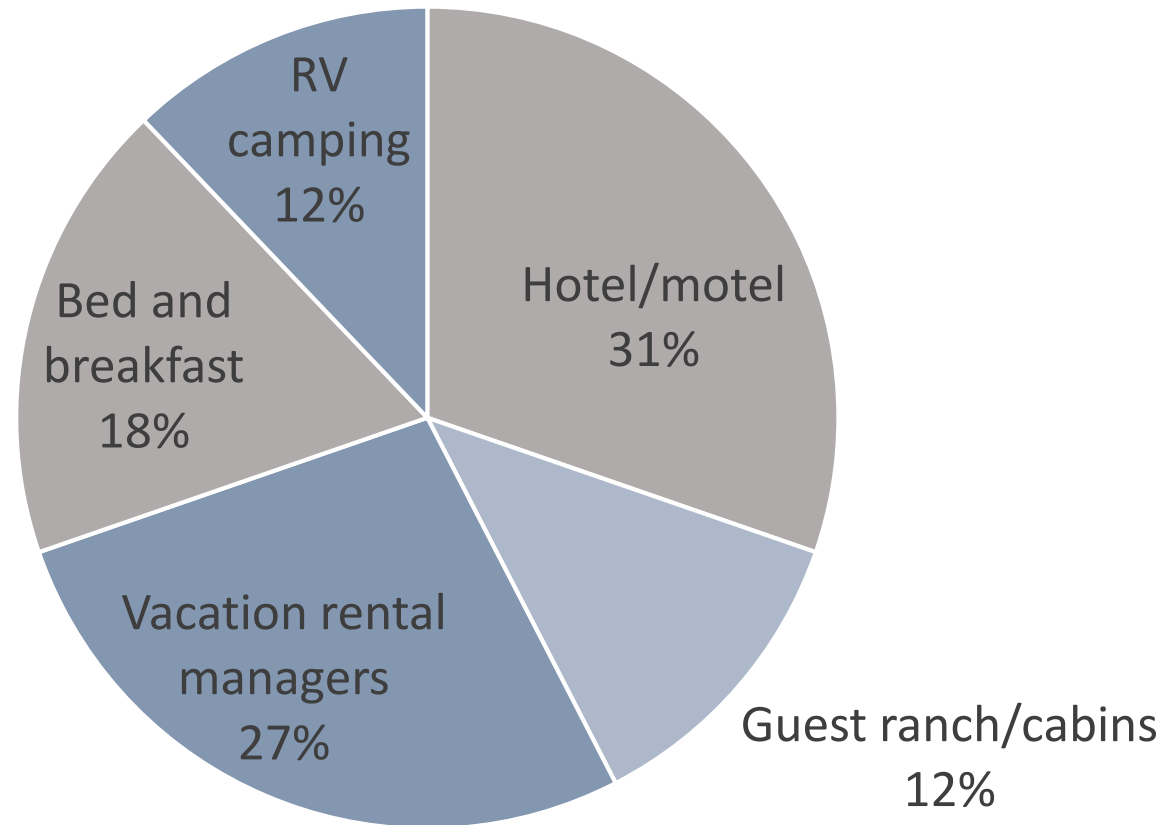
Figure 14 - Accommodations Used, All Overnight Trips (Top 5)



- Most overnight visitors in Colorado stay in traditional hotels/motels

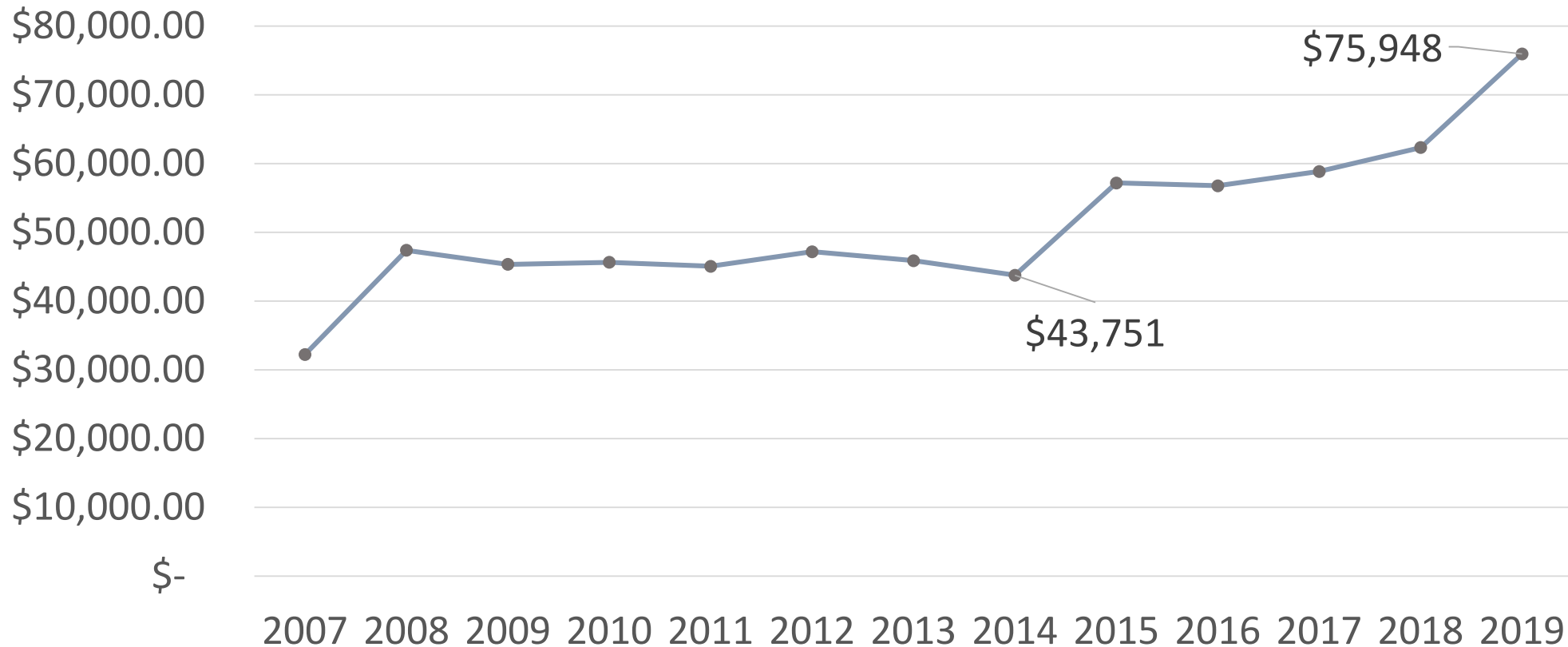
Opportunity: overnight accommodations

Figure 17 - Types of Accommodations Establishments in Huerfano County



Opportunity: overnight accommodations

Figure 16 - Lodging Tax Collections



- 74% growth between 2014-2019

Opportunity: food and drink establishments

Figure 18 - Food and Drink Establishments

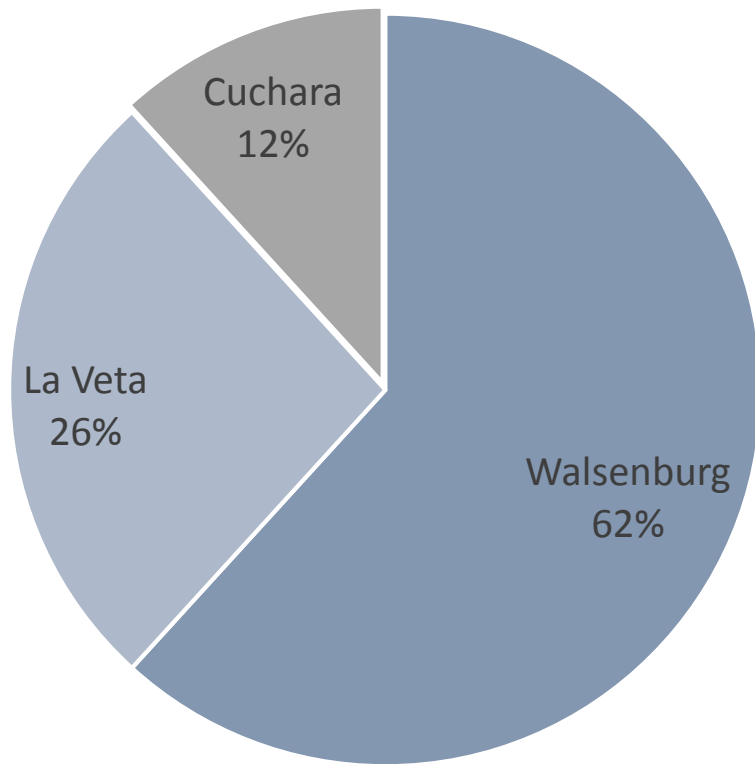
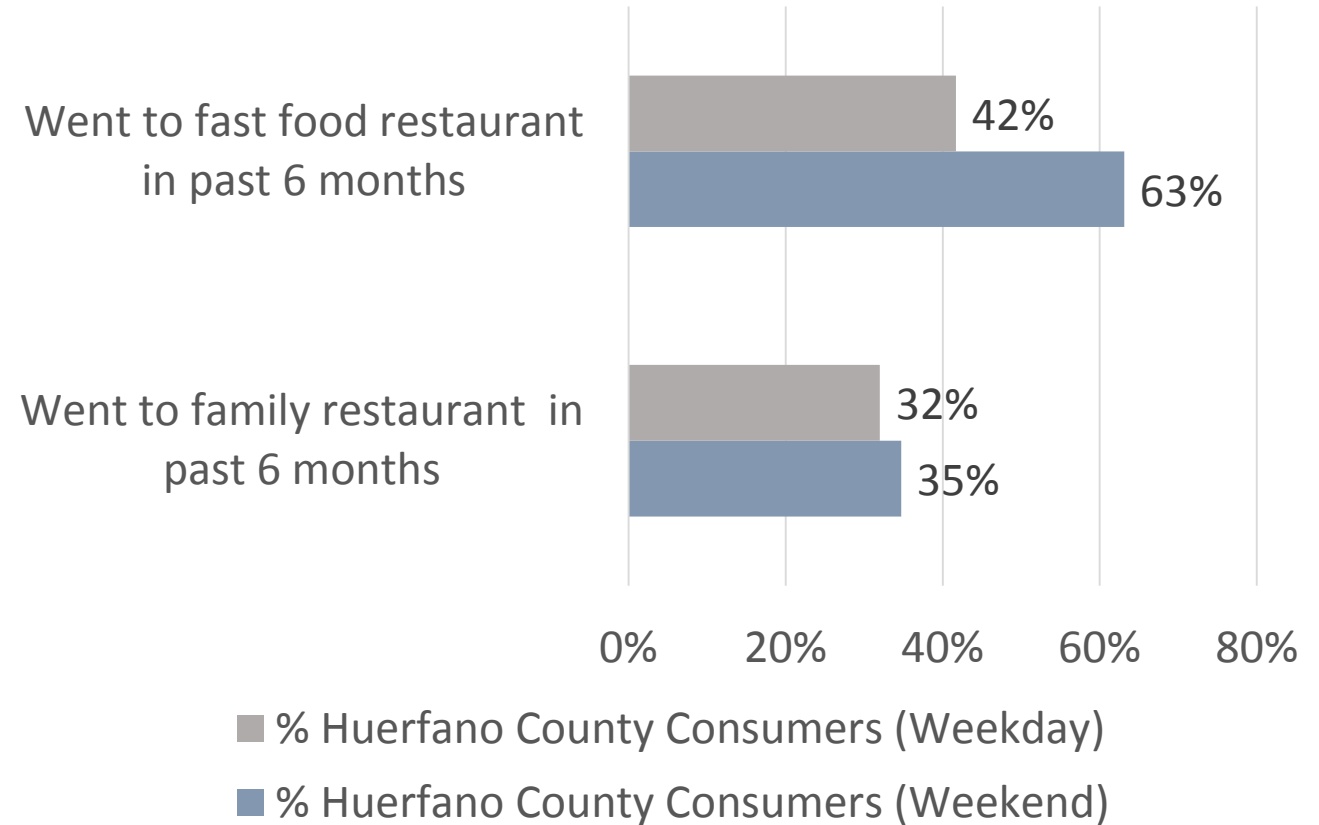


Figure 19 - Huerfano County Resident Consumer Patterns for Restaurant

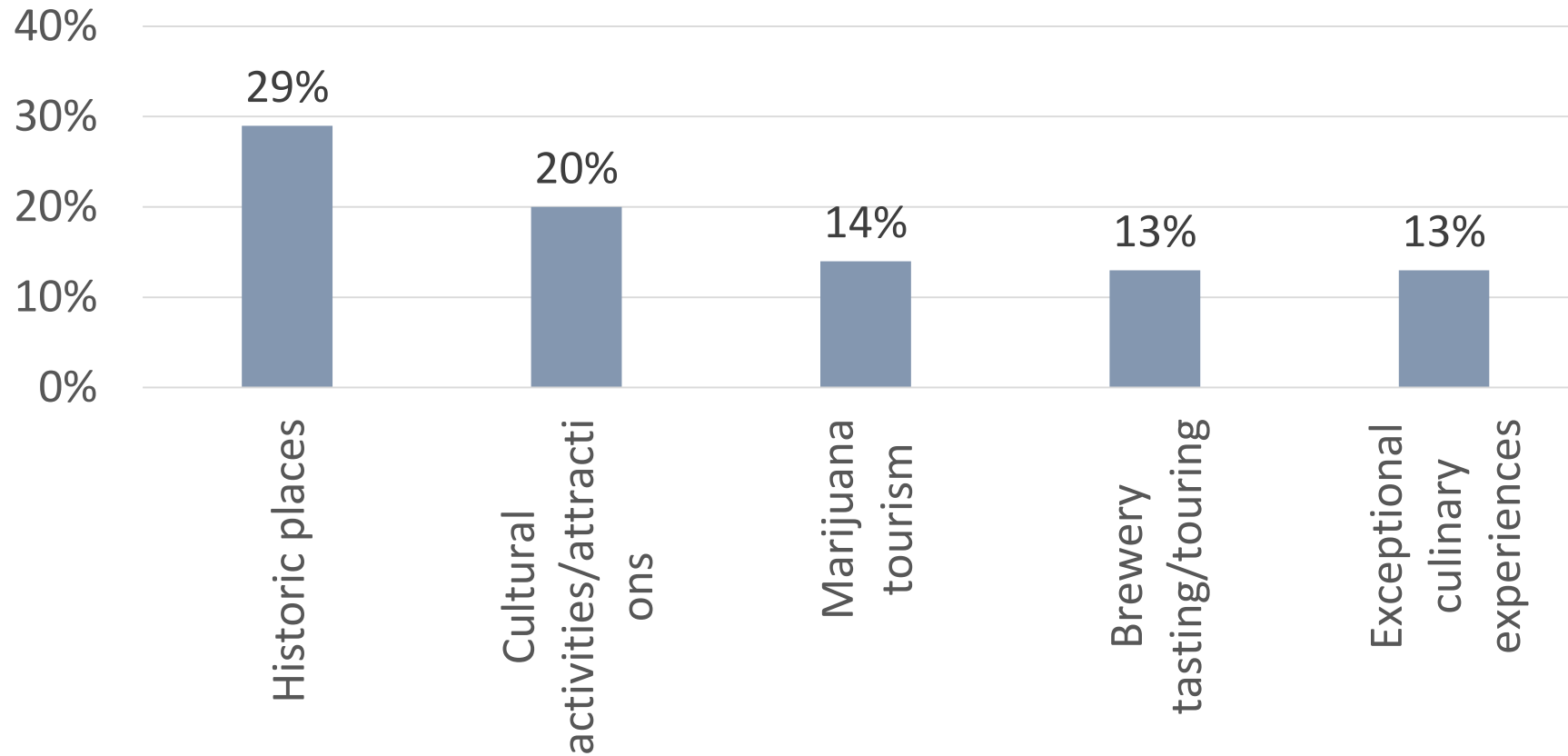


- Huerfano households spend \$2,240 on “food away from home” average annual (ESRI)
- 25% of travel spending is on food (Colorado Tourism Office)

Source: ESRI Business Analyst Online, 2021; Huerfano County Business Inventory

Opportunity: arts and entertainment

Figure 20 - Leisure Trip "Activities of Special Interest" - Top Participation Rates



Source: Colorado Tourism Office,
Colorado Travel Year 2019,
Longwoods International

- Historic places and cultural activities/attractions are the #1 and #2 favorite activities
- 7 Arts/Entertainment Businesses/Orgs in Walsenburg, 14 in La Veta

Opportunity: outdoor recreation

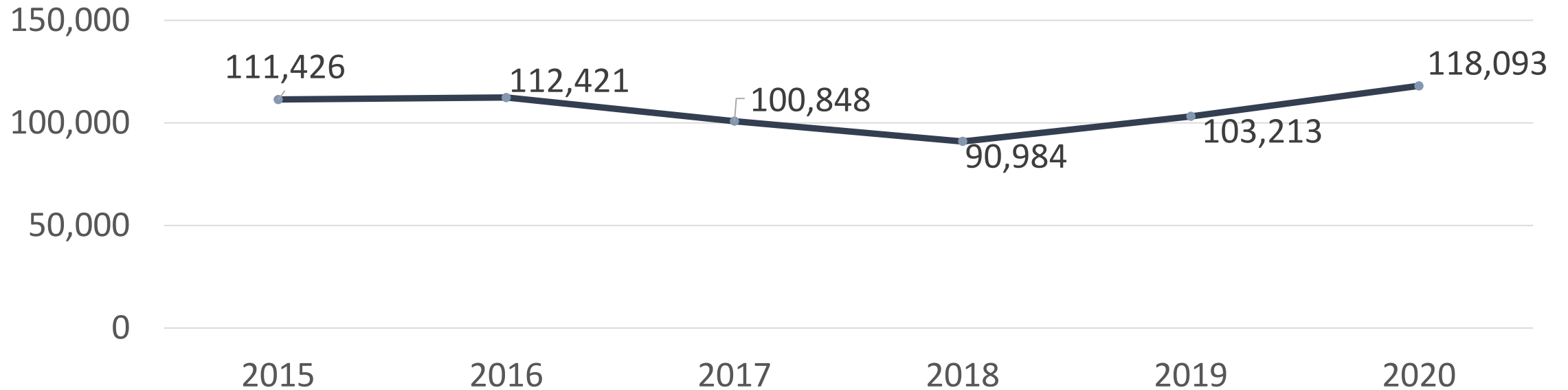
Trails:

Indian Creek
Trinchera Peak
Spring Creek
Dikes
Bonnett Creek
Cuchara Mountain Park

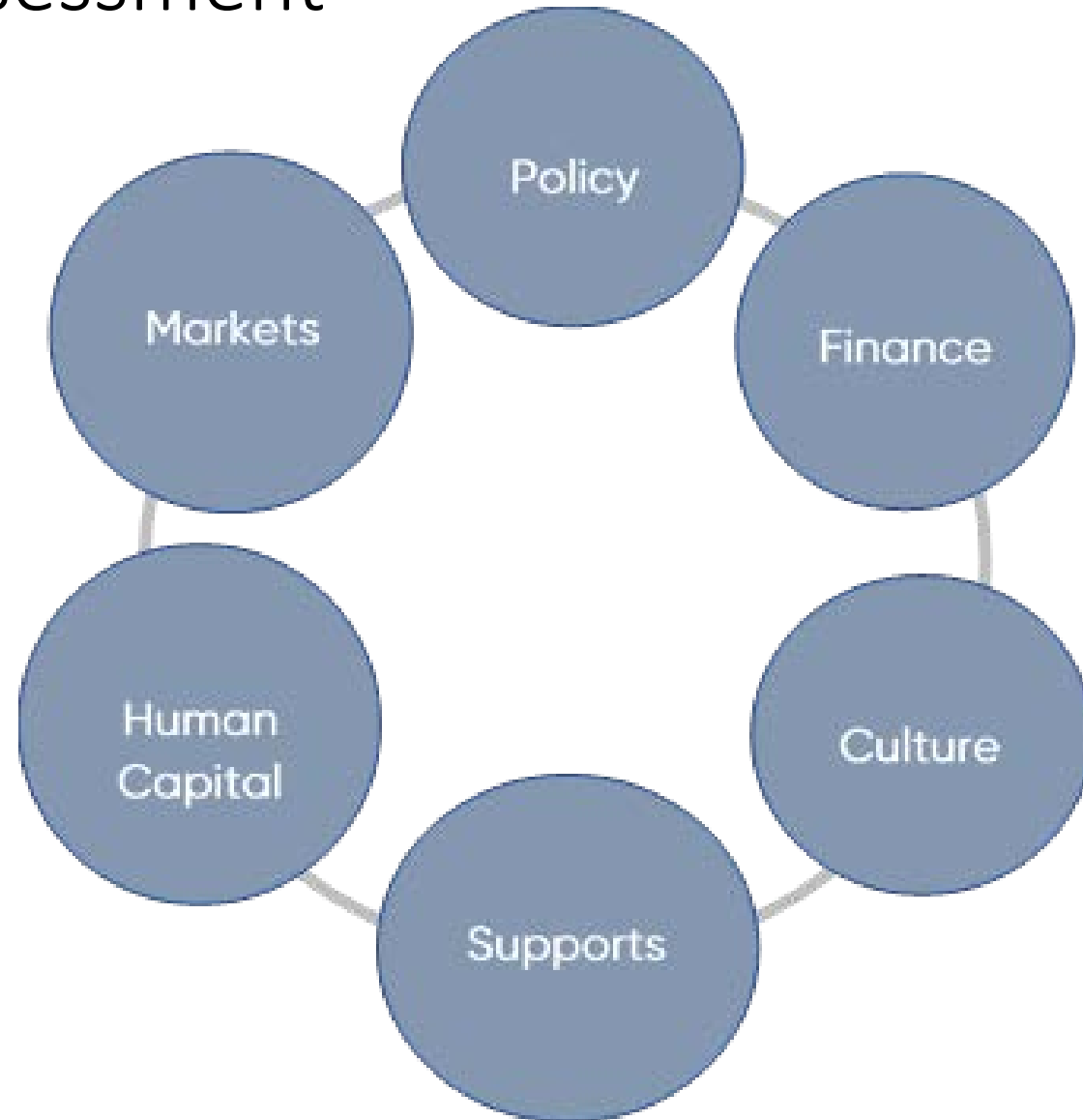
Baker Trail
N. Fork of the Purgatory
Farley Overlook
Vista Point Trail
Wahatoya

- 24% of all overnight trips in Colorado were “outdoor trips.”
- Huerfano County Business Inventory detected 5 outdoor recreation businesses

Figure 21 - Annual Visits to Lathrop State Park



Entrepreneurship Ecosystem Assessment



Ecosystem Assessment Interviews

26 interviews representing:

Retail Businesses	Colorado Workforce Development Council
Food/Beverage Service Sector	Spanish Peaks Library District
Office Rentals Sector	City of Walsenburg
Visual Arts Sector	Huerfano County Government
Lodging Sector	Huerfano County Economic Development
Light Manufacturing Sector	Southern Colorado Innovation Link
Entertainment Sector	Huerfano RE1 School District
Spanish Peaks Chamber of Commerce	Spanish Peaks Business Alliance
Southern Colorado Small Business Development Center	

Entrepreneurship ecosystem recommendations

- Improve the business friendliness of municipal and county governments
- More consistent enforcement of existing regulations and codes
- Fully utilize incentives and publicize them through all channels available
- Amplify success stories.
- Engage a group of content creators for success stories
- Encourage locals to support local
- Record the vision
- Engage K-12
- Get more cool things happening
- Identify and Train Navigators
- Work Partnerships
- Raise additional funds and establish policies for Microloan program
- Connect to regional angel groups and statewide venture capital

Entrepreneurship ecosystem recommendations

- Establish a regular schedule of Technical Assistance programs
- Build local capacity to support businesses and market opportunities within Huerfano County.
- Investigate demand for cowork space in La Veta.
- Push for a full-time workforce development office.
- Create local job board.
- Create a local workforce council.
- Partner with school districts on makerspaces.
- Develop internships and apprenticeships.


Action Plan

Action Plan

RETAIL SHOPPING MARKETS

Goal 1 – Diversify the retail shopping market and fill market gaps with local, independently-owned businesses and startups: 1) Stores that will serve both residents and visitors, 2) Stores oriented toward visitor recreational/leisure shopping

Strategies and Action Items	Resources	Priority (1-3)
Strategy 1.1 – Encourage and support retail start-ups. <ul style="list-style-type: none"> Develop a business plan and feasibility study for downtown retail pop-up space(s) coordinated with business incubation services. 	Huerfano County Economic Devt. (lead) Huerfano County Colorado Workforce Council (funding)	1
Strategy 1.2 – Support adaptation and innovation among existing retailers. <ul style="list-style-type: none"> Procure retail market data annually from an online platform and share with existing and prospective retailers. Periodically consolidate visitor spending data held by Colorado Tourism Office, Colorado Parks and Wildlife and other state agencies and share with existing and prospective retailers. Explore regional partnerships to combine resources to procure primary visitor market data for this area. Explore cost effective methods to collect visitor data such as travel route apps. Maintain a retail and hospitality industry business inventory which includes business name, location, contact info and types of goods/services offered and share with existing and prospective retailers. Compile this data into summary for businesses and startups. 	Huerfano Tourism Board (lead on tourism market data) Huerfano County (lead on business inventory, host web pages) Huerfano County Economic Development (lead on outreach and consultation) State of Colorado OEDIT (resources for succession planning)	2



30

Needs of locals and visitors and that	
	Priority (1-3)
Huerfano County Economic Development (lead needs)	2
Huerfano Tourism Board (assist with and consultation)	
Huerfano County Economic Development (lead)	3
Colorado Workforce Council	
Huerfano County Economic Development	2
Colorado OEDIT	
Business Development Center	
Facilities that meet customer	
	Priority (1-3)

Action Plan Goals

- Goal 1 – Diversify the retail shopping market and fill market gaps with local, independently-owned businesses and startups:
 - 1) Stores that will serve both residents and visitors,
 - 2) Stores oriented toward visitor recreational/leisure shopping
- Goal 2 – Establish and sustain a selection of restaurants that meet the needs of locals and visitors and that are located to serve the entire geography of the county.
- Goal 3 – Increase the capacity of overnight visitor accommodations with facilities that meet customer expectations of quality, cleanliness and consistency.
- Goal 4 – Diversify and expand recreation, entertainment and other leisure activities.

Action Plan Goals

- Goal 5 – Implement local workforce development services that meet the needs of job seekers, employees and employers.
- Goal 6 – Make downtown public infrastructure improvements that encourage visitors and passersby to stop and explore.
- Goal 7 – Establish and sustain a business-friendly environment in Huerfano County and its municipalities.
- Goal 8 – Ensure that Huerfano County and its partners have the capacity to implement this action plan and future initiatives.
- Goal 9 – Foster a culture that supports and celebrates small business and entrepreneurship



Huerfano County Pop-Up Retail Business Incubator

Feasibility Analysis

Pop-Up Retail Business Incubator Services

- Navigator and SBDC role for existing businesses and startups
- Business incubator shared services
 - Retail cubby
 - Common area including; refreshment bar, checkout space, restrooms and storage
 - Access to makerspace equipment and programming
 - Promotion
- Business development program:
 - Intake, milestone setting and action plan
 - Frequent meetings/consultations and quarterly financial review
 - Retail specific technical assistance to include: display design, pricing, supply chain
 - Capital readiness preparation and assistance in accessing capital
 - Assistance to graduate to new space
- Makerspace programming and access to equipment for makerspace members





Cubby 1



Cubby 2



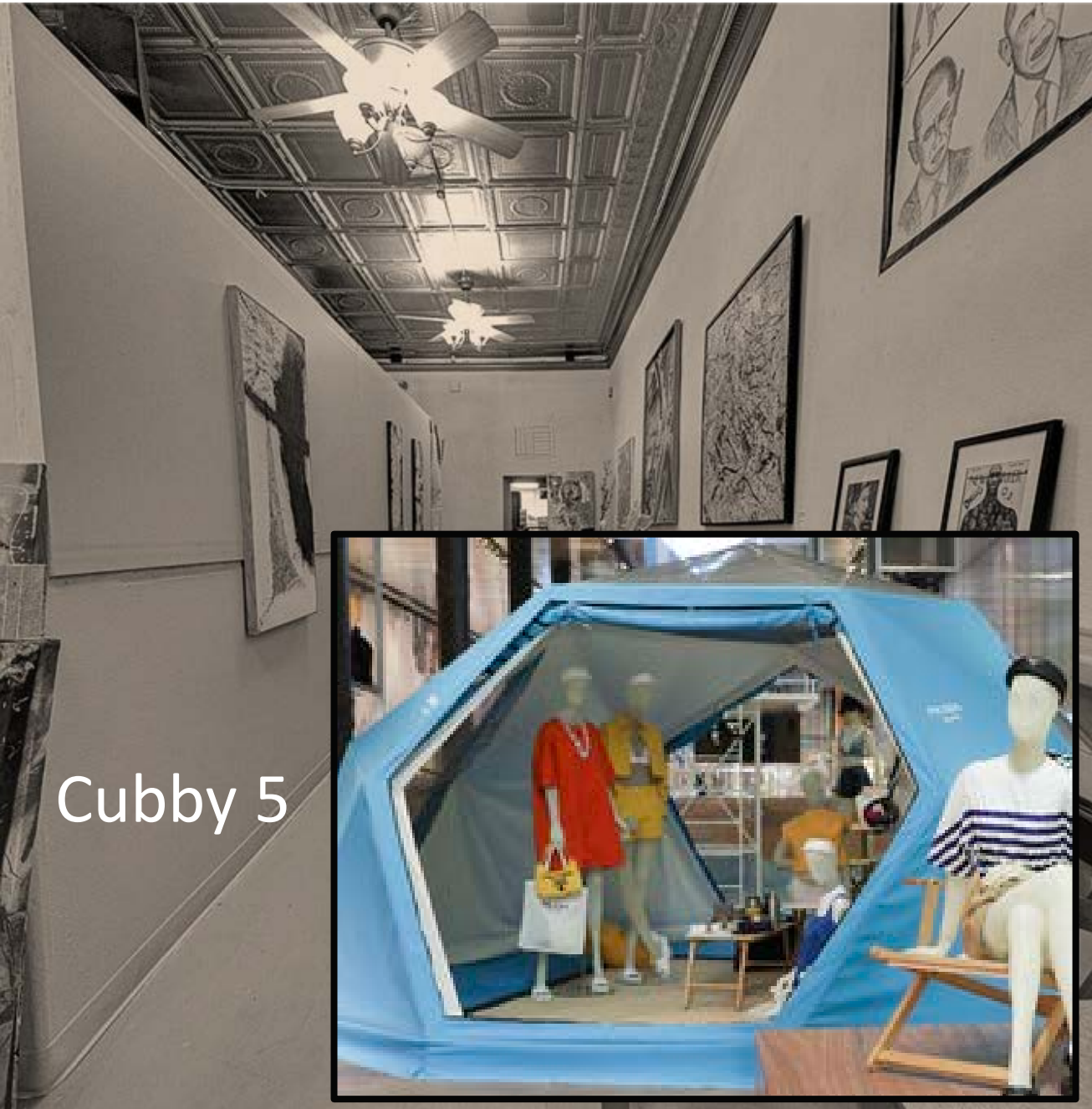
Photos: Zillow.com

Cubby 4



Cubby 3

Mini-cubbies along walls, behind counter and in hallways



Cubby 5



Photos:
Zillow.com

Maker Spaces



Food products



3D printing, Sewing, Arts, Assembly

Retail pop-up business incubator operational considerations

- Tenant/client selection policy
- Rolling admissions
- Tenant lease or license agreement
 - Incubation period 2 years
 - Retail pop-up proof of concept 1.5 years with 3 months intake and 3 months transition
- Graduation policy
- Makerspace membership
- Incubator performance tracking
- Governance

Staffing, estimated costs

Staffing:

- Business Incubator Manager
- Administrator
- Makerspace Program Manager

Startup Expenses (One-Time)	Operating Expense (Annual)
Building purchase, initial remodel \$249k	Staffing \$212k
Apartment remodel \$50k	Operations \$105k
Equipment \$27k	
Advertising \$3,500	
Total \$330k	Total \$317k

EDA grant for startup and first 3 years of operations

Questions and discussion