

Economic Development

Ponca City is a regional destination for jobs and shopping. Indeed, for every employed person who lives in Ponca City, there are 1.91 jobs in the Ponca City economy; and almost 30 percent of Ponca City's total retail and restaurant sales are dollars that come from other places. In this context, Ponca City's economy is quite healthy, even though its history includes periodic shocks as the energy economy has restructured. Yet, in the broader context, Ponca City is not growing in population, and there are natural limits to economic growth that are related to the size of the local labor force. And although regionally, the labor force is fairly large, distance commuters and the businesses who depend upon them are likely to be vulnerable to escalating commuting costs (which can force people to make alternative employment choices). To continue to improve and strengthen the City's economy, the context of economic development must be broadened to include housing and quality of life – issues that are directly related to population growth.

INTRODUCTION

Ponca City is a great success story in terms of economic development. Job creation in the City is strong, unemployment is low, and wages are generally rising. Looking ahead, the challenge is to reinforce and sustain the recent economic development efforts aimed at job diversification and business recruitment efforts. This shift has occurred over the last decade and needs to continue to be the strategy for economic development in the community.

One part of meeting this challenge is to create an environment that completes the picture - a place that provides not just a good job, but also an attractive lifestyle. This environment should not only cater to the City's long-time residents, but also to potential new residents who will fill positions at companies that relocate to or expand in Ponca City.

The elements of the strategy should be executed in conjunction with each other, as no one element, operating alone, would be likely to deliver the intended effect: (1) create an attractive and affordable housing stock; (2) recruit new residents regionally (by reaching out to college students and recent graduates who are looking for places to live with economic opportunity and lifestyle amenities) and nationally (for example, by reaching out to returning veterans), and (3) redevelop and adaptively re-use blocks in the Downtown area to round out the lifestyle that many new residents (particularly younger ones) will expect. And, of course, as the City implements a comprehensive strategy to reinforce its economy, it should continue with its business recruitment, expansion, and retention efforts, which, to date, have been very successful.

PURPOSE

The purpose of this chapter is to tie together the other chapters of this Plan and to frame their recommendations in the context of economic development and to provide additional strategic recommendations that are intended to strengthen the City's economic position. Key to the development and understanding of these strategies is an understanding of how the community literally and figuratively "works." As such, this chapter begins with a discussion of economic indicators and conditions, including labor force characteristics, employment rates, key industries, large and small employers, and the Ponca City Development Authority (the City's sales-tax supported economic development entity), available business parks, job training, and business incubation.

Since the overall strategy for economic development in the City involves attracting new residents (among other things), the second part of this chapter discusses the lifestyle preferences of the City residents and residents of the region. This section provides marketing data about the perspectives, housing preferences, mobility, and shopping habits of households based on complex statistical clustering analysis provided by ESRI Business Information Systems. It is useful in analyzing the types of quality-of-life amenities that will be attractive to regional populations.

The third section of this chapter is an economic and demographic assessment, which includes an analysis of the strengths, weaknesses, opportunities and threats to the City's economy. This "SWOT" analysis is used to create strategies that are responsive to the conditions of the community – building upon its strengths to address its weaknesses in light of its opportunities and threats.

The fourth section of this chapter analyzes the potential impact of the recommendations of the other chapters of this report on economic development. This section shows the interrelationships among all of the elements of

the Comprehensive Plan through the "lens" of economic development.

The fifth section of this chapter analyzes the existing economic development programs of the City and makes suggestions with respect to improving and diversifying them.

The first five sections culminate in a set of goals, objectives, and action recommendations that tie them all together into recommended actions for improving and strengthening the City's economy.

After the goals, objectives, and strategic recommendations, the chapter targets the retail market of the City and the position of Downtown as an opportunity for business growth and housing and lifestyle diversification. That analysis is followed by specific goals, objectives, and strategic recommendations about retail and Downtown development.

Economic Indicators and Conditions

In order to develop a comprehensive strategy for economic development, it is important to understand how the City "works" - both literally and figuratively. This section describes the state of the Ponca City economy, as measured using the best available public and proprietary data at the time this chapter was drafted. It forms the basis for an evaluation of strengths, weaknesses, opportunities, and threats, which forms the basis for the goals and strategic recommendations of this chapter, which are set out on page 6.16-6.20.

Labor Force

Since 1998, the labor force living in Ponca City has remained stable at around 12,000 people. Regionally, the Oklahoma Department of Commerce ("ODC") estimates that in 2007, there were approximately 257,893 adults who were either working or desired work. The same ODC study found that more than 57 percent of workers are willing to commute more than 21 miles to work.

Unemployment

Despite hard times nationally, unemployment in Ponca City has remained quite low. In fact, as the 2008 annual U.S. unemployment rate hit 5.8 percent, initial estimates show that Ponca City's was only 3.6 percent (see **Figure 6.1, Employment**). At the time this chapter was drafted, ConocoPhillips had announced 750 jobs would be moved to facilities outside of Ponca City. This represents approximately 6.25 percent of the City's workforce. Some of these jobs are expected to move to other areas in the region and others to Houston, Texas. The impact of this announcement on the unemployment rate of the City is not yet known, as it is difficult to predict how many people will move with their jobs or commute from Ponca City to other places in the region.

Based on past experience in the City, what is predictable is that the impact of the job relocations will be some combination of population decline and a temporary increase in unemployment (and a corresponding increase in the labor pool). Although the short term challenges are not insubstantial, the City has weathered these cycles in the past and, due to the efforts of the PCDA and others to diversify the City's economy, are increasingly better positioned to weather them at present and in the future.

Ponca City's low unemployment numbers are not surprising given the City's context as a major regional employment center. Indeed, in 2007, there were 1.91 jobs in Ponca City for every employed person who lived in the City; 0.85 jobs for every person (employed or not) who lived in the City; and 1.74 jobs per housing unit in the City. "Normal" figures for these ratios are 1.00, 0.65, and 1.50, respectively.¹

Underemployment

Regional data compiled by ODC suggest that 16.10 percent of the region's workers are

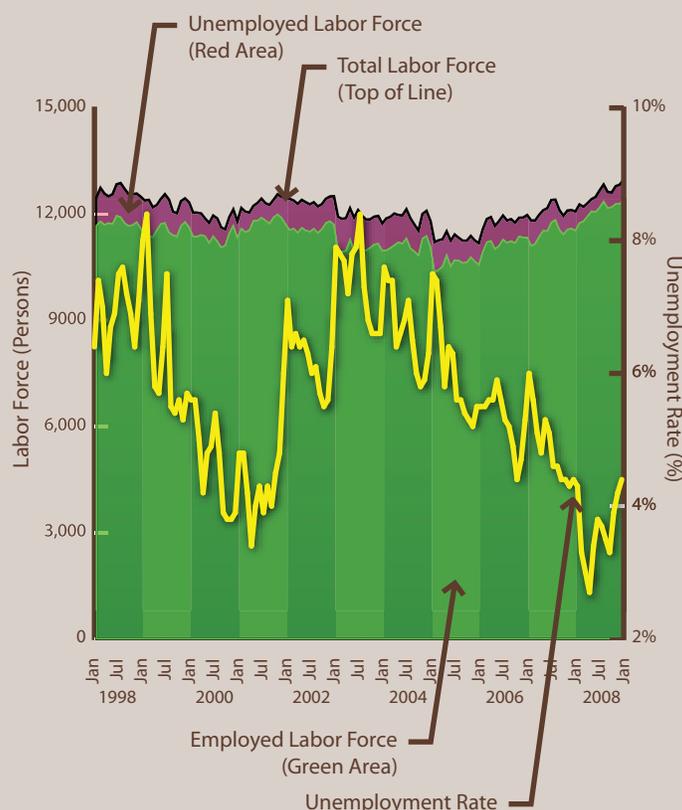
¹ Data Source: American Community Survey (2007) and OSU, Ponca City Revised Job Data by Industry (2007).

"underemployed," which means that they: (1) feel underutilized in their present employment; (2) possess training or education that is not required by their job; and (3) they are willing to change jobs to better utilize their skills. Though they are currently employed, the 37,824 people in this category (regionally) are a source of potential workers for Ponca City companies.

Educational Attainment

Ponca City has an educated workforce that compares favorably with national averages. Educational attainment figures from the 2005-2007 U.S. Census American Community Survey are provided in **Table 6.1, Educational Attainment**.

Figure 6.1: Employment



Ponca City's employment numbers are very healthy, even in an uncertain national and international economic climate. An aggressive Ponca City Development Authority has been very successful recruiting and retaining companies that provide good jobs.

Table 6.1: Educational Attainment

Educational Attainment	Ponca City	Oklahoma	U.S.
Less than 9th Grade	3.4%	5.1%	6.5%
9th to 12th Grade, no Diploma	11.2%	10.7%	9.5%
High School Graduate (or GED)	36.4%	33.1%	30%
Some College, no Degree	19.0%	22.3%	19.6%
Associate's Degree	9.8%	6.6%	7.4%
Bachelor's Degree	13.6%	15.0%	17.1%
Grad. or Professional Degree	6.6%	7.3%	9.9%

Table 6.2: Kay County Industry Sector LQs

Industry Sector (NAICS Code)	Kay County Employment Share	U.S. Employment Share	LQ
Mining, quarrying, & oil and gas extraction (21)	9.75%	0.58%	16.84
Arts, entertainment, & recreation (71)	3.27%	1.71%	1.91
Manufacturing (31-33)	16.97%	12.13%	1.40
Administrative & waste svcs. (56)	8.72%	7.35%	1.19
Health care & social assistance (62)	12.68%	13.29%	0.95
Retail trade (44-45)	12.60%	13.60%	0.93
Other services, except public admin. (81)	3.54%	3.89%	0.91
Construction (23)	5.88%	6.63%	0.89
Information (51)	2.20%	2.66%	0.83
Accommodation & food services (72)	8.31%	9.98%	0.83
Utilities (22)	0.39%	0.48%	0.81
Transportation & warehousing (48-49)	2.91%	3.76%	0.77
Professional & technical svcs. (54)	4.62%	6.70%	0.69
Wholesale trade (42)	3.19%	5.25%	0.61
Finance & ins. (52)	3.03%	5.26%	0.58
Real estate rental & leasing (53)	1.04%	1.89%	0.55
Management of companies & enterprises (55)	0.58%	1.61%	0.36
Unclassified (99)	0.03%	0.19%	0.15
Educational svcs. (61)	0.22%	2.00%	0.11
Agriculture, forestry, fishing, & hunting (11)	0.05%	1.02%	0.04

Industries

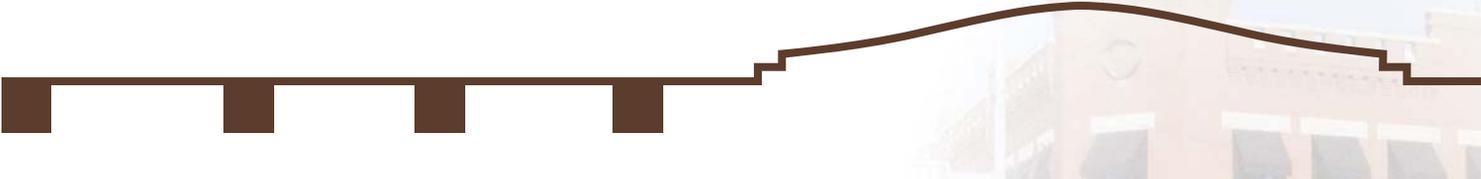
The U.S. Bureau of Labor Statistics collects data on employment and industry at the county level. That data shows that Kay County is a strong manufacturing center. In Kay County, 16.97 percent of jobs were in manufacturing industries in 2007 (note that this is different from occupational data, which crosses industrial classifications). That compares favorably with the 12.13 percent of jobs in the United States that were in manufacturing industries.

The ratio of the share of employment in an industry in Kay County to the share of employment in the same industry nationally is called the location quotient (LQ). A location quotient of greater than one shows that the industry is relatively strong in the County. For example, Kay County's location quotient for manufacturing is 1.40 (16.97% divided by 12.13%). Location quotients for industry sectors, in descending order of LQ, are provided in [Table 6.2, Kay County Industry Sector LQs](#). The figures in the table are limited to private employers only.

The location quotients for industry sectors show the relative strength of industries with a broad brush. The information is useful for obtaining a macro-level view of the structure of the City's economy. In terms of specific enterprises that serve as the basis for industry clusters, the "subsectors" (3-digit NAICS codes) with high LQs are set out in [Table 6.3, Kay County Industry Subsector LQs](#) (see next page). The table does not include retail subsectors, which are the subject of a later section of this chapter.

Major Employers

As of January 1, 2009, Ponca City employers with more than 200 employees accounted for 6,189 jobs. Historically, Conoco (now ConocoPhillips) has been the largest of the major employers in Ponca City. ConocoPhillips



IMPACT OF ECONOMIC DEVELOPMENT PROGRAMS IN PONCA CITY SIGNIFICANT ACCORDING TO NEW OSU REPORT

The economic development sales tax, collected in Ponca City since 1995, has generated \$21 of economic impact for every one dollar spent, according to a new report just released by the Oklahoma State University Center for Applied Economic Research. The report also finds that a change in economic development strategy by the Ponca City Development Authority in 2004, has resulted in strong wage growth and per capita income growth over the last four years.

[E]conomic development programs which began in 1995 that used incentives and other forms of financial support from PCDA and its successor, the Economic Development Advisory Board, to attract and grow jobs in the Ponca City Micropolitan Area. According to the report, these projects have generated \$530.4 million in direct economic benefit to the area at a cost of \$24 million.

The study names the companies assisted by PCDA and includes the amounts of public funds expended, the jobs produced and the wages paid. It also examines the economic context of 21 economic development projects, beginning with the Thorn Apple Valley project in 1994 through the University Multispectral Lab, SGS-FTS, Drisco, CFS and Bliss projects in 2006 and 2007. The report discusses recent economic development projects such as the Continental Technologies project approved by PCDA Trustees in February of [2008], but it does not include it or any project after 2007 in the financial analysis.

Most of the economic impact included in the report comes from wages paid by the companies assisted. It does note strong sales tax growth over the period and documents over \$13 million in estimated local taxes and utility usage collected by the City of Ponca City as a result of economic development projects.

The report notes that a change in PCDA strategy in recent years has resulted in a significant increase in wages paid. According to the report, "Since 2004, PCDA has shifted its emphasis to the attraction of higher-wage technology oriented manufacturing and service firms. The new focus is having a visible impact on the labor force as the average wage for jobs created under incentive agreements has increased rapidly. Jobs created since 2004 have an average annual wage of \$41,250, more than double that of firms arriving in 1995 and 1996, and 40 percent above the wages paid by firms attracted between 1997 and 2003. It is also more than 28 percent above the average wage and salary income in the Ponca City Micropolitan Area."

PCDA Chair Lee Evans said the strong showing for Ponca City's programs was no surprise to him. "The job and economic reports the last couple of years told us our economy was growing at a very strong pace. I'm particularly pleased, however, with the rising wage levels. The community told us they wanted better paying jobs and we set up a strategy to reach that goal that is now paying off. Economic development is about growing our quality of life, not just adding jobs and this report validates that Ponca City has a great future if we keep at this."

David Myers, the Executive Director of PCDA said that the study was good news for Ponca City. "To have the state's leading expert on local economies say that the strategy of pursuing high wage new economy jobs is paying off is, to say the least, reassuring." Myers also said that a key finding in the report, that Ponca City's economic growth was the result of local economic programs rather than a reliance on the state's economy or the strength of the flourishing oil and gas industry signifies that Ponca City's economy is becoming much more diversified than previously thought.

The significant boom in the oil and gas industries was examined by the report to determine whether the growth of the Ponca City economy was the result of growth in these industries or whether it was the result of local action. The study finds that the Ponca City region has "outperformed" the state in job growth in recent years without a heavy reliance on the oil and gas industries. The report states, "Unlike other areas of the state that are enjoying a sizeable boost from oil and gas related activity, the Ponca City region is managing to generate a significant amount of internal job growth without the benefit of a dominant energy sector."

Copies of the study, commissioned by PCDA earlier this year, are available in the PCDA office or on the PCDA website at www.goponca.com.

Source: www.goponca.com

Table 6.3: Kay County Industry Subsector LQs

Industry Subsector (NAICS Code)	Kay County Employment Share	U.S. Employment Share	LQ
Machinery mfg. (333)	6.24%	1.04%	6
Support activities for mining (213)	1.15%	0.26%	4.5
Waste management & remediation svcs. (562)	1.16%	3.1%	3.8
Primary metal mfg. (331)	0.79%	0.40%	2
Repair & maint. (811)	2.06%	1.09%	1.9
Fabricated metal product mfg. (332)	2.48%	1.36%	1.8
Nursing & residential care facilities (623)	3.68%	2.58%	1.4
Rental & leasing services (532)	0.77%	0.55%	1.4
Merchant wholesalers, nondurable goods (424)	2.35%	1.80%	1.3
Heavy & civil engineering construction (237)	1.06%	0.87%	1.2

provided approximately 1,500 jobs in 2008. However, the company has announced that it plans to move half of those jobs to Houston, Texas and Bartlesville, Oklahoma by 2011. If the company follows through with this plan, its workforce will be on par with Ponca City Public Schools (755 jobs in 2008) and Tyson Foods, Inc. (700 jobs in 2008).

According to the ConocoPhillips' press release, the positions that will be moved are largely in technical services, research and development, engineering and support, human resources, and Internet technology. The jobs that are anticipated to remain in Ponca City are nearly 750 refinery positions.

Other major employers in Ponca City include Ponca City Medical Center (453 jobs), Smith Technologies (440 jobs), Wal-Mart Supercenter (425 jobs), Air Systems Components (400), the City of Ponca City (384), Albertson's Inc., which has a distribution center in Ponca City (355 jobs), Sykes (327 jobs), Mertz Manufacturing, LLC (250 jobs), and Mid-America Door (200 jobs).

Smaller Employers

Ponca City's major employers are important components of the City's economy. However, the relocation of jobs from the Ponca City ConocoPhillips facility is emblematic of the risk posed by over-reliance on large employers for a City's economic health. Consequently, Ponca City's smaller employers should be a key part of the City's future economic sustainability. New business recruitment efforts should generally focus on small- and medium-sized businesses that reinforce existing and emerging clusters of businesses in similar or related industry groups.

Fifty-two businesses and organizations with 20 to 200 employees for which the Ponca City Development Authority has employment information (this is not a complete data set for smaller firms) account for 2,576 of the jobs in Ponca City. Companies in the range of 20 to 200 employees have been a key element of the City's economic development strategy. For the reasons set out above, the strategy is wise and should be continued.

Ponca City Development Authority

The Ponca City Development Authority ("PCDA") is an incorporated Public Trust. Its mission is to facilitate job growth in wealth producing industries in Ponca City. PCDA's activities are funded by a half-cent sales tax approved by the voters of Ponca City. Since 1994, the PCDA has collected more than \$22.3 million in sales and use tax.

PCDA provides assistance to new and expanding businesses and is active in retaining existing businesses. PCDA has the flexibility to assemble incentive and assistance packages that are carefully tailored to the needs of individual businesses. Illustrative of the many types of assistance the PCDA provides (or helps coordinate) are:

- ◆ Local incentives and networking intangibles including venture capital and new product development;
- ◆ Customized workforce development, training and locating assistance including TIP and incumbent workers;
- ◆ Construction, facility expansion, and city government experience with city code and infrastructure improvements
- ◆ Oklahoma Department of Commerce business assistance and incentives including tax credits and rebates;
- ◆ Product target market location assistance, technical support, supply chain and import/export assistance;
- ◆ Lean manufacturing and Six Sigma assistance (training to improve business processes and practices);
- ◆ Pioneer Tech business services including financial and business plan review and self employment training;
- ◆ Expansion location assistance and facility design and cost reviews;
- ◆ Information on demographics and psychographics; and
- ◆ Access to the Oklahoma Bid Assistance Network.

PCDA is a strong, award-winning development authority with a proven record of success. The 21 enterprises attracted to Ponca City by the PCDA since 1995 paid their workers more than \$27 million in 2007, and \$259.9 million during the period between 1995 and 2007. Sixteen of the 21 firms that were attracted to the City between 1995 and 2007 are still operating in the region, including the two largest employers.

A 2008 study of PCDA's efforts shows that "realized benefits directly attributable to PCDA economic development efforts total an estimated \$530.4 million in the 1995 to 2007 period, while net expenditures total only \$24.35 million.

PCDA formed in 1994 and was reconstituted on July 1, 2003 as a public trust to benefit Ponca City. The seven member board of trustees that direct the trust are appointed by the City Commission and act independently with the authority to assign and otherwise expend the public and private funds controlled by the PCDA.

PCDA was recognized by the Oklahoma Department of Commerce in 2007 as having the finest economic development program in the state and by the International Economic Development Council in September 2007 for its work on the University Multispectral Lab (see next subsection).

University Multispectral Lab

The University Multispectral Laboratories (UML) are a self-supporting "trusted agent" Research, Development, Test, and Evaluation (RDT&E) complex, certifying a wide variety of fully tested and reliable sensor and security systems for government, industry, and academia. The sensor testing center is a one-of-a-kind facility that will provide for the testing of sensors and sensor technology.

Most of the new staff for the center is expected to come from outside Ponca City. UML is funded by PCDA, Oklahoma State University, and ConocoPhillips (which donated a 70,000 square foot facility and agreed to match PCDA's investment in the project). UML, which is still developing its programs, is expected to generate \$140 million in benefits over the next 10 years.

This \$28 million project received international recognition in September of 2007 by the International Economic Development Council as the finest economic development project and partnership (OSU, Triton, PCDA, ConocoPhillips) in the world for a community under 50,000 people. The UML opened in June 2008.

Airport Industrial Park

The Airport Industrial Park is a light industrial park located adjacent to the Ponca City municipal

airport. It is bounded by Waverly Avenue between Industrial and Sykes, Hall Boulevard, and Ash Street between Hartford and Prospect. See [Figure 6.2, Ponca City Airport Industrial Park](#). Fifty-seven buildings occupy the site, and additional land is available for construction of additional facilities. The physical context of the site (its location near the airport and agricultural land) allows for its expansion in the future.

The Airport Industrial Park is served by a full compliment of utilities, including water, sewer, gas, electricity, and fiber and copper

telecommunications lines. The Park is convenient to Pioneer Technology Center, which provides workforce training services. It is also strategically located in the region, with mainline rail available within two miles (Burlington Northern) and Interstate 35 available within 12 miles. Wichita, Tulsa, and Oklahoma City are all relatively nearby.

Industry clusters that are currently located at the Airport Industrial Park site include metal fabrication, food processing, heating and air conditioning, and energy.

West Ranch Business Park

The West Ranch Business Park is a 130-acre site located in the northeast quadrant of the intersection of West Highland Avenue and South Ranch Drive. The site is served by City utilities and is available for development. See [Figure 6.3, West Ranch Business Park](#).

The “School Land”

The “school land” is a 640-acre section of land adjacent to Highway 60 to the west of the City. The land is owned by the Oklahoma Department of Education. It is not anticipated that the section will be used for educational purposes. As such, the tract is not currently served by utilities or rail service, but can be made available for development, in whole or in part, by a large enterprise (e.g., a company that needs more than 200 acres).

Pioneer Technology Center

The Pioneer Technology Center provides hi-tech educational opportunities for adults, high school students, and area businesses. It provides full-time and short-term educational programs, and workforce training programs (seminars, workshops, courses, and one-on-one training) for businesses. Pioneer Technology Center also provides consulting services to local businesses.

Pioneer Technology Center, the PCDA, and local manufacturers promote and develop careers in the manufacturing industry through

Figure 6.2: Ponca City Airport Industrial Park



Figure 6.3: West Ranch Business Park





the Manufacturing Education Training System (METS) program. The program provides job shadowing and paid internship opportunities for students who qualify and are enrolled in machine tool technology, welding technology, or industrial technology programs. The METS program has a mobile lab that provides opportunities for students and adults to gain exposure to careers in manufacturing.

Pioneer Technology Center's Business Incubator

Pioneer Technology Center's Business Incubator is a Certified Business Incubator facility designed to create and nurture the growth and development of a new or start-up business. Space is available for service, light manufacturing, and wholesale start-up businesses. Incubator tenants are able to use conference rooms and office equipment. In addition, tenants receive the following professional services:

- ◆ Business plan preparation
- ◆ Operational guidance
- ◆ Pre-employment testing and screening
- ◆ Government contracting
- ◆ Customer service training
- ◆ Marketing plan preparation and implementation

Local and Regional Lifestyle Preferences

Generally

In order to begin to address what is needed to complete the picture, it is important to know what the lifestyle preferences of City and regional residents are. That way, plans can be developed that meet people where their interests lie.

To this end, this section of this chapter relies on a data analysis technique called market segmentation. Market segmentation is used by marketers to identify target markets for goods

and services. One company, ESRI Business Information Systems, provides a product called "Community Tapestry," which divides every household in the country into one of 65 market segments. According to ESRI Business Information Systems:

Segmentation systems operate on the theory that people with similar tastes, lifestyles, and behaviors seek others with the same tastes - "like seeks like." These behaviors can be measured, predicted, and targeted. ESRI's segmentation system, Community Tapestry, combines the "who" of lifestyle demography with the "where" of local neighborhood geography to create a model of various lifestyle classifications or segments of actual neighborhoods with addresses - distinct behavioral market segments.

Identifying Lifestyle Preferences

The economy of Ponca City reaches well beyond the City's borders. Indeed, many who work in Ponca City live somewhere else, and Ponca City's businesses ship products around the country and around the world. However, with respect to reinforcing an attractive lifestyle for current and future residents (and for visitors to the City, including employees who live elsewhere and tourists), the population that lives within a 60-minute drive to the City is the most relevant.

For the purposes of analysis, market segmentation data were compiled based on drive times to City Hall (the intersection of 5th Street and Grand Avenue). Three areas were selected: (1) the area within a three-minute drive to City Hall (which will be discussed in a subsequent section of this chapter); (2) the area within a 10-minute drive to City Hall (which is essentially all of Ponca City and surrounding developed areas); and (3) the area within a 60-minute drive to City Hall (which includes, in Oklahoma: Tonkawa, Blackwell, Kaw City, Newkirk, Burbank, Marland, Red Rock, Braman, Lamont, Billings, Fairfax, Shidler, Ralston, Deer

Creek, Sumner, Morrison, Glencoe, Pawnee, Perry, Salt Fork, Hunter, Pond Creek, Hardy, Chilocco, and the northern half of Stillwater; and in Kansas: Silverdale, Hunnewell, South Haven, Ashton, Rome, Hackney, Winfield, and a portion of Wellington). See [Figure 6.4, Drive Time Map](#).

Ponca City's Lifestyle Preferences

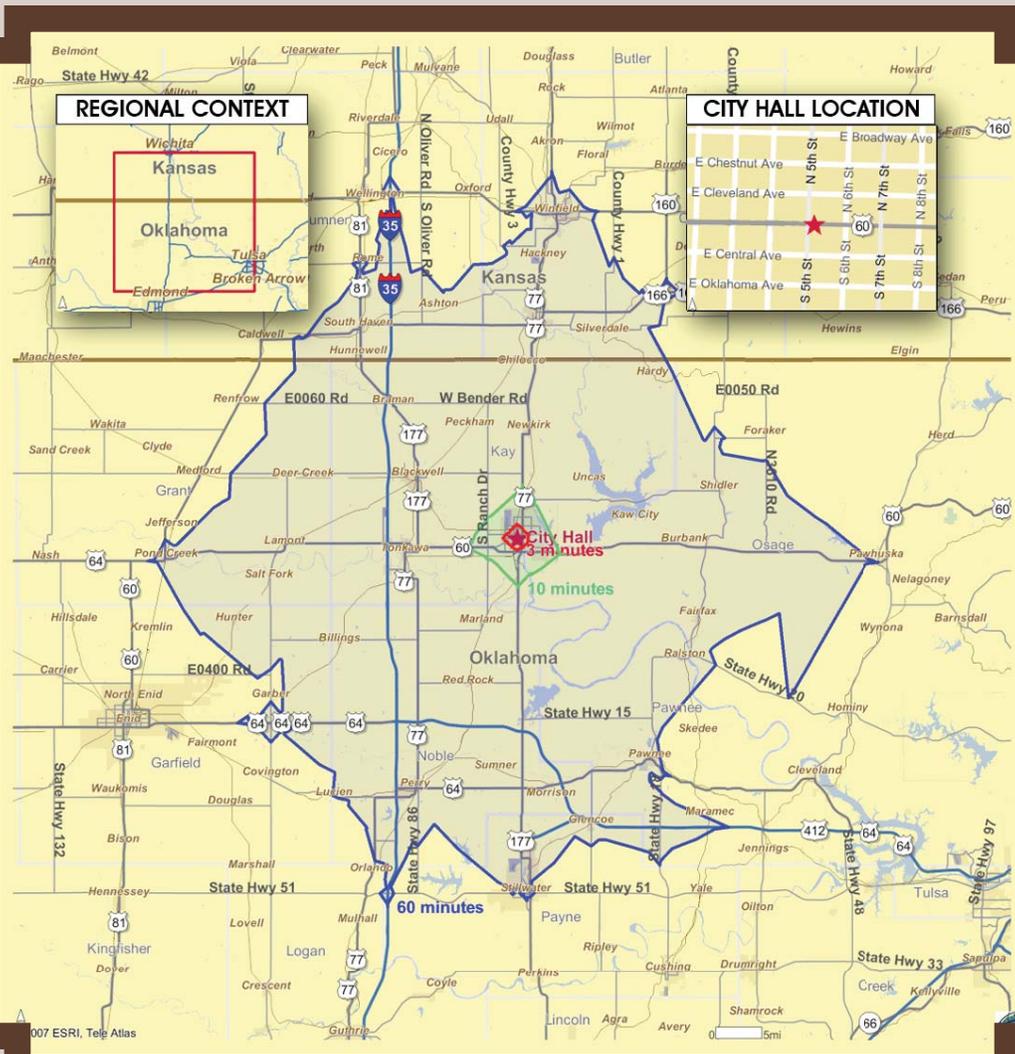
The area within a 10-minute drive time of City Hall encompasses all of the area within the City limits, as well as areas on the outskirts of town. Within this area, the population includes 12 of

ESRI's 65 market segments. Of these, five make up 72.7 percent of the 11,711 households in the area:

- ◆ Home Town (29.6%)
- ◆ Prosperous Empty Nesters (15.9%)
- ◆ Midlife Junction (11.4%)
- ◆ Rooted Rural (8.2%)
- ◆ Great Expectations (7.6%)

The segments are described in detail in [Appendix A, Tapestry Segments](#). Although the

Figure 6.4: Drive Time Map



residents in these households are in different stages of their lives and have different economic circumstances, they have many things in common. For example, generally speaking, they are frugal, preferring to shop at discount stores and through catalogs. They also like the outdoors, including outdoor sports such as boating and fishing, as well as lawn care and gardening. Midlife Junction and Rooted Rural households (about 20 percent of the households in the area) enjoy attending live music concerts.

Seven additional Tapestry Segments represent another round out the households within 10 minutes of City Hall. These segments are:

- ◆ Midland Crowd (7.5%)
- ◆ Simple Living (4.9%)
- ◆ Rustbelt Retirees (3.9%)
- ◆ Rustbelt Traditions (3.3%)
- ◆ Heartland Communities (3.1%)
- ◆ Salt of the Earth (2.9%)
- ◆ Exurbanites (1.6%)

These seven additional Tapestry Segments have several commonalities with the first five segments. All except Midland Crowd are very frugal households who prefer discount stores. All except Rustbelt Retirees like outdoor sports such as hunting and fishing (Rustbelt Retirees tend to prefer golf). Like Midlife Junction and Rooted Rural households, Rustbelt Traditions households like to attend live music concerts.

Regional Lifestyle Preferences

There are 48,128 households and 121,756 people living within a one-hour drive of Ponca City. The number and composition of Tapestry Segments is also different in this larger area. Here, the population is somewhat more diverse, with 19 Tapestry clusters represented:

- ◆ Home Town (17%)
- ◆ Heartland Communities (16.9%)

- ◆ Rooted Rural (12.8%)
- ◆ Dorms to Diplomas (7.3%)
- ◆ Prairie Living (6.7%)
- ◆ Midland Crowd (5.9%)
- ◆ Salt of the Earth (4.6%)
- ◆ Prosperous Empty Nesters (3.9%)
- ◆ Midlife Junction (3.8%)
- ◆ College Towns (3.4%)
- ◆ Rustbelt Traditions (3.3%)
- ◆ Metropolitans (3.3%)
- ◆ Simple Living (2.5%)
- ◆ Great Expectations (1.9%)
- ◆ Rustbelt Retirees (1.8%)
- ◆ Exurbanites (1.4%)
- ◆ Aspiring Young Families (1.4%)
- ◆ Green Acres (1.2%)
- ◆ Rural Resort Dwellers (1.1%)

Most of the people in the region are not in Tapestry clusters that are highly mobile. That is, they tend to be well-established in their home towns and are more likely to commute long distances to work than to move to where their jobs are. However, there are some exceptions. The presence of several colleges and universities within an hour's drive of Ponca City means that there is a population of about 17,100 (2008 estimate by ESRI Business Information Systems) young, relatively mobile people, who should be a "target market" for attracting new residents to Ponca City. If just over 3.5 percent of these people moved to Ponca City in any given year, the population growth rate for the City (assuming no one else moved out) would be 2.5 percent. Two and one-half percent growth is a modest, but healthy, growth rate that compares favorably to the slight population decline that the City has experienced for the past several years.

In 2008, there were 12,147 people in the Dorms to Diplomas market segment within a 60-minute drive of Ponca City. This group has a median age of 21.8 years. They are tech-savvy and heavy users of the internet - people who will appreciate the City's substantial investment in WiFi. Since 81 percent of this group is currently enrolled in a college or university, they are potentially highly mobile upon graduation.

Likewise, there were 3,315 people in the College Towns market segment. People in this segment tend to be a little older than in the Dorms to Diplomas market segment and are transitioning from college life to careers. However, they share a fondness for technology.

The Aspiring Young Families segment includes 1,639 people. This group is family-oriented, technology savvy, and enjoy eating out, dancing, fishing, and going to movies. Aspiring young families like newer housing, including starter townhomes.

Economic and Demographic Assessment

Generally

Ponca City residents are well served by the efforts of the PCDA and others to improve the economic position of the City by attracting, developing, and retaining industries that provide good jobs. The City has experienced ups and downs over the years as the energy industry has restructured, but recent efforts directed at economic diversification and improving the quality of new jobs in the City continue to reinforce the City's economy.

The economic security of the City is enhanced in some ways by the perspective of its residents. For example, according to ESRI's Tapestry analysis, residents of Ponca City are, on the whole, judicious with their spending. And although the values of frugality and fiscal discipline may slow the development of retail opportunities in the City (see Retail Trade, *supra*), they are good

for the development and sustainability of other businesses. That is, while businesses around the country that are highly leveraged fail at an alarming rate, many of Ponca City's businesses are financially secure and better able to weather difficult times.

That said, there is evidence that the effects of the sharp focus on job development in Ponca City are beginning to slow down and that the shortage of attractive and available housing in the City is a major factor. Ponca City is a great place to do business, but it is increasingly apparent that housing and lifestyle amenities are growing in importance as the City's economic development professionals seek to further diversify the City's economy.

In other words, with low unemployment and significant upward trends in job growth, the City is at a point where it should place additional efforts on attracting labor. Obviously, to succeed in the competition for labor, the City must continue to provide good jobs, but it must also provide the housing and lifestyle amenities that workers (and relocating business owners) want.

Strengths, Weaknesses, Opportunities, and Threats

Strengths, weaknesses, opportunities, and threats ("SWOT") analysis is a way to frame economic issues in the City. Articulating the issues in this manner facilitates the development of strategies that address the weaknesses and threats by building upon the strengths and opportunities. A comprehensive planning-level SWOT analysis follows:

Strengths

- ◆ Dedicated economic development funding and a highly capable economic development authority.
- ◆ Strategic location with ready access to several urban centers (Oklahoma City, Tulsa, and Wichita, KS), Oklahoma State University, and Northern Oklahoma College.

- ◆ Pioneer Technology Center, which provides educational opportunities for people in the community and customized training programs for companies.
- ◆ A diverse set of cultural and recreational opportunities, including the new \$16 million recreation center, which was approved and funded at the time this chapter was drafted.
- ◆ Strong locational advantages in machinery manufacturing, support activities for mining, waste management and remediation services, primary metal manufacturing, repair and maintenance, fabricated metal product manufacturing, and nursing and residential care facilities, all of which can attract and provide a basis for the growth of related businesses.
- ◆ Relatively strong, recent in-migration from other states into Kay County (according to the Oklahoma Department of Commerce and the Internal Revenue Service, in 2005-2006, an estimated 1,000 to 2,000 people migrated to Kay County from states other than Oklahoma).
- ◆ Available infrastructure and low costs of doing business.
- ◆ Low unemployment.

Weaknesses

- ◆ Very slow population growth that does not keep pace with rapid job growth. Between 2006 and 2008, Ponca City's estimated population grew by 88 persons.
- ◆ A disconnect between the cost of newer housing units and typical household incomes.
- ◆ Dated housing stock; few homebuilders; and few units for sale.
- ◆ Few options for housing types, such as patio homes, townhomes, condominiums, etc., to meet lifestyle preferences of market segments that are currently not significantly represented in Ponca City.

- ◆ Heavy reliance upon the energy industry that periodically restructures, moving jobs out of the City.

Opportunities

- ◆ Strong job growth (1,314 jobs added during the period between January 2007 and December 2008), fueled by an educated labor force and an active and successful economic development team.
- ◆ Continuing diversification into sectors other than energy (out of 37 major employers in Ponca City, fewer than 12 are oil and gas related).
- ◆ Business development incentives through PCDA and aggressive PCDA programs to leverage those incentives.
- ◆ Free community-wide WiFi access.
- ◆ Multispectral Labs project.
- ◆ Historic resources that provide charming character, particularly in and near Downtown.
- ◆ Announcement of large planned expansion of ConocoPhillips refinery in 2010.
- ◆ Three major new casinos that have opened or announced openings in the Ponca City area, which could anchor additional tourism for the area.
- ◆ Two industrial parks with available land and utilities, and the nearby "school land" which could be made available to companies that need large areas of land.

Threats

- ◆ Long commutes for a significant share of the workforce creates a vulnerability when transportation costs are high.
- ◆ Housing options in other cities are more competitive for many families than Ponca City's housing stock, particularly in larger cities with more diverse retail and entertainment options.

- ◆ Restructuring of ConocoPhillips, which could affect approximately 2.5 percent of the City's workforce.
- ◆ Global economic downturn and restructuring, which could affect consumption of Ponca City exports.

Potential Impact of Recommended Improvements

Chapter 2, Future Land Use & Character provides recommendations for regulatory and physical changes to protect and enhance the character of the community. The relationship of several of these recommendations to economic development follow:

- ◆ Gateway treatments and street enhancements (page 2.9) will help to define "places" in the City by giving them a sense of identity. These treatments are not likely to create material economic impacts on their own, but they should be combined with other public improvements in order to reinforce their impacts. Community improvements of this nature have benefits that are realized long term in terms of community pride and attractiveness to tourists and potential new residents.
- ◆ Redevelopment and enhancement projects (page 2.10) will have benefits in terms of removing blighting influences on the community and changing the trajectory of individual areas. However, as some parts of the market (e.g., retail) are already fairly saturated, the City should be cautious about its investments in redevelopment. Such investments should be carefully targeted and timed to maximize their cumulative effect over the long term.
- ◆ Demolition and rehabilitation of substandard structures will have benefits in terms of neighborhood value and the revitalization of housing stock - a key factor for economic development in Ponca City.

These investments are important long-term investments that slowly change the trajectory of neighborhoods.

- ◆ The Downtown recommendations in Chapter 2 are important factors in changing the function and improving the character of Downtown. The narrowing of Grand Avenue is critical to making it a vital and active street that is attractive to residents and tourists alike. These investments, along with the other recommendations of Chapter 2, should be part of an overall framework for redeveloping and repositioning Downtown. However, they should not be done in isolation, as physical improvements in the public realm are unlikely to reposition Downtown on their own. Instead, they should be coordinated with the implementation of specific, market realistic development and redevelopment plans for the Downtown area.

Chapter 4, Transportation, makes a number of recommendations for improvements to the transportation system that relate to economic development. Their relationship to the objectives of this chapter are as follows:

- ◆ The extension of collector streets to improve access and open new areas for infill development (page 4.3) will support the economic development objective of providing additional housing opportunities by opening up new areas for residential development.
- ◆ Establishing a maintenance program for brick streets (page 4.6) will protect the charm and character of the City's historic neighborhoods (whether so designated or not), which will add to the City's appeal to some groups of potential new residents.
- ◆ Sidewalk improvements and non-vehicular connections to recreation areas support the City's active lifestyles, adding value for existing and potential residents alike.
- ◆ Access management along the City's primary retail corridors (page 4.7) is an

important part of upgrading the streets' character and function and could help to solidify the City's existing position as a major regional retail hub.

- ◆ Traffic calming devices (page 4.8) could be used in the Downtown area (in the blocks to the north and south of Grand) to enhance character and provide "gateway" features.
- ◆ School safety (and a commitment to school safety) (page 4.8) is an important element for families who live or would potentially live in Ponca City. An obvious commitment in this regard will be attractive to those who might relocate.
- ◆ Downtown streetscape and storefront improvements (pages 4.9, 4.12, and 4.17), combined with other recommended Downtown strategies, will add value to redeveloped and adaptively re-used Downtown properties. Such improvements should be tied to committed redevelopment projects or state or federally funded improvements to Grand Avenue.
- ◆ Coordination of carpools and vanpools for local businesses (pages 4.20 and 4.21) is a recommendation of this chapter because it supports business by supporting workers who may be dislocated from the labor force by high transportation costs.

Existing Economic Development Program

Generally

There are a number of organizations that are involved in the City's economic development program, including the PCDA, the Ponca City Chamber of Commerce, and the Ponca City Main Street. See **Figure 6.5, Economic Development Entity Web Sites**. Each has a number of economic development programs, many of which serve as regional or national models.

Ponca City Development Authority ("PCDA")

PCDA is the community's leading organization that is focused on economic development. It administers a half-cent sales tax for economic development purposes. PCDA is discussed in detail on page 6.6.

Chamber of Commerce

The Chamber of Commerce is a nonprofit voluntary organization, which unites the efforts of business and professional people to improve the economy and to build a better community. The Chamber of Commerce provides many programs. Among them are:

- ◆ The Ponca City PRIDE program, which educates employees about the importance of customer service to business development;
- ◆ The "Shop Ponca First" program, which encourages people to purchase goods and services from local businesses;

Figure 6.5: Economic Development Entity Web Sites

Incentives and programs for economic development change over time. Consequently, the programs are not detailed in this Plan. For current information about incentives and programs, visit the web sites below.

Ponca City Development Authority

www.goponca.com (generally)
www.poncacityprospector.com

(available commercial properties)

Ponca City Chamber of Commerce

www.poncacitychamber.com

Ponca City Main Street

www.poncacitymainstreet.com

- ◆ Entrepreneurial training through the Ponca City Business Council;
- ◆ Ponca Politics, which brings in guest speakers to address the issues of the day that relate to business development;
- ◆ Relocation information for businesses and individuals, as well as tourist information; and
- ◆ Social networking opportunities for business people and young professionals.

Ponca City Main Street

Ponca City Main Street is an organization that is dedicated to improving the economy and consumer/tourist traffic in the Downtown area. The organization tries to create a positive image in the district through the design of the streetscape and the quality of the environment. It is assisted through funding provided by the City.

Ponca City Main Street ranks in the top 10 percent of Main Street programs across the state in terms of activities, projects, grant funding opportunities, and membership. In addition to its work in the physical realm, Ponca City Main Street provides educational and public interest resources, including a history of Ponca City, a walking tour of Downtown, and a web page that describes Downtown businesses (including a business directory), a brochure map of Downtown, and an inventory of vacant and for-sale properties.

ISSUES AND RECOMMENDATIONS

The City's current economic development efforts have produced significant, tangible results, and the economic trajectory for the City has been very positive, particularly in light of the economic circumstances elsewhere in the country (and the world). To strengthen the City's economic position generally, the following

goals, objectives, and action recommendations are provided:

GOAL 6.1: Increase the supply and range of available housing options.

Take directed action to increase the supply of available housing units at price points that are realistic for people who will fill new positions in Ponca City. These directed actions should be dovetailed into actions that are aimed at attracting new residents to the City.

1. The existing land development regulations do not provide for a mix of lot sizes and housing types to be developed in a single neighborhood as-of-right. Minimum lot sizes of 5,000 square feet and up preclude some alternative housing types. Reform the land development regulations to better support the development of new housing in a variety of configurations and price points (to appeal to the growing and diversifying workforce) by regulating based on density and open space instead of minimum lot sizes.
2. As recommended in [Chapter 5, Housing and Neighborhoods](#), consider adding a housing liaison to the City staff as a long-term goal. This staff member should collaborate with the PCDA and local industries to help calibrate City housing policy with the needs of the local workforce. The information would serve as a basis for the Housing Action Plan (see next recommendation).
3. Initiate a City-sponsored Housing Action Plan that will monitor and evaluate housing development in the future.
4. There are no current entities in the City that apply meaningful incentives to housing development and redevelopment. Therefore, in light of the challenge that housing poses for economic development, the City should consider working with the PCDA to add housing to the economic development mission so that it could development assistance, including:

- ◆ market analysis and networking among builders and business leaders;
 - ◆ assistance with property assembly;
 - ◆ purchase of property with long-term low cost leases to developers;
 - ◆ market analysis;
 - ◆ funding a downtown master planning effort that includes a housing component; and
 - ◆ funding a study to evaluate the potential for TIF districts to lower development costs and deliver desired housing products.
5. Redevelop one or two blocks that do not front on Grand Avenue with a catalytic residential or mixed use project, such as continuing care housing.
 6. On a case-by-case basis, consider offering a Tax Increment Finance district to fund infrastructure development for new Downtown or mixed use housing projects (and, in the case of Downtown, nearby commercial street frontages). Of course, formation of the TIF district must depend upon whether the district can generate sufficient increment to retire the bonds that are funded by the district.
 7. Encourage the development of accessory dwelling units to provide an opportunity for existing homeowners (particularly empty-nesters) to provide short- to mid-term housing opportunities for workers who move to Ponca City.

GOAL 6.2: Market Ponca City to college students and recent graduates as a place of opportunity, technology, and balanced lifestyle.

Ponca City's lifestyle preferences are not particularly diverse, and several of the market segments that are represented in Ponca City are not particularly mobile; that is, they are people who tend to stay in or near the same

location for generations. To grow its population, Ponca City should reach out to more mobile populations by promoting itself as a place of opportunity, technology, and balanced lifestyle. The strategy should have two components - a regional outreach and a national one.

1. Strengthen connections to the student body of regional colleges and universities, in one or more of the following ways:
 - ◆ The Chamber of Commerce and PCDA should encourage local businesses to list internships and job opportunities on the OSU career services web site and with other college career services sites.
 - ◆ The Chamber of Commerce should organize networking opportunities and recreational outings in Ponca City for college students.
 - ◆ The Chamber of Commerce and PCDA should encourage local businesses that demand a college-educated workforce to recruit college students on-campus at the region's colleges and universities if they are not already doing so.
 - ◆ The PCDA should continue to work with OSU leaders in developing academic and research programs and technology transfer opportunities in Ponca City.
2. Since a growing number of people tour cities online before considering relocation (particularly young people), improve the online presence of area businesses and civic organizations, beginning with the Chamber of Commerce. The Chamber's web site has a great deal of information, but it is difficult to navigate and the pages are not commensurate in design quality with the "splash" page that opens when one opens the site.
3. Add information about the City to online resources. For example:
 - ◆ Create "User Created Maps" in Google maps that highlight Ponca City's businesses and attractions;

- ◆ Provide restaurant and business reviews in Yahoo! Local and comparable sites;
 - ◆ Mark key locations in GoogleEarth and provide photos and documentation about them (if the Airport Industrial Park is marked this way);
 - ◆ Add testimonials to place-rating web sites like Sperlings Best Places; and
 - ◆ Encourage parents of students to review their schools for online resources like greatschools.net.
4. Seek recognition in the national popular press for the City's economic development successes.
 5. When economic conditions permit, encourage the development of a small, specialized private college in Ponca City, particularly one that would be attracted to a Downtown location. By way of example, New Saint Andrews College in Moscow, Idaho has approximately 165 students and 12 FTE faculty members. The college appeals to a distinct group of people, but many of its graduates have settled in Moscow. Moreover, the College's downtown location is supportive of downtown businesses.

GOAL 6.3: Reach out to returning military veterans.

Ponca City appreciates the service of military veterans. Moreover, military veterans have training and leadership skills that translate well to most work environments. Generally, they believe in teamwork, respond well under pressure, respect procedures, and understand technology. Returning veterans who are looking for a place to settle are also an identifiable group that Ponca City could reach out to grow its population.

1. The Chamber of Commerce should work with local businesses and the Kay County One Stop Career Center to recruit veterans to fill jobs in Ponca City.

2. The Chamber of Commerce should encourage local businesses to become "hire veterans first" businesses.
3. The Chamber of Commerce should encourage local businesses to recruit veterans on veteran job search web sites. To improve the cost-effectiveness of this effort, PCDA could contact some of the operators of these services to seek a bulk discount for Ponca City businesses.
4. Encourage local veterans to use veteran-oriented social networking sites to encourage others to discover the opportunities that await in Ponca City.

GOAL 6.4: Help protect commuters from fluctuations in fuel prices.

The health of Ponca City's businesses depends upon a reliable workforce. Since many people in the region are unlikely to relocate even if housing is made available, commuting is likely to remain an important part of the business equation. As such, when circumstances warrant, Ponca City should assist its industries by taking steps to protect commuters who work in the City from the burdens of high fuel prices. This strategy will help to alleviate the threat posed by distant workers becoming detached from the City's labor force if energy costs rise.

1. Provide technical, logistical, or financial assistance for the creation of carpool or vanpool programs to provide reliable transportation to and from work.
2. For those who would move if commuting costs made journeys to work cost-prohibitive, continue and enhance the home buyers' assistance fund.

GOAL 6.5: Continue to support the work of the PCDA, and support funding of the PCDA's efforts.

The PCDA is an economic development success story for Ponca City. Its work has resulted in tangible benefits to Ponca City, and its continuing efforts should be supported.



No process improvements for PCDA are recommended.

1. Support the continued work of the PCDA and the continuation of the half-cent sales tax for economic development. The PCDA has a large array of economic development tools at its disposal, and it provides a way for the City to flexibly respond to the fast-changing demands of a competitive environment.
2. Encourage the PCDA to expand its mission to include providing incentives for housing when such incentives are needed to catalyze new development or provide housing for potential new City residents as part of a larger program directed at population growth.

GOAL 6.6: Encourage downtown redevelopment.

1. Develop a specific, market-realistic strategic plan for the redevelopment of Downtown. The plan should anticipate a rich mix of uses, including residential, office, institutional, retail, restaurant, entertainment, and, in the southern part of Downtown, light industrial.
2. Use the public investments in Downtown that are suggested by Chapter 2 as an incentive for the development and redevelopment of sites Downtown. In other words, tie public investment to committed private investment to avoid expenditures that do not leverage private investments.

GOAL 6.7: Continue recruiting, retaining, and expanding local businesses.

PCDA should continue its efforts to recruit, retain, and expand business in Ponca City. It should focus on industry clusters that are present (e.g., metal fabrication) and emerging (e.g., high-technology and sensors) and should seek to diversify the City's economy away from over-reliance on energy.

1. Use incentives and available space in the Airport Industrial Park to attract businesses that are in industry clusters that are already present in the Park in order to strengthen the clusters and promote innovation through cross-fertilization of ideas.
2. Expand the Airport Industrial Park as needed to accommodate business growth, and monitor the availability of abutting agricultural land that could be included into the Park in the future.
3. Recruiting of large industries should not be a primary objective for the City. However, should an opportunity present itself for a new large employer to locate in the region, work with the State Department of Education to make the school site available for development. Consider revenue bonds based on the new user's projected utility consumption as a source of partial funding for the extension of utilities to the site. In order to cost-effectively promote the site, meet with the State Department of Education and State Department of Commerce to ensure that the site is promoted by the state in a coordinated fashion (the site is not currently listed on the Department of Commerce's web site as a potential large-scale industrial site).
4. Use the MSL as a way to attract sensor companies and other related high-technology companies to Ponca City. Consider developing the West Ranch Industrial Park with an industry cluster relating to sensor production, as well as research and development that does not require the facilities of the MSL.
5. OSU's College of Engineering, Architecture, and Technology is home to several centers and labs that have a high potential for technology transfer to private industry. For example, PCDA should network with the Advanced Manufacturing Processes and Nano Materials Laboratory, the OSU Robotics Laboratory, the Nano Fabrication Laboratory, and the New Product

Development Center to attract advanced manufacturing and high technology start-ups to Ponca City. The Pioneer Technology Incubator could be used to assist in the development of the administrative and “business” side of these new enterprises.

6. PCDA and the Pioneer Technology Center should work together to organize a “career fair” to help place workers who may be displaced by the relocation of ConocoPhillips jobs to other locations.

Retail Trade

Generally

The retail sector is important to Ponca City’s economic sustainability for several reasons. First, convenient access to desired goods and services is a key element of quality of life. Second, Ponca City has a 3.5 percent sales tax rate, which provides revenues for the general fund (two percent), economic development (0.5 percent), street improvement and repair (0.5 percent), and the recreation center (0.5 percent) (see **Sec. 4-2-3, Taxes Imposed, Rates, Effective Dates**, Ponca City Code of Ordinances). Third, although the retail sector is not generally known for high paying jobs, retail is a significant source of jobs in the City (U.S. Bureau of Labor Statistics data show that there were 2,197 retail trade jobs in Kay County in 2007, of which it is likely that the great majority were in Ponca City).

Surplus and Leakage

The available data show that Ponca City is an important regional retail destination. ESRI Business Information Systems estimates that in 2008, Ponca City’s 25,268 residents spent \$226,766,145 on retail goods, food, and drink. On the other hand, Ponca City’s 278 retailers and restaurants had an estimated total sales of \$322,075,354 in the same year.² That means that, in 2008, \$95.3 million in sales (almost 30 percent of total sales) were generated from

² Figures do not include business-to-business sales.

people who did not live in Ponca City. See sidebar on **Understanding Retail Leakage and Surplus**.

There are five retail industry groups³ in Ponca City that accounted for more than 10 percent of the retail surpluses in 1998 (i.e., they generated more than \$10 million in “surplus” sales):

- ◆ Automobile Dealers (NAICS code 4411⁴), which generated \$24.6 million in surplus.
- ◆ Department Stores (NAICS code 4521), which generated \$16.7 million in surplus.
- ◆ Electronics and appliance stores (NAICS code 4431), which generated \$14.2 million in surplus.
- ◆ Full service restaurants (NAICS code 7221), which generated \$13.4 million in surplus.
- ◆ Other general merchandise stores (NAICS code 4539, which includes warehouse clubs and supercenters, as well as dollar stores and general merchandisers), which generated \$10.8 million in surplus.

There are only five retail market industry groups in which dollars “leaked” from Ponca City into other markets in 2008. None of the leakage amounts would indicate that active intervention

³ The phrase “industry group” comes from the North American Industrial Classification System (also known as “NAICS,” see footnote 4, below). For most business types, the industry group is a fairly specific classification (e.g., furniture stores is an industry group). Industry group is the most specific level of analysis for which retail surplus and leakage data is available from ESRI Business Information Systems.

⁴ NAICS stands for North American Industrial Classification System, which is the official standard for classifying businesses and industries in the United States. NAICS uses a numeric code to classify businesses and industries in a hierarchical manner (e.g., code 33 is the manufacturing sector, code 331 is the primary metal manufacturing subsector, code 3315 is the foundries industry group, and so on, to six digits of specificity). NAICS replaced the former Standard Industrial Code (SIC) system in 1997.

in the market is warranted. The greatest leakage is about \$2.6 million in the drinking places - alcoholic beverages group, which, given the high dollar per square foot expectations in this group, would not translate into more than a handful of businesses.

- ◆ \$3,347,684 left the City in the gasoline stations group (NAICS code 4471).
- ◆ \$2,639,879 left the City in the drinking places - alcoholic beverages group (NAICS code 7224, which includes bars, taverns, nightclubs, or drinking places that are primarily engaged in preparing and serving alcoholic beverages for immediate consumption).
- ◆ \$2,357,486 left the City in the industry group called “other motor vehicle dealers” (NAICS code 4412, which includes dealers of recreational vehicles, travel trailers, all-terrain vehicles, mopeds, motorcycles, personal watercraft, boats, utility trailers, snowmobiles, golf carts, or aircraft).
- ◆ \$1,402,715 left the City in the furniture stores group (NAICS code 4421, which includes dealers of new furniture for home, outdoors, and offices).
- ◆ \$509,585 left the City in the “other miscellaneous store retailers” industry group (NAICS code 4539, which includes specialty stores with merchandise lines including the following: pets and pet supplies, art, manufactured homes, tobacco products, art supplies, calendars, candles, closet organizers, collector’s items, cemetery memorials, emergency preparedness supplies, fireworks, flags and banners, flowers, home security equipment, hot tubs, janitorial equipment, police supplies, religious goods, swimming pool supplies, and trophies.).

A complete retail surplus and leakage table is provided in [Appendix B, Retail Sales Data](#).

Strip Retail Character

The character of many of the retail offerings in Ponca City appears to take the City’s position as a regional retail hub for granted. That is, most parking areas are barely landscaped, and most buildings are utilitarian in appearance. Signs clutter the landscape of 14th Street.

Although the predominant retail development style is consistent with the desire to keep costs down - a desire that existing value-conscious customers share - it makes the community less attractive to people who would move in from somewhere else. Consequently, in order to continue to ensure the City’s long-term retail dominance, the City should use its regulatory powers and financial tools to phase in upgrades to the character of its major retail corridors. For example, the City could revise its land development regulations to require a street bufferyard that includes landscaping, particularly trees. Sites that do not conform would be required to come into compliance with the

Understanding Retail Leakage and Surplus

Retail performance relative to the region is measured in terms of “surplus” and “leakage.” Surplus and leakage are measures of the relationship between supply and demand. In this context, supply (retail sales) estimates sales to consumers (not businesses) by retail or food and drink establishments. Demand (retail potential) estimates the expected amount spent by consumers at retail establishments.

The Leakage / Surplus Factor presents a snapshot of retail opportunity. This is a measure of the relationship between supply and demand that ranges from +100 (total leakage) to -100 (total surplus). A positive value represents “leakage” of retail opportunity outside the trade area (in this case, the City). A negative value represents a surplus of retail sales, a market where customers are drawn in from outside the trade area. The Retail Gap represents the difference between Retail Potential and Retail Sales.

Source: ESRI Business Information Systems

new standards when substantial improvements or expansions are made. Likewise, the City could work with the PCDA to offer low interest loans for landscaping improvements, or the City could provide free trees to businesses that commit to installing and maintaining them.

Downtown Retail

At present, the City's Downtown area is relatively untapped, as many of its retailers have vacated for (or were out competed by) more convenient auto-dependent parcels along the "retail strip," where larger spaces with larger parking areas are readily available and relatively inexpensive.

The data and anecdotal evidence show that the key challenge for Downtown retail is that the vast majority of people in Ponca City are not big consumers of contemporary Downtown retail products (which are typically higher-end specialty shops and restaurants). In fact, within a three-minute drive to Downtown (an area which should be almost completely captured by Downtown offerings), 91.1 percent of 4,902 area households are in five Tapestry segments that are not highly interested in Downtown as a retail shopping destination, but may support other types of businesses:

- ◆ Home Town (58.9%), which prefers discount stores, but would potentially support nightclubs, movies, and museums.
- ◆ Simply Living (11.8%), who will occasionally treat themselves to dinner and a movie, but, like Home Town householders, enjoy dancing and nightclubs.
- ◆ Rustbelt Retirees (7.9%), who tend to dine at value-oriented family restaurants.
- ◆ Heartland Communities (7.4%), who also tend to dine at family restaurants and who may be interested in stores that sell fishing tackle.
- ◆ Rustbelt Traditions (5.1%), who like to bowl and watch live music concerts.

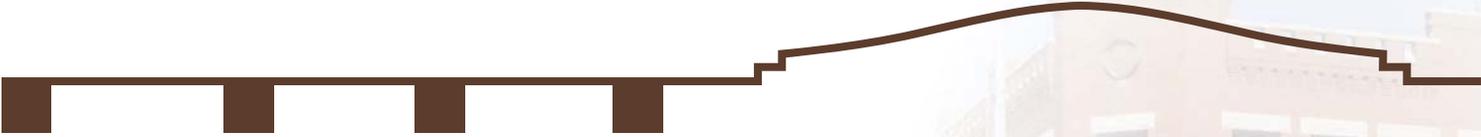
Based on available information, there is currently more floor area in Downtown than the

market is likely to support with retail product and service offerings during the horizon of this Comprehensive Plan. Indeed, according to an estimate based on scaled aerial photos, in the four blocks West of City Hall on either side of Grand Avenue, there is not less than 500,000 square feet of floor area on the ground floor of buildings. If all of that space were dedicated to retail uses, and if they could survive on \$200 per square foot in gross annual sales, the retailers would have to generate \$100 million in gross annual sales. That figure is more than 30% of all of the current retail sales in the City.

Thirty percent market capture is a difficult proposition, particularly since nearly all segments of the Ponca City retail market are saturated, many of these segments that are not saturated do not lend themselves to Downtown locations (with the exception of drinking places, which has a \$2.6 million retail gap, which may be sufficient to attract one or more small operators to the Downtown), and the addition of new retail offerings, especially those that are not value-oriented, is already risky proposition for the business owner given the community's shopping preferences.

Retail and Downtown Goals, Objectives, and Action Recommendations

Ponca City is strategically located in the region as a major retail hub. The available retail offerings in Ponca City are well suited to the City's residents, who are, generally speaking, value shoppers. Where there are "gaps" in retail supply and demand, the gaps are not large enough to merit active intervention by the City (e.g., if a furniture retailer expected to gross as little as \$150 per square foot of showroom per year, then the \$1.4 million gap in furniture sales would be filled by just 9,300 square feet - a very modest size for a furniture store by contemporary standards).



GOAL 6.8: Develop a Downtown Master Plan to create a phased, market-realistic strategy for Downtown revitalization.

The available retail market data suggest that absorbing Downtown space and creating an active and vital environment will be more effectively achieved by concentrating the retail and restaurant offerings to an area that is just a few blocks in dimension and anchoring the boundaries of the area with supportive non-retail products. Development scenarios that should be investigated for market potential include:

1. Designate a “shopping, dining, and entertainment district” Downtown that has retail on both sides of the street. This could be both sides of Grand Avenue for three or four blocks to the west of City Hall (this location will be most effective if the street is narrowed as described in Chapter 2), or a north-south street. The objective is to concentrate retail, restaurant, and entertainment into a smaller area to achieve a critical mass.
2. Redevelop one or two blocks as a hotel with convention facilities to build upon the anticipated growth of the UML and other local industries. The hotel should be strategically located to reinforce blocks that are designated as the “shopping and dining district.”
3. Encourage the redevelopment or adaptive re-use of Downtown buildings for offices, laboratories, university distance learning, private colleges, or continuing education facilities. These uses bring people Downtown during the day to support restaurants and shops.
4. Redevelop “weak” blocks or partial blocks that are currently developed with obsolete buildings that have little historic value into urban townhouse or duplex townhome clusters, urban apartments or condominiums, senior housing for ambulatory tenants, or continuing care

facilities. These uses will provide an evening population to support shops and restaurants. See Figure 6.7, Illustrative Downtown Redevelopment Scenario on page 6.24, which illustrates 34 alley-accessed duplex townhomes, 18 of which frame a public plaza, built behind mixed use buildings that front on Grand Avenue.

5. Create a series of “addresses” in the Downtown by developing unique but interconnected squares or plazas on underutilized blocks. These squares and plazas should relate to the Centennial Square in front of City Hall and serve as an attractive series of destinations that promote pedestrian circulation Downtown.
6. If it is determined that such a development would be market-supported, develop an outdoor amphitheater on a 1.5- to two-acre plaza that is flanked by retail restaurant, urban residential, and/or hotel uses.
7. Once a coordinated strategy is developed for Downtown revitalization, use incentives and development financing tools such as land write-downs; low cost, long-term land leases; public parking lots or decks (one level of parking above grade, accessed by a ramp - a more economical option than multi-level structured parking), with corresponding reductions in parking requirements; and/or tax increment financing, as appropriate to the type of development, in order to set a stage for catalytic redevelopment.
8. As the Downtown plan is implemented, market Downtown events and shops at local casinos.

GOAL 6.9: Upgrade the character of existing retail strips.

The strategic recommendations with respect to commercial corridors is to incrementally upgrade the character of the streetscape in order to remain competitive as other markets may begin to emerge. Strategic recommendations include:

1. Update the sign regulations to reduce sign clutter and create incentives for custom signs with quality materials. See **Figure 6.6, Character of Commercial Corridors**.
2. Update the land development regulations to enhance the landscaping of parking lots and create landscape buffers along the street edge.
3. Provide incentives for property upgrades, such as facade grants or low interest loans, which could be funded by the PCDA.

Illustrative Downtown Redevelopment Scenario

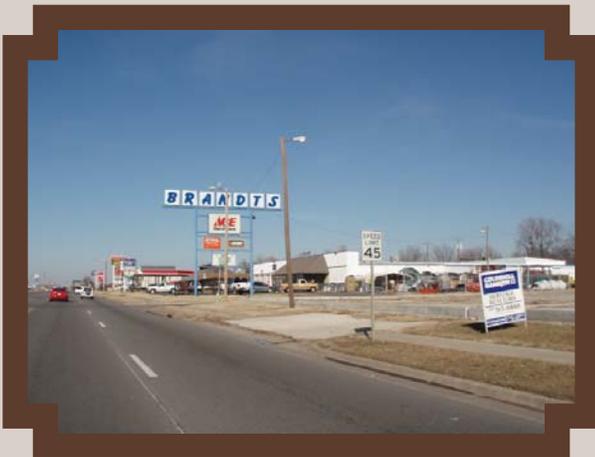
The drawings on the following page, **Figure 6.7: Illustrative Downtown Redevelopment Scenario**, are conceptual drawings that illustrate how a partial block with frontage along Grand Avenue could be redeveloped with residential uses. In this scenario, the block is approximately 340 feet square, with the back 210 feet (the area most distant from Grand Avenue) used for redevelopment.

The illustration shows 34 “duplex townhomes.” These units have ground-floor access to a first floor and second floor unit. They have alley-fed garage parking. The units are organized along the street or around a public square, which could be tied into a larger system of squares and plazas.

Assuming a land cost of \$10 per square foot and a development cost of \$110 per square foot, these 1,320 square foot “in Downtown” units could be constructed for around \$166,000, which would involve a monthly principal and interest payment of around \$760, assuming a 20 percent down payment and 5.5 percent annual interest. If the cost of land were written down to \$0, the unit cost would drop to \$145,200, which would lower the monthly payment on the same loan by about \$100.

A TIF district could also be used to help fund items such as clearance and land preparation, as well as improvements to the commercial frontage, described in Chapter 2. The public square would be a City investment in the character of Downtown.

Figure 6.6: **Character of Commercial Corridors**



Ponca City’s commercial corridors are characterized by sign clutter and a lack of landscaping. Controls should be put into place to gradually upgrade the character of the corridors through sign controls and landscaping requirements. Pictured (above) is 14th Street in Ponca City. Contrast with the picture (below) from Flagstaff, Arizona.



Figure 6.7: Illustrative Downtown Redevelopment Scenario

