

CITY COUNCIL REPORT

DATE: October 4, 2021

TO: Mayor and Councilmembers

CC: Leadership Team

FROM: Luis Pedroza, Interim City Manager

SUBJECT: RESPONSE TO A REQUEST FOR INFORMATION REGARDING THE CITY'S EFFORTS TO ATTRACT A NEW GROCER TO DOUGLAS

This report is to provide information to the Mayor and Council regarding an update on the City's efforts to attract another grocer to Douglas.

DISCUSSION:

Since the announcement of the Food City Closure around late July and after the City's meeting with Bashas executives that affirmed their closure and no intention of extending their stay in Douglas longer, the City started putting together information to approach grocers that may be interested in coming to Douglas. This information packet includes the full economic makeup of the community so that they can make decisions on real economic data.

The City assembled a demographics and economic data packet that included Douglas' potential service area (trade area) that includes Douglas and the surrounding communities of Pirtleville, Bay Acres, McNeal, Elfrida, Sunizona, Portal, Rodeo and the daily Mexican crossers population. The trade area for Douglas shows a population of 21,239 without Mexican national crossers. We then added 5,000 of the 10,000 daily crossing pre-COVID as an approximate calculation of Mexican nationals crossing the border daily and as a result the potential trade area for Douglas is 26,239. The data packet also included border crossing data from the U.S. Department of Transportation for the past 5 years, the City's top 10 employers, median income, growth rate, city's taxable food for home consumption sales in our city, available grocer space and general information about our community.

The City contacted three different grocers that operate in Arizona that include Kroger, Cardenas Ranch Market and El Super Markets. El Super has already indicated that our trade area is too small for their business model. At this time, we are engaged in conversations with Kroger and Cardenas Ranch Market. We are also in the process of

providing specific data requests for Aldi Grocery Stores. Even though Safeway left Douglas about 10 years ago, we also plan to contact them to gauge interest.

All the grocers that we spoke to so far were invited for a tour of our city. We think it's important that they not only see our community on paper, but also view for themselves the potential grocer locations and the community makeup.

RECOMMENDATION / CONCLUSION:

This report is for information only.