

The City of Bluefield, West Virginia

Colonial Intermodal Center

master plan

April 2011





Colonial Intermodal Center master plan

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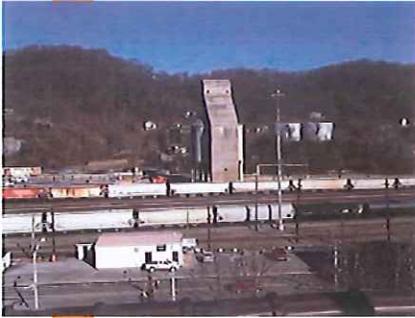
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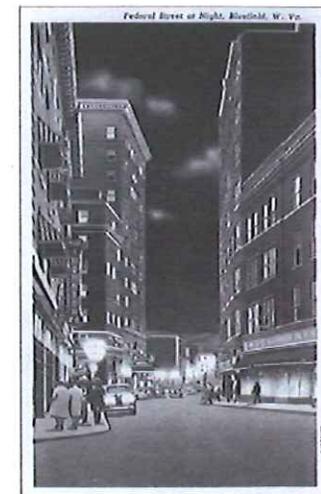
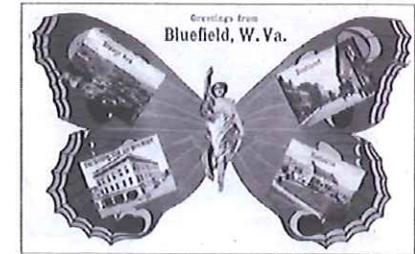
I. Executive Summary

The Vision: Colonial Intermodal Center in 2015

Opening day of Bluefield's new Colonial Intermodal Center is a very special event. After several years of planning and construction, Bluefield's new mixed-use downtown development is open for business. Hundreds of people are on hand for ceremonies dedicating new transit facilities, public gathering areas, community and educational facilities and cultural and historic destinations. City leaders and citizens are particularly excited about prospects for private investment and employment growth on new development sites included in the project. The project was conceived in 2009 by city leaders as part of a continuing initiative to revitalize downtown Bluefield. City leaders designated a large site on the eastern edge of downtown as the redevelopment site. The area has great significance for Bluefield; it sits along the "Avenue", Bluefield's historic commercial corridor across from the Norfolk and Southern rail facilities – which are inextricably linked to Bluefield's past. The project received strong support from Congressman Nick J. Rahall, who helped bring the project from an idea into reality.

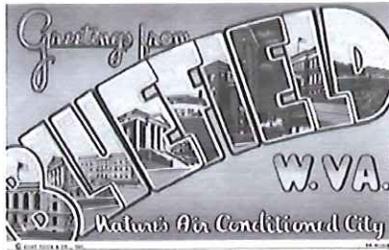
Getting to today was not quick or easy – it took the time and effort of many in the community in an initiative that sets downtown on a solid path to revitalization. Downtown Bluefield is no different from similar communities throughout West Virginia and across the United States. Demographic and economic changes have made cities smaller. Smaller cities have reduced economic activity and downtowns are not as vibrant as in earlier times. This has happened in Bluefield. All cities are confronted with challenges brought about by change; what sets one city apart from the next is its response to challenges. Bluefield responded with a bold vision for redeveloping a major area of downtown with a mixed use development that draws upon the rich architectural and railroad heritage of the community.

Bluefield community leaders and citizens thought carefully about downtown and how best to attract more business, visitors and activities. Part of this effort included an honest examination of the issues and opportunities facing the community and the downtown. It



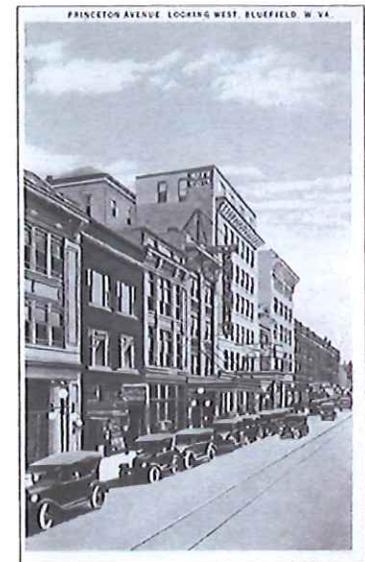
was the consensus of the community that redevelopment is best achieved by embracing the past, the rail-roading and coal mining history of Bluefield, and reaching to a new and more diverse economy that includes education, community services and tourism.

The Colonial Intermodal Center welcomes residents and visitors to downtown with an attractive mix of educational, community, transit and tourism facilities. Bluefield's rail history is celebrated in the central plaza which is architecturally themed as a railroad roundhouse, similar to the Norfolk and Western roundhouse that once graced the rail yards. A 'ghost' of a mighty steam engine is centrally located in the plaza to reinforce the importance of railroading to the community. Located around the



plaza are interpretive panels that inform visitors of Bluefield's special role in development of the mining industry and the region.

Transit is an important element of the plan. New transit facilities are located in front of the plaza along Princeton Avenue and riders can board, transfer, or get transit information. At the heart of the project are five large sites that are ready for development. Each has a beneficial relationship to the plaza and parking areas and includes necessary facilities such as utility access and high speed internet. Bluefield is partnering with local businesses, institutions, agencies and others in attracting investment on these sites. Development sites equipped with utility and infrastructure connections are located



The Vision 2015

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within a planned revitalization area with transit and public amenities that are attractive to the marketplace. Building sites are flexible and the buildings constructed will be architecturally compatible with the downtown and neighboring buildings. Parking and landscape areas are provided and create a comfortable sense of scale.

One of downtown's most storied buildings has been renovated and is home to cultural, historic and commercial uses. The Warlick Building, which over the decades has housed car agencies, furniture stores and related uses now houses loft housing, arts spaces, and cultural and historic interpretive areas. An addition to the Princeton Avenue side of the building provides a new face to the building including an elevator and access to a rail yard viewing area atop the building. Visitors to area coal heritage attractions frequently make the building the first stop on their journey. Next to the Warlick Building, "Vito's Alley" once Bluefield's rough and tumble part of town has been restored and interpreted.

While justifiably proud of the Colonial project, Bluefield's downtown rebirth is not yet complete. City leaders have ambitious plans to next move to Raleigh Street and then Commerce Street in bringing downtown back to life.



SCENE ON PRINCETON AVE., LOOKING NORTH, BLUEFIELD, W. VA.

II. Project Development

Community Involvement and the Planning Process

Bluefield leaders organized the master planning process around the principles of transparency and public involvement; they were committed to preparing a plan that was citizen based - a bottom up rather than a top down approach. Because the plan is envisioned as a decision making and investment tool, community leaders understood that broad public participation and support was critical for successful plan implementation. Assisted by Bluefield city staff and the PB planning team, citizens guided the process and decision-making at key project milestones before recommending the plan for approved by the Board of Directors. It will be the responsibility of city leaders, the private sector and citizens of Bluefield in ensuring the plan is faithfully implemented.

City leaders and staff developed a strategy for engaging the public in the planning effort. One civic engagement goal is to include all citizens, businesses and organizations in developing the plan. This was accomplished by using both traditional and emerging means of public input, including print and electronic media, public

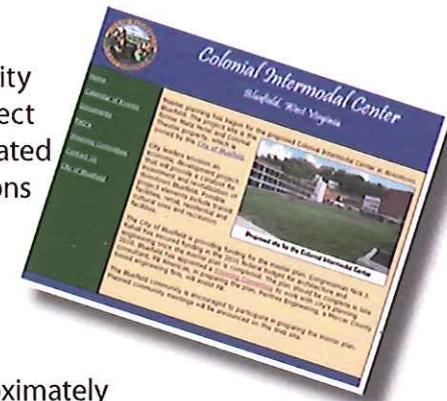
meetings, individual and group interviews and field discussions and investigations. A summary of the public participation process is described below.

Web-based Information

City staff established links from the city website to data prepared by the project team. The website was regularly updated with interim deliverables, presentations and notices of upcoming meetings and events.

Stakeholder Interviews

The planning team conducted approximately 20 individual and group interviews with Bluefield stakeholders to share ideas and strategies for improving the downtown. The purpose of the interviews was to allow the planning team to better understand downtown issues and opportunities, and to build outreach efforts to increase participation in the planning process. City staff compiled an initial list of interview candidates and this was added to as additional



groups were identified. Stakeholder interviews included the downtown merchants association, Chamber of Commerce, Bluefield State College and Bluefield College, Norfolk and Southern, Frontier Communications, local financial institutions, Bluefield Historical Society, Bluefield Area Transit, downtown business and property owners, and interested citizens.

Steering Committee & Public Meetings

Bluefield's Board of Directors appointed a Steering Committee to guide the development of the master plan. The Steering Committee was composed to reflect the geographic, gender and racial diversity of Bluefield. Steering Committee members also represented varying viewpoints on the future of the downtown. Leadership of the Steering Committee was important in developing a plan that had broad-based community support. The Steering Committee accomplished this by analyzing all data with care and ensuring that all ideas were heard and valued. The Steering Committee met at regular intervals in preparing the plan and all meetings were advertised and open to the public.

Planning Process

Bluefield established a thorough and inclusive process in preparing the plan. The outline of the process is depicted on the following page.

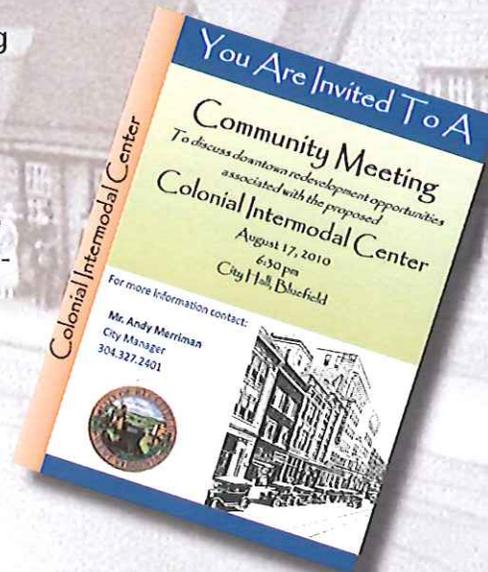
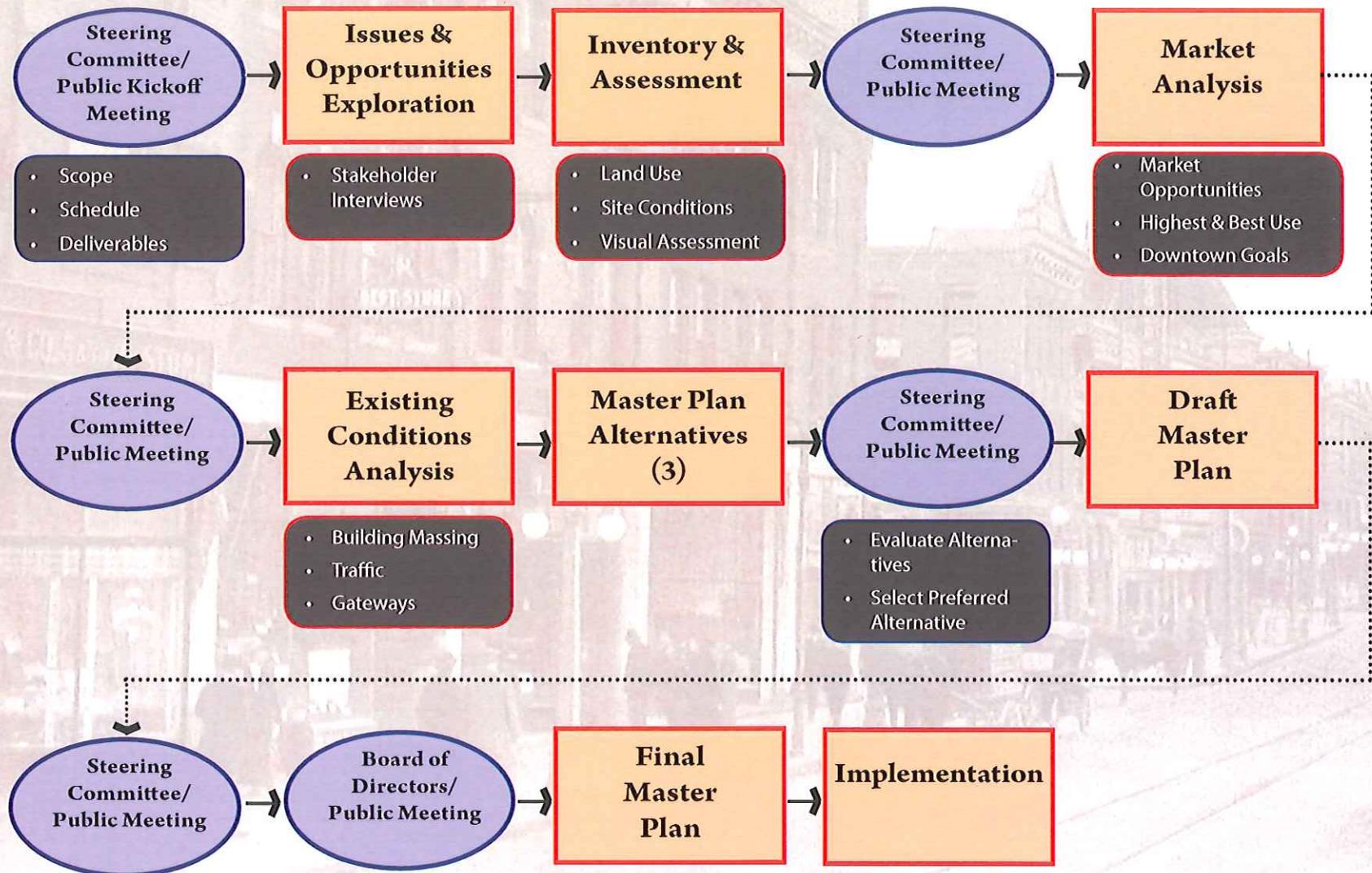


Figure 2.1: The Planning Process

Planning Process



Project Goals

Community goals for redevelopment and new investment in the downtown require progress on several interrelated objectives. Many of these goals, such as bringing more people downtown and creating better economic development conditions, have broad support. Development of the master plan provided an opportunity for the Steering Committee and the community to more fully articulate a more comprehensive set of goals for the downtown, thereby providing a unified set of goals to guide actions and decision making. The process of establishing agreed upon goals is a valuable exercise to work through. The goals were used to evaluate different plan alternatives that were prepared. The preferred master plan was the scenario that had the best opportunity for achieving agreed upon community goals. Six categories of goals were



developed by the Steering Committee. Each category has several objectives associated with it.

The goals described below provide the foundation upon which the master plan recommendations rest. They describe the community hopes and aspirations for the 21st Century and beyond.

Economic Development

- Stimulate private investment in downtown Bluefield
- Create more and more diverse downtown destinations
- Encourage development and investment that complements existing uses
- Increase economic productivity of downtown

Infrastructure

- Increase market attractiveness for underutilized downtown buildings
- Complete selective infrastructure improvements to support downtown development
- Remove dilapidated and/or functionally obsolete structures to facility redevelopment

History

- Acknowledge Bluefield's railroad heritage in facility design
- Respect Bluefield's downtown architecture in facility and building design

Tourism

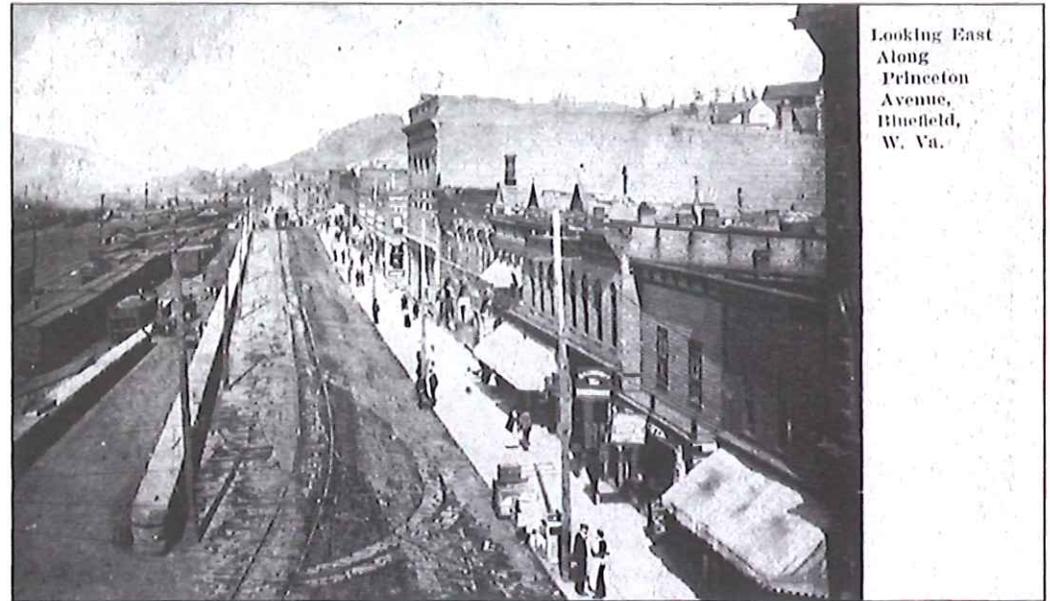
- Bring more tourists into downtown Bluefield
- Create a destination that supports cultural heritage and railroad tourism activities

Downtown

- Bring a critical mass of people downtown day and night
- Incentivize investments in downtown housing
- Provide a destination for outdoor activities
- Investigate opportunities for major recreation facility in downtown Bluefield

Transportation

- Create a central transit hub
- Increase access to transit
- Stimulate transit associated development



III. A History of Bluefield

The Development of an Industry

Since the first rail car came out of the Pocahontas coalfields in 1883, the story of Bluefield has been one of railroads and coal. Bluefield's path was put in motion by the discovery of the Pocahontas coalfields in 1889. Pocahontas coal was special – it lay in thick seams, was abundant and ideally suited for industrial and marine applications. Rumors of vast coalfields began in the 1870's but the lack of access and capital prevented large scale exploitation of the resource. The Norfolk and Southern Railway stepped forward by providing rail and soon they established their Pocahontas Division headquarters in Bluefield. The discovery of the Pocahontas coalfields, which covers a large area of Southwestern Virginia and Southern West Virginia, created a boom not seen previously or since. Bluefield was particularly important in development of the coal-driven economy. It was regional headquarters of the N&W, a major warehousing and supply center to countless coal towns and camps and it occupied a unique and valuable geographic advantage: the 'hump'. At an elevation of 2,655 above sea level, Bluefield is the highest point

between the Mississippi River and the Eastern Seaboard. This permitted entire trains to be moved in the N&W rail yards by gravity alone, providing a time and cost benefit to a rapidly growing industry.

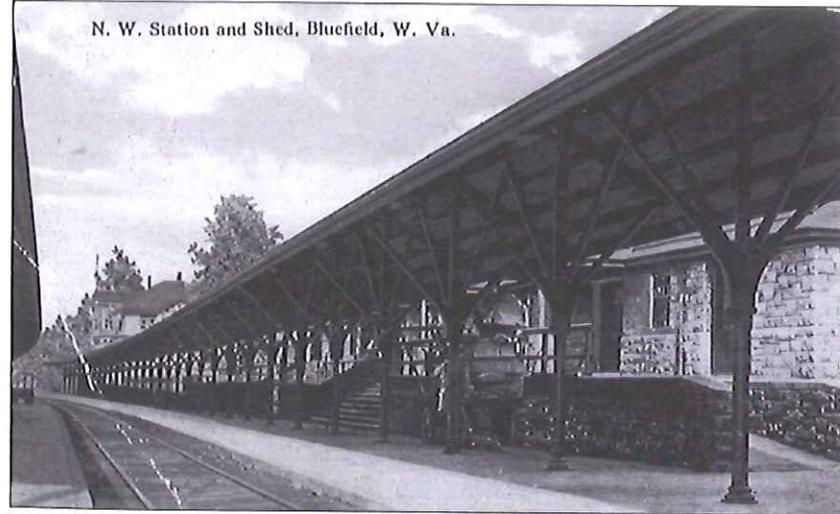
Early mining in the Pocahontas coalfields was not yet mechanized and is characterized as the hand loading era. This type of mining required tremendous amounts of human labor that streamed into the coalfields from locations around the world, including immigrants from eastern and southern Europe, Nordic countries and countless blacks from the American south. This ethnic and racial diversity helped communities flourish and echoes of those voices and influences are still heard today.

Coal companies could not satisfy their labor needs with bachelor miners alone. They needed to recruit families, thus leading to the



explosion of self-contained coal camps and company towns throughout the coalfields. The first company store was built in 1883. Camps and towns created a constant demand for all manner of items, from baby clothes to hand tools to coffins. Bluefield on the east, and Williamson West Virginia on the west, served as the primary warehousing communities supplying the coalfields.

By the early 20th century, all necessary elements for growth of an industry were in place; resources, capital, markets, labor and transportation. Thus began a truly 'golden age' in Bluefield.

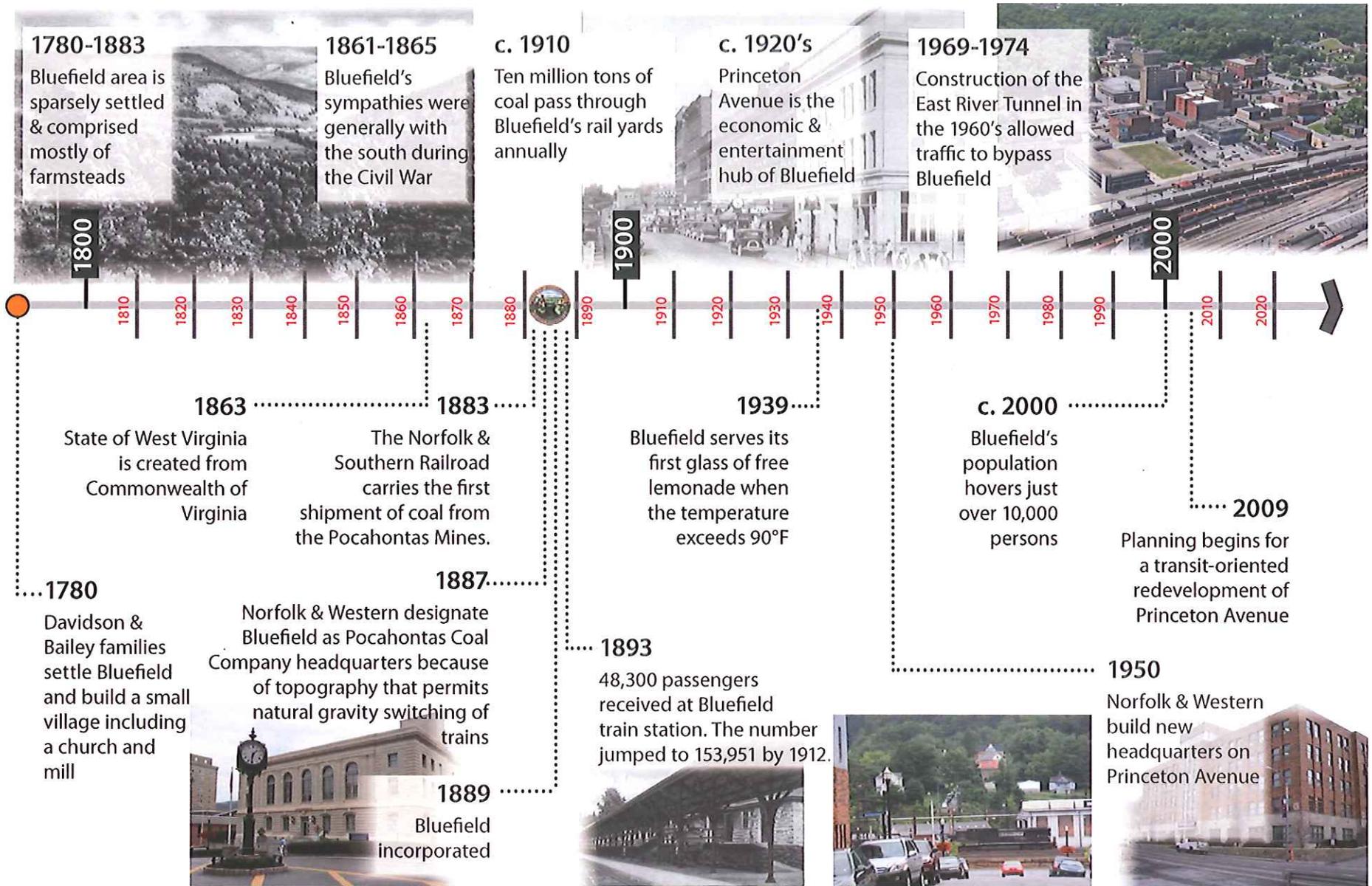


Bluefield's growth during the first half of the new century was phenomenal. The coalfield's endless demand for labor and a young population driven to seek jobs and new opportunities came together

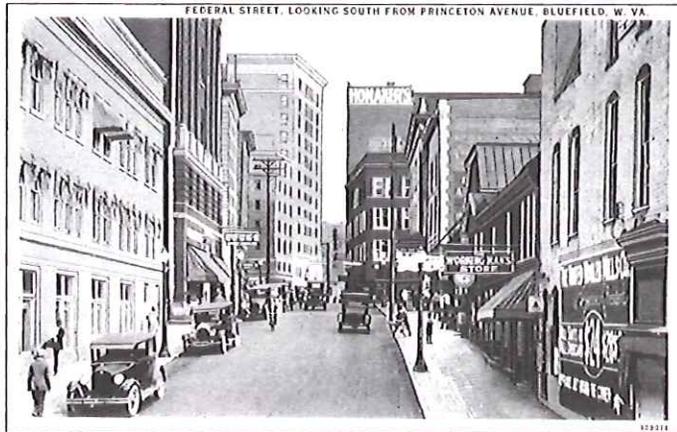
to create a population boom. Barely a town of 600 souls at the turn of the century, Bluefield grew to reach a peak population of approximately 25,000 in 1940. A growing population, booming economy and a sense of prosperity drove a rich economic, cultural, architectural and civic life. Bluefield incorporated in 1889, and was one of the first cities in the region to pioneer the city manager form of government. To help manage the rapid growth, Bluefield quickly appointed a planning commission and embarked on an aggressive program of municipal improvements; some of which included paving and lighting streets, making utility extensions and completing a new grand Municipal Building in 1924. The private sector was no less active. Downtown buildings sprang up and Bluefield was reputed to be one of the earliest cities with a recognizable skyline. The downtown commercial district was oriented to the

Figure 3.1: The Development of the City of Bluefield

The Development of the City of Bluefield



railroad – its reason for existence. Princeton Avenue ran parallel to the rail yards, which included the passenger station. The vast majority of visitors and residents arrived by rail, which emptied them onto Princeton Avenue at the foot of downtown. Thus, Princeton Avenue became the retail and entertainment heart of Bluefield and was known simply as the Avenue. Bluefield’s commercial buildings read as a primer in architectural history, boasting a rich mix of Italianate Commercial, Renaissance Revival, Beaux Arts, Victorian Romanesque, Art Deco styles as well as others. Many buildings, such as the People’s Bank and its Romanesque Victorian architecture, were considered to be the finest examples in the state if not the entire region. The grandeur of Bluefield’s commercial buildings is easily matched by the city’s historic residential district – a neighborhood of imposing homes reflecting the affluence and style of the coal boom years. Many of the commercial buildings and residences were de-



signed by Bluefield’s own Alex A. Mahood who still enjoys a reputation for architectural excellence.

Coal fueled a boom that was as precarious as it was beneficial. Bluefield was utterly dependant on coal which in turn responded to demands of the market place. When coal was good, the region benefitted, but boom times were not to last. By the 1950’s, life in the coalfields had changed forever. Machines replaced men in the mines, coal camps and company towns lost their sponsors and shrank, or were abandoned. Passenger rail travel declined, warehouse districts became silent and the downtown bustle disappeared.

Today, Bluefield is charting a new path to stability and prosperity. The community is smaller, but has embraced the arts, history, education, social services and tourism as cornerstones of the economy. The Colonial Intermodal Center will bring people and activity back to the Avenue while remaining true to the spirit of the community.



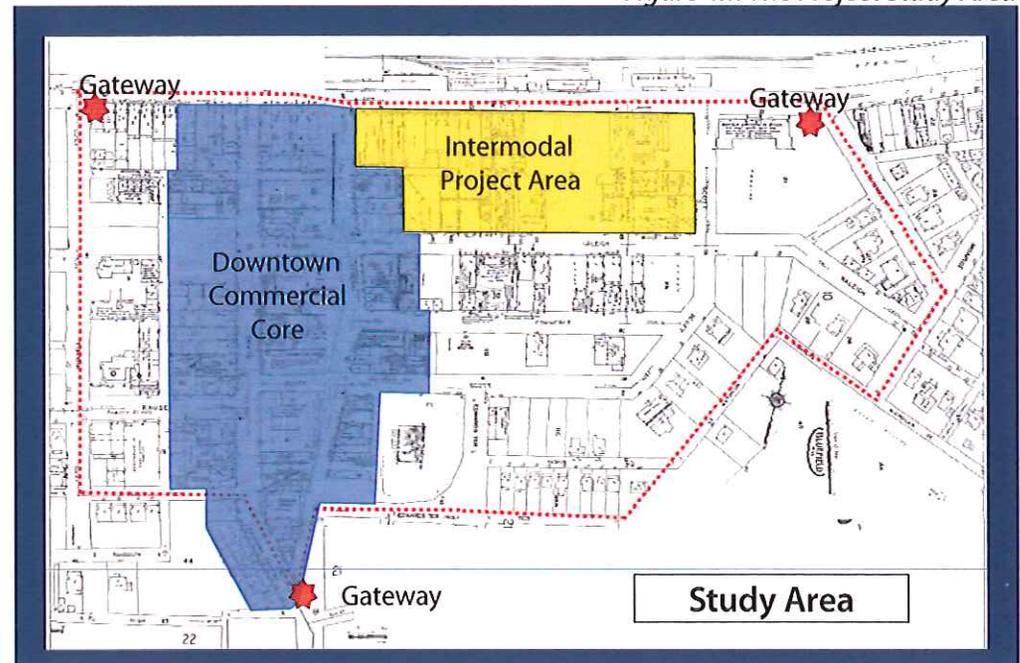
IV. Current Conditions

Downtown Bluefield in 2011

The urban context of the proposed project area informs the design approach to the project. Urban context is understood to be the existing physical space within which the project is located. The design approach and program should reflect and respond to the urban environment, both historically and what exists today. Bluefield's urban context in 2011 is much different than it was during the boom period of the 1940's. The dense urban fabric of downtown has been weakened by the loss of many buildings and the uneven condition of remaining buildings. The project area sits on the fringe of the downtown core, and has weak physical and visual links to the downtown. In many respects, the project site reflects an area essentially unmoored from its surroundings. It sits next to the rail yards, but the passenger station is gone and there is no interaction between the site and the rail yards. Pedestrian traffic within the site and into the downtown is minimal. The existing multi-story parking garage is not utilized and essentially has been abandoned. Access to the downtown core area is good, with three distinct entry points. The downtown entryway experience from the east and west along Princeton Avenue is poor but can be improved. The project area is well-defined by the existing street grid.

The U.S. Department of the Interior has listed the downtown historic commercial district on the National Register of Historic Places. The nomination was prepared by Michael J. Pauley and Michael Gioulis of Gioulis and Pauley; the precise boundaries of the

Figure 4.1: The Project Study Area



District are available at the State of West Virginia Division of Culture and History website. The nomination was submitted to the Department of the Interior and approved in 1985.

Exploitation of the Pocahontas coalfields created a boom of population growth and building activity – the remnants of which comprise present day downtown Bluefield. The community initially developed parallel to the Norfolk and Western rail yards, and it was with remarkable speed that Bluefield developed into the commercial, transportation, warehousing and cultural center of the coalfields. Buildings along Princeton were generally developed first and dated from the mid-1890's to the 1940's. Buildings on Bland and Federal Streets and into the historic core of downtown are from a later time period. Bluefield's development history follows a typical development pattern of first building along the primary transportation corridor and then moving away from the center. Downtown was comprised of mostly three- and four-story brick commercial buildings. There are a few taller buildings, the most notable being the 12-story West Virginian Hotel, which today serves as a senior

center. Most of the major architectural styles of the late 19th and early 20th century are represented. The two most prominent building that formerly stood at the project site were the Colonial Theater and the Matz Hotel. The Colonial Theater dated from 1916 and was designed in the Art Deco and Art Moderne styles with a neon marquee and finely detailed lobby. The Matz Hotel, constructed in 1911, was a six-story structure of Italianate design, richly detailed with scroll medallions and egg and dart moldings. Both buildings were lost to demolition in late 2008 due to structure collapse. The Warlick Building, circa 1905, is proposed for integration into the project as an adaptive reuse of the historic structure; providing an opportunity to authentically integrate an historic structure into the project.

The urban fabric of Princeton Avenue has been lost. Nevertheless, references to downtown Bluefield's rich architectural history can be incorporated into the design of the Colonial Intermodal Center. The proximity to the N&S rail yards, the 'Avenue' and downtown historic buildings are all influential design elements. Design elements can also be derived from physical



The Matz Hotel is shown in the red dashed line. With its demise, the site became the location for the Colonial Intermodal Center

reminders of the street car era and Bluefield's rail history, which include the roundhouse, train station and associated design elements.

A massing study was prepared during the analysis of downtown. Massing refers to the scale of space and the relationships of building and spaces to downtown residents, workers and visitors. Massing can refer to individual buildings, the entire downtown, or to a specific area of downtown, such as the vicinity of the intermodal center. Massing is important in how a project relates to the downtown fabric and to the people who are the intended users. To better understand massing of buildings in downtown, the planning team sought information that illustrated the historic building 'footprints' of downtown. A good source of information was discovered in Sanborn Insurance Maps still retained by the city. The 1929 Sanborn map illustrates Bluefield as it enters a frenetic phase of growth. In 1929, the passenger rail station was active and several hotels immediately across Princeton Avenue served arriving passengers. The intersection of Federal Street and Princeton Avenue was dense with buildings crowding the sidewalk; the dense development pattern extended west beyond Bland Street. A few lots along Princeton Avenue between Federal and Scott Streets had not yet developed but the mapping reflects a rapidly growing downtown that is physically oriented to the rail yards and passenger station. The vitality of Princeton Avenue east of Federal Street is reflected in the number of theaters (two), hotels (several) and beer halls and pool rooms (many) all

contributing to a downtown bursting with activity.

Ground studies of massing in 2010 reveal a different reality. Princeton Avenue as a community hub is gone, as is the passenger station. Most historic structures have been lost due to neglect or demolition. Property along Princeton Avenue between Federal and Scott Streets is vacant, except for a parking garage which is scheduled for demolition. The Norfolk & Southern headquarters, constructed in 1948, is architecturally significant and anchors the eastern gate-

Figure 4.2: Bluefield Building Massing in 1929

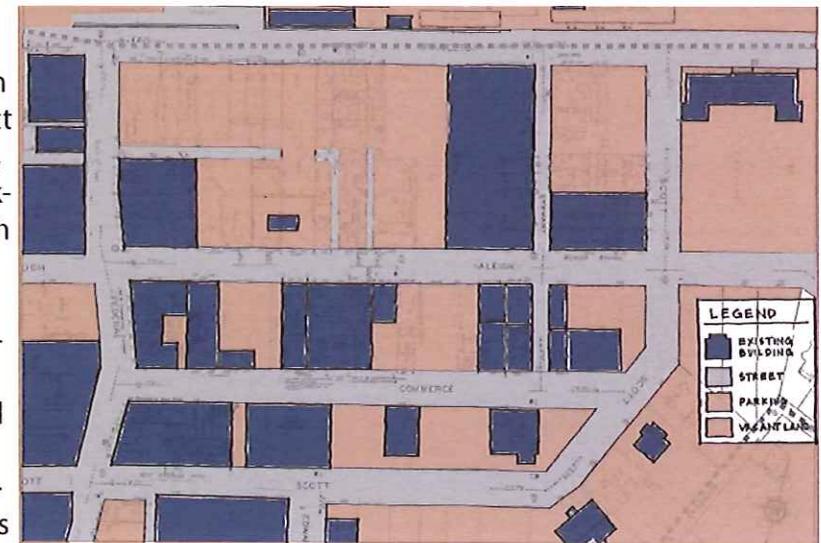
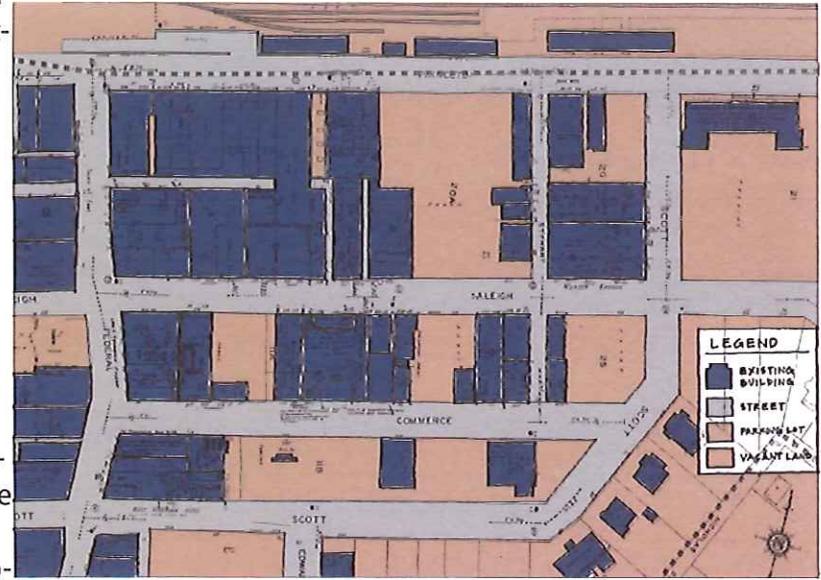


Figure 4.3: Bluefield Building Massing in 2010

way, but does not relate physically to the general vicinity. Downtown will not recapture the building density which established Princeton Avenue as a retail street. However, the project can respect and reflect historic Bluefield in its design approach.

The project site is on Princeton Avenue, a two-way, generally straight and flat state route. The site is surrounded on all sides by city streets. Traffic volumes within the downtown are low and traffic congestion is not anticipated. A portion of Stewart Street may be closed to construct the project. Surface parking is generally available, both on street and in parking lots. The current availability of structured parking will change; both the Princeton Avenue and the Scott Street garage are scheduled for demolition, thus creating more demand for on- and off street parking. All streets in the project vicinity are two-way, except for Federal and Bland which are one-way. Pedestrian circulation is adequate.

The entryway experience into downtown is uneven and needs improvement. The primary entry corridor from the south is generally good; the freestanding clock, where one-way traffic begins, is a positive visual element. Entry from both the east and west along Princeton Avenue is poor, and would benefit from entry improvements.

Bluefield Area Transit (BAT) provides both fixed route and on-call service to a multi-county area. The agency has plans to add routes to serve a larger geographic area as funding and ridership permit. BAT operates two routes through downtown and

two transfer stops are in the downtown. One transfer point operates from an open shelter along Princeton Street; within the project area. The project would significantly upgrade passenger waiting and information facilities in downtown. Greyhound serves Bluefield but does not have a fixed operating station in downtown.

Figure 4.4: Bluefield Transit System

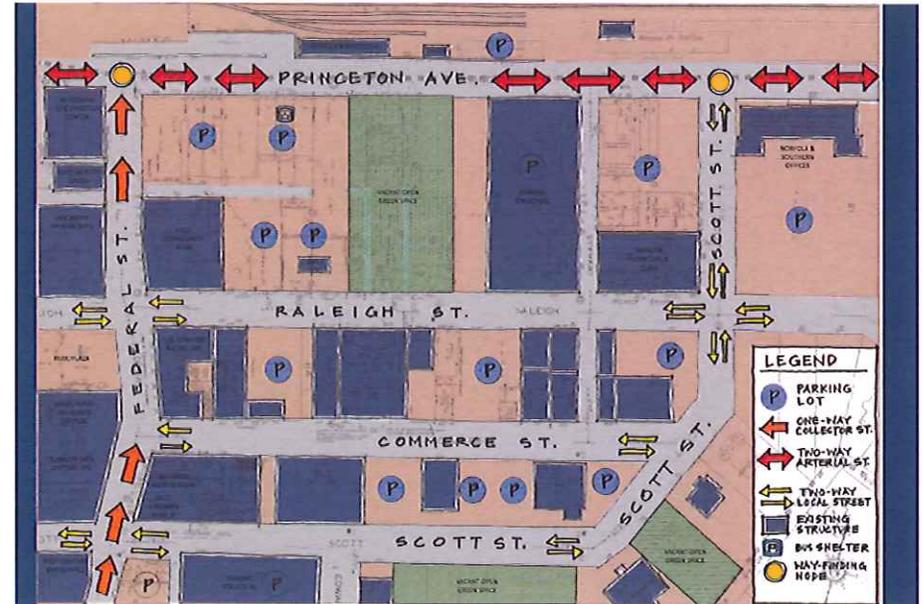
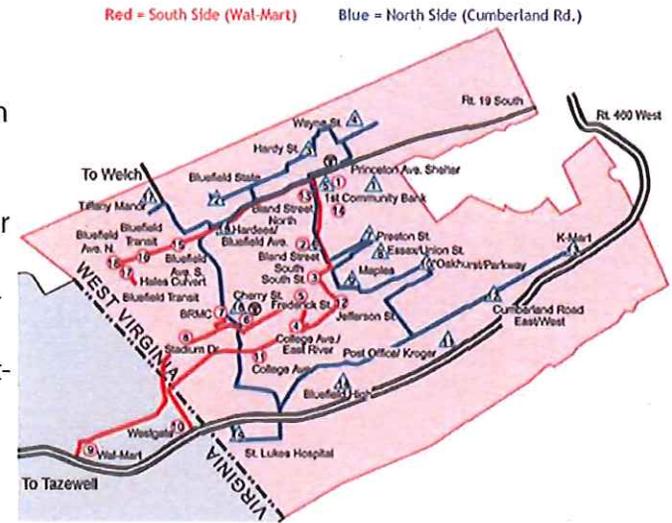


Figure 4.5: Vehicular Circulation in Bluefield



V. Market Analysis

Introduction

This section discusses the methodologies, data, analyses, and findings of a comprehensive market analysis of the City of Bluefield and Mercer County, as well as six drive-time area geographies emanating from an epicenter located adjacent to the site for the Colonial Intermodal Center. The drive-time areas are segmented at five-minutes, ten-minutes, fifteen-minutes, twenty-minutes, thirty-minutes, and sixty-minutes from the epicenter located at the intersection of Princeton Avenue and Federal Street in downtown Bluefield. The drive-times cover the full range of market areas from the primary market, to the secondary market, and the tertiary market for enterprises that have been identified as in “short supply” in the local area. The enterprises identified as in “short supply” have then been stratified into probability of capture ranges on the basis of the suitability of the site, the context of downtown, and the larger competitive environment for the city, the county, and the drive-time areas.

The analysis will discuss the findings of key demographic research including current year estimates and near-term projections (five years into the future). While the bulk of the analyses focus on economics and land uses in the study area, the demographics form the backdrop upon which the economics support the land uses that serve the markets to be discussed. In essence, the built environment of Bluefield is there to serve the needs of the population and households that inhabit the

area. By utilizing historical data, current estimates and near-term projections, the analyses will reveal trends that may not be apparent to the casual observer, but are critical factors for planners and city and county officials to address in conjunction with residents and business owners/operators who will provide the essential, “on the street” viewpoint that is a significant component of any plans for the future of the area.

This section will detail the results of the market analyses for potential land uses on the subject site and in the City of Bluefield, in general. For purposes of the analyses, four primary land uses have been defined; residential, industrial, office, and retail. The definition of a study area and/or the make-up of individual communities can result in one or more land uses being de-emphasized, or conversely, focused on as primary part of the market analyses. In the case of the City of Bluefield, all four land uses have been considered; however, the full range of industrial and warehouse uses have been de-emphasized with regard to the potential range of uses

Plans for redevelopment of Bluefield’s downtown must be grounded in the reality of the marketplace. By understanding Bluefield’s market supply and demand calculations, opportunities for growth can be identified.

for the subject site. In essence, industrial and warehouse uses have been deemed to fall outside of the realm of reasonable alternative uses for the subject site. Residential uses comprise the largest land use in terms of structures and in terms of land area consumed in the city and the county. Office and retail uses encompass a range of structures of varying ages and configurations that represent multiple generations of development encountered in every market area as well as the shifting demands of the local marketplace and the influences of more recent development in adjacent and more distant portions of the competing marketplace that define the general Bluefield market area in West Virginia and the neighboring state of Virginia.

The analyses examine land uses in the context of supply and demand in the marketplace. The emphasis is on the basic relationship of supply and demand. While there is consideration given to household income and the range of goods and services demanded in the local marketplace, that does not mean that all segments of the market are adequately served. From a pure supply and demand perspective, a market may be adequately served, yet specific market segments may feel as if they are underserved. Market segmentation delves more into the “psychographics” of the marketplace and not the basic demographics of the market. A simple example may better illustrate the meaning of this comment. The market may indicate that there is a supply and demand balance for restaurants in the local area yet residents may say that want a restaurant of a particular type. The statement says that the overall supply of restaurants appears to meet market demand, but the results of the analyses do not reveal the apparent absence of a restaurant of a particular type. The “psychographic” analysis that is needed is beyond the scope of this market analysis and is best left to site selectors who can, and do, analyze markets on the basis of specific cultural, ethnic,

and social characteristics that will determine the potential for success for retailers that typically target their products and services to very specific segments of the overall marketplace.

The various analyses described in this report will identify the basic supply and demand characteristics of the overall marketplace. The overall business base of West Virginia has been used to establish the macro-market context within which benchmark comparisons of the local area have been made in order to estimate the degree to which local market demand for retail goods and consumer services is being met by existing commercial enterprises in the Bluefield, Mercer County, and drive-time areas micro-market area.

Following the sections that address the basic land use groups is a short section that discusses some of the prerequisites that are essential to the successful implementation of the recommendations contained in this report. These prerequisites involve the typical components of an economic development program that concentrates its efforts on a specific geographic locale. The areas of local organization, staff, funding, bank financing, and entrepreneurial development are all key components of successful plan implementation and will be outlined in the following section.

Scope of the Market Analysis

Definition of the Study Area

Bluefield is located on the Virginia border in Mercer County, West Virginia. The topography of the area is challenging for urban development, but natural resources, specifically coal and timber, have always been a mainstay of the local economy. Transportation routes have been improved and consist of

four-lane, divided highways and more traditional two-lane thoroughfares; however, an interstate highway connection is approximately three miles east of the City. Rail transportation is a significant part of the local infrastructure as well. Bluefield and Mercer County lie in the heart of the coalfields of south-central West Virginia approximately two hours travel time south of the State Capital in Charleston. The city (and, less significantly, the county) have experienced a long-term, net outflow of population and households as the importance of coal has declined as an energy source for the railroads, utilities, and industry. The map

below provides an overview of the City of Bluefield and portions of Mercer County and gives some perspective of the relative importance of the City of Bluefield in the context of the local marketplace and economy.

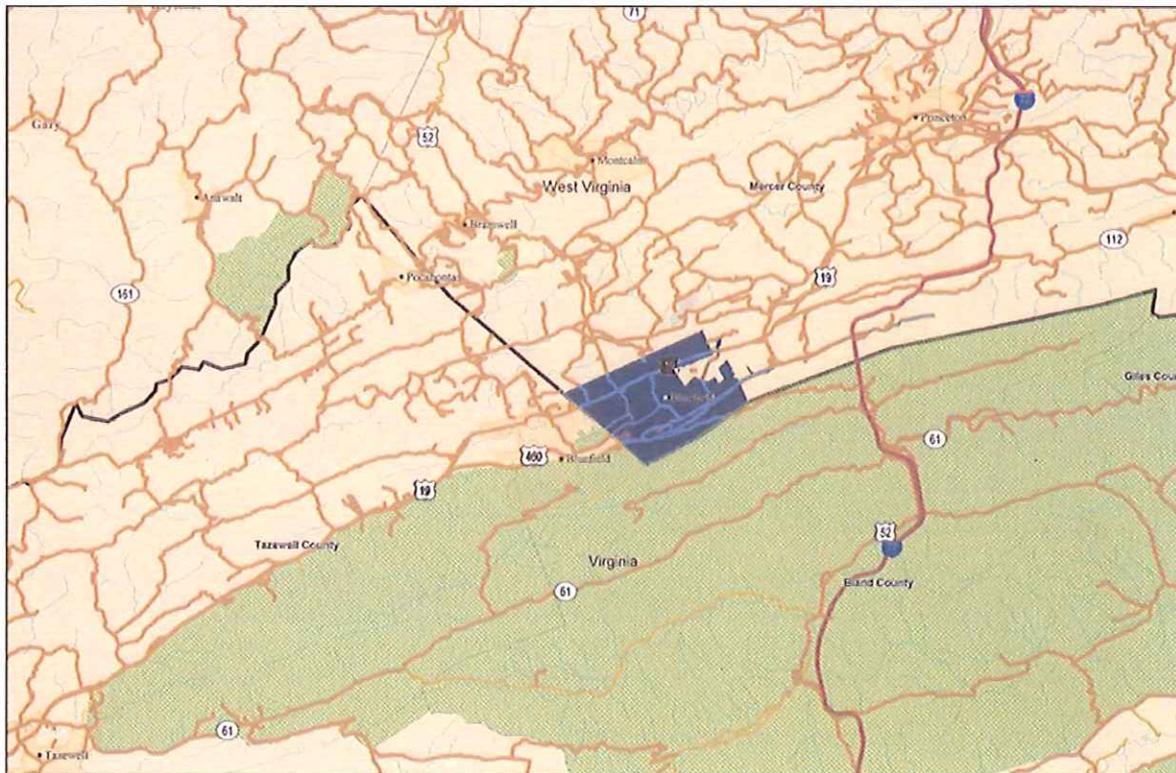


Figure 5.1: Bluefield Location Map

Purpose of the Market Analysis

The purpose of the market analysis is to determine the level of economic activity and the resulting range of potential land uses that can be accommodated in the Colonial Intermodal Center, now and in the future, based on the needs demonstrated by the marketplace.

Objective of the Analysis

The objective of the analysis is to provide market-based information that will enable officials of the City of Bluefield to develop plans for the development of the Colonial Intermodal Center. The analysis will assist the city in developing strategies, initiatives, and plans to serve the needs of residents of the community and provide for business opportunities that meet market demand.

The Basic Question(s) to be Answered

The basic analytical questions to be answered in the market analysis are:

1. What is the current status of Bluefield and how competitive are existing developments?
2. What are the consumer and business needs in the community?
3. What business opportunities could be developed on the basis of market demand?
4. What business opportunities can be accommodated on the subject site?
5. How will trends for the future influence land use needs in the study area?

What Analytical Methodologies Have Been Used in This Analysis

The methodologies applied in this analysis include the use of both primary research and secondary data. Demographic data has been obtained from several public and proprietary sources that have been identified throughout this report. Basic quantitative methods have been applied to develop useable information from the data that has been obtained. Of course, the analyst's observations, judgment and conclusions are also contained in this report. At several points in the following sections of this report, the reader may be asked to refer to the Appendices. There is data and information contained in these tables that is a fundamental component of the analyses described in the narrative, but too detailed to be included other than by reference. The reader is asked to take the time to review the tables included in the Appendices because they are the basis of the commentary contained in the report.

The secondary data used throughout this report has been compiled by MARKET METRIC\$ LLC (MMLLC) from data supplied by DemographicsNow.com. The data source is widely recognized and utilized by site selectors for retail and consumer service businesses throughout the nation. The tables and their underlying formulas are those created by MMLLC. The maps that appear in the report and the appendices have been supplied by DemographicsNow.com.

The Level of Market Analysis in the Colonial Intermodal Center Study

The level of market analysis that best describes the overall effort is a Level "D". This is the most in-depth level of market analysis. There are two areas of the study that do not reach the same levels of depth in this analysis. First, "subject attributes" are specific to the analysis although the study area overlays the entire city, the county, and their context market areas of influence as defined by the drive-time geographies that have been analyzed. The parcels comprising the study subject could be employed for a range of potential primary uses that complement and support an intermodal center. The basic results of the analysis could be applied to multiple parcels in the immediate vicinity of the study site. It will be the task of the community and local property owners, in conjunction with government officials and planners to determine the best uses for the proposed intermodal center from the range of uses for which a potential market has been concluded.

This study analyzes land use potential by employing market driven evaluation criteria. In order to carry out this analysis, it is necessary to understand the concept of highest and best use. Highest and best use analysis is a key concept in determining a property's market value. According to the Appraisal of Real Estate Twelfth Edition (Appraisal Institute, Chicago, 2001) highest and best use is defined as follows:

Inferred Demand Studies				Fundamental Demand Studies			
Level of Study	A	B	*	Level of Study	C	D	*
Inferred subject attributes				Quantified subject attributes			Y
Inferred locational determinants of use & marketability by macro analysis				Quantitative and graphic analysis of location determinants of use & marketability by macro and micro analysis			Y
Inferred demand from general economic base analysis conducted by others				Demand derived by original economic base analysis			Y
Inferred demand by selected comparables				Forecast demand by subject-specific market segment & demographic data			Y
Inferred supply by selected comparables				Quantified supply by inventorying existing & forecasting planned competition			Y
Inferred equilibrium/highest and best use and capture conclusions				Quantified equilibrium			Y
Emphasis is on:				Emphasis is on:			
• Instinctive knowledge				• Quantifiable data			Y
• Historical data				• Forecast			Y
• Judgment				• Judgment			Y
*Y - Indicates the methodologies, tools and techniques applied in this study.							
Formatted by MARKET METRIC\$ LLC from a table in Market Analysis for Valuation Appraisals, Appraisal Institute, 1994, Page 21, ISBN 0-922154-18-X							

“The reasonably probable and legal use of vacant land or an improved property, that is physically possible, appropriately supported, and financially feasible, and that results in the highest value.”

The areas of “highest and best use” and “market capture” are both site specific. The ultimate highest and best use(s) will be determined by the officials of the City of Bluefield, planners, business owners, and residents in the study area working in conjunction with each other to achieve the objectives of the master plan study of which this market analysis is a part. Market capture has been concluded on the basis of site-specific characteristics that enable the market capture to be estimated on the basis of a competitive analysis of specific project attributes relative to the context of the site’s location and existing competition in the marketplace. A series of project phases that work together to achieve a set of objectives over a period of time is envisioned. The larger study and the conclusions of this market analysis should be revisited every time a new project phase is proposed in order to assess the individual phase’s ability to help achieve the original objectives of the plan and to help assess and update overall market risks.

Highest and Best Use Analysis

Highest & Best Use Criteria

The analysis of highest and best use is based on four fundamental tests. In order for a given use to be considered the highest and best use of a site, affirmative answers must be concluded for all four of the fundamental tests:

1. Legal Permissibility

What uses are currently permitted and could any additional uses be permitted with reasonably probable zoning changes?

2. Physical Possibility

Can the site be economically developed and will it adequately support anticipated improvements?

3. Financial Feasibility

Will the site as improved have a market value that justifies the cost and provides a sufficient entrepreneurial return to take the risk of development? A project is not economically feasible unless the rental rates and/or sales prices are sufficient to repay the costs of land acquisition and construction, plus provide an entrepreneurial return on investment sufficient to justify the risk associated with that investment.

4. Maximum Profitability

This test asks the question: among financially feasible alternatives, which alternative returns the maximum value to the underlying site? Different land uses result in different values for underlying land.

Land uses can be described in levels of intensity. The more intense the land use, the higher the land value. This concept must work in conjunction with financial feasibility. Therefore, an alternative land use must be financially feasible before it can be measured for maximum profitability.

Prerequisite Conditions of Highest & Best Use

The four fundamental tests are applied under the assumptions of two prerequisite conditions. These conditions are as follows:

1. The site as vacant.
2. The site as improved.

The four fundamental tests are applied to a site under each of the two conditions. This set of tests enables the analyst to determine if any current improvements contribute to the value of the underlying site (consistent with highest and best use) or do not contribute to the value of the underlying site (inconsistent with highest and best use).

These tests can be applied to vacant sites as well as improved sites. In the case of improved sites, the results of the analysis indicate whether existing improvements contribute to value, in which case the site is improved to its highest and best use. Alternatively, if the improvements do not contribute value, they no longer represent the highest and best use of the underlying site. The clearest demonstration of this concept is an improved site that has a market value for land and buildings that is less than the market value of the underlying land if it were vacant and available for new development. In this case, the improvements do not contribute to the value of the property, but actually represent a demolition liability. The highest and best use



The site of the proposed Colonial Intermodal Center

of the underlying site may be a different use than the property as currently improved; it is the value for this anticipated future use that must exceed the value of the property as currently improved for the scenario described herein to represent a case for a new or different highest and best use in the marketplace.

Application of Highest and Best Use to the Colonial Intermodal Center Site

Since this market analysis deals with a specific site and a specific proposed project, the four tests of highest and best use have been rigorously applied and form the theoretical framework in which all of the potential alternative land uses in the Colonial Intermodal Center market area have been analyzed in the context of the current market. The immediate market area for the proposed Colonial Intermodal Center could be described as fully developed so the four tests of highest and best use have been successfully applied, historically, throughout the area.

Residential uses have been examined in detail. This is the largest single land use in terms of structures and land areas in Bluefield as it is in most urbanized communities. The various neighborhoods that comprise the area exhibit a variety of construction dates, construction types, housing sizes, ages, and conditions. The housing inventory, in general, is smaller and more densely grouped than is typical of residential development, to-

day. These observations do not mean that the housing inventory does not represent the highest and best use of the underlying land, but it does mean that any infill development that may be suggested would likely produce housing products that may only appeal to a niche market of potential buyers, or renters, who prefer a more urban lifestyle. The age and overall condition of the housing inventory may make it difficult to obtain market prices for any infill products that would justify the cost of construction and produce a reasonable market profit for the effort. Thus, infill development may not be justifiable on the basis of the tests of highest and best use without supportive efforts to revitalize the neighborhood(s) that form the context for any new construction. In essence, do the market values of existing housing units appear to justify the value of new construction in the local marketplace today or not; i.e., the test of market feasibility for new housing.

While new housing for growth does not appear to be necessary in Bluefield, new housing for inventory replacement cannot be overlooked. The inventory of housing in the local marketplace appears to be super-adequate (supply is greater than demand) for current and near-term market demand; nevertheless, the composition of the inventory must be evaluated and some new housing units introduced periodically in order for the housing in Bluefield to maintain its competitiveness in the local marketplace. A target replacement rate of at least one percent (1%) of the existing inventory annually is a desirable threshold rate for maintaining the vitality of the housing inventory. This threshold rate essentially means that a typical housing unit will remain in service for approximately one hundred years; an optimistic projection.

Industrial uses have been given a cursory consideration in the course of this market study. Industrial uses in the defined study

area are limited and appear to represent historical iterations of development in the vicinity, but do not appear to represent a land use consistent with the highest and best use of sites now and in future land use discussions in the downtown area. Historically, the industrial base of the community appears to have been much more significant than it is today. The railroad routes that traverse downtown Bluefield provided support to a number of structures that housed industrial and/or warehousing companies in the past. A few light industrial uses are still present on the landscape, but many of the existing structures along the railroad represent physically deteriorated and functionally obsolescent improvements that have a low probability of economically sustainable uses in the future. Even if the sites of these obsolescent structures were cleared for redevelopment, they would only support small-scale industrial structures in today's market, assuming there is any market demand.

Office uses are a primary land use in the traditional "downtown" area of Bluefield. For the most part these office uses occupy older, traditional office structures with a few more modern buildings and structures that have been converted from other uses to serve as office space. The typical office occupant is a unit or agency of government, a small company, professional practice, service provider, or financial institution that has located in Bluefield to serve the immediate community. The nature of the built environment and the local market limit the potential for many larger-scale office uses outside of financial services, government and/or health care service providers.

Finally, retail uses are the final component of the built environment in Bluefield. Newer replacement retail epicenters have emerged elsewhere in Mercer County and across the state line in Bluefield, Virginia that have effectively replaced downtown Blue-

field as a retail location. These newer, competitive venues have relegated the traditional “downtown” in Bluefield to a market position of marginal retail significance. Downtown has become the site for amenity retail support for the concentration of public, private, and institutional office uses in “downtown” and as a low rent location for small-scale, locally owned and operated businesses. The built environment in “downtown” is still encumbered with obsolescent improvements that supported retail enterprises when the City and the County had significantly larger populations as well as an absence of modern, fully functional alternative retail venues in the local marketplace. Bluefield’s poor proximity to major interstate highway routes, and the retail alternatives located along these major thoroughfares also affect the ability of the city, and the county to a much lesser extent, to attract and support a more intense concentration of retail businesses.

Unfortunately, the traditional heart of “downtown” Bluefield will never have the market prominence or be able to support the range, or intensity, of land uses that it did in the past. This does not doom “downtown” Bluefield to an inevitable fate of disrepair and abandonment, but it does mean that the built environment is likely to change significantly in the future with new develop-

ment of a lower density and more supporting site areas to accommodate modern forms of transportation.



Summary of Market Analysis Findings

The following observations and conclusions summarize the analysis of the market in support of the proposed project.

Employment & Employers

The countywide employment and employer market has been reviewed as well as the market for non-employers. The key points of the review are:

- Overall private sector employment dropped in Mercer County as did total private sector employers between 1998 and 2008.
- The only major expansion of employment was in the category of “Accommodation and Food Service” (+327) although the City of Bluefield does not appear to have captured any of this growth – the number of employers in this category actually only increased by (+3) during the period.
- Overall non-employers grew in Mercer County by (+305) with the growth concentrated in two categories – “Administration, Support, Waste Management, Remediation Services” (+103) and “Health Care and Social Assistance” (+101).

Retail & Service Businesses

The market has been analyzed within the context of the city, the county, and six drive-time market areas from five minutes drive-

time up to sixty minutes drive-time with the primary focus in the time range from five minutes up to fifteen minutes where there is less overlapping competition. The key points of the review are:

- Most categories of retail businesses and services are available in adequate or super-adequate quantities to meet typical, estimated market demand.
- Categories of market demand that appear to be underserved are indicated by the colored bands and “percentages of market served” in Tables 10 and 11 in the appendices.
- Some of the categories have a very low likelihood of fitting in the proposed intermodal project, downtown, or the city in general.
- Some potential opportunities could find a home in the proposed project and/or the downtown in general.

Available Space and Functionality

The key points of the review are:

- The downtown area appears to have a super-adequate supply of space for retail, service, and office based enterprises. The space is relatively old, is in varying levels of disrepair and suffers from serious functional obsolescence for many modern retail and service uses.
- The market appears to be in significant oversupply as observed by current vacancies.
- Many former retail spaces are no longer functionally adequate for modern, chain retailers and this problem

is compounded by the low traffic volume thoroughfares that traverse the downtown area.

- A state of disrepair eliminates a percentage of downtown space from consideration for any use and the costs of repairs are likely in excess of the levels that can be justified by market rents.
- Given the age and condition of the existing, built environment, rental rates being obtained are likely well below the threshold for the feasibility for new construction.
- The market could possibly embrace a new venue in downtown, but the rental rates needed to justify the cost of construction could present a significant challenge.

The Larger Community

The key points of the review are:

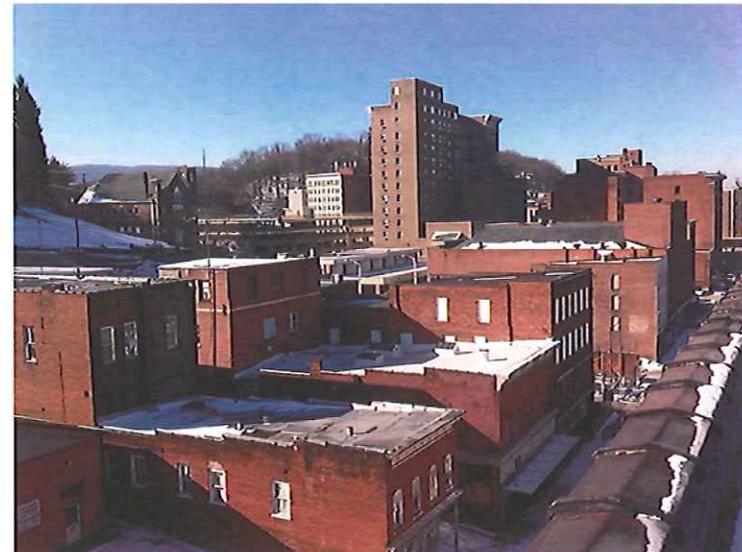
- Bluefield has suffered from substantial and chronic population and household losses. Between 1990 and 2000 both the city and the county lost population; however, sixty-five percent of the county’s population losses are explained by population losses with the City of Bluefield. The city is aging and people of working age, and predisposition, are in relatively short supply.
- Virtually all age brackets of the population from youngest to oldest are in long-term decline.
- Households are declining as well, although some preliminary data from 2010 suggests that the near-term projection in the market analysis may not be too dire.

- Although there has been, and is projected to be, household growth in the category of “four person households,” approximately 37% of all households in the city today contain only one person and this percentage is expected to grow to almost 40% by 2014.
- The workforce participation rate for households in Bluefield and Mercer County is low by all external comparisons with an average of less than one worker per city or county household – this compares to an average of 1.13 workers per household for the state and 1.38 workers per household for the nation.
- Workforce participation correlates directly with household income demographics – another impediment to business expansion
- Businesses may be forced to bring their labor force with them to Bluefield and/or the vicinity, whether they are expanding or recruiting new employees.

Housing

- There is an oversupply of housing in Bluefield and Mercer County – Table 9 in the appendices captures the details of the analysis.
- The housing inventory in the city may suffer from competitive disadvantages due to age and obsolescence.
- Derelict housing is not being removed from the landscape in sufficient numbers to preserve or protect affected neighborhoods and to free sites for residential redevelopment.

- Bluefield needs to reduce its housing inventory by approximately 800 units to restore a typical supply-demand balance to the market.
- The supply-demand balance is an essential prerequisite to price stability and value growth over time.
- The number of renter-occupied single-family housing units tends to suggest a weak sale market.
- With few if any opportunities to introduce new, modern housing in new subdivisions, Bluefield must find ways to redevelop residential areas for new housing.
- Senior housing may be a specific subset of the housing market that could be attractive to existing or new Bluefield residents.



Downtown Bluefield from the roof of the Warlick Building

VI. Alternatives Development

Evaluating Options & Selecting a Path Forward

Three alternate development scenarios were prepared. Two of the concepts were variations of a similar design theme and the third was a different scheme to develop the site. All alternatives focused on the principle objective of the project – to redevelop this area of downtown as a mixed-use Transit Oriented Development (TOD) project that covers an approximately two square block area. Bluefield focused on alternatives that would accomplish several important objectives:

- Demolish the current parking garage;
- Provide new transit facilities along Princeton Avenue to serve a transit-dependant population;
- Provide building pads for investment by the private sector;
- Construct a gathering area for activities and events; and
- Bring new jobs and people to downtown.

Other objectives were important as well: the redevelopment strategy had to reconnect the Colonial site with the core of the

Three options for development of the Colonial Intermodal Center were prepared. Common elements to all three were a transit component; public areas; development sites; an interpretive component; and streetscape improvements.

downtown, proposed architecture had to complement the strong character of downtown buildings and the rail and coal history of Bluefield needed to be respected and interpreted. All objectives were achieved in the alternatives.

Each alternative shares similar elements in the development program. Transportation facilities for Bluefield Area Transit were

provided by new transit stops and waiting areas along Princeton Avenue, significantly improving service to transit patrons. Two alternatives provided a large circular plaza themed off a railroad roundhouse. Coal and rail heritage interpretive opportunities are offered in the plaza and a circular trellis around the perimeter of the plaza provided a vertical element. At the center of the plaza alternatives was a suggested full-size 'ghost' of a steam engine, reflecting Bluefield's importance in rail. The third alternative organized the central space perpendicular to the Avenue and does not include a central plaza. At the core of all alternatives are several large development pads that can support a variety of uses, including educational, institutional, social services and retail. Development pads vary from 6,000 to 12,000 square feet in size for a single-story building. The sites are supported by full infrastructure, convenient parking, high speed internet, attractive public spaces, walkways and landscape areas – all provided within a carefully prepared

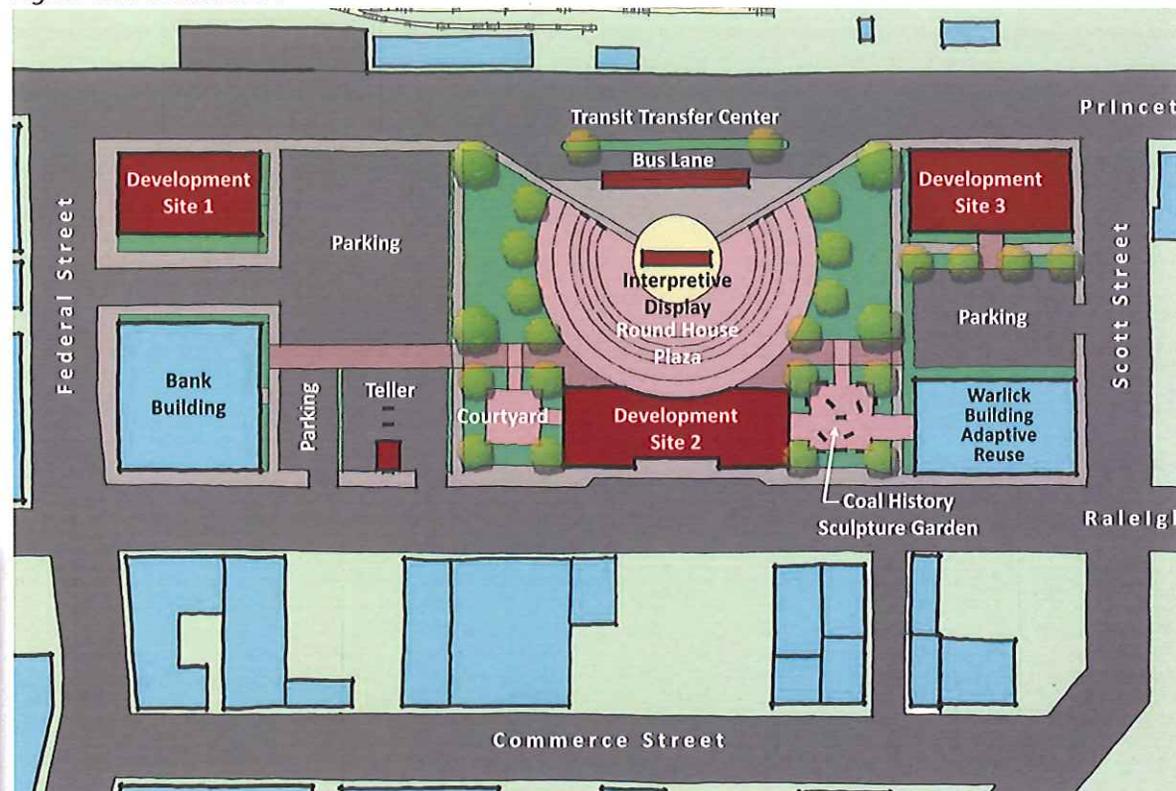
master plan. Each alternative proposed an adaptive reuse of the Warlick Building – a national Register Structure dating to c. 1905. Potential reuse alternatives are arts space, retail, small business offices, housing and interpretive space.

All of the alternatives respond to the historic importance of Princeton Avenue as the commercial and entertainment heart of Bluefield. The alternatives do not attempt to mimic the past, but to reinterpret downtown in new, smart and sustainable manner. A summary description of each alternative follows.

Alternative 1 Key Elements

- The roundhouse form is incorporated in a generous central plaza. The plaza creates a destination for this part of downtown and is intended to reflect and honor Bluefield's railroad heritage which is emphasized by proximity to the rail yards and Norfolk and Southern headquarters building. Pavers are used to delineate the traditional roundhouse floor plan.
- The roundhouse plaza is surrounded by outdoor spaces including gardens and walking areas. A pergola may circle the plaza perimeter providing vertical definition and some sun cover.
- Transit service is provided along Princeton Avenue. A covered transit

Figure 6.1: Alternative 1



- shelter, possibly themed to reflect the long vanished passenger station, runs parallel to Princeton Avenue. Bus lanes are provided on the plaza side of the open air transit shelter.
- The plaza includes interpretive panels which explain the development of the coal industry, railroad history and Bluefield's role in the industrialization of West Virginia and the nation.
- 'Vito's Alley' (Stewart Street) is improved with interpretive panels describing this rough and tumble part of downtown. Pedestrian connections along the Alley to Commerce Street are strengthened.
- The existing parking garage at Scott Street and Princeton Avenue is removed.
- Three sites for development are provided along the perimeter of the project. The largest site is located adjacent the plaza, two other sites are

Figure 6.2: Alternative 2

located along Princeton Avenue at Federal Street and Scott Street.

- The Warlick Building is renovated for adaptive reuse at current building standards, while preserving its special characteristics. A new façade is placed along the Princeton Street elevation providing access and an attractive face. Building reuse opportunities include coal and railroad archival space, arts space, residential lofts and office or educational space. An observation space overlooking the rail yards and the imposing concrete coal wharf is recommended.
- Homage to rail is represented by a full-sized 'ghost' framework of a coal locomotive, possibly from the steam era. This powerful element is a structural counterpoint to Development Site 2 which is set along Raleigh Street.
- Streetscape, landscape and walkway improvements are made through the development site.
- Modifications to the current bank teller drive through are required to enable project development to occur.



Alternative 2 Key Elements

- This alternative mirrors the basic form of Alternative 1, but has a more densely built central core. Four development sites flank the central plaza; two smaller sites that are adjacent, but set back from Princeton Avenue and two larger sites that anchor the southwest and southeast corners of the plaza. This configuration creates a more defined and urban space within the plaza.
- Development sites are organized to provide variety and flexibility of proposed uses, and might include retail, office, educational or social services. This mixed-use development scheme can be unified by flexible but overarching design guidelines that address building form, massing and materials.
- A pedestrian corridor is possible from Raleigh Street between the two larger development sites. Alternatively, the two large sites could be 'bridged' with a building in this area, creating a more

solid backdrop when looking through the plaza from Princeton Avenue.

- Relocation of the current bank teller drive-through is required to enable project development to occur. A proposed site for the relocation of this structure is the northwest corner of Federal and Raleigh Streets. If the drive-through were not relocated here, this site should be used as a redevelopment site for a more conventional building.

Features that Alternative 2 shares with Alternative 1 include:

- The roundhouse form is incorporated in a generous central plaza. The plaza creates a destination for this part of downtown and is intended to reflect and honor Bluefield's railroad heritage, which is emphasized by proximity to the rail yards and Norfolk and Southern headquarters building. Pavers are used to delineate the traditional roundhouse floor plan. A pergola may circle the plaza perimeter providing vertical definition and some sun cover.
- Transit service is provided along Princeton Avenue. A covered transit shelter, possibly themed to reflect the long vanished passenger station, runs parallel to Princeton Avenue. Bus lanes are provided on the plaza side of the open air transit shelter.

- The plaza includes interpretive panels which explain the development of the coal industry, railroad history and Bluefield's role in the industrialization of West Virginia and the nation.
- 'Vito's Alley' (Stewart Street) is improved with interpretive panels describing this colorful part of downtown. Pedestrian connections along the Alley to Commerce Street are strengthened.
- The existing parking garage at Scott Street and Princeton Avenue is removed.
- The Warlick Building is adaptively reused and brought up to current building standards, while preserving its special characteristics. A new façade is placed along the Princeton Street elevation providing access and an attractive face. Building reuse opportunities include coal and railroad archival space, arts space, residential lofts and office or educational space. An observation space overlooking the rail yards and the imposing concrete coal wharf is recommended.
- Homage to rail is represented by a full-sized 'ghost' framework of a coal locomotive, possibly from the steam era.
- Streetscape, landscape and walkway improvements are made thorough the development site.

All alternatives focus on the principal objective of the project--to develop this area of downtown as a mixed-use transit oriented development (TOD). Each alternative provides several sites for development and recommends an historic adaptive reuse of the Warlick Building.

Alternative 3 Key Elements

- This alternative incorporates a different design approach than Alternatives 1 and 2. The overall design scheme is linear and features two perpendicular axes, one running parallel to Princeton Avenue and the other perpendicular through the site oriented to Commerce Street.
- The transit element is set back from Princeton Avenue and is more integrated into the site. A bus waiting area is provided immediately in front of the open air transit station; passengers are not forced to cross a bus travel lane to access the transit shelter. As in Alternatives 1 and 2, the Transit Center could be architecturally themed to reference the former passenger station.
- A linear central element bisects the site. The central element is a parking area which is accessed from Raleigh Street, and is surrounded by planted areas and walkways connecting different parts of the overall project.
- The northeast quadrant of the site, bounded by Scott, Raleigh, Princeton and the central plaza, are recommended for dense mixed-use development. One, two or more buildings are possible depending on their size and organization. A small plaza area can provide pedestrian circulation and areas

Figure 6.3: Alternative 3



- for sitting within the building complex. The development sites are organized to provide flexible options for potential uses that might include retail, office, educational or social services. This mixed-use development scheme can be unified by flexible but overarching design guidelines for form, massing and materials of buildings.
- Parking is provided in several areas: immediately behind the Warlick

Building, within the central plaza and in the western portion of the site.

- A stand-alone building is recommended for the corner of Federal Street and Princeton Avenue, and might be used for retail, social services, educational or other complementary uses.
- Relocation of the existing bank drive through teller is not required.

Features that Alternative 3 shares with Alternatives 1 and 2 include:

- A small outdoor plaza within the cluster of buildings provides limited opportunities for interpretive panels which explain the development of the coal industry, railroad history and Bluefield's role in the industrialization of West Virginia and the nation.
- "Vito's Alley" (Stewart Street) is partially intact; proposed buildings may close it short of Princeton Street. Nevertheless, much of it remains and could be improved with interpretive panels describing this colorful part of downtown. Pedestrian connections along the alley to Commerce Street are strengthened.
- The existing parking garage at Scott Street and Princeton Avenue is removed.
- The Warlick Building is adaptively reused and brought up to current building standards, while preserving its special characteristics. A new façade is placed along the Princeton Avenue elevation providing access and an attractive face. Building reuse opportunities include coal and railroad archival space, arts space, residential lofts and office or educational space. An observation space overlooking the rail yards and the imposing concrete coal wharf is possible.
- Streetscape, landscape and walkway improvements are made thorough the entire development site.

Alternatives Evaluation

- An evaluation of master plan alternatives based upon project goals and design criteria was completed by the project team. The team used an evaluation process that assess each alternative for their effectiveness in achieving project goals, and were scored as fully meeting goals, partially meeting goals or not meeting goals. The results of this evaluation are depicted on the following matrix.
- The project Steering Committee held two meetings to evaluate and discuss the three alternatives. The meetings were held in early 2011 and each meeting included representation and participation by the public. The Steering Committee evaluated each alternative against the goals stated for the project and the criteria established in the evaluation matrix. The Steering Committee concluded that Alternative 2 best met the project goals and design criteria. It was a consensus agreement of the Steering Committee to recommend Alternative 2 to the Bluefield Board of Directors for adoption.

Objective	Alternative 1	Alternative 2	Alternative 3
Visionary, but achievable			
Genuine to the spirit and history of Bluefield			
Ability to implement in manageable phases			
Strengthens physical connections to downtown			
Creates opportunities for interpretive exhibits			
Optimum eligibility for federal funds			
Can bring a critical mass of people downtown			
Provides a destination for outdoor gathering and activities			
Stimulates private investment in downtown			
Minimizes impact on existing businesses			
Legend			
Fully meets criteria Partially meets criteria Does not meet criteria			

It was the consensus of the Steering Committee that Alternative 2 best met goals established for the project. An important factor in selecting this alternative was its emphasis on providing locations for private investment and development.

VII. Master Plan

Rebuilding the Fabric of Downtown

A primary objective of the Colonial Intermodal Center is stimulating economic development in downtown Bluefield. Success will be measured in new jobs created, current jobs retained, and how effectively Bluefield returns to productive use underperforming parts of downtown.

The Master Plan describes a bold, but attainable, vision for revitalizing an important part of downtown. Successfully implementing the plan

requires Bluefield to forge durable partnerships with federal, state and local agencies, along with private investors.

Master Plan illustrations in this chapter include:

- Master Plan perspective;
- Master Plan (plan view);
- Warlick Building facade treatment alternatives.

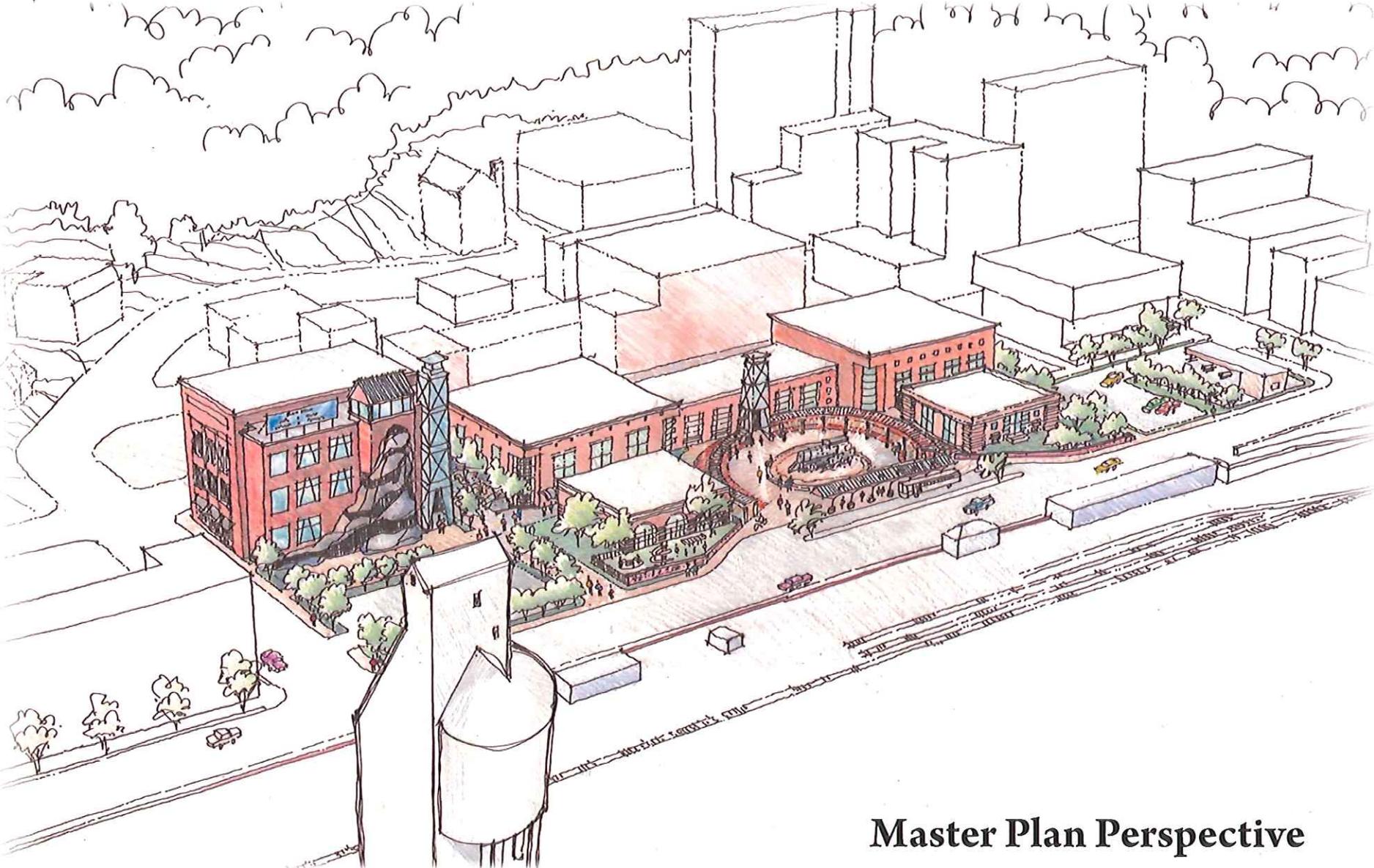
Bluefield - 2010



Bluefield - 2020

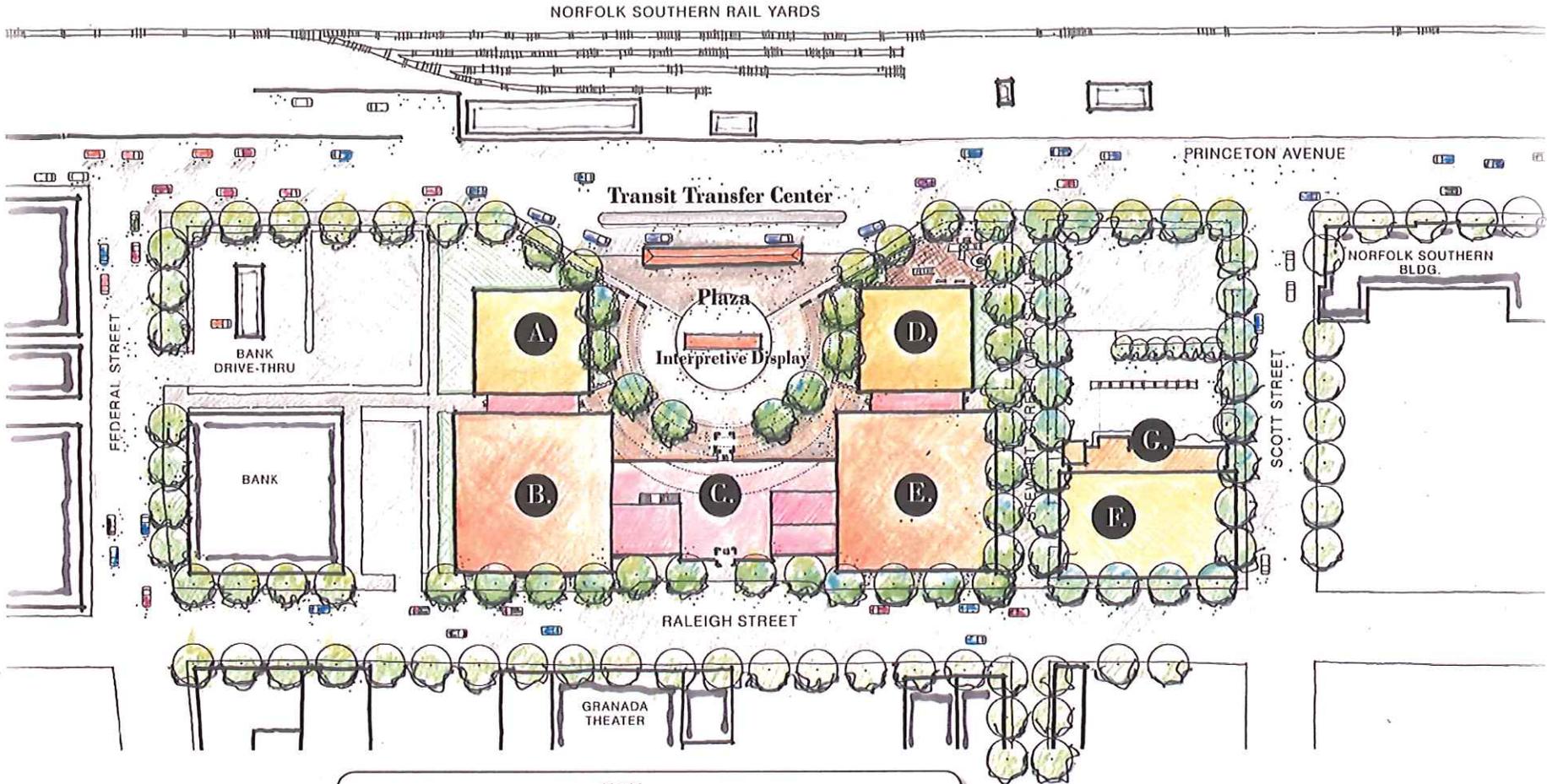


Figure 7.1: Master Plan Perspective



Master Plan Perspective

Figure 7.2: Master Plan

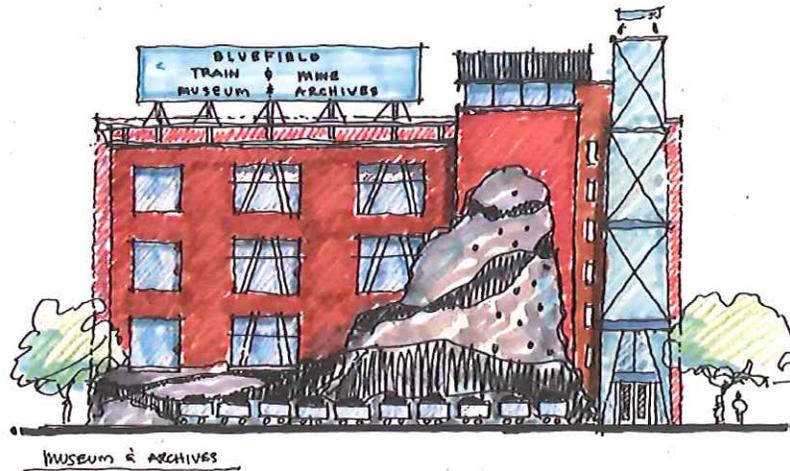


KEY

A DEVELOPMENT SITE A (6,000 SF)	E DEVELOPMENT SITE E (10,000 SF)
B DEVELOPMENT SITE B (10,000 SF)	F ADAPTIVE REUSE (WARLICK BLDG.)
C DEVELOPMENT SITE C (8,000 SF)	G FACADE ADDITION (2,000 SF)
D DEVELOPMENT SITE D (6,000 SF)	

Master Plan

Figure 7.3: Warlick Building Facade Treatment Alternatives



The circa 1905 Warlick Building is an excellent candidate for renovation and adaptive re-use. It occupies an important location in the overall plan and provides an authentic anchor to the site. Potential uses include business space, lofts, museum and archive space, arts space and related uses. The building is a repository for the many artifacts and relics of a long and successful family-owned and operated local business and is emblematic of the rich architectural fabric of downtown.



Warlick Building Facade Treatment Alternatives



VIII. Implementation, Phasing & Funding Sources

Implementation

Bluefield's Colonial Intermodal Center is a bold statement for revitalization. The project is complex, it will be expensive and it will take time. Implementation will occur in steps, small and large, that will move the vision to reality. Each step along the way must add benefit and value to the overall effort to ensure the community and potential partners see progress building along the Avenue. Achieving the full vision expressed in the master plan within 10 years would be a tremendous success.

Projects of this size and complexity have many requirements, but the three most critical are leadership, funding and investors.

Leadership

The Colonial Intermodal Center will need a champion, and that champion is the city. Bluefield must make a commitment to carry this project forward with leadership, staff support and other resources such as active involvement from Bluefield Area Transit. The project must have an assigned 'home' within City Hall where a capable and experienced staff member is responsible for leading implementation efforts. The Board of Directors, Planning Commission, Historic Landmarks Commission,

Downtown Merchants Association and others must be fully informed, and involved, in implementation.

Funding

Bluefield is not capable of funding the project alone. A principle strategy of the master plan is for Bluefield to seek federal and state funding to allow the master plan 'framework' to be constructed. The 'framework' – land acquisition, demolition of the existing parking garage, utility and infrastructure improvements, streetscape improvements and site preparation and professional services are eligible costs for several federal and state funding sources. With a master plan, site and infrastructure 'framework' in place, Bluefield will have a destination to market to potential tenants or partners. Bluefield is committed to seeking public funding by developing a smart project, being a responsible local partner to the federal and state government and committing local money to the effort. If Federal Transit Administration (FTA) funding is possible, FTA's joint development guidelines provide a powerful tool for public and private development agreements.

Investors

Attracting partners to invest in the Colonial Intermodal Center is an imperative. Bluefield is structuring the project to manage risk on the public side by creating an attractive development destination for a wide variety of other uses. The market analysis concluded there is not a latent demand for retail or service business in the community at this time. As a result, the initial targeted land uses for the project are governmental, educational, social service, and tourism-related. There is a good potential for limited retail uses in a later phase of the project as a larger workforce population becomes available.

The diagrams that follow show a phased approach to implementing each of the major components of the overall master plan.

Phasing

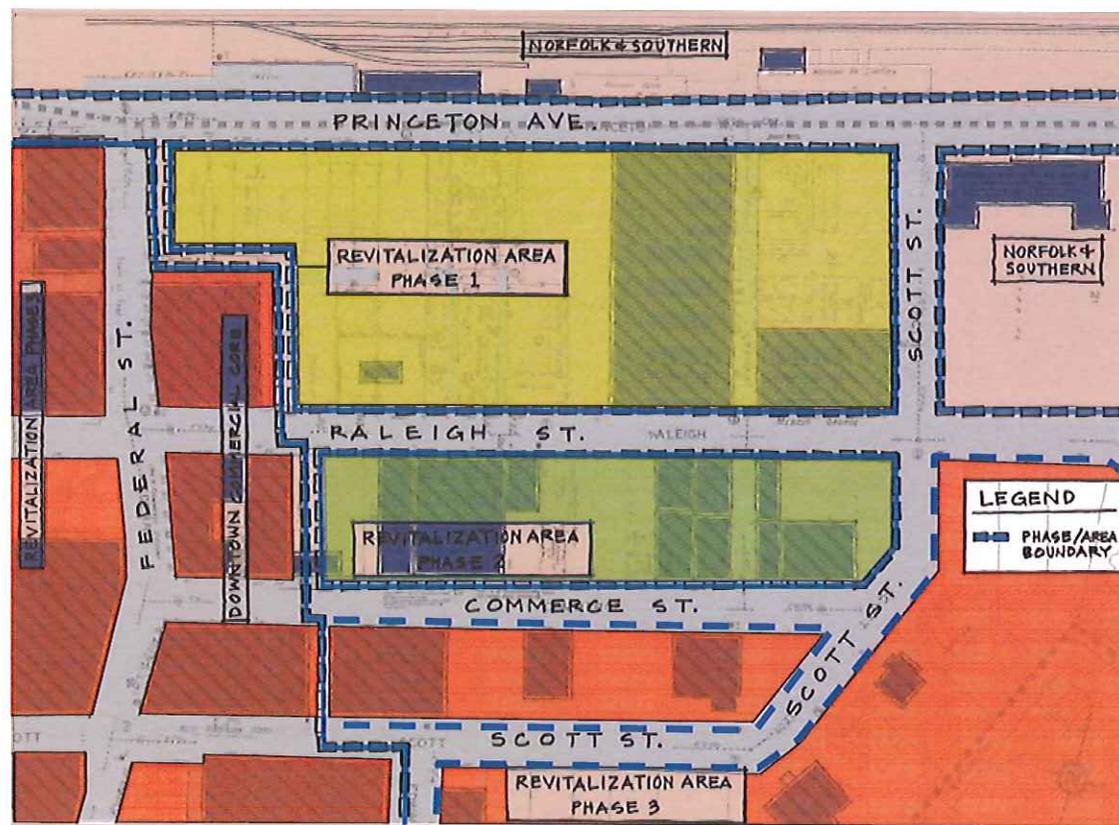
The phasing plan shown at right depicts a multi-phase project extending beyond the limits of the Colonial Intermodal Center site and into downtown Bluefield. Development of the Colonial Intermodal Center is part of a larger strategy envisioned by Bluefield leaders as part of an overall revitalization plan for downtown. The phasing plan shows three primary phases:

- Revitalization Area - Phase 1 - bounded by Princeton Avenue to the north, Raleigh Street to the south, Federal to the west and Scott Street to the east.

- Revitalization Area - Phase 2 - the area defined by Raleigh Street to the north and Commerce Street to the south.
- Revitalization Area - Phase 3 - the remainder of downtown Bluefield.

The implementation maps shown on the following pages depict the Revitalization area - Phase 1 project build-out in diagrammatic form.

Figure 8.1: Phasing Plan



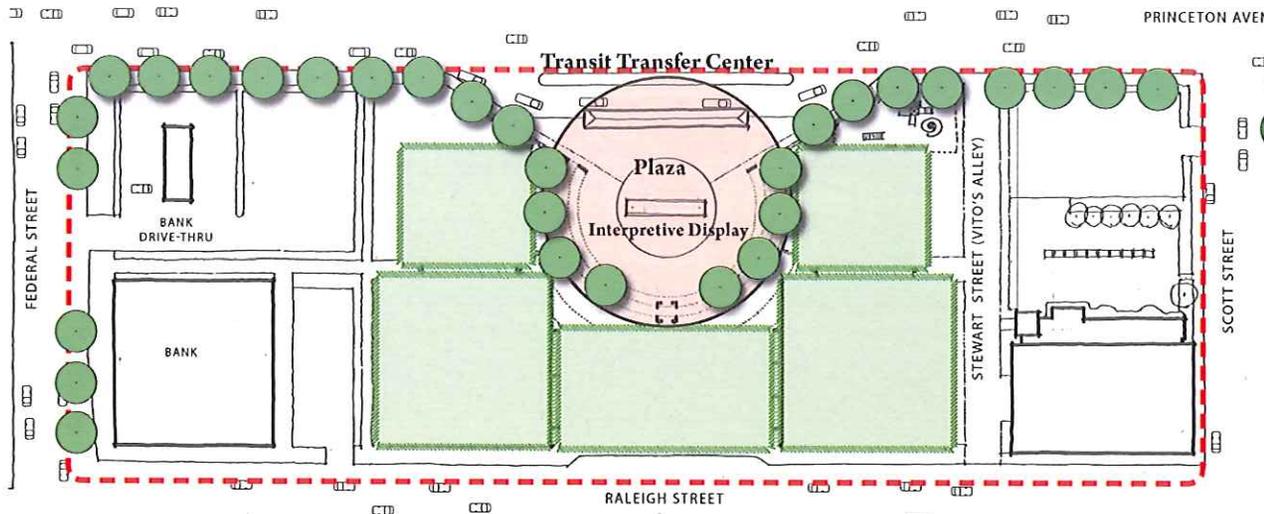


Figure 8.2: Phase 1 Implementation of the Colonial Intermodal Center Master Plan

Phase 1 Implementation

Implementation of the first phase includes:

- Demolition of the Princeton Avenue parking garage
- Construct utility improvements to serve development sites
- Site preparation for future building pads
- Construct streetscape improvements
- Construct transit facilities
- Construct roundhouse plaza and interpretive elements

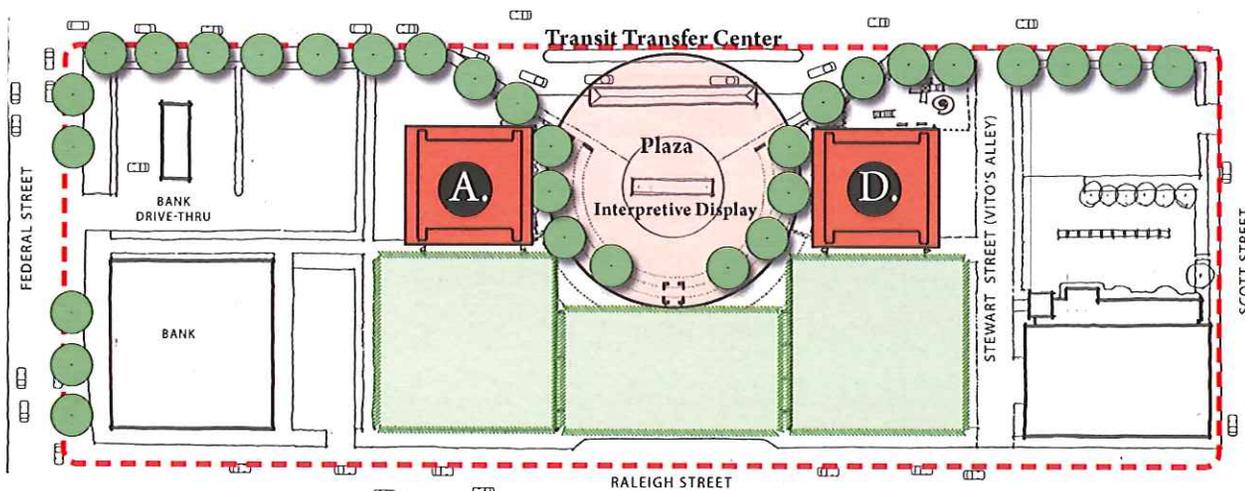


Figure 8.3: Phase 2 Implementation of the Colonial Intermodal Center Master Plan

Phase 2 Implementation

Implementation of the second phase includes:

- Construct Buildings A and D (by others)
- Construct open space area between Building D and Princeton Avenue
- Construct additional streetscape improvements that may be possible

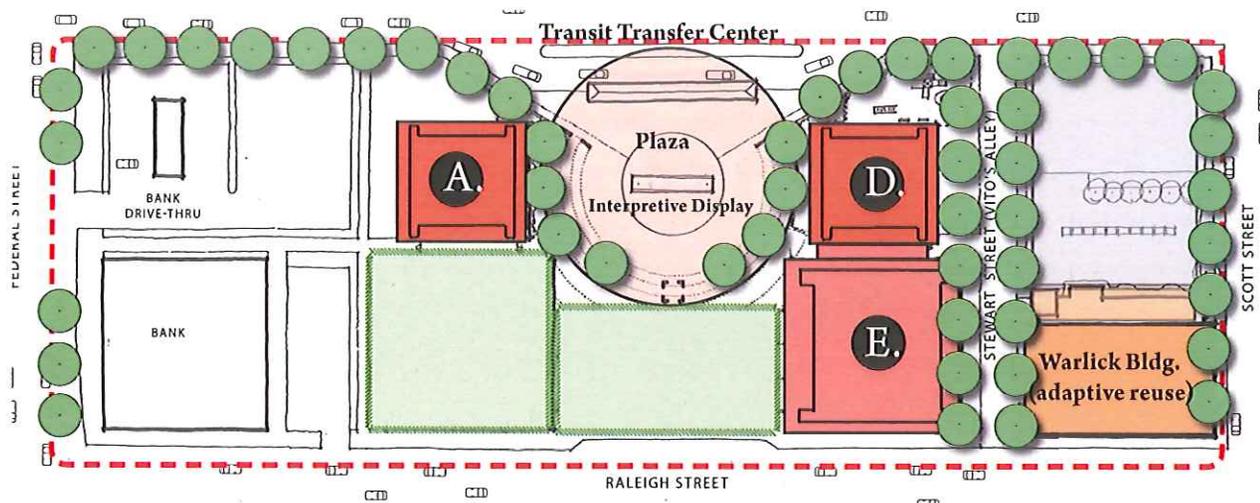


Figure 8.4: Phase 3 Implementation of the Colonial Intermodal Center Master Plan

Phase 3 Implementation

Implementation of the third phase includes:

- Renovate Warlick Building
- Construct parking improvements between Warlick Building and Princeton Avenue
- Reconstruct Vito's Alley with interpretive elements
- Reconstruct Vito's Alley to Commerce Street corridor
- Construct Building E (by others)

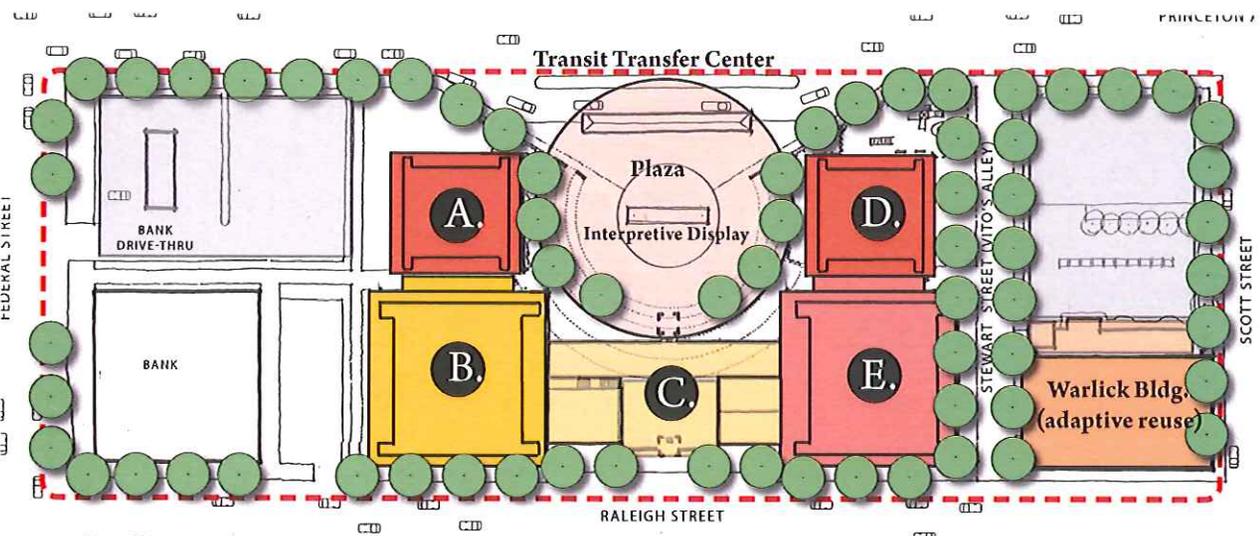


Figure 8.5: Phase 4 Implementation of the Colonial Intermodal Center Master Plan

Phase 4 Implementation

Implementation of the fourth phase includes:

- Construct Buildings B and C (by others)
- Relocate Bank Drive-Thru (as needed)
- Complete streetscape and related improvements

Funding Resources

Implementing the Colonial Intermodal Center Master Plan will take significant resources – in money, time and commitment. Project costs will be both onetime expenses (land acquisition, engineering, and capital construction) and reoccurring costs that might include maintenance, debt service and building upgrades. A reliable revenue stream will help to ensure long term sustainability of the investment.

A successful strategy for projects like this often draws upon a mix of funding resources, both public and private. The master plan as developed is a bold project for Bluefield, which because of its limited fiscal resources cannot alone fund the project.

A working assumption during plan preparation is that federal and/or state funding, plus associated local match, will be used for the basic project framework, including demolition, site preparation, transit and public spaces and possibly a shell building. Bluefield will aggressively seek private, educational, institutional and private investment to build out the project, bringing additional jobs and economic activity into downtown. In addition to the local match, Bluefield may have local funding invested in the project as well, supplementing the strategy to use federal and/or state funds to leverage private investment.

Securing federal and state funding for the project is likely to be challenging, given the current political and fiscal climate, but there are opportunities to be pursued. At the federal level, there is an increasing desire to fund projects that foster more livable communities and sustainable development - places where transportation, housing, and commercial uses are coordi-

ated to better serve the people living in those communities. The Colonial Intermodal Center fits well as an example of more livable and sustainable

development. How the federal government selects projects for funding will be an important factor in how Bluefield pursues funding. Previously, member directed funding (earmarks) have often helped to target funding to projects favored by members of Congress, but this may be changing. At the state level, the West Virginia Division of Public Transit may be recruited as a funding partner for the financing component.

Making Economic Development Happen

A mixed-use development comprised of education, government, tourism, retail and the arts can bring investment and people downtown. There is strong local interest in downtown revitalization, but a bold step, the Colonial Intermodal Center, is needed to jump start redevelopment. Once the framework (transit, public space, development sites and infrastructure) is complete, Bluefield will have a powerful 'product' to market to public and private sector investors.

The following summary of potential funding sources is a preliminary guide for seeking project funding. The list is not intended to be all inclusive and needs to be periodically updated as conditions and opportunities change. To receive grants for subsequent phases of Master Plan implementation, it is likely that funding agencies will want to see a specific plan for funding the project's implementation and operations.

Federal Sources

United States Department of Transportation

Federal funding for surface transportation projects in the United States is made available through several agencies within the United States Department of Transportation (DOT), primarily the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA). These agencies and the programs they manage are authorized in laws passed by Congress. The current authorizing legislation, SAFTEA-LU, has expired and the agencies are currently operating under a continuing resolution (CR). When new legislation is enacted, existing funding programs, funding levels and associated requirements may change. A major obstacle to the new legislation is the source of funding, given the limited capacity of the current Highway Trust Fund and reluctance to

tap other potential sources at the federal level. The Administration is proposing a substantial restructuring of the existing programs, and an increase in funding, but has not identified a source of those funds.

Under current law, projects are typically funded with an 80% federal, 20% state/local split. The Bluefield project fits comfortably under several of the current programs.

One program administered by DOT itself is the TIGER Grant Program, created in the 2009 stimulus legislation and subsequently extended in the FY2010 DOT appropriations act. USDOT and HUD collaborated in 2010 to steer available funds toward projects that promote more livable and sustainable communities. Funding in 2010 totaled approximately \$75M. It is not known if the program will be extended. Bluefield is not eligible to apply for funding under the current rules as an individual entity - any application would most likely be submitted through the West Virginia Department of Transportation - but the project is similar to others that the USDOT has funded through the TIGER program.

Federal Transit Administration

The most promising source of Federal Transit Administration (FTA) funding for a project of

Moving Forward

Bluefield seeks federal funding to complete the transit and master plan framework, thus allowing the city to attract private investment that will bring new jobs and economic activity to the downtown.

this sort is the discretionary Section 5309 Bus and Bus Facilities Program which, as its name implies, provides funds for the acquisition of buses and the construction of bus facilities such as park and ride lots, intermodal centers, and maintenance facilities. In previous years, the Congress has tended to use earmarks directing FTA on the projects to fund, but this has not always been the case. Looking forward, the current aversion to earmarks may reduce or eliminate this practice. In its reauthorization proposals, the Administration is suggesting that this program be folded into the FTA's Section 5307 formula program, which could mean that this source would not be available for the Colonial Intermodal Center.

FTA also administers a number of formula programs, including the 5311 Nonurbanized Area Formula Program to support transit in areas with fewer than 50,000 residents. West Virginia receives about \$7 million per year through this program. West Virginia DOT's Division of Public Transit runs the program for this state. According to its Section 5311 State Management Plan, WVDOT's top priority for the use of these funds is to support the operation of current transit providers, like Bluefield Area Transit, while its second priority is capital investments including the construction/renovation of facilities.

One intriguing aspect of the current FTA program is the provision on joint development. FTA defines joint development as "any income producing activity with a transit nexus related to a real estate asset in which FTA has an interest or obtains one as a result of granting funds". Joint development projects can be commercial, residential, industrial, or mixed-use developments that enhance the effectiveness of transit projects. To be eligible for FTA funding assistance, joint development projects must meet two requirements:

- **Physically or Functionally Related to Transit**
A joint development project is physically related if it provides a direct physical connection with transit services and facilities. It is functionally related if it is related by activity and use, and is within a reasonable walking distance of transit. The eligible project area is determined case by case, but FTA offers a guideline of 1500 feet.
- **Financial Return**
The grantee must receive a one-time payment or an ongoing revenue stream that is equal to or greater than the value of the property. The calculation of an equitable return must be based on the appraised market value for either the highest and best use of the property or

the highest and best transit use. Highest and best transit use is defined as that combination of residential, commercial, retail, public, and/or parking space and amenities that produce the greatest level of social, economic, and financial benefit to the transit system and the community it serves.

There seems to be considerable room for interpretation in defining what is and what is not considered to meet the definition of joint development. There are significant opportunities to use FTA funds and for a transit agency to retain revenues received from the sale or lease of property acquired in part with FTA funds. Joint development activities that are eligible for funding include:

- Design, engineering, environmental analyses, and professional services;
- Real estate packaging for a specific joint development project including preliminary design and engineering, estimates of cost and operating income, and negotiations to secure financing, developers, and prime tenants;
- Land acquisition, relocation, demolition of existing improvements, site preparation, and utility work;
- Access and streetscape improvements (sidewalks, trails, bicycle facilities, benches, landscaping, art);

- Open space;
- Renovation and improvement of historic transportation facilities;
- Construction of intermodal transportation facilities;
- Foundations and substructure improvements for new buildings (including commercial and residential development); and
- Construction of facilities that incorporate community services such as day care and health care.

Federal Highway Administration

One potential source of Federal Highway Administration (FHWA) funding is the Surface Transportation Program, the most flexible of the Federal highway programs. Administered by the West Virginia Department of Transportation, STP funds may be used for a wide range of highway and transit projects. In non-urbanized areas like Bluefield, WVDOT selects the projects to fund. STP funds to be used for transit may be transferred to FTA and administered under the Section 5307 program rules, including the provisions on joint development. STP projects require a 20% local match.

Ten percent of a State's STP funds are funneled into the Transportation Enhancement Program (TEP). All projects using for TEP funds must

have a relationship with surface transportation, and fit into one of 12 designated categories.

FHWA also administers the Transportation and Community and System Preservation Pilot Program (TCSP), a discretionary program established by Congress through TEA-21, the predecessor to SAFETEA-LU. The TCSP provides grants for projects that:

- Improve the efficiency of the transportation system;
- Reduce environmental impacts of transportation;
- Reduce the need for future costly public investment
- Ensure efficient access to jobs, services and centers of trade; and
- Examine development patterns and identify strategies to encourage a private sector development pattern which supports the above listed goals.

In the past, TCSP projects have been selected by Congress using earmarks. With the current aversion to earmarking by Congress, future funding decisions may be made by FHWA, should the program be extended in the new authorizing legislation.

Appalachian Regional Commission

The Appalachian Regional Commission (ARC) program provides federal grant funds for the support of community and economic development through the designated Appalachian region. Eligible activities for ARC funding includes infrastructure development, economic development support and job creation activities.

Coal Heritage Trail National Scenic Byway & National Coal Heritage Area

The Coal Heritage Trail and National Coal Heritage Area are federally designated, and as such receive federal grants to support eligible activities. The coal heritage organizations have been active in supporting local tourism projects (such as Chicory Square in Bluefield) that include interpretive displays, brochures and in supporting local organizations. Bluefield is an important tourism destination for the initiatives with its gateway location, the availability of visitor services and its rich coal and rail resources. Several elements of the Colonial Intermodal Center are a good fit with the mission of the coal heritage organization(s).

United States Environmental Protection Agency Brownfield Program

The purpose of the United States Environmental Agency (EPA) Brownfield program is to assist communities in economic development through the assessment, clean up, and return to productive use of otherwise non-performing real estate. With respect to the Colonial project, the program could be used to fund demolition of the Princeton Avenue parking garage and clean up of the Colonial Theater and Matz Hotel area. Several specific Brownfield programs are available in West Virginia, some of which are grant based and others that remediate via long term low interest loans. The program can be used to identify and mitigate a wide range of site and building contamination situations including clean up or demolition of buildings with lead or asbestos, clean up of abandoned or contaminated commercial sites and redevelopment of industrial sites. The Targeted Brownfield Assessment Program may be a good option for Bluefield because it is targeted to small sized projects. Brownfield grant programs generally require a 20% local match.

State Sources

Governor's Community Partnership Program

The Governor's Community Partnership Program provide state grant funding for community and economic development projects. Funds are provided to units of local government for projects approved by the executive branch. Several elements of the Colonial Intermodal Center would be eligible for funding, including construction and renovation of public facilities, demolition, economic development, and land and property acquisition, parking facilities, historic preservation and streetscape/beautification improvements.

Economic Infrastructure Bond Funds

The West Virginia Economic Infrastructure Bond Fund provides funding for projects that are likely to enhance economic development. Low interest loans are available for land acquisition, construction of new facilities and expansion of existing facilities. While priorities are given to projects that create new jobs, funding is also provided to projects that are likely to foster and enhance economic development and growth.

West Virginia Department of Transportation - Division of Public Transit

As noted above, WVDOT Division of Public Transit receives formula funding from the Federal Transit Administration. West Virginia receives a small amount of formula funding which limits direct grants to communities and projects. WV Transit is nevertheless a potential funding partner since they can seek competitive funding, such as the recent State of Good Repair program, or TIGER funds, where Bluefield may not qualify as a direct applicant. WV Transit also provides operating funding to Bluefield Area Transit.

State Historic Preservation Office – State Development Grant Program

The State Development Grant Program provides funding for the rehabilitation of properties that are listed on the National Register of Historic Places – downtown Bluefield is a National Register Historic district. Funds are allocated annually by the West Virginia Legislature. Eligible program activities include structure preservation (steps to protect and stabilize a structure) rehabilitation and restoration. This is a potential funding source for adaptive reuse of the historic Warlick Building.

State Historic Preservation Office – Survey and Planning Grant Program

Survey and planning grant funds are used to conduct architectural surveys and preparing predevelopment plans for historic structures. Funding is provided by the US Department of the Interior, National Park Service and may be used for preparing historic structures reports and feasibility studies (assessing financial, economic and technical advisability and developing plans and specifications).

Local Sources

Business Improvement District

West Virginia permits units of local government to create a business improvement district for the purpose of promoting health, safety, security and the general welfare of citizens. A specific objective of a business improvement district is to stimulate redevelopment, generate growth and create new jobs. The unit of government is responsible for organizing and managing a district. Improvements within the district are paid for by ad valorem real property taxes on any taxable real property within the district, except uses that are specifically excluded such as public and religious institutions. Business improvements districts are an effective tool of imposing a district specific additional tax in return for specific improvements intended to provide public improvements and an improved business environment.

Bonding Public Improvements

Bluefield has the statutory authority to issue debt to support necessary public improvements. Debt can be used to fund a wide variety of public improvements, including land and building acquisition, demolition, environmental mediation, infrastructure improvements, capital and landscape improvements, buildings and facilities. Bluefield currently has low levels of bonded indebtedness.

Leasing of Space

Rent and lease payments are likely to be paid by uses of space in the Intermodal Center. These revenues can help cover debt service and operating costs for the facility. As the city reaches decisions on the Master Plan, a pro forma can be developed to estimate rent/lease revenues and their use to meet the project's costs.

Parking Revenue

Bluefield could earn revenue from parking provided with the project. Currently, demand for lease space in the project vicinity is low. This may change as redevelopment occurs and with the anticipated demolition of the Scott Street and the Princeton Avenue garage, which currently provide the majority of downtown's off street parking, which will create additional parking demand.

Private Sources

Capital Campaign

Capital campaigns are typically used when an entity with limited financial resources seeks to undertake a capital investment. Capital campaigns are specific purpose events with a defined fundraising goals and a specified timeline. Campaigns can be organized and conducted locally using volunteer efforts. For large or particularly challenging campaigns, outside expertise may be used, however, there are costs associated with this method.

Foundations

Foundation support is an effective means of raising capital and providing the opportunity for reinvestment in local communities. Bluefield is fortunate to be within the investment area of two significant foundations whose mission is consistent with economic revitalization of downtown. Two high priority foundations are:

- Hugh I. Shott Foundation
c/o First National Bank
P.O. Box 1559
Bluefield, WV 24701

- Claude Worthington Benedum Foundation
1400 Benedum -Tree Building
233 Forth Avenue
Pittsburg, PA 15222
info@benedum.org

Sponsorships and Naming Rights

Sponsorships, sale of advertising rights and naming of venues are potential means of financial support. With a project like the Colonial Intermodal Center, with many interrelated pieces, specific venues or elements, such as the 'ghost' locomotive, can be purchased or financially sponsored. Naming rights and sponsorships can be short or long duration and renegotiated as agreed upon. Sponsorship will also be necessary in programming public spaces for events and activities.



IX. Action Plan

Setting Priorities & Achieving Results

By adopting the master plan, Bluefield is making a bold commitment to revitalizing the eastern area of downtown. This commitment supports the strategic goal of a successful and active downtown that draws upon Bluefield's notable history while at the same time looks to the future. Bluefield citizens and leaders should be applauded for their willingness to critically evaluate the downtown in the context of current market realities, and adopt a long range plan that is attainable.

Revitalization is a process and not an event. The size of the challenge is significant and fulfilling the plan will require the sustained commitment of political leadership, financial resources and community support. The plan needs to be owned by the community – and not just city elected officials and staff. Fulfilling the plan will take time. Constructing the master plan within 10 years of its adoption would be a tremendous success.

Special skills and knowledge will be required for success. These capabilities are absolutely critical to the project. Bluefield must provide leadership and solid performance in:

- Project organization and administration
- Grant writing and fundraising
- Business recruitment and outbound selling
- Commercial real estate economics
- Public relations and marketing
- Adaptive reuse of historic structures

Most of the skills need to be resident in city staff, and can be supplemented by citizens, downtown organizations and professional assistance.

The Action Plan matrix that follows is for a five-year timeframe. Action Items are given a priority level--high, medium or low--and are organized into two categories: programmatic and physical actions.

Programmatic actions are policy and organizational initiatives. They may be administrative actions to implement policies. Most programmatic actions will be the responsibility of local government, but may require technical and financial support to be implemented.

Physical actions address capital projects to achieve master plan strategies.

Revitalization is a process--not an event. Successfully implementing the plan will require a sustained commitment of political leadership, financial resources and community support.

Table 9.1: Action Plan

Table 9.1: Action Plan				
	Recommendations	Priority Level		
		Low	Medium	High
Programmatic Recommendations				
1.	Secure grantee certification for FTA funds			●
2.	Secure NEPA (National Environmental Policies Act) clearances for project			●
3.	Designate point person(s) within city hall to oversee implementation		●	
4.	Initiate contact with targeted agencies/foundations identified in master plan in seeking funding		●	
5.	Appraise all properties in project area			●
6.	Secure options or purchase properties necessary for project construction			●
7.	Meet with WV Division of Highways and Department of Transit to seek support and funding			●
8.	Contact potential partners (federal offices, local educational and social service agencies, and lodging providers) to 'sell' them on project development sites			●
9.	Organize public relations/outreach program (periodic press releases, maintain contacts with state and federal elected officials)		●	
10.	Create an economic development function within local government to organize and implement an 'outward bound' marketing strategy		●	
11.	Initiate outreach to potential partners in cultural and historic elements (Norfolk and Southern, Coal Heritage Area Authority, Eastern Regional Coal Archives, etc)		●	

Table 9.1: Action Plan

Table 9.1: Action Plan				
	Recommendations	Priority Level		
		Low	Medium	High
12.	Initiate early consultation with State Historic Preservation Office		●	
13.	Hit the local 'chicken and peas circuit' (Rotary Club, Downtown Merchants Association, Chamber of Commerce, Convention and Visitors Bureau) to make presentations about the project		●	
14.	Evaluate feasibility/efficiency of creating a Business Improvement District in the downtown	●		
Physical Recommendations				
15.	Conduct Phase I Environmental Site Assessment of project area			●
16.	Complete preliminary/final design for project 'framework'			●
17.	Construct 'framework' including transit, public amenities, infrastructure, and development pads			●
18.	Conduct historic and building conditions assessment of the Warlick Building		●	
19.	Construct 'shell' buildings under Federal Transit Administration joint development provisions		●	



Appendix A

Stakeholder Interviews: Summary of Comments

The planning team conducted approximately 15 individual and group interviews at the beginning of the planning process. The purpose was to solicit ideas and opinions about downtown Bluefield and the proposed project. In order to get as candid information as possible, comments were not identified with individual interview subjects. Following is a summary of interview comments.

1. Economic Development

- West Virginia tax structure puts state at competitive disadvantage
- Bluefield's decline of over last several decades is slowing and it will take time and investment to strengthen the community
- Bluefield needs a benefactor to 'adopt' the downtown bring investment and jobs – similar to what Google did in Lenoir, NC.
- Bluefield has lost population to Bluefield, VA and Princeton, WV. Topography and tax structure are both reasons.
- Zoning and permit processes are both competitive constraints for the City of Bluefield.
- No one is charged with "selling" the City of Bluefield exclusively. (Economic Development Staff)

- Recent transfer of the local hospital should be a positive for health care in Bluefield and a potential source of new employment.
- Banks are willing to loan money to entrepreneurs with a good business plan and help is available to prepare a good business plan.

2. Infrastructure

- Availability of buildings in the downtown is an asset – but also a liability due to the costs of renovation and refitting.
- Underground infrastructure in the downtown is old and may not support redevelopment projects
- High speed internet and telecommunications have been improved underground in the downtown area and should be competitive.
- The City should be more forceful in enforcing building and maintenance codes.
- Good infrastructure (roads, rail, airport, and telecommunications) should increase Bluefield's ability to attract development and investment.

3. Community and Citizens

- Bluefield offers a good quality of life and this is a foundation for community growth.

- Bluefield has a positive community spirit that can lead to improvements in the downtown
- A majority of students at Bluefield State College are female with children – they represent an untapped market
- A large percentage of households are on entitlements (retirement, disability, aid, etc.) reducing the potential workforce for any new companies or existing company expansions – positions are going unfilled in Bluefield for lack of a qualified workforce.
- The local colleges are an asset to the community.
- There is no modern, moderately priced housing in Bluefield at present.
- The Greater Bluefield Community Center provides good recreation opportunities. Another recreation center downtown is not needed.
- Properly sized space for community uses/meetings could be a good element for a downtown project.

4. History

- Bluefield’s buildings are a rich mix of Beaux Arts style architecture ranging from Classical and Neo-Classical revival to Renaissance revival.
- Bluefield does not have a history museum – this project might provide a space/opportunity to display and interpret historic items.
- The History Department at Bluefield State College might provide student assistance in developing an archiving process.
- Bluefield’s notable architectural past must be reflected in any development that occurs in the downtown.
- One of the cheapest forms of entertainment in the past was just sitting on the street in downtown on a Friday or Saturday

- night and watching the crowds of people on the sidewalks.
- There were 4 men’s stores, 10 women’s stores, 4 department stores, and 16 restaurants downtown in its heyday.
- There were 6 regional headquarters of large companies in downtown Bluefield at one time – all are gone now.
- The concrete coal tower at NS is structurally sound, and might be integrated into historic interpretation efforts.
- The history of the N&W (NS) and Bluefield are inextricably linked
- Relocate part or all of the Eastern Regional Coal Archives to the project. Partner with NS and Bluefield State College in securing artifacts and archival services

5. Tourism

- Abundance of natural resources is attractive to both visitors and residents
- Hatfield-McCoy could be a positive influence in attracting visitors to the area
- Excursion trains bring people and spending – look for ways to tie into downtown project and extend beyond fall season
- Bluefield should seek to partner with NS on an N&W museum as part of the project.
- Consider constructing a railroad observation deck as part of the project

6. Downtown

- Bringing a critical mass of people downtown day and night is a community priority
- Downtown residential living (condos) may be a future opportunity

- Bluefield has a strong and growing arts community – an arts incubator in downtown might help to grow this.
- The absence of on-campus housing at Bluefield State College creates an opportunity for downtown housing
- Recreational facilities in the downtown, such as the recently closed Wellness Center or a new recreation facility is needed.
- Any new project in downtown must produce revenue (B&O Tax) and bring people downtown.
- Many landlords are unwilling to spend any money on properties in downtown.
- Vacancy in downtown buildings is high.
- Low incomes of many downtown residents are an obstacle to development and investment.
- Downtown has stabilized over the last approximately five years.
- Perception of safety concerns are a major obstacle to downtown activity, particularly after dark.
- The current transit operations and maintenance facility is outdated and needs replacement.
- Potential transit system improvements could include Wyoming County and transit links to Beckley and ultimately Charleston may be feasible
- Roadway improvements in the vicinity and more generally have worked against Bluefield by reducing travel -times to larger cities for business and pleasure.
- The Bluefield exit should be at exit 9 not at exit 1. When you get off of the interstate at exit 1 there is nothing going on and no one will continue to travel away from the highway to find Bluefield.

7. Transportation

- Non-traditional college students need transportations options, such as the shuttle from Mountain View to campus
- Additional transit routes and facilities are good for Bluefield
- Transit is highly utilized in Bluefield and the service area of Bluefield Transit with approximately 180,000 trips annually.
- Bluefield transit is the only public transit provider in Southern West Virginia
- An improved transit stop(s) downtown would improve service and perhaps produce more riders. Improvements could include pick up and drop off, improved parking, ticketing and information and passenger accommodation/waiting areas.



Appendix B

Key Demographics

The demographic and economic composition of a community relates directly to the market opportunities that exist. The characteristics of every community are unique. Identifying and understanding the composition of a community is the first step to uncovering opportunities for growth, development, reuse and redevelopment.

Even if a community faces challenges it is important to understand the exact nature of these challenges in order to develop policies, programs, and initiatives that are designed to address community needs.

While there are a number of demographic measures that shed light on the make-up and growth trends in a community, there is a short list of key measures that are used as foundation blocks for a market analysis of the community. Among the key measures that will be discussed below are: population and households, the most basic indicators of urban growth and demand for consumer goods and services. Next in importance are household income, discretionary income, and consumer expenditures; basic measures of the well being of a community and its ability to purchase goods and services. Other key demographics include estimates of workforce participation of community residents and employment in the community; these measures offer an idea of how self-sufficient a community is in providing employment opportunities

for its residents. In addition, labor force estimates provide an indication of how much capacity a community may have to absorb any employment growth. All of the measures cited above, and other measures, are parts of prerequisite research into the market demand for real estate, and/or land uses.

The demographic data is analyzed in the context of the current time and near-term projections are made that offer some insight into the types of land uses and the magnitude of future demand for each type of land use. For purposes of this market study, four primary land uses have been defined: residential, industrial, office, and retail. There are numerous subsets of each land use and some details are not readily identifiable; however, the more generic needs in each land use category can be described and projected. A time horizon of approximately five years is the basis of the near-term projections. While typical master plans may be crafted to last for a longer period, the dynamics of the marketplace defy prediction beyond a time frame of approximately five years. This by no means invalidates the master plan, but it may mean that the community should revisit its master plan periodically to make sure that market dynamics and the needs anticipated by the initial master plan have remained relevant and reasonably reflect the future needs of the community.

Before moving on, the methodologies of the demographic and market analyses need to be outlined. Every analysis begins with secondary data from several public and proprietary sources. This data is compiled and reviewed for disparities. Secondary, proprietary, demographic data also include current year estimates and five-year projections for all key demographic variables. If data from other sources indicate the need to adjust data from the proprietary source(s), then these adjustments are made to all demographic data that can be reasonably adjusted. Other demographic data cannot be reasonably adjusted. In these cases the data is utilized "as is" with a caveat that field research and/or more reliable information indicates a disparity that cannot be resolved. Data that cannot be adjusted is still useable, but a lower confidence level has to be ascribed to its use in the various market analyses. The baseline for public and proprietary data is the decennial census of the U.S. population. A new field measurement of a community's demographics occurs every ten years. Statistical updates, estimates, and projections are made for the intervening period between censuses. Other data from the Department of Housing and Urban Development and the Department of Labor is collected on different time intervals; in some cases monthly or annually. These sources of data frequently serve to refine data that is drawn from the Census. This information is correlated with primary field research and any necessary adjustments to the data are made where possible.

While data can be assembled and analyzed, it is the judgment of the analyst that shapes the final observations and conclusions that can be taken from the data. The market analysis will begin with a review of the key demographic variables for the City of Bluefield, and its context market area: Mercer County, as well as comparisons to the State of West Virginia, and the United States. As stated above, drive-time markets have also been analyzed and

the key demographics for these various markets is no less important to the conclusions of the analyses conducted.

Population and Households

The population and household trends not only offer an historical perspective of a community they also provide indicators for where the community is going in the future. The population and household demographic trends for the Bluefield study area suggest that the city is in a steep and steady decline with a population drop of approximately sixty percent (60%) from its historical peak. This population decline extends to Mercer County as well, but the City of Bluefield appears to have suffered from a more dramatic decline than the County, in general. The population trends since 2000 are only extensions of long-term trends in the local area.

In 1990, the population of the City of Bluefield totaled 12,756 persons in 5,237 households comprising 19.63% of the population of Mercer County; 64,980 persons in 23,390 households. By 2000, the population of Bluefield had dropped to 11,451 persons in 5,050 households which represented 18.18% of Mercer County's population of 62,980 persons in 26,509 households. The County lost 2,000 persons in the ten-year period from 1990 to 2000, but 1,305 persons were lost from Bluefield alone; 65.25% of the population decline. The County actually added households during the 1990-2000 decade while the City lost households. Population estimates as of the end of 2009, place the City of Bluefield's population at approximately 10,251 persons in 4,419 households which represents 16.77% of Mercer County's population of approximately 61,130 in 25,102 households. By 2014 the population of Bluefield is projected to drop to approximately 9,699 in 3,927 households representing 15.98% of Mercer County's declining population of

60,686 in 23,423 households. The population of Bluefield appears to be continuing a trend of dropping at a faster pace than that of the County.

Age demographics for the City of Bluefield and Mercer County are mixed. The City of Bluefield is experiencing declines in population in all age brackets except the age bracket of "65-74" which is projected to grow slightly between now and 2014; however, declines in all age brackets prevail in the total time span from 1990 through 2014. Mercer County is experiencing population losses in all age brackets up through "44" years of age and increases in all age brackets of "45" or older in the total time span from 1990 through 2014; although there are indications that there will be growth in the age brackets of "20-24" along with the three brackets from "55-84" between now and 2014. The population in the City of Bluefield and Mercer County, to a lesser extent, are both aging with 37.8% of the city's residents projected to be 55 years of age or older by 2014. By comparison, 34.5% of the County's population is projected to be 55 years of age or older by 2014. This observation is bolstered by statistics discussed later in this report that reflect a low workforce participation rate in the local area.

Any positive ramifications for the future of the local market are overshadowed by the chronic decline in population and compounded by the aging factor. The City of Bluefield is projected in 2014 to be only 76% of the size it was in 1990. The County is projected in 2014 to be 93% of the size it was in 1990. As stated previously, the City has suffered an inordinate decline in population and households relative to Mercer County and the more general market area indicating that forces are at work that must be diagnosed to determine if there are specific initiatives that could stem the tide of this trend.

Fewer people mean that there is less demand for the full range of

consumer goods and services and the aging factor suggests that an increasing percentage of the population may be beyond the working years and living on a fixed income. Decreasing households mean less demand for housing of all types, a resulting inventory surplus, and declining property values.

Virtually all of the household statistics for the City of Bluefield are exhibiting negative trends. The losses of households span almost the full gamut of household parameters that are reported. The statistics for Mercer County are only slightly better, with growth indicated in "non-family" households. While these may be non-traditional households, growth in any statistical category is noteworthy. At least a portion of the growth in non-family households may be explained by the student population of the local post-secondary schools in the area.

In the City, household losses cover all sizes of households from 1 person to 7+ persons in magnitude with the exception of 4 Person Households. Additionally, 1 Person Households comprise 36.7% of all households in the City, today, and 1 Person Households are projected to grow to 39.6% of total City households by 2014. The category of 1 Person Households shows the smallest decline in overall numbers from 1990 through 2014 in Bluefield. Mercer County is exhibiting a mix of household growth and decline with growth in 1 Person, 4 Person, and 5 Person Households and declines in 2 Person, 3 Person, 6 Person, and 7 Person households between 1990 and 2014. The same characteristics are exhibited in household projection from now through 2014. Thus, all types of housing stock appear to be affected by the household losses indicating a general surplus of housing, now and likely increasing in the future.

The reader is referred to the table titled BLUEFIELD AND MERCER COUNTY POPULATION TRENDS 1990-2014 at Table 1 followed

by the table titled BLUEFIELD AND MERCER COUNTY HOUSEHOLD TRENDS 1990-2014 at Table 2 in the Appendices at the conclusion of this report.

B. Household Income Measures

Among the important demographic measures included in any market analysis are the measures of household income. Household income is the primary determinant of the goods and services a household purchases. The economic demographics in conjunction with the ages of the heads of households also provide insight into the lifecycle of households and whether the heads of households are likely to be employed or more likely to have exited the workforce. The youngest bracket of heads of households, 15-19, tends to suggest young households with a limited education directly effecting present and future earning capacity without additional education and/or skills training. Household income is a key determinant of the ability of a household to afford a home of their own or to rent. The income composition of the immediate market area is a critical factor in the selection of sites for business. The following paragraphs discuss the findings for the City of Bluefield, Mercer County and the more general market area.

The household income demographics for the City of Bluefield reflect a city experiencing economic challenges in the context of a County going through a similar experience. The City and County exhibit similar experiences with regard to household incomes as with age demographics. These demographics tends to mirror broader West Virginia statistics, but do not track with the larger U.S. age and income demographics. In 2000, the City and County statistics were not inconsistent with the State of West Virginia. However, 2009 estimates and 2014 projections suggest that the State of West Virginia is making progress to be more representative of the U.S. in its entirety

while the City of Bluefield and Mercer County languish in an economic challenge. In four out of seven age brackets in 2009 and five of seven age brackets in 2014 the most populous income brackets for households in the City of Bluefield are the lowest bracket; \$0-\$9,999 annual household income. The statistics are only slightly better for the households in Mercer County. The most populous age bracket for heads of households in the City is "75+" and the statistics for the County are migrating upward as well. Since 2000 the most populous age bracket for heads of households in the City has gone from the bracket of 45-54 up to the bracket of 75+ and is projected to remain unchanged by 2014. Since 2000 the most populous age bracket for heads of households in the County has gone from the bracket of 45-54 up to the bracket of 55-64 and is projected to remain unchanged by 2014. This appears to correspond to other statistics that show a drop in the labor force and very low work force participation. The comparisons to the State of West Virginia appear to be digressing over time as well. As stated above, the State's demographics appear to be becoming more like the U.S. in general with the City of Bluefield and Mercer County trailing the State and the nation. As has been observed previously, the demographics and economics of the City of Bluefield and Mercer County speak to the primary market for businesses located in Bluefield and vicinity. These demographics and economics speak to worsening challenges for existing businesses as well as very limited opportunities for new business expansion in the future. As has been stated repeatedly above, the City of Bluefield's demographics and economics appear to be declining faster than the County's demographics and economics.

In examining "real income growth" versus nominal income growth based on historical, current, and projected average household income, median household income, and per capita income statistics, there was conflicting evidence of real income growth between 1990

and 2000 with City of Bluefield households trailing the pace of inflation while Mercer County households actually appear to have slightly outpaced inflation. However, actual income levels in the County and, to a slightly lesser extent, the City were below comparable income measures at the State and national levels. Since 2000, the economic measures suggest that the typical comparisons of household income are lagging with regard to the pace of inflation (as measured through changes in the CPI index), and are falling further behind the State and the nation. Median household income appears to have kept pace most closely with inflation and the State and national comparison geographies. Real income growth between 2009 and 2014 appears to be unlikely in the City of Bluefield or in Mercer County and the levels of income are below the comparable State and national measures based on the projections contained in Table 4 in the Appendices. Thus, the typical measures of household economic performance tend to suggest that the City of Bluefield and Mercer County markets will continue to falter going forward making the continued survival of the existing businesses in Bluefield and Mercer County more questionable and the introduction of any new businesses remote. The longer current economic conditions prevail, the more "at risk" the existing local business base becomes.

Yet another measure of economic potential is derived from the statistics for disposable income for the local area as compared to State and national statistics and trended over time from 2009 through 2014. This household income measure reinforces the observations cited above, that the City of Bluefield is lagging significantly by comparison of traditional income measures and the continuation of this lag into the future increases the risk to the existing local business base while virtually eliminating opportunities for business expansion in the local market based on indigenous household statistics. Interestingly, the comparable disposable

income measures for Mercer County appear to be tracking more consistently with State and national trends suggesting that businesses in the City of Bluefield may be sustainable over time if they can serve the larger market area of the County and beyond. In essence, businesses in the City of Bluefield must be able to draw customers from a larger trading area in order not to be placed at an inordinate risk in the future from population, household, and household income declines that appear to be more adverse within the City's boundaries.

The household income statistics suggest that the market for rental housing may exhibit more strength in the near-term while the market for owner occupied housing may suffer. Of course, the market for both rental and owner-occupied housing is shrinking resulting in an expanding surplus housing inventory. In addition, the statistics suggest that merchants catering to lower income and lower-middle income households may find Bluefield a desirable place to do business while mainstream and upscale merchants are not likely to be interested in Bluefield, or Mercer County, in the foreseeable future. Of course, the overall size of the City of Bluefield and, to a lesser extent, Mercer County eliminate sizeable numbers of large-scale merchants from any serious consideration of the local area as a location because these merchants simply cannot generate the sales to justify the existence of an outlet in Bluefield or Mercer County when residents of the local market can travel to larger scale market areas within a reasonable travel time to gain access to the goods and services they cannot get locally.

The final household income statistic to be reviewed herein is the current estimate and near-term projection for consumer expenditures in Bluefield and Mercer County. As has been stated above, the household income levels observed in the local market rep-

resent hurdles to business continuation for existing markets and represent potentially insurmountable hurdles to any significant expansion of the local business base in the foreseeable future.

Consumer expenditures including retail expenditures are projected to decline in the aggregate between 2009 and 2014 although these expenditures only entail between seventy percent and seventy-five percent of the expenditure levels per household estimated and projected for the nation in its entirety. Expenditures per household are projected to grow somewhat between 2009 and 2014 it is the loss of households that causes the net aggregate decline in consumer expenditures by City of Bluefield and Mercer County households. Repeating for emphasis, the aggregate decline is due to the countervailing effects of increased expenditures per household in this five-year period offset by a significant decline in the number of households in the City of Bluefield and, to a lesser extent, in Mercer County in the same time period. This represents a challenge for existing businesses to retain or enhance a market share and is a serious impediment to any potential business expansion in the local market area in the foreseeable future. The trends may make it very difficult to attract new enterprises to the area in the near future.

The reader is referred to the table titled BLUEFIELD AND MERCER COUNTY HOUSEHOLD INCOME BY AGE OF HEAD OF HOUSEHOLD 1990-2014 at Table 3 followed by the tables titled BLUEFIELD AND MERCER COUNTY HOUSEHOLD INCOME TRENDS COMPARISON INDEXES 1990-2014 at Table 4, BLUEFIELD AND MERCER COUNTY DISPOSABLE INCOME TRENDS 2009-2014 at Table 5 and the table titled BLUEFIELD AND MERCER COUNTY CONSUMER EXPENDITURE FORECAST COMPARISON 2009-2014 at Table 6 in the Appendices at the conclusion of this report.

C. The Resident Labor Force and Local Employment

The labor force statistics provide an indirect measure of financial capacity of the resident households. In addition, it provides insight into the composition of the household income statistics. This data also provides insight into the extent of dependency of local households on entitlements for household income.

The general labor force trends will be observed and compared in the timeframe between 1990 and 2014. Then specific, private sector, employer, employment, and non-employer statistics will be reviewed in the timeframe from 1998 through 2008. There is data available from the State of West Virginia for 2009, but there is always a risk in combining statistics from different data bases that they are not really directly comparable; therefore, only Federal data has been used in the discussion that follows.

The analysis of the resident workforce begins with a review of 1990 and 2000 Census data, an estimate for 2009, and a projection for 2014. Not inconsistent with demographic data discussed above, the labor force of the City of Bluefield has contracted in conjunction with the loss of population and households; historical and projected. While Mercer County has also suffered from population losses, the labor force has remained, more or less, stable over the indicated timeframe. Current unemployment rates appear to be understated. This statistic, while not unimportant, is not the most significant observation derived from the data. The most significant observation is that the labor force participation rate for the City of Bluefield and, to a slightly lesser extent, for Mercer County is well below the labor force participation rate for West Virginia which is below the labor force participation rate for the nation. This begs the question of; WHY? The reasons ap-

pear to be multiple, but age appears to be the most significant. The age of the population and the age segments experiencing growth in the County appear to be age groups that are not looking for work; therefore, not labor force participants.

State, County, and City employment bolstered by Federal government employment pushes the public employment segment of the local market to a significant percentage of overall local employment; approximately 21.80% of all jobs.

Another aggregate measure of overall economic health of a community and directly correlated to household income demographics is the measure of average workers per household. This number tends to suggest economic distress in a community when this average approaches one worker per household or declines below one worker per household. The averages for the City of Bluefield are slightly below the averages for Mercer County which are in turn below the averages for the State of West Virginia, and well below the averages for the nation, historically and projected into the future. City of Bluefield and Mercer County statistics suggest the economic distress cited above with labor force participation at less than one worker per household.

Data from the State of West Virginia appears to be consistent with data supplied by proprietary demographers in many areas including the estimate of the current labor force in Mercer County. The State unemployment estimates are lower and this appears to be at odds with the proprietary data. Regardless of the data source utilized, there appear to be fewer jobs in Mercer County than residents in the labor force. Data suggests that Mercer County only has sufficient private and public sector jobs to employ approximately 88.65% of the resident labor force. The lack of sufficient jobs is likely to be among the causal factors behind the long-term, chronic, population losses in the City and the County

Private sector employment, employers, and non-employer data has been analyzed from 1998 to 2008 from Federal data sources. The employment data exhibits mixed areas of growth and decline. The two most significant areas of growth in Mercer County employment are in "Mining" and in "Accommodation and Food Service". Employer data indicates that the most significant area of growth was in "Health Care and Social Assistance". Non-employer data has only been maintained since 2002 and data for the local market is somewhat limited due to the overall size of Mercer County. Non-employers are essentially independent contractors and/or temporary workers. Opportunities for employment appear to be limited with only a small number of industries comprising growth segments of the local market. Nevertheless, there has been growth in several categories of non-employers since the data has been collected.

Several segments of the local employment and employer market have experienced declines probably as the direct result of the shrinking numbers of people and households in the local market area. This observation is consistent with the City and County area data summarized above.

The reader is referred to the tables in the Appendices for more details regarding the labor force and employment. The reader is referred to the Appendices titled BLUEFIELD AND MERCER COUNTY LABOR FORCE TRENDS 1990-2014 is located at Table 7 and the table titled MERCER COUNTY EMPLOYMENT, EMPLOYER, AND NON-EMPLOYER DATA 1998-2008 is located at Table 8.

D. Observations from the Local Demographics & Economics

The City of Bluefield is relatively small, but it exists in the context of a much larger County. Unfortunately, both the City and, to a much lesser extent, the County are in a long-term decline. For the City of Bluefield, this long-term, chronic, decline does not appear to have a turnaround in sight; however, progress toward stopping this long-term trend has to be the most important goal of the City in the near future. The City and the County have historically been tied primarily to the coal mining industry and railroad-ing. The decline of the local area appears to have coincided with negative trends in these two industries. Neither the City, nor the County, appears to have been able to replace jobs lost in the past to any significant extent. While labor force participation is extraordinarily low, there still are not enough jobs in the County to employ everyone in the work force. This is an oversimplification of the supply and demand characteristics of the labor market, but it is still a valid observation regarding the availability of jobs as a primary reason to remain a resident in any location.

Key observations from the demographic and economic data are as follows:

- The population of the City of Bluefield is declining and at a rate that is much more rapid than the corresponding population decline in Mercer County.
- The population of Bluefield and Mercer County is aging although the City of Bluefield is relatively older than the County in its entirety.
- Household income levels are low relative to the State of West Virginia and the U.S. and opportunities for local

employment are limited at present.

- Although there are only jobs in Mercer County to employ approximately 88.65% of labor force participants, the labor force participation rate is very low by West Virginia norms which are much lower than national norms.
- The few employment growth areas appear to be related to businesses in mining the resources found in the county and the more general area as well as accommodation and food service.
- Employer growth has been most significant in health care and social services.
- The shrinking labor force in Bluefield and Mercer County will inhibit economic growth in the future potentially precluding the City and the County from attracting new business and industry due to a lack of qualified workers.
- Recruiting companies that match the skill sets of the local labor force will be critical to enhancing employment opportunities in the future.
- Recruiting companies that match the primary skill sets of graduates of the local colleges could help to re-introduce a more youthful component to the local population while increasing local employment.
- The declining population and household bases of the City and the County will place more and more existing businesses at risk to their futures and could virtually eliminate any opportunities for business growth unless the business base can extend its economic influence to a market area that extends beyond the local community.



Appendix C

The Housing Market

Housing is one of the four primary land use groups in this market analysis. It is the most basic building block of the marketplace because this is the determinant of where people live. The composition of the inventory and occupancy types will tell us how transient the households are in the area. The age of the inventory and housing values provide insight into the make-up of the population and the basic economics of the resident households. The analysis of the housing market begins the translation of demographic and economic data into the determinants of supply and demand for the land uses that make-up the built environment in the market study area.

A. The Current Inventory

Housing inventory data for the City of Bluefield, from government and proprietary sources, contains some minor disparities that were resolved through local sources of more current information. Data for Mercer County has been refined in a similar fashion. Building permit data for the City of Bluefield indicates that only a small number of new housing units have been built since the 2000 Census. Local data also identifies housing demolition that has taken place in the last decade. There is also data for Mercer County that enables the compilation of a current inventory from 2000 Census data and more recent local information. Observation suggests that

there have been a minimal number of new housing units built anywhere in Mercer County and even the relatively small number of new units introduced in the County fall well below a “healthy replacement rate” for new housing construction.

The housing inventory in the City of Bluefield at the time of the 2000 Census totaled 5,976 units. There were 5,050 households in Bluefield at the time of the 2000 Census resulting in a housing vacancy rate of 15.50%, more or less. The housing inventory for Mercer County in 2000 totaled 30,143 units. There were 26,509 households in the County in 2000, thus housing vacancy was approximately 12.06%. The conclusion of the observations cited herein, is that the housing inventory was super-adequate to address housing demand in 2000 and given the trend of declining households in Bluefield and Mercer County the housing inventory is super-adequate to address housing demand in foreseeable future in the City of Bluefield or the broader market area of Mercer County. The overall age, condition, and functional adequacy of the housing inventory is highly suspect due to high levels of vacancy and apparent instances of abandonment.

The magnitude of the local market and existing vacancy are inhibitors to the development of new housing of any type because the “market value” of any new housing that is built

could be doubtful. Thus, lenders are reluctant to make mortgage loans on housing that has questionable collateral value.

The overarching observation regarding the housing inventory in the City of Bluefield and, to a lesser extent, Mercer County is that there should be a concentrated effort to identify deteriorated, sub-standard, and abandoned housing units and remove them from the landscape while encouraging the construction of new housing on cleared sites within established and sustainable residential neighborhoods in the City. There appears to be no question that the housing inventory in the City of Bluefield may be super-adequate by at least 818 units and that the same is true for Mercer County, but encompasses approximately 3,564 housing units.

While the housing inventory may be super-adequate to meet market demand, now and in the near future, one way to bolster market demand and provide support and/or enhancement to housing values in the City is to find suitable areas to build some new inventory. This is not random construction on infill lots, but targeted projects of sufficient magnitude in identifiable neighborhoods to create new plateaus of value within the City of Bluefield. In order for any residential area to retain and/or enhance its market vitality the periodic injection of new inventory is strategically important. In general, inventory replacements between 1% and 2% of the total units demanded by the marketplace will serve to perpetuate the residential inventory of the defined area. In the case of the City of Bluefield, projects between 47 units and 94 units in magnitude could represent the scale of ongoing annual injections of new housing inventory that could help to establish new market price points and/or rental rates that could help to bolster the market values and rents of the adjacent, older, established housing inventory, assuming that it is equally well maintained. Of course, a continuing program of demolition of worn

out housing should accompany this effort until there is market evidence that housing supply and demand are balancing; this is likely to span several years of time. Given the aging community, attached, ground level, dwelling units that are suitable for senior citizens may be a product that could find a specific market niche as well. The emphasis is on maintaining the vitality of the housing inventory through periodic replacement of existing units with ongoing control of the housing inventory since there is no growth, more likely decline, foreseen in the local market in the near term.

Given housing market conditions in the City of Bluefield and Mercer County, to a lesser extent, it is likely that the injection of new housing would have to be facilitated utilizing some form of financial guarantee that would offset lenders' skepticism regarding the "market value" of the collateral for resale. This guarantee may be elusive to find unless a substantial local entity is willing to help facilitate new housing or the State of West Virginia can offer support to help sustain the City. Of course, the prerequisite steps needed to enable new housing construction are significant requirements as well. Suitable sites with supporting urban infrastructure (public water and sanitary sewer and improved streets) are essential. Repeating for emphasis, new housing for market growth is not needed, but replacement of the existing inventory as it reaches the end of its economic life is essential to perpetuate the housing inventory and sustain the City.

B. The Market

The market for housing is driven by local area demand and influenced by the occupancy types of households in the marketplace. In 2000, there were 3,373 owner-occupied housing units and 1,677 renter-occupied housing units in the City of Bluefield, according to U.S. Census data.

Typical annual market turnover rates, under normal market conditions, are approximately 10% of owner-occupied households each year and approximately 40% of renter-occupied households each year. Of course, the available inventory of housing alternatives, prevailing local market conditions, availability of financing, and the overall state of the economy all influence annual levels of market activity. Nonetheless, it would be desirable for the City of Bluefield to exhibit typical market norms as an indicator of the health of the local housing market.

Current estimates suggest that the number of households in the City of Bluefield has declined since the 2000 Census and additional retrenchment is envisioned by the end of 2014. It is projected that there are approximately 4,419 households in the City of Bluefield, today, and there will be approximately 3,927 households living in Bluefield by 2014. In 2000, owner-occupied housing units comprised 66.79% of all households with renter-occupied housing comprising the remaining 33.21% of the local housing market. Demographic sources suggest the composition of the owner versus renter market will remain essentially stable over time and it is projected that there will be approximately 2,671 owner-occupied housing units and approximately 1,256 renter-occupied housing units in the City of Bluefield by 2014.

Based on "normal" or "typical" market turnover rates, it could be expected that approximately 267 homes could be offered for sale and approximately 502 housing units could be offered for rent in the City of Bluefield during the year 2014. At any given point in time approximately a 90 day inventory of homes for sale and a 60 day inventory of housing units for rent should be in the local marketplace assuming normal market conditions. Thus, "for sale" alternatives should total approximately one hundred twenty-five (125) units and "for rent" alternatives should total approximately

eighty-four (84) units at any given point in time in the marketplace. Of course, the Mercer County market is much larger and locally based real estate sales and leasing persons appear to serve both the City of Bluefield and the general Mercer County market as well.

Current market conditions in housing and the effects of the nationwide recession have tended to reduce the annual volume of both the home sale market and the housing rental market. Given the levels of economic challenge observed in the local marketplace under, more or less, normal conditions prior to the current recession, it is assumed that the local housing market may be experiencing extreme challenges on both the sale and rental segments of the market and that vacancy rates have likely escalated beyond the demographers' estimates. Given the underlying weaknesses observed in the local market, current negative pressures on the housing market may not rebound when the economy returns to a more normal level of activity.

C. Future Demand

Future demand, in the near term, is projected to continue to decline in the City of Bluefield and, to a lesser extent, in Mercer County, in general. The future vitality and velocity of the housing market in Bluefield will be driven by the economic "drivers" in the local area; government employment, health care, and possibly, post secondary education. Local business and industry may contribute some to future demand, but these sources of demand for housing in Bluefield appear to be peripheral at best at this time.

D. Competitive Supply

As stated above, the overall supply of housing appears to be superadequate to meet future market demand. In addition, the supply of housing has only experienced relatively minor additions since 1959. Slightly more than 74.94% of the housing inventory dates from 1959 or earlier according to the 2000 Census. In essence, the age, condition, and functional utility of the existing inventory may be an accumulating burden to the competitiveness of the housing inventory. These burdens are only compounded by the existence of numerous housing units that have been vacant, essentially abandoned, and in a dilapidated state.

There are few likely sites for the introduction of new inventory without demolition of obsolescent housing and these alternative sites may not be suitable for redevelopment if they are not properly supported by public utilities and improved streets (curbs, gutters, and sidewalks).

Finding market support for the introduction of new housing units of any type, single-family or multi-family, in such a declining marketplace will be a significant challenge, but it is a challenge that can be met.

The future competitiveness of the inventory also means transitioning freestanding, single-family homes in the inventory that have become rental units back to owner occupancy. This is an effort that may have to be reinforced by incentives, but ultimately, must be market driven. Some communities have enforced building and zoning codes to the maximum extent of the law making it expensive for landlords to continue to rent homes without spending substantial sums of money to keep their rentals "up to code". The objective is to make it expensive to be a landlord who owns single-family homes, so that the landlords sell their inventory to home buyers. This is a

reason to establish local enforcement mechanisms to help maintain the value of the housing inventory. This is especially important in a market in which continued contraction is foreseen in the future.

The better the neighborhoods look the more attractive they are to prospective buyers and renters. If the neighborhoods reflect pride of ownership and/or occupancy, the potential demand for housing of all types is bolstered and that, in turn, can translate into enhanced resale and rental pricing. The objective is to make City neighborhoods attractive in order to increase the number of prospects for housing of all types. The concept is what realtors call "curb appeal". It is the first impression that says to take a closer look. Overgrown shrubbery, peeling paint, cracked sidewalks, broken windows, and litter and trash on the streets all send a message of despair and economic challenges. Streets and neighborhoods have to look fresh and vibrant in order for the market to respond positively and that is another way to enhance the competitiveness of the housing inventory in the City of Bluefield.

Finally, the question of "right sizing" the inventory of housing units must be addressed. Assuming the current estimates are reasonably accurate and that the near-term projection does come true, then there are too many housing units on the landscape. Demographer's estimates, as of the end of 2009 suggest that there may be as many as 1,051 vacant housing units in the inventory in the City of Bluefield, today. Based on the inventory at the time of the 2000 Census, approximately 5,976 housing units were on the landscape in Bluefield. The demographers' subsequent 2009 estimate and 2014 projection subtracted units from the inventory, but these statistical extrapolations appear to be erroneous. The goal is a stable market. A stable market has traditionally been expected to experience a normal vacancy rate of 5%, more or less. Based on the 2000 housing inventory, 5% translates to 299 housing units. However, there

was a super-adequate housing supply in the marketplace in 2000. Thus, based on occupied housing in 2000, a normal vacancy rate should have comprised 266 units versus Census estimated actual vacancy of 926 units. Based on estimated 2009 occupied housing units, the 5% normal vacancy complement is approximately 233 units versus estimated actual vacancy of 1,051 units. Based on projected 2014 occupied housing units, the 5% normal vacancy complement is approximately 207 housing units versus estimated projected vacancy of 1,240 units. The elimination of excess vacancy could be the best method to retain and/or enhance the competitiveness of the housing inventory in Bluefield. This observation leads to the conclusion that at least 818 housing units should be removed from the inventory today. This estimate is based on the most optimistic projection for household stability in the City in the next five years. Since there is only a limited deliberate effort to reduce the housing inventory in Bluefield today, it must be assumed that the appropriate number of housing units to be removed from the inventory in order to restore a market based supply will remain at 818 units or greater for the immediate future. Of course, targeted revitalization and enhancement efforts along with the injection of some new inventory could affect demand to the point where at least a portion of these "excess" housing units could be re-absorbed into the Bluefield marketplace.

E. Supply and Demand Balance

The section, above, concludes that "right sizing" the housing inventory may be an approach to maintaining or enhancing the competitiveness of the housing inventory in Bluefield. Based on the 2009 estimate and the 2014 projection, there may only be a need to have as few as 4,134 housing units on the landscape in the City of Bluefield in the near future. If there were no household

declines in the next five years, the housing inventory would still only need 4,652 units to model a stabilized market. In the discussion regarding the competitive supply of housing, the numbers suggested that approximately 818 housing units may need to be removed from the inventory to restore, and hopefully maintain the supply-demand balance for housing in the City of Bluefield in the local marketplace.

The effort cited above should help to restore the supply and demand balance to the Bluefield market based on the statistical estimates and projections for housing occupancy in the City. The results of the 2010 Census will help to support, or refute, the statistical observations. Of course, the composition of the marketplace is important as well. Nationally, the housing market is roughly 67% home owners and 33% renters. Locally, the market appears to be essentially consistent with the national statistics at 66.96% owner-occupied housing and 33.04% renter-occupied housing. Any deliberate inventory reductions should strive to shape the inventory in the direction of the desired overall mix of occupancy types.

As has been stated above, but repeated here for emphasis, the velocity of the rental market usually escalates while the velocity of the resale market stagnates in a market that is experiencing a condition of oversupply. Evidence of such market conditions could be an additional means of assessing the current state of the housing market in the City of Bluefield.

F. Market Share and the Competition

Based on the statistical evidence, the City of Bluefield is losing its local market share over time. The City's objective must be to reverse the losses and to sustain, or enhance, Bluefield's market

share relative to its proportionate share of the housing stock as compared to the housing stock of Mercer County, recognizing that Mercer County appears to be losing households as well albeit at a much slower pace.

The City of Bluefield is approximately 17.60% of the Mercer County housing market with the potential to decrease in the near term. It would be desirable for the City of Bluefield to preserve and/or enhance its market share in the Mercer County market through efforts to maintain the existing inventory of housing and supplement the inventory with the injection of new, replacement housing units for sale and for rent.

G. Housing Market Observations & Conclusions

The observations and conclusions regarding the housing market are summarized as follows:

The Number One Strategic Priority: Rebalance Market Supply and Demand

- A traditional market balance of supply and demand has been defined as five percent (5%) vacancy
- Evaluate the merits of “right sizing” the residential inventory – possibly by demolishing at least 818 housing units in the City of Bluefield

The Number Two Strategic Priority: Rebalance the Stability of Households of All Types

- Determine the reasons for the loss of households
- Address the causes of household relocation
- Aggressively market around market weaknesses while working to correct weaknesses
- Find and market strengths of Bluefield

The Number Three Strategic Priority: Enhance “Curb Appeal” - First Impressions Are Critical

- Encourage and support low cost visual enhancements
- Enhancements must be of sufficient magnitude to be observed by casual passersby – ALL RESIDENTS SHOULD PARTICIPATE
- Correct or Remove Blight

The Number Four Strategic Priority: Focus on Home Buyers over Renters for Stability

- Owner-occupied housing of all types comprised 3,373 units and renter-occupied housing of all types comprised 1,677 units in 2000
- Owner-occupied housing is estimated at 2,959 units today and projected to decline to 2,671 units by 2014

**The Number Five Strategic Priority:
Introduce New Housing Inventory When and
Where Appropriate**

- Based on the number of replacement housing units needed in Bluefield, the introduction of between 47 units and 94 units per year represents a reasonable housing replacement rate between 1% and 2% of existing inventory per year
- New units for owner-occupancy are important, but new rental units should not be overlooked

The reader is referred to the Appendices of this report for tables that provide more detail regarding the housing market in Bluefield and Mercer County. Please see the table titled BLUEFIELD AND MERCER COUNTY HOUSING INVENTORY ANALYSIS at Table 9.



Appendix D

Industrial, Institutional & Office Markets

This section includes an analysis of the industrial, institutional, and office markets in the City of Bluefield and the more general market study area. The industrial market in Bluefield is limited in scope and magnitude, but represents a land use for which the City should be prepared to compete. This could be an important segment of the economy to try to bolster in order to stem the loss of population and households. Industrial uses in Mercer County emphasize extractive industries with a focus on the processing of local resources such as coal. Institutional uses include education and health care. Health care is a land use for which the community appears to have an established presence and a market need.

A. The Current Inventory

No industrial inventory has been completed as a part of this study and local information is somewhat limited. Industrial buildings and their supporting grounds are typically configured around the processes that take place in the facilities. Reuses of industrial buildings are sometimes limited and cumbersome. The age and condition of current and former industrial buildings in the City of Bluefield indicates that at least a portion of the inventory is physically deteriorated and functionally obsolete. For purposes of this analysis, the emphasis is on the development of suitable sites for new or ex-

panding industries. Once again, suitable sites should be ready for construction, properly zoned, with full public utilities, and improved streets. To the extent that sites can be developed along existing railroad rights-of-way, these uses represent a reasonable buffer between the rail lines and other land uses in the City. Industrial uses are not deemed to be among the alternative land uses for the subject site in downtown Bluefield.

A physical inventory of office space in the City of Bluefield has not been conducted as a part of this study. An indirect measure of the adequacy of the inventory to serve the needs of the area has been employed instead. This methodology examines the employer base, the employment base, the numbers of indigenous households, and household incomes as determinants of market potential in sizing the supply of office and service businesses relative to the demand of the indigenous market.

There is a typical ratio of employers and employees in any business category relative to the households they serve. The entry thresholds of some categories of businesses eliminate them from meaningful consideration in many small-scale markets. This business and employment density serve as the basis of a model that expresses this relationship as a percentage of market served. Of course, household income statistics of

the study area relative to the macro-market context of the model serve to temper supply and demand based on economic capacity, or buying power of the indigenous population and households. The model focuses on indigenous households, first. Some categories of highway service businesses depend on the traffic volume of adjacent thoroughfares and cannot be directly tied to the indigenous population or households. In these cases, the potential risk to these businesses is demonstrated by the potential over-supply that is displayed in the percentages of market served. Thus, the dependency on highway traffic is quantified. The results of this model are summarized in the sections that follow as well as in the tables in the Appendices at the conclusion of this report.

The tables that follow show the percentages of market served in the City of Bluefield, Mercer County, and, more importantly, by the drive-time areas that demonstrate access to businesses located in Bluefield as well as access to businesses located in alternative markets. The drive-time areas are emphasized because this is a more accurate measure of market supply and demand than are artificial jurisdictional boundaries.

For purposes of the market analysis an epicenter has been chosen at the intersection of Princeton Avenue and Federal Street at the heart of traditional “downtown” Bluefield. All drive-times are measured from this central point. The ratio between market supply of businesses and market demand; population and households, is expressed as percentages of the indigenous market served. A market balance between supply and demand would be expressed as 100%. Percentages in excess of 100% indicate a super-adequate supply of businesses relative to population and households within the defined area while the converse, a percentage less than 100%, indicates a deficit of market supply relative to market demand. There are two types of excesses and

deficits in the marketplace. The first imbalance is a “location” surplus or deficit. This is frequently found in business districts in which there may be a concentration of market supply, but a relative lack of rooftops within a defined drive-time market area. This simply means that the concentration of businesses serves a larger geographic market than one defined by short drive-times; i.e., a larger geographic area of market influence. As the boundaries of the geographic market are expanded through increasing drive-times the market returns to a balance and can change to the second type of surplus or deficit; a “market” surplus or deficit. Market surpluses or deficits simply mean that a category, or categories, of businesses are in over-supply or, conversely, they can be completely absent from a marketplace. Small, rural towns often lack the “critical mass” of households in the local market area to have anything more than a very basic business base. Residents must travel to adjacent, larger markets to obtain services or purchase goods that are not available locally. This could be a prevailing condition for multiple categories of goods and services in a market the size of the City of Bluefield, but the Mercer County market area provides substantial added support for the magnitude of business that exists in the City and County.

For reference, the numbers of potential employees for each underserved category of goods and services has been identified in tabular form to get a perspective of the potential employment magnitude of the unmet demand in each category in the defined geographic and drive-time areas identified in the study.

B. The Market

The drive-time analysis indicated several deficits as well as excesses in the supply of employers and/or employees that indi-

cated there was potential for the market to be better served in some categories of businesses. The table that follows shows the areas of market potential highlighted in blue or green. The blue highlighted categories are traditionally office based services while the green highlighted services may be office based or located in storerooms along with retail businesses. It should be noted that some traditional office based businesses are opting for retail storeroom exposure in the marketplace; e.g., insurance offices and real estate offices. This transition is likely to continue in the future.

The chart, above, indicates that there could be some limited market opportunities in the consumer services categories of employers and employment. Seven categories of service businesses are identified as present in insufficient numbers or magnitude to adequately serve the City of Bluefield, Mercer County, and/or drive-time markets. Most of the deficits extend out through several of the drive-time areas suggesting that new, small-scale business operators could find opportunities or existing operators already serving the market could successfully expand. It should be noted that not all of the underserved categories of businesses may be suitable for a Bluefield or a Mercer County location. The continuing losses of population and households in the area are immediate roadblocks to new business introduction and/or existing business expansion in the local market. The chances of recruiting businesses in all of the highlighted, underserved categories are more fully described in the paragraphs that follow.

The two charts below detail the numbers of employees in each category of service business and, based on typical employment densities, the amount of space that may be required if all of the unmet demand in the market can be captured at the subject site. Based on the current percentages of indigenous market served,

some idea of the potential magnitude of expansion of the existing employment base can be estimated. The conclusion is that there appear to be some categories of opportunities that should be explored to attempt to bolster the service business base of the City of Bluefield and Mercer County.

The tables, above, suggest that there is a potential market for several categories of consumer service businesses if they want to locate in Bluefield. Some of the categories are self explanatory such as; advertising, beauty and barber shops, child care services, etc. Some categories are more difficult to describe or include multiple business opportunities under an umbrella heading. These categories of service businesses are outlined below.

Auto Repair/Services:

- Car, truck, utility trailer and RV rental;
- Auto body and upholstery repair;
- Tire shops;
- Exhaust system shops;
- Auto glass repair;
- Auto transmission repair general mechanical repair shops;
- Car washes; and
- Commercial auto parking.

Entertainment and Recreation Services:

- Dance studios, schools, and halls;

- Bowling centers;
- Physical fitness facilities;
- Coin-operated amusement devices;
- Public golf courses; and
- Amusement parks.

Health and Medical Services:

- Offices and clinics of doctors (MD's and DO's), dentists and chiropractors;
- Optometrists, podiatrists and other practitioners;
- Intermediate and skilled nursing care facilities;
- Medical and dental laboratories;
- Home health care services;
- Kidney dialysis centers; and
- Specialty outpatient facilities.

Miscellaneous Repair Services:

- Radio and television repair shops;
- Refrigeration and air-conditioning;
- Service and repair;
- Electrical and electronic repair shops;
- Clock, watch and jewelry repair;

- Re-upholstery and furniture repair; and
- Welding shops;

Other Business Services:

- Credit reporting, adjustment and collection services;
- Photocopying and duplicating services;
- Commercial art and graphic design;
- Photofinishing laboratories;
- Secretarial and court reporting services;
- Disinfecting and pest control services;
- Building cleaning and maintenance services;
- Medical equipment rental;
- Other equipment rental and leasing;
- Employment and "help" staff agencies;
- Detective, guard and armored car services; and
- Security systems services.

Other Personal Services:

- Photographic and portrait studios;
- Shoe and leather repair shops;
- Funeral service and crematories; and
- Tax return preparation services.

Professional Services:

- Engineering, architectural and surveying services;
- Accounting, auditing and bookkeeping services;
- Physical, biological, economic, sociological and educational research;
- Testing laboratories;
- Management and management consulting services;
- Public relations services;
- Facilities support management services; and
- Business consulting services.

The categories described above include some potential opportunities for local entrepreneurs as well as larger-scale service providers. Five of the highlighted categories of underserved markets represent “market deficits”. In essence, Bluefield and Mercer County residents cannot find providers of the services described above within a short drive-time. Note that some market deficits persist out to the sixty-minute drive-time boundary. The relative magnitude of the local marketplace, the City and/or the County, may eliminate the possibility of expanding some categories of service businesses at the subject site or in the vicinity of Bluefield for the foreseeable future. Most market deficits persist out to, and beyond, the thirty-minute drive-time boundary.

The task is to market Bluefield as a location that offers access to a broad market. The numbers at the top of each column in the chart indicate the numbers of households that are located within the defined geographies; e.g., within ten minutes drive-time from Princeton Avenue and Federal Street are 8,437 households.

Obviously, demographic trends over time will be important to prospective businesses and that is an additional reason to make every effort to stem the losses of households in the City of Bluefield and Mercer County. Repeating for emphasis, few businesses will find a declining market suitable for a new location; it means businesses have to capture a larger share of a shrinking market each year in order to remain open.

It is safe to say that the supply and demand conditions of the current market will prevail in the near future. Most service businesses described in the accompanying tables are consumer driven. The local area must find opportunities to expand its employment base to industrial and warehousing companies that provide jobs that lead to market growth and are not responsive to trends in population and households that lead to a shrinking employment and business base that directly correlates to the loss of population and households in the local market area. The biggest issue for the local market is whether it has a labor force that is sufficient to address the potential for the introduction of new companies of any type.

In one regard, the City of Bluefield has an impediment to growing the importance and magnitude of its market area as a function of the City’s proximity to major highways. Relatively better highway access has expanded the magnitude of adjacent venues in the marketplace within reasonable drive-time distances to and from Bluefield. These alternative locations have effectively replaced traditional “downtown” Bluefield as a venue for consumer services and retail enterprises except for amenity retail and service businesses that accommodate the small employment base in “downtown” Bluefield.

Traditional “downtown” Bluefield appears to be best positioned to serve as a site for a local gathering place that is unique to the

local area and can generate sufficient consumer traffic to support a small number of businesses that can survive in the local marketplace. It is incumbent on the City of Bluefield to provide the essential prerequisites to new development; i.e., clear the deteriorated and obsolescent inventory of existing buildings off the landscape in order to provide sites that are ready for new development. This new development is likely to be lower density than the existing, built environment and provisions for the modes of transportation that people use today must be better accommodated.

The City can enhance its market opportunities by finding and/or developing businesses and/or institutions that can attract a larger more regional market. By utilizing the subject site of this study for such a "regional draw", attention can be focused on "downtown" Bluefield as a location for shoppers and/or tourists as well as local residents.

D. Competitive Supply

It is essential for Bluefield to have market ready space and sites in order to attract any new businesses to the City. This appears to be a missing prerequisite for the most part at this time. Not unlike the previous discussion regarding housing and the discussion that will follow regarding retail land uses, the market prerequisites are buildings and/or sites for any new businesses to locate and existing businesses to expand. The conclusion is that there may not be any competitive supply of existing space or land to compete for a share for the potential market for service businesses or industry in Bluefield.

The inventory of existing buildings appears to be physically deteriorated, functionally obsolescent, and, in some cases, simply

too large to find any reasonable reuse in the context to the local marketplace today and in the future. These types of buildings effectively encumber the traditional "downtown" from offering competitive sites for future development. While there are overarching conditions that may limit future growth opportunities, the current state of the traditional "downtown" effectively eliminates it from any serious consideration as a development site for most businesses or institutions.

New retail and service venues elsewhere in Mercer County and across the state line in Virginia have transplanted the traditional epicenter of consumer activity to these new locations and substantially discounted the value of the traditional "downtown" of the City of Bluefield as a site for business. These new venues represent what is needed to be competitive in the consumer service and retail segments of the marketplace, today and in the future.

E. Supply and Demand Balance

The tables describe several categories of consumer service businesses that could find an indigenous market in Bluefield. It is not likely that the area will be able to capture businesses in all of the categories that satisfy all of the underserved market segments in Bluefield, but without offering space in Bluefield that targeted enterprises could fill, all of the market potential estimated by the model will be lost and the supply and demand imbalance that currently exists will continue unchanged. Communities, in general, cannot wait for businesses and industries to find them by chance they must be actively marketing their jurisdictions for any market potential to be realized.

F. Market Share and the Competition

What can Bluefield expect to achieve if community leaders, businesses, and residents work together to expand existing businesses recruit new businesses to the City and what are the indicators of success. Some categories of businesses will be more difficult to attract and it is only reasonable to attempt to quantify the probabilities of success for each category of business for which an opportunity was identified above. A simple five grade approach is suggested for application to the categories of businesses for which there was an indicated market opportunity in Bluefield. The five grades range from "very unlikely" to "very likely". The assignment of probabilities is subjective, but is based on market experience and takes into account the characteristics of the Bluefield market study area. This task has been summarized in the following table.

A focus on locally owned businesses in adjacent communities should not be overlooked as a recruiting tool either. Many locally owned businesses that know the area may be more likely to come to Bluefield than a regional or national chain operator that will focus on the demographic and economic trends before giving the market any serious consideration.

G. Industrial, Institutional, and Office Market Observations and Conclusions

Bluefield has opportunities to capture some categories of office and consumer based service businesses. The question is; how does Bluefield market itself as a location for business. The intersection of Princeton Avenue and Federal Street has been selected as the focal point, or epicenter, for business in Bluefield

and the potential site for an urban redevelopment project. While the intersection selected as the epicenter is at the heart of traditional "downtown" Bluefield, this location has been supplanted as the economic heart of the area by newer competitive venues elsewhere in Mercer County and across the state line in Virginia. These new venues relegate the traditional "downtown" area to a supporting role in the local economy of Bluefield and Mercer County.

The supply and demand indicators for the service business categories of "Advertising", "Beauty and Barber Shops", "Child Care Services", "Computer Services", "Entertainment and Recreation Services", "Motion Pictures", and "Other Business Services" all suggest that Bluefield could be a location for business. The seven categories identified indicate underserved markets in drive-time areas up to as long as sixty minutes.

The five of the categories' deficits indicated by the model are "market deficits". In essence, the services described as in "short supply" by the model are not available elsewhere in the local market.

There are categories of businesses that appear to be present in super-adequate numbers to support the marketplace. In general, this means that the businesses in these categories serve a larger scale market than has been modeled in the chosen drive-time distances. Alternatively, these businesses may serve a market segment, or segments, that are not part of the indigenous household market model; e.g., government employees or hospital employees who travel to the immediate area for their jobs. Conversely, this could mean that there are actually too many businesses to serve the market and there is the risk of attrition in these numbers of businesses and employees over time. If busi-

nesses in these categories are located in Bluefield, the potential risks to their survival should be taken into consideration. It may not be possible to prevent the inevitable failures of some businesses, but the observations offered by the model may be able to identify those risks in an effort to delay or avoid possible business failures in the City.

Many of the categories of service businesses are those typically owned and operated by local entrepreneurs. These local businesspersons are likely to be easier to convince that Bluefield can be a good location for their businesses because they live in the area and know the area.

Cooperation and collaboration with the various units of government, business, institutions, and citizens will be an essential part of maintaining and/or enhancing the vitality of the City of Bluefield. The recent sale of the local hospital, its proximity to "downtown" and indications of the desire to expand services may offer redevelopment opportunities in the traditional "downtown" that have real potential in the future.

The hospital should not be overlooked as a potential joint venture partner in future development that benefits both the City and the institution. Such joint ventures are not unprecedented and can be used to develop services and enterprises that may not have a sufficient base of support without the cooperation of the local government and the institution.

The reader is referred to the Appendices for additional details regarding the analyses performed. The table titled BLUEFIELD, MERCER COUNTY, AND DRIVE TIMES SERVICE BUSINESS ANALYSIS is located at Table 10. The BLUEFIELD, MERCER COUNTY, AND DRIVE TIME AREA MAPS can be found at Table 12.



Appendix E

The Retail Market

A. The Current Inventory

An inventory of retail storeroom space was not conducted as a part of this market analysis. As was described with regard to industrial, institutional, and office space, an indirect method of measuring the magnitude of the space inventory was utilized. A significant amount of traditional retail space is located in “downtown” Bluefield although this space is largely functionally obsolete and physically deteriorated. Newer, competitive venues with better highway access and visibility than the traditional “downtown” have effectively replaced the traditional center of Bluefield with new economic hubs.

B. The Market

The analysis will show underserved markets in terms of percentages of market served in the

geographic areas of Bluefield and Mercer County as well as drive-time areas up to sixty minutes away from the epicenter and prospective redevelopment site at the intersection of Princeton Avenue and Federal Street in the heart of “downtown” Bluefield.

The chart (below) indicates that there are five categories of retail enterprises that could help to meet underserved market

segments in Bluefield, Mercer County, and/or drive-time areas from the epicenter of Princeton Avenue and Federal Street in “downtown” Bluefield.

The five categories of enterprises that are highlighted indicate underserved drive-time area markets up to sixty minutes away from the epicenter identified in “downtown” Bluefield.

As was shown in the charts for service businesses, the number of employees and potential space needs for each underserved business category in each of the defined geographies has been detailed in the two charts, above. The potential magnitude of employment has been estimated along with the amounts of space that may be required if all of the unmet market potential can be captured. This provides some guidance as to the expansion potential for existing businesses as well as the potential for the introduction of one or more new businesses in each category that is highlighted.

The market for space in the future is most likely to come from businesses that want to locate in Bluefield to address the categories of consumer goods that are indicated to be underserved in the immediate and more general areas. As with service businesses, some of the category titles are self explanatory, but some need clarification because they encompass more than the title suggests or the title is an umbrella that covers a related range of retail enterprises.

The category titles that need further explanation are detailed as follows:

Auto Dealers and Gas Stations:

- New and/or used motor vehicle dealers;
- Auto and home supply stores; and
- Boat, RV and motorcycle dealers.

Clothing Stores:

- Men's and boys' clothing;
- Women's clothing;
- Women's accessory and specialty stores;
- Children's and infants' wear;
- Family clothing stores;
- Shoe stores; and
- Miscellaneous apparel stores.

Home Furnishings:

- Floor Covering stores;
- Drapery, curtain and upholstery stores;
- Household appliance stores; and
- Miscellaneous home furnishings stores.

Other Food Service:

- Commissary kitchens;
- Catering services; and
- Institutional food service operations.

Other Food Stores:

- Meat and fish markets;
- Fruit and Vegetable markets;
- Candy, nut and confectionery stores;
- Dairy products stores;
- Retail bakeries; and
- Miscellaneous food stores

Specialty Stores:

- Sporting goods and bicycle stores;
- Book stores;
- Stationery stores;
- Jewelry stores;
- Hobby, toy and game shops;
- Gift, novelty and souvenir shops;
- Luggage and leather goods stores;
- Sewing, needlework and piece goods stores;
- Florists;

- Tobacco stores and stands;
- News dealers and newsstands; and
- Optical goods stores.

The categories described above include potential opportunities for local entrepreneurs as well as some larger-scale service providers. However, the market potential for larger-scale enterprises must be tempered by the proximity of Bluefield to other competitive venues in Mercer County, in Virginia and only one hour away by car. Four of the underserved markets represent “market” deficits. In essence, Bluefield and Mercer County residents cannot find providers of the goods described above in any location conveniently located to the City. The task is to market Bluefield as a location that offers access to a broad market albeit a shrinking market.

Identical to the chart in the previous section of this report, the numbers at the top of each column in the chart indicate the numbers of households that are located within the defined geographies.

The following observation is worthy of repeating for emphasis. Demographic trends over time will be important to prospective businesses and that is a key reason to make every effort to stabilize the number of households in the City of Bluefield and in Mercer County. Few businesses will find a declining market suitable for a new location; it means businesses have to capture a larger share of a shrinking market each year in order to remain open.

C. Future Demand

The likely demand for retail space in the City of Bluefield is most

likely to come from one, or more, of the underserved categories of businesses as identified above.

Retailers that may show interest in the Bluefield marketplace are likely to opt for newer more accessible locations over the traditional “downtown” in the City. Newer venues are more vibrant and have the anchor retailers that generate the traffic on which supporting retailers depend. The traditional “downtown” is no longer the retail center of Bluefield or Mercer County.

It is small retail storerooms that appear to be needed in “downtown” Bluefield for small-scale, locally owned retailers. There are some alternatives available, but the determination of which buildings to preserve and which buildings to demolish has to be undertaken with a strategic focus on making sites available for redevelopment; therefore, piecemeal preservation is not a market based option. It would be better to concentrate on a cluster of older, small-scale, existing structures to preserve and enhance rather than a scattered approach.

D. Competitive Supply

The existing structures in “downtown” Bluefield represent vestiges of the past that have fallen into disrepair and are functionally obsolete. These buildings do not represent competitive supply and many should be cleared from the landscape to create sites for new, alternative land uses.

E. Supply and Demand Balance

The City of Bluefield does not appear to have a competitive retail hub. The traditional “downtown” area can still be the location of small-scale, locally owned retail establishments that serve the im-

mediate, albeit small, employment bases in the various government offices, financial institutions, professional offices, in, or adjacent to "downtown".

Stabilizing the number of households in the City of Bluefield and Mercer County appears to be an essential prerequisite to increasing the retail base of the community. As has been stated several times in the preceding sections of this report, no business operator is likely to come to a site located in a declining area. The chances of survival are significantly reduced in such an atmosphere.

F. Market Share & the Competition

As has been stated in the preceding section of this report, "What can Bluefield expect to achieve if the City government, community leaders, businesses, and residents work together to recruit new businesses to town and what are the indicators of success".

Some categories of businesses will be more difficult to attract and it is only reasonable to attempt to quantify the probabilities of success for each category of business for which an opportunity was identified above. A simple five grade approach is suggested for application to the categories of businesses for which there was an indicated market opportunity in Bluefield. The five grades range from "very unlikely" to "very likely". The assignment of probabilities is subjective, but should be based on market experience and take into account the characteristics of "downtown" Bluefield and the larger Bluefield market study area. This is a task has been summarized in the following table.

This is the type of judgmental assessment that should be conducted for every category of business in which a market deficit has been indicated. A focus on locally owned businesses in adjacent commu-

nities should not be overlooked as a recruiting tool either. Locally owned businesses that know the area may be more likely to come to Bluefield than regional or national chain operators.

As was observed in the service business section of this report, there are some prerequisite steps to effectively marketing Bluefield as a retail destination. The most important step is stabilizing the base of population and households in the primary market area of the City of Bluefield and Mercer County.

G. Retail Market Observations & Conclusions

There are several potential retail opportunities for the City of Bluefield. Five categories of retail enterprises have been identified as being in short supply in Bluefield. The categories that have been highlighted include: "Building Materials, Hardware and Garden", "Clothing Stores", "Convenience Stores", "Home Furnishings", and "Other Food Stores". The indications in the tables will provide the backdrop for potential retail recruiting in Bluefield.

As has been stated previously, the possibility of growing the existing merchant base through expansions cannot be overlooked. There may be existing merchants who could upgrade their facilities and meet at least a portion of the unmet demand in the category in which they do business.

The model used in this market analysis deals with the basic comparison of supply to demand. The model does not address market segmentation or niches. Just because a market appears to be adequately served, or even saturated, does not mean that a new enterprise that addresses a specific segment or niche in the market cannot be successful. It is more difficult for a new business to cap-

ture a market share and be successful if that market share has to come from the revenue streams of existing merchants. Existing merchants will not surrender a portion of their market without competing intensely to retain their market base.

New businesses are not likely to find Bluefield without some form of outbound economic development initiative to “sell” Bluefield as a location to do business. Ongoing marketing of communities is essential to their economic success.

The reader is referred to the Appendices for tables containing additional details of the analyses undertaken. The table titled BLUEFIELD, MERCER COUNTY, AND DRIVE TIMES RETAIL ANALYSIS can be found at Table 11. The BLUEFIELD, MERCER COUNTY, AND DRIVE TIME AREA MAPS are located at Table 12.



Appendix F

A Focus on Economic Redevelopment

All communities have businesses, residents, and their built environment on which to rely for their economic health and vitality. Businesses provide jobs and offer the goods and services that consumers want. Residents provide the labor force, consume the goods and services offered by local businesses, and create a sense of place. Ultimately, it is the built environment that determines the competitiveness and attractiveness of any community in the context of alternative venues for businesses to locate and households to reside.

Historically, communities have assumed that the private sector will make its own location determinations and government does not have to enter into the process other than to welcome new businesses and/or residents. More recently, it has become apparent that the private sector is capable of making location decisions involving “green field” sites, but the private sector is not good at reutilizing sites that have been previously developed. Unfortunately for many mature communities, this means that they are overlooked as locations for new businesses and become equally unattractive for new residents as well. In addition, businesses have recognized their economic importance to local communities and “want something in the way of incentives” to come to town. By no means should this commentary be taken as an endorsement of the “let’s make a deal” practices of businesses nationwide, but it

is the reality of our time and communities must recognize the competitive environment and be willing and able to meet the competition or wither as they are overlooked in the context of more aggressive alternatives in the marketplace.

The point of the observations made above is that mature communities are finding that it is becoming an expanded role of government to rehabilitate previously built sites and neighborhoods in order to have competitive locations for new businesses and housing within their jurisdictional boundaries. In addition, the underutilization of the urban infrastructure put in place years ago to serve once vibrant commercial and industrial districts as well as residential neighborhoods has now become an “economic drag” on local operating budgets as maintenance of streets and utilities goes on while the tax generating businesses, industries, and houses that were once served have become vacant, deteriorated, and languish on the landscape awaiting demolition. It is a significant and unrecognized cost of all urban development, especially in locales where “green field” alternatives exist or can be easily developed; however, it is a cost that must be incurred in order for mature communities to compete for new businesses and households in the future. As was stated above, ultimately it is the built environment that any community has to offer to attract, or retain, businesses and residents.

The response to market conditions and inter-jurisdictional competition is the role of “economic development”. In many communities a parallel function of “community development” has been created to deal with the vitality of residential neighborhoods. While both functions are important, it is the economic development role that takes priority because this is the role focused on business retention, expansion, and recruitment; without jobs it is unlikely that any community can attract or retain residents. The economic development function is the local government equivalent of “sales” in the context of the business world and what business can remain sustainable without a sales function.

The City of Bluefield must place an emphasis on the role of economic development and economic redevelopment in the City in order to provide economic stability and encourage economic enhancements in the future. While some businesses have left Bluefield due to changes in economic fortunes and/or business strategies, it is also apparent that some businesses have left because newer, more competitive venues outside of town have been developed. If the City is not working to stem the tide of this outmigration then its future as a City is called into question. No individual or entity will look out for the City except its municipal government and this is the function of economic development.

It is incumbent on the City to determine the framework of the local competitive environment and to analyze competitive strengths and weaknesses. The City must develop initiatives, programs, and/or incentives to retain and expand existing businesses in the City and to recruit new businesses. Any competitive constraints that the City has must be addressed and offset to the best ability of the City to do so. In order to recruit new businesses to the City it must have an inventory of functionally adequate, physically intact, existing space and it must have an inventory of

“shovel ready” sites. This does not mean that the City must own this inventory, but it must be aware of everything that is, or could be, available and an estimate of the cost of acquisition or lease. In some cases involving redevelopment, the City is the most likely facilitator of acquisition, remediation, demolition, and reuse of sites. In these cases the City may be the owner of the inventory and could use the land as an economic development incentive in attracting new businesses or retaining expanding businesses.

The City must have an outward bound program of marketing that emphasizes the City’s “Value Proposition”; in essence, why a business should locate, or stay, in the City of Bluefield over competitive alternatives in the local, regional, or national marketplace. This has to be a real value statement that stands up to the test of competition. It is incumbent on the City to determine its value proposition and market it. An ongoing calling effort directed at existing businesses is important in the marketing effort as well. It is important for businesses to know that they are important contributors to the City’s economic health and well being. It is also important to know how healthy local businesses may be. A periodic call on a business can uncover if a business is struggling or potentially ready to expand. If a business has any problems in dealing with City government, these areas of concern can be discussed and more easily resolved than through a potentially more contentious exchange between the City and the business that could cost the City the loss of the business in the future.

Of course, all of the statements above lead to the prerequisite requirement of a defined role and task set for an economic development function in the City and, ultimately, to determining who will perform these tasks on an ongoing basis for the City; i.e., economic development staff. Economic development cannot be relegated to secondary function of low-level, city staff. The func-

tion must be the primary task of a high level city official; director or assistant city manager level in most communities.

The function of community development is no less important to mature cities as well. This function deals with residential vitality and enhancement. After creating jobs, it is incumbent on the city to offer an attractive alternative for a place to live. In many mature cities, this function is incorporated within the planning department. In other communities it is a freestanding role.

The placement of the Community development function is likely commensurate with the magnitude of the task and the level of staffing available within the planning function. The magnitude of the potential redevelopment effort that appears necessary in Bluefield suggests that a freestanding community development role may be required. Unlike the economic development function, this role may reduce in magnitude over time as the excess inventory of unoccupied dwellings is reduced to fit future market demand and ongoing programs for the introduction of new housing on a regular basis are set in motion. Once again, this is not a function that can be relegated to secondary, low-level status.

It is likely that the City will own and control the inventory of land that will be used for residential redevelopment. This is due to the high probability that the City will be forced to acquire and demolish derelict housing in order to abate nuisances and as land is assembled into redevelopment parcels, the City will likely have to facilitate builder interest, at least initially. Financial support may be a component of facilitation due to possible limits on market value of new housing introduced to otherwise mature neighborhoods. While this market constraint may disappear over time, it is an initial hurdle to redevelopment success for which the City is the only likely remedy in the short run.

The paragraphs above are provided to help set the stage for the first of a series of successful redevelopment projects in the City of Bluefield. It is also important for the City to understand that the best made plans; such as the Colonial Intermodal Center, cannot achieve success without a deliberate, ongoing, and intensive implementation process with high level City involvement.