

PREFACE

Recognizing community perceptions that Petaluma is experiencing a significant degree of retail sales leakage and that the community goes unfulfilled for various types of retail, Thomas Consultants Inc., was commissioned by the City of Petaluma to prepare a *Retail Leakage and Strategy Study*. The underlying purpose of this study was to assess and determine the missing pieces in Petaluma's retail offering. This purpose is accomplished by measuring the scope of opportunity for introducing such retail functions that will redirect, recapture and harness healthy retail sales in Petaluma. The study was prepared during the period July to November 2003, and is augmented by a Consumer Survey to further gauge and quantify the magnitude of retail leakage and voids.

Findings of the report are based on an evaluation of the current general level of Petaluma's economy and that of the surrounding Sonoma County and Marin County region at the time of study. These findings neither take into account nor make provisions for the effect of any sharp rise or decline in local or general economic conditions. Accordingly, the report and recommendations are based on Thomas Consultants Inc.'s understanding of the status of the marketplace and of respective competing retail centers, projects and facilities at the time of study preparation.

Thomas Consultants Inc. does not warrant that the identified recommended optimal retail mix and demand estimates will be achieved, but rather these items were prepared conscientiously on the basis of information obtained during the course of the study and our experience in the planning and development or redevelopment of commercial real estate and planning projects.

A regional examination was carried out in conjunction with discussions with local planning officials and real estate professionals. Reference material for this report was derived predominantly from the public and private sectors, government publications, taxable sales data and Thomas Consultants Inc. Additionally, the Consumer Survey was performed in July and August 2003, in order to gather primary data regarding Petaluma's retail trade area spending patterns and preferences.

It was not the intension of the is study to address "*Automotive Sales, Servicing, Recreation Vehicles or Fueling,*" all of which are already performing well within Petaluma. Rather, the study focuses on "**Comparison**" and "**Convenience**" retailing.

As is customary in an assignment of this type, neither the name of Thomas Consultants Inc., nor the material submitted may be included in a prospectus or any printed material, offerings or presentations, without the expressed permission of Thomas Consultants Inc. The material may only be utilized for the purpose of reference by the City of Petaluma.

It should also be noted that all recommendations put forth by this study are for planning purposes only, to provide direction for the optimal and appropriate evolution of retail functions throughout Petaluma. Accordingly, due to economic fluctuations, etc., Thomas Consultants Inc. does not warrant that any of the figures noted in the study will materialize. Rather they are provided for guidance purposes.