Willamette District Market Analysis & Business Development Strategy

Draft – August 2009

City of West Linn

Clackamas County

marketek

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Acknowledgement

The Willamette District Retail Market Analysis was funded by the Clackamas County Main Street Program. We wish to acknowledge the organizing and outreach efforts of the City of West Linn and the Willamette Main Street Program.

Introduction

The long-term success of the Willamette District is based on its ability to offer residents, visitors and employees a welcoming environment and a shopping, dining and entertainment experience unlike what they find elsewhere. The purpose of the market analysis is to develop a market-based Business Development Plan that directly addresses the Willamette District's desire to have a strong and vital downtown.

Clackamas County contracted with Marketek, Inc. to prepare this market analysis in conjunction with the Willamette District Main Street Programs. It focuses on one of the four key elements of the Main Street Program – Economic Restructuring.

Downtown Program Approach

The Willamette District's Main Street Program is organized according to the Main Street Approach, which focuses on four critical components for creating downtown success and vitality: Promotion/Identity-Building, Design/ Physical Improvements, Economic Development, and Organization. Each is summarized below.

1) **Promotions/Identity Building:** Identify, develop and promote the image and promise of downtown by marketing its unique characteristics to shoppers, investors, new businesses, and visitors. Create an effective promotion strategy to forge this positive image. Create an atmosphere of fun and activity.

2) **Design/Physical:** Capitalize on and improve downtown's physical assets. Create an inviting atmosphere to convey a visual message about the comfort and vibrancy of downtown. Increase the utility and user-friendly quality of downtown.

3) **Economic Development:** Support existing and attract new downtown businesses to respond to the current market. Balance business mix and provide amenities for all shoppers. Convert unused space into productive property. Sharpen the competitiveness of existing business.

4) **Organization:** Establish common goals for downtown's development, and build and organize consensus and cooperation among downtown stakeholders.

Project Purpose

The purpose of this analysis is to:

- Provide a comprehensive assessment of potential market support for retail uses in the Willamette District commercial district.

- Create an accurate picture of the Willamette District's retail industry including a characterization of the existing supply of businesses; consumer preferences, needs and buying patterns; and opportunities and challenges for growth and development in the District.

- Provide the City of West Linn with a factual basis for developing strategies to strengthen and diversify the Willamette District's retail base and capture more consumer spending locally.

- Recommend business development and marketing strategies to strengthen the District retail base.

Project Methodology

As the Willamette District's retail expansion efforts will be implemented over time, the market analysis considers a ten-year time frame from 2009 to 2019, which is a realistic projection period for retail development. Research, both primary and secondary, includes:

- Statistical estimates of potential supportable retail space in the West Linn market area overall and the Willamette District;
- Surveys of the Willamette District's business owners;
- Community-wide surveys of resident/employee shopping preferences;
- Interviews with local businesses/retailers, planners and other community leaders; and
- Several site visits to the Willamette District.

This report is organized into five principal sections:

1) Retail Market Analysis
2) Opinion Research
3) Competitive Assessment
4) Retail Development Strategy
5) Business Development Action Plan

Retail Market Analysis

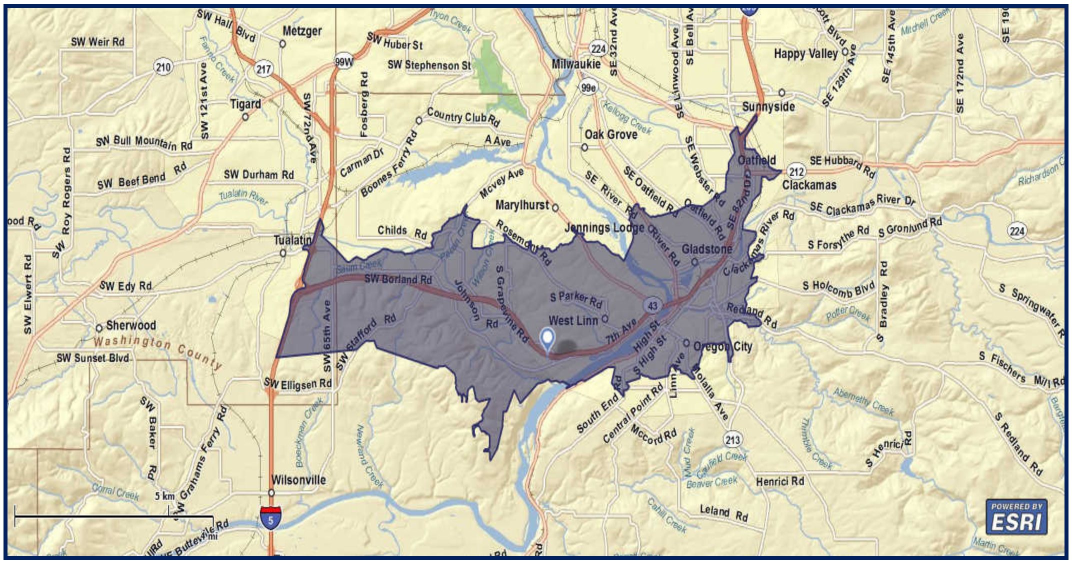
This section outlines Willamette's key retail target markets and provides an estimate of existing and future support of retail space in the Willamette market area.

TARGET MARKET ANALYSIS

The Willamette District has the potential to serve and attract sales from local residents, area employees and visitors. Each customer group is summarized in the following.

Local Resident Market

Based upon the patronage of existing businesses, the Willamette District's location within the region, its competitive assets and proposed redevelopment activity, the Willamette District's Market Area is defined as a 10-minute drive from the Willamette District, as shown on the map below. For comparative purposes, demographic data are also presented for the City of West Linn, the Portland Metropolitan Statistical Area (MSA), and the State of Oregon.



As of 2009, population within the Willamette Market Area was estimated at 59,759 persons and 22,209 households (Exhibit 1). Since 2000, the Market Area has seen moderate population and household growth, with an average annual rate of 1.22% and 1.05% respectively (or an average of 659 additional persons and 213 additional households per year). These rates were just below those of the Portland MSA and the State, which ranged from 1.4% (for population and household growth in the State) to 1.8% (population growth in the MSA). The City of West Linn grew at a faster rate, 1.71%, than the Willamette Market Area adding a total of 3,433 persons over the last nine years. By 2014, the Market Area is expected to reach 62,720 persons and 23,352 households, representing slower growth rates than during the 2000-2009 period.

Exhibit 1
DEMOGRAPHIC & HOUSING SNAPSHOT
City of West Linn, Willamette Market Area, Portland MSA and Oregon
2009

Demographic Indicator	City of West Linn	West Linn Market Area	Portland MSA	State of Oregon
Population				
2009 (estimate)	25,694	59,759	2,233,323	3,841,859
2014 (forecast)	27,505	62,720	2,396,625	4,064,906
Avg. Ann. % Change ('00 to '09)	1.71%	1.22%	1.76%	1.37%
Avg. Ann. % Change ('09 to '14)	1.41%	0.99%	1.46%	1.16%
Households				
2009 (estimate)	9,324	22,209	857,304	1,495,911
2014 (forecast)	10,021	23,352	919,054	1,584,044
Avg. Ann. % Change ('00 to '09)	1.58%	1.05%	1.67%	1.35%
Avg. Ann. % Change ('09 to '14)	1.50%	1.03%	1.44%	1.18%
Average Household Size	2.73	2.66	2.56	2.51
Median Household Income	$93,668	$66,808	$62,166	$53,483
Median Age (Years)	41.0	37.5	36.3	38.0
Race				
Percent White Alone	91.8%	89.6%	81.5%	83.7%
Percent Other Race/2+ Races	8.2%	10.4%	18.5%	16.3%
Percent Hispanic	4.2%	8.5%	10.3%	11.2%
Homeownership	78.1%	64.4%	62.7%	64.0%
Educational Attainment				
Associate Degree	7.3%	7.2%	8.0%	7.7%
Four Year Degree or More	52.4%	34.0%	31.5%	27.7%

Source: ESRI BIS

In the City and Market Area, household size averages 2.7 persons, which is slightly larger than in Clackamas County and the State. The median household income for the Market Area is approximately 7% higher than that of the MSA ($66,808 and $62,166, respectively). The median household income in the City of West Linn, however, is considerably higher at $93,668 than the Market Area, MSA, and State ($53,483).

Median age in the Market Area (38 years) is on par with that of the State (38 years) but a bit above the MSA (36 years). The median age in the City of West Linn (41 years), like median income, is higher than in the Market Area, MSA and State. In terms of race, the Market Area and City are less diverse than the MSA and State. Ninety-one percent (91%) of Market Area residents are white; Asians/Pacific Islanders make up 3%; and 6% of residents are "some other race" or two or more races. Persons of Hispanic origin make up 9% of the Market Area and 4% of the City population, compared to 10% in the MSA and 11% in the State. Detailed charts characterizing the Market Area population including lifestyle information are provided in Appendix A.

Employee Market

An estimated 499 businesses operate within a two-mile radius of the Willamette District and employ nearly 3,300 persons (Exhibit 2). The largest share of employees work in the Services Sector (39%), followed by Retail Trade (21%) and Manufacturing (12%).

Exhibit 2
BUSINESSES AND EMPLOYMENT
2-Mile Area
2009

Industry	Businesses		Employees	
	#	%	#	%
Agriculture & Mining	17	3.4%	102	3.1%
Construction	59	11.8%	145	4.3%
Manufacturing	21	4.2%	393	11.8%
Transportation	6	1.2%	119	3.6%
Communication	2	0.4%	2	0.1%
Electric/Gas/Water/Sanitary Services	2	0.4%	28	0.8%
Wholesale Trade	28	5.6%	66	2.0%
Retail Trade	82	16.4%	705	21.1%
Finance/Insurance/Real Estate	60	12.0%	370	11.1%
Services	190	38.1%	1318	39.4%
Government	10	2.0%	94	2.8%
Other	22	4.4%	0	0.0%
Total Employment	499	100.0%	3,342	100.0%

Note: Measured from the intersection of Willamette Falls Drive and 12th Street.

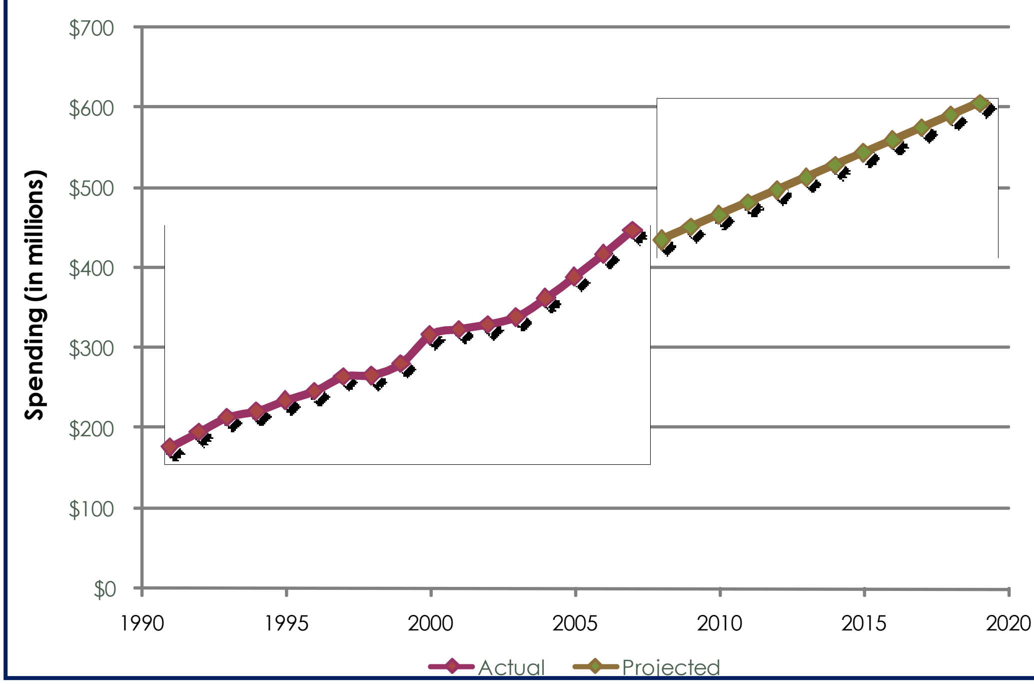
Source: ESRI BIS

Employees working in and near the Willamette District are an important captive market for retail, service, and entertainment business. Research conducted by the Building Owners and Managers Association of America estimates that office workers spend 10% to 15% of their expendable income in and near their places of work. Top spending categories include restaurants, entertainment, cards and gifts, personal care items, and books and magazines.

Visitor Market

With its location along the Willamette River and Interstate 205 corridor and its historic character and identity, the Willamette District's visitor market is another important influence for its business base. The Clackamas County visitor market – which includes West Linn/Willamette District – has witnessed a strong rise in travel spending over the past 16 years, growing from $177.4 million in 1991 to $448.5 million in 2007 (Exhibit 3). Extrapolating the growth rate, Marketek estimates that from 2009 to 2019 visitor spending in the County is expected to increase by $154.8 million to reach $606.1 million.

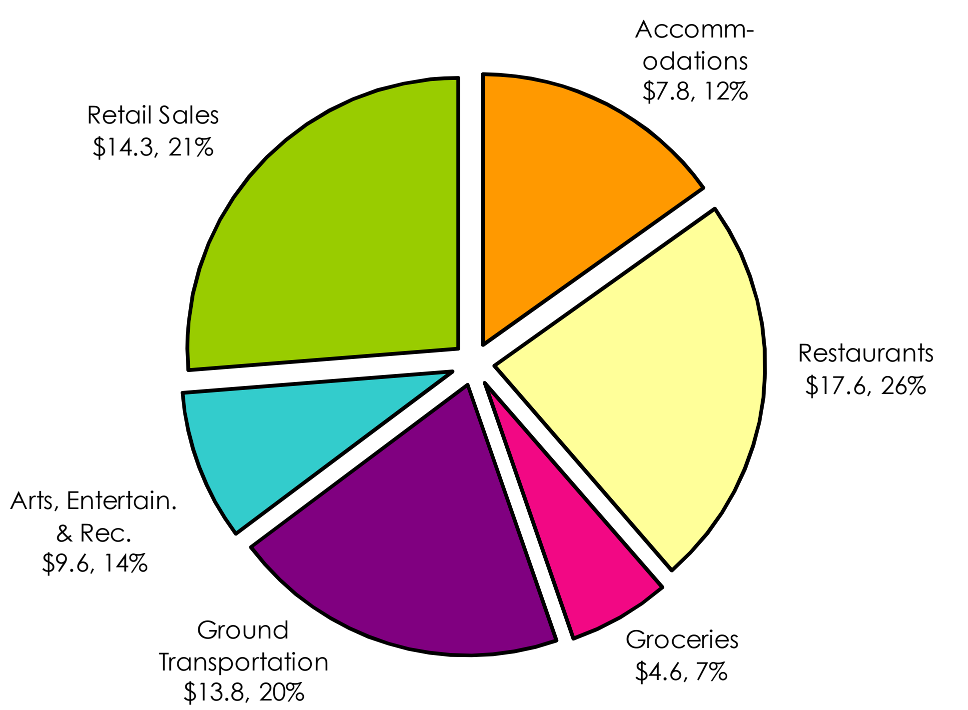
Exhibit 3
Total Visitor Spending
Clackamas County
1991 to 2019



Source: Dean Runyan Associates; Marketek, Inc.

Top visitor spending categories in Clackamas include retail sales ($116 million per year or 26%) and restaurants ($104 million per year or 24%), as shown in Exhibit 4.

Exhibit 4
Visitor Spending by Commodity Purchased
Clackamas County
2007



Source: Dean Runyan Associates

RETAIL DEMAND POTENTIAL

Marketek estimated potential demand for additional retail, restaurant and entertainment space in the Willamette District on resident spending. Spending potential by merchandise type was converted to square feet of store space based on sales per square foot standards derived from the Urban Land Institute's *Dollars and Cents of Shopping Centers*.

For the resident market, demand is derived from two sources. The first, "existing demand," is demand for retail goods by current market area households that is now being met outside the Market Area. Existing demand is found by comparing the retail supply (i.e., actual retail sales) with retail demand (i.e., the expected amount spent by Market Area residents based on consumer expenditure patterns). When demand outweighs supply, a leakage occurs, indicating that consumers are spending outside of the Market Area for some retail goods or services. While consumers will always do a certain amount of shopping away from home, this comparison provides a reasonable indication of the availability of goods in the local market.

The second source of demand, "future demand," is demand for retail goods based on spending patterns and projected household growth within the market area over the next ten years. Although Marketek did not calculate demand from the visitor market, this target group also has the potential to contribute to retail, restaurant and service sales in the Willamette District. Visitors will become more significant over time especially as the district more actively promotes its historic identity.

Potential demand for new retail space is divided among five merchandise categories: shoppers' goods, restaurants, entertainment, convenience goods, and personal services. The types of goods and services within these categories are provided in Appendix B.

The results of the demand analysis are depicted in Exhibit 5 below. Detailed analyses for each source of demand are provided in Appendix B.

Exhibit 5 RETAIL EXPENDITURE POTENTIAL Willamette Market Area 2009-2019				
Merchandise/ Service Category	2008 Existing Unmet Demand (SF)	2009-2014 Market Area Demand (SF)	2014-2019 Market Area Demand (SF)	Total Potential New Retail Space (SF)
Shoppers Goods				
Apparel	6,632	11,095	11,666	29,393
Home Furnishings	29,228	11,330	11,913	52,470
Home Improvement	68,431	12,945	13,611	94,986
Misc. Specialty Retail	389,274	12,032	12,651	413,957
Subtotal	**493,565**	**47,401**	**49,841**	**590,807**
Convenience Goods				
Grocery	96,739	21,401	22,502	140,642
Health/Personal Care	20,803	3,851	4,049	28,703
Subtotal	**117,543**	**25,252**	**26,551**	**169,345**
Restaurants	66,746	19,723	20,738	107,207
Entertainment	NA	7,882	8,287	16,169
Personal Services	NA	9,775	10,278	20,053
Total	**677,854**	**110,032**	**115,695**	**903,581**

* Target sales are based on the Urban Land Institute *Dollars and Cents of Shopping Centers.*

Sources: ESRI BIS; Urban Land Institute; Marketek, Inc.

As shown, existing resident demand has the potential to support an additional 677,854 square feet of retail space in the Willamette Market Area. Potential future resident demand between 2009 and 2014 will support an additional 110,032 square feet. Between 2014 and 2019 demand will support another 115,695 square feet for a total of 903,581 square feet of potential new retail space in the Market Area through 2019.

The absorption and distribution of retail demand into the marketplace is a highly dynamic and fluid process, influenced by factors ranging from the timing and availability of quality space and existing business anchors to district marketing and incentives. All ‘smart’ shopping districts or centers strive to offer the marketplace a diversity of quality businesses, including specialty goods, which are so prevalent in today’s consumer market.

If the Willamette District sought to capture 10% of existing Market Area demand/leakage and 15% of the future demand potential between 2009 and 2019, it would translate to potential for 101,644 square feet of new retail space over the next ten years. In an effort to put these demand estimates in context, Appendix B provides the median sizes of several types of businesses that may be appropriate for the Willamette District.

Success in capitalizing on this commercial opportunity will be highly dependent on a number of factors, including the commitment to quality new development, property redevelopment and maintenance, aggressive marketing, and strong management of the Willamette District.

Opinion Research

Shopper Survey Highlights

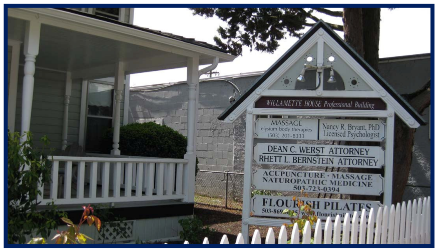
- Two hundred and thirty-eight (238) people participated in the survey.

- More respondents choose to do their non-grocery shopping at Clackamas Town Center than any other shopping destination (47.7%). Bridgeport Village is the next most popular shopping destination (27.0%). Only 16 respondents shop in West Linn (6.8%).

- The majority of respondents cite the convenient location of businesses as the primary advantage of shopping in West Linn (83.9%). This is followed by a strong desire to support local businesses (73.5%).

- Deterrents to shopping in West Linn include a poor selection of goods and services (selected by 65.1% of respondents) and high prices (65.6%).

- Merchandise types most frequently thought to be lacking in West Linn include men's and women's casual apparel, books, hardware, and kitchen and tabletop goods.



- Top service needs include banking, general health care, and copy/shipping.

- Restaurant types desired by respondents include bakeries and establishments that specialize in preparing healthy/natural food.

- Most respondents (56.2%) live in West Linn but work elsewhere.

- When asked what image they would like to see West Linn develop for itself, most respondents state that they would like the small town atmosphere to remain while creating a larger mix of independent and chain shopping options.

Willamette Business Owner Survey Highlights

- The survey generated responses from 14 Willamette District business owners.

- Respondents vary and include retailers, restaurants, professional and personal service providers, and construction.

- The biggest advantages to doing business in Willamette are the small town feel, convenient location, low costs, and proximity to the freeway.

- Seventy-one percent of respondents report that their business activity is steady, moderately growing, or rapidly expanding. Twenty-nine percent of respondents report declining business activity.

- In the past two years, ten businesses (71.4%) have expanded their promotional activities and eight (57.1%) have hired additional employees. Respondents plan to invest in additional promotions and continue hiring employees in the next one to two years.

- The top critical business success factors identified by respondents include financing and foot traffic. The two greatest obstacles facing businesses are the current economic conditions and increasing operating costs.

- Ideas for attracting local shoppers and visitors include expanding the farmer's market and organizing public entertainment on a weekly basis.

Competitive Assessment

Successful business districts of any size have a healthy business climate and a pro-active marketing program. Key amenities and characteristics to draw customers and/or business prospects to neighborhood or community shopping centers include those listed below:

Exhibit 6
Business District Attractors

Access & Linkages • Good visibility • Walkability-pedestrian friendly • Transportation/transit access • Good signage • Parking availability	**Factors Affecting Retail Location** • Compatible land use patterns • Property values (realistic) • Rent levels (realistic) • Organized promotions • Good downtown management • Business compatibility
Uses & Activities • Overall active use—'street life' daytime and evening • Destination attraction(s) in good proximity • Mix of stores/services—active business clusters • Frequency of events • Limited vacancies • Local entrepreneurship • Quality goods and services • Stable/improving real estate values	**Image (clean, safe, green, attractive, places to sit, ambiance)** • Welcoming physical appearance—friendly, green, attractive streetscape • Safe • Clean, well maintained • Benches, garbage cans, bike racks • Unique atmosphere • Sense of pride and ownership

Source: Marketek, Inc.

These factors are particularly critical for older commercial districts seeking to compete for retail dollars being spent at new shopping malls, lifestyle centers and big box retailers. A snapshot of the Willamette District's assets and challenges is shown below to portray a composite picture and to evaluate downtown area from two key perspectives:

1) What customers want from a shopping experience
2) Business climate and marketing factors that affect business decision makers seeking a profitable location

Exhibit 7
The Willamette District Competitive Assessment

Geography/Description
The core Willamette District is Willamette Falls Drive from 10^{th} to 16^{th} Street. The adjoining Willamette Marketplace Shopping Center accessed from 10^{th} Street and 8^{th} Avenue is also considered part of the district business base.

Strengths/Assets

- Upwardly mobile family market with steady population growth and very high incomes
- Excellent access to and from Interstate 205
- Soon-to-be national historic district of Willamette Falls Neighborhood, highly unique historic residential/commercial
- Willamette Falls Neighborhood with 3,000 households in easy walking distance
- Physically appealing and walkable district projects one-of-a-kind identity
- Design overlay in commercial core providing assurance of consistent, quality development
- New commercial/mixed use properties blending well with historic properties
- Ground floor vacancy rate being low, about 5%
- Multiple upper story tenants adding to the daytime shopping base
- Organized merchants group providing the foundation of the Main Street organization
- Significant public and private investment in the district over the last five years
- Over 60 small businesses concentrated in the Willamette District including 10+ restaurants generating weekday and weekend traffic
- Property values on the rise in recent years, resulting rents, and attraction of high quality business tenants
- Overwhelming majority of businesses owned by local entrepreneurs with unique products and services
- Unique downtown amenities including attractive new streetscape/ landscaping, contiguous buildings, angled street parking, outdoor sidewalk dining, etc
- New and expanding downtown businesses within last year including Hollyhill Quilt Shoppe, Thai restaurant, BJ Willy's Public House, among others
- Several downtown business anchors, including many quality restaurants, convenience-oriented (hardware) and specialty shops (quilt shop, gift store, health store, etc.), and the elementary school adjacent to downtown core
- Multiple organized events/promotions to attract customers including the Old Time Fair, the Farmer's Market and the downtown historical walking tour

- Access to the Willamette River through Willamette Park attracting recreational visitors and boaters to and through the business district
- Willamette Fire Station, under construction, adding a community anchor to the district

Challenges

- One-sided shopping/dining, (mainly focused on the east side of Willamette Falls Drive with the exception of the 11th-12th Street block) limiting cohesiveness as a browsable, walkable district
- Willamette District being 'under the radar' in the metro Portland area and needing better promotion/visibility
- West Linn shopping physically spreading out among four or more disconnected areas with no critical mass of business or civic anchors making it a challenge to attract a larger consumer base to any one location
- Significant retail development in good proximity along the I-205 corridor competing with the district
- Limited employment base nearby and high residents-to-employee ratio (over 2x the region, according to City of West Linn)
- Gateway/directional signage to the district lacking, as is clearly marked readable, parking signs including designated parking for RVs and vehicles hauling boats.
- Upper story vacancy rate appearing to be high
- Numerous service/office tenants occupying prime retail locations and disrupting the shopping flow and potential for retail critical mass, (especially on the 'edges' of the district between 10th and 14th & 15th Streets)
- Additional and more visible pedestrian crossings needed
- Limited number of business owners actively engaged in district marketing
- No small business incentives for expansion or recruitment
- Strong perception by local residents that shopping in West Linn highly expensive and very limited
- Flat storefront signage and very few blade signs limiting the ability to entice shoppers down the street
- Willamette Marketplace ground floor vacancy rate high (20% estimated)
- No sustainable funding base for district management/redevelopment (e.g., urban renewal, business improvement district, economic improvement district)
- Street crossing on foot (especially for families with small children) challenging with limited pedestrian cross walks
- Traffic circulation/patterns getting to and through the district congested and confusing
- Parking availability a concern of many

Opportunities
♦ 2009 Market Area leakage of $164 million or 677,854 square feet in Willamette Market area ♦ Willamette Christian Church property (10th St and 8th Avenue) key site connecting Willamette Marketplace to historic district ♦ Anticipated hotel development adjacent to the core spurring visitor spending ♦ Signage to the district encouraging highway travelers and pass-through traffic to stop and shop ♦ Excellent historic tourism assets in town and nearby providing Willamette a competitive advantage ♦ Designation as national historic district providing important marketing asset ♦ Better physical/pedestrian connection to Willamette Marketplace with strong restaurant anchors and Legacy Clinic medical center ♦ Several business niches to be filled including specialty retail and entertainment ♦ Existing business clusters to be promoted: family, health care, restaurants, home furnishings ♦ Single family residences sandwiched between traditional commercial buildings providing attractive shopping spaces converted to 'cottage commercial' ♦ New corner development at 12th & Willamette Falls (5,000 sq. ft.) prime property offering important opportunity to influence the business mix ♦ Potential residential use of upper story space contributing to demand for goods and services

Strengths

Challenges

Opportunities

Retail Strategy Development

At the heart of the Willamette District's long-term success is its ability to offer businesses, residents and visitors a unique and welcoming environment unlike any they can find elsewhere. The following recommended retail strategies are provided for the Willamette District related to:

1) Market Position
2) Business Mix and Targets
3) Business Clustering
4) Property Development

Market Position

The Willamette District must view itself as a 'product' and market itself to compete with other nearby shopping centers and business districts. It is beyond the scope of this project to suggest a brand identity, though marketing themes and taglines suggested in the community input are highly valuable. Developing a common message and identity will provide guidance for downtown's marketing, urban design elements, signage, advertising, marketing collateral, website, etc. In general, the Willamette District should promote itself as the true heart of the West Linn community—a unique and special destination for residents, visitors and businesses. A sample market position statement focused on market advantages follows:

> *The Willamette District is the historic heart of West Linn….a walkable, mixed-use business district with unique shopping and services, dining and special events, and local business owners, serving area families and visitors.*

Business Mix and Targets

A successful business district in virtually any size community will have a balance and mix of uses that includes retail shopping, professional, cultural, financial and government services, entertainment, housing, and personal services. The Willamette District already exists as a mixed-use shopping center bringing residents, businesses and employees together for many purposes. The community fills its daily shopping needs in downtown. A critical goal over the next few years will be to increase the number of retail businesses in the core downtown area and maintain ground floor space in the core area for shopping.

The results of the statistical market analysis as well as the opinion research indicate that Willamette has ample opportunity to grow its retail base and fill niches and voids in the local marketplace. Identifying the most appropriate business mix for the Willamette District, as earlier noted, is a function of demographics and lifestyle characteristics, spending potential, survey research, the existing business base, and retail trends.

Success will be achieved in the Willamette District with business owners dedicated to:

- Providing a good quality product at a fair price
- Providing exceptional customer service
- Responding to the changing needs of both trade area customers and visitors
- Aggressively marketing to these target customer groups
- Offering multiple, complementary product lines
- Filling specific, unique niches
- Having focus, imagination and a deep desire to meet the needs of the customer

The Willamette District's best business opportunities are for unique retail, family-oriented goods and services, and entertainment-type businesses. Attraction of additional anchors—particularly retail—is critically important. The following list of business and merchandise opportunities (Exhibit 8) potentially can be supported based upon the market analysis.

Exhibit 8 Target Business Opportunities for Willamette District		
Merchandise	Bookstore/Friends of Library store Women's casual apparel Men's casual apparel Children's clothing Gifts/cards/paper Bed & bath linens/accessories Kitchen accessories shop Furniture-locally made & other Garden & outdoor accessories Quality consignment – children & ladies Pet supplies Florist/home accessories	Art—locally produced Lighting/Home accessories Toy store/children's books Shoes Music/supplies Scrapbooking Art & craft supplies Jewelry Antique/reproduction (more) Hardware (more)
Restaurants/Food	Bakery/Patisserie Specialty/green grocery: fresh meats/cheese, baked goods, wines Health food store/natural food Healthy food dining	
Entertainment	Pottery/craft store Community art/performance center Music lessons Dance lessons Live entertainment/music @ restaurant or coffee house/piano bar	
Personal Care/ Service	Tailoring/alterations Vision care/eyeglass center Postal annex-type business Photography studio Preschool/Play Boutique	
Other needs	Lodging: bed & breakfasts; quality motel/hotel (coming soon)	

They support the goal of concentrating on specialty goods and were identified as priorities by shoppers and business owners. Combinations of the goods and services as well as many others that have unique appeal to area markets should be considered for business development efforts. Through the survey research, local residents and employees expressed interest mainly in locally owned businesses.

Business Clustering

The Willamette District's success in capturing new and expanding retail development and its long-term viability as a business district will be strongly influenced by a number of factors, including the ability to locate retail and related businesses in the downtown core. An important success factor for downtown development is the creation of a critical mass of complementary businesses that benefit from each other's sales, customers and markets. The primary vehicle for developing unified groups of stores and businesses is clustering – creating mutual advantages in terms of pedestrian flow and shared markets between businesses.

Clustering, a management tool used extensively by shopping centers, involves strategically locating businesses within a downtown or business district to take advantage of relationships between nearby businesses. To implement a clustering strategy, it is important to understand existing assets or clusters, to know where building vacancies exist, and to identify and actively target businesses to suitable locations. Clustering strategies include locating businesses near compatible businesses, complementary businesses, competitive businesses, or traffic generators.

Successful clustering is dependent on having the appropriate mix of businesses that generate market synergies and an uninterrupted grouping of retail businesses that draw customers to and *through* the entire business district. Clustering businesses that share customers or that have complementary goods will strengthen downtown's market position. Restaurants can be located as entertainment-type anchors throughout the district with sensitivity to avoiding conflicts with neighboring businesses that may be seeking to serve a different market segment.

The Willamette District should continue to strengthen and build upon its strongest blocks and existing retail anchors. At present, the section of Willamette Falls Drive with the greatest business concentration of shopping and dining is 11th through 14th Streets. These three blocks represent the area with the greatest potential for retail clustering. The streetscape enhancements contribute to a sense of physical unity in this area and existing activity generators including restaurants and the quilt shop are positive contributors to build upon.

Four existing clusters to promote and build upon include:

- Restaurants/Dining Establishments (10 on Willamette Falls Drive)
- Family-oriented Businesses – Pet Adoption, Bike Shop, Lil Cooperstown, Sporting Goods, Kumon tutoring, etc.
- Health Care – more than a dozen, with a special emphasis on natural and alternative care
- Home Furnishings/Décor – 2nd Time Around, Lavender Blue and Picklewood Hill (soon to open) and Hollyhill Quilt Shoppe

Any number of specialty businesses with appeal to a similar target market would do well in these blocks ranging from books and music to additional home décor and unique apparel.

Property Development

The goal of Property Development strategy is twofold:

- to stimulate interest and action toward property improvements
- to enhance the appearance and condition of the Willamette District properties to attract quality tenants.

Willamette is fortunate to have an excellent stock of quality buildings—both new and historic. Yet, there is still the opportunity to improve the critical mass of buildings and businesses by filling out the development on both sides of the street in the core. The Main Street organization should identify key infill properties for redevelopment. A related activity is simply knowing what properties are available for entrepreneurs and investors. Providing an inventory of available real estate (properties for lease and for sale) is another task for the Main Street volunteers. Next steps will be delineated in the action plan section to follow.

Business Development Plan

This section provides an overview of key business development strategies and next steps for successfully promoting and capitalizing on the market opportunities identified in the market analysis.

Exhibit 9 BUSINESS DEVELOPMENT PROGRAM Willamette District	
Primary Program Goals	• Increase local spending by trade area shopper and visitor target markets • Retain, strengthen and expand the existing business base in the Willamette District • Recruit or encourage businesses that will complement and improve the existing commercial mix and will enhance downtown's attractiveness to its target markets.
Program Elements	• Customer Attraction and Expansion • Business Retention and Expansion • Business Attraction
Core Strategies	• Develop positive downtown image through continuous and creative marketing • Encourage residents, businesses, visitors, and area employees to shop and dine in the Willamette District • Encourage, support, and assist existing businesses • Incubate, support, and grow new businesses • Target new businesses to add to the business mix and strengthen the overall economic base

Next Steps

Selected "next steps" in successfully promoting and capitalizing on the market opportunities identified in the market analysis are outlined in the chart that follows. These steps will contribute to the work plan of two Main Street committees: Economic Restructuring and Promotion.

Next Steps: Business Retention and Expansion
1. Promote the findings of the Retail Market Analysis through the media and in business networking meetings. Distribute a handout/synopsis to business owners with a link to an online version of the report. Encourage existing businesses to expand and diversify their merchandise mix based upon the opportunities identified.
2. Through the Willamette Main Street organization, institute a quarterly Business Recognition or Kudos Program to celebrate downtown businesses for their exceptional service, business improvements, community service, new initiatives and other positive endeavors.
3. Respond to the top needs identified by businesses in the business owner survey--*marketing*—with an ongoing series of workshops and one-on-one technical assistance visits ranging from merchandising and window displays to target marketing and retail promotions.
4. Organize a list or inventory of existing or soon to be vacant spaces and infill properties to identify those that are 'most ready' or developable for retail/mixed-use in the short term and to be able to match business opportunities to sites.
5. Organize a business assistance/advisory program where a local Business Assistance Team is in regular contact with Willamette district businesses and helps identify and respond to critical issues in timely manner. Tap the business development services of Portland State University.
Next Steps: Customer Attraction & Expansion (Promotion)
1. Gain consensus from Main Street constituents including regarding the Willamette District's name and identity for marketing purposes: is it Downtown West Linn? Historic Willamette District? Historic West Linn? Choose one and incorporate in all marketing and development initiatives (key messages, district name, logos, brochures, website, etc.).
2. Develop a simple rack card of Willamette District businesses that can be placed at city hall, the library, local hotels, Museum of the Oregon Territory, local businesses, etc. Be sure to include a simple map of where the district is.
3. Invest in a website specific to the Willamette District that communicates its identity and offerings to existing and prospective businesses, residents and customers.
4. Develop two retail promotions tied to existing events such as the Fair, Farmer's Market, athletic events, etc—include special discounts, drawings, in-store activities, etc. Track the number of customers and impact of events through short post-event survey.
5. Organize two additional events annually that draw West Linn families to the district EX: Trick-or-Treat on Main Street, Student Art Show in downtown businesses, 4th of July pet parade, Back to School Chalk Art Contest, or other.
6. Prepare a rack card focused on one or more of the Willamette District's business clusters—health, restaurants, family and/or home décor.

7.	Organize a signage task force to investigate ways to develop Willamette District wayfinding and gateway signs, with inviting, highly visible, tasteful signs promoting the Willamette District on 10th Street as people pull off the interchange and then at Willamette Falls Drive. An interstate sign will be possible if there is a historic designation. Get examples from other communities. Contract for a design, obtain a budget, fundraise and implement.
8.	Organize a Taste of the Town event with as many participating restaurants as possible. Include music/entertainment.
9.	Organize a full-page cooperative ad in the West Linn Tidings focused on the Willamette District businesses. Ensure it prints multiple times for highest impact.
10.	Promote the Willamette District story and ongoing successes to the metro Portland and statewide media. Identify a local PR/media consultant who will brainstorm story ideas, draft press releases and cultivate a few key publications to help raise the profile of the Willamette District to the greater market area.
11.	Share and promote the Willamette District vision with all stakeholders and influencers—brokers, property owners, citizens, media and business owners. Organize small and large group presentations to share the district's successes so far and the top three goals for 2009-2010 tied to the Main Street program.
Next Steps: Business Attraction	
1.	Focus first on filling the few existing vacancies within the core retail area using the target business list. Identify three-to-five business types per vacancy. Create target prospect lists beginning with established businesses in other locations.
2.	Develop target recruitment campaigns for up to three key business opportunities, to include business and local networking, mailings, one-on-one contact, third-party outreach, targeted collateral material and related activities. See the sample Specialty Retail Campaign in Appendix G.
3.	Distribute the business development marketing factsheet (Appendix E) to local and regional developers; make available on the web. Keep stocked at the City's planning counter, the Chamber office (if open), possibly the library.
4.	Create a list of and maintain referral networks with leading realtors/brokers, economic development agencies, developers and business leaders and educate them regarding the types of businesses most appropriate for the the Willamette District. Develop a schedule of electronic communications and events to keep the group informed about downtown initiatives and opportunities.
5.	Create a list of key properties currently available for lease or soon to be available. Identify target businesses for these properties based upon business clustering principles and existing clusters. As part of this effort, initiate conversations with office users in prime retail space to discuss the possibility of relocating to upper story or other space.
6.	Create a comprehensive database of key economic indicators to track and promote the Willamette District's vitality and overall progress. Data should include: vacancy rate, jobs gained, private/public investment, businesses recruited/retained, special event/promotion traffic counts and retail impact, etc. See a sample Downtown By the Numbers in Appendix F.

IMPLEMENTING THE PLAN

The Willamette District will need to work hard and smart to encourage quality businesses to locate there rather than in other established or newer shopping centers. Business development efforts should emphasize <u>unique, locally-owned businesses</u> but also carefully target regional and/or national chains that offer credibility and/or the ability to draw a broad middle income market.

Implementation of the business development plan is dependent upon a commitment to the Willamette District as a priority economic development goal; an organized, proactive local business development team; and management by one or more qualified volunteer leaders or staff with strong sales and marketing skills.

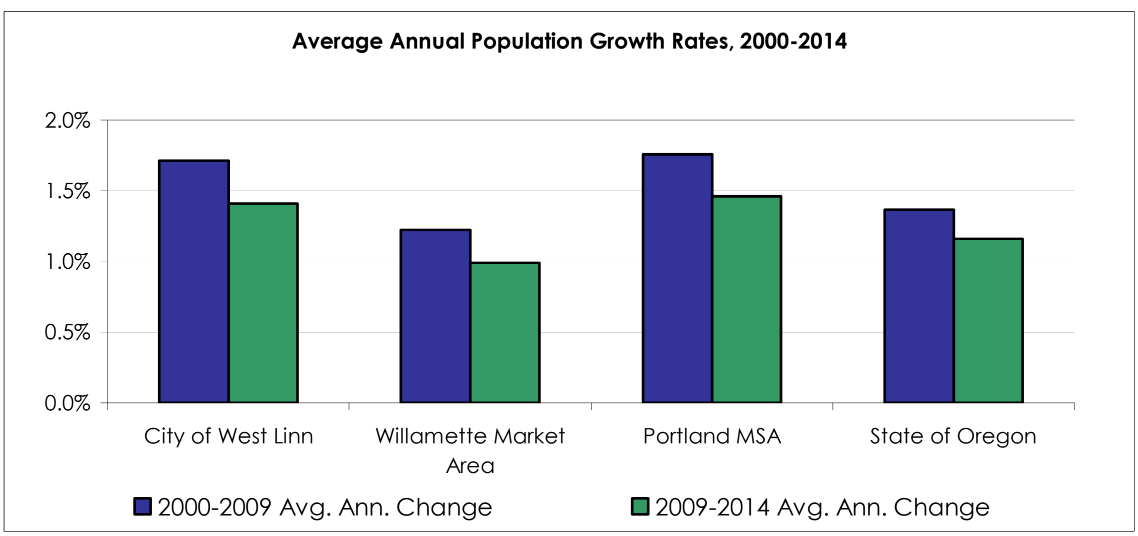
Successful downtown <u>business development</u> programs for small towns and large cities alike have the following key *organizational* elements in common:

- Public-private partnership where goals, responsibilities, commitment, and funding are shared through a unified game plan and common vision.

- A clear delivery system for ongoing market education, target marketing and sales. Among the stakeholders involved are the City, Chamber, developers, established businesses, residents, lenders, entrepreneurs, schools, and major employers. The Willamette Main Street Program is organizing with most of these constituents involved. Keep the 'net cast wide' in the process of ongoing recruitment of key influencers to focus on the Willamette District's success.

Appendix A. Demographic Profile

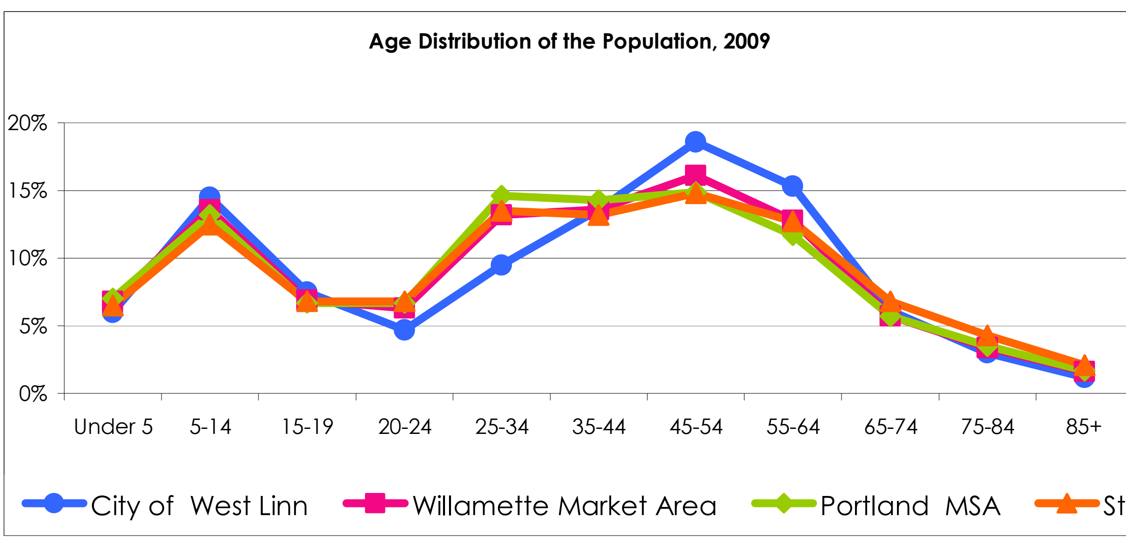
POPULATION & HOUSEHOLD GROWTH City of West Linn, Willamette Market Area, Portland MSA and Oregon 2000-2014							
Geographic Area			Avg. Ann. Change 2000-2009			Avg. Ann. Change 2009-2014	
	2000	2009 (Estimate)	Number	Percent	2014 (Forecast)	Number	Percent
City of West Linn							
Population	22,261	25,694	381	1.71%	27,505	362	1.41%
Households	8,161	9,324	129	1.58%	10,021	139	1.50%
Avg. Household Size	2.72	2.73	0.001		2.73	0.000	
Willamette Market Area							
Population	53,829	59,759	659	1.22%	62,720	592	0.99%
Households	20,296	22,209	213	1.05%	23,352	229	1.03%
Avg. Household Size	2.63	2.66	0.003		2.66	0.000	
Portland MSA							
Population	1,927,881	2,233,323	33,938	1.76%	2,396,625	32,660	1.46%
Households	745,531	857,304	12,419	1.67%	919,054	12,350	1.44%
Avg. Household Size	2.54	2.56	0.002		2.57	0.002	
State of Oregon							
Population	3,421,399	3,841,859	46,718	1.37%	4,064,906	44,609	1.16%
Households	1,333,723	1,495,911	18,021	1.35%	1,584,044	17,627	1.18%
Avg. Household Size	2.51	2.51	0.000		2.51	0.000	



Source: ESRI BIS

POPULATION BY AGE City of West Linn, Willamette Market Area, Portland MSA and Oregon 2009				
Age Category	City of West Linn	Willamette Market Area	Portland MSA	State of Oregon
Under 5	6.0%	6.8%	7.0%	6.5%
5-14	14.5%	13.6%	13.2%	12.5%
15-19	7.5%	6.9%	6.7%	6.8%
20-24	4.7%	6.3%	6.7%	6.8%
25-34	9.5%	13.2%	14.6%	13.5%
35-44	13.6%	13.6%	14.3%	13.2%
45-54	18.6%	16.1%	14.9%	14.8%
55-64	15.3%	12.8%	11.7%	12.7%
65-74	6.1%	5.7%	5.7%	6.8%
75-84	3.0%	3.4%	3.5%	4.3%
85+	1.2%	1.6%	1.7%	2.1%
Total	25,694	59,759	2,233,323	3,841,859

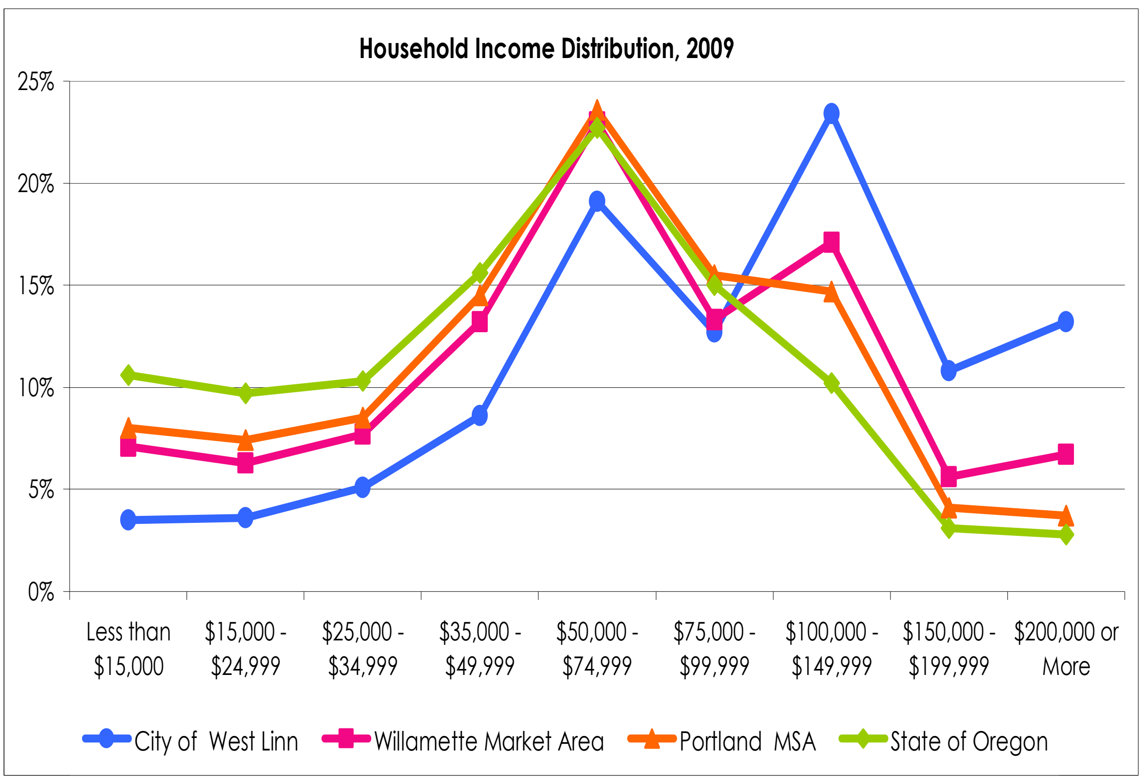
Median Age	41.0	37.5	36.3	38.0



Source: ESRI BIS

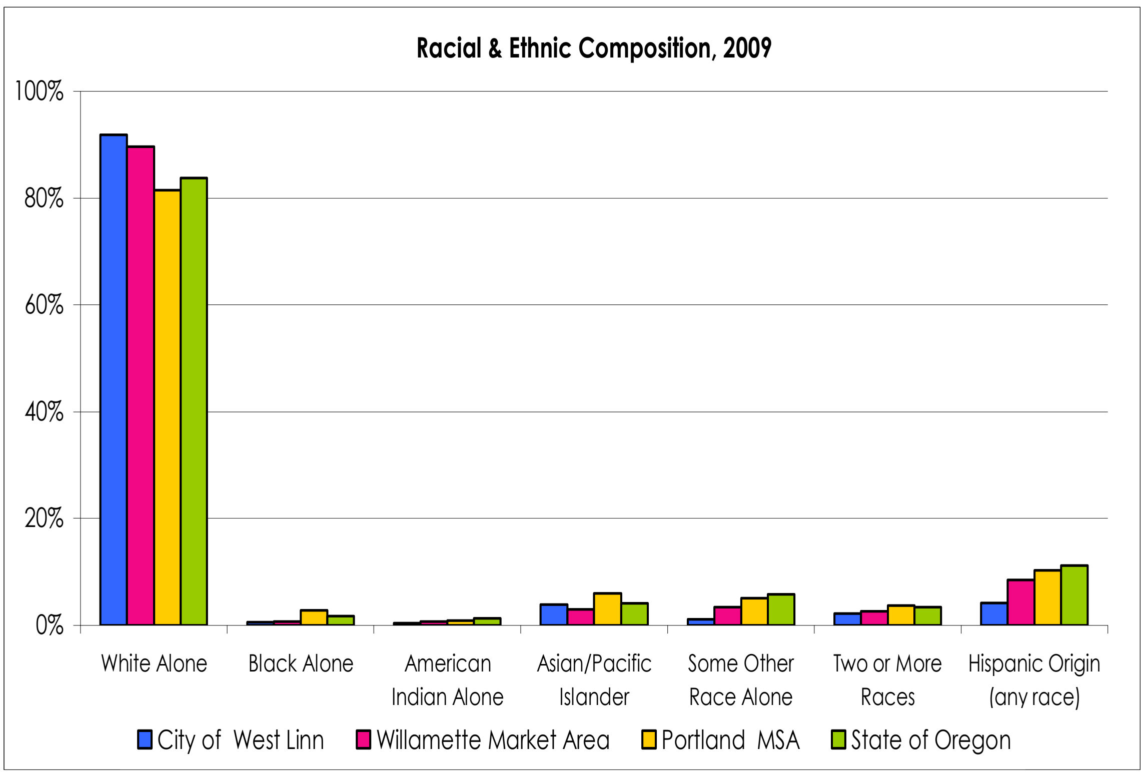
HOUSEHOLD INCOME City of West Linn, Willamette Market Area, Portland MSA and Oregon 2009				
Income	City of West Linn	Willamette Market Area	Portland MSA	State of Oregon
Less than $15,000	3.5%	7.1%	8.0%	10.6%
$15,000 - $24,999	3.6%	6.3%	7.4%	9.7%
$25,000 - $34,999	5.1%	7.7%	8.5%	10.3%
$35,000 - $49,999	8.6%	13.2%	14.5%	15.6%
$50,000 - $74,999	19.1%	23.0%	23.6%	22.7%
$75,000 - $99,999	12.7%	13.3%	15.5%	15.0%
$100,000 - $149,999	23.4%	17.1%	14.7%	10.2%
$150,000 - $199,999	10.8%	5.6%	4.1%	3.1%
$200,000 or More	13.2%	6.7%	3.7%	2.8%
Total	9,324	22,209	857,304	1,495,911

Median Household Income	$93,668	$66,808	$62,166	$53,483



Source: ESRI BIS

RACIAL & ETHNIC COMPOSITION City of West Linn, Willamette Market Area, Portland MSA and Oregon 2009				
Race/Ethnicity	City of West Linn	Willamette Market Area	Portland MSA	State of Oregon
White Alone	91.8%	89.6%	81.5%	83.7%
Black Alone	0.6%	0.7%	2.8%	1.7%
American Indian Alone	0.4%	0.7%	0.9%	1.3%
Asian/Pacific Islander	3.9%	3.0%	6.0%	4.1%
Some Other Race Alone	1.1%	3.4%	5.1%	5.8%
Two or More Races	2.2%	2.6%	3.7%	3.4%
Hispanic Origin (any race)	4.2%	8.5%	10.3%	11.2%
Total	25,694	59,759	2,233,323	3,841,859



Source: ESRI BIS

Community Tapestry Segments

Recognizing that people who share the same demographic characteristics may have widely divergent interests and shopping preferences, Community Tapestry data (developed by ESRI Business Information Solutions) categorizes neighborhoods throughout the nation into 65 consumer groups or market segments. Neighborhoods are geographically defined by census blocks, which are analyzed and sorted by a variety of demographic and socioeconomic characteristics as well as other determinants of consumer behavior.

Market area households have been grouped into Tapestry market segments. The market segments within the Willamette Market Area are identified and summarized in the chart on the following page. While the characteristics of each market segment vary, households within the Market Area tend to be family households consisting of married couples with or without children. Homeownership predominates, and both sophisticated lifestyles and home improvement projects are popular. The Market Area's "Main Street, USA" and "Aspiring Young Families" segments have median incomes comparable to the national median. Other segments – "Suburban Splendor" and "Urban Chic" – have incomes well above the national median, while the "Young and Restless" and "Old and Newcomers" segments have median incomes considerably below the national level. Top market segments in terms of both percentage of households and median income include "Suburban Splendor," "Sophisticated Squires" and "Urban Chic."

	TOP TEN TAPESTRY MARKET SEGMENTS Willamette Market Area 2009					
	Market Segment	% of Hholds	Hhold Type	Median Age	Median Income	Consumer Preferences & Purchases
1	Suburban Splendor	17.0%	Married couples	41	$129,931	Families in growing neighborhoods who own large, luxurious homes and hire contractors and maintenance workers. They devote free time to travel, fitness and trips to museums or the theater.
2	Main Street, USA	16.0%	Family Mix	37	$55,144	These fairly well-educated consumers tend to purchase software, savings certificates, home improvement iterms and prescription medication. Civic-minded, they often attend public meetings and work as volunteers.
3	Sophisticated Squires	13.1%	Married couples	38	$85,937	Couples who enjoy cultured country living on the fringe of urbanized areas. They do their own landscaping and home improvement projects and play sports and board games. Prefer to read than watch television.
4	Old and Newcomers	11.6%	Single Persons/ Shared Hholds	37	$42,971	Households are often in transitional mode, either starting careers or retiring. Older members consult with financial planners and are health-conscious. Younger members typically enjoy movies, college football games and activities such as yoga and kickboxing.
5	Urban Chic	11.0%	Married couples	41	$89,521	Professionals with exclusive, sohpisticated lifestlyes, members of these households travel extensively and attend museums, dance performances and concerts. They use the Internet to arrange travel, follow investments and make purchases.
6	Green Acres	7.9%	Married couples	41	$63,922	Blue collar families w/ children 6-17 living in pastoral settings. These do-it-yourselfers are not afraid to tackle home improvement projects and enjoy watching football and NASCAR and going hunting and hiking.
7	Cozy and Comfortable	6.8%	Married couples	42	$65,768	Middle-aged married couples settled in single-family homes in older neighborhoods. These families have mutual funds, second mortgages and home equity lines of credit. They play softball and golf, eat at family restaurants and travel domestically.
8	Young and Restless	6.0%	Singles/ Shared hholds	29	$43,645	These households are young and on the go. Their purchases center on themselves and include sports gear, designer clothing and computers and software. Favorite stores include Banana Republic and Express.
9	Aspiring Young Families	4.9%	Family Mix	31	$50,392	Live in start up homes or town homes, nearly half are renters, spend their discretionary income on their children and homes. Enjoy eating out, movies, and playing sports.
10	In Style	2.8%	Married couples without children	40	$72,112	Well-educated professional couples who may live in the suburbs but enjoy the amenities of the city. Travel frequently for business and pleasure, own mutual funds and contribute to 401-K accounts. Enjoy dining out and shopping at stores such as Anne Taylor and Nordstrom.
Total Households		**97.1%**				

Source: ESRI BIS

Appendix B. Retail Demands

SUMMARY OF MERCHANDISE AND SERVICE CATEGORIES	
Merchandise/Service Category	Types of Goods/Services
Apparel	Women's Apparel, Men's Apparel, Children's, Footwear, Watches & Jewelry
Home Furnishings	Furniture, Floor Coverings, Major and Small Appliances, Household Textiles, Floor Coverings, PC Software and Hardware, Housewares, Dinnerware, Telephones
Home Improvement	Maintenance and Remodeling Materials, Lawn & Garden
Misc. Specialty Retail	Pet Care, Books & Periodicals, Sporting Equipment, Toys & Hobbies, Video Cassettes & Games, TV/VCR/Cameras, Audio Equipment, Luggage, Eyeglasses
Groceries	Food at Home, Nonalcoholic Beverages at Home, Alcoholic Beverages, Smoking Products
Restaurants	Food Away From Home, Alcoholic Beverages
Entertainment	Admission to Movie/Theater/Opera/Ballet, Recreational Lessons, Participation in Clubs
Personal Services	Shoe Repair, Video Rental, Laundry & Dry Cleaning, Alterations, Clothing Rental & Storage, Watch & Jewelry Repair, Photo Processing & Supplies, Child Care

Source: ESRI BIS

EXISTING RETAIL BALANCE Willamette Market Area 2009					
Merchandise Category	Demand/ Spending Potential	Supply/ Retail Sales	Leakage (or Surplus)	Target Sales ($/SF)*	Potential Space
Shoppers Goods					
Apparel	$18,712,215	$17,326,155	$1,386,060	$209	6,632
Home Furnishings	$20,758,207	$14,941,804	$5,816,403	$199	29,228
Electronics & Appliances	$19,779,128	$21,236,475	($1,457,347)	---	---
Home Improvement & Gardening	$28,162,180	$18,581,885	$9,580,295	$140	68,431
Sporting Goods, Hobbies, Books & Music	$8,974,981	$7,021,909	$1,953,072	$216	9,042
General Merchandise	$136,395,807	$54,265,661	$82,130,146	$216	380,232
Miscellaneous Specialty Retail (florist, office supplies, gift stores, etc.)	$10,904,257	$11,399,323	($495,066)	---	---
Convenience Goods					
Grocery	$112,748,019	$74,536,050	$38,211,969	$395	96,739
Health & Personal Care	$16,401,035	$8,807,765	$7,593,270	$365	20,803
Restaurants	$105,174,775	$87,620,555	$17,554,220	$263	66,746
Total Leakage					**$164,225,435**

* Target sales are based on the Urban Land Institute *Dollars and Cents of Shopping Centers*

Source: ESRI BIS

RETAIL EXPENDITURE POTENTIAL Willamette Market Area 2009-2019								
			2009 Retail Potential		2014 Retail Potential		2019 Retail Potential	
Merchandise or Service Category	Per Household Expenditure	Target Sales ($/SF)*	Sales (in mil $)	Space (SF)	Sales (in mil $)	Space (SF)	Sales (in mil $)	Space (SF)
Apparel	$2,029	$209	$45.1	215,587	$47.4	226,682	$49.8	238,348
Home Furnishings	$1,973	$199	$43.8	220,138	$46.1	231,468	$48.4	243,380
Home Improvement	$1,586	$140	$35.2	251,522	$37.0	264,467	$38.9	278,078
Misc. Specialty Retail	$2,274	$216	$50.5	233,780	$53.1	245,811	$55.8	258,462
Shoppers Goods			**$174.6**	**921,027**	**$183.6**	**968,428**	**$193.0**	**1,018,269**
Grocery	$7,302	$390	$162.2	415,829	$170.5	437,230	$179.3	459,732
Health/Personal Care	$1,230	$365	$27.3	74,820	$28.7	78,671	$30.2	82,719
Convenience Goods			**$189.5**	**490,649**	**$199.2**	**515,900**	**$209.5**	**542,452**
Restaurants	$4,538	$263	**$100.8**	**383,227**	**$106.0**	**402,950**	**$111.4**	**423,688**
Entertainment	$621	$90	**$13.8**	**153,143**	**$14.5**	**161,025**	**$15.2**	**169,312**
Personal Services	$1,291	$151	**$28.7**	**189,934**	**$30.2**	**199,709**	**$31.7**	**209,987**
Total			**$507.3**	**2,137,980**	**$533.4**	**2,248,012**	**$560.9**	**2,363,708**
Five Year Net Gain					$26.1	110,032	$27.5	115,695

Target sales are based on the Urban Land Institute, "Dollars and Cents of Shopping Centers."

Sources: ESRI BIS; Urban Land Institute; Marketek, Inc.

TYPICAL SIZE OF SELECTED BUSINESSES				
Merchandise or Service Category/Business	Median	National	Local Chain	Independent
Specialty Retail				
Appliances	5,956	6,292	5,911	~
Art Gallery	1,802	~	1,802	1,907
Beauty Supplies	1,807	1,634	2,450	1,829
Bike Shop	3,440	~	~	2,596
Bookstore	10,093	23,000	9,990	2,740
Cameras	2,000	2,000	~	~
Children's Wear	3,913	4,879	3,054	2,105
Family Shoe Store	4,000	4,113	5,100	2,460
Family Wear	8,000	8,500	3,474	5,132
Gift/Cards	4,200	4,900	3,780	1,653
Hardware	13,200	13,900	~	~
Home Accessories	7,595	10,215	5,365	2,462
Jewelry	1,500	1,610	1,968	1,200
Luggage	2,500	2,499	~	~
Men's Clothing Store	3,500	4,319	3,065	2,750
Pet Supplies	7,995	17,600	3,201	3,200
Record/Tapes	4,464	6,178	~	2,017
Sporting Goods	8,465	22,000	4,980	2,995
Toys	7,855	12,000	~	3,344
Women's Ready to Wear	4,400	4,503	3,960	2,145
Convenience				
Drugstore/Pharmacy	10,920	10,860	16,668	4,977
Supermarket	50,420	49,071	51,495	23,300
Bakery	1,990	4,000	~	1,700
Gourmet Grocery	18,000	~	~	~
Wine/Liquor	3,440	~	6,237	2,920
Personal Services				
Day Spa	2,875	~	2,563	3,060
Women's Hair Salon	1,400	1,450	1,250	1,361
Nail Salon	1,200	~	1,200	1,200
Health Club	10,249	9,548	5,508	10,249
Mail/Packaging/Photocopying	1,278	1,240	~	1,236
Tailor/Alteration	950	~	900	1,035
Video Rental	6,000	6,333	4,240	4,733
Drycleaners	1,800	~	1,800	1,649
Day Care	4,000	~	~	3,901
Laundry	2,114	~	2,150	1,955
Restaurants				
Restaurant with Liquor	5,204	6,669	5,600	3,362
Restaurant without Liquor	3,581	6,500	3,025	2,625
Bar/Cocktail Lounge	3,821	~	~	3,821
Ice Cream Parlor	1,137	1,144	1,137	1,116
Coffee/Tea	1,578	1,650	1,624	1,400
Entertainment - Cinema	35,022	37,161	35,022	21,250

Source: Urban Land Institute, "Dollars and Cents of Shopping Centers."

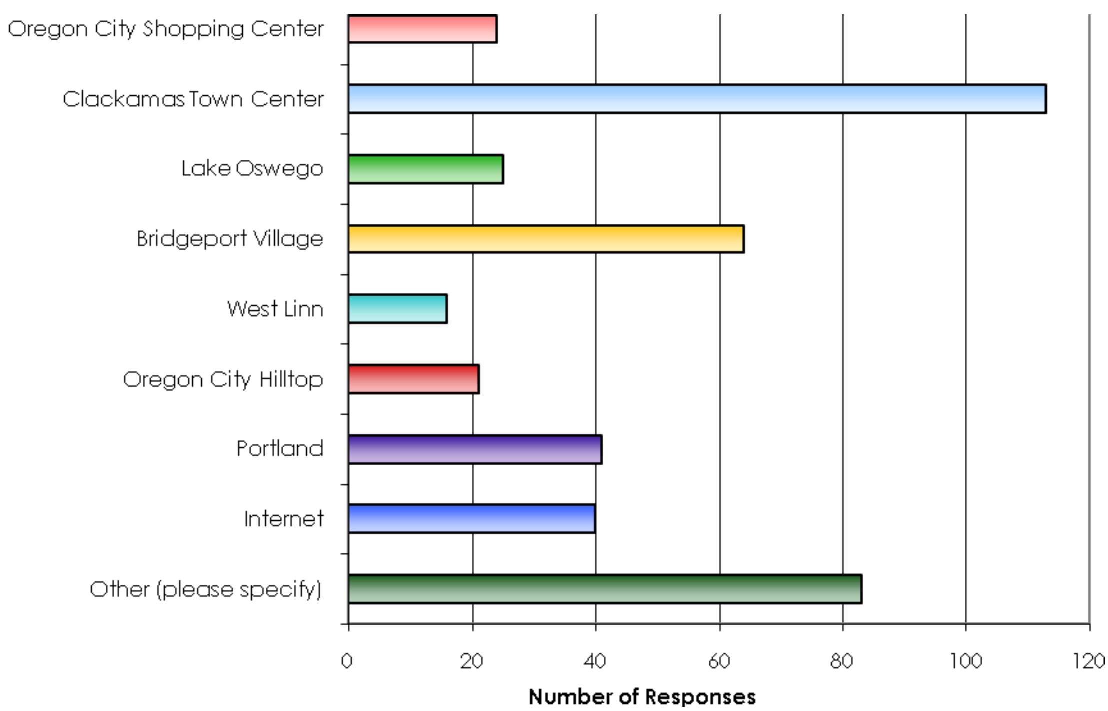
Appendix C. Shopper Survey Results

West Linn Shopper Survey

Section 1: Shopping & Services in West Linn

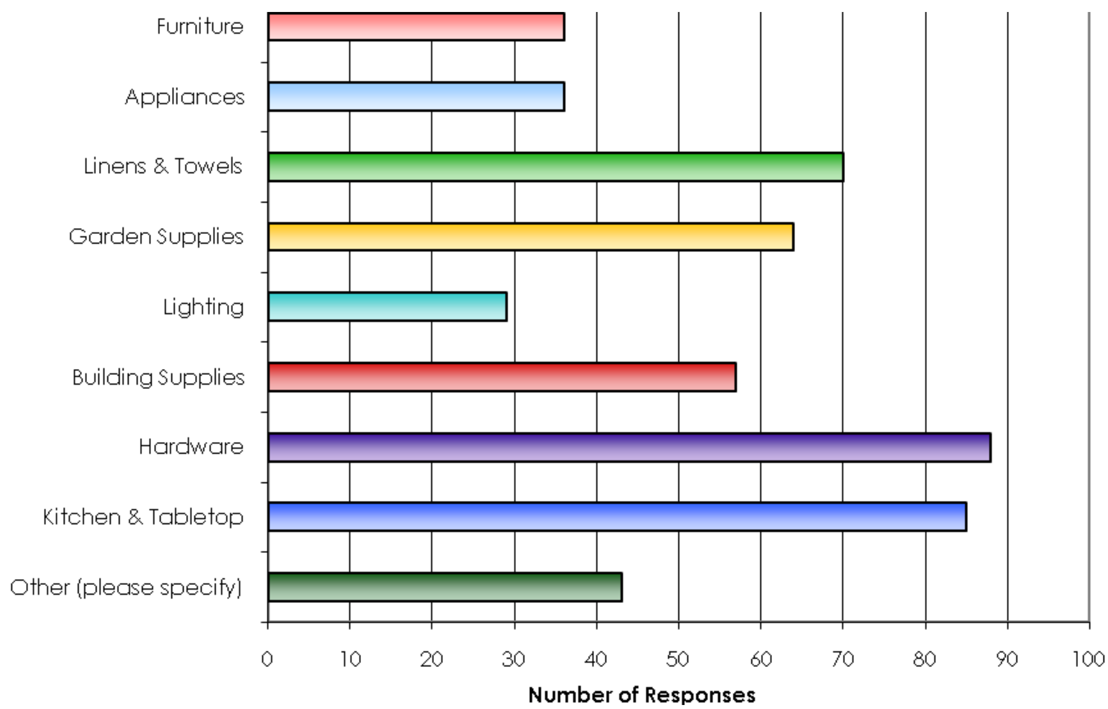
1. **Where do you do most of your non-grocery shopping (e.g., apparel, home furnishings, sporting goods, etc.)? (237 respondents)**

- More respondents choose to do their non-grocery shopping at Clackamas Town Center than any other shopping destination (47.7%).
- Bridgeport Village is the next most popular shopping destination (27.0%). Only 16 respondents shop in downtown West Linn (6.8%)
- Of the 83 respondents who chose 'other,' 25 shop at Washington Square and 17 shop in Wilsonville.



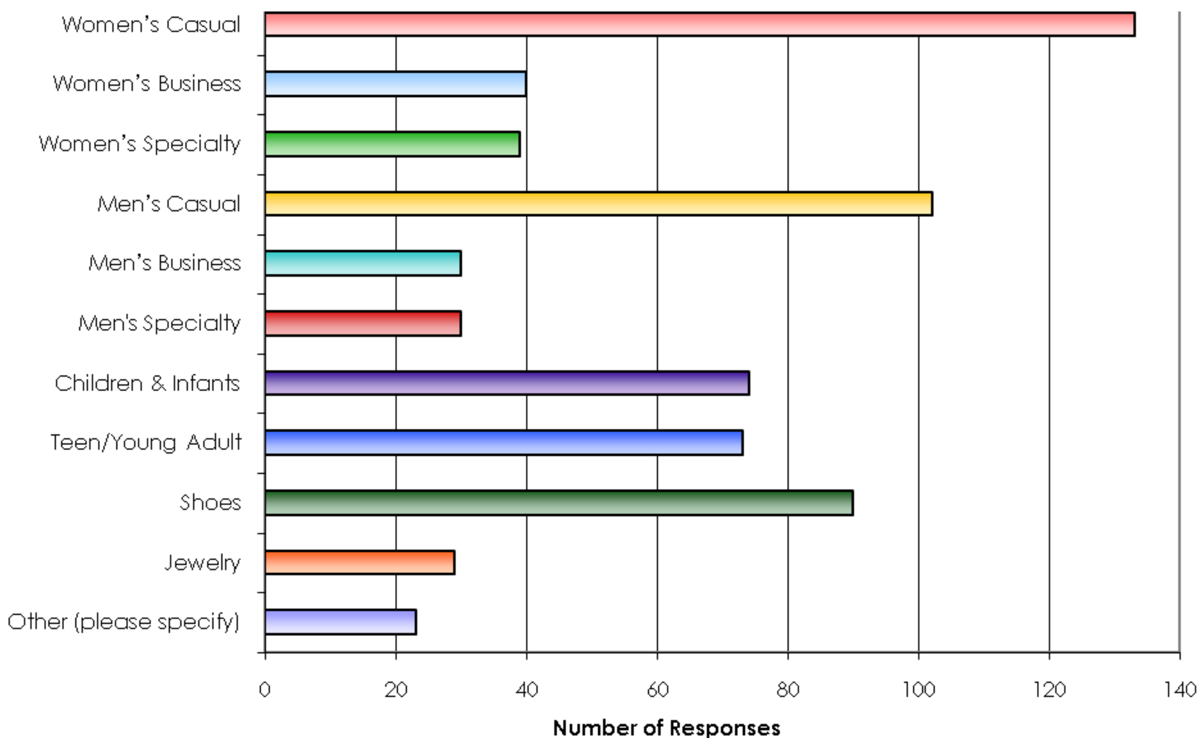
2. What kinds of HOUSEHOLD GOODS do you think we are missing or need more of in the West Linn community? (Check all that apply) (203 respondents)

- Hardware is the most common household good that respondents think is missing from the West Linn community (43.3%). Mentioned by 41.9 percent of respondents, kitchen and tabletop accessories follow closely behind.
- Furniture (17.7%), appliances (17.7%), and lighting (14.3%) are respondents' least requested household goods.
- No single answer dominated among the 21.2 percent of respondents that chose "other." Answers included office supplies, clothing, Trader Joe's, books, and drugstores.



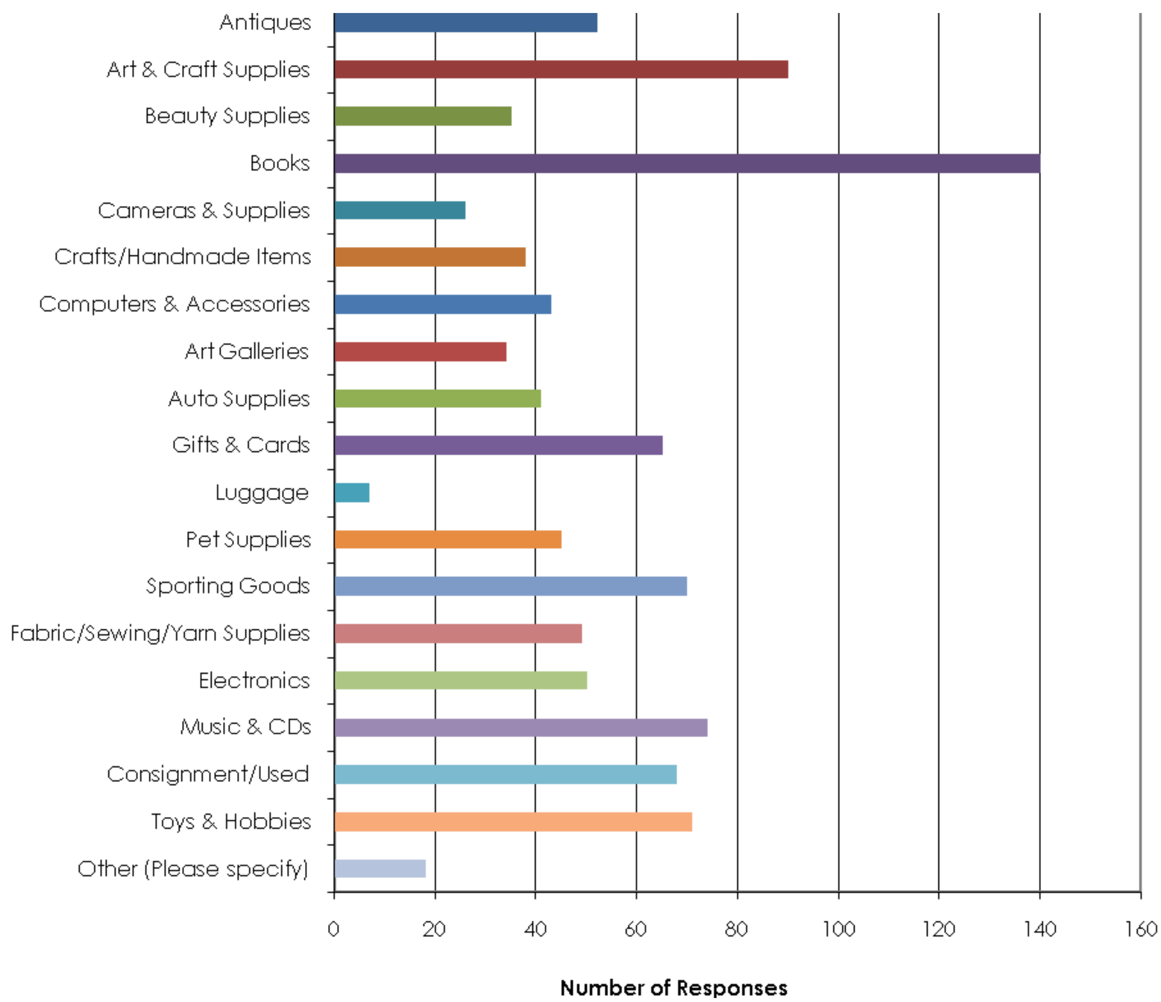
3. What kinds of APPAREL do you think we are missing or need more of in the West Linn Community? (193 respondents)

- The majority of respondents (68.9%) suggest that women's casual clothing stores are most needed in West Linn. Additional men's casual clothing stores are also needed (52.8%).
- Jewelry is the least requested apparel good (15.0%). Men's business and specialty clothing are also not in high demand (15.5%).
- Four respondents who selected "other" suggest that West Linn does not need any additional clothing stores.



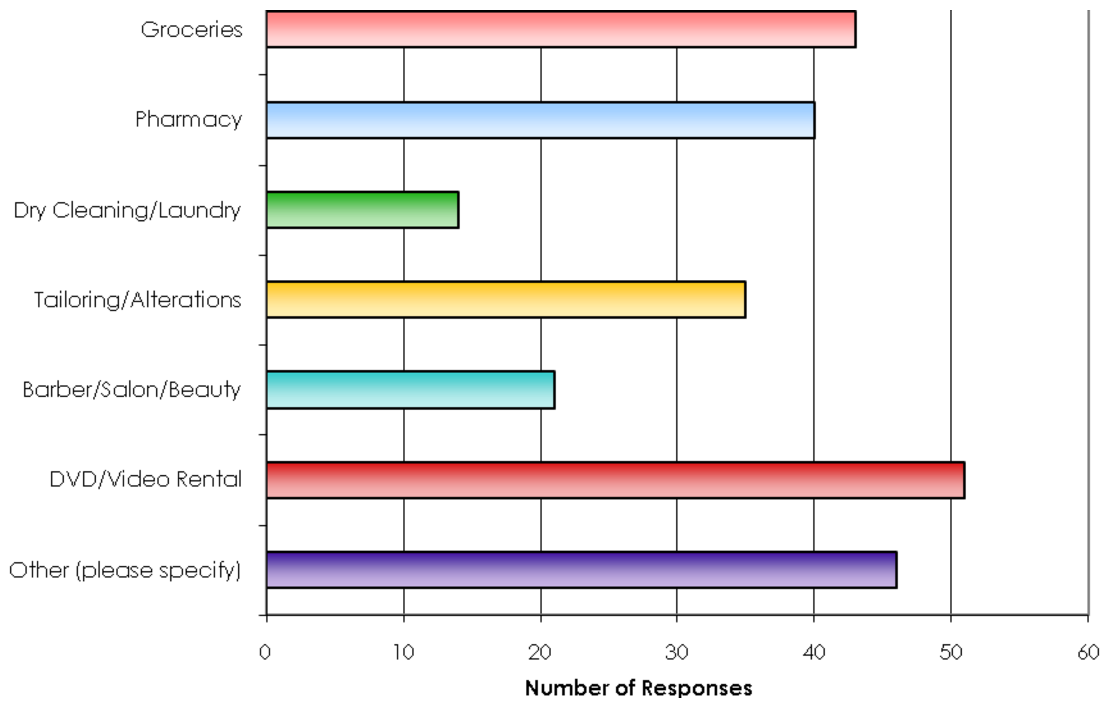
4. What types of SPECIALTY MERCHANDISE do you think we are missing or need more of in the West Linn community? (Check all that apply) (220 respondents)

- Books are by far the most requested specialty good (63.6%), followed by arts and craft supplies (40.9%).
- Respondents demand luggage less than any other specialty good (3.2%).
- Other suggestions include office supplies, music instrument stores, and a Radio Shack.



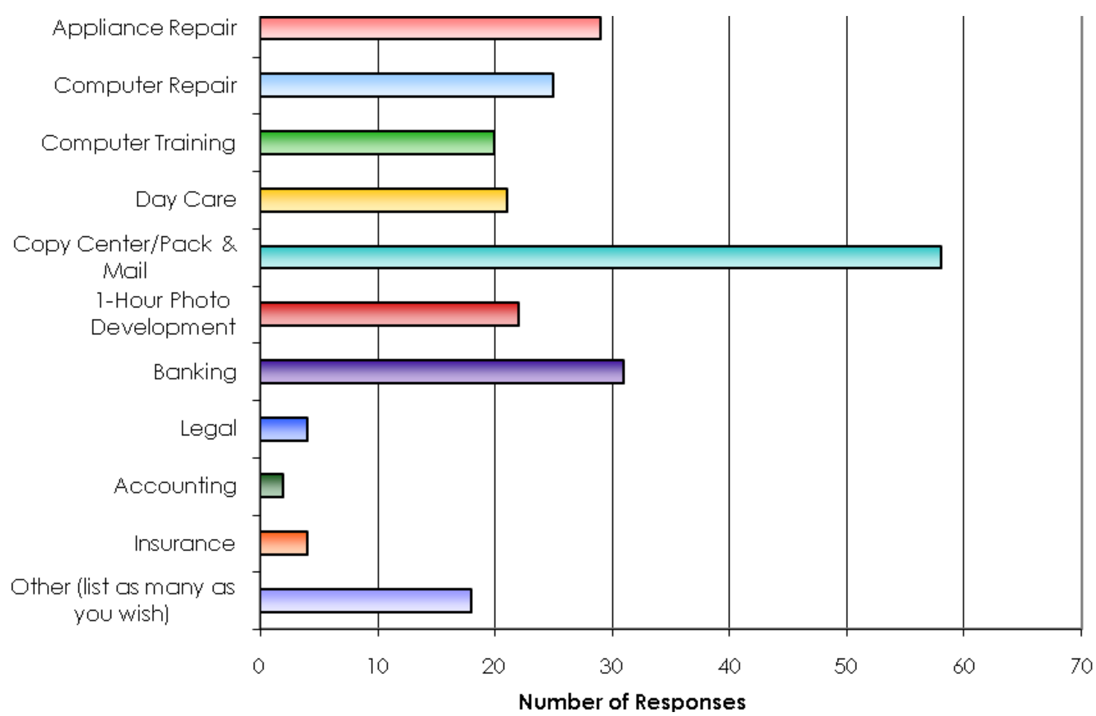
5. What kinds of CONVENEINCE MERCHANDISE and PERSONAL SERVICES do you think we are missing or need more of in the West Linn community? (Check all that apply) (153 respondents)

- Respondents think that groceries, pharmacies, and video rental stores are needed in the West Linn community.
- Dry cleaning/laundry services are in the least demand (9.2%).
- Trader Joe's is specifically requested by 14 respondents who chose "other."



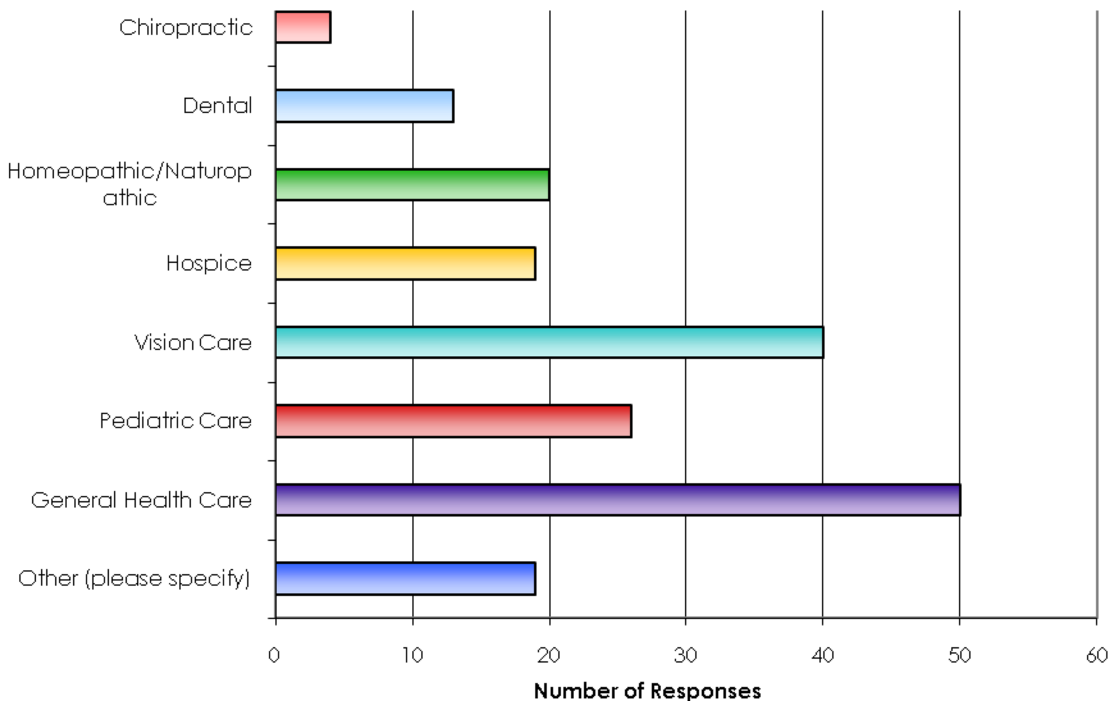
6. What kinds of GENERAL SERVICES do you think we are missing or need more of in the West Linn community? (Check all that apply.) (139 respondents)

- Selected by almost half of respondents, copy center/pack and mail is the most requested general service in West Linn (41.7%). This is followed by banking (22.3%) and appliance repair (20.9%).
- Respondents who chose "other" suggested a post office, credit union, and auto repair shop.
- Accounting, legal and insurance services are the least requested in West Linn.



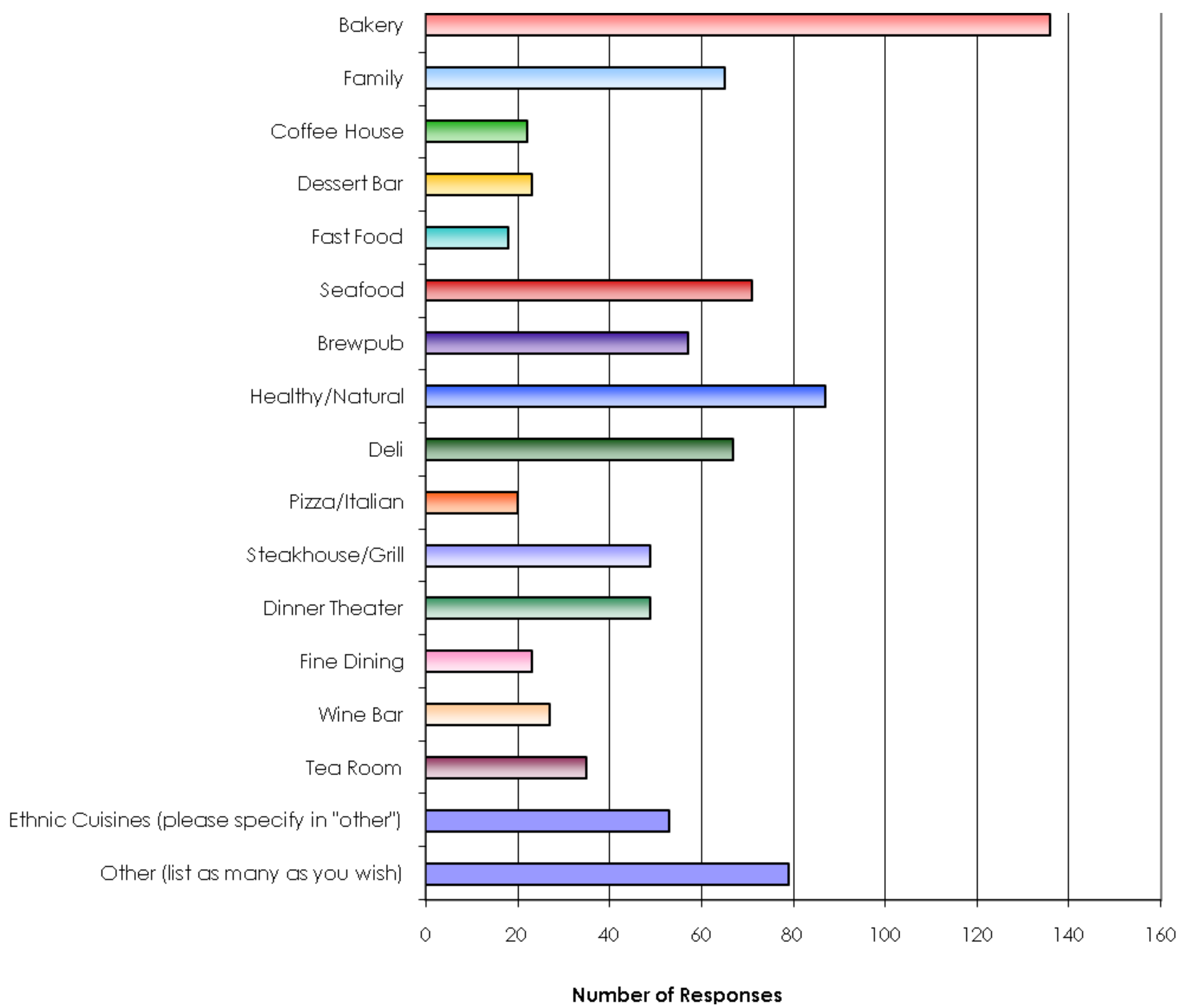
7. What HEALTH SERVICES do you think we are missing or need more of in the West Linn community? (Check all that apply.) (120 respondents)

- Almost a majority of respondents believe that West Linn needs additional general health care facilities (41.7%). This is followed by vision care (33.3%) and pediatric services (22.9%).
- Respondents who chose "other" suggested the need for an urgent care facility. Eight respondents said West Linn does not need any additional health services.



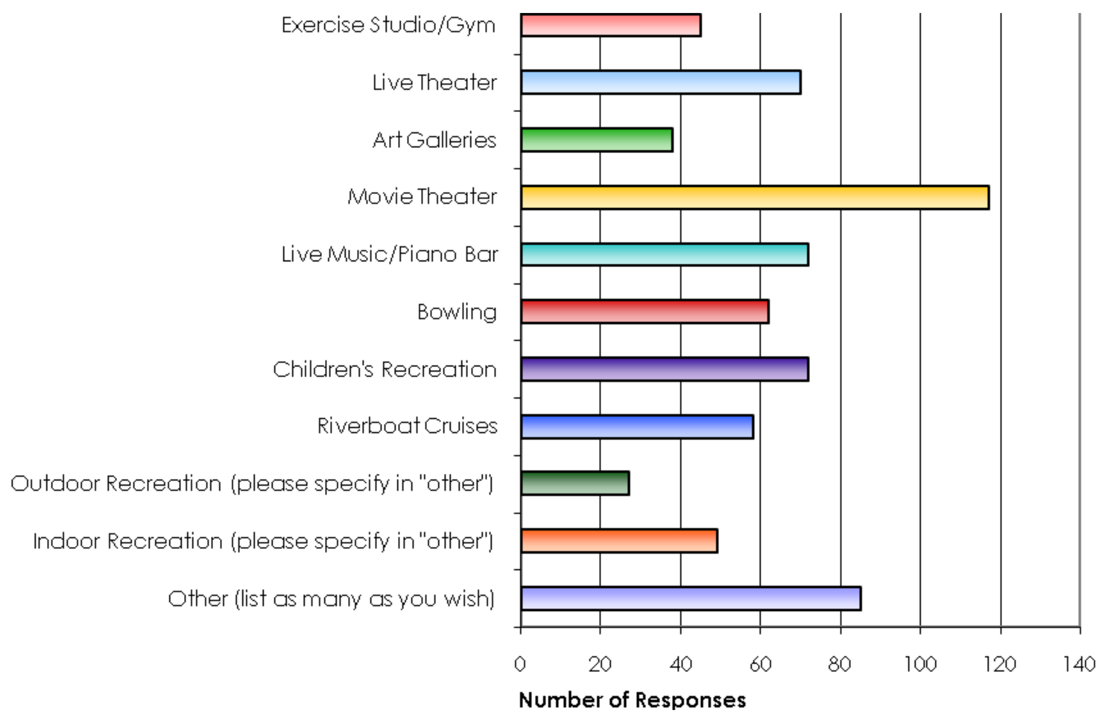
8. In your opinion, what types of RESTAURANTS AND CUISINES do you think we are missing or need more of in the West Linn community? (Check all that apply.) (219 respondents)

- A majority of respondents desire a bakery in West Linn (62.1%). Restaurants that specialize in offering healthy or natural foods follow with 39.7 percent of respondents.
- Only 8.2 percent of respondents desire additional fast food restaurants.
- The 'other' category is composed of both restaurant types not asked on this survey and more specific answers for the 'ethnic cuisines' category. Twenty-two respondents suggested a restaurant specializing in Indian foods.



9. What kinds of LEISURE/ENTERTAINMENT activities do you think we are missing or need more of in the West Linn community? (Check all that apply.) (211 responses)

- ✶ More than half of respondents think that West Linn is missing a movie theater (55.5%). Many respondents also think West Linn needs a live music venue (34.1%) and additional children's recreation activities (34.1%).
- ✶ Forty-one respondents who chose "other" suggest that West Linn needs a community swimming pool.



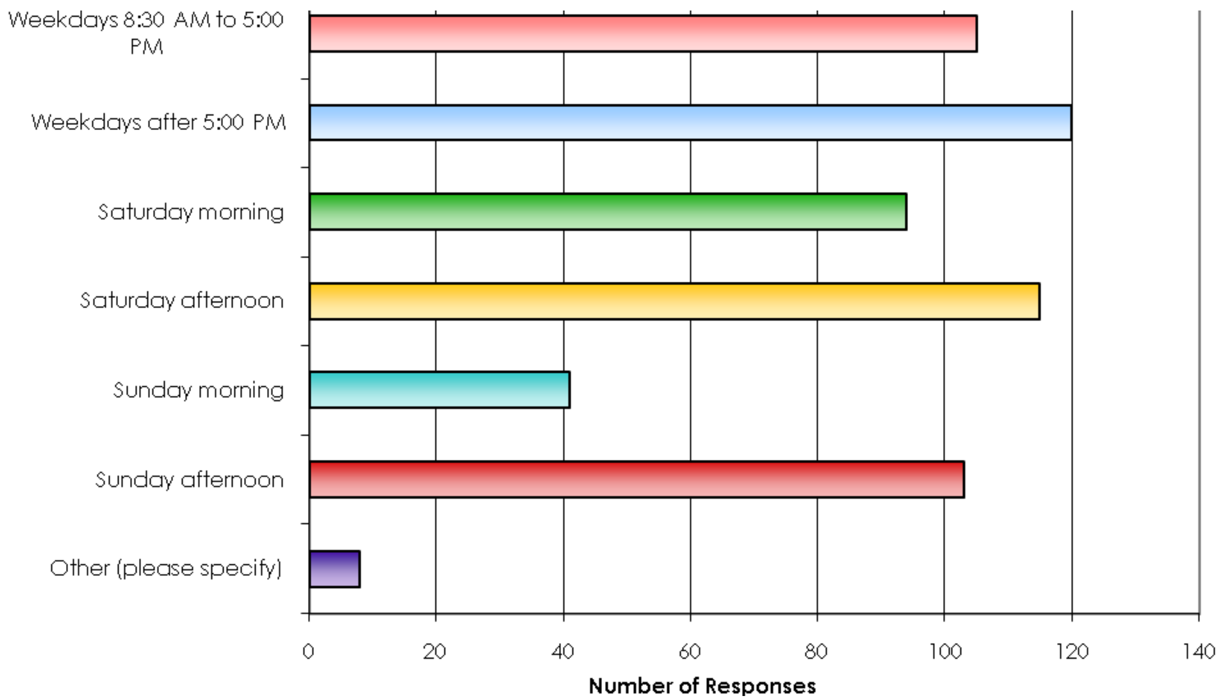
10. Some of the above merchandise and services may be available locally. Please explain why you may not be buying. (111 respondents)

- Shoppers consistently note that shopping options in West Linn are more expensive than counterparts in other cities.
- *"Prices have a tendency to be more expensive because it is West Linn. Not everyone is a millionaire just because we live here. Plus, being a smaller area, there tends to be not enough selection. Sherwood is smaller than us and has a multitude of more shops and franchise stores. People don't always want a "mom and pop" organization--franchises are not evil..."*
- *"I find it hard to get to the Old Town area. Also, the left hand turn onto HWY 43 can be inconvenient/dangerous and I have to travel a mile out of my way to get a light. I like the feel of Lake Oswego better than the new town center in West Linn."*
- *"I like to shop local but sometimes it's more expensive. Things like furniture and clothing are not reasonably priced. In this economy we need stores that are offering competitive prices."*
- *"Women's and children's clothing stores that have opened locally are higher priced than what I can get at Fred Meyer or on sale at the mall."*
- *"I choose not to buy certain things in West Linn because they are so expensive! I LOVE the little shopping area with Coldstone and Whole Foods but the clothing/dessert/etc. down there costs so much! Not everyone who lives in West Linn makes $300,000 a year. I would MUCH rather drive up to Safeway for the same things or even to Bridgeport/Clackamas because they're so much less expensive. Also variety, the clothing/apparel options are EXTREMELY limited."*
- *"In Portland, they have multiple 'meaningful gathering places' where in one trip, you can go to a coffee house, shop at small/boutique type stores, catch a quality lunch, go to the park, library, or community center (Woodstock area, for example) - would be willing to drive to a West Linn 'meaningful gathering place', but would prefer to walk to it."*

Section 2: Shopping & Business Preferences

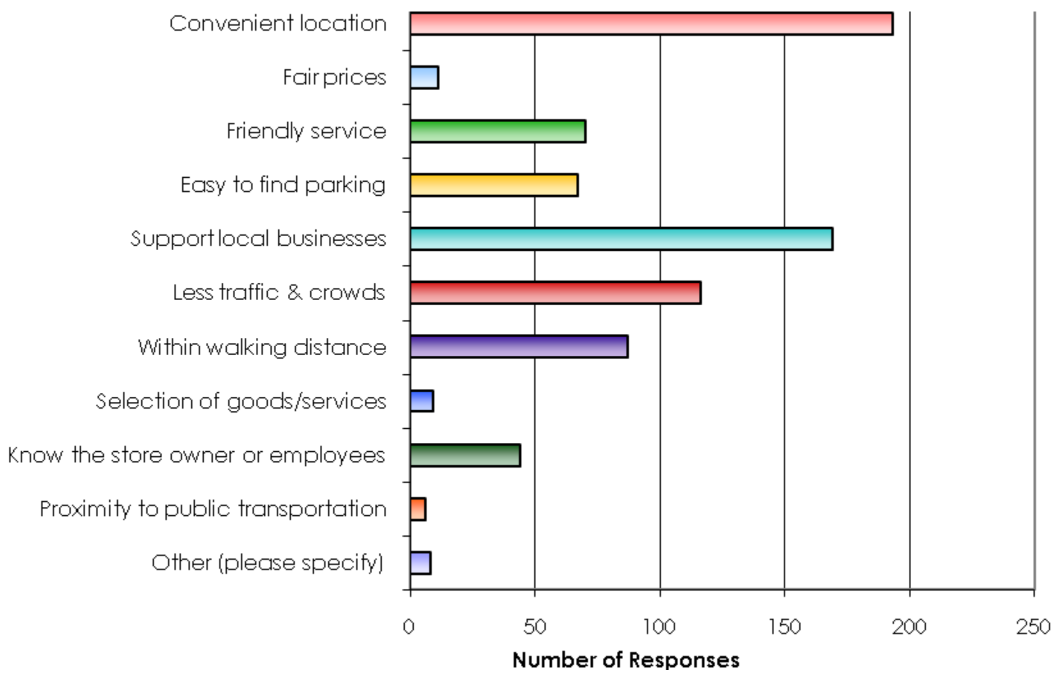
11. What are the best times for you to shop? (Please pick the top 3) (229 respondents)

- Residents prefer to shop during the weekdays, after 5:00pm (52.4%). Weekend mornings are the least desired times to shop.



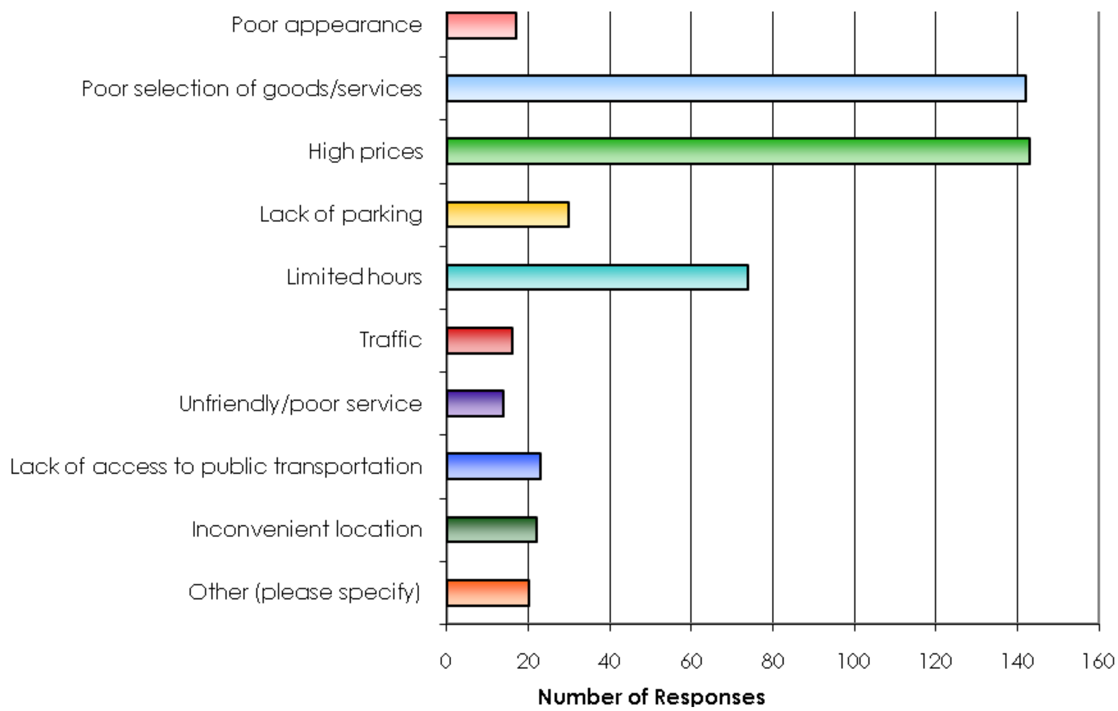
12. **Currently, what are the major ADVANTAGES of shopping or doing personal errands in West Linn? (Please check the top 3) (230 respondents)**

- The majority of respondents cite the convenient location of businesses as the primary advantage of shopping in West Linn (83.9%). This is followed by a strong desire to support local businesses (73.5%).
- Proximity to public transportation (2.6%), selection (3.9%), and prices (4.8%) are the least cited advantages of shopping in downtown West Linn.



13. Currently, what are the major DISADVANTAGES of shopping or doing personal errands in West Linn? (Please check the top 3) (218 respondents)

- Mirroring the previous question, the majority of respondents cite a poor selection of goods/services (65.1%) and high prices (65.6%) as the principle disadvantages of shopping in West Linn.



Section 3: General Information Shopping & Business Preferences

14. The West Linn Main Street Program will focus on the Willamette District. What identity or image would you like to see the Willamette District develop for itself as a unique business, shopping, and entertainment district? (167 respondents)

- *"I like the old time feel of Willamette and think that it is important to hold onto that identity. Maybe lighting and street signage should reflect that?"*
- *"It needs to keep the current charm, make sure there is plenty of parking, interesting shops. Good place to stroll through when guests are visiting."*
- *"It should maintain its current charm, but balance it with some chain stores. An area with boutique stores only won't survive well; it has to be mixed in with brand-names (I don't mean giant stores like Target etc, I mean something like Noah's Bagels). Even with chain stores, they can be made to adapt to the historic look and feel - there are many examples of this across the US."*
- *"Interesting shops - where you can hang out and know the people. Open late at least one week night."*
- *"It would be nice if it was a place to go on a Saturday afternoon where you park and walk around and shop and have lunch or a snack. Right now it seems to be mostly restaurants and doctor or lawyers offices. I usually go there for one specific thing and leave."*
- *"No other area in the Metro has concentrated on being a "green" district - healthy food restaurants, affordable natural and organic goods for sale, etc. - with businesses consulting with The Natural Step to learn and implement environmentally responsible business practices. How about the whole small business district being served by wind power or having equipment to generate their own power such as solar?"*
- *"The Willamette District must focus on becoming more pedestrian-friendly. Good parking and improved Tri-Met access should bring customers to Willamette, but once there they need to be able to stroll leisurely, greet friends and neighbors, get to know local business owners and staff, and generally experience a neighborhood feeling and sense of community. Ultimately, that is the only way Willamette businesses can compete with Bridgeport, Clackamas Town Center, and the big retail boxes in Oregon City, Gladstone and Tualatin. Many very encouraging improvements have been made already, (the Farmers Market seems to be struggling but is definitely a step in the right direction, outside restaurant seating in the warm months is very nice, the kiosk garden beds are a great touch, and Willamette business owners are friendly and work hard to develop relationships with their customers), but commuter traffic congestion is slowly strangling all the progress that has been made. Nobody likes to window shop, explore new shops and eat dinner in the middle of a traffic jam. A pedestrian / cyclist / Tri-Met mall on Willamette Falls Drive from 10th up to the General Store would be ideal. If that's not possible, improved street signage / crosswalk identification would help a lot, along with a very significant increase in traffic enforcement by WLPD all along Borland Rd and Willamette Falls Drive. The traffic congestion during commuter hours is not local, and does much more harm than good for Willamette District businesses."*

- *"Expand the Farmer's Market. Hold concerts in Willamette Park. Ice cream shop would bring families. I am from Davis, CA where the downtown district thrived and I believe the city participated in the Main Street Program. I miss Davis' friendly, centralized, pedestrian, family (even teen) downtown. Perhaps you should visit Davis on a Saturday morning during the farmer's market, then stroll downtown while shopping, dining, and enjoying the atmosphere."*
- *"Being careful to avoid kitchy western themes while maintaining the scale of main street. A detailed study of the street section to determine a way to widen sidewalks in front of each business to allow for pedestrians, tables, and street trees. In the study, seriously consider options for the elimination of the funny parking and traffic pattern created by the current plan. It is not a successful design."*

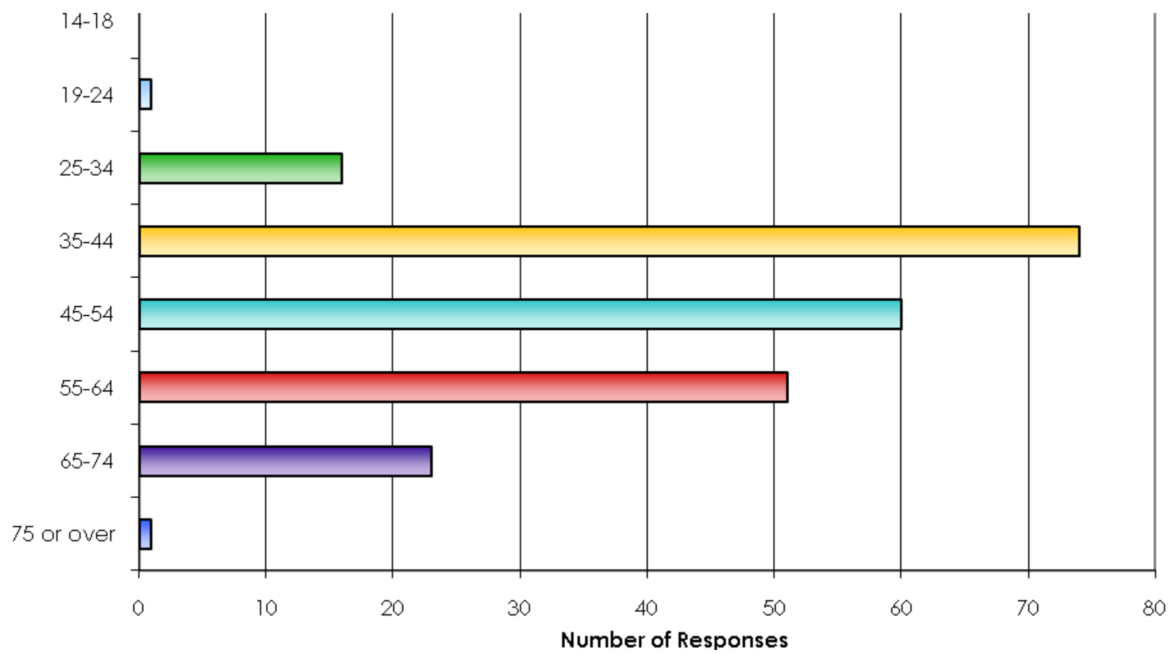
15. What changes or improvements would you like to see in the Willamette business district to make it more attractive to shoppers? (145 respondents)

- Of the 145 respondents, 38 suggest that additional parking will help make the business district more attractive to shoppers.

- *"It currently lacks an outdoor common/park area - somewhere where people can just sit back and relax away from but yet close to the stores. A common area draws people in and beckons them to stay longer."*
- *"The traffic there is horrible. I stood at a crosswalk with a stroller as car after car drove past us going WAY over the speed limit, not even glancing at us. Because of the heavy traffic, it makes me nervous to walk my children around the area and trying to cross the street is a nightmare."*
- *"Improved parking and a larger pedestrian area. I would also like to see the Albertsons plaza on Blankenship made more attractive/ updated."*
- *The service station at the corner of Willamette and Dollar is an eyesore. There's a ton of restaurants, all of which are great, but it's hard to know what other businesses are behind or above the storefronts. Keep it easy to get to all shops by foot. Maybe add crossing singles to the crosswalks to better alert drivers when someone needs to cross. Where the pedestrian presses a button and lights blink within the crosswalk lines. This would be better than more stop signs.*

16. Please check your age. (226 respondents)

- Almost one-third of respondents are 55 years of age or older (33.2%).
- Respondents under the age of 24 make up only 0.4 percent of the total.

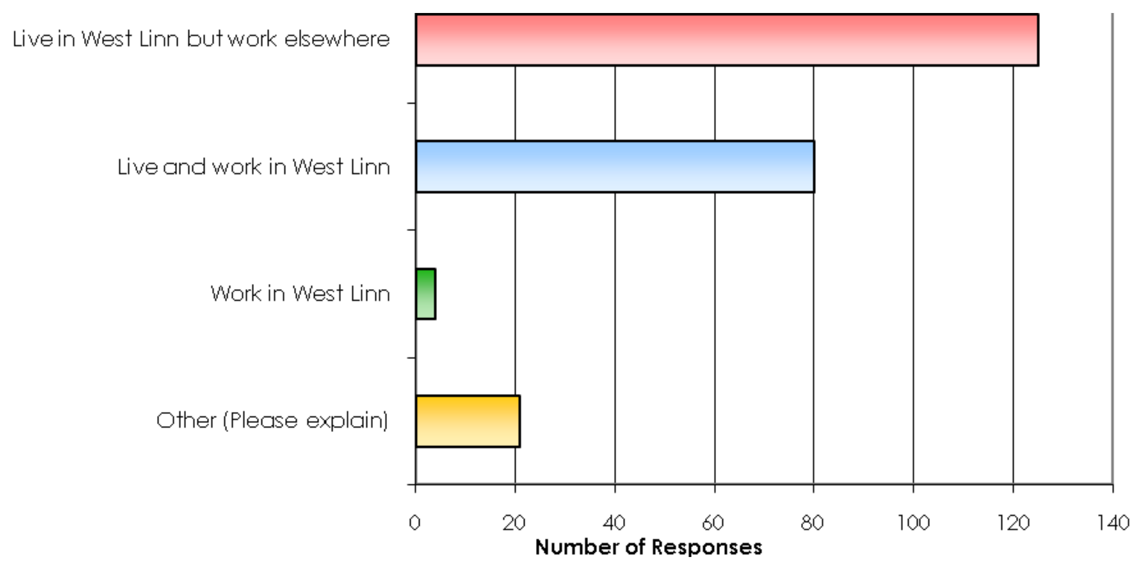


17. Please tell us your home zip code. (225 respondents)

- Of the 225 respondents, 222 live in the 97068 ZIP code.

18. Let us know where you live and work? (223 respondents)

- Most respondents live in West Linn but work elsewhere (56.1%).
- Many respondents that answered "other" not that they live in West Linn but are retired.



19. Please share any other comments below. (70 respondents)

- *"Willamette needs to make the most of its historical charm and collaboration between local households/families and merchants. Have a vision for this, not for tacky temporary boosts like the hotel which will ruin the area's best asset - its character."*

- *"If we're focusing on Willamette then I would say traffic and parking are indeed an impediment to spending local. I would like to see a hotel in Willamette. Dining in West Linn is great."*

- *"The shopping center by Safeway needs to be more diverse. That's where I do all my shopping. Willamette District and the Market of Choice area have traffic issues, the roads are too busy."*

- *"Keeping the Willamette area pedestrian oriented is one of its appeals. There are examples of subdivisions and strip malls all over Oregon that while providing convenience also adds a neighborhood disconnect. One of my favorite aspects of job travel throughout the state is the cohesiveness and charm of small towns with a few unique stores and restaurants. Where you can get what you need yet feel welcome among the locals."*

- *"A lot of mothers w/children are going to other towns for shopping and entertainment. More family friendly shops and restaurants would keep us shopping in town AND would bring our friends from other towns here!"*

- *"Old Town Willamette needs to have a more welcoming sign or invitation to stop. Right now, drivers on Willamette Falls Drive have to squint to read the tiny brown attraction sign on the side of the road. With so many cars traveling through the village, we should use a large sign to get those people to visit or come back later. Give Willamette more name recognition with these commuters that drive through, so that they will think to return to shop and eat, etc."*

- *"We love Willamette the way it has been for the time we have lived here (15 yrs). Changes need to stay in harmony with the atmosphere. Convenience to shopping and personal needs (dentists, health clinics, walking, exercising) is important. No California flair and improvements, please!"*

- *"The planning commission is not business friendly. To many restrictions on business. Too much favoritism shown to some business owners, but not to others - unfairly.*

- *"The Main Street district is what convinced my family to buy our home in West Linn in 2004. Sadly too much development has occurred since then which has resulted in terrible traffic. The 10th St. corridor is a mess."*

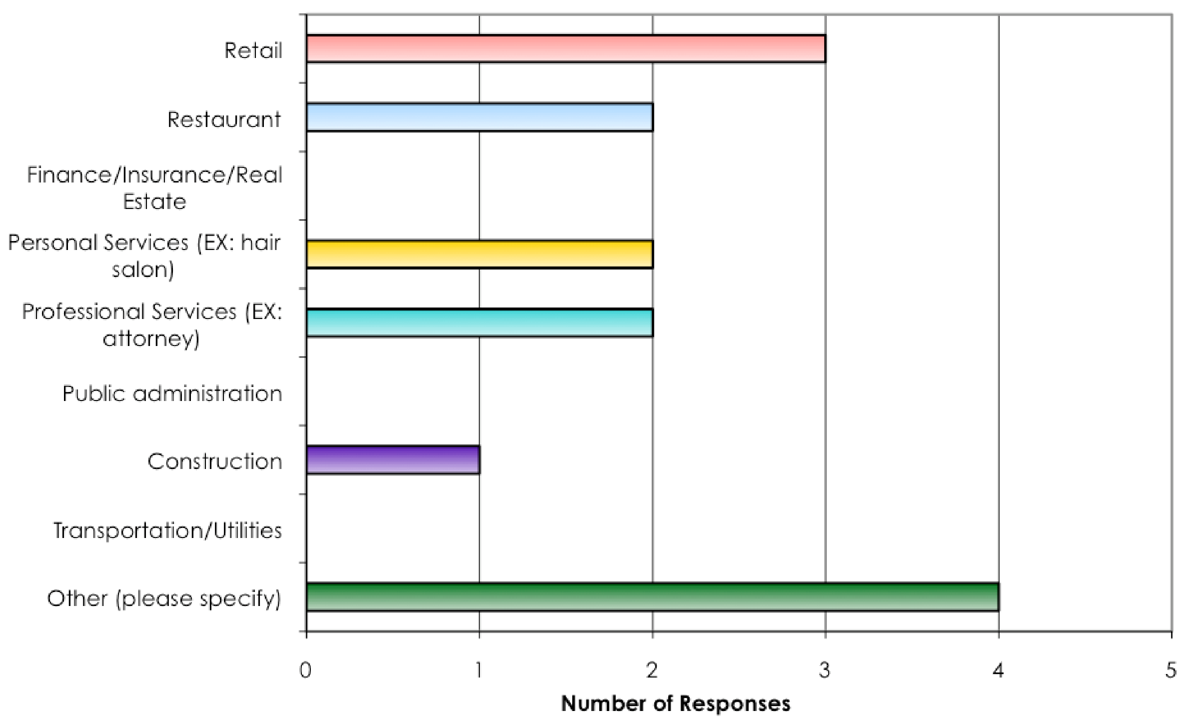
Appendix D. Business Owner Survey Results

Section 1: Business Information and Operations

20. What is the nature of your business? (14 respondents)

- More than any other category, 28.6 percent of respondents reported that their business did not fall in any of the given industry groupings. "Other" businesses include a bank, medical office and manufacturer's representative.

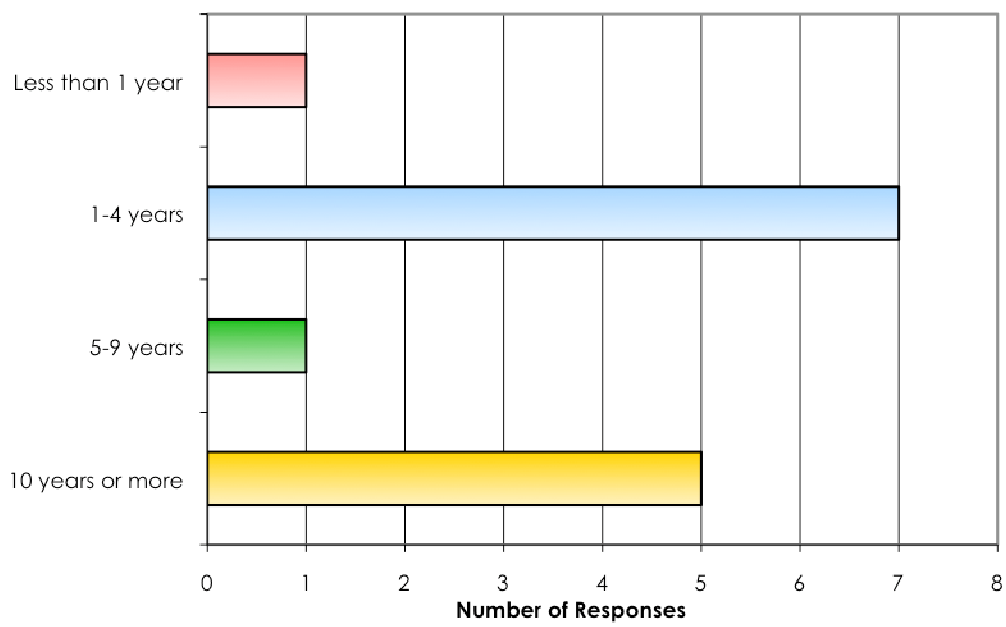
- Chosen by 21.4 percent of respondents, retail establishments are the next highest reported business category. Finance/insurance/real estate, personal, and professional services follow with representation from two respondents each.



21. How long have you been operating this business in downtown Willamette? (14 respondents)

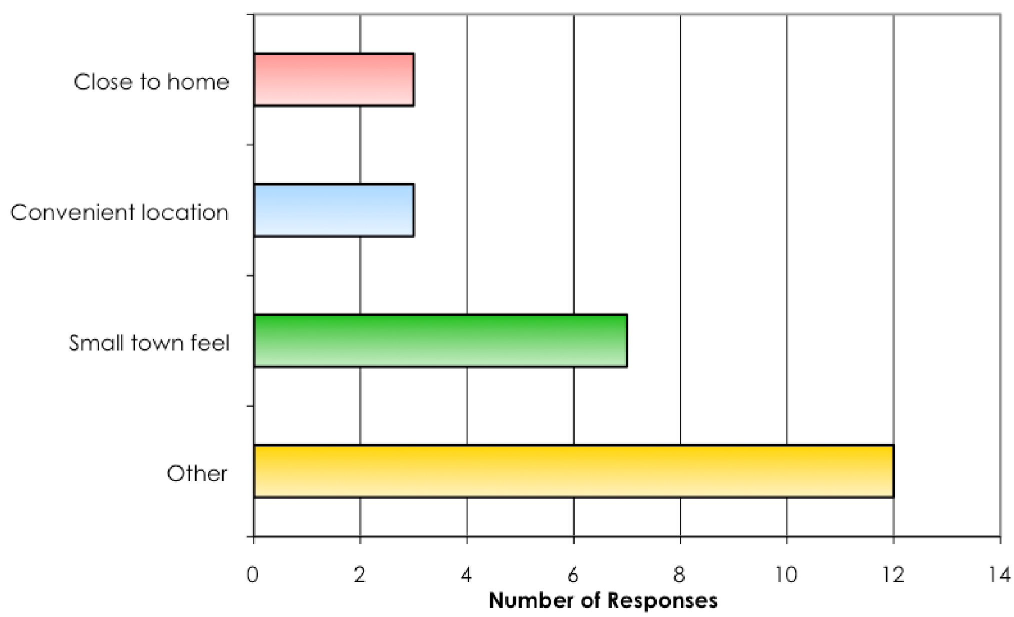
- Most respondents (57.1%) report operating their business in downtown Willamette for less than four years.

- The most popular age of a respondent's business is between one and four years (50.0%), followed by ten years or more (35.7%).



22. Name up to 3 advantages or strengths you associate with doing business in downtown Willamette. (12 respondents)

- More than any other category besides "other," 28.0 percent of respondents reported that Willamette's local small town feel is an advantage of doing business downtown.
- Respondents also cited the downtown's proximity to their home and otherwise convenient location as a strength (12.0%).
- Respondents who chose "other" suggested that the proximity to the freeway, active neighborhood association, low costs, and safety were all avantages of doing business in downtown Willamette.

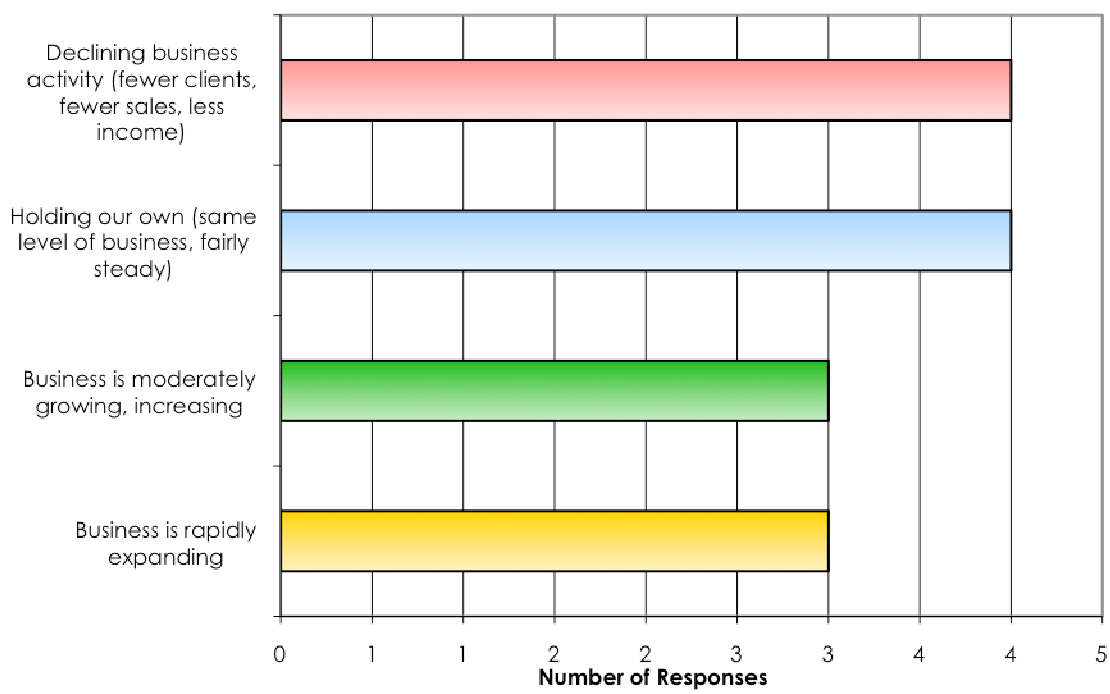


23. **Please share any disadvantages (if any) to doing business in Willamette. (11 respondents)**

- Most respondents reported that lack of available parking downtown and high traffic flow can be a major disadvantage.
- *"Parking downtown is very limited – huge disadvantage."*
- *"Traffic problems when flow on 205 comes to a halt. Pedestrian crossings are dangerous as many drivers don't slow down when people arrive at the crosswalk."*
- *"No active merchant group. Business owners take on too much and nothing gets done. City does not seem business friendly."*

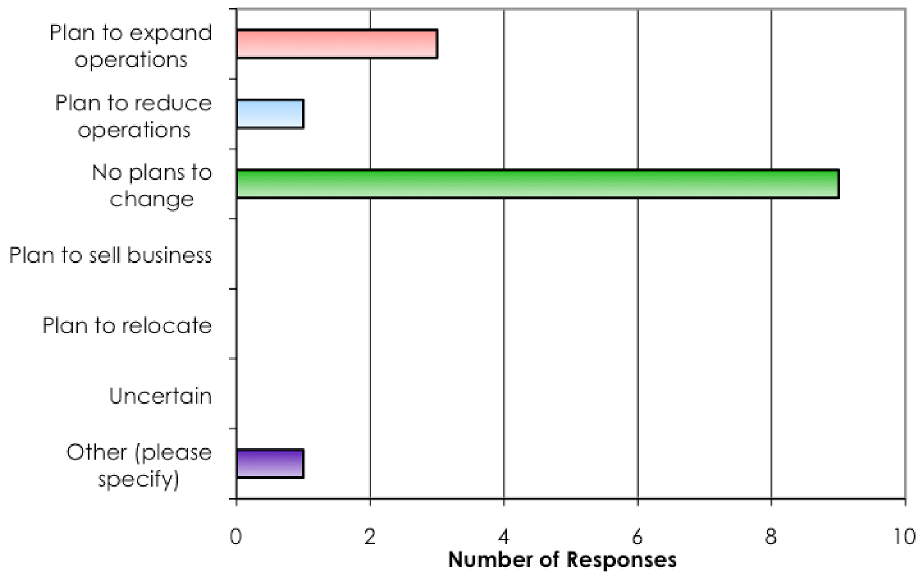
24. **How would you characterize your current business' activity level (i.e. last 12 months of operation)? (14 respondents)**

- More than one quarter of respondents report declining business activity (28.6%).
- The remaining respondents' business activity is either steady, moderately growing, or rapidly expanding (71.4%).



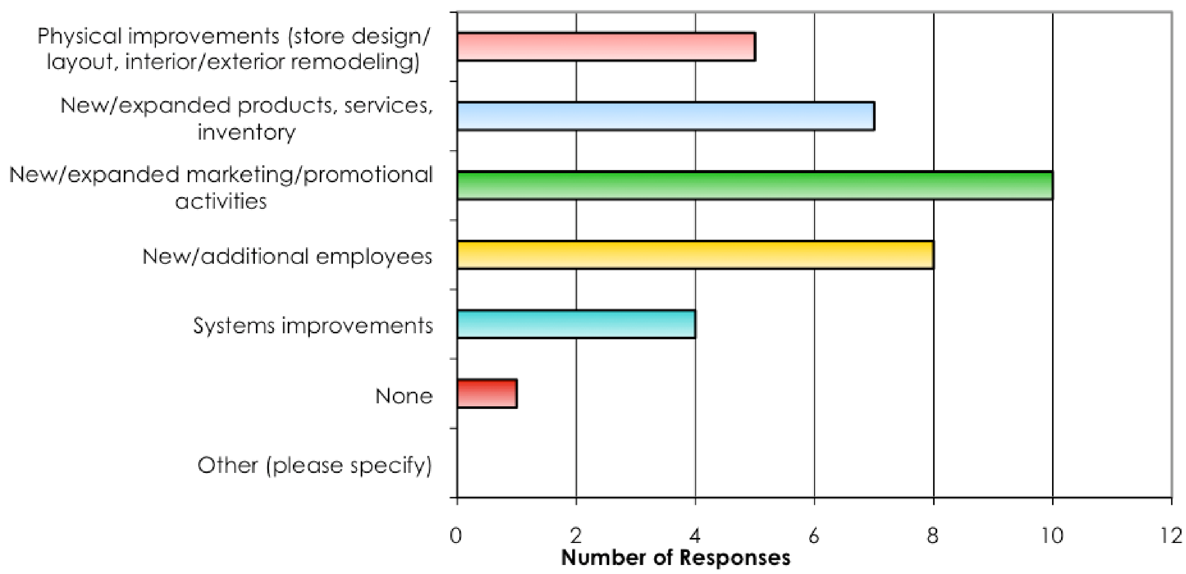
25. Which description below best characterizes your plans to expand or reduce your operation in the next one to two years? (14 respondents)

- ✶ An overwhelming majority of respondents (64.3%) do not plan on making any changes to their business in the next one to two years.
- ✶ However, almost a quarter of respondents plan on expanding their operations soon (21.4%). Only one respondent will reduce operations.



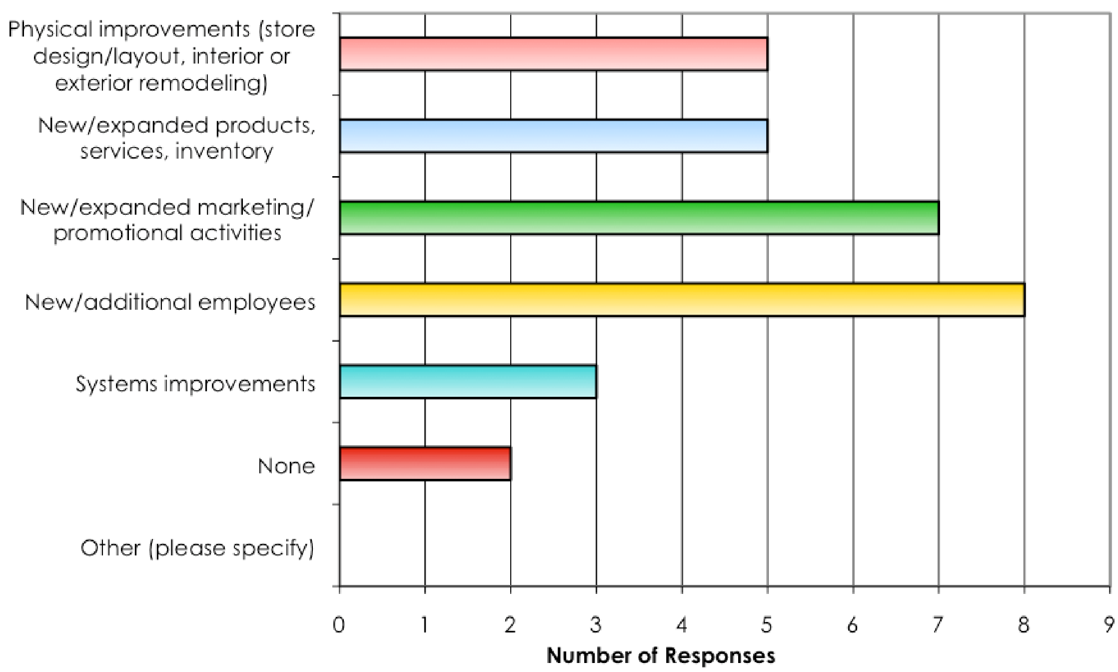
26. Please check any type of investment or improvement you __have made__ in your business in the last two years. (14 respondents)

- ✶ Almost three quarters of respondents have added marketing or promotional activities to their business investments in the last two years (71.4%).
- ✶ Approximately half of respondents have expanded their products/services (50.0%) or added additional employees (57.1%) in the past two years.



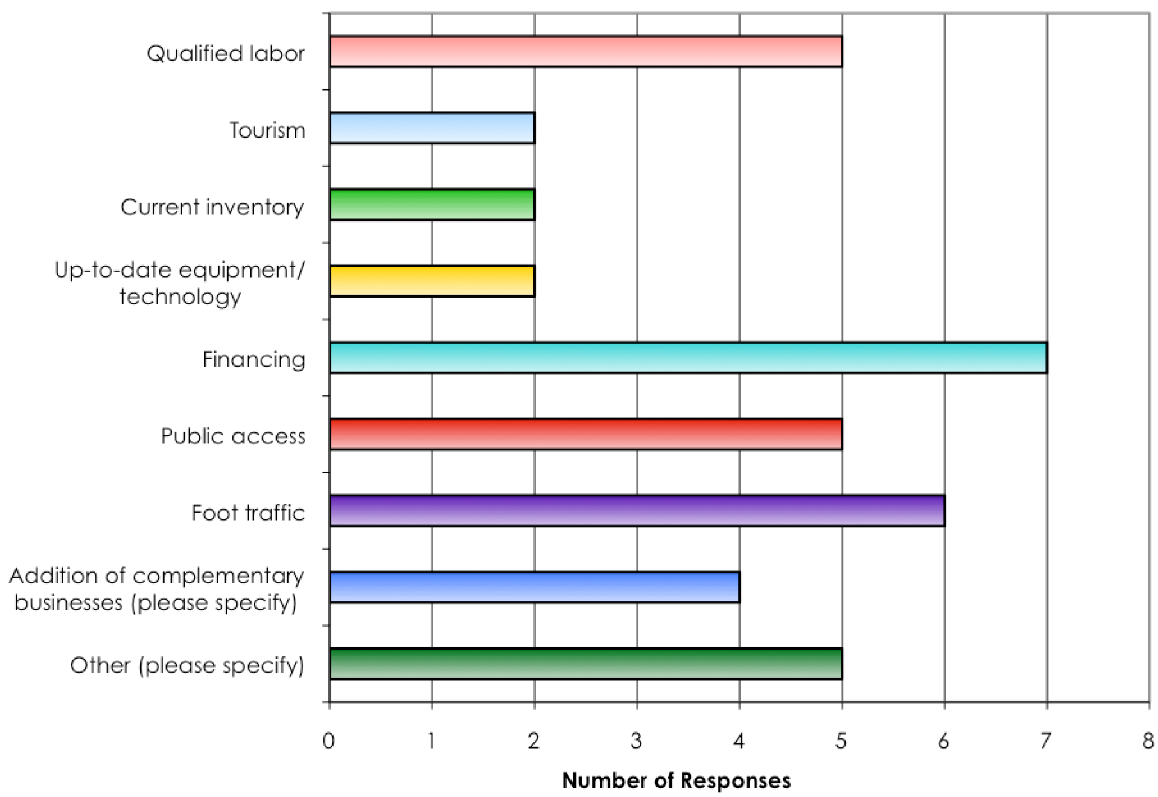
27. **Please check any type of investment or improvement you <u>plan on making</u> in the next one to two years. (12 responses)**

- ✶ Two thirds of respondents plan on hiring additional employees in the next one to two years (66.7%).
- ✶ More than half plan on expanding their marketing activities (58.3%), followed by investing in physical improvements and new products (41.7%).
- ✶ Only two respondents (16.7%) report that they do not plan on making an investment in their business in the next two years.



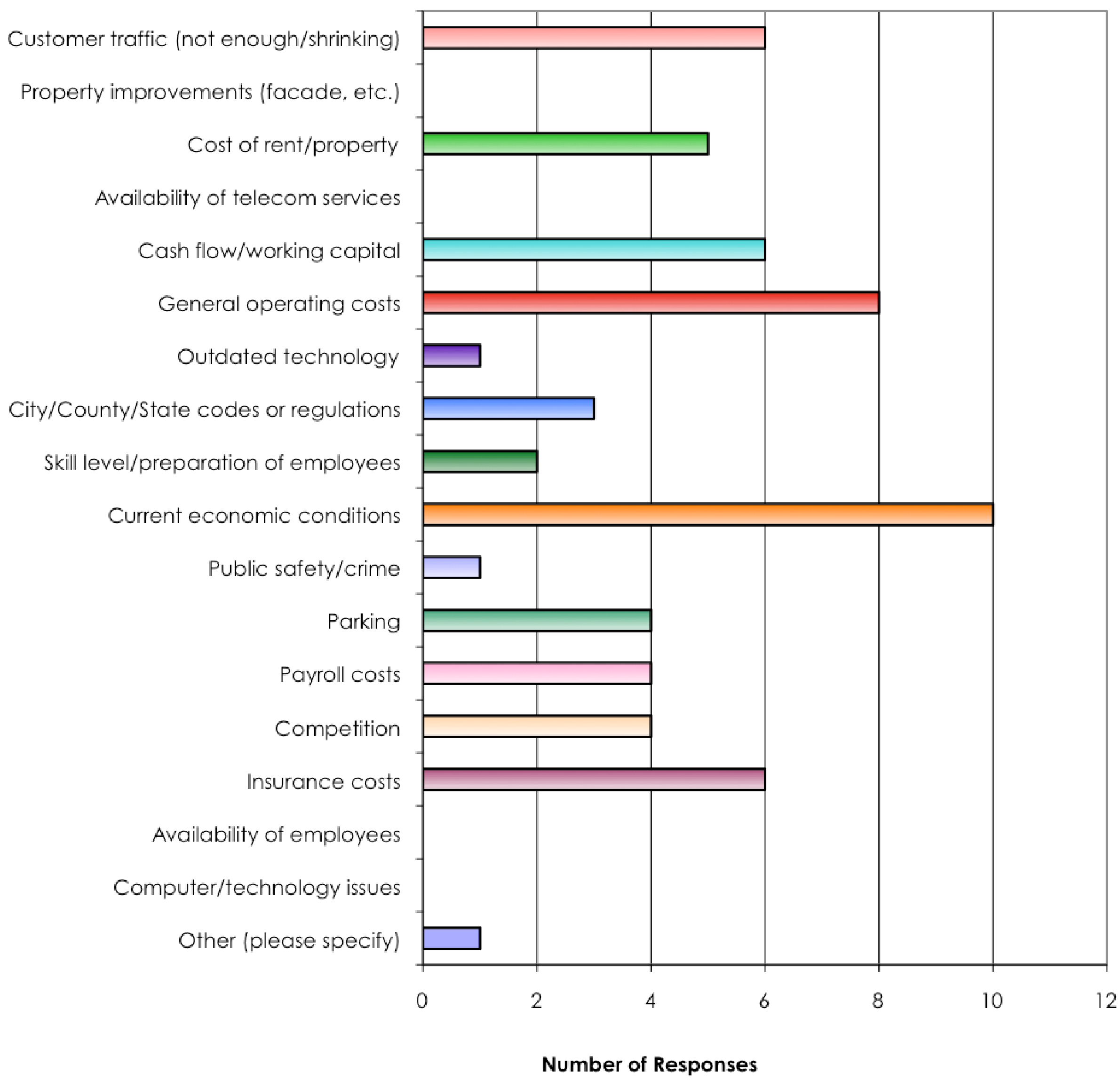
28. In addition to a strong economy, what are the critical factors for the success and expansion of your business (check ALL that apply) (14 respondents)

- Most respondents cite financing as the most critical contributing factor to the success of their business (50.0%).
- Foot traffic (42.9%) and public access (35.7%) are also commonly listed as critical factors, as well as qualified labor (32.5%).
- Respondents who marked "other" suggest that business promotion and diversity are important to the downtown's success.



29. What are some of the major issues or obstacles facing your business today? (Please check the TOP FIVE priority issues.) (14 respondents)

- A strong majority of respondents reported that the current condition of the economy is the largest obstacle faced today (71.4%).
- General operating cost was the next most frequently reported obstacle (57.1%), followed by a lack of customer traffic, cash flow, and insurance costs (42.9%).



30. Please expand on any of your answers to the question above. If you checked "City/County/State code or regulations," please explain the issues or obstacles (9 respondents).

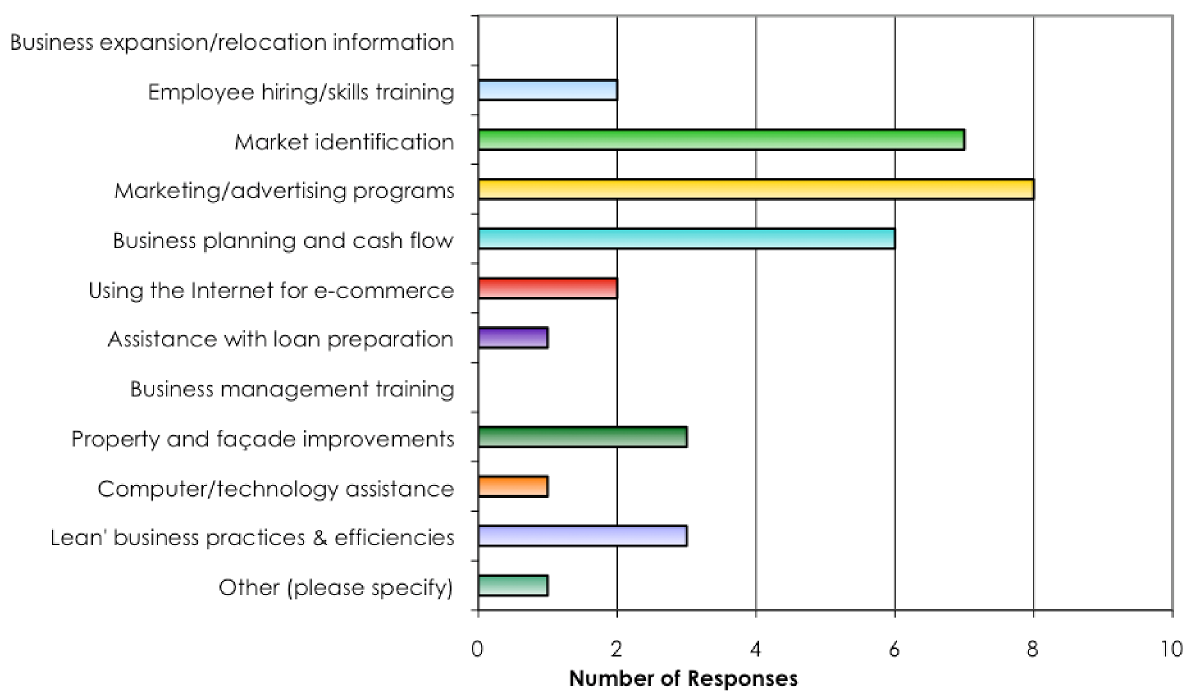
- *"New ideas may require change of use or a modification to the existing use. Easier, quicker turnaround time will help keep the area flourishing with active business meeting residents' needs."*

- *"The City is not helping promote this historic area. Signage is an example; they are against putting signs, products outside our building to promote the business. We would like to have signs, banners and anything similar to give the quaint look to the area."*

31. To keep your business healthy and competitive, which of the following types of information or assistance are important to your company's growth? (Please check ALL that apply) (13 respondents)

- Most respondents report that marketing/advertising information is important for their business to remain healthy and competitive (61.5%). The next most popular response was market identification (53.8%), which is closely related to marketing and advertising.

- No respondents feel like they need help managing or expanding their business.



32. Are you interested in participating in a cooperative business marketing effort to attract customers to Downtown Willamette or to encourage residents to shop locally? (37 respondents)

- Yes – 64.3% (9 respondents)
- No – 35.7% (5 respondents)

Section 2: The Future of Downtown Willamette & Business in Willamette

33. What identity or image would you like to see Downtown Willamette develop for itself as a unique shopping district attractive to residents, employees and visitors? (11 respondents)

- *"As a community/city center with a historical emphasis."*
- *"Off street parking, parking hourly parking vs. all day on the street. Keep 8th Street closed!"*
- *"Charm of a small town where everyone is cordial and welcoming."*
- *""Main street" concept - not the 'other part of West Linn' but the core of the city."*
- *"Quaint walking community with visual appeal. Signage from freeway to historic area."*

34. What types of businesses would you like to see downtown Willamette attract or grow to improve its business mix? (11 respondents)

- *"1. Bridgeport Village mix (mid to upscale shopping) 2. Small business incubator (develop a business condo-share program - building design with second floor small business suites over first floor retail)."*
- *"I would like to see reasonable cost clothing and shoe stores, a book store, things that will draw others to this neighborhood."*
- *"Some child (family) friendly businesses such as a dance studio, martial arts, etc."*
- *"More unique restaurants and entertainment."*
- *"Bakery or bagel shop, Antiques, Crafts and Gifts from all lands, Flower shop, Ice Cream Parlor (old fashioned, not a chain)"*

35. What could businesses do to attract more local residents? (11 respondents)

- *"Force compliance with city and state building codes, especially those that affect the neighbors (e.g. 1776 6th Ave) and other McMansions that do not fit the image of a historical community. Make it less easy for developers to come in and overbuild while following the exact letter of the law."*

- *"Add more affordable housing. Try something like the Pearl District with one day a month open houses with specials, etc."*

- *"Allow more restaurant, liquor licensing, change of use, etc."*

- *"Get word out to all WL residents that businesses are here! Add signs on 205 to let drivers know of shopping and restaurants."*

- *"A pamphlet or newsletter of more articles in West Linn Tidings. I took in mid-November and there has been no write up or food review."*

36. What could downtown businesses do to attract more visitors and other shoppers who live out of the area? (11 respondents)

- *"Public entertainment on a weekly basis in the summer (music in the square/art walk/restaurant hop/sidewalk sale/etc.)"*

- *"Promote a HEALTHY and growing farmer's market. Advertise and help create an image for West Linn that is not the suburban tract homes that people associate with the 'top of the hill'"*

- "Allow more live music from outside the area to attract talent/customers."

- *"Cooperative, collective sales or event days- possible radio broadcast or internet announcements."*

37. Please provide us with the following information. Please know that names, numbers and email addresses will be separate from other survey responses, which will only be used in aggregate. (8 respondents. Company names listed below)

- Pacific West Bank
- Librarian in Motion
- Peak Marketing (two respondents)
- Mirage Salon
- Legacy Clinic West Linn
- Ritual Skin Care, LLC
- Salute Café Italiano
- *Lavender Bleu*

38. Please share with us any other comments you may have. (1 respondent)

- *"I'd like to thank you and others for your work on this project."*

Appendix E. Sample Marketing Ad

Business Opportunities in West Linn, Oregon

Customer Profile:

Resident market of 22,000 households

Growth rates above those of the State of Oregon

Median household income of $67,000 – higher than MSA and State

Employee market of 3,300 persons

Retail Potential:

Potential for 903,500 SF of new retail space in market area by 2019

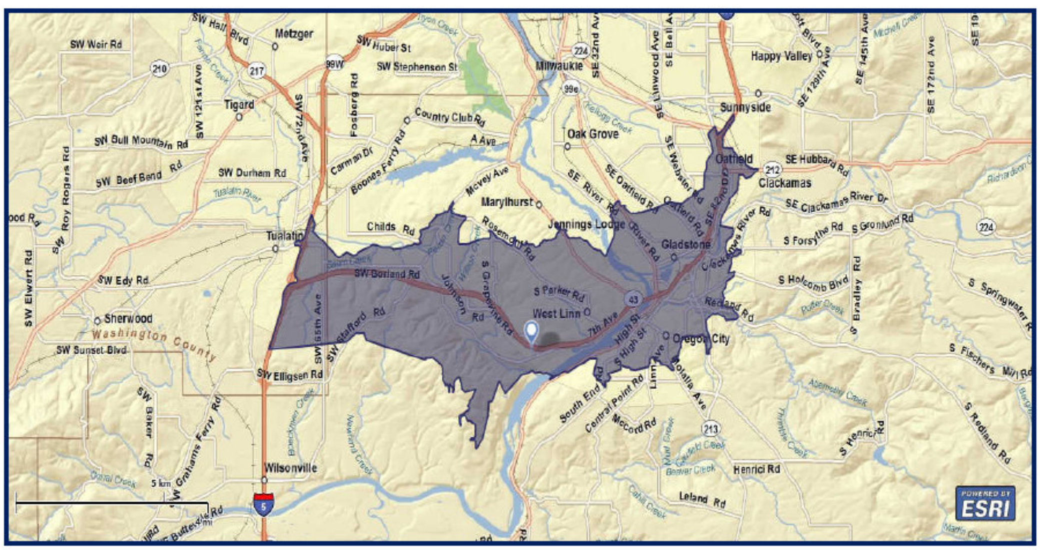
Top Propects:

Specialty Retail and Home Improvement Goods

Grocery and Personal Care

Restaurants

Retail Market Area



Contact:
City of West Linn
Planning Department
Chris Kerr, Director
503.656.4211
ckerr@westlinnoregon.gov

Appendix F. Downtown by the Numbers

Downtown's Economic Impact

- The downtown marketplace has a potential trade area population (ten mile radius) of **411,257** visitors that shop in the downtown marketplace for services and products.
- The downtown has more than **178 businesses** in **175 commercial buildings**.
- Downtown has **61 "eligible"** properties for the National Historic Register.
- Downtown employs the equivalent of **1,000 full time employees**.
- Main Street Oregon City is in the process of managing a retail business survey to help us add more data to this list.

Downtown's Impact on Community

- TriMet brings over 8,280 visitors through downtown every week.
- County Court brings 5,000 visitors downtown each week.
- Friday night summer concerts brings more than 2,000 visitors downtown.
- The City Trolley delivers more than 9,000 of visitors to downtown every summer.
- The Historic Municipal Elevator in Downtown Oregon City delivered more than 150,000 visitors between downtown and the McLoughlin Promenade in the last 12 months. Average ridership is 12,560 people per month.

Downtown Business by Type

Retail & Merchandise: 33
Food, Restaurant, Bar: 26
Service Provider: 54
Professional Office: 43
Government or Non-Profit: 18

Historic Downtown MAIN STREET Oregon City Established 1829

Total business: 174

Downtown by the Numbers is an ongoing program Main Street Oregon City uses to track the performance of downtown Oregon City. If you have a statistic you'd like us to consider tracking please let us know.

Appendix G. Sample Specialty Retail Campaign

Goal — Identify and pursue specialty and independent retail compatible with the apparel, gifts, specialty niche merchandise targeted for the Willamette District.

Audience — Locally owned-operated shops not currently represented downtown, regional and other retailers that may be ready to expand into a new market, businesses with current downtown locations in model cities.

Task 1. Contact specialty shops located elsewhere in Oregon City.

- ❑ Identify local specialty shops that are located on the edge of the Willamette District or in freestanding locations.
- ❑ Match available buildings that would best-fit businesses.
- ❑ Personally meet with them to present the vision for the Willamette District.
- ❑ Provide them with the marketing packet detailing the opportunities (specific site and building), market demographics, customer profile, and the programs and assistance available to them to help with their expansion.
- ❑ Add them to the database to receive newsletters and updates on downtown activities.

Task 2. Contact specialty retailers currently located in model downtowns.

- ❑ Identify specialty retailers located in other nearby towns. (Corvallis, Albany, Salem, Eugene)
- ❑ Send a letter/market factsheet introducing the opportunities in the Willamette District; offer to personally meet with them to present the vision for the Willamette District; invite them to expand into the Willamette District market.
- ❑ Place follow-up calls.
- ❑ Provide them with the marketing packet detailing the opportunities (specific site and building), market demographics, customer profile, and the programs and assistance available to them to help with their expansion.
- ❑ Add them to the database to receive newsletters and updates on downtown activities.

Task 3. Contact manufacturers of specialty goods located in the Willamette District and the surrounding area.

- ❑ Identify local companies producing specialty or unique products in or the nearby Willamette District. (EX: local farms, wineries, solar/green tech, etc.)
- ❑ Personally meet with them to present the vision for the Willamette District.
- ❑ Invite them to put a local outlet downtown or test for interest in a shared retail space.

- Provide them with the marketing packet detailing the opportunities (specific site and building), market demographics, customer profile, and the programs and assistance available to them to help with their expansion.
- Add them to the database to receive newsletters and updates on downtown activities.

Appendix H. Strategies for Developing Local Entrepreneurs

Sirolli's perspective is similar to a highly regarded program known as **Economic Gardening,** which was established by Chris Gibbons in Littleton, Colorado in the 1980s and continues to thrive. Gibbons acknowledges that his is a "high end" approach. To start, energetic leadership is critical to stir the pot and assure positive progress. The leadership is critical to supporting entrepreneurial energy. By a "high end" approach, Gibbons subscribes to investing in strong technology tools. Knowing what information needs to be accessed can pay huge dividends, but requires expertise in producing such products as targeted mailing lists or statistical demand for specific products. Gibbons does not believe in operating loan programs, which he considers ineffective in the long term. He places a premium on individual coaching of individuals who clearly possess creativity and a desire to have their business succeed. While Littleton does not necessarily qualify as a rural community, its practices have been proven successful in areas more similar to Tillamook. According to Gibbons, what's most important is the degree to which innovation in entrepreneurial activity is acceptable in any given area. If such activity is not encouraged, success is highly unlikely.

Wallowa County Business Facilitation As a direct result of a Sirolli Institute organizing initiative in 1999 and 2000, Wallowa County community leaders formed the Wallowa County Business Facilitation nonprofit organization. Their mission is *to assist people in transforming their passionate ideas into viable new or expanding businesses*. In particular, this grassroots organization is interested in promoting local entrepreneurship and innovation and assisting in the startup, improvement, or expansion of businesses in all sectors. It should be noted that part of the impetus for the program was the absence of an SBDC serving Wallowa County. Small businesses simply had no easily accessible assistance available.

The organization hired full-time Wallowa County-based business coach, Myron Fitzpatrick in January 2001. Mostly recently, the job has become three-quarters time due in part to a declining number of prospects after the initial onslaught of interest.

For free and in confidence, the business coach will help connect an entrepreneur with the resources and skills she (or he) may need to create a successful business. Over the last four years, 426 clients have been served resulting in 103 new jobs from 46 new businesses, 8 acquired and 12 expanded businesses.

According to Myron, there are several guiding principles key to their success:

1. The <u>focus is on the individual</u> and their initiative, commitment and drive. *It is not about telling people what they should do. It is about helping people succeed at what they really want to do, with sound business management.* Myron never initiates contact with an individual.

2. The individual entrepreneur must do the work. Myron provides significant guidance and coaching and will package a business plan, but each individual is responsible for doing the homework. The coach spends up to 60 hours with each existing or aspiring entrepreneur and averages over 4 personal contacts or meetings.

3. A large supportive diverse board has also been important. Board members are encouraged to provide referrals with a target of 10 each. Many active members have surpassed this goal. Board members also help connect existing or prospective businesses to work space, capital, financial planning skills, marketing skills, and other resources as needed.

   Myron also makes regular referrals but, again, does not call upon individuals. When the individual makes the call, he is better assured they want the help and are self-motivated.

4. An experienced, professional business manager with strong financial and general operations experience has helped ensure program success. Myron helped run both large and small companies in his career. His maturity and track record with the organization have undoubtedly been key to their success as well.

5. The program operates with minimal overhead. Office space is donated and facility/equipment needs are minimal.

The original fund requirements to participate in the Sirolli program were $65,000. This figure is reportedly well over $150,000 for groups wishing to work with Sirolli today. The Business Facilitation organization was sponsored by multiple partners including the Northeast Oregon Economic Development District (NEOEDD) serving Wallowa, Union, and Baker counties, and Wallowa Resources, a sustainable development nonprofit and local funders. Without local funding, it has proved difficult to sustain these projects, even with a record of outstanding and cost-effective results in turning people's ideas into viable businesses and significant annual wages.

Today, a principal funder of the Wallowa organization is the U.S. Department of Agriculture (USDA) Rural Services. USDA recently approved a two-year $140,000 grant award for the program's continuation.

A similar Sirolli-based program unfolded in Baker County, Baker Enterprise Growth Initiative (also known as BEGIN) also with considerable success.

Source: Marketek, 2006