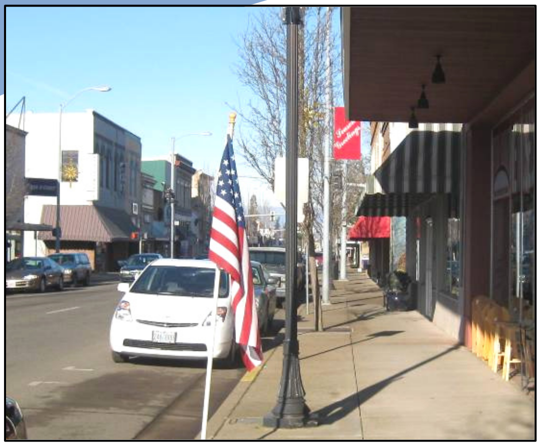
Downtown Lebanon Market Analysis & Business Development Plan

May 2011



CITY OF LEBANON

Working Together for a Brighter Future
Downtown
Lebanon, OR
Partners for Progress

marketek

Acknowledgements

This project was made possible in part by financial assistance provided by USDA Rural Development and by in-kind contributions from the City of Lebanon and Lebanon Partners for Progress.

Contents

Introduction

The Downtown Lebanon Retail Market Analysis is designed to focus economic development efforts to enhance downtown Lebanon's retail business base and its position as a shopping destination. This research looks at support for retail in downtown within near term (next 1-3 years) business mix recommendation, recognizing that no one is able to forecast the timing and nature of a market recovery and new commercial/mixed-use development proposed for the community.

The goals of this multifaceted analysis are to:

- Create an accurate and realistic picture of downtown Lebanon's retail potential within the marketplace, including characterization of existing retail supply; consumer preferences, needs and buying patterns; and opportunities and challenges for growth and development;

- Estimate future support for new and rehabilitated retail space in the downtown Lebanon market area; and

- Serve as a basis for a retail strategy and business development plan to enhance downtown's shopping and restaurant base and its destination draw.

Methodology

As downtown Lebanon's retail expansion efforts will be implemented over time, the market analysis considers a ten-year time period from 2011 to 2021, which is a realistic projection period for retail development. Research (both primary and secondary) included:

- Demographic analysis of the Lebanon market area;
- Statistical estimates of potential supportable retail space;
- In-store visits and assessments;
- Interviews with local business owners and real estate brokers;
- Opinion surveys of Lebanon shoppers and business owners;
- Site visits to downtown Lebanon and Lebanon's main shopping areas; and
- Business inventory of key shopping centers.

Survey Research

The Lebanon community completed two electronic surveys (one for shoppers and one for businesses) during the months of February, March and April 2011. One hundred and twelve residents responded to the Shopper Survey and thirteen businesses participated in the Business Owner Survey. Findings are summarized below and complete results appear in Appendices A and B.

Shopper Survey Summary

Shopping Habits

- A majority of respondents perform most of their non-grocery shopping in Albany (62.5 percent). While more than one-third (38.4 percent) of respondents shop in Lebanon, only fourteen respondents listed downtown Lebanon (12.5 percent) as a primary shopping location. More than one-third of survey respondents (37.8 percent) shop in downtown Lebanon less than once a month.

Shopping and Service Needs in Downtown Lebanon

- Respondents think that several types of home related stores are missing from downtown Lebanon, specifically: garden supplies (70.6 percent), home decoration/ art (66.7 percent), hardware (57.3 percent), kitchen/tabletop goods (51.9 percent) and furniture (45.1 percent) stores.

- In terms of apparel, women's (60.4 percent) and men's (49.5 percent) casual clothing and shoe (48.5 percent) stores are perceived as being most needed downtown.

- Respondents believe that a grocery store is missing from downtown (54.2 percent).

- The most frequently noted types of specialty merchandise missing from downtown include books (57.7 percent), sporting goods (51.9 percent), art & craft supplies (49.0 percent) and gifts & cards (48.1 percent) stores.

- The majority of respondents believe that downtown Lebanon is missing both an adequate supply of restaurants (77.2 percent) and concerts/live music (57.4 percent). Specific types of restaurants identified as most needed downtown include a steakhouse/grill (67.9 percent), a deli (59.4 percent), family dining (56.6 percent) and a brewpub (51.9 percent).

- Respondents would like to see a copy center/pack & mail stores (47.5 percent) locate downtown. Types of health-related services identified as needed include dental care (55.4 percent), vision care (44.6 percent), general health care (40.0 percent) and homeopathic/naturopathic care (40.0 percent).

Shopping/Personal Business Preferences

- The majority of respondents cite that showing support for local businesses is the major advantage to shopping downtown (79.0 percent), followed by downtown Lebanon's convenient location (59.0 percent).

- Most respondents cite a poor selection of goods/services (67.6 percent) and limited hours (62.7 percent) as the principle disadvantages of shopping downtown. Respondents also cite limited parking (43.1 percent), poor appearance (42.2 percent) and high prices (34.3 percent) as a deterrent to patronizing downtown Lebanon.

- Most respondents report that the best time for them to shop is after 5 pm on weekdays. Saturday afternoon is the best weekend shopping time.

General Information

- Nearly one-third (29.1 percent) of respondents are age 45 to 54 and another 27.2 percent are age 55 to 64. Most (79.4 percent) live within 10 miles of downtown Lebanon.

Business Owner Survey Summary

Downtown Business Information

- Of the thirteen business owner survey respondents, five are retailers, five are service providers, two provide lodging and one is a restaurateur. Half have been in businesses for ten years or more.

- Advantages to doing business in downtown Lebanon include convenient location and proximity to customer base and cooperation with other businesses, business association and the Chamber of Commerce. Disadvantages are downtown's appearance and lack of maintenance.

- When asked to characterize recent business activity, only two businesses report declining business. Half are holding their own and the remaining four have seen increased business.

- Top obstacles facing downtown businesses are the current economy and cash flow/ working capital. Downtown businesses are most interested in information and assistance about marketing/advertising programs, business planning and cash flow.

Thoughts about Downtown Lebanon

- When asked what they would like to see in downtown, business owners expressed the need for more restaurants.

- To attract more local residents and visitors, business owners recommend building improvements and general clean-up and more cooperative promotions and events.

Downtown Assessment

Successful business districts of any size have a healthy business climate and a proactive marketing program with key amenities and characteristics that attract both customers and business prospects. These features are particularly critical for districts seeking to compete for retail dollars being spent in larger commercial areas. Downtown Lebanon scores well on many of the factors below – from easy access and pedestrian layout to strong downtown events and unique businesses/entrepreneurs. The area needing the most improvement is the physical image which appears 'tired' in places with several aging properties in need of updating.

Table 1. 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
Users & Activities ▪ Overall active use – daytime and evening 'street life' ▪ Destination attraction(s) in close 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

Overview of Downtown Lebanon Environment

- Downtown Lebanon is poised for success with very strong market and business and nearby community anchors. The 2010 Oregon Main Street assessment lays the groundwork for a successful revitalization strategy.

- Although Lebanon is the retail center for east Linn County, it faces substantial competition from nearby Albany, Salem and Corvallis.

- To attract shoppers and visitors, downtown Lebanon needs to aggressively promote itself as a destination to the external marketplace by sharing its vision and telling stories of successful businesses and community events.

- Lebanon has a positive reputation for being very business-friendly resulting in significant growth in its manufacturing and general business base over the last decade.

Competitive Assessment

Table 2. Downtown Lebanon Competitive Assessment

Geography/Description

Downtown Lebanon is approximately 5 blocks long. It is roughly bounded to the north by East Vine Street and to the south by East Oak Street. South 2nd Street is the western edge and Park Street is the eastern edge.

Top Assets for Downtown Business Development

- Large, multi-faceted and growing marketplace: area employees, visitors, local residents and highway travelers.

- Business-friendly City government and community actively seeking and succeeding with industrial business expansion and encouraging Lebanon's growth.

- Unique, compact, walkable historic shopping district adjacent to the community's large, industrial base, civic, educational and institutional anchors.

- Existing business clusters to build upon, including restaurants, resale and specialty shops, with over ten new business openings/expansions in the last year.

- Lebanon is a regional retail and business center for east Linn County which broadens its market area beyond local residents.

Top Challenges

- Several downtown properties are in disrepair and their long term viability may be in jeopardy. Downtown overall is viewed as 'rundown' by residents and businesses.

- Lack of incentives for property development such as façade or storefront improvement funds/grants.

- Organizational capacity and energy to implement business development strategy are limited.

- Even as a small town, Lebanon has multiple commercial nodes that attract shoppers to several centers.

Table 2. Downtown Lebanon Competitive Assessment (continued)

Top Challenges (continued)

- Unclear market position/market identity as a shopping/business/entertainment district ("No regional buzz").

Top Opportunities

- Market area leakage of $78.3 million or 357,000 square feet in 2011. Sales leakage in eight of ten merchandise categories.
- Organized promotions of the restaurant cluster can be another important building block for customer traffic in downtown Lebanon.
- Businesses are ready and eager to participate in cooperative marketing downtown.

Market Supply

The maps on the following pages show Lebanon's mix of commercial uses in the 10-block downtown core and the slightly larger Partners for Progress (PFP) downtown area. Focusing on the core downtown area (Map 1), retailers and restaurants/entertainment make up the largest commercial uses on the west side of South Main Street. The east side of South Main is more mixed, with several service providers, civic uses/parking lots and mixed-use buildings. Office space is available throughout downtown, typically on side streets rather than fronting South Main.

Within Lebanon's downtown core, the largest share of commercial uses is service businesses (45.4 percent), including personal services (hair salons, pet grooming, dry cleaning, etc.), professional services (banking, insurance, accounting, etc.) and health services.

Retailers make up nearly a quarter of downtown businesses (24.1 percent), with several antique and consignment shops. Restaurants constitute the third largest share of businesses (13.5 percent) with 19 establishments in the downtown core.

Table 3. Downtown Lebanon Business Mix, Spring 2011

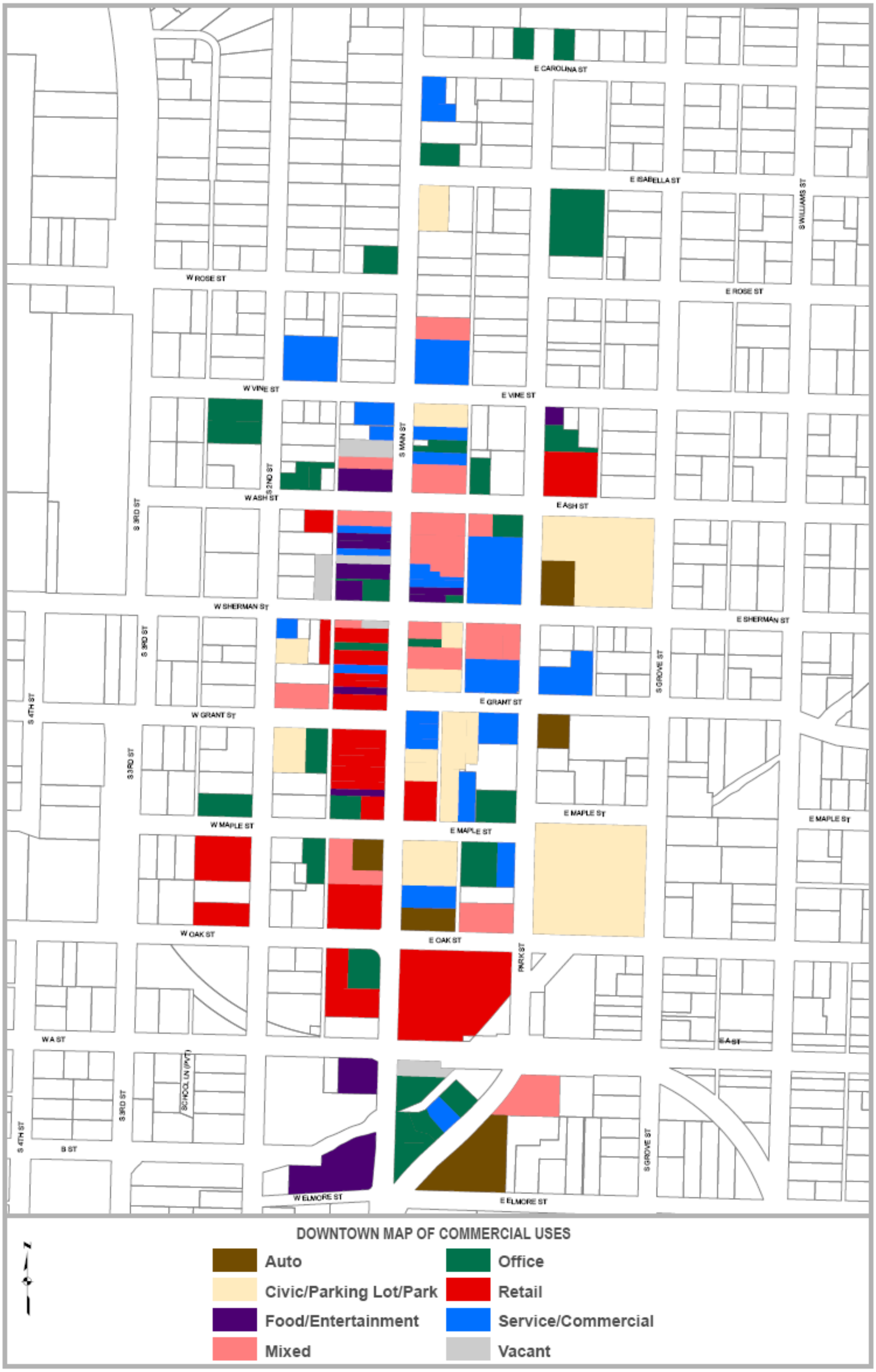
Business Type	Businesses	Percent
Apparel	7	5.0%
Home Improvement/Furnishings	7	5.0%
Miscellaneous/Consignment	20	14.2%
Shoppers Goods	34	24.1%
Grocery & Pharmacy	2	1.4%
Restaurants	19	13.5%
Entertainment	4	2.8%
Personal Services	25	17.7%
Professional Office/Service	31	22.0%
Health Office/Service	8	5.7%
Services	64	45.4%
Civic	3	2.1%
Other (office, auto, etc.)	15	10.6%
Total	**141**	**100.0%**

Source: City of Lebanon

Map 1. Commercial Uses in Downtown Lebanon

Source: City of Lebanon

Map 2. Commercial Uses in Lebanon Partners for Progress Downtown Area



Source: City of Lebanon

Market Demand

The market demand analysis estimates the level of potential new retail space that can be supported in downtown Lebanon over the next ten years by merchandise type. Key target markets for new retail and restaurant development in downtown include local residents, employees working nearby, LBCC students and visitors to the area. This section provides an overview of these markets and a statistical demand analysis based on anticipated growth and spending patterns within them.

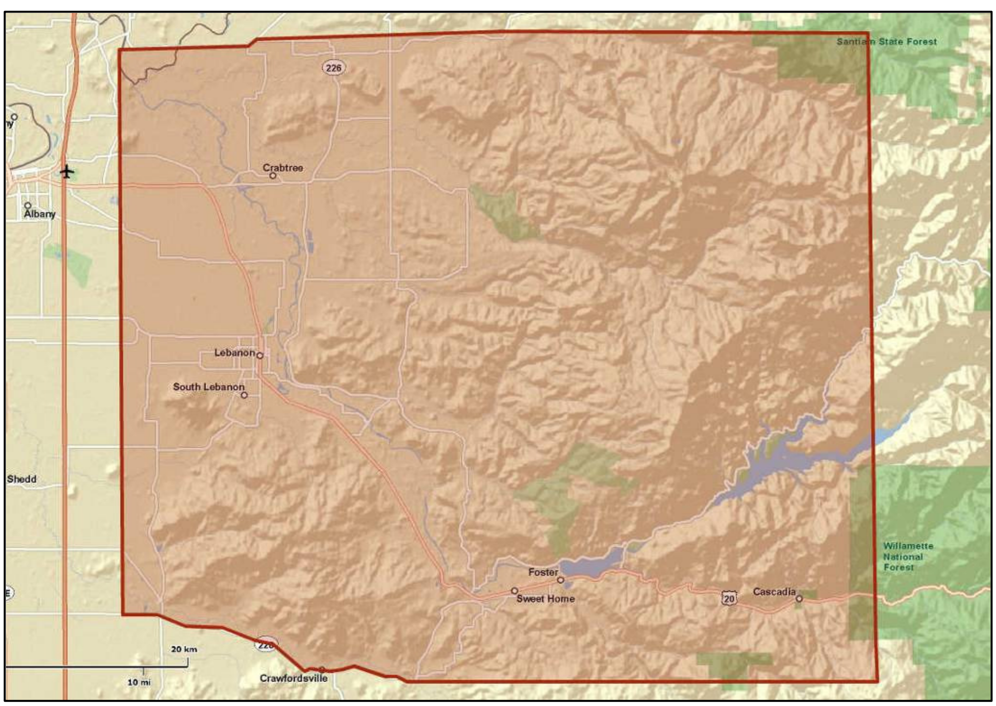
Target Markets

Downtown Lebanon's primary target consumer markets for retail, services, restaurants and entertainment include residents, employees, students and visitors. This section characterizes the size and features of each market, with an in-depth look at the local resident market, which provides downtown with the greatest opportunity for a dependable source of year-round sales.

Local Resident Shoppers

Based on the patronage of existing businesses, downtown Lebanon's location within the region, its competitive assets and ongoing redevelopment activity, Marketek delineated a custom-drawn retail market area from which local shoppers are likely to emanate (Map 3).

Map 3. Downtown Lebanon Retail Market Area



The Retail Market Area consisted of 49,879 persons in 18,810 households as of 2010. Since 2000, its population grew moderately, at an average annual rate of 0.90 percent. This rate is below the City of Lebanon, Linn County and State rates (1.98 percent, 1.32 percent and 1.20 percent, respectively). Market area growth is projected to accelerate over the next five years, adding 2,778 persons and 1,069 households.

As Table 4 shows, the Retail Market Area is made up of modest income households with education levels below those of the county and state. Median income in the Market Area is $44,676, and just over one-fifth of persons age 18 or over have associate degrees or higher (21.9 percent). At 41.4 years, the market area median age is the highest of the four geographies in Table 4. The large majority of the population is white (92.7 percent); a small share (4.6 percent) is Hispanic.

Appendix C, "Target Market Demographic Profile," offers a more detailed socioeconomic characterization of the Lebanon Retail Market Area.

Table 4. Retail Market Area Demographic Snapshot

Demographic Indicator	City of Lebanon	Market Area	Linn County	State of Oregon
Population				
2010 (estimate)	15,518	49,879	116,672	3,831,074
2015 (forecast)	16,589	52,657	124,372	4,034,552
Avg. Ann. % Change ('00 to '10)	1.98%	0.90%	1.32%	1.20%
Avg. Ann. % Change ('10 to '15)	1.38%	1.11%	1.32%	1.06%
Households				
2010 (estimate)	6,118	18,810	45,204	1,518,938
2015 (forecast)	6,543	19,879	48,222	1,601,186
Avg. Ann. % Change ('00 to '10)	2.05%	0.93%	1.43%	1.39%
Avg. Ann. % Change ('10 to '15)	1.39%	1.14%	1.34%	1.08%
Average Household Size	2.52	2.64	2.58	2.51
Median Household Income	$41,839	$44,676	$47,886	$53,104
Median Age (Years)	37.4	41.4	39.1	38.2
Race				
Percent White Alone	91.2%	92.7%	90.6%	83.6%
Percent Other Race/2+ Races	8.8%	7.3%	9.4%	16.4%
Percent Hispanic	5.8%	4.6%	7.8%	11.7%
Homeownership	63.0%	66.5%	68.1%	64.3%
Educational Attainment				
Associate Degree	7.4%	8.7%	9.8%	8.4%
Four Year Degree or More	12.7%	13.2%	15.8%	28.7%

Source: ESRI BIS; 2010 U.S. Census

Local Employees

Employees working in or near downtown Lebanon are an important captive market for retail, restaurant, service and entertainment businesses. Research conducted by the Building Owners and Managers Association of America estimates that office workers spend between 10 and 15 percent 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.

The number of jobs within a close proximity of downtown is significant – there are 501 businesses with 4,303 employees within a one-mile radius and 742 businesses with 6,505 employees within three miles. The largest shares are in retail trade (25.8 percent) and health services (22.8 percent) (Map 4 and Table 5).

Major employers include Lowes Regional Distribution Center (700 employees/1.7 miles from downtown), the Lebanon Samaritan Hospital (605 employees/0.9 miles from downtown), Lebanon Schools (475 employees/0.9 miles from Lebanon High to downtown) and ENTEK Manufacturing (247 employees/1.5 miles from downtown).

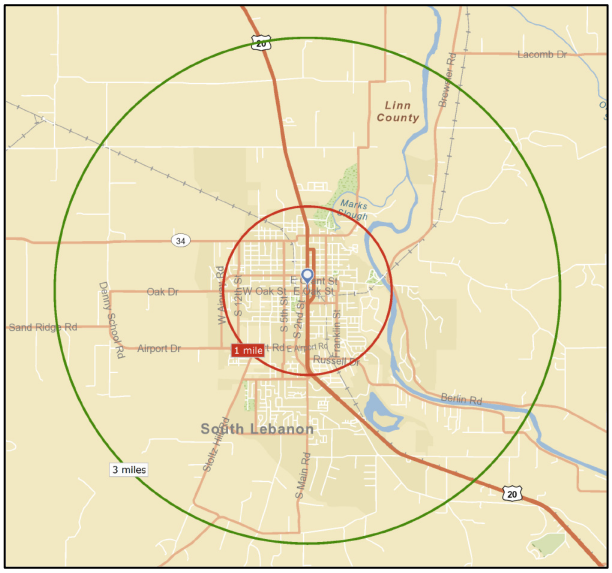
Table 5. Jobs within 1- and 3- Mile Radii of Downtown Lebanon

	1-Mile Area		3-Mile Area	
Industry	Number	Percent	Number	Percent
Agriculture & Mining	101	2.3%	152	2.3%
Construction	123	2.9%	250	3.8%
Manufacturing	487	11.3%	689	10.6%
Transportation	34	0.8%	48	0.7%
Communication	35	0.8%	37	0.6%
Utilities	10	0.2%	13	0.2%
Wholesale Trade	113	2.6%	183	2.8%
Retail Trade	810	18.8%	1,677	25.8%
Finance/Insurance/Real Estate	212	4.9%	282	4.3%
Services	2,147	49.9%	2,895	44.5%
Health	1,224	28.4%	1,485	22.8%
Government	225	5.2%	270	4.2%
Other	6	0.1%	6	0.1%
Total Employees	4,303	100.0%	6,505	100.0%
Total Businesses	501		742	

Note: Distances are from the interection of Highway 20 and West Oak.

Source: ESRI BIS

Map 4. 1- and 3- Mile Radii from Downtown Lebanon



Students

Linn-Benton Community College (LBCC) offers classes at the Lebanon Center in the East Linn Education & Workforce Building. Including their main campus in Albany, LBCC enrolls over 5,000 students each year. In August 2011, the Western University of Health Sciences' College of Osteopathic Medicine of the Pacific (COMP-Northwest) will offer its first classes at a newly-constructed medical school on the Samaritan Hospital campus. The initial enrollment is expected to include 100 students, with a four-year enrollment of 400. Student housing and small commercial space are anticipated to be constructed near the facility in the future. Both the Lebanon Center and the Samaritan Hospital campus are within a mile of downtown.

College students have become an increasingly attractive retail market as their spending has increased to an estimated $306 billion nationwide. According to a 2010 Harris Interactive study, students have an average discretionary spending of $4,332 per year. Leading spending categories include food, automobiles, entertainment, personal care, technology and cell phones. With two campuses within close proximity, current and future students will be an increasingly important market for downtown.

Visitors

A fourth market for downtown includes visitors to several nearby community anchors, such as the Samaritan Hospital, two institutes of higher education, the Lebanon Library and others. According to a 2009 Dean Runyan Associates study of visitor trends in Linn County, top spending categories are rental cars and gasoline (36.4 percent), restaurants (22.3 percent) and retail sales (13.2 percent).

Retail Demand

Marketek estimated potential demand for additional retail, restaurant and entertainment space in downtown Lebanon based on existing and projected future spending by Retail Market Area residents. In each case, spending potential by merchandise type is 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*.

Existing Retail Demand

Demand is derived from two sources. The first, "existing demand" is demand for retail goods by current market area households that is currently being met outside of the market area. Existing demand is found by comparing 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 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.

Table 6 shows the existing retail supply and demand balance for the Lebanon Retail Market Area by store type. Sales leakage is occurring in eight of ten store categories and totals $78.3 million. The largest leakages are in the general merchandise ($27.4 million), restaurants ($23.3 million) and home improvement & gardening ($8.1 million). Surpluses occur in the electronics & appliances and grocery categories and total $6.1 million. Converting sales leakage to square footage equates to potential support for 357,193 square feet of retail space.

Table 6. Lebanon Market Area Existing Retail Balance, 2010

Merchandise Category	Demand/ Spending Potential	Supply/ Retail Sales	Leakage (or Surplus)
Shoppers Goods			
Apparel	$4,250,119	$1,981,345	$2,268,774
Home Furnishings	$6,727,153	$2,777,608	$3,949,545
Electronics & Appliances	$7,334,482	$11,507,306	($4,172,824)
Home Improvement & Gardening	$11,487,470	$3,337,502	$8,149,968
Sporting Goods, Hobbies, Books & Music	$6,564,153	$3,788,366	$2,775,787
General Merchandise	$72,335,744	$44,907,962	$27,427,782
Miscellaneous Specialty Retail (florist, office supplies, gift stores, etc.)	$8,608,642	$2,677,791	$5,930,851
Convenience Goods			
Grocery	$66,818,607	$68,738,966	($1,920,359)
Health & Personal Care	$9,321,097	$4,846,647	$4,474,450
Restaurants	$53,539,617	$30,203,868	$23,335,749
Total Leakage			**$78,312,906**

Source: ESRI BIS; Marketek, Inc.

Future Retail Demand

The second source of demand is "future demand" or demand based on projected household growth and spending patterns in the market area through 2021. Within the Retail Market Area, there is potential demand for 127,866 square feet of new store space over the next ten years. For detailed retail demand estimate calculations, please refer to Appendix D.

Retail Demand Summary

Table 7 summarizes potential new supportable retail space in the Lebanon Market Area based on existing and future demand. Potential demand is divided among five merchandise categories: shopper's goods, convenience goods, restaurants, entertainment and personal services. The types of goods and services within these categories are provided in Appendix D.

Existing demand has the potential to support 357,193 square feet of new or rehabbed retail space; future demand has the potential to support 127,866 square feet through 2021. Taken together, there is potential demand for 485,059 square feet of new or rehabbed retail space in the Lebanon Retail Market Area over the next ten years.

Table 7. Summary of Potential New Retail Space

Merchandise/ Retail Category	2011 Existing Unmet Demand (SF)	2011-2021 Future Demand (SF)	Total Potential New Retail Space (SF)
Shoppers Goods			
Apparel	10,855	12,056	22,912
Home Furnishings	19,847	12,584	32,431
Home Improvement	58,214	15,252	73,466
Other Retail (Specialty, General)	167,289	14,986	182,275
Subtotal	**256,205**	**54,878**	**311,084**
Convenience Goods			
Grocery	0	26,647	26,647
Health/Personal Care	12,259	5,238	17,497
Subtotal	**12,259**	**31,885**	**44,144**
Restaurants	88,729	22,424	111,153
Entertainment	0	7,629	7,629
Personal Services	0	11,049	11,049
Total	**357,193**	**127,866**	**485,059**

Source: ESRI; Urban Land Institute; Marketek, Inc.

The share of space that downtown Lebanon can capture will depend on numerous factors, including retail outreach efforts, the availability of quality retail-ready space, the performance of competitive shopping areas and the success of downtown's revitalization efforts to develop a variety of retail, service and entertainment uses.

If downtown captured twenty percent of existing demand and a third of future demand, this would translate to the potential for 114,060 square feet of new or rehabbed retail space over the next ten years.

Downtown's success at transforming demand potential to new retail space will depend on providing quality retail space and on Lebanon's marketing and business development efforts. A passive or segmented approach would likely result in downtown falling short of its estimated potential. To get a sense of demand estimates in terms of typical store sizes, Appendix D provides the median sizes of several types of businesses that may be appropriate for downtown Lebanon.

Spending Potential Index

Market area expenditure data can also be used to reveal what prices residents will pay and/or the level of their discretionary income they are willing to devote to various goods or services. The Spending Potential Index (SPI) is a measure of market activity that denotes the actual dollars spent on certain goods and services. An SPI equal to 100 indicates that consumers are buying or spending at a rate equal to the national average; an SPI greater or less than 100 indicated that consumers are buying/spending above or below the national average, respectively.

Table 8 shows spending patterns for residents of the Lebanon Retail Market Area. Market Area residents spend below the national average on most goods, with the exception of apparel services and pet supplies.

Table 8. Market Area Spending Patterns

Above Average	
▪ Apparel services	▪ Pets
About Average	
▪ Recreational vehicles	▪ Smoking products
Below Average	
▪ Apparel	▪ Groceries
▪ Entertainment	▪ Housewares
▪ Audio/video downloads	▪ Childcare
▪ Sports/exercise equipment	▪ Travel

Source: ESRI BIS

Business Mix & Clustering

Key Retail Themes

Nationwide, historic downtowns and neighborhoods are recognized and celebrated as the center of unique, specialty, one-of-a-kind merchandise and entrepreneurs. While often anchored with large national retailers, the most successful downtown streets are lined with a preponderance of independent, creative retailers. The key retail themes noted by many downtown professionals are highlighted below. Examples of downtown Lebanon businesses that fit these niches are noted as well.

Table 9. Downtown Retail Themes

Theme	Examples in Downtown Lebanon
Lifestyle and wellness retail Respond to wellness, special interests & quality of life	Vinnie's Natural Living, Oregon Bedroll, Sole Train, Main Event Salon & Spa, Family Chiropractic
Community gathering places Central places suited for social or community purposes	Lebanon Coffee House, Kevin' Café, Courtney Creek
Retailers that celebrate heritage Connect to community's past	The Filling Station
Stores that entertain "Shoppertainment" concepts	Farmer's Market, Indoor Shooting Range
Stores that celebrate local arts Locally-made arts, gifts and other products	Linn County Arts Guild
Stores that educate	Quality Llama Products
Stores with a global perspective Businesses that contribute to a better world	Ten Thousand Villages
Gifts and indulgences Chocolates, flowers, artwork, etc.	Mrs. B's Special Teas, Victorian Chocolate Company

Target Business Mix

A successful business district in virtually any size community requires a balance and mix of uses that includes retail shopping, professional, financial and government services, entertainment, restaurants and personal services. The results of the statistical market analysis indicate that downtown has ample opportunity to grow its retail base and fill niches and voids in the local marketplace.

The following table provides potential target businesses for downtown Lebanon by market. It is based on business outreach efforts, shopper survey results, market analysis results and Marketek's experience with facilitating retail development in downtowns and business districts nationwide.

Table 10. Downtown Lebanon Business Mix by Target Market

	Market Area Residents	Area Employees	Area Students*	Area Visitors
Market Size	Nearly 50,000 persons and 19,000 hholds	About 6,500 workers in a 3-mile radius	Two college campuses - LBCC and COMP-Northwest	Generated by civic and employment anchors in/near downtown
Motivations	Within a short drive of downtown; Will look to downtown for convenience and destination shopping, dining and entertainment.	Generally there 5 days a week and are likely to shop, run errands and dine out in downtown if options are available.	Spending more than ever before, with estimated average annual discretionary spending of $4,332.	Spend on restaurants, entertainment and specialty goods, especially before and/or after downtown events.
Business Mix	Apparel (Women's, Men's, Children's) Home furnishings Home accessories Garden supplies Books/magazines/music Sporting goods Arts & crafts supplies Gifts/cards Art gallery Handcrafted goods Electronics (sales/repair) Specialty market/grocer Various Restaurants (steak-house, family dining, deli, brewpub, etc.) Mail/copy center Health club/gym Child care Entertainment (live theater, live music, dance, etc. Health services (dental, vision, general)	Restaurants/Bars (fast-casual**, casual, fine dining, outdoor dining) Specialty market/grocer Drugstore Mail/copy center Gifts/cards Banks/financial services Drycleaner/alteration Child care Health club/gym Apparel Books/magazines/music Live entertainment Housewares	Apparel (trendy, vintage, locally designed) Sporting goods Computers/software Electronics/audio equip. DVDs (purchase & rent) Books/magazines/music Gifts/cards Groceries Cosmetics/personal care Fast-casual restaurants Brewpub Late-night dining Deli Coffee shop Pizza Live music Health club/gym	Restaurants: Family restaurants Outdoor dining Breakfast/brunch Unique restaurants Brewpub Art gallery Handcrafted goods Entertainment (live theater, live music, dance, art shows, etc.) Apparel (trendy, vintage, locally designed) Personal care products

*Please see Appendix E for sample business mixes from downtowns with large student populations.

**Fast-casual dining refers to a growing segment of the restaurant industry seeking to fill the gap between fast food and casual dining. Leading fast-casual chains include Panera Bread and Qboda Mexican Grill.

Business Clustering Guidelines

Clustering, a management tool used extensively by shopping centers, involves strategically locating businesses within a downtown business district or sub-districts 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.

General clustering guidelines follow:

- Professional service/office uses should be located in upper stories and on secondary streets out of the retail core.
- Beauty and personal cares services can be scattered throughout the district.
- Restaurants can be located as entertainment anchors throughout the district with sensitivity to avoiding conflicts with neighboring businesses that may serve a different market segment.
- Convenience businesses like grocery and drugstores are ideally located close to concentrations of housing. This will be an important consideration in the future as downtown Lebanon's residential base expands.

In an effort to create a critical mass of interesting shopping, dining and activities to attract a larger group of consumers, business expansion and attraction should build upon Lebanon's existing clusters. These include:

- Dining (over 15 restaurants)
- Hair salons/spas
- Health/wellness (more than 6 related businesses, ex: Anytime Fitness, chiropractic office, Turning Leaf Home Medicine)
- Resale (over 5 consignment, thrift or antique shops)

For the foreseeable future, the energy and potential for new retail businesses is along Main Street, which has the greatest existing retail base. Professional services, institutional uses (such as banks) and other office space should be located along Park Street, which already has an office/service orientation.

Business Development

Successful implementation of downtown Lebanon's business development program requires strong coordination, consistent communication and commitment to a unified vision for a more cohesive downtown. The steps outlined below assume that a collaborative team will work together on the downtown commercial base, led by Partners for Progress and the City of Lebanon and including other key stakeholders such as the Lebanon Chamber of Commerce and Linn-Benton Community College. The team should also include a range of individuals from real estate agents and property owners to business owners and marketing professionals.

Downtown Lebanon's Business Development Action Plan addresses all the key components of success – from a strong vision and quality real estate product to specific business targets and organized campaigns to generate results. This section provides an overview of key business development strategies and action steps for successfully promoting downtown Lebanon's business opportunities.

Table 11. Business Development & Marketing Strategies

Primary Program Goals	▪ Retain, strengthen and expand the existing business base in downtown Lebanon ▪ Recruit and encourage businesses that will complement and improve the existing commercial mix and will enhance the attractiveness of downtown Lebanon ▪ Increase local spending by trade area shopper and visitor target markets
Program Elements	▪ Image Development and Marketing ▪ Real Estate Product Enhancement ▪ Business Retention and Expansion ▪ Business Attraction
Core Strategies	▪ Develop positive downtown Lebanon image through continuous public relations, sales and marketing ▪ Continue to enhance downtown Lebanon's physical image and core downtown properties ▪ Encourage, support and assist existing businesses ▪ Target new businesses to add to the business mix and strengthen the overall economic base ▪ Encourage residents, businesses, students, visitors and area employees to shop in downtown Lebanon

The actions outlined below are organized around the four program elements and divided into short-term priority actions (2011) and other actions (2012-2013), the specific timing of which should be determined by the Partners for Progress Economic Vitality Committee.

1. Image Development and Marketing

2011 Priority Actions

1. **Top 10 Fix Ups:** Partners for Progress already has a well-organized and successful clean-up program. Consider expanding that effort to continue to show pride and support for downtown by creating a Top 10 list of improvements that would make a difference in downtown Lebanon's appearance and tackling the list one at a time over the course of the next year. This may range from replanting the pocket park to washing windows or painting storefronts. Many downtown programs spearhead private property improvements with the cooperation of property owners. Sample programs include Medford's Adopt-a-Block and Myrtle Creek's Spirit Days among others.

2. **Place the PFP's Local Area Merchants Guide** in key visible locations throughout downtown and town. Even if out of date, the brochure is well done and projects an organized, coordinated image for the downtown area.

3. **Create a simple restaurant rack card** to distribute at downtown events, at Chamber/City Hall, to nearby employers, at the hospital at LBCC/WU campuses and in other strategic locations. Restaurants appeal to all markets and will bring people into the downtown providing exposure to the other businesses there. See a sample from downtown Yuba City, California in Appendix F.

Additional Actions

4. **Promote and celebrate new businesses and property enhancements** with ribbon cuttings, press releases and personal visits from PFP board members offering thanks and other ways to praise and applaud progress. Consider establishing a quarterly Kudos Award recognizing business progress, business makeovers, anniversaries, reinvestment, product expansions, etc.

5. **Marketing Campaign:** Successful business districts or shopping centers of any size have a proactive marking program with key messages to entice outside investment. Several themes or messages (below) emerged through the public outreach conducted during this study that should be incorporated into all facets of the Lebanon Main Street Program, especially its business development marketing effort.

   - Highlight downtown Lebanon as an authentic historic town
   - Friendly, charming downtown with homegrown businesses
   - Focus on one-of-a-kind businesses offering things you can't find in other places
   - Safe and fun place to be whether you are young or old

Additional Actions (continued)

6. **Local Student Involvement:** Consider engaging Lebanon High School and LBCC marketing and PR students to help create a marketing campaign to raise the profile of downtown Lebanon and promote these consumer messages. Main Street Ellensburg, Washington is a great example of how Central Washington students became active. Appendix G provides other opportunities for student involvement in downtown programs.

7. **Store Hours:** Begin to introduce an extended store hours policy throughout downtown. Initiate a 'soft sell' of shifting store hours for downtown to stay open until 6 pm. Begin with educating business owners about the commuter population and share information on the most popular shopping hours/days from the local shopper survey. Identify at least 8 business owners willing to make the shift in store hours (and identify 8 others who are already open). Organize the 'Downtown is Alive after 5' effort with this base, knowing over them the number of participants will expand.

2. *Real Estate Product Enhancement*

Downtown Lebanon's economic development program is as much tied to attractive, appropriately-sized commercial space in the right location as it is to market opportunity. Independent, specialty shops generally seek small square footages – usually 500 SF to 2,500 SF – whereas national retailers may need several thousand square feet. Downtown Lebanon has vacant space available throughout the downtown varied in size, condition and location. Several large properties are vacant that will need an entirely unique marketing approach. It is important to become thoroughly knowledgeable about and actively promote the commercial real estate downtown Lebanon has to offer.

A top issue identified in the shopper and business survey is the need for property clean-up and redevelopment. Addressing the need for better looking buildings, store windows and readable signage is imperative to being successful with business and customer attraction efforts.

2011 Priority Actions

1. **Available Property Database:** Develop a property database of vacant commercial properties. Marketing business opportunities and properties go hand in hand. Focus first on taking inventory of vacant properties beginning in the core retail/restaurant areas. Determine which ones are ready for occupants. Determine what work needs to be done to make key properties 'retail-ready.' See Appendix H for a sample property database form. From this, prepare and keep up-to-date a one-stop website for downtown Lebanon available commercial properties. Prepare property marketing sheets. Work with realtors and property owners to obtain accurate information.

2011 Priority Actions (continued)

2. **Property Owner Contact:** Make a concerted effort tot build relationship with property owners. Prepare a database of property owners, including out of town property owners. Make sure all downtown building and business owners are included in communications about the PFP program, key initiatives and downtown successes. Organize a small sub-committee to make personal visits to local property owners and calls to out of town owners to check in on their future interests related to their investment. Ideally, this occurs with a package of incentives for property redevelopment in hand.

3. **Property Improvement Toolbox:** Identify, package and actively promote property improvement incentives, such as a façade improvement program. Clarify what incentives or assistance are available now and how to access them. Consider creative tools used by other cities that would enable property owners to think fresh and 'out of the box' about programming and redeveloping large properties or ones needing major rehabilitation. See the sample toolkit in Appendix I.

Additional Actions

4. **Explore the creation of an Economic Improvement District (EID)** to provide a long-term funding source for downtown property and other improvements. Coordinate this with a strategic funding plan for PFP. Talk with other downtown organizations that have successfully implemented an EID such as Molalla, Corvallis and McMinnville.

5. Work with the City to **strengthen and enforce the city code/building ordinance** regarding vacant spaces to encourage clean up and maintenance.

6. **Property-Business Link:** Cross match property to specific store types and tenants, creating site-specific business location targets for the Main Street retail core. This effort will support business clustering efforts and should be shared with brokers, property owners and all those promoting downtown's vision. It should take into account the oversupply of certain business types downtown, such as hair salons, and uses that are simply not contributors to the economic health of downtowns – such as churches in retail space. This should be carefully managed and if necessary, zoning stipulations made to prevent noncommercial uses in the retail core.

7. **Property Assessment & Gameplan:** Within the downtown core, several properties are in need of updating and several others are simply large, challenging properties. Based on property owner willingness and interest, identify a select number of properties and strategize improvement and a marketing approach. This effort should be a follow-up to the 'getting to know you' property owner outreach identified in Action 2. See Appendix J for a handout on property assessment.

8. **Civic District Connections:** Several hundred government/health care/higher education employees and service users work or visit daily on campuses adjacent to downtown Lebanon. Yet downtown seems a few miles away only accessible by car. The limited connectivity may be the result of physical barriers like railroad tracks, large parking lots, block-style institutional structures and simply, very little restaurant/retail choices immediately adjacent to/nearby work sites. A Design/ER/Promotion Task Force should organize to create a clear multi-faceted strategy to develop an enticing 'customer path' to encourage workers to shop, dine and do business in the downtown core. The range of solutions will incorporate design elements and promotion/marketing as well as property improvements.

3. Business Retention & Expansion

Helping downtown Lebanon's existing business base succeed will be the underpinning of successful economic development. Two-way communication to build trust and one-on-one problem-solving to increase business profitability are the tried and true most effective approaches to business retention and assistance. From the business surveys and one-on-one in-store visits, we know that businesses want and need help with marketing and merchandising, finance, systems improvements, tenant and façade improvements, business location/expansion, business and cash flow planning and staying on top of marketplace trends and opportunities.

A key weakness of small independent businesses, including many observed in downtown Lebanon, is their inattention to overall image and visual appeal. Store image and identity includes signage, storefronts appearance, window displays, store merchandising, lighting and other elements that collectively send customers a strong impression about business quality and offerings.

As the Business Development Team seeks to address key business needs and strengthen downtown's established business base it should focus on the following top small business issues:

- Image and identity
- Finance
- Marketing and Promotion

2011 Priority Actions

1. **Market Opportunities:** Distribute the highlights of the retail market analysis and the top three initiatives that the Economic Vitality Committee will be working on in 2011 to business/ property owners and all those with a vested interest in downtown Lebanon's economic vitality. This is a chance to educate about market opportunities, to let stakeholders know that PFP is working on their behalf and to encourage additional volunteers to get involved with making change downtown.

2. **BEAT Program (Business Expansion and Assistance Team):** With one part-time staff member, PFP will need to continue to rely on volunteers to do a lot of the heavy lifting when it comes to business development. Regarding business assistance, staff should be the centralized point of contact and coordination for business assistance information and resources, but volunteers should organize as block teams to seek out opportunities to provide business assistance.

   Initiate the BEAT as a block-by-block business visitation outreach effort to build rapport between PFP and business owners. Each board member is part of the BEAT and should commit to 'checking in' with six business owners each quarter to share information, observe changes and listen to ideas/concerns. See Appendix K for an outline of a workable approach and sample overview of Prineville's program.

Additional Actions

3. **Work with the Linn-Benton SBDC and other partners to host a Retail Academy Workshop** series and/or a Restaurant Workshop 'Getting Diners in the Door,' for downtown businesses. Organize local financial resources (bankers, CPAs) for a session on '5 Steps to Successful Cash Flow Management in a Down Economy.' Continue and enhance these efforts with a range of formats and programs from one-on-one in-store assistance and mentoring to business recognition programs and financial assistance.

4. **Initiate a Downtown Business Recognition Program:** Celebrate and appreciate downtown Lebanon small businesses for their exceptional service, business improvement, community service/leadership, new initiatives and other positive endeavors. A quarterly recognition allows for additional positive PR for downtown Lebanon overall.

5. **Develop an Entrepreneur Connections Program:** With the Lebanon Chamber of Commerce, organize a bi-weekly breakfast/lunch program for local businesses focused on best practices and innovation in business success. Keep it focused on a specific list of business-generated topics. Consider a Business Bootcamp or Nxlevel Program. See Appendix L for an example program offered by the Ellensburg Downtown Association. To support these efforts and allow for one-on-one assistance, apply for an Oregon Microenterprise Network Vista/Americorp worker.

6. **Business Makeover Contest and Program:** Spur needed change and/or out-of-the-box thinking to make downtown businesses more competitive and increase sales. Use the creativity and energy of LBCC or OSU business/marketing students to prepare Makeover Action Plans. Take applications and award cash prizes to businesses to be applied to implementation.

4. Business Attraction

Downtown Lebanon will need to work strategically to encourage quality businesses to locate in the most appropriate and desirable retail locations. Get engaged in planning retail development and location. The public sector has to lead the effort to focus retail rather than allowing it to 'happen anywhere.' Developers seldom see the big picture. Business attraction efforts should emphasize both unique, locally-owned businesses and long-term, carefully selected national retailers and regional 'chain-lets' that offer credibility and/or the ability to draw a broad middle and upper income market.

Business recruitment involves two strategic efforts, marketing and sales. Important to both efforts is a clear understanding of:

- Vision – Where are we headed?
- Product – What do we have to offer?
- Audience – Whom are we targeting?
- Benefit – Why should a business locate here?

All of the research, analysis and actions leading up to this section addresses these questions and lays the foundation for a solid marketing program. Marketing is all about creating awareness of the opportunity. The goal is to have consistent, frequent and meaningful messages to the target audience that demonstrate why they should consider a downtown location.

2011 Priority Actions

1. **Sales Package:** Create a simple package to share with business prospects and marketing contacts that includes at a minimum the following: downtown vision statement, map of opportunity sites (see Appendix M for an example), downtown brochure, one-page market opportunity factsheet (see Appendix N for an example), top 10 reasons to locate in downtown (see Appendix O for an example) and contact information. Put as much as possible in electronic form with links to PFP and City of Lebanon websites.

2. **Referral Network:** Organize a referral database of leading real estate agents/brokers, developers, small business resource providers and community and business leaders. Educate them regarding the market study findings, types of businesses most appropriate for downtown cluster areas and related information. Develop a schedule of electronic communications and events to keep the group informed about business opening, development initiatives and opportunities. Consider short presentations of the market study/business goals to organization of key business leaders.

Additional Actions

3. **Short-Term Leases:** Identify opportunities for short-term leases or 'pop up' uses to fill vacant spaces and provide property owners with some income. A local example is the Linn County Arts Guild that recently held a successful holiday fair in a downtown vacant space. Examples of other potential uses include:

   - Seasonal – winter arts & crafts market before Christmas; Halloween costume market; back to school supplies
   - Retail – online retailers (ex: tabletop.com, ebay.com, bluefly.com); national retailers promoting new lines (ex: Nike Runner's Lounge); apparel by local designers; art galleries with products for sale
   - Non-retail – art galleries for display only; supper club with well-known local or national chefs (ex. basupperclubandcafe.com); classes/workshops (ex: cooking classes, arts & crafts workshops); job fairs

4. **Recruitment Campaigns:** Develop a business recruitment campaign to promote the business opportunities outlined in the market analysis. The campaign may include post card mailings, e-blasts, phone calls, one-on-one contact, third party outreach, hosted site visits, targeted marketing materials and related activities.

5. **Actively Manage the Business Development Process:** Like all good sales efforts, the devil is in the detail of managing the prospect pipeline and following through on prospect's needs and interests in a timey manner. Create a simple electronic database to track leads.

6. **Measure Progress:** Publish a simple annual report of key indicators that promotes downtown Lebanon's vitality and progress. Data may include jobs, employment, new investment, businesses recruited/retained, events/promotions and retail impacts. Demonstrating success is critical to encouraging investment in downtown and Partners for Progress and to lay the foundation for future funding mechanisms like a Business Improvement District. See Table 12 below for sample benchmarks.

Table 12. Downtown Lebanon Economic Benchmarks

Public Investment	▪ Funding for capital improvement, property acquisition, new building, other downtown improvements
Private Investment	▪ Funding for business and property investment
Business Mix	▪ Number and distribution ▪ Target niches filled
Real Estate	▪ Retail square footage ▪ Occupancies
Economic Vitality	▪ Full and part time jobs (net) ▪ Customer counts ▪ Sales growth ▪ Parking spaces ▪ Business inquiries
Promotion/Marketing	▪ Event counts ▪ Sales impacts

Summary

Lebanon is fortunate to have several dozen smart, talented, creative community and business leaders who are ready to enact a game plan for new business development in downtown. As they proceed, several keys to successful business development should be kept in mind.

- A unified strategy and common vision will allow public and private partnerships to share goals, responsibilities, commitment and funding.

- A clear and consistent delivery system is needed to communicate downtown's message to stakeholders.

- Economic restructuring takes time and there are no silver bullets. Even the most creative marketing and sales efforts will not succeed without continuous follow-through and systematic adjustment to the market and business targets, which are in constant motion.

- There must be a commitment to downtown as a priority commercial center for the community and an understanding that its economic health, attractiveness and well-being are integrated to the region's overall attractiveness to industrial development and high quality employers.

- Measuring and communicating downtown's progress and sharing optimism and confidence in downtown with other stakeholders is a key step in dissuading detractors and broadening the base of program support.

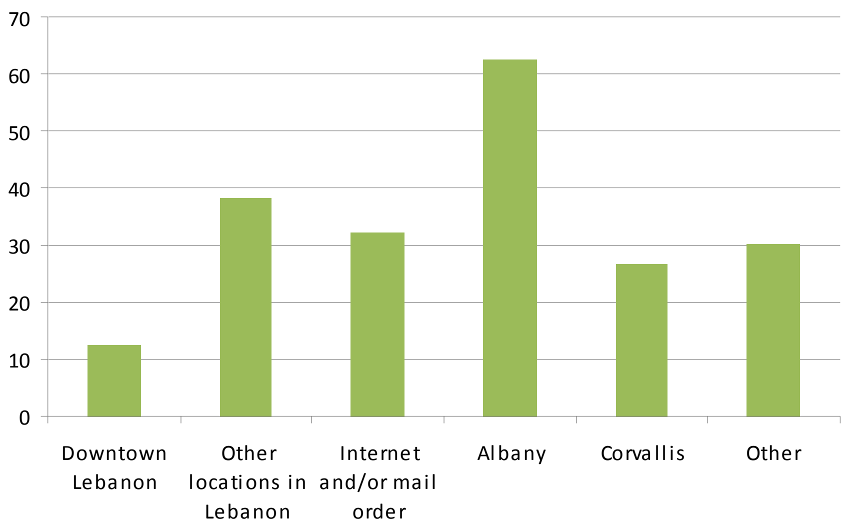
Appendices

Appendix A. Shopper Survey Results

SECTION 1: SHOPPING HABITS

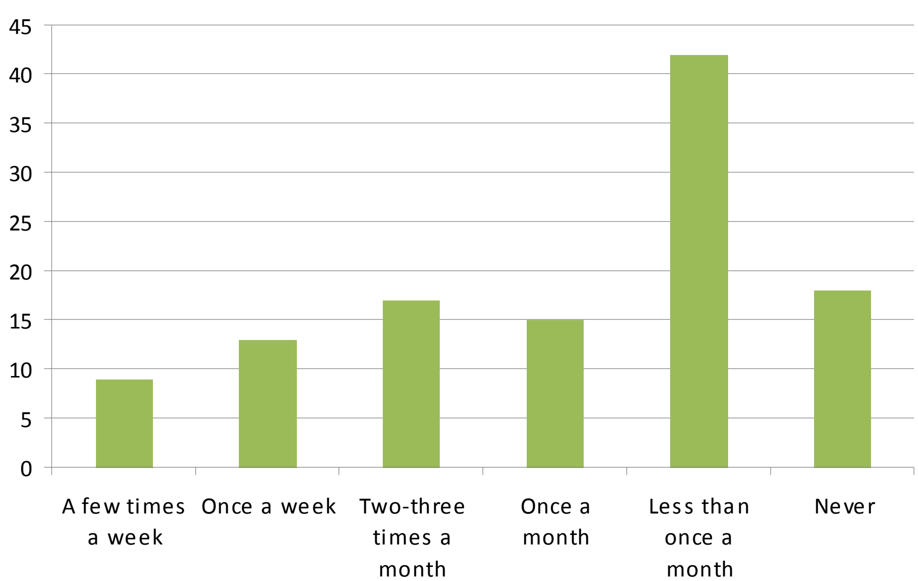
1. Where do you do most of your non-grocery shopping? [112 respondents]

- Downtown Lebanon was where respondents are least likely to shop.
- The majority of respondents (89.3%) do most of their shopping outside Lebanon in Albany or Corvallis.



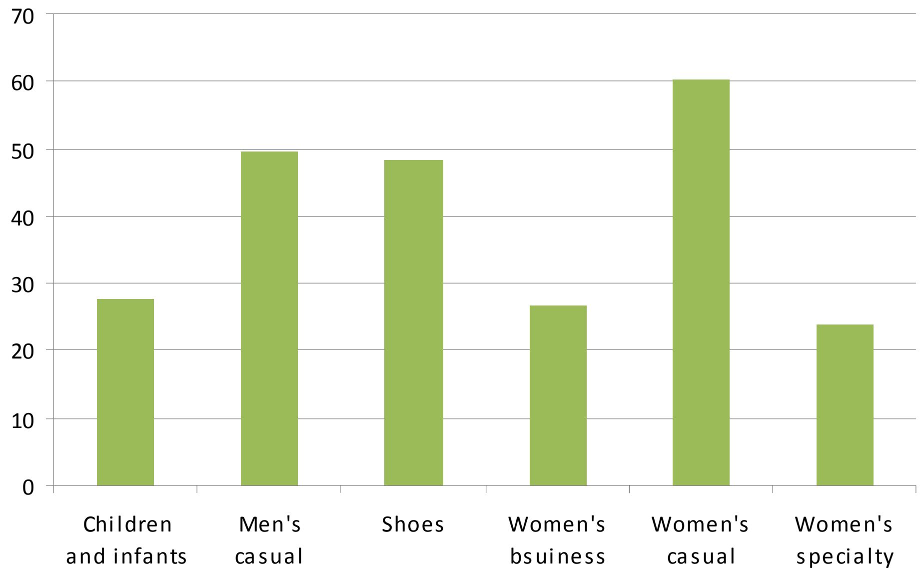
2. About how often do you come to downtown Lebanon to shop? [111 respondents]

- Thirty-seven percent (37.8%) respondents come downtown to shop less than once a month. Sixteen percent (16.2%) answered they never come to downtown Lebanon to shop.



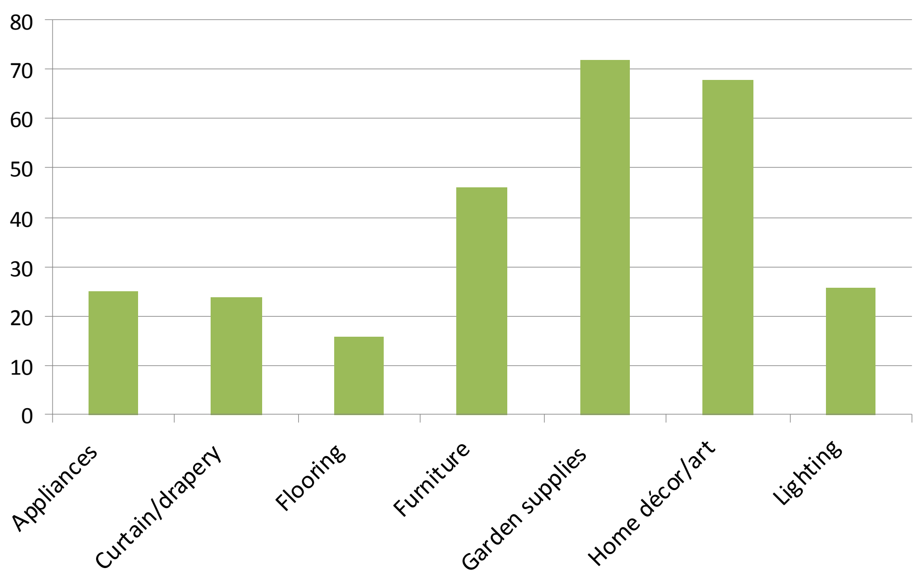
3. What kinds of apparel stores would you patronize in downtown Lebanon if they existed? [101 respondents]

- The most popular choice was a women's casual apparel store (60.4% of respondents).
- The next two top choices were men's casual apparel (49.5%) and shoes (48.5%). Only apparel types selected by over 20% of respondents are shown in the graph below.



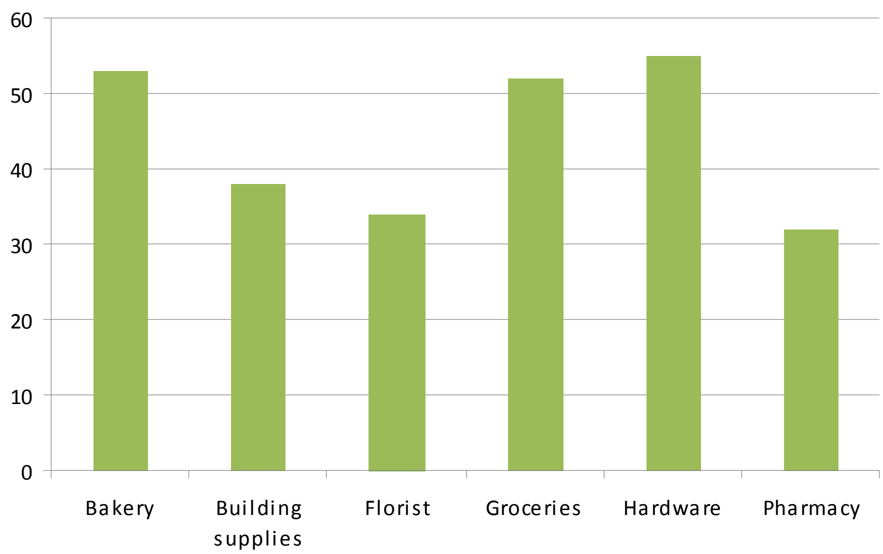
4. What kinds of household furnishings stores would you patronize in downtown Lebanon if they existed? Check all that apply. [102 respondents]

- The most wanted household furnishings store was garden supplies (70.6%) and then home décor/art (66.7%) and furniture (45.1%).



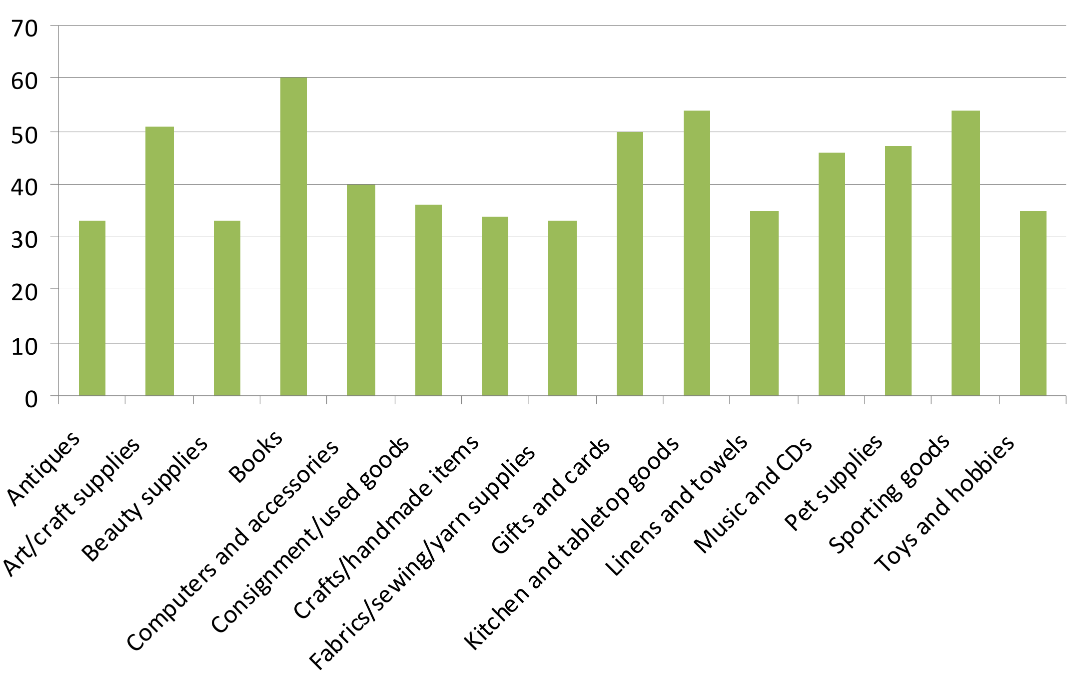
5. **What kinds of convenience merchandise stores would you patronize in downtown Lebanon if they existed? Check all that apply. [96 respondents]**

- The top three most popular types of convenience merchandise were hardware (selected by 57.3% of respondents), baked goods (55.2%) and groceries (54.2%).



6. **What types of specialty merchandise stores would you patronize in downtown Lebanon if they existed? Check all that apply. [104 respondents]**

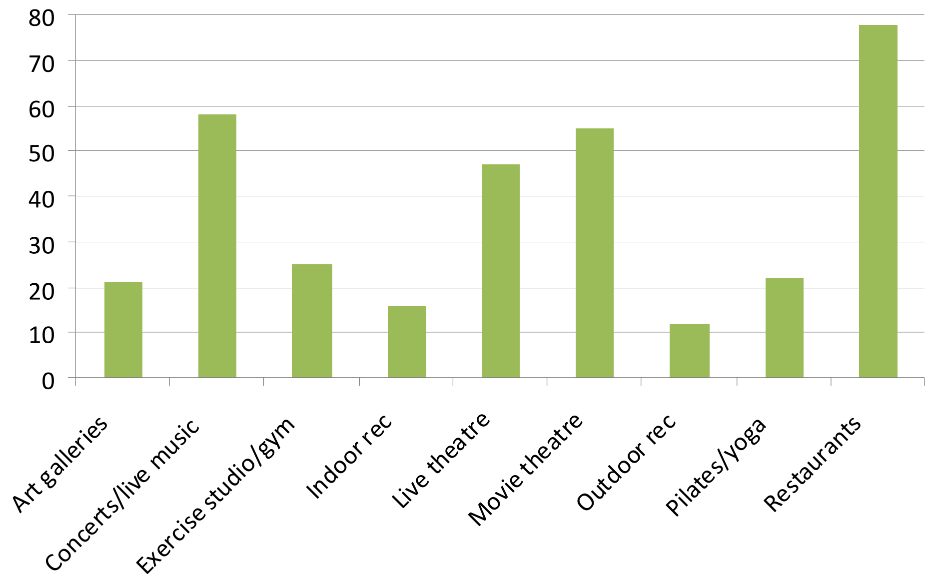
- A majority of respondents reported that they would patronize at a specialty merchandise store for books (57.7%) or for sporting goods (51.9%).
- Other popular choices included arts and crafts supplies (49%) and gifts and cards (48.1%). Only responses selected by more than 20% of survey-takers are shown below.



SECTION 3: SERVICES IN DOWNTOWN LEBANON

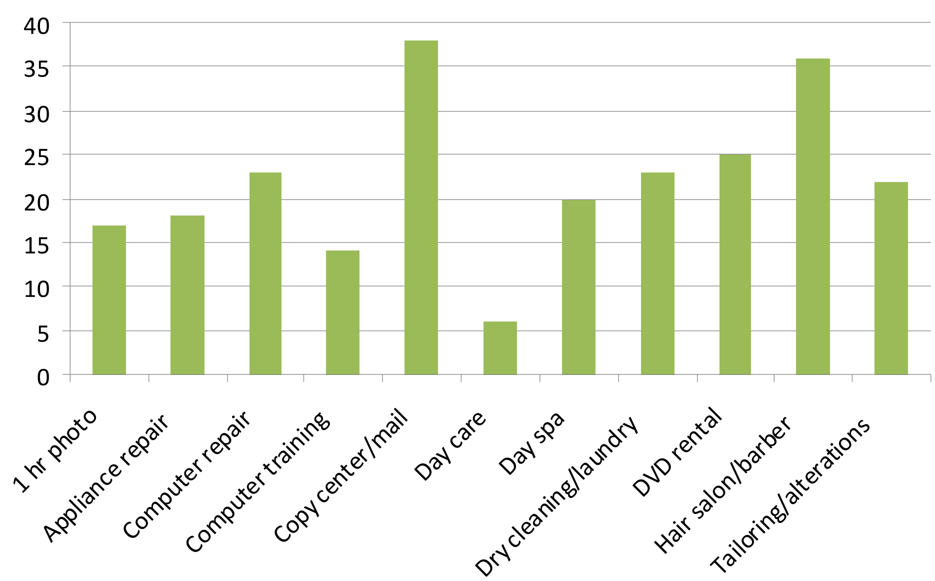
7. What kinds of leisure/entertainment services would you patronize in downtown Lebanon if they existed? Check all that apply. [101 respondents]

- An overwhelming majority responded that they would patronize restaurants (77.2%).
- The next three most popular choices were concerts/live music (57.4%), a movie theatre (54.5%) and live theatre (46.5%).



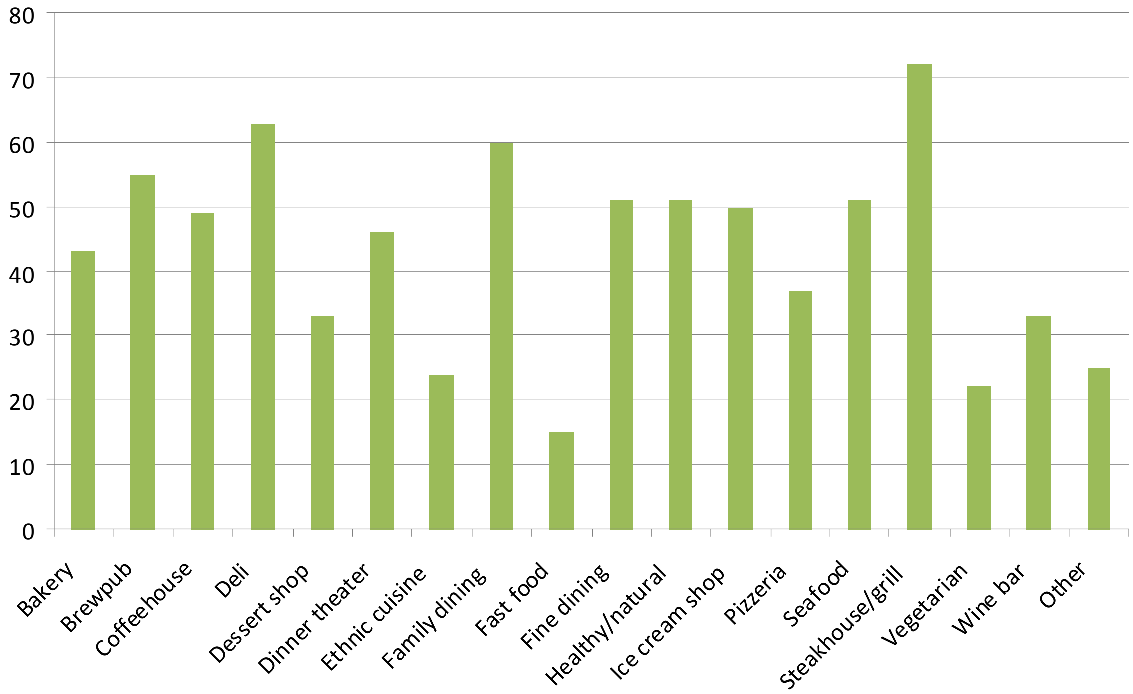
8. What kinds of general services would you patronize in downtown Lebanon if they existed? [80 respondents]

- Forty-seven percent (47.5%) would patronize a copy center/pack and mail and 45.0% would patronize a hair salon or barbershop.



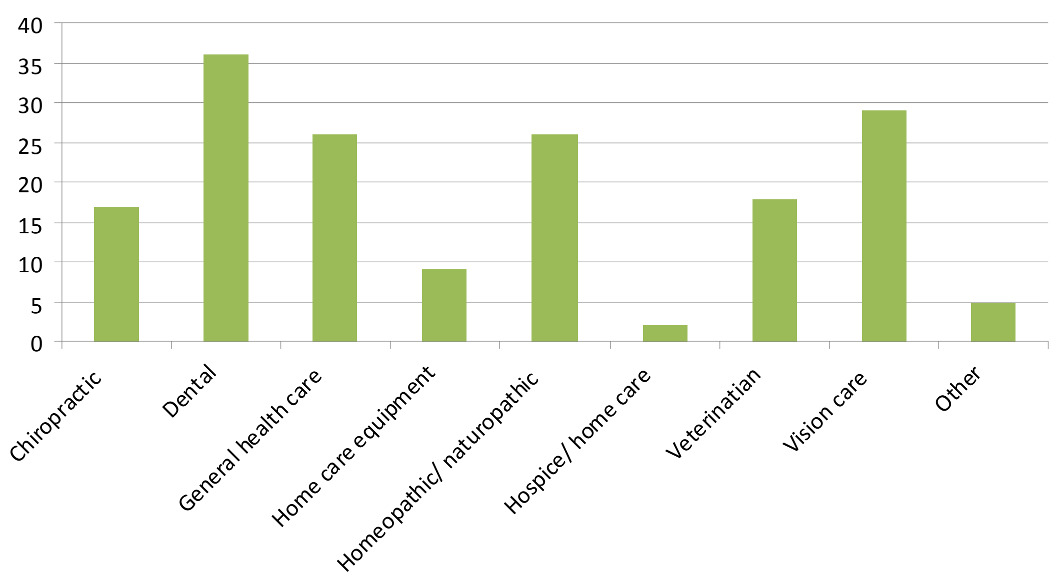
9. What types of restaurants and eating places would you patronize in downtown Lebanon if they existed? [106 respondents]

- Most popular choices include steakhouse/grill (67.9%), deli (59.4%), family dining (56.6%) and a brewpub (51.9%).



10. What health services would you patronize in downtown Lebanon if they existed? [65 respondents]

- Over half responded that they would patronize a dental service (55.4%).
- Other top choices included vision care (44.6%), homeopathic/naturopathic (40.0%) and general health care (40.0%).



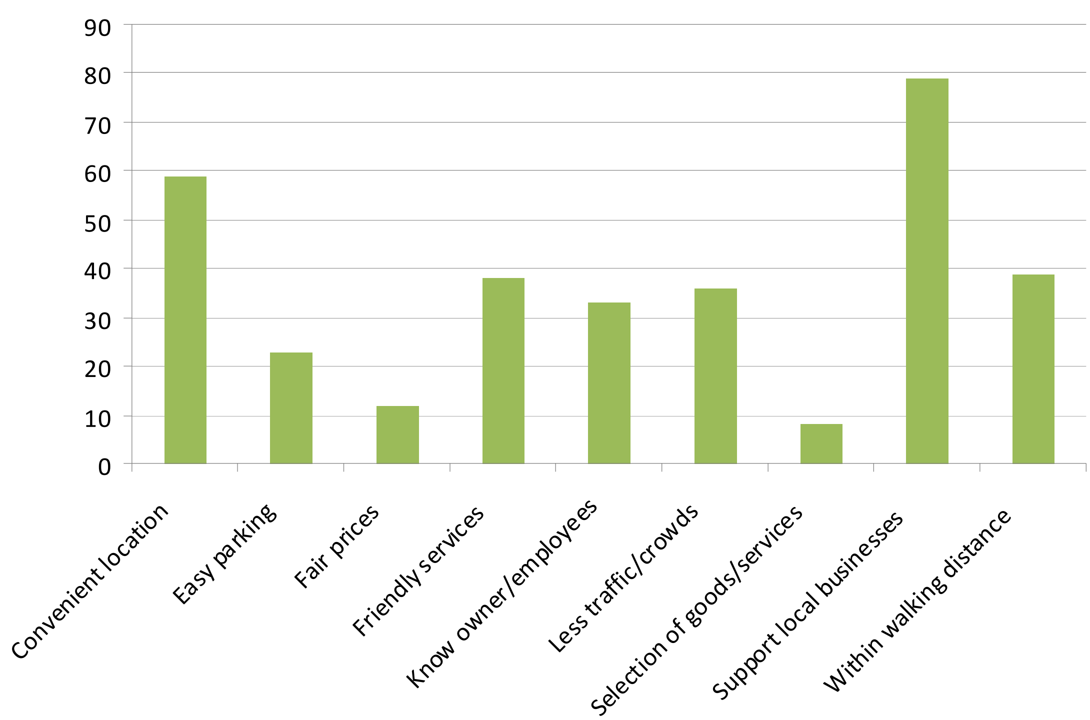
SECTION 4: SHOPPING/PERSONAL BUSINESS PREFERENCES

11. Some of the previously-listed merchandise and services may currently be available in downtown. Help us understand why you may not choose downtown stores or service providers (if you are aware of them). [57 respondents]

- Frequent comments included high prices, limited hours and parking and lack of selection.

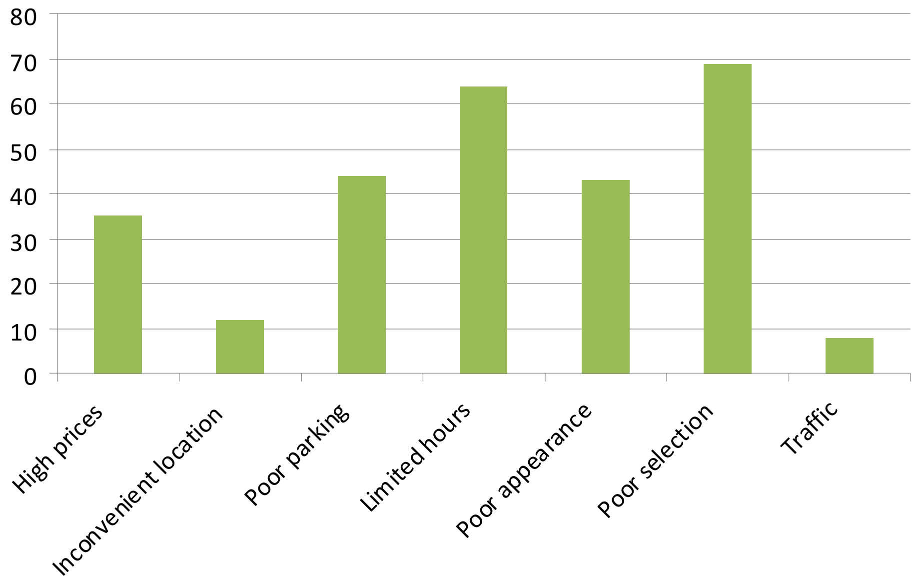
12. What do you think are the major advantages of doing personal errands downtown? [100 respondents]

- Supporting local businesses (79.0%) and a convenient location (59.0%) were top reason why people shop downtown.
- Being within walking distance (39.0%), friendly service (38.0%) and less traffic and crowds (36.0%) were also important to shoppers.
- Selection (8.0%) and fair prices (12.0%) were not frequently listed as advantages for people to shop downtown Lebanon.



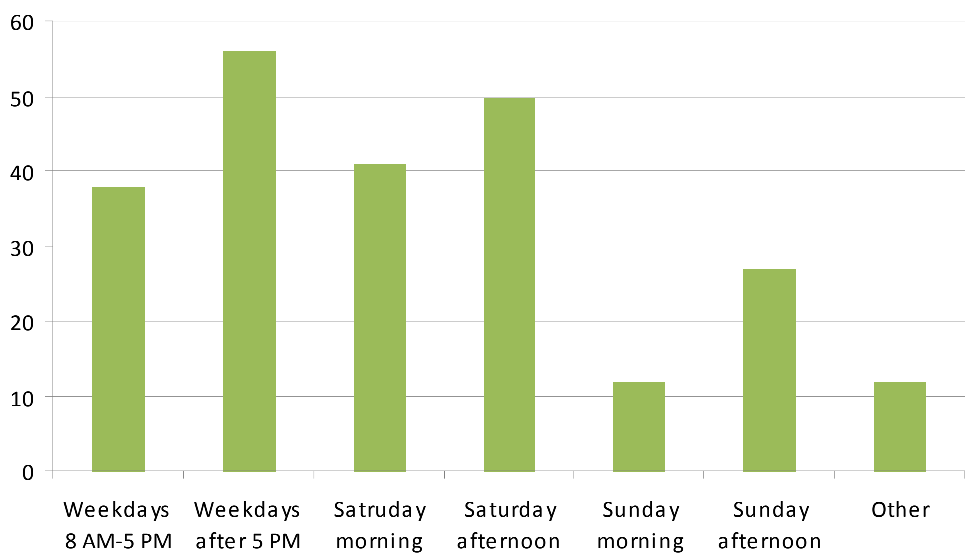
13. What do you think are the major disadvantages of shopping and doing personal errands in downtown? [102 respondents]

- Poor selection of goods/services (67.6%) and limited hours (62.7%) were the top two disadvantages of shopping downtown.
- Lack of parking (43.1%) and poor appearance (42.2%) were bigger disadvantages to shoppers than high prices (34.3%).



14. When do you do most of your shopping? [102 respondents]

- The majority of respondents do their shopping weekdays after 5:00 PM (54.9%) while only 37.3% do their shopping weekdays from 8:00 AM to 5:00 PM.
- Eighty-nine percent (89.2%) do their shopping on Saturdays.



SECTION 5: DOWNTOWN HOUSING PREFERENCES

15. Would you consider living in downtown Lebanon if high quality new or renovated units were available? [102 respondents]

- Sixty-one percent (61.8%) of respondents would not consider living in downtown Lebanon, while 12.7% said they would.

16. In considering living in downtown Lebanon, in what would you be most interested? [46 respondents]

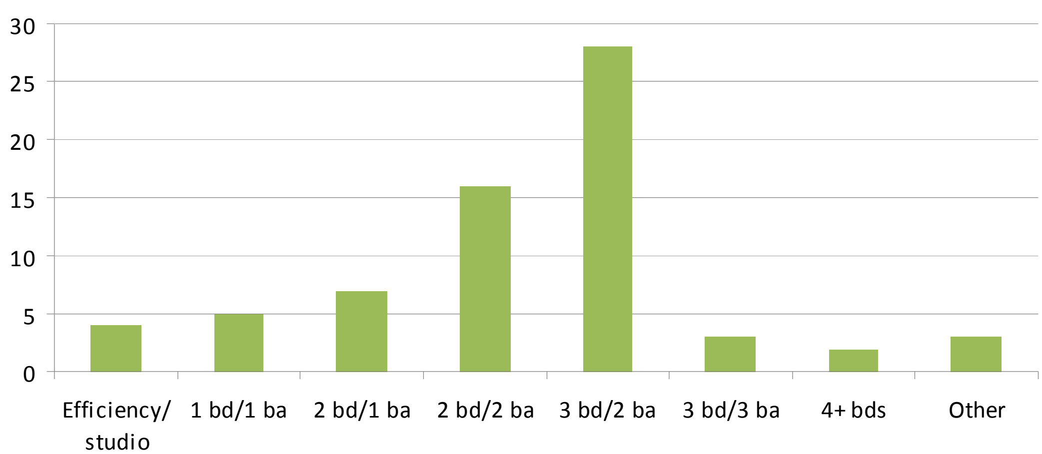
- Fifty-six percent (56.5%) would be interested in owning their living space. Seventeen percent (17.4%) would be interested in renting and the remaining 26.1% are unsure.

17. In what type of housing would you be most interested? [45 respondents]

- Forty-two percent (42.2%) answered they would be most interested in single-family detached housing or loft housing.
- Forty percent (40.0%) were most interested in condos or apartment buildings, although respondents preferred 1-4 story buildings.

18. In what size housing would you be most interested? [42 respondents]

- Two-thirds (66.7%) replied that they would be most interested in a three-bedroom/two bath while 38.1% were interested in two-bedroom/two bath units.
- Housing larger than three bedrooms (11.9%), one-bedroom/one bath units (11.9%) and studios (9.5%) were reported as shoppers being least interested in them.



19. If you would consider living in downtown, what monthly rent or total sales price would you consider paying? [35 respondents]

- Desired monthly rent rates varied widely, from $350 to $1,200. Most responses were in the $600 to $900 range.
- Of the twelve respondents listing sales prices, three were below $100,000. The remaining nine were from $100,000 to $200,000.

SECTION 6: YOUR THOUGHTS ABOUT DOWNTOWN LEBANON

20. As downtown Lebanon continues to grow and change, if you could keep one thing the same about downtown, what would it be? [73 respondents]

- Small town feel and the historic building buildings presence were common answers in comments.

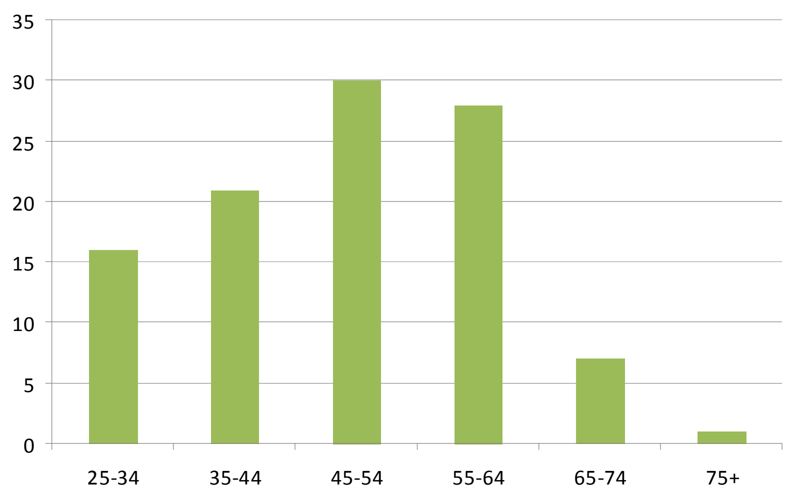
21. If you could change one thing about downtown Lebanon, what would it be? [87 respondents]

- A great number of responses talked about cleaning up/renovating/restoring storefronts' appearance in the downtown.

SECTION 7: GENERAL INFORMATION

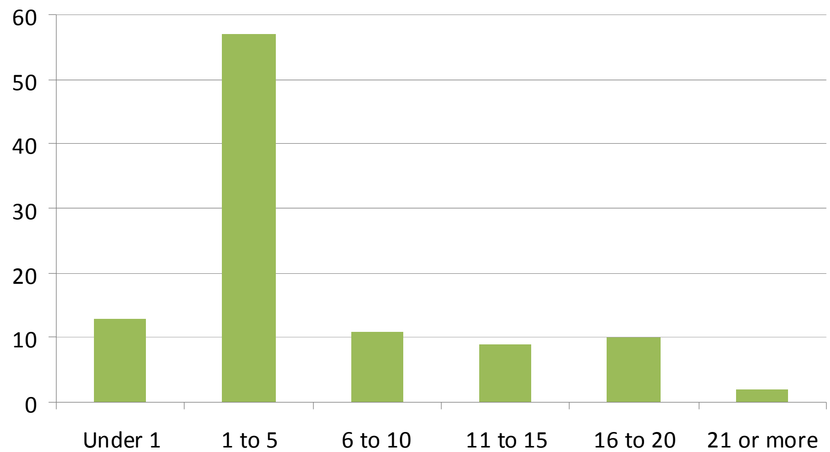
22. Please check your age. [103 respondents]

- The majority of respondents were between the ages of 35 and 64 (76.7%). No respondents were younger than 25 years old.



23. Please estimate how many miles you live from downtown Lebanon. [103 respondents]

- Twelve percent (12.7%) live within a mile of downtown. More than half (55.9%) live 1 to 5 miles from away.



24. Please share any other comments below. [36 respondents]

- *"I'd love to see a grocery that featured foods and products from other stores, like baked goods from Kris' Bakery and soup from Kevin's Café…There are strong businesses in Downtown, they just need a boost to get through this economic downturn."*

- *"Strengthening Lebanon's historic identity would help the existing population feel pride, as well as attract more residents and businesses."*

- *"Lebanon is a wonderful little town, but I'd like to see some upscale stores and restaurants."*

- *"The variety of merchandise is limited and it doesn't feel exciting when you drive through. We need something to make people want to stop…great food, lots of shopping, quality merchandise and fair prices."*

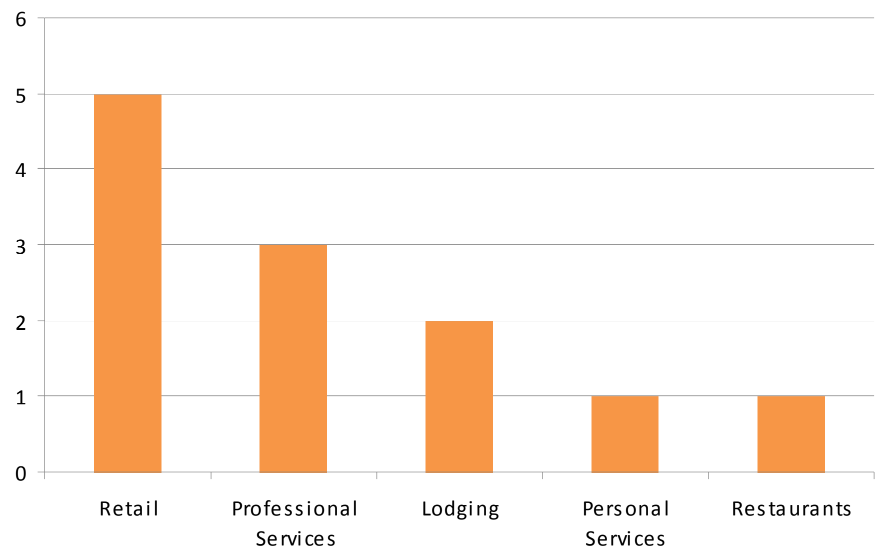
- *"Make the downtown a place where people want to visit. Visitors need a hotel and restaurants. Residents need community events and a place to feel proud of."*

Appendix B. Business Owner Survey Results

SECTION 1: BUSINESS INFORMATION AND OPERATIONS

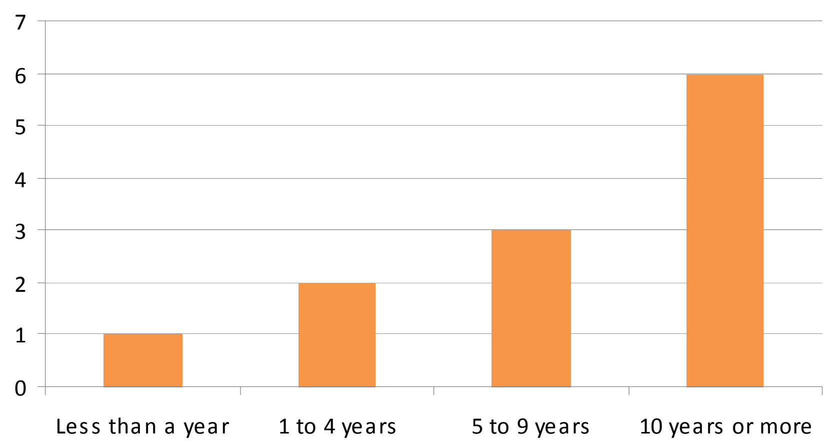
1. What is the nature of your business? [12 respondents]

- Five respondents are retailers and one-fourth are professional service proviers. Other responding businesses include lodging providers, personal services and restaurants.



2. How long have you been operating this business in downtown Lebanon? [12 respondents]

- Half of respondents have been in business in downtown for ten years or more. A quarter have been operating downtown for five to nine years.



3. Name up to 3 advantages or strengths you associate with doing business in downtown Lebanon. [11 respondents]

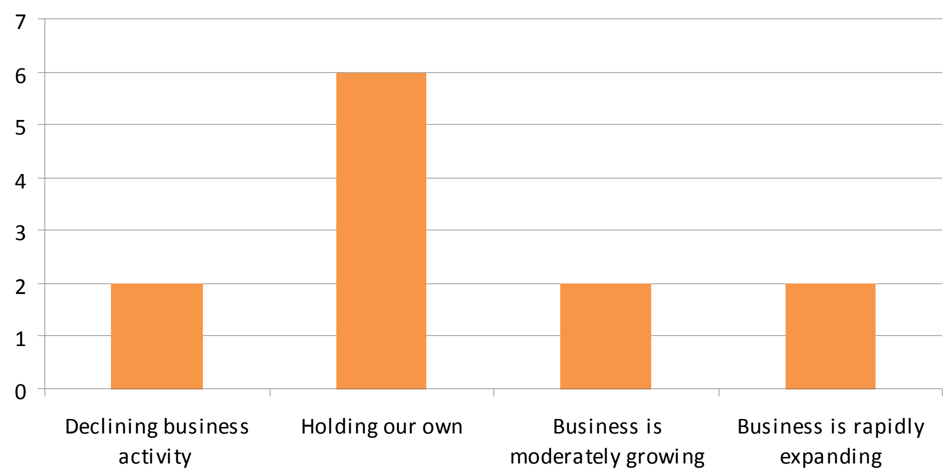
- The majority of comments had two similar themes: convenient location that is easy to find and little travel for customer base (6) and strong cooperation with other businesses, business associations or the Chamber (5).

4. Please share any disadvantages (if any) to doing business in Lebanon. [10 respondents]

- The most frequent responses described Lebanon's disadvantages in being run-down, dirty, uncared for or poorly maintained (4).
- Other repeat responses include lack of selection for consumers (2), low community support/buying power (2) and little to no parking (2).

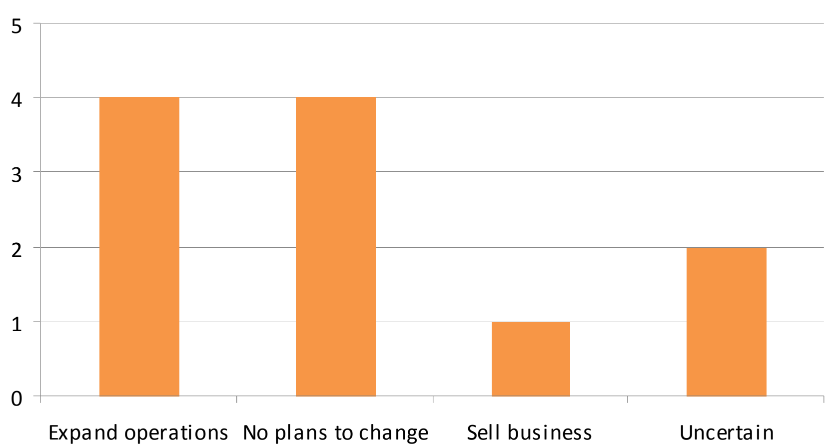
5. How would you characterize your current business' activity level (i.e. The last 12 months of operation)? [12 respondents]

- Half of businesses report that they have held their own over the last year. A third experienced moderate or rapid growth and two saw a decline in business activity.



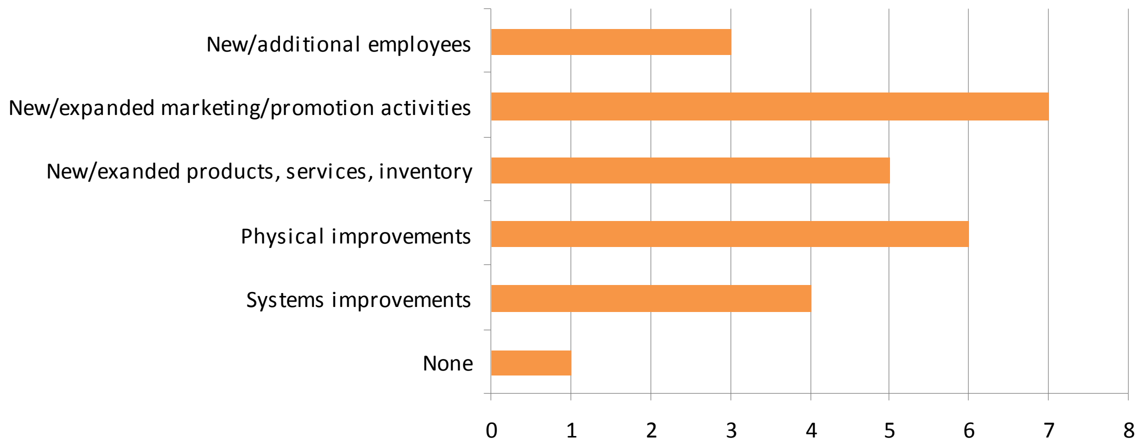
6. Which description below best describes your plan to expand or reduce your operation in the next one to two years? [11 respondents]

- Four business owners plan to expand operations and one plans to sell his or her business. Four have no plans to change.



7. **Please check any type of investment or improvements you have made in your business in the last two years. [12 respondents]**

- The most common improvement was new/expanded marketing/promotion activities, made by seven respondents. Half made systems improvements and five added or expanded products, services or inventory.



8. **Please check any type of investment or improvements you plan on making in the next one to two years. [12 respondents]**

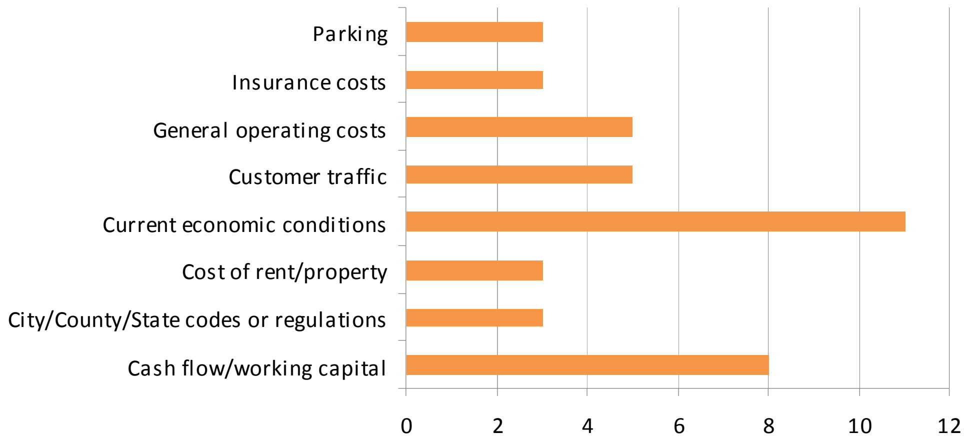
- Half of the respondents said they would be doing new/expanded marketing/promotion activities and new/expanded products, services, inventory.
- Four respondents said they would be doing physical improvements.

9. **In addition to a strong economy, what factors are critical for the success and expansion of your business? [11 respondents]**

- The top three factors were foot traffic (selected by 5 respondents), tourism (5 respondents) and up-to-date equipment/technology (5 respondents).

10. **What are some of the major issues or obstacles facing your business today? [12 respondents]**

- The most common obstacle facing businesses was current economic conditions, listed by 11 respondents. Cash flow/working capital was also a frequent obstacle (selected by 8 respondents).
- Payroll costs, public safety/crime and outdated technology were not listed as critical factors for respondents.
- Factors with only 2 responses (availability/cost of utilities, availability of employees, competition, property improvements) or only 1 response (computer/technology issues, skill level/preparation of employees) were not included in the graph that follows.



11. To keep your business healthy and competitive, which of the following types of information or assistance are important to your company's growth? [10 respondents]

- Top responses were marketing/advertising programs (selected by 8 respondents), business planning and cash flow (5 respondents) and 'lean' business practices and efficiencies (4 respondents).

12. Are you interested in participating in a cooperative business effort to attract customers to downtown Lebanon or to encourage residents to shop locally? [11 respondents]

- All but one of the respondents answered that they were interested in these activities.

SECTION 2: THE FUTURE OF DOWNTOWN LEBANON

13. What identity or image would you like to see downtown Lebanon develop for itself as a unique business district to residents, employees and visitors? [9 respondents]

- Respondents commented on the desire to keep Lebanon's history alive while incorporating more modern features and products in downtown.
- *"Upgrade with professional businesses, good restaurants and a nice hotel."*
- *"Attract strolling, grazing customers looking for a small town experience."*
- *"Healthy, quality businesses with a flair for art, music and health."*
- *"Where history and country living merge with science and technology."*
- *"Make Lebanon a DESTINATION and not place to drive through."*

14. What type of businesses would you like to see downtown Lebanon attract or grow to improve its business mix? [10 respondents]

- Seven of the 10 responses commented that they would like to see a new restaurant or eating place in downtown Lebanon.
- Other ideas included sports apparel, shoes, printing services and office supplies, specialty food shops, Oregon-made items, art and dance classes, a general store, an ice cream parlor, specialty shops, a game store, a fabric shop, a hobby shop, a pet store and a stationary store.

15. What could downtown businesses do to attract more local residents? [10 respondents]

- Four of the 10 respondents commented that building improvements/clean-up would attract more local residents.
- Four of the 10 respondents also commented that more cooperative promotions or events would attract more local residents.

16. What could downtown businesses do to attract more visitors and other shoppers who live out of the area? [9 respondents]

- Responses ranged from new promotions/events/cooperative activities to expanding Lebanon marketing programs.

17. Please provide us with the following information. [10 respondents] Responding businesses include:

- Udell Engineering and Land Surveying, LLC (2)
- Lebanon Hotel
- Lebanon Chamber
- Down Town Dog
- Midnight Oil Farms
- Diverse Things
- Peggy's Alaskan Cabbage Patch B&B
- Oregon Bedroll
- Quality Llama Products and Gateway Imprints

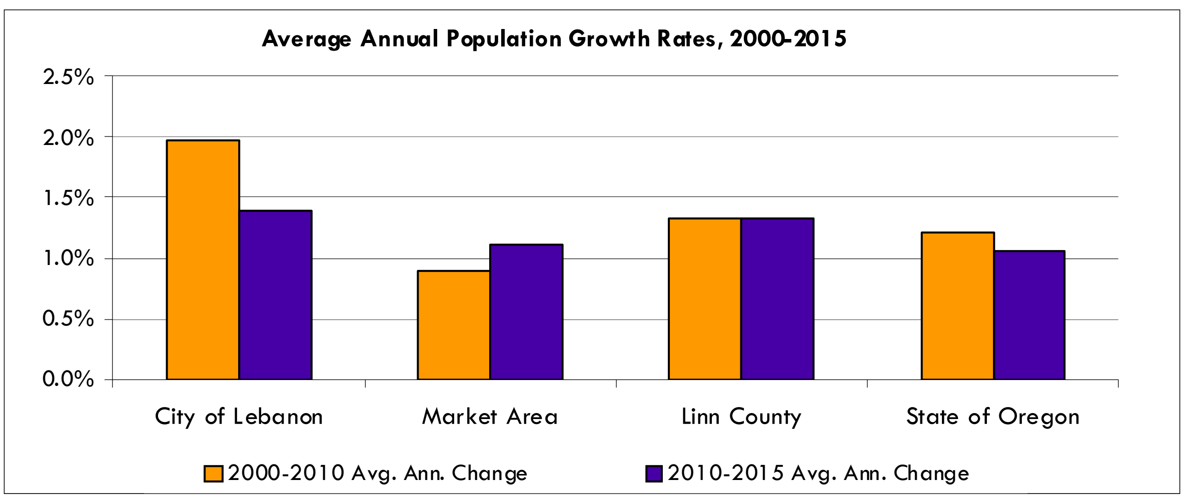
18. Please share with us any other comments you may have. [7 respondents]

- *"Find a way to clean up the facades of downtown businesses, perhaps with some kind of financial incentives. More coop advertising!"*
- *"Business owners need to take responsibility for inspiring excitement about their business and fellow businesses in their area. Be willing to give back to the community."*
- *"We need a business association with dues paying members. Grants and city support can help, but unless businesses and property owners put up some joint money, [improvements] will not happen."*
- *"A positive attitude and everyone working together can make a difference."*

Appendix C. Retail Market Area Demographic Profile

POPULATION & HOUSEHOLD GROWTH
City of Lebanon, Market Area, Linn County and State of Oregon
2000-2015

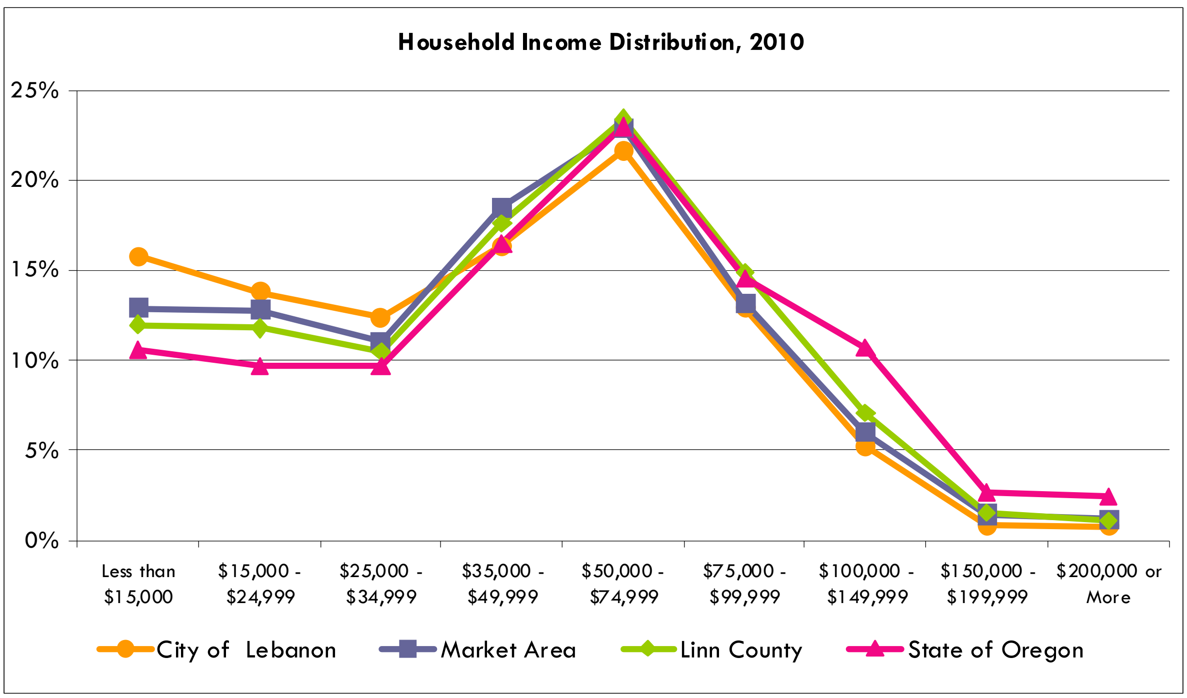
Geographic Area		Avg. Ann. Change 2000-2010			Avg. Ann. Change 2010-2015		
	2000	2010 (Estimate)	Number	Percent	2015 (Forecast)	Number	Percent
City of Lebanon							
Population	12,950	15,518	257	1.98%	16,589	214	1.38%
Households	5,078	6,118	104	2.05%	6,543	85	1.39%
Avg. Household Size	2.51	2.52	0.001		2.52	0.000	
Market Area							
Population	45,759	49,879	412	0.90%	52,657	556	1.11%
Households	17,215	18,810	160	0.93%	19,879	214	1.14%
Avg. Household Size	2.64	2.64	0.000		2.63	-0.002	
Linn County							
Population	103,069	116,672	1,511	1.32%	124,372	1,540	1.32%
Households	39,541	45,204	629	1.43%	48,222	604	1.34%
Avg. Household Size	2.58	2.58	0.000		2.58	0.000	
State of Oregon							
Population	3,421,399	3,831,074	45,519	1.20%	4,034,552	40,696	1.06%
Households	1,333,723	1,518,938	20,579	1.39%	1,601,186	16,450	1.08%
Avg. Household Size	2.51	2.51	0.000		2.51	0.000	



Source: ESRI BIS

HOUSEHOLD INCOME
City of Lebanon, Market Area, Linn County and State of Oregon
2010

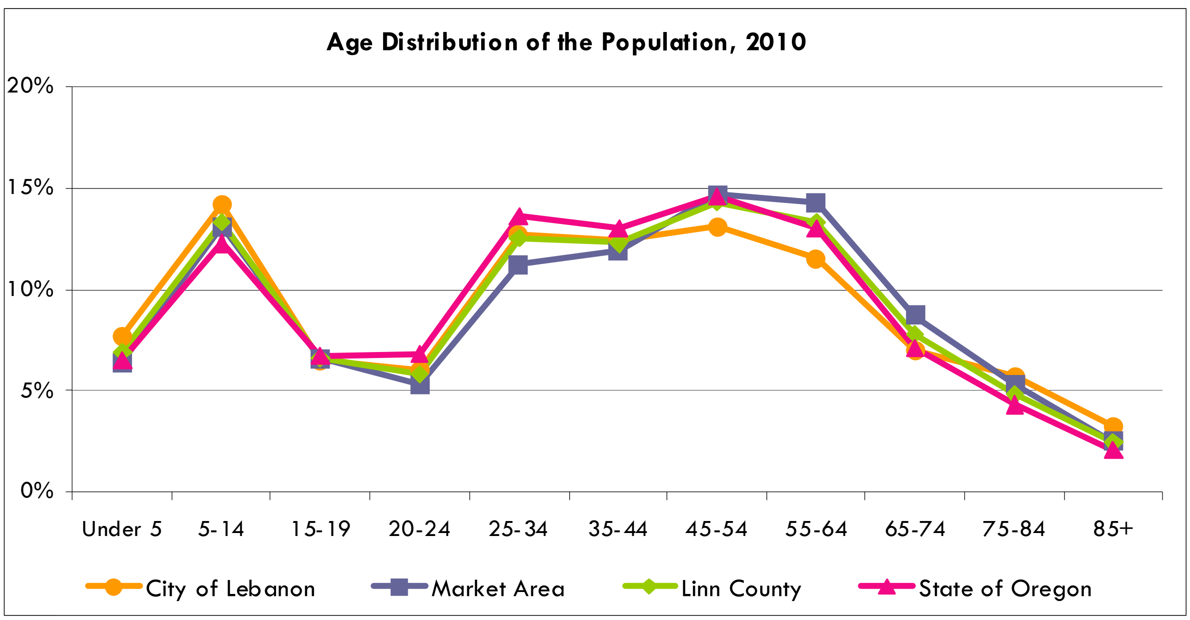
Income	City of Lebanon	Market Area	Linn County	State of Oregon
Less than $15,000	15.8%	12.9%	12.0%	10.6%
$15,000 - $24,999	13.8%	12.8%	11.8%	9.7%
$25,000 - $34,999	12.4%	11.1%	10.5%	9.7%
$35,000 - $49,999	16.4%	18.5%	17.6%	16.5%
$50,000 - $74,999	21.7%	22.9%	23.4%	23.0%
$75,000 - $99,999	12.9%	13.2%	14.9%	14.6%
$100,000 - $149,999	5.3%	6.0%	7.1%	10.7%
$150,000 - $199,999	0.9%	1.5%	1.6%	2.7%
$200,000 or More	0.8%	1.2%	1.1%	2.5%
Total	6,118	18,810	45,204	1,518,938
Median Household Income	$41,839	$44,676	$47,886	$53,104



Source: ESRI BIS

POPULATION BY AGE
City of Lebanon, Market Area, Linn County and State of Oregon
2010

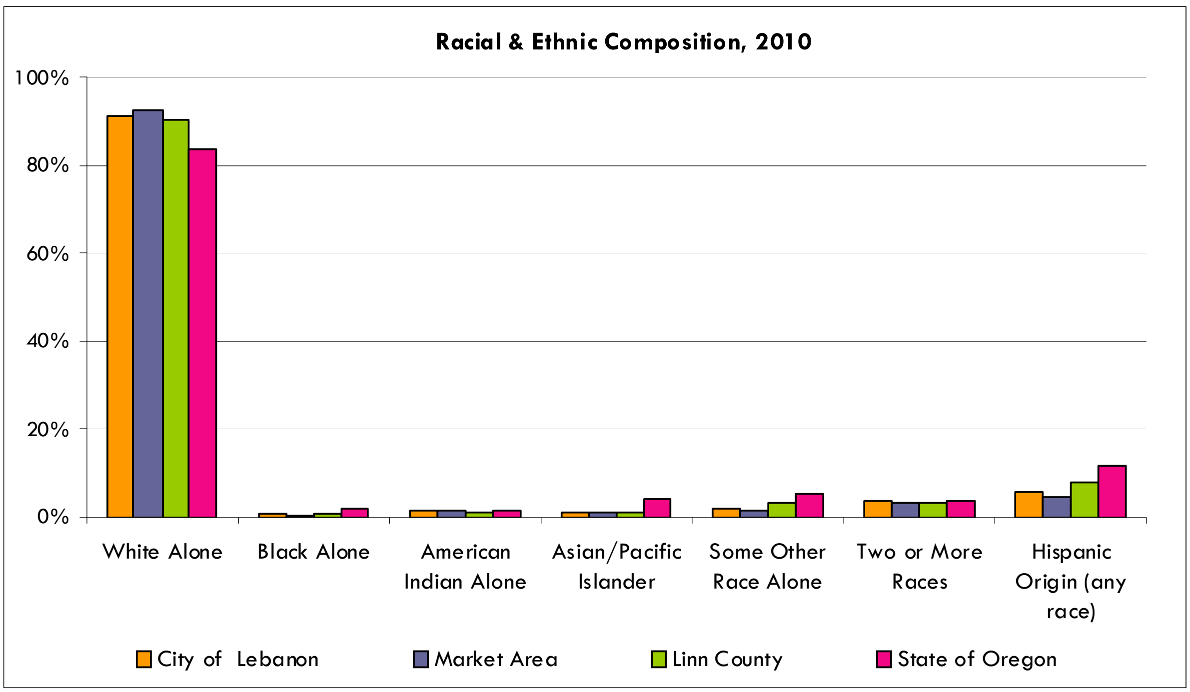
Age Category	City of Lebanon	Market Area	Linn County	State of Oregon
Under 5	7.7%	6.4%	6.9%	6.5%
5-14	14.2%	13.1%	13.3%	12.3%
15-19	6.5%	6.6%	6.6%	6.7%
20-24	6.0%	5.3%	5.8%	6.8%
25-34	12.7%	11.2%	12.5%	13.6%
35-44	12.4%	11.9%	12.3%	13.0%
45-54	13.1%	14.7%	14.3%	14.6%
55-64	11.5%	14.3%	13.3%	13.0%
65-74	7.0%	8.7%	7.8%	7.1%
75-84	5.7%	5.3%	4.8%	4.3%
85+	3.2%	2.5%	2.4%	2.1%
Total	15,518	49,879	116,672	3,831,074
Median Age	37.4	41.4	39.1	38.2



Source: ESRI BIS

RACIAL & ETHNIC COMPOSITION
City of Lebanon, Market Area, Linn County and State of Oregon
2010

Race/Ethnicity	City of Lebanon	Market Area	Linn County	State of Oregon
White Alone	91.2%	92.7%	90.5%	83.6%
Black Alone	0.5%	0.3%	0.5%	1.8%
American Indian Alone	1.4%	1.4%	1.3%	1.4%
Asian/Pacific Islander	1.1%	1.0%	1.1%	4.1%
Some Other Race Alone	2.1%	1.5%	3.3%	5.3%
Two or More Races	3.7%	3.2%	3.3%	3.8%
Hispanic Origin (any race)	5.8%	4.6%	7.8%	11.7%
Total	15,518	49,879	116,672	3,831,074



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 top market segments within the Lebanon Retail Market Area are identified and summarized in the chart on the following page. While the characteristics of each market segment vary, the Market Area contains a mix of family types, typically with median incomes at or below the national median.

TOP TEN TAPESTRY MARKET SEGMENTS
Lebanon Retail Market Area
2010

	Market Segment	% of Hholds	Hhold Type	Median Age	Median Income	Consumer Preferences & Purchases
1	Salt of the Earth	25.0%	Married couples	41	$51,080	Families with a rural or small town lifestyle who take on small home projects and vehicle maintenance. They frequently own a truck, motorcycle and two or more pets. Leisure activities include hunting and fishing.
2	Heartland Communities	10.4%	Married couples/ Singles	42	$35,701	These households are employed in blue collar jobs and have incomes, net worths and homes valued slightly below U.S. averages. They spend money at Wal-Mart, True Value Hardware stores and fast food restaurants.
3	Simple Living	8.5%	Married couples/ Singles	41	$29,255	Living in urban outskirts and surburan areas, these households spend wisely on a tight budge. They shop at discount stores and watch cable, but are unlikely to own a personal computer or DVD player.
4	Main Street, USA	8.2%	Family Mix	37	$57,082	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.
5	Green Acres	7.7%	Married couples	41	$64,480	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.
6	Midland Crowd	7.1%	Married couples	37	$50,518	These families reside in rural locations, with nearly 30% living in mobile homes. They are do-it-yourselfers who may own 3 vehicles and enjoy watching TV, hunting, fishing and pets.
7	Rural Resort Dwellers	6.1%	Married couples	47	$48,105	Enjoy simple life and consumer tastes describe these residents. Own domestic 4-wheel drive trucks. Lifestyle includes baking and home cooked meals, as well as participation in local civic issues. They go hunting, fishing and listen to country music.
8	Rooted Rural	5.6%	Married Couples	42	$62,041	These households are typically made up of do-it-yourselfers who enjoy working on their homes and cars. Favorite pastimes include attending country music performances, reading hunting and fishing magazines and shopping by mail, phone or online.
9	Great Expectations	4.7%	Family Mix	33	$38,790	Made up of a mix of renters living in low-density buildings and owners living in homes valued below the national average. Purchase baby and children's products and eat in family restaurants, practice martial arts and play pool.
10	Exurbanites	2.7%	Married couples	45	$87,339	Empty nester couples who spend time working in their garden or decorating their homes. Enjoy domestic wine, attending the theater and outdoor activities such as boating and hiking.
Total Households		**86.0%**				

Source: ESRI BIS

Appendix D. Retail Demand Charts

RETAIL EXPENDITURE POTENTIAL
Retail Market Area
2011 - 2021

Merchandise or Service Category	Per Household Expenditure	Target Sales ($/SF)*	2011 Retail Potential Sales (in mil $)	2011 Retail Potential Space (SF)	2016 Retail Potential Sales (in mil $)	2016 Retail Potential Space (SF)	2021 Retail Potential Sales (in mil $)	2021 Retail Potential Space (SF)
Apparel	$1,134	$209	$21.6	103,176	$22.8	109,038	$24.1	115,232
Home Furnishings	$1,127	$199	$21.4	107,694	$22.6	113,813	$23.9	120,278
Home Improvement	$961	$140	$18.3	130,521	$19.3	137,938	$20.4	145,773
Misc. Specialty Retail	$1,456	$216	$27.7	128,248	$29.3	135,535	$30.9	143,234
Shoppers Goods			**$89.0**	**469,639**	**$94.0**	**496,325**	**$99.4**	**524,518**
Grocery	$4,675	$390	$88.9	228,037	$94.0	240,994	$99.3	254,683
Health/Personal Care	$860	$365	$16.4	44,829	$17.3	47,376	$18.3	50,067
Convenience Goods			**$105.3**	**272,866**	**$111.3**	**288,371**	**$117.6**	**304,751**
Restaurants	$2,653	$263	**$50.5**	**191,902**	**$53.3**	**202,806**	**$56.4**	**214,326**
Entertainment	$309	$90	**$5.9**	**65,286**	**$6.2**	**68,996**	**$6.6**	**72,915**
Personal Services	$751	$151	**$14.3**	**94,556**	**$15.1**	**99,929**	**$15.9**	**105,605**
Total			**$264.9**	**1,094,249**	**$279.9**	**1,156,427**	**$295.8**	**1,222,114**

Five Year Net Gain	$15.1	62,178	$15.9	65,687

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

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

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

TYPICAL SIZE OF SELECTED BUSINESSES (SQ FT)

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 E. Sample Downtown Business Mixes

Retail Categories	Downtown Austin, TX	Bloomington, IN	Boulder, CO	Champaign, IL	Madison, WI
Apparel[1]	90	13	70	11	38
Books	5	2	15	2	9
Gifts[2]	22	4	15	2	9
Entertainment[3]	61	12	30	1	21
Electronics	10	3	2	5	9
Specialty[4]	57	6	36	18	21
Total	245	40	168	39	107
Downtown Chains	American Apparel Anthropologie Chico's Diesel Patagonia REI Sunglass Hut Urban Outfitters	Chico's REI Urban Outfitters	American Apparel Anthropologie Billabong Buffalo Exchange Chico's REI Urban Outfitters	Chico's Urban Outfitters	Birkenstock American Apparel Anthropologie EB Games Ragstock Reebok Urban Outfitters REI

1. Apparel includes clothing, shoes, accessory and jewelry stores.
2. Gifts includes cards/gift shops and toy and sporting good stores.
3. Entertainment includes museums, theaters, art galleries, etc.
4. Specialty goods include home goods, funishings and other miscellaneous retailers.

Souce: Marketek, Inc.

Appendix F. Sample Restaurant Rack Card

QUICK REFERENCE DINING

ASIAN
Chikara Sushi
Lee's Canton Restaurant
Sopa Thai Cuisine

ESPRESSO/DESSERTS
Kaffe T Latta
*The Cookie Tree

OTHER/ INTERNATIONAL
California Red's Café
Cilantro's International
Linda's Soda Bar & Grill
Mr. Pickles
Padre's Bar & Grill
The City Café
The Happy Viking

LOUNGES
The Spur
Town Pump

MEXICAN
La Plazita Bakery
Panaderia Acambaro
Bakery

PATRONIZE OUR ASSOCIATE MEMBERS!

*Cal-Yuba Investments
*City of Yuba City
*Comcast-Advertising
*Express Personnel Svcs, Inc.
*Farmers Market
*Fremont-Rideout Health Group
*Gold Country National Bank
*Harlan Communications
*Meagher & Tomlinson
*Pepsi Cola Bottling Co
*Sutter North Medical
*The Cookie Tree
*The Site Smiths
*Tuscano Construction
*Twin Rivers Polaris
*Up & Running Computers
*Wheeler Oldsmobile
*Yuba-Sutter Chamber of Commerce

EVENTS 2009

Farmers Market; Town Center
Sat 8-12, May-Oct
Summer Stroll—Friday, June 26th
Christmas Stroll– Friday, December 4th

PLUMAS STREET
SHOPPING DISTRICT

439 Center Street, Suite 201
PO Box 146
Yuba City CA 95992
www.yubacitydowntown.com
Phone 530-755-1620
info@yubacitydowntown.com

FREE WIRELESS HOT SPOT Free WiFi spot


FREE WIRELESS HOT SPOT Free Wi Fi spot
HIGHWAY 20/COLUSA AVENUE
N
Town Pump
760 Plumas Street
755-1126
Full Bar
California Red's Cafe
815 Plumas Street
755-4646
Breakfast, Lunch & Dinner
LA PLAZITA MEXICO EXPRESS
La Plazita Bakery & Deli, 787 Plumas Street, 671-5590
Fresh Baked Mexican Bread and Mexican Specialty Deli
The Spur
758 Plumas Street
671-3222
Full Bar
The Happy Viking
741 Plumas Street
671-7492
Lunch and Dinner, Beers on Tap
www.thehappyviking.com
THE HAPPY VIKING Sports Pub & Eatery
Sopa Thai Cuisine
720 Plumas Street
790-SOPA (7672)
Lunch & Dinner
Fine Thai Cuisine
www.sopathai.net
Kaffe T Latta
725 Plumas Street
751-2428
Coffee, Breakfast & Lunch
www.kaffetlatta.com
TEEGARDEN AVENUE
PLUMAS STREET
FORBES STREET
The City Café
667 Plumas Street
671-1501
Lunch and Dinner
Fine Cuisine
Linda's Soda Bar & Grill
668 Plumas Street
673-5590
Breakfast & Lunch
Homemade Pies
LINDA'S Soda Bar & Grill
PARKING
Panaderia
Acambaro Bakery
652 Plumas Street
671-7464
Mexican Bread & Pastries
All Day
BAKERY
PANADERIA ACAMBARO GTO
CENTER STREET
MR.PICKLES SANDWICH SHOP
Mr. Pickles
647 Plumas Street, 751-9245
Lunch, Deli Sandwiches
CILANTROS
Cilantro's
International Bistro
460 Center Street
822-9095
Lunch and Dinner
Mexican/International/Bistro
SCOTT STREET
Lee's Canton Restaurant
511 Reeves Ave
673-2970
Lunch and Dinner
Chinese
Chikara Japanese
619 Plumas Street, 755-2833
Lunch and Dinner. Sushi and Japanese.
CHIKARA Japanese Restaurant
REEVES AVENUE
PARKING
Padre's Bar & Grill
461 Bridge Street
923-2332
Lunch & Dinner
Beers on Tap
Pub Padre's Grill
THE COOKIE TREE
The Cookie Tree
441 Bridge St.
673-1246
Cookies
www.cookietree.net
BRIDGE STREET
Map not to scale

Appendix G. Involving Students in Downtown

Student Involvement

- The Ellensburg, WA Downtown Association has successfully taken advantage of downtown's proximity to Central Washington University (10,600 students).

  - Each quarter, at least one student intern assists with downtown activities. Internships are project specific, often relating to the students major. This quarter, two interns from CWU's Public Relations Student Society of America will document 9 downtown businesses. Photos, videos and interviews will be shared via several online venues.

  - The University's business fraternity (Alpha Kappa Psi) has assisted the EDA with an annual Emerging Entrepreneurs Symposium. The symposium is a one-day workshop which allows local entrepreneurs and business owners to showcase their knowledge and successes. Symposium participants take part in a walking tour of downtown during which they spend time with many local business owners.

  - Two Girls Night Out events happen annually. The spring event corresponds with Mother's Day and Parent's Weekend, and always draws a lot of mothers and daughters from the university.

  - Each Tuesday during the lunch hour, the Ellensburg Downtown Association has an interview on the college radio station.

  - Social networking has given a huge boost to student participation downtown. The EDA has noted a large increase in student volunteers.

- The University of Georgia International Student Life Office hosts the International Street Festival in downtown Athens, GA each year. The event is planned by a student committee, and consists of cultural performances, international handicrafts, and prizes from participating businesses. The event attracts 5,000 people each year.

- Radford University and the City of Radford, VA co-host the Radford Highlanders Festival which promotes the small town and its history. Downtown events include the Taste of the Highlands, a 5K run, a pancake breakfast and the Festival Parade. The festival draws approximately 10,000 people each year.

- Missouri State University student groups compete during homecoming in a Decorate Downtown event. Windows of businesses in Springfield, MO are painted by students with the hope of spreading the homecoming spirit to the downtown area and greater community.

- Students of Montana State University in Bozeman, MT consider downtown to be the center of social life. Many students cite downtown Bozeman as part of their attraction to MSU.

- The Downtown Bozeman Partnership is hosting a Bobcat Fest on Main event. This is a downtown event for students, faculty, and the Bozeman community which consists of live music, free food and other free items. The event is being touted as an opportunity for the general public to thank MSU for being an essential part of the community.

- Several downtown businesses support and sponsor homecoming week events. Downtown events include the Pep Rally, "Downtown Friday Night," Bobcat Breakfast, and the Homecoming Parade.

♦ Klamath Falls, OR is organizing a downtown event in conjunction with the Oregon Institute of Technology parent's weekend.

♦ In Huntsville, TX, Sam Houston State University student groups, such as the Political Science Junior Fellows, volunteer for several downtown community events. Events include the Spring Clean, the Airing of the Quilts, and the Scare on the Square downtown trick-or-treat event which the school mascot, "Sammy", attends in costume.

♦ LaGrande, OR is currently working towards attracting the student population of Eastern Oregon University (3,957 students).

- LaGrande Main Street created a special Welcome edition newspaper for new students and parents during New Student Orientation week. The paper highlighted downtown, including small features, local history, and coupons.

- Students are helping LaGrande Main Street on a research level. Students conducted a survey on downtown traffic patterns, and will be assisting with oral interviews and information gathering during the renovation of the Liberty Theater.

Retail Promotions

♦ Walla Walla, WA is home to Whitman College (1,450 students). For years, they struggled with a strong divide between downtown and the College. In this case, merchant education went a long way.

- A downtown linen store was seeing poor sales. The merchant was advised to begin carrying extra long sheets which are typically required in college dorm rooms. Sales successfully increased as a result.

- The downtown area was holding a sidewalk sale the last week of July, which was unfortunately not well-attended. By switching the sale to student move-in week in September, downtown merchants successfully attracted a large number of students and parents.

♦ La Grande, OR Main Street is currently organizing a Student Discount Saturday event in response to students asking for more weekend and evening hours.

♦ The Ellensburg, WA Chamber puts on the "Bite of the Burg" as a welcome back event for students the day before classes begin. The EDA has built on this event by adding a student passport to downtown. Students have one week to visit 30-35 businesses. In return, students are entered into a drawing for a gift basket filled with donations from all participating businesses. Students end up visiting downtown several times during the week in order to complete the passport.

- Student discounts are a common and successful way to attract nearby students. A Qdoba restaurant near Georgetown University in Washington, DC was competing with several other local Mexican food restaurants. The business began offering ½ Price Mondays for college students. This offer attracted a line out the door week after week. In addition, Qdoba kept students coming back throughout the week by offering students a free drink with their meal.

Student-run Enterprises/Business Involvement

- Kent State University students run a snack shop in downtown Kent, OH called The Main Street Snack Shoppe. The shop primarily carries products from Ohio-based companies.

- TechArb is a student-run business incubator in downtown Ann Arbor, MI. During the summer of 2009, the incubator was given a four-month test run in a donated space downtown. The venture proved to be successful and is now a permanent fixture of the university. Thirty students were able to run 9 start-up businesses in the shared space.

Source: Marketek, 2010

Appendix H. Property Database Form

Name of Property/ Location		
Contact Person	Name	
	Position	
	Telephone	
	Email	
Price and Square Feet (SF)	$ ☐ Negotiable ☐ Includes utilities ☐ Lease/Month/NNN ☐ Lease/Year/NNN	SF ☐ Per Sq.Ft. ☐ Lease/SF/Month ☐ Lease/SF/Year
Type	☐ Retail ☐ Office	☐ Industrial
Best Uses		
Zoning	☐ Light Industrial ☐ Industrial ☐ Heavy Industrial ☐ Commercial ☐ Heavy Commercial ☐ Office/Warehouse	☐ Retail/Office ☐ Office ☐ Multi-Family/Retail ☐ Commercial/Ag ☐ None
ADDITIONAL FIELDS FOR BUILDINGS		
Special features/amenities		
# Parking Spaces		
Office Square Feet		
Total Square Feet		
Year Built		
Building Dimensions		
Construction Type		
Image/Maps Available?	☐ Yes ☐ No	

Appendix I. Redevelopment Toolkit Guidelines

There is little doubt that a city that can offer tools and incentives to help initiate and leverage revitalization activities can be more competitive in the downtown development marketplace. To help spur interest in downtown, the City could identify and package a redevelopment toolbox of incentives to encourage and leverage a greater level of private reinvestment in the downtown district.

Create and Market Redevelopment Tools and Incentives

- The creation and marketing of a comprehensive Redevelopment Toolbox is an essential component to help downtown Lebanon achieve a more economically vital and attractive downtown. This set of incentives is made up of specialized tools for different types of projects.

- Every incentive listed could be in the 'tool box', with the understanding that the City Manager is empowered to decide which incentives are appropriate for individual projects, then negotiate in good faith before going to the City for final project approval.

Considerations for the Redevelopment Toolbox include:

- High quality marketing and outreach materials to send to potential developers. Partners for Progress could be the lead in developing marketing materials based on their findings and recommendations (as to redevelopment priorities, etc). The materials should also include information on tools available to assist in the redevelopment process.

- Flexibility and streamlining in permitting (i.e., if 'x, y, z' criteria are met, then the project qualifies for fast-track permitting)

- Free design or other specific assistance for developers (i.e., 15 hrs of professional architectural or pro-forma assistance, etc). Many urban renewal agencies agree to the value of this tool.

- Façade Improvement Program. A new façade program should include a very low or zero percent interest rate with a ten year payback. As a special add-on, a small grant of up to $2,500 for signage (no back-lit plastic signs) could be offered in conjunction with a $25,000 loan.

- Signage Grant Program (i.e., where a grant could be designed as 1:1 matching grant of up to $1000 for signage upgrades.)

- Waiving, reducing or deferring (up to five years) Impact Fees following staff review (i.e., 'trading' Impact Fee charges associated with redevelopment of commercial storefronts with required façade upgrades. The rationale behind this is than an existing building has already paid for its impacts and that requiring the amount that would be paid in Impact Fees to be put directly into the façade is a win for both the City and property owner.)

- Buy down of loan rates on commercial redevelopment loans. This is another tool to help get projects moving. As interest rates rise, this incentive becomes more popular and necessary.

- Forgivable debt, where if certain performance criteria are met within a specified length of time, then the project loan transfers to a grant (i.e., The Dalles, Oregon had a program where a demolition loan for $50,000 turned into a grant if the property was built upon within 2 years of demolition). This is a creative and flexible program that helps ensure that the right things happen in a timely manner.

- Grants or zero percent loans for required seismic or ADA upgrades. This is another tool to help prompt redevelopment when there is a change of use and/or occupancy.

- Streetscape improvements as part of specific redevelopment projects.

- Host a Developer Day event where commercial developers (who specialize in smaller downtown-type projects) are invited in as a group. They are given a packet of materials on the priority 'opportunity sites' then taken on a walking tour of downtown, looking at the buildings and talking about the vision for a revitalized downtown Lebanon. Then the group is brought back for a Q&A and fed lunch. Follow up after the event with personal visits or phone calls.

- Promote Energy and Historic Tax Credits for redevelopment projects. Often, developers are not aware of state and federal tax credit programs that might be a good fit for their projects.

- Optioning downtown 'opportunity site' properties for redevelopment - - making sure the option is transferable to the developer. This tool allows the city to proactively engage in the property redevelopment process without actually purchasing the property. The decision to move forward with the option process should be based on properties that are of *strategic importance* or offer an *immediate opportunity*.

Having a good Redevelopment Toolbox in place (and effectively marketing it) will be helpful in getting the redevelopment ball rolling. Remember that once a Toolbox is developed that it needs to be marketed. All too often, we have seen where a town has some good redevelopment tools in place but they are never marketed – so never used.

Appendix J. Property Assessment Form

Downtown Properties: Ready for Company?

So your downtown has a beautiful new streetscape. You've got strong market opportunity, the great location, directional signage and the marketing package. Now, *where are you going to locate all those great business prospects?* The worksheet below is designed to help you think through what properties are *really ready* for business tenants and which need some minor or major work.

VACANT PROPERTY ASSESSMENT

Location of Property ____

Size of Space ____

Other Features ____

Rate the following features of the property on a scale of 1 to 5, with 5 being Excellent and 1 being Poor.

Physical Condition	______
Physical Appearance	______
Location	______
Accessibility (pedestrian)	______
Availability of Parking	______
Visibility	______
Relationship with & influence by neighbor businesses	______
Owner attitude and involvement	______
TOTAL SCORE (40 possible points)	______

Draw Your Conclusions:

- Which vacant properties are most marketable?
- Are there inappropriate uses?
- Are there properties needing extensive remodeling or that should be subdivided for tenants?
- Are there properties that should be condemned?
- What are your top properties for leasing?
- What is the plan for working with the property owner to get properties ready to show?

Source: Marketek, Inc.

Appendix K. Sample BEAT Program

Growing a Health Business Base Begins at Home:
3 Steps to any Business Assistance and Retention Program

1. Clearly Define Your Goals

- Big Goal: Retain, Assist, Expand Downtown Lebanon's Small Business Base
- What are your other specific goals for:
  - Next 3 months?
  - Next 6 months?

2. Determine the Scope and Nature of the Effort and Organize your Approach

- How many volunteers are available and how much time do they have?
- Options:

  A. Outreach and information sharing *(least amount of effort)*

  B. Issue identification and referral to business assistance sources

  C. One-on-one technical assistance *(intensive effort with highly organized system and trained team)*

3. Implement—get in your businesses and start talking and listening!

- Option selected will lead to answering questions such as:

  1. Who are your business targets?
  - *Everybody? Retail? Established? New business? Core blocks?*

  2. Customized Approach
  - *Target a select number of key businesses? Talk to all businesses?*
  - *Do it yourself?*
  - *Organize local help? Organize business development partners and resources?*
  - *Barter out of town help?*
  - *Buy some help?*

  3. Get in the businesses!!
  - *Start with simple goals of establishing a relationship and building rapport and learning about the business.*

Suggested Approach for Lebanon Partners for Progress

- Organize a 'benefit' you will share – business resource list, downtown marketing flyer, info on façade program, etc.

- Call business owner in advance and ask what a convenient time is to come by and share some information about PFP/Main Street business assistance activities.

- Visit the business prepared to share 'benefit' and to find out three things:

  1. How is their business going?
  2. What are their greatest challenges to growth? Opportunities for success?
  3. Are they interested in further information or assistance from Business Resource/ Assistance Providers? (SBDC, etc.)

- Follow up! Demonstrate interest and organization. Provide information. Take action requested. Schedule a follow up if necessary.

- Make a quarterly visit to the business to share information, check-in, etc.

Sample: K.E.E.P.
Keep Existing Enterprises Profitable

What: K.E.E.P. is a local business assistance and expansion team made up businesses and business resource providers focused on serving the *existing* business base. The K.E.E.P. program theme is: *business helping business* become stronger, expand and succeed. The business assistance service is provided <u>at no cost</u> to the business.

Why: Up to 80% of new jobs, sales and income come from the expansion of existing small business. In addition, the Prineville area is on the verge of dramatic population growth. The K.E.E.P. team wants to help local business capture the opportunities that lie ahead. K.E.E.P. will take a pro-active stance to save jobs and enhance businesses for the community.

Target Audience: The Prineville-Crook County business community. All businesses regardless of size or industry type will be invited to complete the business owner survey. Industrial-related businesses will be referred to existing resource providers for follow-up. Retail and small commercial businesses will be assisted directly by the K.E.E.P. team.

Who: K.E.E.P. Co-Chairs/Captains
Evelyn Wood, 416-9583 and Von Thompson, 447-1354 and
K.E.E.P. Team Members (to be named)

How: The City of Prineville received a grant to jumpstart a community business assistance initiative. The program has the following phases:

1. Outreach, PR, Business Survey;
2. Business Assessment & Diagnosis;
3. Identify Business Assistance Needed and Providers;
4. Strategize an Action Program;
5. Provide Technical Assistance (1-on-1, training, mentoring, etc.); and
6. Follow-up and Tracking.

In addition and key sustaining the K.E.E.P. program will be a Management & Coordination Strategy for ongoing success.

For more information, contact ___________, City of Prineville, 541- 447-8326

The K.E.E.P Team

1st String: Lead Players

- A small group (6 or 8) or high integrity individuals who can build trust, maintain confidentiality, and put the best interest of the community and individual businesses ahead of their personal and professional interests.

- Should have strong business management and communication skills; financial and marketing knowledge desirable; most important is know how to ask good questions, ascertain business condition; recommend gameplan; connect with existing resources.

- Should have strong networking skills with access to '2nd String' resource providers: accountants, attorneys, employment department, marketing experts, financial institutions, funding agencies, etc. *(People & organizations who have agreed to help KEEP candidates for assistance.)*

What does the Team do? Among the possible tasks or roles are:

1. Assess condition of the business, give the owner straight answers, provide connections to business resources.

2. Act as a clearing house for the private and public assistance programs available to business: Small Business Development Center, Employment and Job Training Services, Community College, Chamber of Commerce, Financial Institutions, etc.

3. Help the business owner write a sound action plan or business plan to initiate a 'turn-around' to improve business condition and a strategy for maintenance.

4. Act as a 'sounding board' for business owners who need someone to talk to about business problems.

5. Point out specific areas where the business owner may be lacking (E.g.: accounting, computer technology) and help them gain the skills needed.

6. Promote the availability of the KEEP program and team through business, civic and government organizations.

Sample Approach to Focus Your Retention Program:
How does your Downtown's Portfolio Measure up?

1. Expanding Galaxies	2. Rising Stars
3. Falling Stars	**4. Black Holes**

Key indicators of health

- Quality product/service
- Strong market demand
- Smart, imaginative, hard working business people willing to adapt to the changing marketplace!
- Favorable business location
- Continuous marketing

Business Coaching:
1 on 1 Communication Model

1. Focusing

Focusing is the ability to question, probe and challenge business owners until they are clear about their issues.

2. Listening

Listening is the ability to draw out your business owners, hearing what they have to say, and helping them talk about what's beneath the surface.

3. Problem Solving

Once the issues are clear, the business coach lead the discussion through a logical sequence: issue prioritization, action planning and recommendations.

---

1. Focusing: *Asking Diagnostic Questions*

Diagnostic questions prod various areas of the owner's business and life to open up issues.

WHO	Who is your biggest competitor? Who is on your management team?
WHAT	What gets the lion's share of your time? What's your vision? New products/services? New markets? Distribution channels? What is the most profitable part of your business? What single thing would make your business more successful?
WHERE	Where is the biggest bottleneck in your business? Where is the major challenge facing your business today? Facing you today?
WHEN	When do you get your P&L's and how do you respond? When do you reward employees? When do you make changes in inventory? When do you do your annual and/or quarterly planning?
HOW	How do you delegate? How do you hire key people?

IF	If you could borrow $150,000 tomorrow at 5%, how would you use it to change/improve your business? If you had more discretionary time for your business, how would you spend it?

2. Listening

Listening is an attitude as much as it is a technique. To listen well, you must begin with the assumption that you don't already know what the other person is about to say. Put aside your agenda and concentrate on understanding the world from the business owner's point of view.

There are three elements to listening:

1. Paraphrasing what the speaker said
2. Reflecting feelings
3. Establishing empathy and trust

3. Taking Action

Helping the business owner decide on the action he/she wants to take is at the heart of problem solving. If the problem and problem solving don't do anything but gather dust, both the business owner and business coach have failed to make progress. Building action plans and making sure they are implemented is the hardest part.

Three components to deciding on action are:

1. Generating alternative solutions to the issue
2. Developing an action plan
3. Looking for problems/opportunities in the plan

Role

The role of the business coach at this phase is to:

- Help plan strategy
- Press for action
- Contribute to sound recommendations
- Be enthusiastic about them
- Keep track of commitments

Appendix L. Sample Nxlevel Program

ABOUT THE NxLevel COURSE

LOCATION:
WorkSource; 309 E Mountain View; Ellensburg, WA

DATE/TIME:
Tuesdays starting January 5, 2010
6:30p.m. - 9:30p.m.
Ten week series ends March 9th, 2010.

FORMAT:
Class Instruction, Guest Speakers, Text & Workbook, Group Discussion

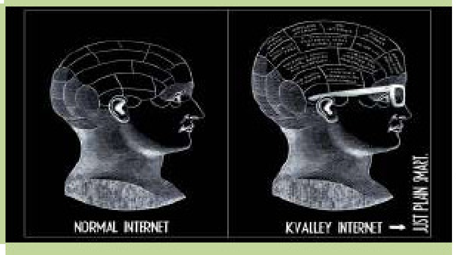
COST: $350 Per Person

ELLENSBURG DOWNTOWN ASSOCIATION

Grebb, Johnson, Reed & Wachsmith, LLP
CERTIFIED PUBLIC ACCOUNTANTS

EconomicDevelopmentGroup of Kittitas County

STERLING SAVINGS BANK



Lathrop, Winbauer, Harrel, Slothower & Denison L.L.P.
Attorneys at Law

Registration Profile

Name:______________________________

Address:____________________________

____
(Street, City, State, Zip)

Phone:______________________________

Email:______________________________

Please pay by check or cash, make checks payable to the Ellensburg Downtown Association
PO Box 966
Ellensburg WA 98926

____Business Owner
____Manager
____Existing Business
____Start Up Business
____Future Entrepreneur

Business Name if Existing Business:

____

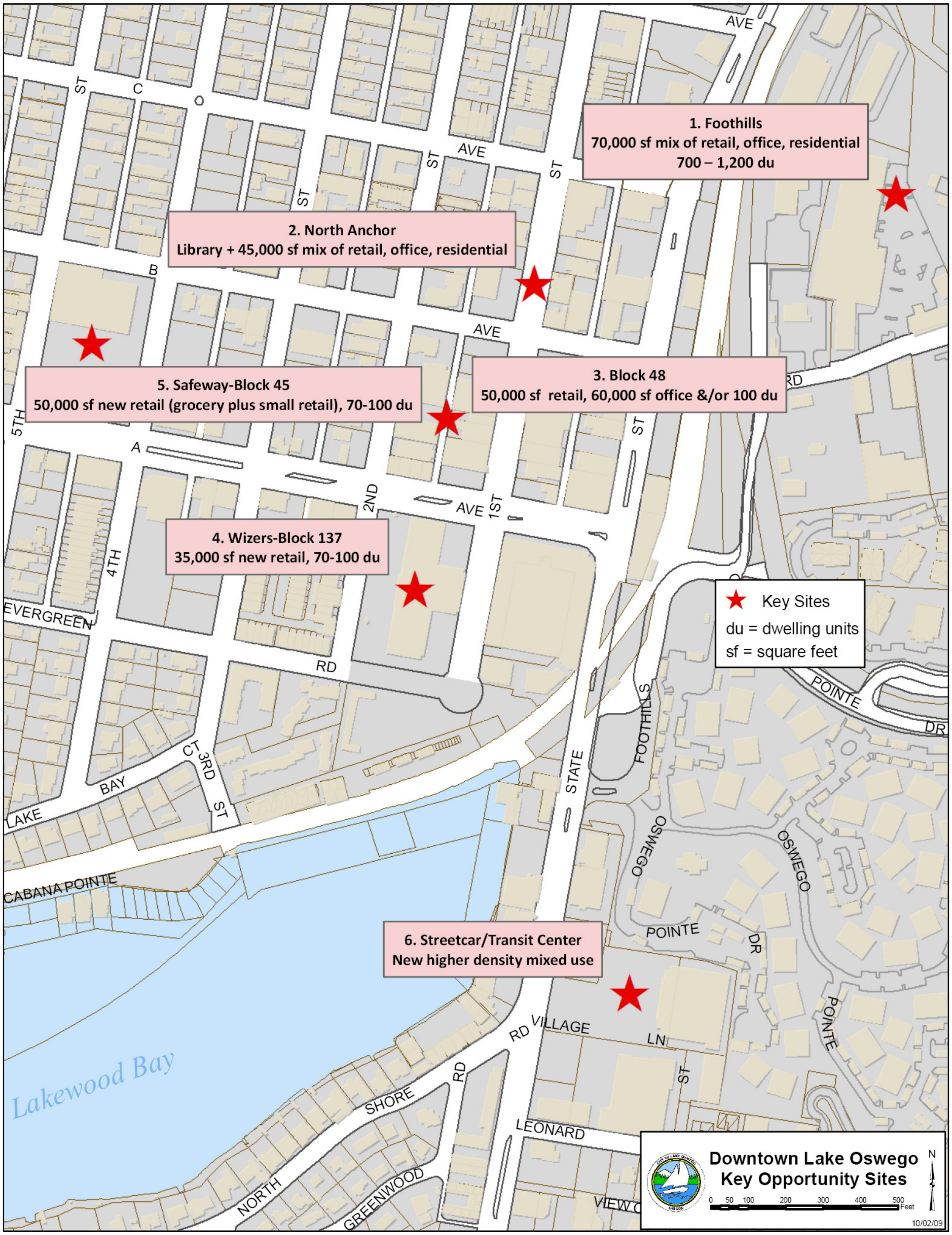
Business Type if Start Up:

____

Reason for Attending NxLevel:

____
____
____
____
____

Appendix M. Downtown Opportunity Map

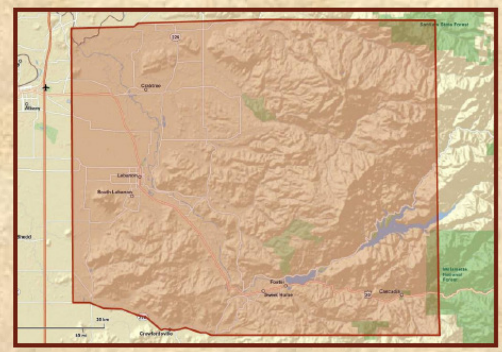


Appendix N. Retail Market Factsheet

Downtown Lebanon Retail Opportunities

Customer Markets

- Nearly 50,000 people and 19,000 households within the Retail Market Area
- Projected addition of 2,800 new residents by 2015
- Almost 750 businesses with more than 6,500 empoyees within three miles
- Additional markets include Linn-Benton Community College and COMP-Northwest medical school students



Retail Market Area

Business Targets

- Home décor
- Women and men's apparel
- Books, gifts and cards
- Garden supplies & hardware
- Sporting goods & outdoor gear
- Restaurants – steakhouse, deli, family dining, brewpub
- Entertainment – live music, art

Retail Potential

- Estimated $78.3 million of market area sales leakage in 2010
- Potential demand for 360,000 SF of new retail space in the market area by 2021
- Potential for 114,000 SF of new retail space in downtown Lebanon by 2021

For More Information Contact:

Walt Wendolowski, Community Development Manager, City of Lebanon
wwendolowski@ci.lebanon.or.us, 541.258.4252, www.ci.lebanon.or.us

Appendix O. Ten Reasons to Locate Downtown

Top 10 Reasons to Locate in Downtown Lebanon

1 Commitment to success. Business-friendly government and community with recent industrial business expansions.

2 Regional retail and business center for east Linn County with easy access from I-5 along Highway 34.

3 Multi-faceted and growing marketplace including local residence, downtown employees, students and visitors.

4 Significant demand for goods and services in downtown Lebanon estimated at over 114,000 sq. ft. by 2021.

5 Historic, walkable district, adjacent to industrial, civic, cultural and other community anchors.

6 Cooperative relationships between City of Lebanon, Lebanon Partners for Progress and existing businesses who are all excited to welcome new businesses downtown.

7 Several business clusters on which to build, including restaurants, resale shops and health & wellness stores.

8 Available space is ready for tenants!

9 Marketing edge with active, committed organizations focused on making Lebanon a shopping destination.

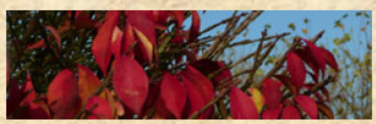
10 A strong sense of community, volunteerism and caring among neighbors.

"We love the small town atmosphere and recent upgrades have made it even better to visit downtown!"

-Lebanon Resident

"Downtown has considerable potential for art, music and health-related businesses. It's a great place for student activities and an art fair."

-Downtown Lebanon Business Owner



For More Information Contact:

Walt Wendolowski, Community Development Manager, City of Lebanon
wwendolowski@ci.lebanon.or.us
541.258.4252
www.ci.lebanon.or.us

CITY OF LEBANON