

Molalla

Downtown Retail Market Analysis Update



March 2010

Completed for
Main Street Molalla &
Team for Economic Action in Molalla

Prepared by

Marketek, Inc.
9220 SW Barbur Boulevard
Portland, Oregon 97219
503.636.1659
www.marketekinc.com



Table of Contents

Introduction.....	1
Section 1: Opinion Research.....	2
Section 2: Target Markets.....	4
Section 3: Retail Demand Analysis.....	8
Section 4: Competitive Assessment.....	13
Section 5: Business Development.....	15
Appendices	
Appendix A: Shopper Survey Results.....	19
Appendix B: Business Owner Survey Results.....	31
Appendix C: Market Area Demographic Data.....	51
Appendix D: Retail Supply & Demand Charts.....	57
Appendix E: Economic Gardening Strategy.....	62
Appendix F: Sample Entrepreneurship Connections Program.....	64
Appendix G: Retail Marketing Fact Sheet.....	66
Appendix H: Sample Youth Retail Incubator.....	67

Acknowledgement

The Downtown Oregon City Retail Market Analysis was funded by the Clackamas County Main Street Program.

Introduction

This report shares Marketek's update of the retail market opportunity analysis and business development strategy prepared for Molalla in 2006. The purpose of the retail market analysis update is to:

- Create an accurate picture of Molalla's retail industry, including a characterization of the existing supply of businesses; consumer preferences, needs and buying patterns; and opportunities and challenges for growth and development;
- Provide a comprehensive assessment of potential market support for retail/service/restaurant uses in Molalla in general and, more specifically, in the downtown Molalla commercial district; and
- Provide the City of Molalla with updated strategies for strengthening and diversifying the downtown business base, capturing consumer dollars currently flowing out of Molalla and improving the mix of viable economic uses over time.

At the heart of a community's image is its downtown business district, which signals the commitment of local leaders to creating a positive quality of life – a value that is highly important to potential businesses considering locating in Molalla. Critical to capitalizing on opportunities for new development is encouraging physical and economic improvements to downtown. The market analysis update is a critical step toward the creation of a vibrant town center for Molalla.

Methodology

As downtown Molalla's commercial redevelopment efforts will be phased over time, the retail market analysis update considers a ten-year time period from 2010-2020, which is a realistic projection period for retail development. The research (both primary and secondary) included:

- Demographic analysis of Molalla market area residents;
- Statistical estimates of potential supportable retail space;
- Community-wide survey of residents' shopping preferences;
- In-store visits/assessments to retailers and restaurants;
- Interviews and survey of local business owners and operators; and
- Multiple site visits.

This report is organized into five principal sections:

1. Opinion Research
2. Target Markets
3. Retail Demand Analysis
4. Competitive Assessment
5. Business Development

1. Opinion Research

With the help of the Main Street Economic Restructuring Committee, the community completed two electronic surveys (one for business owners/operators and one for shoppers) during the month of January, 2010. Seventy-one respondents participated in the Business Owner Survey and 372 shoppers answered the Shopper Survey. Complete survey results are provided in Appendices A and B.

Business Owner Survey Highlights

Business Information and Operations

- More than any other category, 33.8 percent of respondents reported that their business did not fall in any of the given industry groupings. Those who responded “other” include nonprofits, consulting firms, medical offices, and a metal fabrication facility. Chosen by 15.5 percent of respondents, retail establishments are the next highest reported business category.
- Respondents noted several strengths to doing business in Molalla, the most popular of which is the proximity to shoppers’ homes. This proximity also correlates with multiple respondents’ noting the convenience of doing business in Molalla.
- A strong majority of respondents reported that Molalla’s remote location from other populated areas makes it difficult to attract others to do business. Respondents also noted low-quality infrastructure and lack of parking as some of Molalla’s key disadvantages.
- Almost half of respondents report steady business (40.6%) and just over one-third of respondents report that their business activity is declining.
- Respondents most often reported that access to adequate foot traffic is a critical factor in the success of their business (41.4%). Closely related to foot traffic, public access is the second most reported critical business factor (38.6%).
- A strong majority of respondents reported that the current condition of the economy is the largest obstacle they face, followed by lack of customer traffic.

Doing Business in Downtown Molalla

- Business owners in Molalla appreciate the small town feeling and wish to preserve that working environment. They also enjoy Molalla’s western theme and atmosphere generated from events like Buckeroo.
- Respondents would like to see additional downtown activities such as art events or theatrical performances. Some business owners suggest staying open longer during coordinated downtown events.

Shopper Survey Highlights

Shopping Habits

- The vast majority of respondents perform most of their non-grocery shopping outside of Molalla (82.0%). Popular destinations include Clackamas, Oregon City, Woodburn and stores like Fred Meyer, Costco, and Wal-Mart.
- Respondents make their decisions on where to shop based primarily on available selection (73.7%) and price (63.3%). Only 25 (6.7%) respondents feel that loyalty drives their decision making process.

Shopping and Service Needs in Downtown Molalla

- Almost half of respondents think that electronic goods (49.9%) and computer accessories (47.9%) are missing from Molalla. Shoppers also desire additional apparel stores, requesting shoes (84.8%) and women's casual clothing (79.1%) more than any other type of apparel item.
- The majority of respondents believe that Molalla is missing both a movie theater (87.8%) and an adequate supply of restaurants (59.7%). Of the different restaurant types, respondents request a steakhouse/grill (65.8%), a seafood restaurant (50.8%) and an additional family restaurant (51.4%).

Shopping/Personal Business Preferences

- The majority of respondents cite the convenient location of businesses as the primary advantage of shopping in Molalla (79.7%). This is followed by a strong desire to support local businesses (70.9%).
- Respondents cite the poor selection of goods and services as the principle disadvantage of shopping in downtown Molalla (83.3%).
- Most respondents report that the best time for them to shop is on weekdays after 5pm (57.2%). This corresponds with many shoppers' complaints that Molalla merchants are not open late enough to serve their needs.

Your Thoughts About Downtown Molalla

- Respondents value Molalla's small town charm and do not want to sacrifice that trait during growth. One thing they would like to see change however is *the look* of the downtown's storefronts.

General Information

- Almost one-third of respondents are 55 years of age or older (32.5%). Respondents under the age of 24 make up only eight percent of the total.
- Over a third of respondents live in Molalla but work elsewhere (33.9%). Slightly less than a third both live and work in Molalla (28.1%).

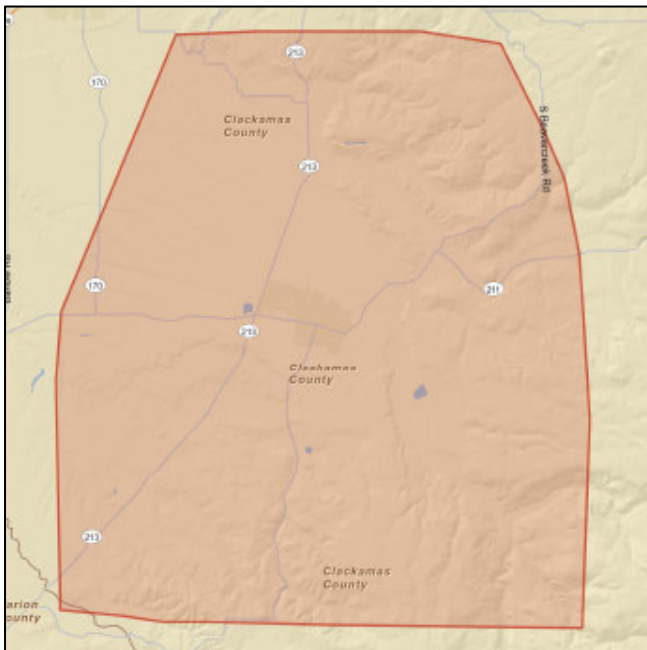
2. Target Markets

Downtown Molalla has the potential to serve and to attract sales from several target markets, including local residents, area employees and visitors. This section depicts each customer group, with an in-depth look at the local resident market, which provides the greatest opportunity for a dependable source of year-round sales.

Local Residents

Based upon the patronage of existing businesses, Molalla's position within the region, drive-time estimates and the location of competitive supply, Marketek delineated a custom-drawn trade area from which the majority of downtown Molalla's customers will emanate. The delineation of a market area is not meant to suggest that prospective customers of downtown businesses will be drawn solely from this area. Molalla's central location, competitive assets and ongoing economic development will also bring customers from outside of this area. For comparative purposes, demographic data are also presented for the City of Molalla, Clackamas County and the State of Oregon.

Map 1. Molalla Retail Market Area



The Retail Market Area consists of 19,832 persons in 6,799 households as of 2010. Since 2000, the area's population grew at an average rate of 1.44 percent, above the statewide rate of 1.36 percent and below the countywide rate of 1.50 percent. The City of Molalla grew by the considerably higher rate of 3.16 percent.

By 2015, the Market Area is expected to add 1,115 persons and 404 households, reaching totals of 20,947 persons and 7,203 households. The anticipated average annual population growth rate from 2010 to 2015 is 1.12 percent, less than that of the 2000 to 2010 period (1.44%).

As Exhibit 1 shows, the Retail Market Area consists of above-average income households, the majority of which own their homes. Median income is \$62,707, compared to \$67,575 in Clackamas County and \$53,912 in the state. The homeownership rate is 72.0 percent, above that of all other geographies. Most Market Area residents are non-Hispanic (90.7%) and white (89.4%). Median age is 36.3 years, below that of the county (39.4 years) and state (38.0 years). Appendix C offers a more detailed socioeconomic characterization of the Molalla Retail Market Area.

Exhibit 1. Demographic Snapshot, 2010
City of Molalla, Retail Market Area, Clackamas County & State of Oregon

Demographic Indicator	City of Molalla	Retail Market Area	Clackamas County	State of Oregon
Population	7,434	19,832	389,259	3,886,468
Avg Annual Population Growth				
2000 - 2010 Estimate	3.16%	1.44%	1.50%	1.36%
2010 - 2015 Projection	2.00%	1.12%	1.19%	1.16%
Median Age	31.6 Years	36.3 Years	39.4 Years	38.0 Years
Race/Ethnicity				
Percent White Alone	86.8%	89.4%	88.9%	83.4%
Percent Other Race	13.2%	10.6%	11.1%	16.6%
Percent Hispanic (any race)	13.2%	9.3%	7.4%	11.6%
Households	2,526	6,799	144,873	1,513,538
Avg Annual Household Growth				
2000 - 2010 Estimate	2.97%	1.33%	1.30%	1.35%
2010 - 2015 Projection	2.07%	1.19%	1.21%	1.18%
Average Household Size	2.88	2.89	2.66	2.51
Median Household Income	\$62,255	\$62,707	\$67,575	\$53,912
Homeownership Rate	66.6%	72.0%	65.4%	63.9%

Source: ESRI BIS

Employees

Employees working in or close to downtown are another important captive market for retail and service businesses, as they are in the area on a daily basis throughout the year and are in close proximity to retail, restaurant and service establishments. Market research conducted by the Building Owners and Managers Association of America demonstrates that office workers (as one segment of the workforce) spend between 10 and 15 percent of their expendable income at and near their places of work. Top

employee spending is on lunches, after-work dinner or drinks, gifts/cards/stationery and books and magazines.

An estimated 3,381 employees worked in Molalla's 97038 zip code as of 2008, which is a 33.3 percent increase from 2000. The largest share work in the services industry (23.2%), followed by manufacturing (20.3%). From 2000 to 2008, the construction industry saw the largest increase with 246 additional employees, followed by manufacturing with 186.

Exhibit 2. Employment in the 97038 Zip Code, 2000 and 2008

Industry	2000		2008	
	Number	Percent	Number	Percent
Agriculture and Forestry	505	19.9%	555	16.4%
Construction	180	7.1%	426	12.6%
Manufacturing	501	19.8%	687	20.3%
Transportation, Communication and Public Utilities	125	4.9%	170	5.0%
Wholesale	47	1.9%	132	3.9%
Retail Trade	362	14.3%	458	13.5%
Finance, Insurance and Real Estate	48	1.9%	79	2.3%
Services	718	28.3%	784	23.2%
Government	50	2.0%	90	2.7%
Total	2,536	100.0%	3,381	100.0%

Source: Oregon Employment Department

Visitors

Molalla's visitor market is another important influence for downtown's business base. Attractions in the immediate area provide the opportunity to capture visitor retail, restaurant and entertainment spending. They include:

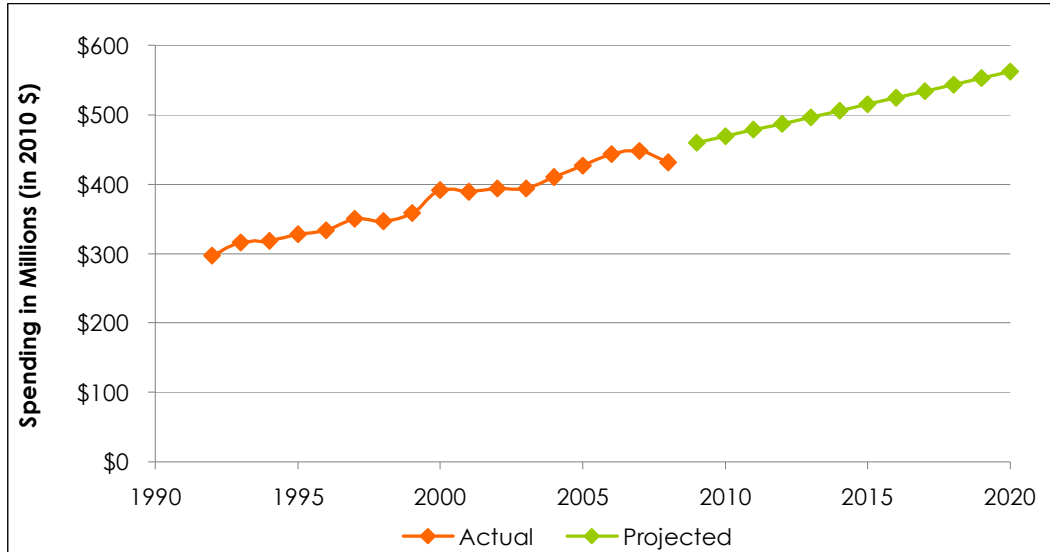
- **Buckeroo Facility:** Buckeroo, Ross Coleman Invitational and 20 other events draw approximately 75,000 visitors per year; regional market and beyond for many events; brings in many overnight guests
- **Dibble House:** Draws over 1,500 guests per event; local and regional market
- **Rosse Posse Acres Farm:** Draws over 500 guests per event; nature-based visitors, school and senior groups
- **Freyer Park:** Nature-based recreation including camping, boating, fishing

The Clackamas County visitor market – which includes Molalla – has seen a steady rise in travel spending over the last 15 years, growing from \$192.0 million in 1992 to \$428.8 million in 2008. In 2010 dollars, this growth translates to a 45.5 percent increase. Based on this growth rate, Marketek estimates that from 2010 to 2020, visitor spending in Clackamas County is expected to increase by \$93.5 million to reach \$562.1 million (in 2010 dollars) (Exhibit 3).

Of Clackamas County visitor spending, 63.5 percent (\$272.1 million) is tied to shopping and entertainment businesses, typically found in downtowns. This includes retail sales

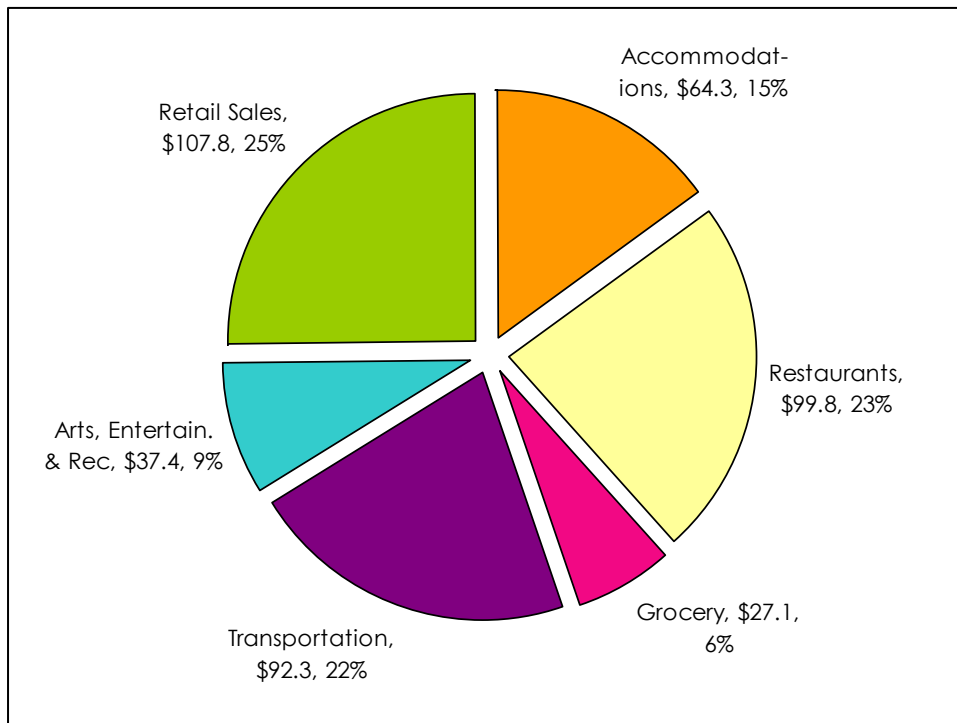
(\$107.8 million or 25.1%); restaurants (\$99.8 million or 23.3%); arts, entertainment and recreation (\$37.4 million or 8.7%) and groceries (\$27.1 million or 6.3%).

**Exhibit 3. Total Visitor Spending at Destination, 1992 to 2020
Clackamas County, Oregon**



Source: Dean Runyan Associates; Marketek, Inc.

**Exhibit 4. Visitor Spending at Destination by Category, 2008
Clackamas County, Oregon**



3. Retail Demand Analysis

Supply Summary

To gauge downtown Molalla's existing retail market position in comparison to neighboring communities, Marketek conducted a supply survey of shopping centers in nearby cities, which is provided in Appendix D. Key findings include:

- Newer, higher quality space in established centers commands rents from mid teens to \$25 per square foot annually. Highest rent is in Oregon City Fred Meyer shopping center.
- Older downtown retail spaces rent for lower rates, ranging from \$6 to \$13 per square foot annually in Molalla, which is competitive with downtown space in other communities.
- At the six shopping centers surveyed in Molalla, there are 17,454 square feet of vacant space available.

Statistical Demand Analysis

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

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 amount expected to be 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 the goods in the local market. The second source of demand is "future demand" or demand based on projected household growth and spending patterns in the market area through 2020.

Exhibit 5 shows the existing retail supply and demand balance for the Market Area by store type. Sales leakage is occurring in eight of ten store categories, totaling \$52.8 million, with the largest leakage in general merchandise (\$30.3 million), which includes department stores (ex: Target, Fred Meyer). In sum, the leakage data for all categories indicates a substantial imbalance in which only about 61 percent of retail demand is met within the Market Area.

Exhibit 5. Existing Retail Balance, Retail Market Area, 2009

Merchandise Category	Demand/ Spending Potential	Supply/ Retail Sales	Leakage (or Surplus)
Shoppers Goods			
Apparel	\$4,374,257	\$485,763	\$3,888,494
Home Furnishings	\$4,794,494	\$1,411,428	\$3,383,066
Electronics & Appliances	\$4,699,364	\$2,891,811	\$1,807,553
Home Improvement & Gardening	\$6,729,605	\$6,582,117	\$147,488
Sporting Goods, Hobbies, Books & Music	\$2,192,873	\$1,383,304	\$809,569
General Merchandise	\$33,959,026	\$3,619,730	\$30,339,296
Miscellaneous Specialty Retail (florist, office supplies, gift stores, etc.)	\$2,801,589	\$2,537,874	\$263,715
Convenience Goods			
Grocery	\$27,695,721	\$31,835,402	(\$4,139,681)
Health & Personal Care	\$4,188,659	\$8,035,760	(\$3,847,101)
Restaurants			
	\$25,304,748	\$13,173,504	\$12,131,244
Total Leakage			\$52,770,425

Source: ESRI BIS; Marketek, Inc.

Potential new supportable retail space by merchandise category in the Market Area over the next ten years is summarized in Exhibit 6.¹ Existing demand has the potential to support an additional 189,129 square feet of retail space and future demand (based on Market Area household growth) has the potential to support an additional 64,070 square feet through 2020. Taken together, potential existing and future demand in the Market Area totals 253,200 square feet of retail space by 2020. Please refer to Appendix D for a detailed calculation of the future Market Area retail demand.

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

¹ For purposes of determining retail sales potential by square footage, the general merchandise sales leakage is redistributed by merchandise type and includes apparel, electronics, home furnishings, home improvements, personal care and grocery.

Exhibit 6. Summary of Potential Retail Demand, Retail Market Area, 2009 – 2020

Merchandise/ Retail Category	2009	2010-2015	2015-2020	Total Potential New Retail Space
	Existing Unmet Demand	Future Market Area Demand	Future Market Area Demand	
	(\$F)	(\$F)	(\$F)	
Shoppers Goods				
Apparel	46,476	3,059	3,241	52,777
Home Furnishings	31,707	3,156	3,344	38,207
Home Improvement	16,430	3,831	4,059	24,321
Specialty Retail	29,673	3,542	3,752	36,968
Subtotal	124,286	13,589	14,397	152,272
Convenience Goods				
Grocery	18,717	6,095	6,457	31,269
Health/Personal Care	0	1,152	1,221	2,373
Subtotal	18,717	7,247	7,678	33,642
Restaurants	46,126	5,506	5,833	57,466
Entertainment	NA	2,062	2,184	4,246
Personal Services	NA	2,706	2,867	5,574
Total	189,129	31,111	32,959	253,200

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

The share of demand that downtown or any other Molalla shopping center can ultimately 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 redevelopment program, including a variety of retail, service and entertainment uses.

Based on its existing commercial base, proposed developments, market demand and marketing plans, it is reasonable to assume that downtown Molalla could capture 15 percent of existing and 30 percent of future potential demand. This equates to 47,591 square feet of new retail space by 2020.

Downtown's success at transforming demand potential to new retail space will depend on providing quality retail space and on Molalla'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.

Business Mix

A successful business district in virtually any size community will have a balance and mix of uses that includes retail shopping, professional, cultural, financial and government services, entertainment, housing and personal services. Downtown Molalla already exists as a mixed-use shopping center bringing residents, businesses and employees together. A critical goal over the next five years and longer will be to increase the number of retail

businesses in the downtown and maintain ground floor space in the core area and beyond for retail businesses.

The results of the statistical market analysis and the opinion research indicate that Molalla has ample opportunity to grow its retail base and fill niches and voids in the local marketplace. The following list of business and merchandise opportunities (Exhibit 7) can potentially be supported based upon the market analysis.

Exhibit 7. Recommended Downtown Business Mix

Merchandise	Men & women's casual apparel Infant & youth clothing Shoes Building & garden supplies Arts & crafts supplies Computer supplies/accessories Gifts & cards Music & CDs	Office supplies Furniture, including locally-made Appliances Bed & bath linens/accessories Unique toys, games & hobbies Electronics & accessories
Restaurants/ Food	Bakery Steakhouse/grill Brew pub	Family dining Fast Food (Taco Bell)
Entertainment	Live music Movie theatre (EX: small scale, summer pop up)	Recreation/Activity Complex Adult sports recreation
Services	Appliance repair Alternative health care Pack & Mail / Copy Center Computer assistance	Vision care Alterations/Tailoring Contractor Clearinghouse Professional services

Retail Market Trends

Although the retail market has been hard hit by the economic downturn in the last two years, retail trends show that sales are indeed picking up and consumer confidence is rising. Research by NAI Norris, Beggs & Simpson, International Council of Shopping Centers, The Conference Board and Forbes identify several key trends: compact retail development; a proliferation of lifestyle centers; and food and entertainment tenants increasingly becoming retail anchors.

Short Term Trends

- Retailers may continue to close more stores than they open, with the large proportion of closings due from independent retailers.
- Credit crunch has hurt many mall owners, and many stores are implementing cost cutting policies such as renegotiating rents.
- Specialty retailers, luxury stores and apparel stores will be the most vulnerable in the next 18 months.

Long Term Trends

- Lifestyle centers are replacing malls by attempting to create a sense of community, and focus on food, entertainment, music, books and home goods.
- National trend toward compact, urban living, with less dependence on the auto will facilitate increased downtown retail spending.
- Middle-market big-box stores (such as Target and Bed, Bath & Beyond) that are currently underrepresented in central cities are exploring these locations.
- The most successful and resilient retail establishments will be located in more mature market areas.
- Stores that specialize in repairing durable goods like cars and appliances are poised for long-term success.

Internet Retail Trends

- Internet retail sales account for less than 5 percent of the overall U.S. market but continue to grow. Wal-Mart is expanding its internet presence in 2010.

Downtown Trends

- Department stores continue to be important anchors for downtowns, especially in cities, by generating foot traffic to support other downtown retailers.
- Food and entertainment retail remain strong and expect continued growth, often serving as anchors.
- Downtowns can benefit by reinforcing unique attributes through promotion and branding.
- Proliferation of lifestyle centers has eroded some of downtown's share of regional retail spending because many metropolitan areas have become multi-nodal.
- New lifestyle centers will seek to become more like downtowns by creating truly usable public spaces and a more unique shopping experience; this will further increase competition with downtowns.

Consumer Spending

- Expect savings rate to increase and credit availability to decrease in the short-term.
- Some analysts suggest a newfound conservatism and attention to value.
- Consumer spending is anticipated to increase in the next year as the economy picks up.

Expanding Retail Chains and Franchises

Ideas about merchandise types and businesses niches may be gleaned from the list of hot retailers identified by the International Council of Shopping Centers (ICSC):

- * Food/Beverage: Five Guys Burgers, Sonic Drive In, Froots, Pinkberry, Red Mango, Pollo Campero, El Pollo Loco, Stir Crazy, Chipotle Mexican Grill, Bruegger's Bagels, Burger King,, Denny's, Red Robin
- * Apparel: Apricot Lane, Billabong, L.L. Bean, American Eagle, Aeropostale, H&M, Dress Barn
- * Convenience Grocery: Fresh & Easy Neighborhood Market, Sunflower Farmers Market, ALDI, Save-a-Lot
- * Service: Anytime Fitness, Children of America Childcare Centers, Regis Salon, Sport Clips
- * Other: Ridemakerz, 99 cents Only, Weight Watchers, Gamestop, Big Lots

4. Competitive Assessment

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

Exhibit 8. Business District Attractors

<p>Access & Linkages</p> <ul style="list-style-type: none"> • Good visibility • Walkability-pedestrian friendly • Transportation/transit access • Good signage • Parking availability <p>Uses & Activities</p> <ul style="list-style-type: none"> • Overall active use—'street life' daytime and evening • 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 	<p>Factors Affecting Retail Location</p> <ul style="list-style-type: none"> • Compatible land use patterns • Property values (realistic) • Rent levels (realistic) • Organized promotions • Good downtown management • Business compatibility <p>Image (clean, safe, green, attractive, places to sit, ambiance)</p> <ul style="list-style-type: none"> • Welcoming physical appearance—friendly, green, attractive streetscape • Safe • Clean, well maintained • Benches, garbage cans, bike racks • Unique atmosphere • Sense of pride and ownership
--	--

Source: Marketek, Inc.

These factors are particularly critical for older commercial districts seeking to compete for retail dollars being spent with new shopping malls, lifestyle centers and big box retailers. Downtown Molalla's assets and challenges have been identified through many studies and plans. However, the top assets, challenges and opportunities are listed below as they relate to:

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

Assets/Strengths

- ◆ Fast growing population with above average income
- ◆ Strong volunteer base committed to improving Molalla's future
- ◆ Existing business base (86% report investing in their business in last 2 years; 70% are planning to expand)
- ◆ *"The people in Molalla are so friendly! I always enjoy talking with merchants and find that most people are very welcoming and kind."*



Challenges

- ◆ Small market size and rural location
- ◆ Run down physical image and appearance
- ◆ Limited selection/commercial base to hold shoppers
- ◆ *"Downtown looks run down. I'm not sure that half the stores are even in business. Some are always dark and I've never seen them open."*



Opportunities

- ◆ \$52.8 million in retail leakage
- ◆ Main Street Program makes downtown a priority and focus
- ◆ Community investment is occurring



5. Business Development

As part of this update to the 2006 Retail Market Analysis, Marketek identified progress made on the recommendations provided in that study related to:

- Redevelopment Guidelines
- Product Readiness
- Business Retention and Recruitment
- Marketing and Promotion

The exhibit below lists the recommendations and status of each.

Exhibit 9. Business District Attractors

Retail Market Analysis 2006, Accomplishments To Date

Recommendations	Complete	Under-way	Still to Come	Comments
Redevelopment Guidelines				
1. Brand Yourself		X		Organized Main Street Program Selected property improvements & façade concepts; Business Improvement Revolving Loan Fund established Two Community Summits TGM project completed; Ongoing Downtown/Main Street logo & promotions
2. Physical Make Over		X		
3. Business Clustering Education		X		
4. Walkable Core Area		X		
5. Strive to Be Different		X		
Product Readiness				
1. Form Urban Renewal District	X			City would like to work with TEAM and Design Committee to identify priority projects TBD; Through Urban Renewal TEAM will give input on rezoning
2. Inventory Downtown Properties	X			
3. Contact Property Owners		X		
4. Prioritize Property Improvements		X		
5. Market "Ready" Properties		X		
6. Take Charge of Problem Properties			X	
7. Evaluate Downtown Land Uses			X	
Business Retention & Recruitment				
1. Ramp Up Shopping Promotions		X		Promotion work plan Loan program needs reworking Community Summits provide foundation
2. Assist w/ Façade Improvements		X		
3. Create B2B Marketing Program			X	
4. Start Business Kudos Program			X	
5. Promote Market Study Results		X		
6. Incent Existing Business Expansion			X	
7. Conduct Target Business Recruitment			X	
Marketing and Promotion				
1. Create Positive Image of Molalla in Portland region			X	Excellent exposure from Share the Love Program; need organized effort Stay open late until 8 on Wednesdays 3/50 project
2. Market to New Households			X	
3. Extend Business Hours		X		
4. Increase Visitor Spending			X	
5. Assist Businesses w/ Targeted Training/TA			X	
6. Implement "Shop Local" Campaign		X		

Successful implementation of downtown Molalla's business development program requires strong coordination, consistent communication and commitment to a vision for a more cohesive downtown. With many actions to undertake, a collaborative team must work together on business development. While the Economic Restructuring Committee of the Main Street Molalla organization and TEAM will spearhead efforts, partners will include the City of Molalla, Molalla Urban Renewal Agency, the Chamber of Commerce and other community organizations.

The recommendations from the 2006 plan remain valid today and provide guidance for both business development and promotion activities. However, special focus is needed on a few priority actions which are summarized below.

Targeted Property Improvements

Quality business tenants need attractive, appropriately sized commercial space in the right location for attracting customers. Specialty shops generally seek small square footages – usually 500 SF to 2,500 SF – whereas national retailers may need several thousand square feet. It is important to become thoroughly knowledgeable about and actively promote the commercial real estate downtown Molalla has to offer.

A top issue identified in the 2006 and 2009 shopper and business surveys is downtown image enhancement and 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. A targeted and focused effort is needed that has a high visual impact and sends a message that *change is underway*. Near term, priority actions and other recommendations for action are outlined on below.

2010 Priority Actions

- 1. Produce an Attention-Getting, Catalytic Transformation of 10 Downtown Properties in 2010.** Give it a catchy name - the '10 in 2010' or 'Molalla Storefront Makeover' project. Focus first on the core blocks in downtown Molalla. Leverage and expand the façade loan program. Investigate the Metro Recycled Paint program. Utilize local contractors and the community's volunteer base to focus on painting, clean-up, greening-up and signage. Obtain professional assistance with a color palette, a consistent approach to business signage, etc. Learn from the experiences of other communities such as Myrtle Creek and Sandy that have taken similar approaches.
- 2. Fill empty storefronts** with window displays of local art, school clubs, nonprofits, 'your business here' creative sets while readying the properties for seasonal (summer month) and longer term leases. Clackamas County Main Street has several examples of successful programs of this nature. Oregon City's Art on Move Program in downtown has drawn significant attention to otherwise vacant windows.

Business Retention & Expansion

Helping Molalla's existing business base succeed will be the underpinning of successful economic development. Most often, businesses want and need help with marketing and merchandising, finance, systems improvements, tenant and façade improvements, business location/expansion and staying on top of marketplace trends and opportunities.

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

Rural communities often rely on innovative approaches to encourage entrepreneurs and develop successful local start-up companies through mentorship and technical support. Two popular concepts, Enterprise Facilitation and Economic Gardening, are based upon the thinking that the best chances for growth are by seeding and supporting local entrepreneurs, youth included. See Appendix E for examples of rural Oregon communities that have successfully used this economic development approach. The Santiam Canyon GROW Program provides another successful model of economic gardening. (<http://www.growsantiam.org/>)

2010 Priority Actions

- 1. Create a Window Display Assistance Program** for existing businesses who need help transforming their store windows into their best sales and marketing tool. Provide a short educational workshop followed by one-on-one in-store assistance. Target several window displays at a time for a high visual impact. Involve local artists and high school/Clack marketing students as well as local businesses that may contribute or discount lighting, shelving, etc.
- 2. Develop an Entrepreneur Connections Program.** 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 F for an example program, offered by the Ellensburg Downtown Association. To support these efforts and allow for one-on-one assistance, consider applying for an Oregon Microenterprise Network Vista/Americorp worker and access to capital/microloan funds. (<http://www.oregon-microbiz.org>)
- 3. Organize a Buy Here Program** among the Molalla business/institutional community to shift 5 percent of annual business/spending from out of town to local businesses. This could range from product and service purchases to consumables and unique needs. The goals are to encourage Molalla business owners to get to know what each business offers, help cross-market to customers, but will also maximize local purchases. Tracking and measuring results are key to enticing participation. This should be a joint effort of the Chamber and Main Street.

Business Recruitment

Downtown Molalla will need to work hard and smart to encourage quality businesses to locate there rather than other established or newer shopping centers. Business development efforts should emphasize unique, locally-owned businesses but also carefully target chains that offer credibility and/or the ability to draw a broad middle income market (when property is available).

Business Recruitment involves two strategic efforts, Marketing and Sales. Marketing involves packaging your market opportunity and your properties available, targeting your audience and follow-up and personal meetings with businesses, brokers and developers. As part of this project, Marketek will conduct a Business Development Training on April 5 for the Economic Restructuring Committee to identify specific next steps and the system for prospecting. However, a draft Market Fact Sheet appears in Appendix G for use in promoting Molalla's opportunities.

2010 Priority Actions

1. **Organize and follow-through on a targeted business recruitment campaign, such as Restaurants.** Layout the steps, the targets, the sales presentation, the approach and follow through necessary to gain interest and feedback.
2. **Identify opportunities for short term leases or 'pop up' uses.** Examples include: a Western Art Market in conjunction with the Buckeroo, a semi-annual recreation gear swap meet or sale (boating gear in the summer and snowboard/ski sales in winter), a weekend antique show, a Holiday Fair of Molalla area artisans, etc.
3. **Hold youth entrepreneurship workshops.** Molalla is a very family-oriented town. Like many rural communities, leaders are eager to see youth engaged in meaningful activity and for them to have a role in the local economy. An entrepreneurship workshop aimed at community youth and potential adult business mentors, teachers or other advisors and coaches could share case studies and examples of successful youth-led businesses, clubs, teen centers and enterprises. Youth entrepreneurs from other rural Oregon communities should be invited as speakers. (EX: Bandon, Lincoln City or Independence). The goal is to germinate a local initiative and helps identify existing resources, an organizational approach and steps for turning ideas into implementable plans.

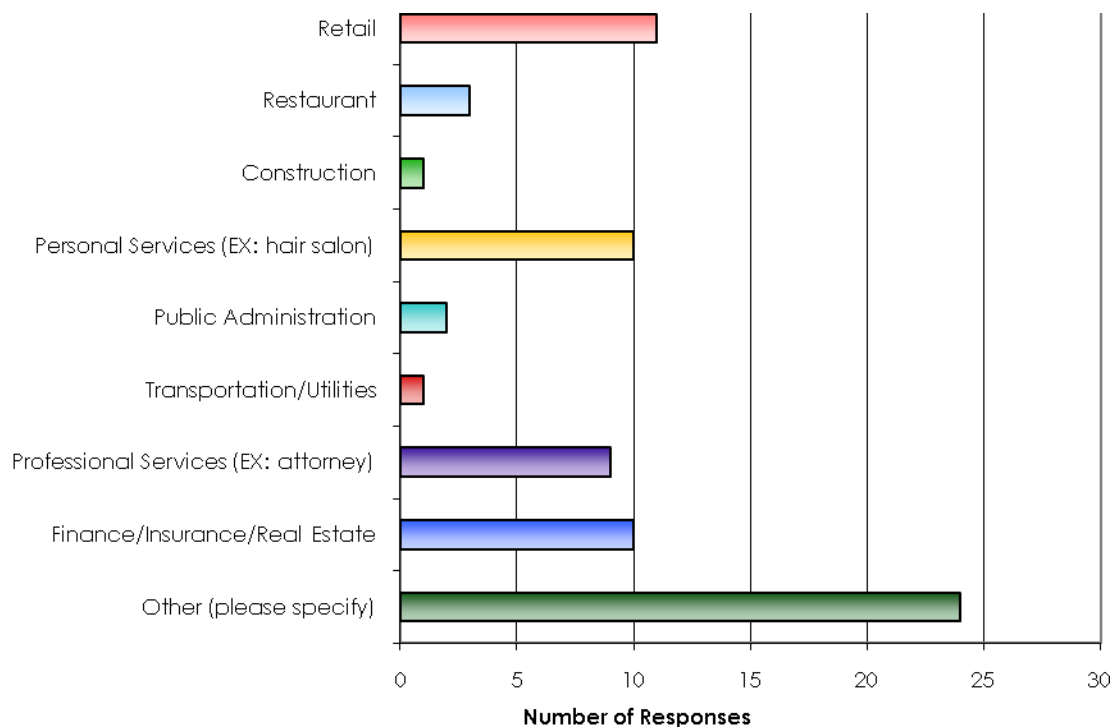
The City of Independence created a Retail Youth Incubator on Main Street focused on Bed and Bath products. See the agreement outlined for this program in Appendix H. Contact Clackamas County's Workforce Investment Council for partnership opportunities. The Ford Family Foundation may support such a venture tied to the upcoming Molalla Leadership Program sponsored by them.

Appendix A. Business Survey Results

Section 1: Business Information and Operations

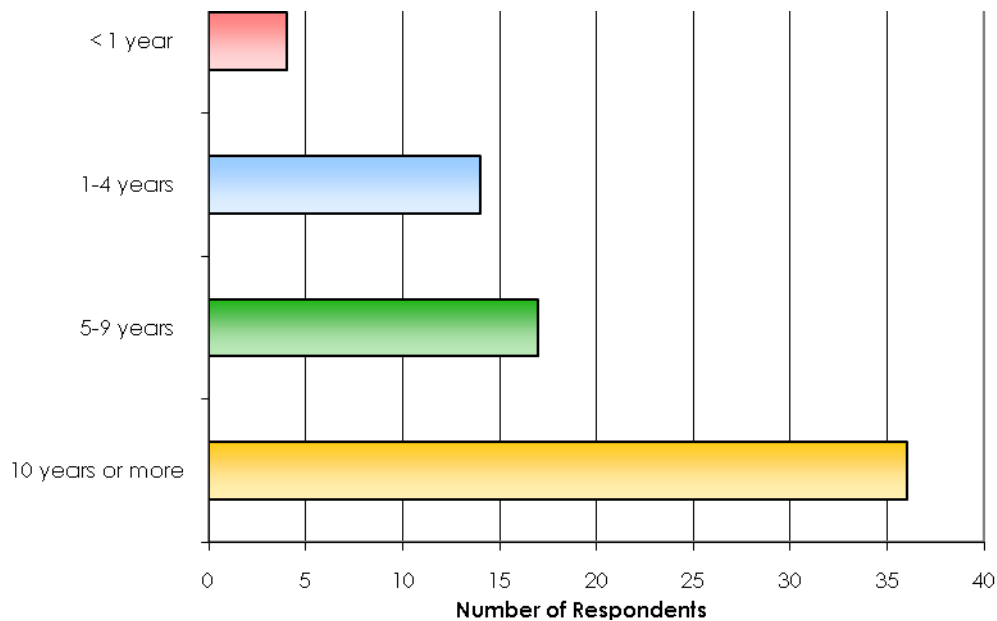
1. What is the nature of your business? (71 respondents)

- ★ More than any other category, 33.8 percent of respondents reported that their business did not fall in any of the given industry groupings. Those who responded "other" include nonprofits, consulting firms, medical offices, and a metal fabrication facility.
- ★ Chosen by 15.5 percent of respondents, retail establishments are the next highest reported business category, followed by finance/insurance/real estate, and personal services.



2. How long have you been operating this business Molalla? (71 respondents)

- ★ Just over half of respondents reported operating their business in Molalla ten or more years (50.7%).
- ★ The next most popular age of a respondent's business is 5-9 years (23.9%), followed by 1-4 years (19.7%).



3. Name up to 3 advantages or strengths you associate with doing business in Molalla. (64 respondents)

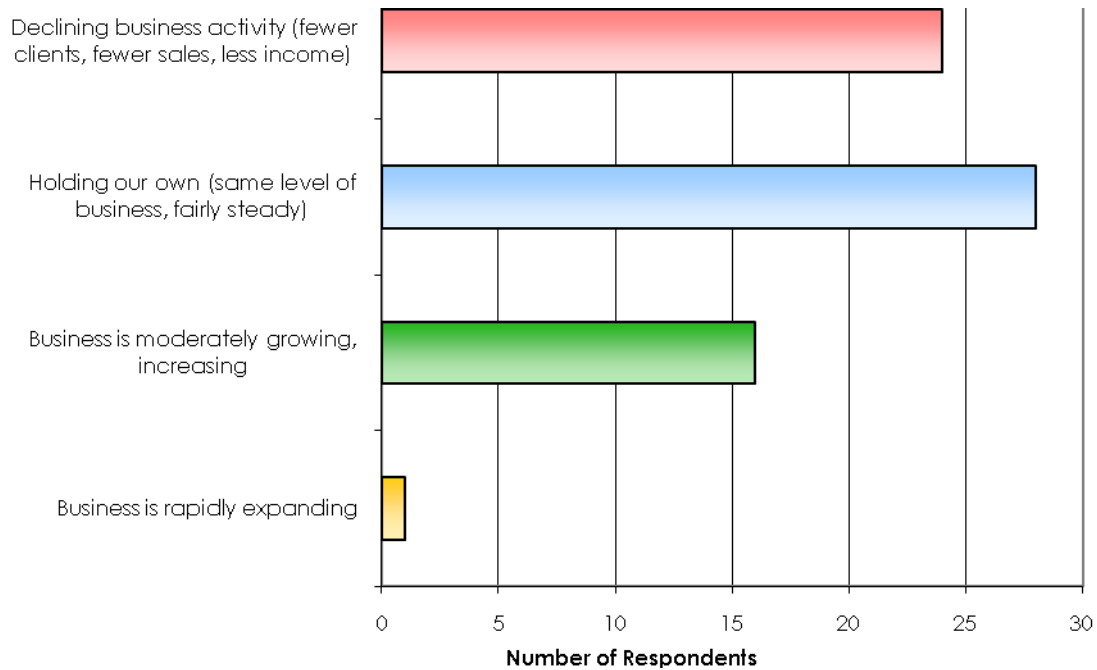
- ★ Respondents noted several strengths to doing business in Molalla, the most popular of which is the proximity to shoppers' homes. This proximity also correlates with multiple respondents' noting the convenience of doing business in Molalla.
- ★ Respondents also note that their shopping habits are motivated by a desire to contribute to the local economy.
- ★ Molalla's small town atmosphere is also considered a strength by several respondents.

4. Please share any disadvantages (if any) to doing business in Molalla. (55 respondents)

- ★ A strong majority of respondents reported that Molalla's remote location from other populated areas makes it difficult to attract others to do business. Respondents also noted low-quality infrastructure and lack of parking as some of Molalla's key disadvantages.
- ★ *"I find that it is hard to let the people of Molalla know that I am here. I also find that the 'old timers' of the community are very leery of anyone new. It is very hard to get the community to support my business."*
- ★ *"The lighting is poor for night shopping and the streets need to be repaired. It does not feel safe at night since there are a lot of people hanging around under inadequate lighting."*
- ★ *"This downtown area seriously needs to be cleaned and defined. Its landscaping is a disgrace. Parking needs to be shared to help all the businesses! Stop manicuring weeds, overgrown shrubs and vines. This area needs to look welcoming."*

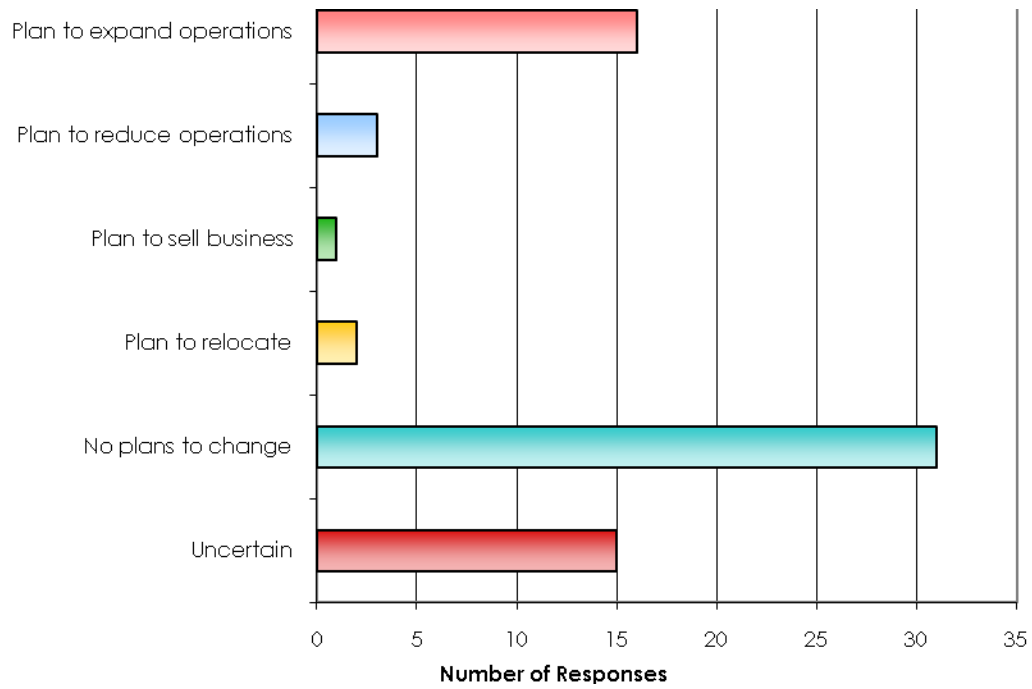
5. How would you characterize your current business' activity level (i.e. last 24 months of operation)? (69 respondents)

- ★ Almost half of respondents report steady business (40.6%).
- ★ Over one-third of respondents report that their business activity is declining (34.8 %) while just under a quarter report moderate increases (23.2%).



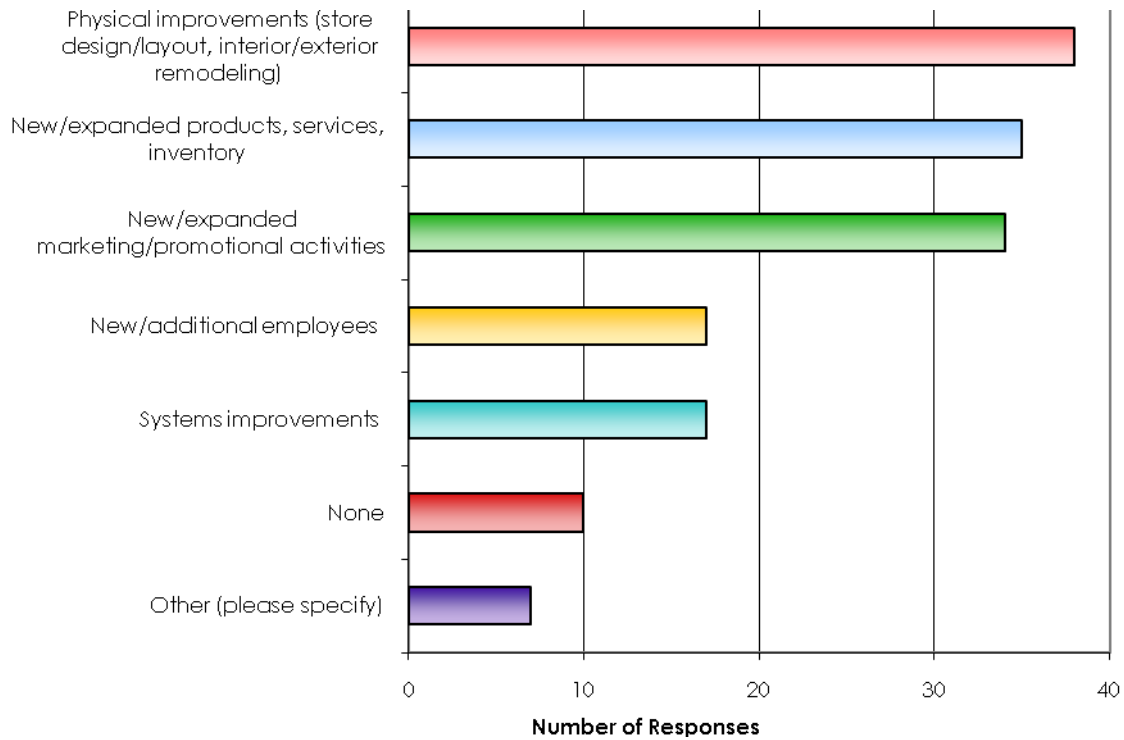
6. Which description below best characterizes your plans to expand or reduce your operation in the next one to two years? (68 respondents)

- ★ Nearly half of respondents (45.6%) reported that they have no plans to change their business operations.
- ★ Only 4.4 percent will reduce operations and 23.5 percent plan an increase.



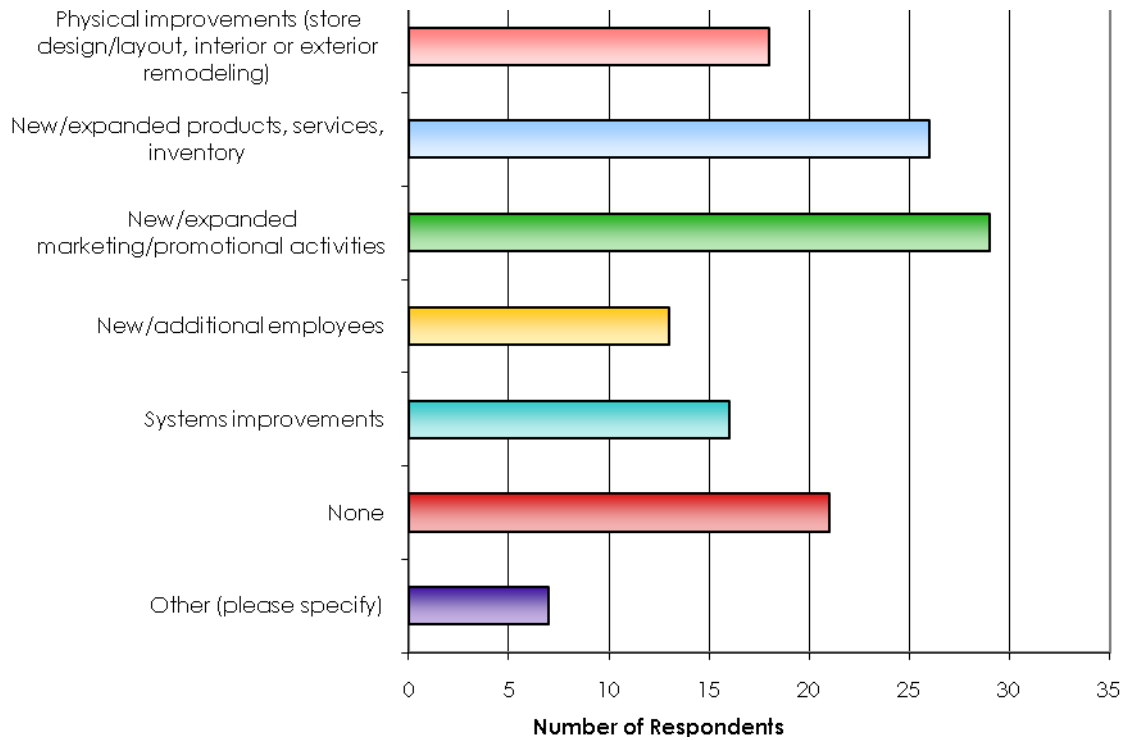
7. Please check any type of investment or improvement you have made in your business in the last two years. (71 respondents)

- ★ The majority of respondents have made physical improvements to their business within the past two years (53.5%).
- ★ Expanded product lines are the next most frequently reported investments respondents reported making (49.3%), followed closely by expanded marketing activities (47.9%).
- ★ Ten respondents (14.1%) did not make any improvement to their business.



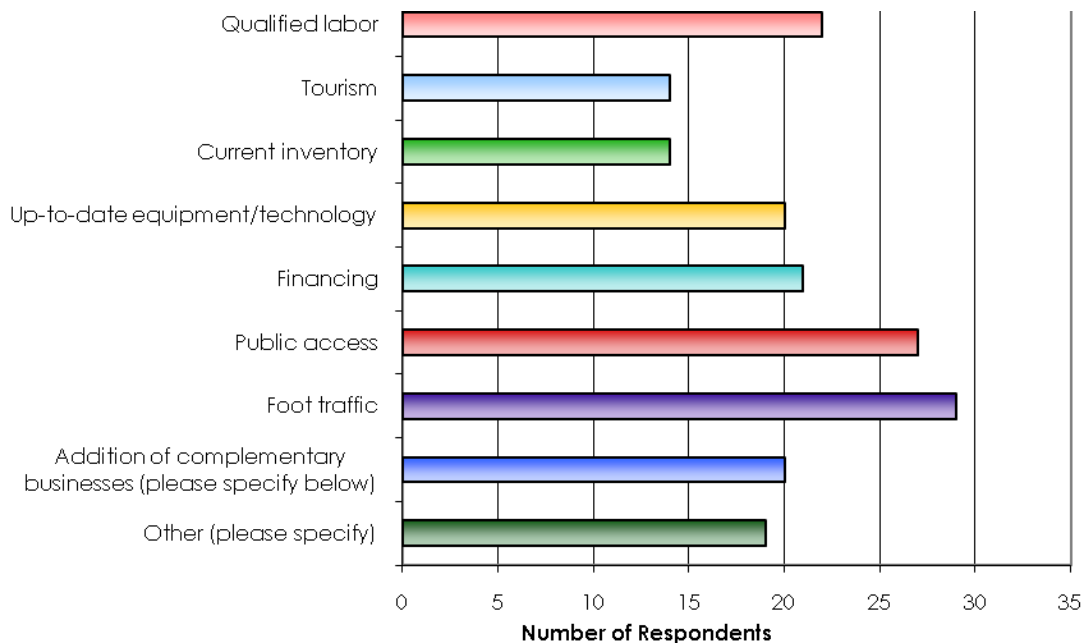
8. Please check any type of investment or improvement you plan on making in the next one to two years. (69 responses)

- ★ Slightly less than half of respondents plan on expanding their current marketing and promotional activities (42.0%).
- ★ Thirty-seven percent of respondents plan on expanding their product lines and services. Thirty percent do not plan on making any sort of investments at all.
- ★ Respondents commented that the state of the economy prevents them from making many of the improvements they wish.



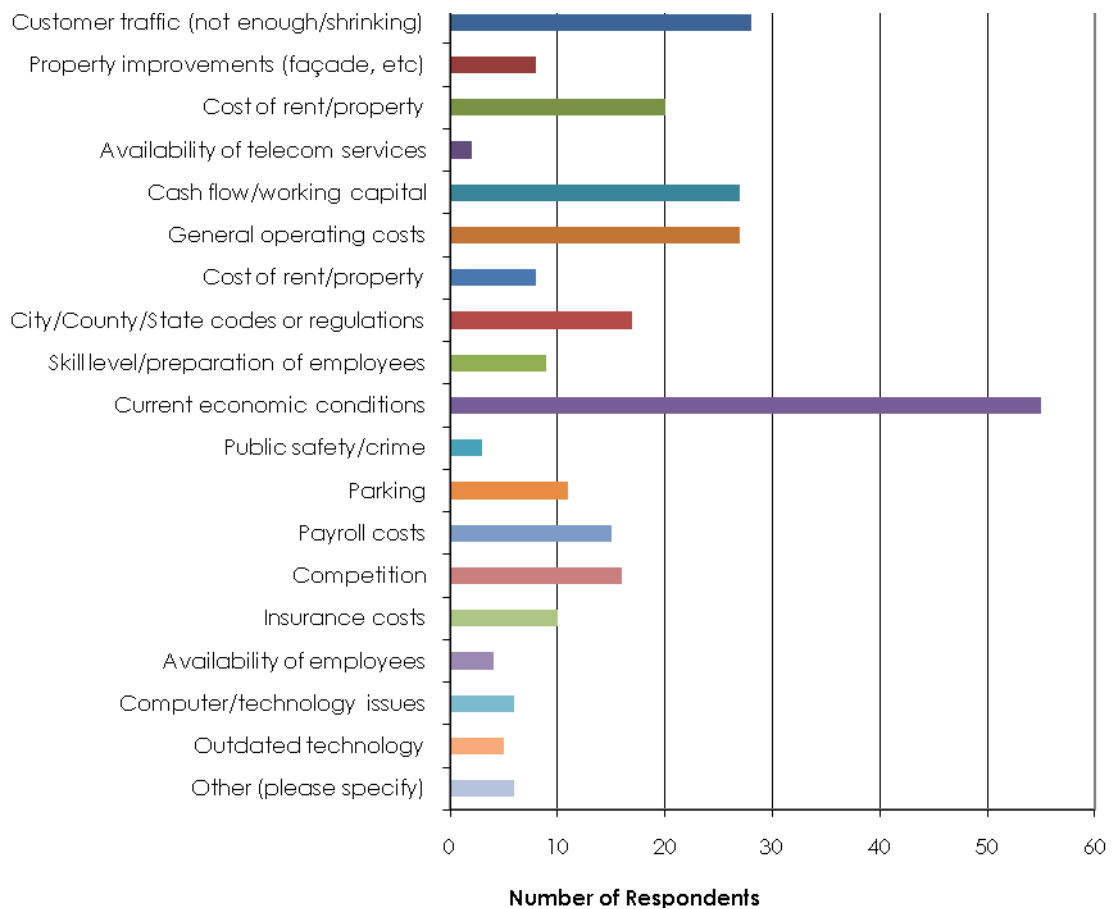
9. In addition to a strong economy, what are the critical factors for the success and expansion of your business (check ALL that apply) (70 respondents)

- ★ Respondents most often reported that access to adequate foot traffic is a critical factor in the success of their business (41.4%). Closely related to foot traffic, public access is the second most reported critical business factor (38.6%).
- ★ Supply of qualified labor (31.4%) and the availability of financing (30.0%) were also commonly listed as critical factors.
- ★ Respondents who marked “other” suggested that high taxes have impeded their success.



10. What are some of the major issues or obstacles facing your business today? (Please check the TOP FIVE priority issues.) (70 respondents)

- ★ A strong majority of respondents reported that the current condition of the economy is the largest obstacle faced today (78.6%).
- ★ Customer traffic was the next most reported obstacle (40.0%), followed by a lack of cash flow and high operating costs (38.6%).
- ★ Only four percent of respondents believe that public safety is an obstacle to their business.



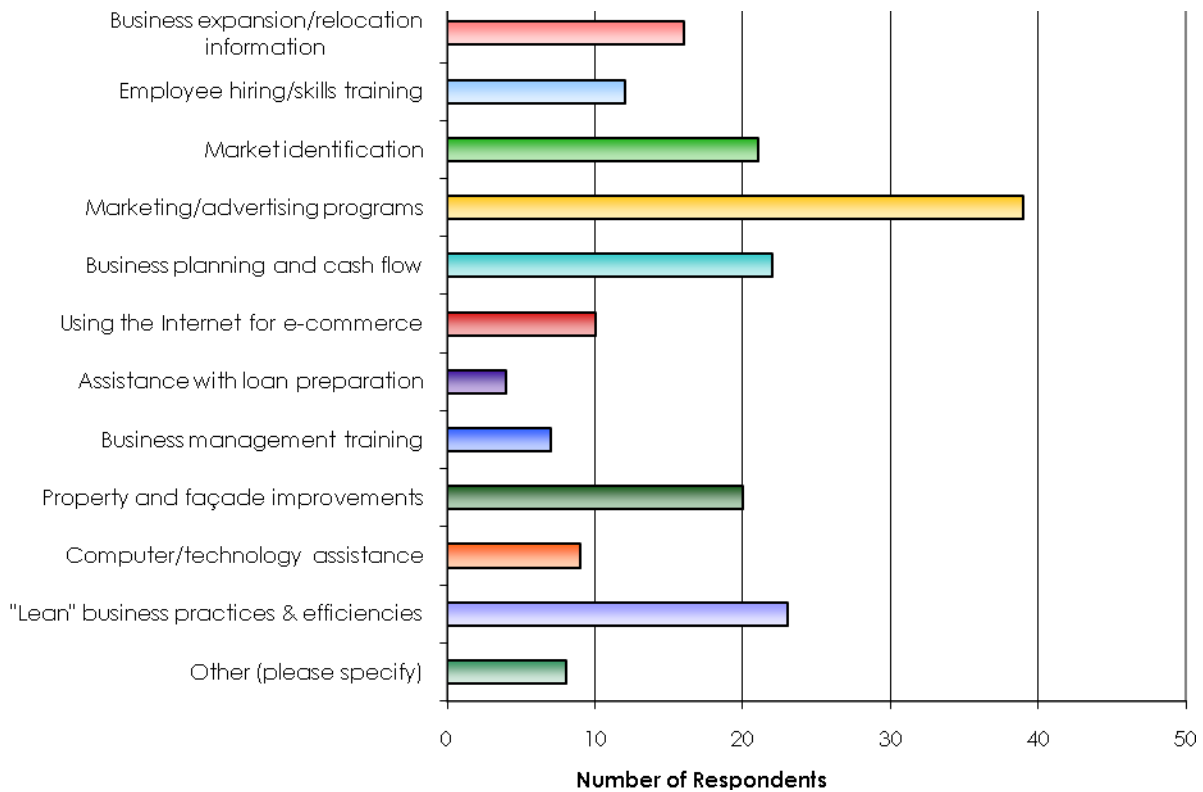
11. Please expand on any of your answers to the question above. If you checked "City/County/State code or regulations," please explain the issues or obstacles (20 respondents).

- ★ *"One in particular is that NO signs allowed for any home-based business, which clearly violates some requirements for certain state-regulated businesses. Cost of permits can differ at any time, and are usually too high. Unqualified planners have the "final say" for some issues. It isn't fair that business owners in Molalla that reside out of town have no say about city issues."*
- ★ *"It is difficult to make exterior improvements that would make my business more inviting and easier to maintain. This is because of restrictive codes or city officials that don't know which codes apply."*

12. To keep your business healthy and competitive, which of the following types of information or assistance are important to your company's growth? (Please check ALL that apply) (61 respondents)

- ★ Most respondents reported that marketing/advertising information is important for their business to remain healthy and competitive (63.9%).
- ★ The next most popular requested assistances programs were those dealing with "lean" business practices (37.7%) and business planning (36.1%).

- ★ Market identification (34.4%) and façade improvement programs (32.8%) were also popular.



13. If you were to rate the camaraderie of business owners/managers, what would you rate it on a scale of 1 to 10, with 10 being close camaraderie? (58 respondents)

- ★ The average camaraderie rating among respondents is 5.49. The median rating and the most often reported rating is five.

Section 2: Doing Business in Downtown Molalla

14. Are you interested in participating in a cooperative business marketing effort to attract customers to downtown Molalla or to encourage residents to shop locally? (62 respondents)

- ★ Yes – 75.8% (47 respondents)
- ★ No – 24.2% (15 respondents)

15. What identity or image would you like to see downtown Molalla develop for itself as a unique shopping district attractive to residents, employees and visitors? (48 respondents)

- ★ *"The image of Molalla should be of a friendly, small town that is not afraid to grow and or change. Molalla is the gateway to the Molalla River Corridor and should be promoted as such."*
- ★ *"Maybe some western theme, focused on the Buckeroo but on a yearly basis. Businesses should include western art galleries, cafes, etc."*
- ★ *"Western theme because our two biggest tourism events are in that theme."*
- ★ *"Walkability, parking, lighting - just an easier way to do business. Convert taverns to open restaurants, delis, shops, etc."*
- ★ *"I like the country store, country atmosphere, small locally owned stores and local manufactured products."*
- ★ *"Better streets. Clean appeal. Make things bright and colorful."*

16. What types of businesses would you like to see downtown Molalla attract or grow to improve its business mix? (50 respondents)

- ★ *"Lumber yard with hardware, family style restaurant such as Shari's with extended hours, expand shopping choices via larger or chain store (like Fred Meyer) where residents could purchase clothing and other "dry goods"."*
- ★ *"More retail - antiques/gift shops/restaurants - that would draw people to the downtown in the evenings and weekends."*
- ★ *"Family Restaurants, movie theatre and more choices for shopping like Target, Costco, office supply store or feed store."*
- ★ *"Retail with moderately priced apparel/shoes. Community theater or performing arts center (maybe the old Methodist Church)."*
- ★ *"Increase arts, outdoor downtown activities on weekends geared to families."*

17. What could businesses do to attract more local residents? (51 respondents)

- ★ *"First Friday late opening of businesses."*
- ★ *"Bring back the farmers market. Offer more events in town. When the Buckeroo was going on, not too much was held in downtown except the parade and breakfast."*
- ★ *"Update buildings so they don't look so run down and dated. Even a coat of paint might help."*
- ★ *"Clean up the look of downtown. While there have been huge improvements, it still looks a little run down. Green it up a little with some trees."*
- ★ *"Stay open later on a specific day or have seating out in front of some businesses."*

- ★ *"Work together to have a 1st Thursday/Friday event that showcases public art and a farmers market. Get rid of low income housing on main street and add more green space."*

18. What could downtown businesses do to attract more visitors and other shoppers who live out of the area? (49 respondents)

- ★ *"Keep evening or weekend hours. Get many businesses to coordinate events/sales so radio/TV broadcasting costs could be shared."*
- ★ *"A publication that advertises Friday specials and open houses for service businesses."*
- ★ *"Hold events such as Buckaroo, cruise-ins, BMX, sports, mountain bikes. Develop convention/retreat centers."*
- ★ *"Better web presence. MCC and the City have nice sites while the Chamber's looks old and tired."*
- ★ *"Consider that we currently have an auto body shop, a mortgage company, an insurance company and an empty storefront at our main intersection. Also, within that area is a feed store, a chain saw shop, a car dealership, a welding shop, another insurance company and a gun shop. A gun shop is not inviting! It really sends the wrong message. Of course some of these family owned businesses have been here for decades, and I respect that, but our downtown face will never change as long as they are using those prime retail spaces. These should be filled with coffee shops or wine bars, book stores, and other businesses that visitors might be tempted to stop and explore and that the locals would like to use on a daily basis with their families. I drive into Molalla everyday for either work or shopping and honestly it is depressing, whichever end you arrive from. It looks like we are stuck in the depression of the 80's. Also, would someone please scrub that dirty white horse?"*

19. Do you live inside the City of Molalla? (62 respondents)

- ★ Yes – 35.5% (22 respondents)
- ★ No – 64.5% (40 respondents)

20. If you are interested in any follow up, please check the appropriate box below (check all that apply): (18 respondents)

Confidential information

21. Please provide us with the following information. Please know that names, numbers and email addresses will be separate from other survey responses, which will only be used in aggregate. (46 respondents) Company names listed below.

- | | |
|-------------------------------|------------------------------------|
| ★ Key Carpets LLC | ★ Spurs, A Trading Company |
| ★ West Coast Bank | ★ Waldorf Accounting |
| ★ Beauty Works Boutique | ★ Kylo Insurance |
| ★ IXL Transportation Services | ★ M&M Dental |
| ★ Wild Iris Flowers & Gifts | ★ D Craig Mikkesen Attorney at Law |
| ★ UPSP | ★ Molalla Vision Center |

- * Adonai's Taekwon Do
- * Fountain Valley Dental
- * Flat Iron Boots & Rory's Saddlery
- * National Securities
- * Joe Vering Gunsmithing
- * Molalla's Main Street Pizzeria
- * Molalla Bowl
- * Paris Nails
- * Fills Hitching Post
- * Molalla Manor
- * Andy Elliot Agency
- * Jodi's Hair & Nails
- * Action Towing and Repair
- * Valley Chiropractic Care
- * Native Fish Society
- * The Grooming Barn
- * Eurick Supply Company
- * Bentley Feed Company
- * Molalla Family Dental
- * Astro Toads
- * RMS Technology, Inc.
- * Pacific Northwest Live Steamers
- * North West Dental
- * BCN Metal Fabrication LLC
- * Key Carpets LLS
- * Friends of Family Farmers
- * Big Meadow Realty
- * McLaughlin Fitness LLC
- * Team Hot Iron
- * Wild Bill's Guns
- * Doubletree/Deardorff 3-D

22. Please share with us any other comments you may have. (21 respondents)

- * *"There really isn't anything in Molalla that you can't find or buy in Oregon City, Woodburn or Portland, but there is more available in those locations. Make Molalla a place to come to get the goods and services that aren't offered anywhere else."*
- * *"I appreciate the efforts being made to spruce up downtown and attract more businesses. I'd encourage the city to continue to draw in the outdoor adventure crowd, as the Molalla River Recreation Corridor is a big draw."*
- * *"I wish we had the ability to have mail delivered downtown. We are excited about the Main Street Project!"*
- * *"The Molalla Mainstreet program is a step in the right direction. Newly proposed city codes are a step backwards. They are overly restrictive, punitive, arbitrary and do not present a welcome attitude toward potential businesses."*
- * *"I've been a business owner in Molalla all my life. Every two or three years for the past 20 years there has been another study on how to improve the downtown area. Until you get parking and savvy business owners you should probably quit wasting money on these studies that never go anywhere."*
- * *"Molalla does not have a population large enough to sustain a small business. It is important to market outside of the community. Also to recruit more industry that would bring jobs to town."*

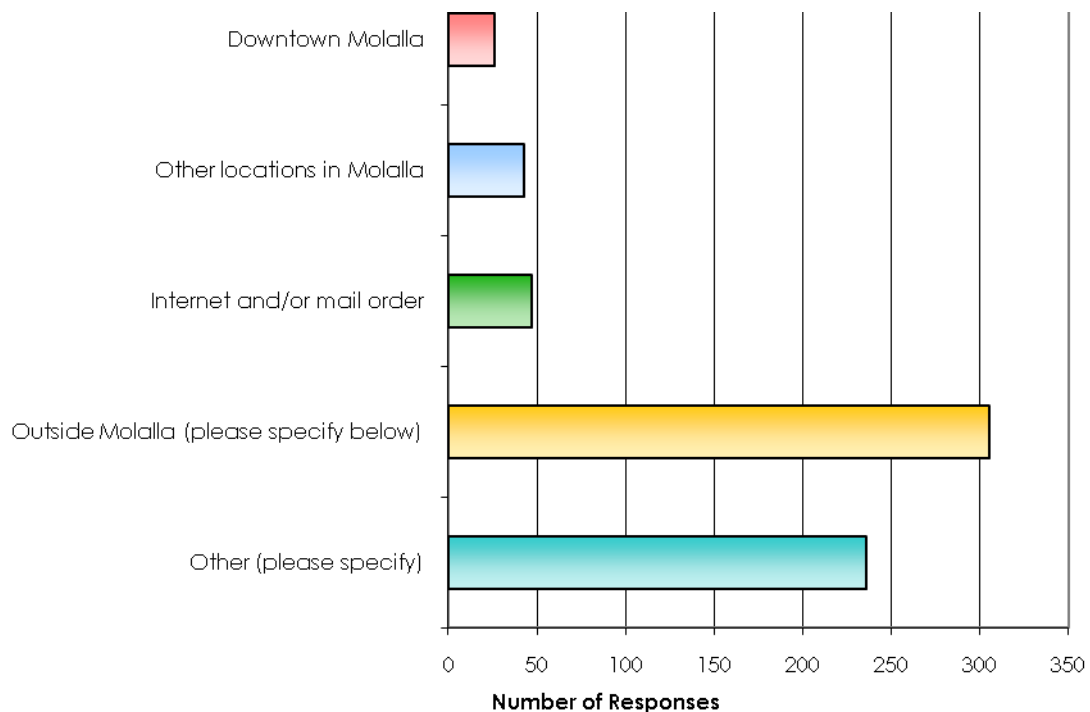
Appendix B.

Shopper Survey Results

Section 1: Shopping Habits

1. Where do you do most of your non-grocery shopping (e.g., apparel, home furnishings, sporting goods, etc.)? (372 respondents)

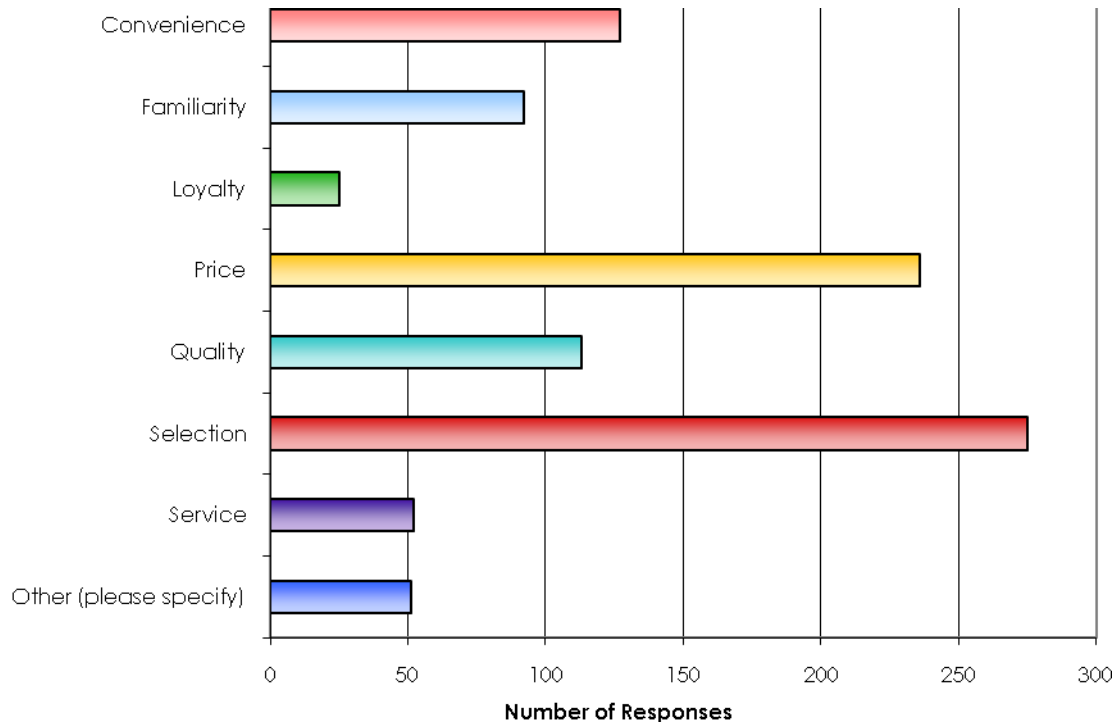
- ★ The vast majority of respondents perform most of their non-grocery shopping outside of Molalla (82.0%). Popular destinations include Clackamas, Oregon City, Woodburn and stores like Fred Meyer, Costco, and Wal-Mart.
- ★ Only 69 respondents reported doing most of their shopping in Molalla (18.6%). Twenty-six of those shop primarily in the downtown (7.0%).



2. What are the primary reasons for shopping where you do? Please select your top three (3) reasons. (373 respondents)

- ★ Respondents make their decisions on where to shop based primarily on available selection (73.7%) and price (63.3%).
- ★ Only 25 (6.7%) respondents feel that loyalty drives their decision making process.

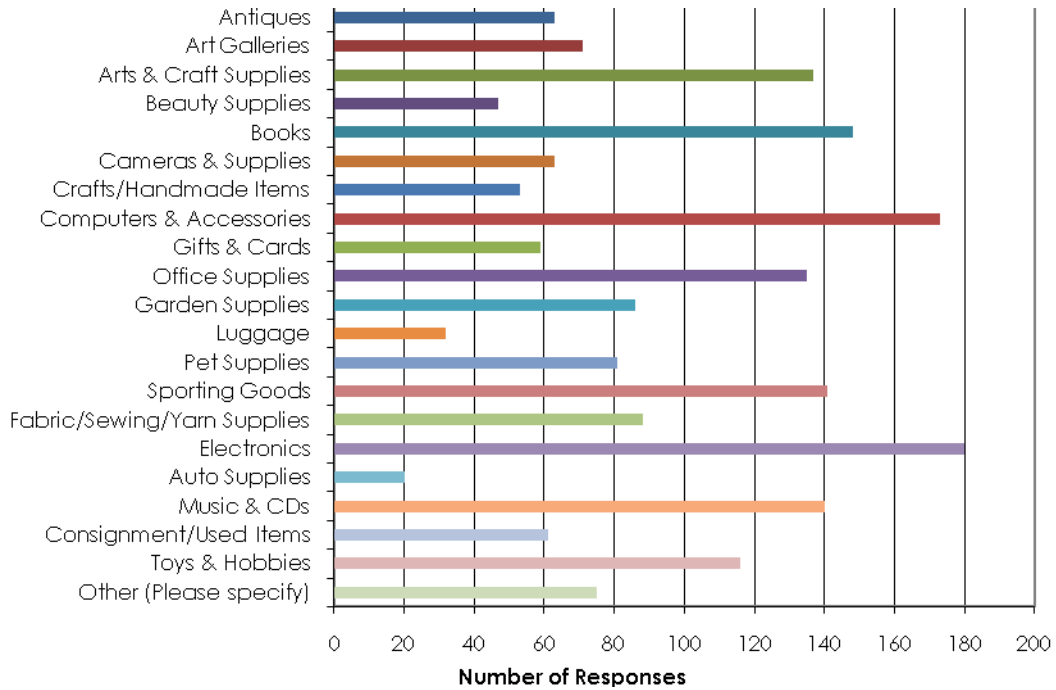
- ★ Several of those that selected “other” described Molalla as not having a diverse enough selection of goods.



Section 2: Shopping Needs in Downtown Molalla

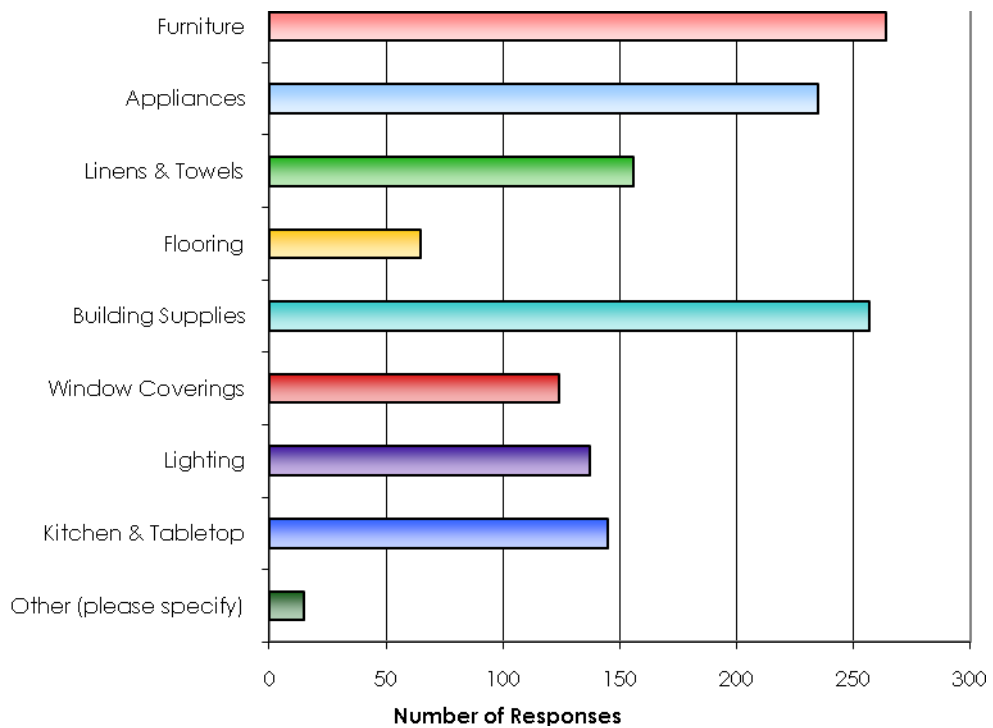
3. What types of SPECIALTY/MERCHANDISE do you think are missing in Molalla? (Check all that apply) (361 respondents)

- ★ Almost half of respondents think that electronic goods (49.9%) and computer accessories (47.9%) are missing from Molalla.
- ★ Respondents think that auto supplies are Molalla's least necessary specialty good (5.5%).
- ★ Many respondents who selected 'other' suggest that Molalla is missing clothing stores.



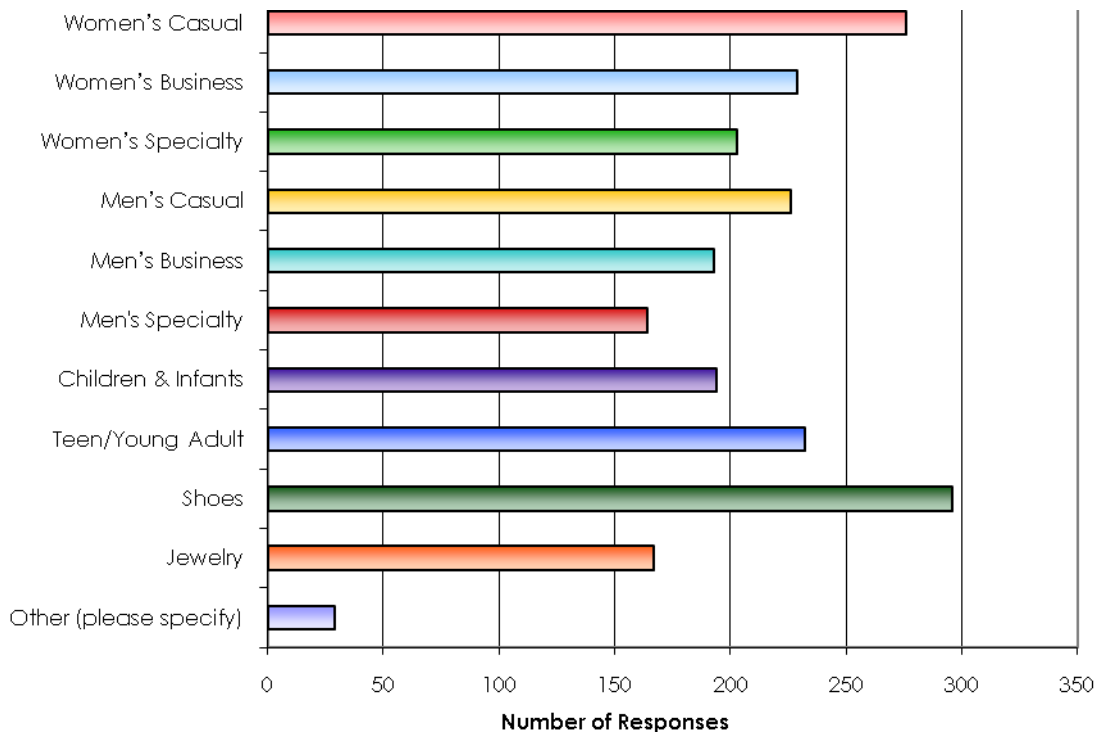
4. What kinds of HOUSEHOLD GOODS are missing? (350 respondents)

- ★ A majority of respondents suggest that Molalla is missing furniture (75.4%), building supplies (73.4%), and appliances (67.1%).



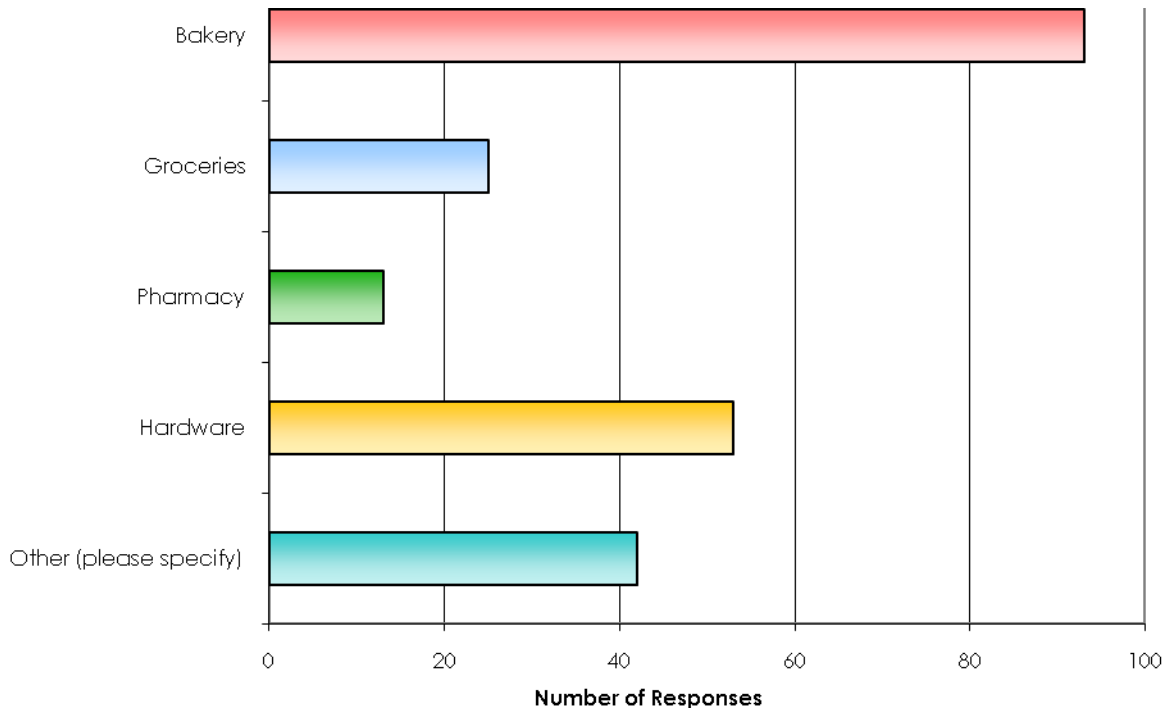
5. What kinds of APPAREL stores are missing? (Check all that apply) (349 respondents)

- ★ Respondents request shoes (84.8%) and women’s casual clothing (79.1%) more than any other type of apparel item.
- ★ Women’s business (65.6%), young adult (66.5%), and men’s casual apparel (64.8%) are also desired.
- ★ The high levels of response for each apparel category suggest that respondents desire apparel of all kinds.



6. What kinds of CONVEINCE MERCHANDISE are missing? (Check all that apply) (154 respondents)

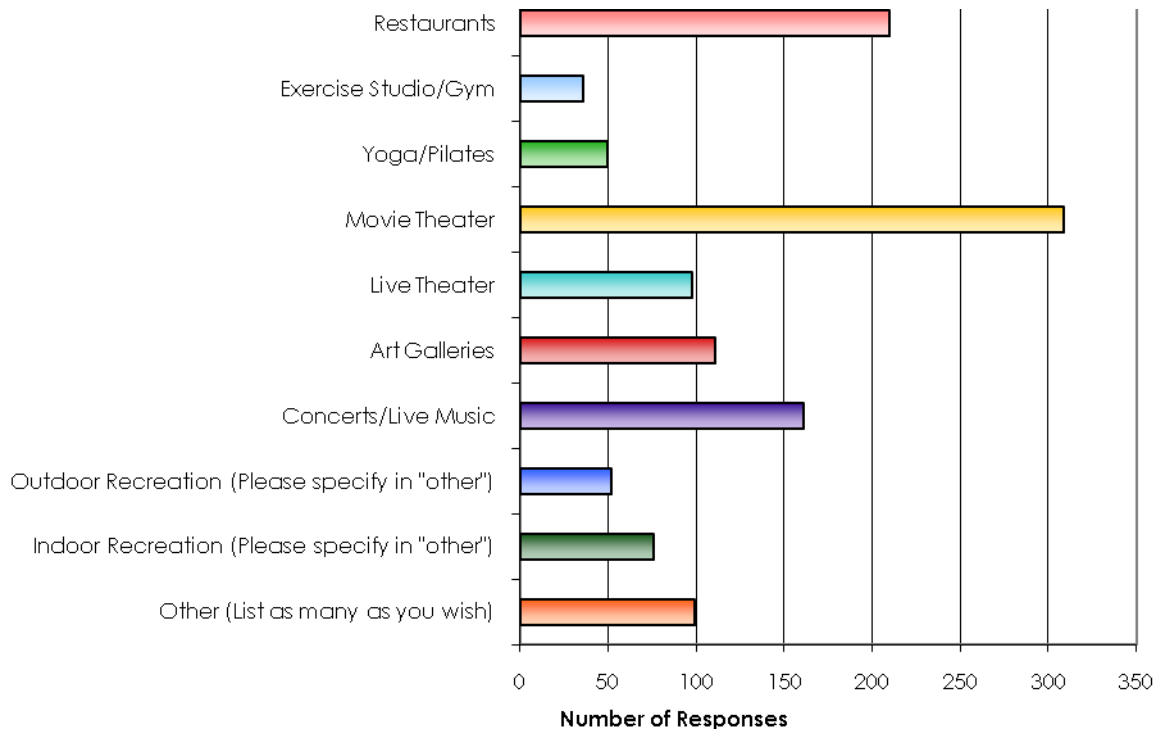
- ★ Respondents believe that a bakery is missing from Molalla more than any other type of convenience merchandise (60.4%).
- ★ A low numbers of responses for groceries (16.2%) and pharmaceuticals (8.4%) suggest that those needs are generally met in Molalla.



Section 3: Service Needs in Downtown Molalla

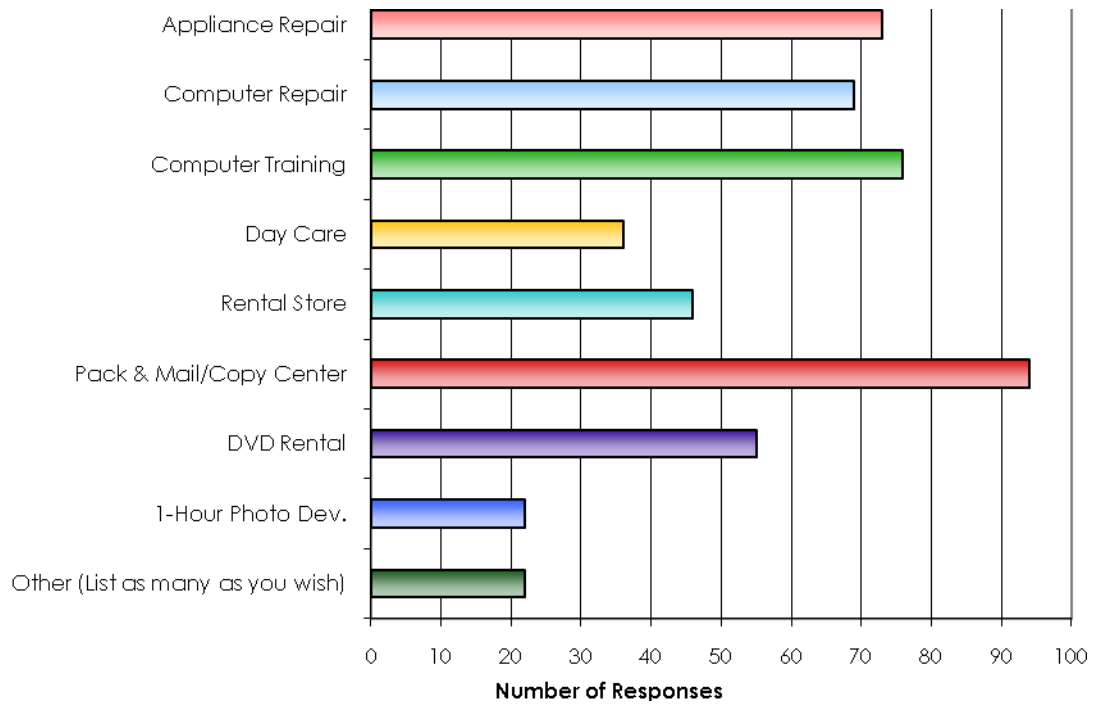
7. What kinds of LEISURE/ENTERTAINMENT services are missing? (Check all that apply.) (352 respondents)

- ★ The majority of respondents believe that Molalla is missing both a movie theater (87.8%) and an adequate supply of restaurants (59.7%).
- ★ Live music and concerts are also missing from Molalla (45.7%).
- ★ Other suggestions include introducing municipal recreation activities such as adult sports leagues, arts classes, and youth focused recreation.



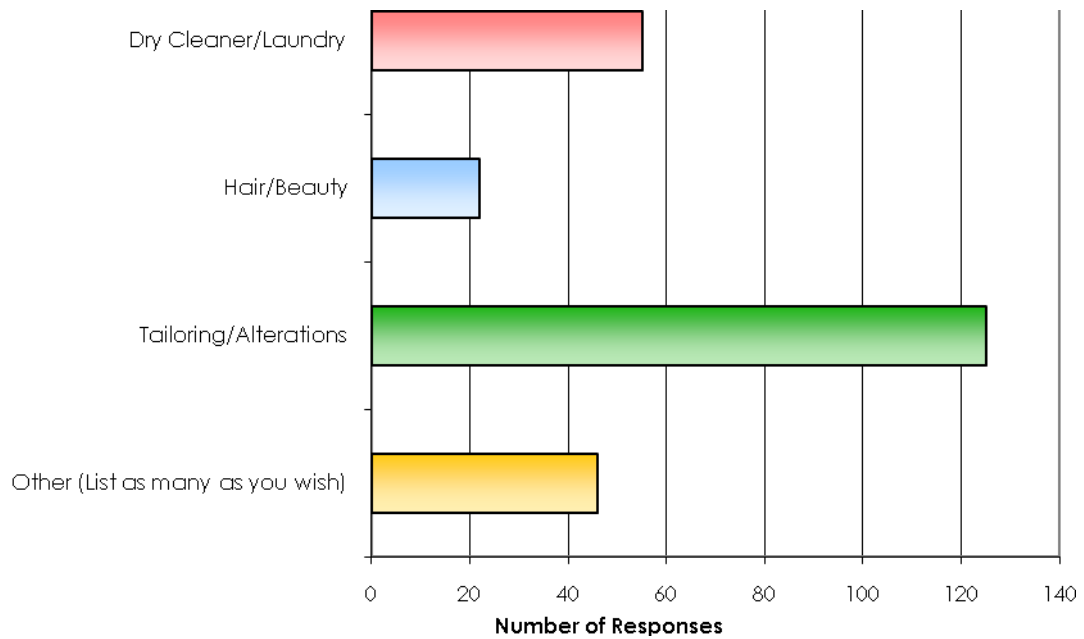
8. What kinds of GENERAL SERVICES are missing? (Check all that apply.) (226 respondents)

- ★ Almost half of respondents believe that Molalla is missing a pack and mail/copy center (41.6%).
- ★ Respondents are fairly evenly split between their requests for computer repair (30.5%), computer training (33.6%), and appliance repair (32.3%).



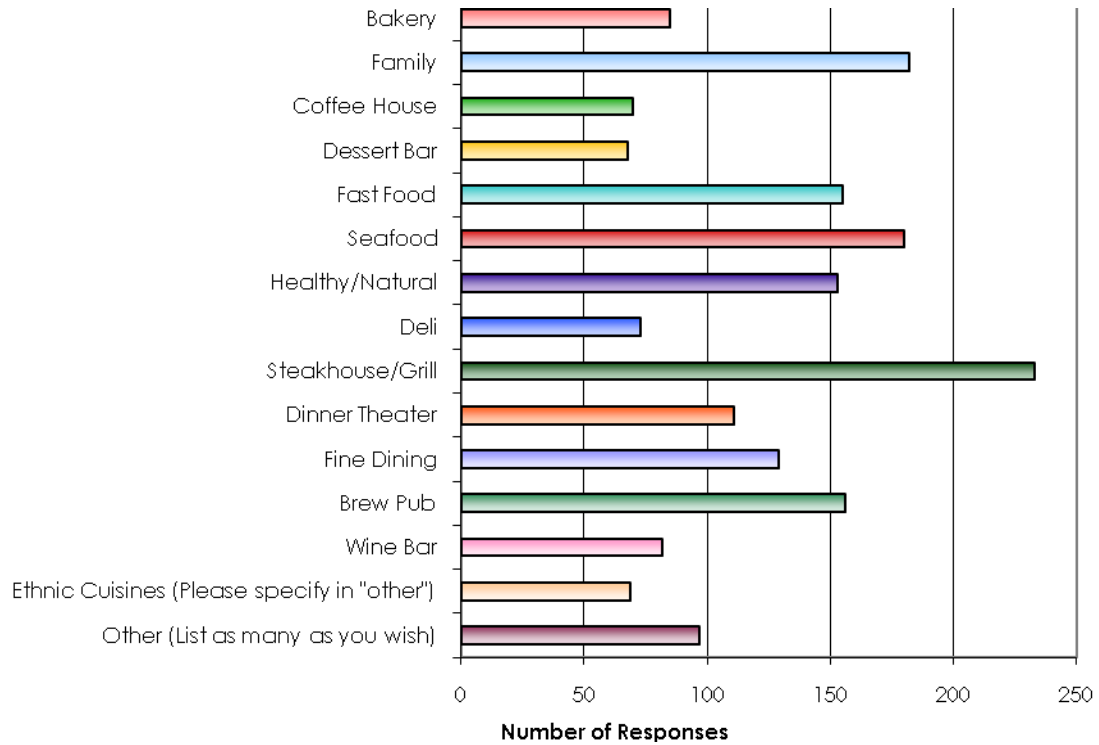
9. What kinds of PERSONAL SERVICES are missing? (Check all that apply.) (182 respondents)

- ★ Over sixty-eight percent of respondents believe that Molalla could benefit from additional tailoring and alteration services.
- ★ Several respondents used the “other” category to suggest that a day spa would be a welcome addition to Molalla.



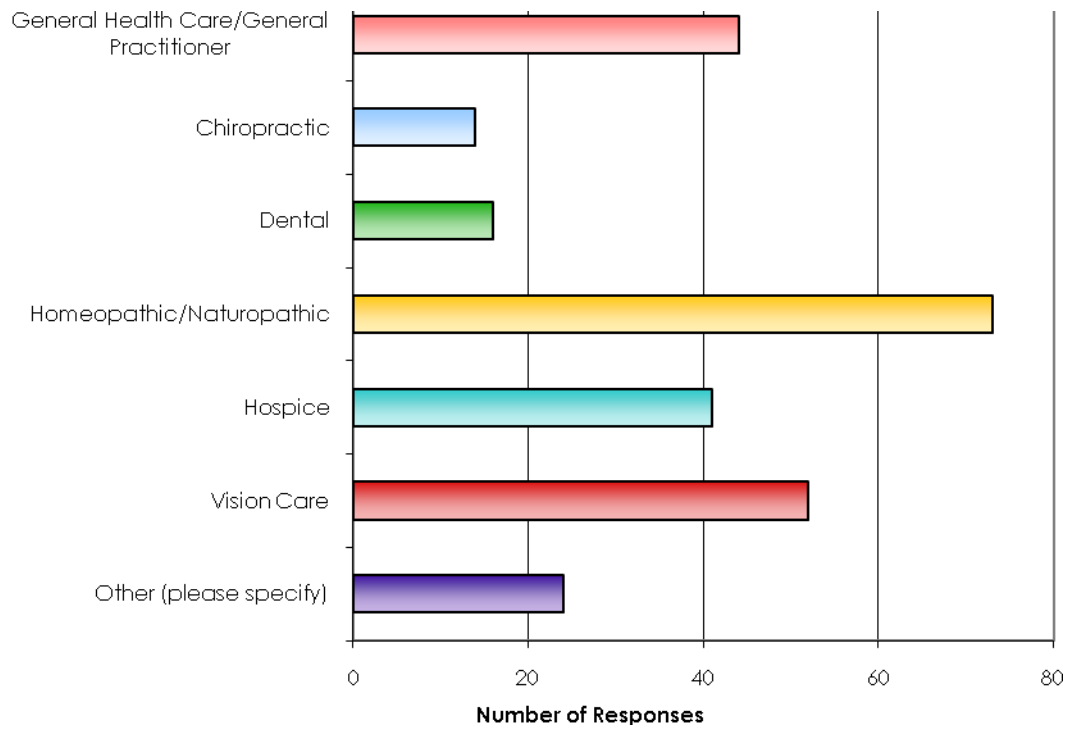
10. In your opinion, what types of RESTAURANTS AND EATING PLACES are missing? (Check all that apply.) (354 responses)

- ★ A majority of respondents believe that Molalla is in need of a steakhouse/grill (65.8%), a seafood restaurant (50.8%) and an additional family restaurant (51.4%).
- ★ Coffee houses (19.8%), delis (20.6%), and ethnic cuisines (19.5%) are in relatively little demand.



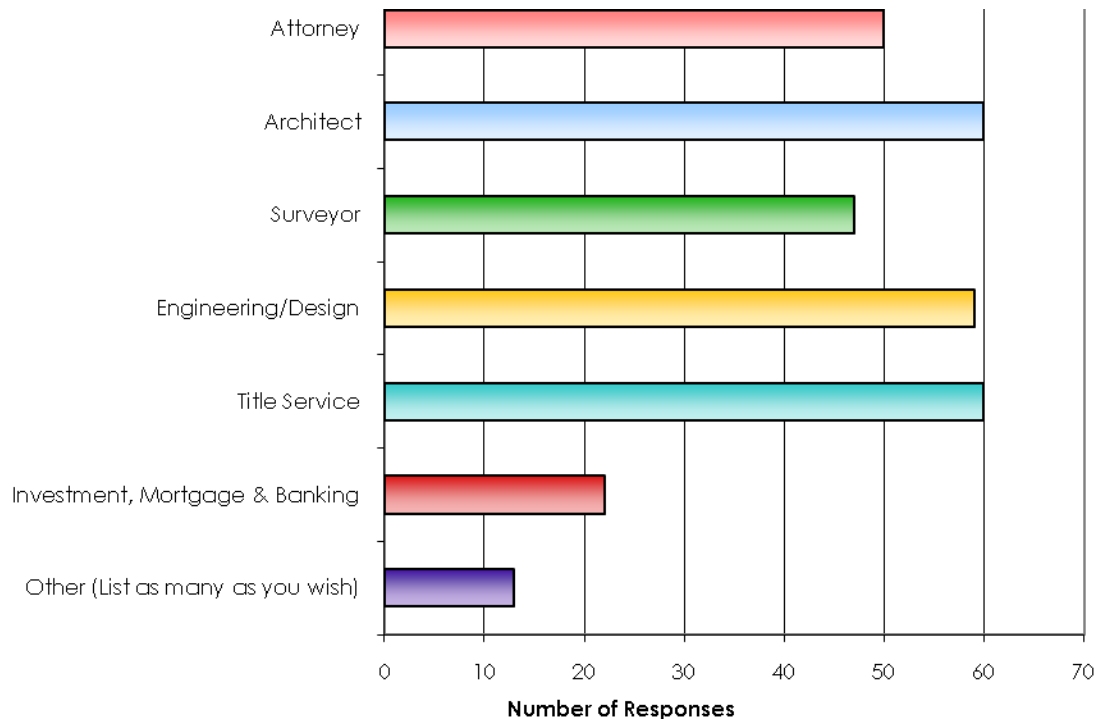
11. What HEALTH SERVICES do you think are missing? (Check all that apply.) (156 responses)

- ★ Almost half of respondents would like to see additional homeopathic/naturopathic health facilities in Molalla (46.8%).
- ★ Only about ten percent of respondents think that dental or chiropractic services are needed.



12. What PROFESSIONAL SERVICES do you think are missing? (Check all that apply.) (128 responses)

- ★ Respondents are split evenly among their desire for architectural and title services in Molalla (46.9%).
- ★ Other suggestions include city planners, personal trainers, and insurers.



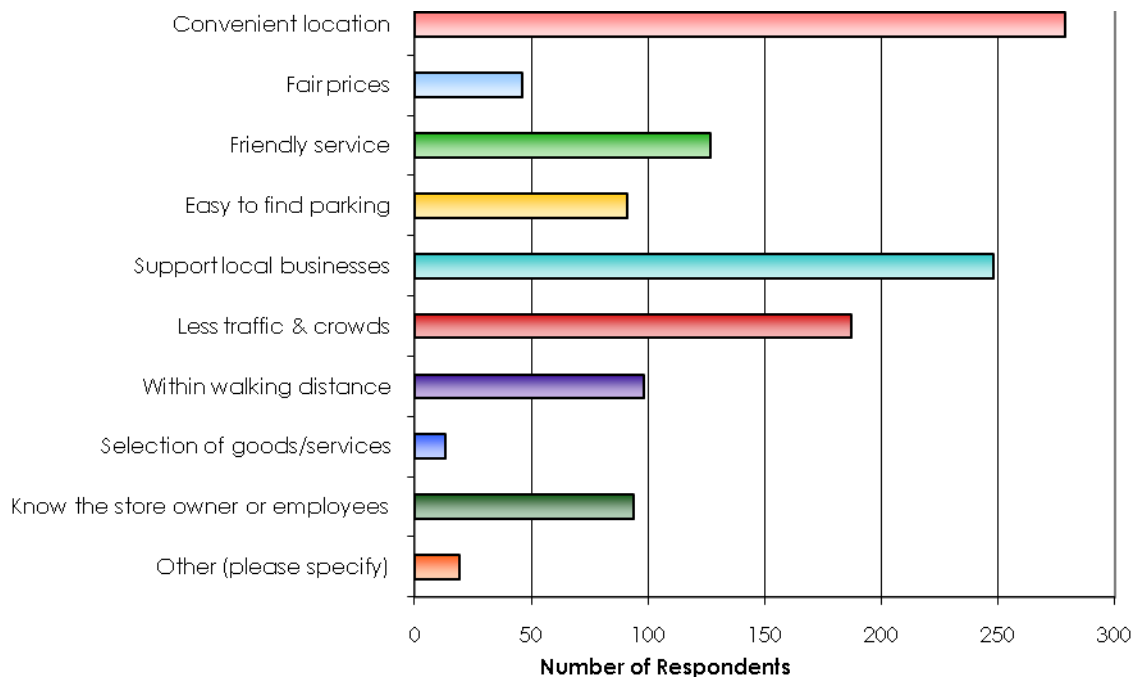
13. What are the top three goods or services needed in Molalla? (282 respondents)

- ★ Shoppers cite a wide variety of goods needed in Molalla, the most common being the need for more clothing stores. Respondents also desire additional restaurants and specifically mention fast food locations such as Taco Bell.
- ★ A Target store is also suggested multiple times, as well a movie theater and electronics store.

Section 4: Your Shopping/Personal Business Preferences

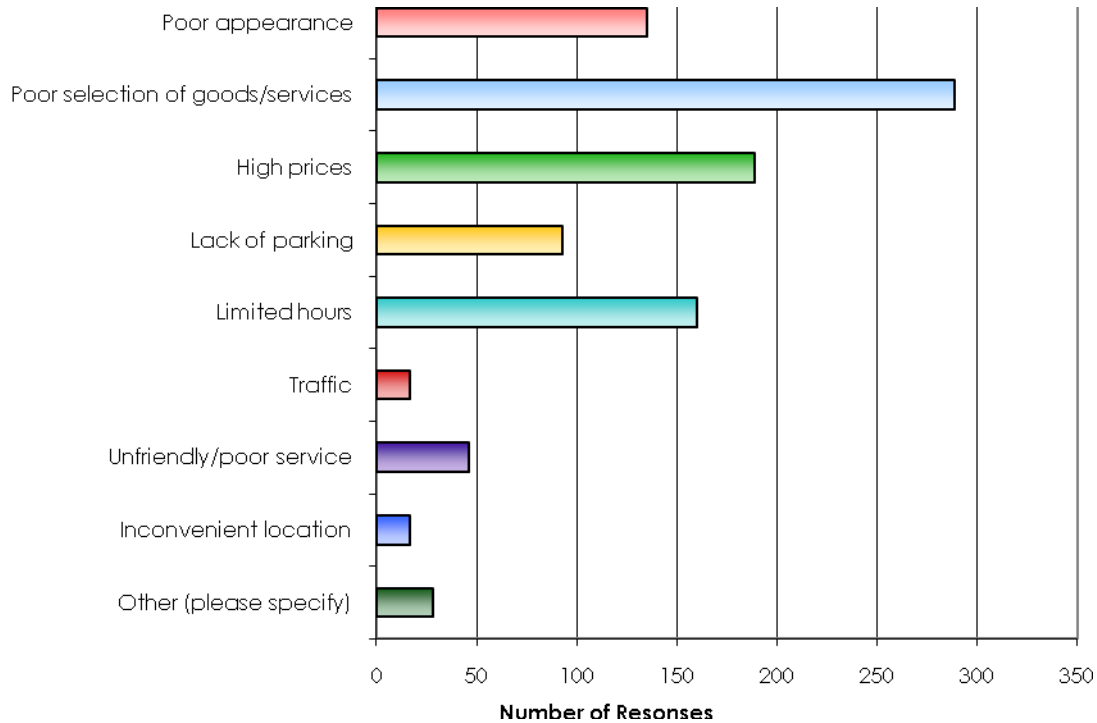
14. Currently, what are the major ADVANTAGES of shopping or doing personal errands in downtown? (Please check the top 3) (350 respondents)

- ★ The majority of respondents cite the convenient location of businesses as the primary advantage of shopping in Molalla (79.7%). This is followed by a strong desire to support local businesses (70.9%).
- ★ Selection of goods and services is the least cited advantage downtown (3.7%).



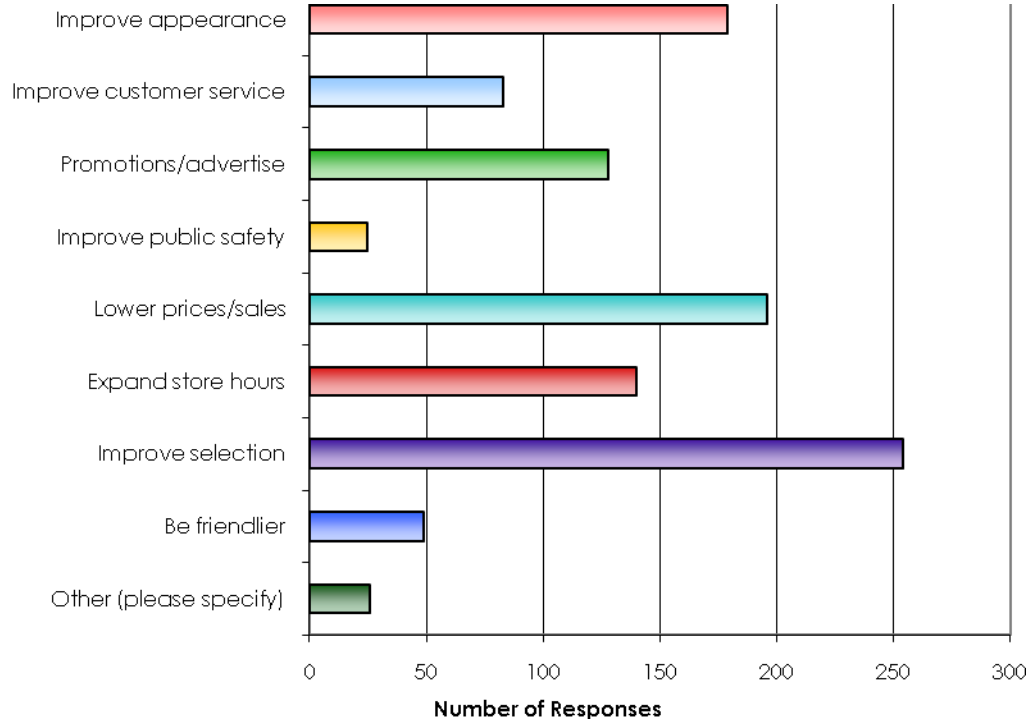
15. Currently, what are the major DISADVANTAGES of shopping or doing personal errands in downtown? (Please check the top 3) (347 respondents)

- ★ Mirroring the previous question, most respondents cite a poor selection of goods/services (83.3%) as the principle disadvantage of shopping downtown.
- ★ Respondents also cite high prices (54.5%) and limited hours (46.1%) as a deterrent to patronizing downtown Molalla.



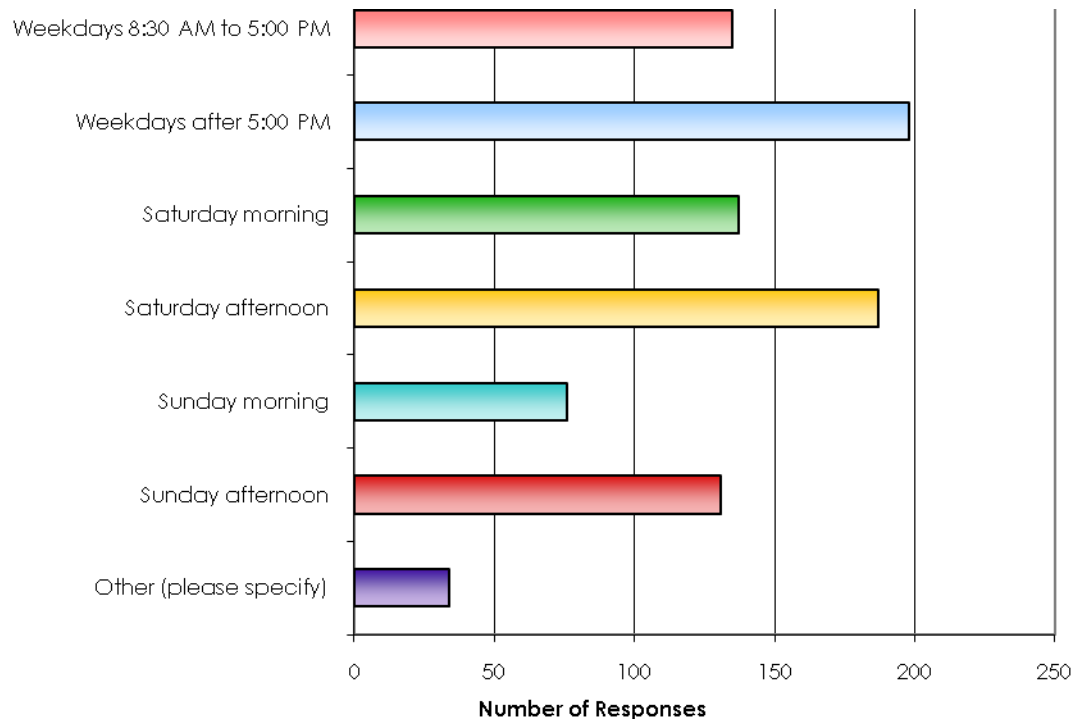
16. What can downtown merchants do to improve their business? (Check all that apply.) (340 respondents)

- ★ Corresponding to shoppers' answers to the previous questions, three-quarters believe that merchants can improve their business by increasing their selection of goods.
- ★ Lowering prices (57.6%) and improving their businesses' appearance (52.6%) will also help merchants attract additional business from respondents.



17. What are the best times for you to shop? (346 respondents)

- ★ Most respondents report that the best time for them to shop is on weekdays after 5pm (57.2%). This corresponds with many shoppers' complaints that Molalla merchants are not open late enough to serve their needs.
- ★ Sunday is the least convenient time for respondents to shop.



Section 5: Your Thoughts about Downtown Molalla

18. As downtown Molalla continues to grow and change, if you could keep one thing the same about downtown, what would it be? (266 respondents)

- ★ Respondents value Molalla's small town charm and do not want to sacrifice that trait for growth.
- ★ *"The cozy compactness of the immediate downtown. Don't let it become a long, narrow stretched out strip mall along the highway."*
- ★ *"I love the customer service and I am happy with what we have. We just don't have much variety or options for comparison shopping."*
- ★ *"I like the downtown's small town feel and that so many things are within walking distance."*
- ★ *"I love the rustic look to the building fronts along the main street."*
- ★ *"The people in Molalla are so friendly! I always enjoy talking with merchants and find that most people are very welcoming and kind."*
- ★ *"I love small-style towns and Molalla is a very friendly, likeable place."*
- ★ *"Slower pace - quiet, calm. Leave the hustle and bustle beyond Molalla. Promote coming "home" to calmness and sanity."*

- ★ *"I like the fact that there is NOT a traffic signal downtown. The four way stop really gives you that small town feel. I like the murals that are painted on the walls. I think it is important to keep that small town feel while trying to update."*
- ★ *"I like the eclectic look of the buildings. They are older and have history. I feel like it embodies 'Small Town USA.'"*

19. If you could change one thing about downtown Molalla, what would it be? (296 respondents)

- ★ While some respondents reported in the previous question that they like the 'rustic' look of the storefronts, many responded here that they would like to see downtown's appearance improved.
- ★ *"Molalla looks run down. I'm not sure if even half the stores are in business. Some are always dark and I've never seen them open."*
- ★ *"The look, feel and appearance. It barely looks like a 'downtown.' There is no place to park and nothing to draw you in. Lack of character and the busy intersection fail to make it attractive. The list goes on..."*
- ★ *"The appearance. A lot of the places are looking a little bit rundown and maybe need a face lift. However it's important not to lose the iconic charm that they create."*
- ★ *"There needs to be a complete redo of three to four blocks of storefronts to make a walkable, attractive small town with a theme. Add some tables and benches along the sidewalk, plus interesting window displays. Perhaps one historical building that represents early Molalla (Indians, logging, train, etc.)."*
- ★ *"The appearance. We need to take a look at Silverton and Canby. They made it pedestrian friendly and have cute but professional looking shops and businesses. Molalla is run down, old and drab looking. We need a "down-town makeover" including brick sidewalks, old-time lanterns for street lighting, planters, etc."*
- ★ *"The lack of people in the downtown area is a main concern of mine. If more people could be brought in, there would be more "eyes on the street," improving public safety as well as encourage people to walk around themselves. In order for people to live downtown, the appearance, store variety, and prices need to change. Making this area more user-friendly could encourage local shopping by people who only live a block away but choose to do their shopping in the next town over."*

20. What identity, theme, or image would you like to see downtown Molalla develop for itself as a unique business, shopping and entertainment district? (256 respondents)

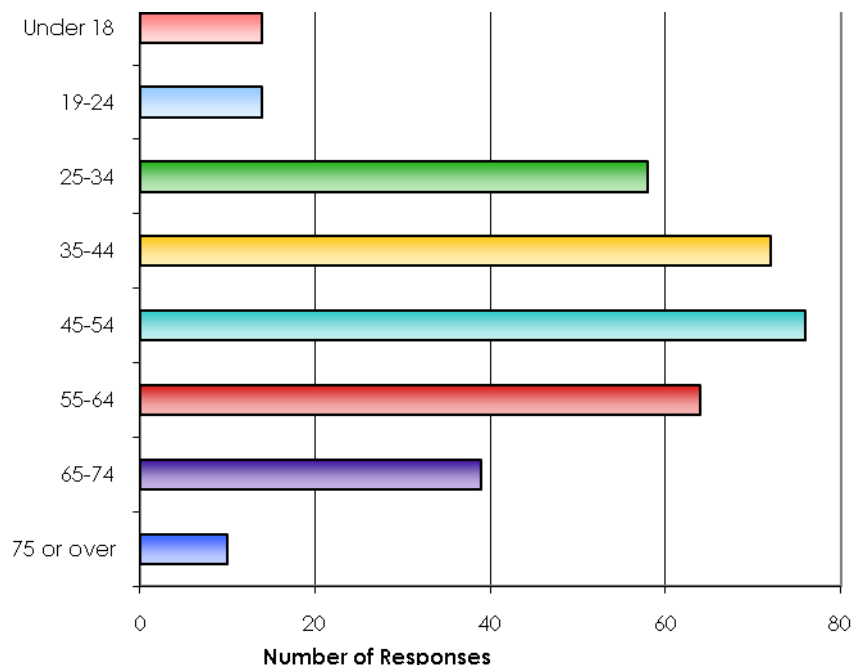
- ★ *"I don't think there needs to be a theme. Neat and tidy businesses with some continuity in design standards would be good. Themes can become restrictive or dated."*
- ★ *"Everyone is welcome. Appeal to more than the country/western lover."*

- ★ *“An older style, but not as rundown as it is currently. Something that brings outsiders downtown before and after events that happen in town. Downtown should also be a great gathering place for locals.”*
- ★ *“Promote the rodeo/western theme with Pendleton as an inspiration. There are a few businesses with this theme - past and present.”*
- ★ *“A cohesive architectural design code utilizing western/craftsmen (something that matches country living) theme with diverse cultural activities that attract visitors and provide an enhanced quality of life for residents.”*
- ★ *“Family-friendly environment with something for everyone to enjoy”*
- ★ *“An 'Old West' theme/look which would tie into our rodeo town identity. A look similar to Sisters or Joseph.”*
- ★ *“We are a country town and I would like to keep that flavor. Nothing too modern.”*

Section 6: General Information

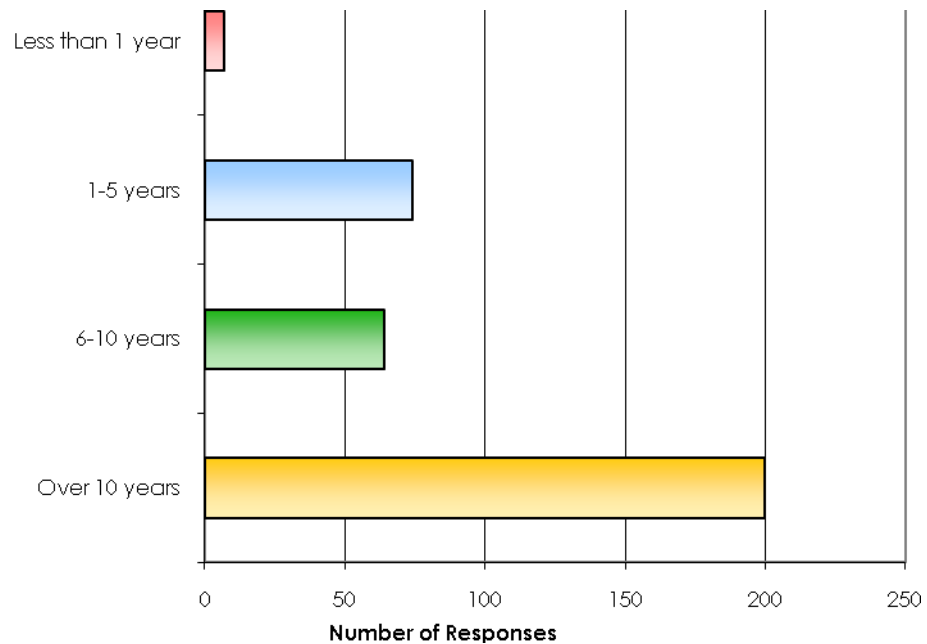
21. Please check your age. (347 respondents)

- ★ Almost one-third of respondents are 55 years of age or older (32.5%).
- ★ Respondents under the age of 24 make up only eight percent of the total.



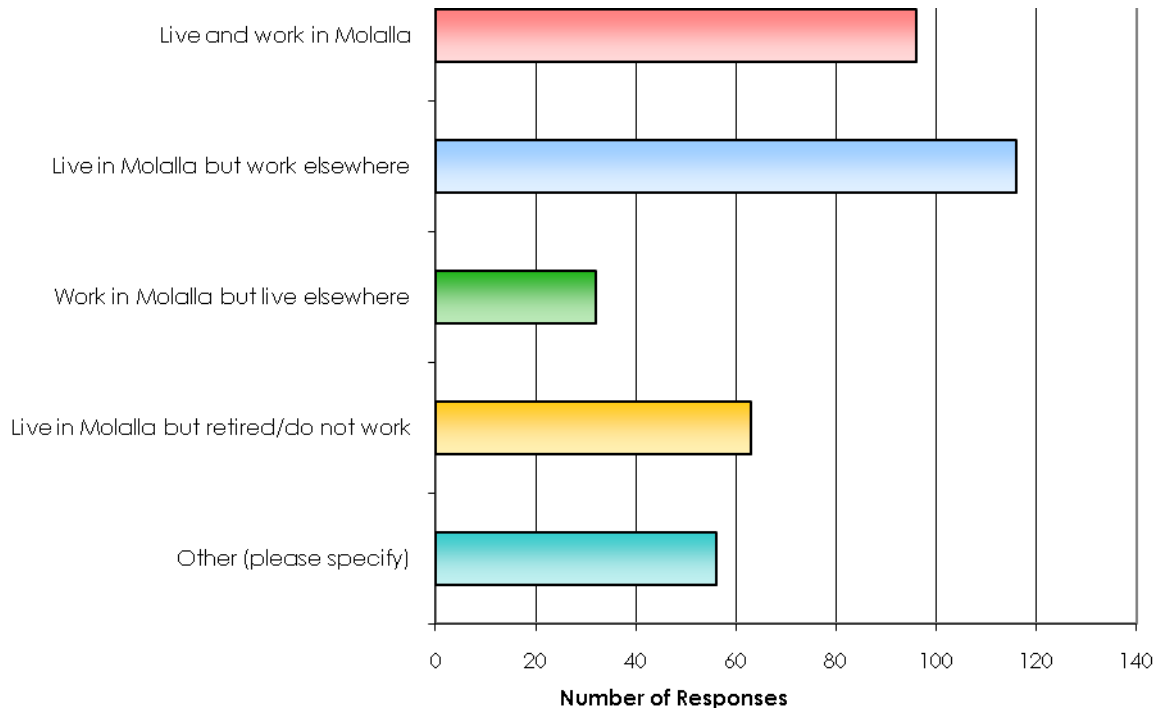
22. How long have you lived in Molalla or the Molalla area? (345 respondents)

- ★ Over half of respondents have lived in Molalla or the Molalla area for over ten years (58.0%).
- ★ Almost a quarter of respondents recently moved to the area within the past 1-5 years (21.4%).



23. Let us know where you live and work? (342 respondents)

- ★ Over a third of respondents live in Molalla but work elsewhere (33.9%). Slightly less than a third both live and work in Molalla (28.1%).
- ★ Less than ten percent of respondents commute into Molalla for work (9.4%).



24. Please share any other comments below. (138 respondents)

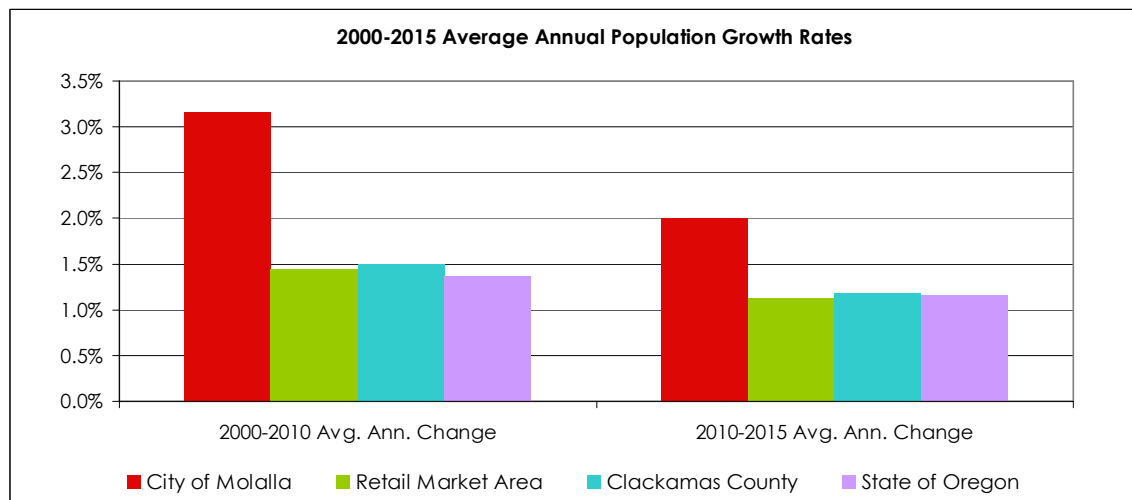
- ★ *"I think the city needs to focus on bringing in a good variety of businesses into the downtown core and making it work before anything else. Jumping the gun and doing things like building a bypass could destroy downtown. If downtown gets too crowded excess traffic could become a deterrent to businesses and shoppers. Be careful not to put the cart before the horse in the development of downtown. One baby step at a time. If you are going to do it, do it right – don't just get it done."*
- ★ *"There has never been a large selection of consumer products in Molalla. The close proximity of major shopping opportunities, and now the internet, makes it impossible for a small town like Molalla to maintain the inventory to compete. The small unique, artisan businesses like those in Estacada, Silverton and neighborhoods in Portland are an example. It would be tough for a business to start in this economy."*
- ★ *"I am very concerned about the future of Molalla and surrounding areas (Mulino/Colton). Molalla offers so many great things, but we seem to be unable to get things moving. I make special efforts to shop locally and spend more time shopping in order to frequent as many local businesses as possible. I do not feel this is the norm and locals prefer to shop in Canby or Oregon City. Either the residents don't trust the town and those who own businesses don't live locally, but there is no good reason why so many local businesses fail, leaving us who live there without the items that we need and want."*
- ★ *"We prefer to use the local businesses when given a choice. Selection is limited. The downtown core looks like it's on its last leg. I believe improvements in appearance would help to stimulate commerce and growth."*

- ★ *"I really love this town and would like to see it grow. There seems to be a lot of housing development but not the jobs to support it. We have the space for more retail stores and we need to develop."*
- ★ *"I think the biggest improvement that could be made in Molalla would be to figure out the downtown parking problem. It's not inviting because there are no easy places to park. I know they have wider streets -- but Canby has done a great job of creating easy parking in front of attractive storefronts. I have often wished we could have a system like that on the streets of Molalla. Perhaps by having some one-way streets?"*
- ★ *"Molalla needs more stores to complement each other to make it a 1-stop destination. For example, if you need both hardware and lumber you have to go to Canby or Oregon City. If you want both a movie and dinner, you also have to go to Canby or Oregon City. People want to go to one place for these things that naturally go together."*
- ★ *"I am not as concerned with shopping in Molalla as I am the schools in Molalla. If something is not done, people will start to move out of the area; and that will cause a loss of consumers for the local businesses. My husband and I are currently looking to relocate in the next year and a half for that reason alone."*
- ★ *"I've thought about this issue a lot and I always end up wondering why some of the businesses are in the downtown area. For some, they can afford it and like the exposure but it might be nice to see some creative ventures have a chance at some of that retail space. Churches and bars are for locals that know already what they like and where they like to spend their time, not for exploring families and passersby with money. I see them driving through all spring and summer, and they just keep driving through. There isn't much for them to stop for."*

Appendix C. Market Area Demographic Data

POPULATION GROWTH
City of Molalla, Retail Market Area, Clackamas County and State of Oregon
2000 to 2015

Geographic Area	2000	Avg. Ann. Change 2000-2010		Avg. Ann. Change 2010-2015			
		2010 (Estimate)	Number	Percent	2015 (Forecast)	Number	Percent
City of Molalla							
Population	5,647	7,434	179	3.16%	8,177	149	2.00%
Households	1,948	2,526	58	2.97%	2,787	52	2.07%
Avg. Household Size	2.84	2.88	0.00		2.88	0.00	
Retail Market Area							
Population	17,331	19,832	250	1.44%	20,947	223	1.12%
Households	6,003	6,799	80	1.33%	7,203	81	1.19%
Avg. Household Size	2.87	2.89	0.00		2.88	0.00	
Clackamas County							
Population	338,391	389,259	5,087	1.50%	412,398	4,628	1.19%
Households	128,201	144,873	1,667	1.30%	153,647	1,755	1.21%
Avg. Household Size	2.62	2.66	0.00		2.66	0.00	
State of Oregon							
Population	3,421,399	3,886,468	46,507	1.36%	4,112,105	45,127	1.16%
Households	1,333,723	1,513,538	17,981	1.35%	1,602,709	17,834	1.18%
Avg. Household Size	2.51	2.51	0.00		2.51	0.00	

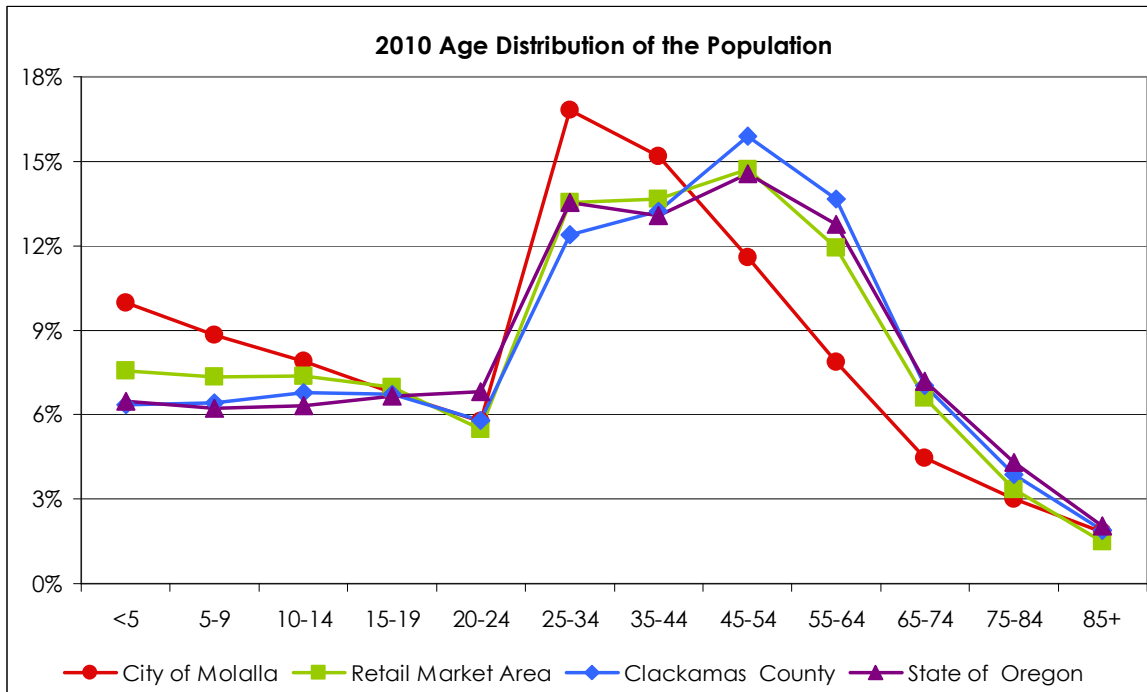


Source: ESRI BIS

POPULATION BY AGE
City of Molalla, Retail Market Area, Clackamas County and State of Oregon
2010

Age Category	City of Molalla	Retail Market Area	Clackamas County	State of Oregon
<5	10.0%	7.6%	6.3%	6.5%
5-9	8.8%	7.3%	6.4%	6.2%
10-14	7.9%	7.4%	6.8%	6.3%
15-19	6.8%	7.0%	6.7%	6.7%
20-24	5.8%	5.5%	5.8%	6.8%
25-34	16.8%	13.5%	12.4%	13.5%
35-44	15.2%	13.7%	13.2%	13.1%
45-54	11.6%	14.7%	15.9%	14.6%
55-64	7.9%	11.9%	13.7%	12.8%
65-74	4.5%	6.6%	7.0%	7.2%
75-84	3.0%	3.3%	3.9%	4.3%
85+	1.8%	1.5%	1.9%	2.1%
Total	7,434	19,832	389,259	3,886,468

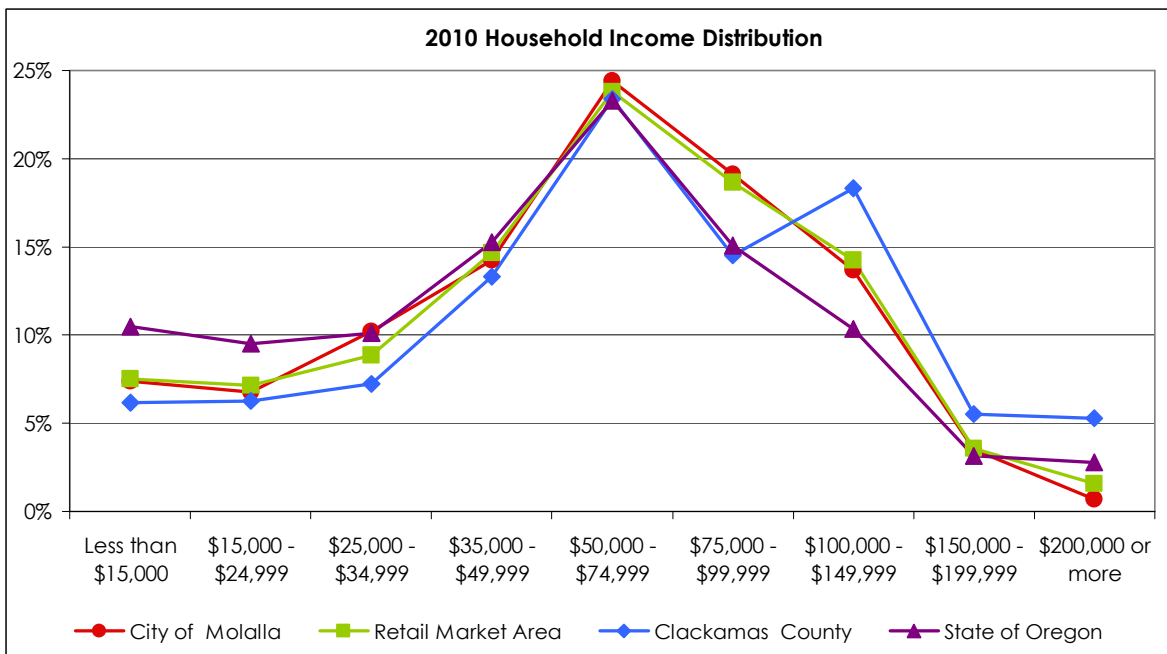
Median Age	31.6	36.3	39.4	38.0
------------	------	------	------	------



Source: ESRI BIS

HOUSEHOLDS BY INCOME
City of Molalla, Retail Market Area, Clackamas County and State of Oregon
2010

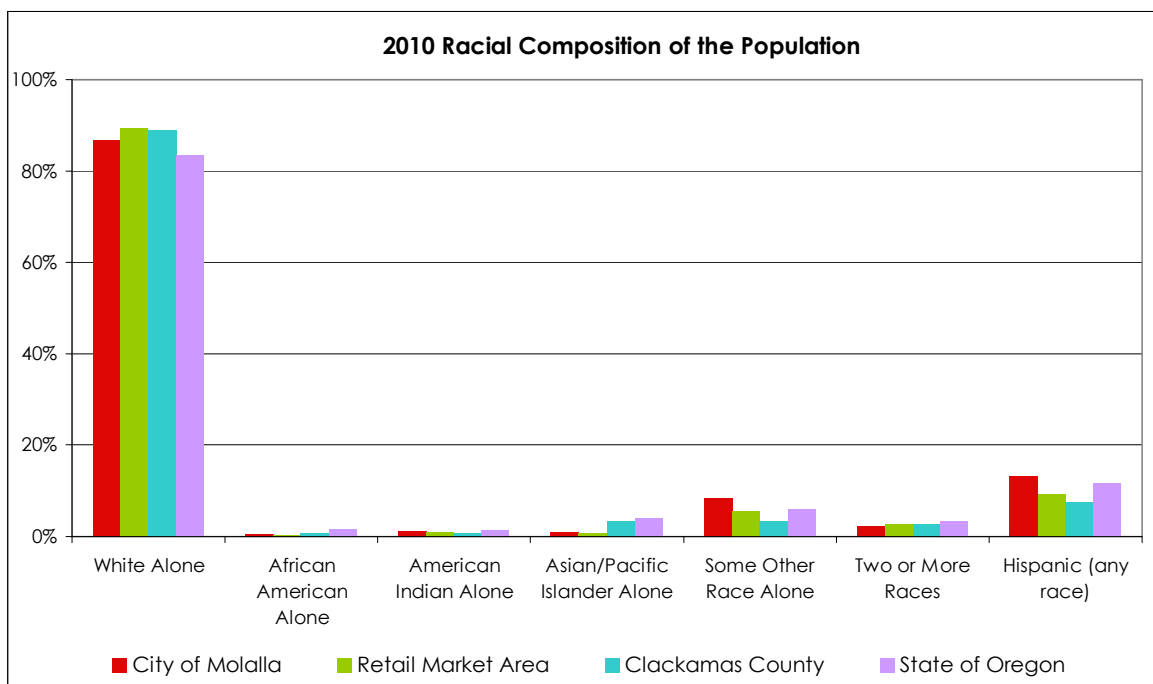
Income	City of Molalla	Retail Market Area	Clackamas County	State of Oregon
Less than \$15,000	7.4%	7.5%	6.2%	10.5%
\$15,000 - \$24,999	6.8%	7.1%	6.3%	9.5%
\$25,000 - \$34,999	10.2%	8.9%	7.2%	10.1%
\$35,000 - \$49,999	14.2%	14.6%	13.3%	15.3%
\$50,000 - \$74,999	24.4%	23.8%	23.4%	23.3%
\$75,000 - \$99,999	19.1%	18.7%	14.5%	15.1%
\$100,000 - \$149,999	13.7%	14.2%	18.3%	10.3%
\$150,000 - \$199,999	3.5%	3.6%	5.5%	3.1%
\$200,000 or more	0.7%	1.6%	5.3%	2.8%
Total	2,526	6,799	144,873	1,513,538
Median	\$62,255	\$62,707	\$67,575	\$53,912



Source: ESRI BIS

RACIAL COMPOSITION
City of Molalla, Retail Market Area, Clackamas County and State of Oregon
2010

Race	City of Molalla	Retail Market Area	Clackamas County	State of Oregon
White Alone	86.8%	89.4%	88.9%	83.4%
African American Alone	0.4%	0.4%	0.7%	1.7%
American Indian Alone	1.1%	1.0%	0.7%	1.3%
Asian/Pacific Islander Alone	1.0%	0.9%	3.5%	4.2%
Some Other Race Alone	8.4%	5.6%	3.4%	6.0%
Two or More Races	2.4%	2.6%	2.8%	3.4%
Hispanic (any race)	13.2%	9.3%	7.4%	11.6%
Total	7,434	19,832	389,259	3,886,468



Source: ESRI BIS

Community Tapestry Segments

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

Market area households have been grouped into Tapestry market segments. The market segments within the Molalla Market Area are identified and summarized in the chart on the following page.

TOP TEN TAPESTRY MARKET SEGMENTS
Retail Market Area
2009

Market Segment		% of Hholds	Hhold Type	Median Age	Median Income	Consumer Preferences & Purchases
1	Green Acres	28.9%	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.
2	Up and Coming Families	21.9%	Married couples with children	32	\$78,189	These young, affluent families enjoy home improvement projects and dining out at fast food and family style restaurants. Other leisure activities include taking their young children to the zoo or traveling domestically.
3	Main Street, USA	19.2%	Family Mix	37	\$57,082	These fairly well-educated consumers tend to purchase software, savings certificates, home improvement items and prescription medication. Civic-minded, they often attend public meetings and work as volunteers.
4	Salt of the Earth	9.4%	Married couples	42	\$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.
5	Midland Crowd	5.1%	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.
6	Exurbanites	4.7%	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.
7	Rural Resort Dwellers	3.8%	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	Aspiring Young Families	3.8%	Family Mix	30	\$52,036	Live in start up homes or town homes, nearly half are renters, spend their discretionary income on their children and homes. Enjoy eating out, movies, and playing sports.
9	Prairie Living	3.2%	Married couples	41	\$43,358	Big country music fans who enjoy hunting, fishing and horseback riding. Typically residents of agricultural areas, these households often own a satellite dish and multiple pets. They serve as members of church boards and civic clubs.
Total Households		100.0%				

Source: ESRI BIS

Appendix D.

Retail Supply & Demand Charts

**Summary of Selected Competitive Shopping Centers
Winter 2010**

Center/ Address	Vacant (square feet)	Annual Lease Rate (per SF)	Description/Stores Major Tenants
Molalla			
107 E. Main St.	900	\$13.33	Downtown, parking, 3 office, 2 storage rooms
118 E Main St.	5,000	\$6.00	Downtown, parking, space can be divided
127 E. Main St	1,340	\$7.16	Downtown, parking, loading dock
220 Center Avenue	4,000	\$12.00	Set up for a medical office
Molalla Square 103 Robbins Street	1,800	\$12.00 NNN	Established shopping center anchored by Harvest Market
Main Street	4,414	\$8.56	Upstairs or downstairs can be leased seperately
Oregon City			
Oregon City Antique Mall 502 7th Street	Min 1,405 Max 31,614	\$12.00-\$18.00	Located in McLoughlin Historic District
616 Main St.	1,540	\$11.69 NNN	Downtown
820 Main St.	1,068	\$19.00 NNN	Downtown
920 7th St.	4,900	\$12.00 NNN	Parking, good street frontage
Berry Hill Shopping Center 19007 Beaver creek Rd	Min 1,320 Max 2,996	\$18.50 NNN	Parking, high visibility shopping center
Fred Meyer Retail Center 1839 Molalla Ave	1,053	\$25.00 NNN	Available space anchored by a Fred Meyer
Oregon City Point S Hwy-213 & Molalla Ave	Min 1,151 Max 4,432	Negotiable	Located across from Clackamas Community College
Southridge, Beaver creek Rd & Molalla Ave	Min 870 Max 3,024	\$13.00	Anchored by Goodwill & Bi-Mart
Canby			
Former Rite-Aid 1025 SW 1st	Min 15,000 Max 27,465	\$5.00	Anchor tenant, Min divisible 15,000
Sequoia Commerce Center Hwy 99E & Sequoia Pkwy	Min 1,800 Max 7,200	Negotiable	Adjacent to Hwy 99E in Canby Pioneer Industrial Park
Wilco Farm Store 896 & 906 S Ivy St	5,500	Negotiable	High visibility location, warehouse: 21,500 SF
Canby Fred Meyer 1401 SE 1st	1,312	\$20.00	
2nd & Ivy	4,416	Negotiable	Retail, office & warehouse, near highway and public transit

Source: Loopnet, Craig's List, Molalla Main Street

**Summary of Selected Competitive Shopping Centers (continued)
Winter 2010**

Center/ Address	Vacant (square feet)	Annual Lease Rate (per SF)	Description/Stores Major Tenants
Silverton			
405 Water St	1,000	\$8.64	Converted house, first floor, modified net
Silverton Plaza 301 Westfield St	Min 1,250 Max 7,100	\$10.00 - \$12.00	Adjacent Safeway & Rite-Aid in two-building expansion
111 Fish St	4,000	\$6.45	Across the bridge from downtown, single level
405 Water St N	1,000	1st month free	Downtown, converted house
Woodburn			
Pacific Plaza 1531-1585 N Pacific Hwy	Min 540 Max 1,356	\$10.00 NNN	23,000 cars a day on Pacific Hwy, parking
Post Net Building 1700 Mount Hood Ave.	2,300	\$21.00 NNN	High visibility in front of Bi-Mart store, parking lot
Estacada			
458 SW 2nd, Suite D	1,100	\$9.82	Highway 224 visibility

Source: Loopnet, Craig's List, Molala Main Street

RETAIL EXPENDITURE POTENTIAL
Molalla Market Area
2010-2020

Merchandise or Service Category	Per Household Expenditure	Target Sales (\$/SF)*	2010 Retail Potential		2015 Retail Potential		2020 Retail Potential	
			Sales (in mil \$)	Space (SF)	Sales (in mil \$)	Space (SF)	Sales (in mil \$)	Space (SF)
Apparel	\$1,583	\$209	\$10.8	51,488	\$11.4	54,547	\$12.1	57,788
Home Furnishings	\$1,555	\$199	\$10.6	53,120	\$11.2	56,276	\$11.9	59,620
Home Improvement	\$1,328	\$140	\$9.0	64,480	\$9.6	68,312	\$10.1	72,371
Misc. Specialty Retail	\$1,894	\$216	\$12.9	59,608	\$13.6	63,150	\$14.5	66,902
Shoppers Goods			\$43.2	228,696	\$45.8	242,285	\$48.5	256,682
Grocery	\$5,884	\$390	\$40.0	102,574	\$42.4	108,669	\$44.9	115,126
Health/Personal Care	\$1,041	\$365	\$7.1	19,391	\$7.5	20,544	\$7.9	21,764
Convenience Goods			\$47.1	121,965	\$49.9	129,212	\$52.8	136,890
Restaurants	\$3,584	\$263	\$24.4	92,663	\$25.8	98,169	\$27.4	104,002
Entertainment	\$459	\$90	\$3.1	34,701	\$3.3	36,763	\$3.5	38,947
Personal Services	\$1,012	\$151	\$6.9	45,546	\$7.3	48,252	\$7.7	51,120
Total			\$124.7	523,571	\$132.1	554,682	\$139.9	587,641
Five Year Net Gain					\$7.4	31,111	\$7.8	32,959

* 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

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.

Economic Gardening Strategy

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

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

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

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

1. The focus is on the individual and their initiative, commitment and drive. *It is not about telling people what they should do. It is about helping people succeed at what they really want to do, with sound business management.* Myron never initiates contact with an individual.
2. The individual entrepreneur must do the work. Myron provides significant guidance and coaching and will package a business plan, but each individual is responsible for doing the homework. The coach spends up to 60 hours with each existing or aspiring entrepreneur and averages over 4 personal contacts or meetings.

3. A large supportive diverse board has also been important. Board members are encouraged to provide referrals with a target of 10 each. Many active members have surpassed this goal. Board members also help connect existing or prospective businesses to work space, capital, financial planning skills, marketing skills and other resources needed.
4. An experienced, professional business manager with strong financial and general operations experience has helped ensure program success. Myron helped run both large and small companies in his career. His maturity and track record with the organization have undoubtedly been key to their success as well.
5. The program operates with minimal overhead. Office space is donated and facility/equipment needs are minimal.

The Business Facilitation organization was sponsored by multiple partners including the Northeast Oregon Economic Development District (NEOEDD) serving Wallowa, Union, and Baker counties, and Wallowa Resources, a sustainable development nonprofit and local funders. Without local funding, it has proved difficult to sustain these projects, even with a record of outstanding and cost-effective results in turning people's ideas into viable businesses and significant annual wages. Today, a principal funder of the Wallowa organization is the U.S. Department of Agriculture (USDA) Rural Services. USDA recently approved a two-year \$140,000 grant award for the program's continuation.

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

Source: Marketek, 2006

Appendix F. Sample Entrepreneurial Connections Program



Overcome Limitations

Learn it today, use it tomorrow.

Insight

Dream, think about, and plan for your next level of success. Develop a plan that is based in reality and implementable.

Solutions

Solutions to limiting factors such as cash flow, employees, competition, and daily problems. Gain skills to grow beyond your current level.

Success

Graduates of the NxLevel Course showed a 200% increase in sales after one year compared to a 6% average growth rate of business in Washington State in 2005.

CLASS SCHEDULE

Introduction, Overview and Entrepreneurship Planning & Research:
Entrepreneurial Essentials

Organizational Matters:
Management and Legal Structure

Marketing – “Behind The Scenes”:
Analysis & Underwriting

Marketing – “On Stage”:
Strategies, Tactics and Implementation

Financial Overview:
Books, Records & Controls

Managing Your Money: Financial Planning, Budgets and Assumptions

Managing Your Money: Developing and Using Cash Flow Projections

Understanding Your Financial Statement

Financing Your Business

The Deal Making Process:
Negotiation in the Real World

Your Business Future:
Managing Growth and Plan Completion

Graduation



Enroll Today!
Call:
Ellensburg Downtown Association
509- 962- 6246
Registration Is Limited.
Register before Dec. 31st



Do you have what it takes to advance your business to the NxLevel?



NxLevel Entrepreneur Course

Ellensburg, WA
January 5th – March 9th
2010



10-Week
NxLevel
Entrepreneur
Course

*Be Better Prepared
To Run Your Business!*

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:

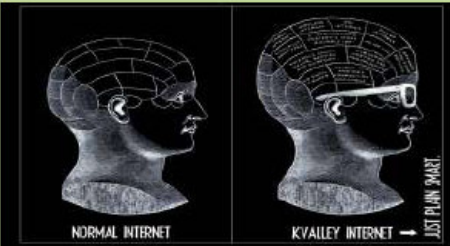
Class Instruction, Guest Speakers, Text & Workbook, Group Discussion

COST: \$350 Per Person



Lathrop, Winbauer, Harrel, Slothower & Denison L.L.P.
Attorneys at Law
Post Office Box 1088, 201 West Seventh Avenue, Ellensburg, WA 98926

Grebb, Johnson, Reed & Wachsmith, LLP
CERTIFIED PUBLIC ACCOUNTANTS
85TH & RILEY | P.O. BOX 460 | ELLENSBURG, WA 98926
PHONE (509) 925-9874 | FAX (509) 925-6641 | gwr@grw.com



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 G.

Retail Market Fact Sheet

Retail Opportunities in Molalla, Oregon

Customer Profile:

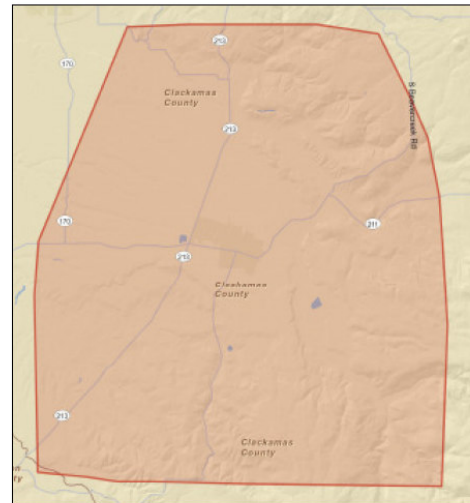
Resident market of 19,800 people and 6,800 households

Anticipated addition of 400 new households in market area by 2015

Employee market of 3,381 workers in Molalla's 97038 zip code

Visitor spending of \$431 million in Clackamas County

Retail Market Area



Market Area Retail Potential:

Immediate potential demand for 189,000 square feet of new retail space

Future potential demand for 64,000 square feet of retail space by 2020

Top Prospects:

Apparel & Shoes
Furniture & Appliances
Computers & Electronics

Bed & Bath Linens
Steakhouse/Grill
Family Dining

Bakery
Live Music
Recreation

Team for Economic Action in Molalla
530.829.5003
temo@molalla.net
www.teammolalla.org



Appendix H.

Sample Youth Retail Incubator

**Memorandum of Understanding and Support
Between
The Polk Help Achieving Lifelong Objectives (HALO) Program
And
The City of Independence Business Incubator**

The purpose of this agreement is to establish the initial terms and conditions of a cooperative partnership for mutual enhancement to the City of Independence Business Incubator and the Polk HALO Program. The Oregon Economic Development Department has designated the City of Independence as a rural, severely distressed community. Over one-third of the population is under the age of 18 indicating the essential need for development of this emerging workforce.

Independence Business Incubator Mission:

The Independence Incubator Program is a locally managed business assistance program and facility designed to stimulate economic growth by taking advantage of new business-related assets available in the community. Operating both within a managed facility and externally throughout the community, the Incubator Program nurtures entrepreneurship and new start-up businesses through business assistance programming ranging from below-market administrative assistance and support to business related educational services. Managed and administered by a 501 (c) 3 not-for-profit corporation, the Independence Incubator Program is a community benefit-based organization that enhances the quality of Life in the City of Independence and through new business opportunity assistance.

Polk HALO Program Mission:

The mission of the Polk HALO Program is to develop skills, strengths, talents and abilities of local youth in order to increase productivity and stimulate economic growth in Polk County.

In order to accomplish its mission, HALO prepares and empowers eligible young workers to take advantage of new and increasing job opportunities in high growth, high demand and economically vital sectors of the local region.

HALO administers and leverages services and support for low-income youth between the ages of 17-21 with barriers to employment and education. Services are designed and delivered in a manner that maintains focus on and is relevant to:

- Preparation for and entry into postsecondary educational opportunities
- Strong linkages between academic and occupational learning with a focus on manufacturing and other sectors based on local labor market data
- Preparation for and entry into unsubsidized employment opportunities, and
- Effective linkages with community organizations with strong employer connections

In specific, the cooperative partnership will achieve their shared vision to stimulate economic development by developing its human and organizational capital:

Human Capital Development

- Implement adult mentoring activities in entrepreneurship for youth in order to develop the skills necessary to create their own business plans
- Foster incubation of youth-run business plans
- Implement adult business mentoring activities in order to increase youth proficiency in the knowledge and skills necessary for long-term success in the workplace
- Establish on-the-job training opportunities for youth within the daily operations of the incubator office facilities
- Increase youth involvement in local opportunities that foster a sense of belonging in the community
- Capitalize on pool of local leaders and volunteers as key members of committees and events

Organizational Capital Development

- Catalyze business incubation within manufacturing clusters and other high-growth sectors through business liaison activities of HALO staff
- Engage in shared active networking with state, regional and local organizations
- Research and share pertinent local labor market analyses, particularly around high-growth, high-demand and high-wage sectors
- Create shared reception, classroom, training and meeting space
- Establish HALO as a tenant within the incubator building contingent on Federal WIA funding
- Facilitate HALO's entry into the incubator as a client for below-market administrative assistance to become a 501 (c) 3 not-for-profit organization
- Enhance stability of both entities through shared board development activities
- Pursue future funding sources which benefit both entities, focusing on transforming low-income youth into successful contributors to the local economy
- Maintain a strong partnership with Western Oregon University and Chemeketa Community College for capitalizing on industry-specific occupational skill building programs

In line with the best practices published by the National Business Incubation Association, both entities will focus on leveraging existing local human and organizational assets to their highest potential. It is in the interest of all parties to establish a long-term, sustained commitment of support.

Both parties agree that the duration of this support agreement will be from the date of signature by all parties. This agreement may be terminated or modified by mutual consent of all parties at any time. Any such termination or modification of this agreement shall be without prejudice to any obligations or liabilities of any of the parties already accrued prior to such termination.

Unless earlier terminated, this agreement will persist for a period of up to five years. All parties shall provide written notice of their intention to continue participation by July 1, of each funding year. Notices shall be sent to the attention of the designated Incubator Board Executive Director and the HALO Program Executive Director.