



Downtown Sandy Market Analysis & Business Development Strategy

August 2009



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Introduction

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

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

Downtown Program Approach

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

1) Promotions/Identity Building:

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



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

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

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



Project Purpose

The purpose of this analysis is to:

- ◆ Provide a comprehensive assessment of potential market support for retail uses in the downtown Sandy commercial district.
- ◆ Create an accurate picture of Sandy's retail industry including a characterization of the existing supply of businesses; consumer preferences, needs and buying patterns; and opportunities and challenges for growth and development in the downtown.
- ◆ Provide the City with a factual basis for developing strategies to strengthen and diversify the downtown retail base and capture more consumer spending locally.
- ◆ Recommend business development and marketing strategies to strengthen the downtown retail base.

Project Methodology

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

- ◆ Statistical estimates of potential supportable retail space in Sandy overall and downtown
- ◆ Surveys of downtown Sandy business owners
- ◆ Community-wide surveys of resident/employee shopping preferences
- ◆ Interviews with local businesses/retailers, planners, government officials and other community leaders
- ◆ Half dozen site visits to downtown

This report is organized into five principal sections:

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



Retail Market Analysis

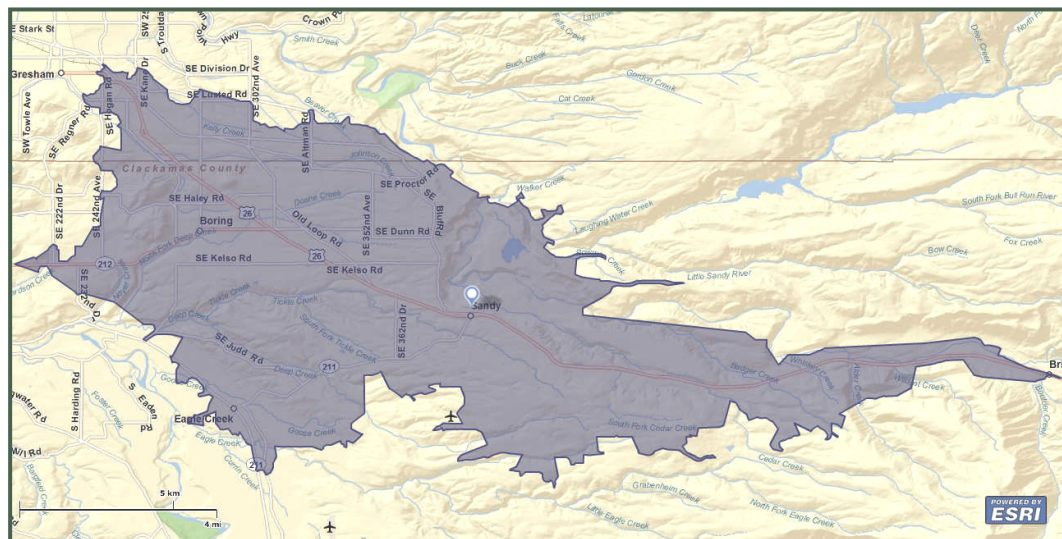
This section outlines Sandy's key retail target markets and provides an estimate of existing and future support of retail space in the Sandy market area.

TARGET MARKET ANALYSIS

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

Local Resident Market

Based upon the patronage of existing businesses, downtown Sandy's location within the region, its competitive assets and proposed redevelopment activity, the Sandy Market Area is defined as a 15-minute drive from downtown Sandy, as shown on the map below. For comparative purposes, demographic data are also presented for the City of Sandy, the Portland Metropolitan Statistical Area (MSA) and the State of Oregon.



As of 2009, population within the Sandy Market Area was estimated at 40,457 persons and 14,566 households (Exhibit 1). Since 2000, the Market Area saw strong population and household growth, with average annual rates of 2.5% each (or an average of 841 additional persons and 296 additional households per year). These rates outpaced those of the



Portland MSA and the State, which ranged from 1.4% (for household growth in the State) to 1.8% (population growth in the MSA). The City of Sandy grew at a faster rate, adding a total of 2,571 persons over the last nine years. By 2014, the Market Area is expected to reach 43,985 persons and 15,853 households, representing slower growth rates than during the 2000-2009 period.

Exhibit 1 Demographic Snapshot, 2009				
Demographic Indicator	City of Sandy	Sandy Market Area	Portland MSA	State of Oregon
Population				
2009 (estimate)	7,956	40,457	2,233,323	3,841,859
2014 (forecast)	9,063	43,985	2,396,625	4,064,906
Avg. Ann. % Change ('00 to '09)	5.30%	2.56%	1.76%	1.37%
Avg. Ann. % Change ('09 to '14)	2.78%	1.74%	1.46%	1.16%
Households				
2009 (estimate)	2,871	14,566	857,304	1,495,911
2014 (forecast)	3,279	15,853	919,054	1,584,044
Avg. Ann. % Change ('00 to '09)	5.20%	2.49%	1.67%	1.35%
Avg. Ann. % Change ('09 to '14)	2.84%	1.77%	1.44%	1.18%
Average Household Size	2.76	2.77	2.56	2.51
Median Household Income	\$56,704	\$64,805	\$62,166	\$53,483
Median Age (Years)	35.5	39.0	36.3	38.0
Race				
Percent White Alone	92.4%	91.2%	81.6%	83.7%
Percent Other Race/2+ Races	7.6%	8.8%	18.4%	16.3%
Percent Hispanic	5.7%	6.4%	10.3%	11.2%
Homeownership	71.6%	74.5%	62.7%	64.0%
Educational Attainment				
Associate Degree	8.0%	9.0%	8.0%	7.7%
Four Year Degree or More	17.2%	21.1%	31.5%	27.7%

Source: ESRI BIS



In the City and Market Area, household size averages 2.8 persons, which is slightly larger than in the County and the State. The median household income for the Market Area is comparable to that of the MSA (\$64,800 and \$62,200, respectively) and above those of the City (\$56,700) and State (\$53,500).

Median age in the Market Area (39 years) is on par with that of the State (38 years), but a bit above those of the City and MSA (both at 36 years). In terms of race, the Market Area and City are less diverse than the MSA and State. Ninety-one percent (91%) of Market Area residents are white; Asians/Pacific Islanders make up 2%; and 6% of residents are “some other race” or two or more races. Persons of Hispanic origin make up 6% of the Market Area and City populations, compared to 10% in the MSA and 11% in the State. Detailed charts characterizing the Market Area population including lifestyle information are provided in Appendix A.

Employee Market

An estimated 406 businesses operate within a two-mile radius of downtown Sandy and employ nearly 3,000 persons (Exhibit 2). The largest share of employees work in the retail trade sector (35%), followed by services (29%) and manufacturing (8%).

Exhibit 2 Businesses and Employment 2-Mile Area				
Industry	Businesses		Employees	
	#	%	#	%
Agriculture & Mining	13	3.2%	98	3.3%
Construction	40	9.9%	141	4.7%
Manufacturing	21	5.2%	234	7.9%
Transportation	14	3.4%	103	3.5%
Communication	2	0.5%	13	0.4%
Electric/Gas/Water/Sanitary Services	2	0.5%	5	0.2%
Wholesale Trade	14	3.4%	66	2.2%
Retail Trade	104	25.6%	1,040	34.9%
Finance/Insurance/Real Estate	31	7.6%	194	6.5%
Services	142	35.0%	876	29.4%
Government	20	4.9%	207	7.0%
Other	3	0.7%	0	0.0%
Total Employment	406	100.0%	2,977	100.0%

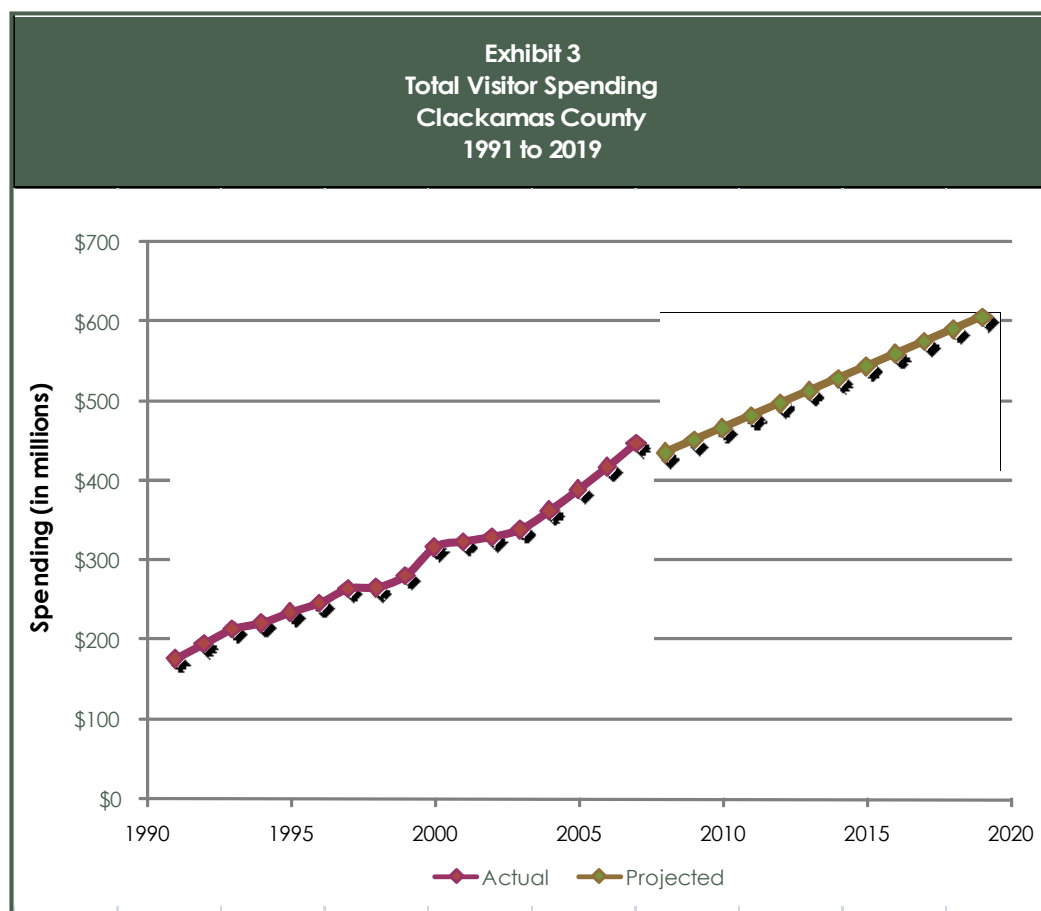
Note: Distance is from the intersection of Highways 26 and 211.



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

Visitor Market

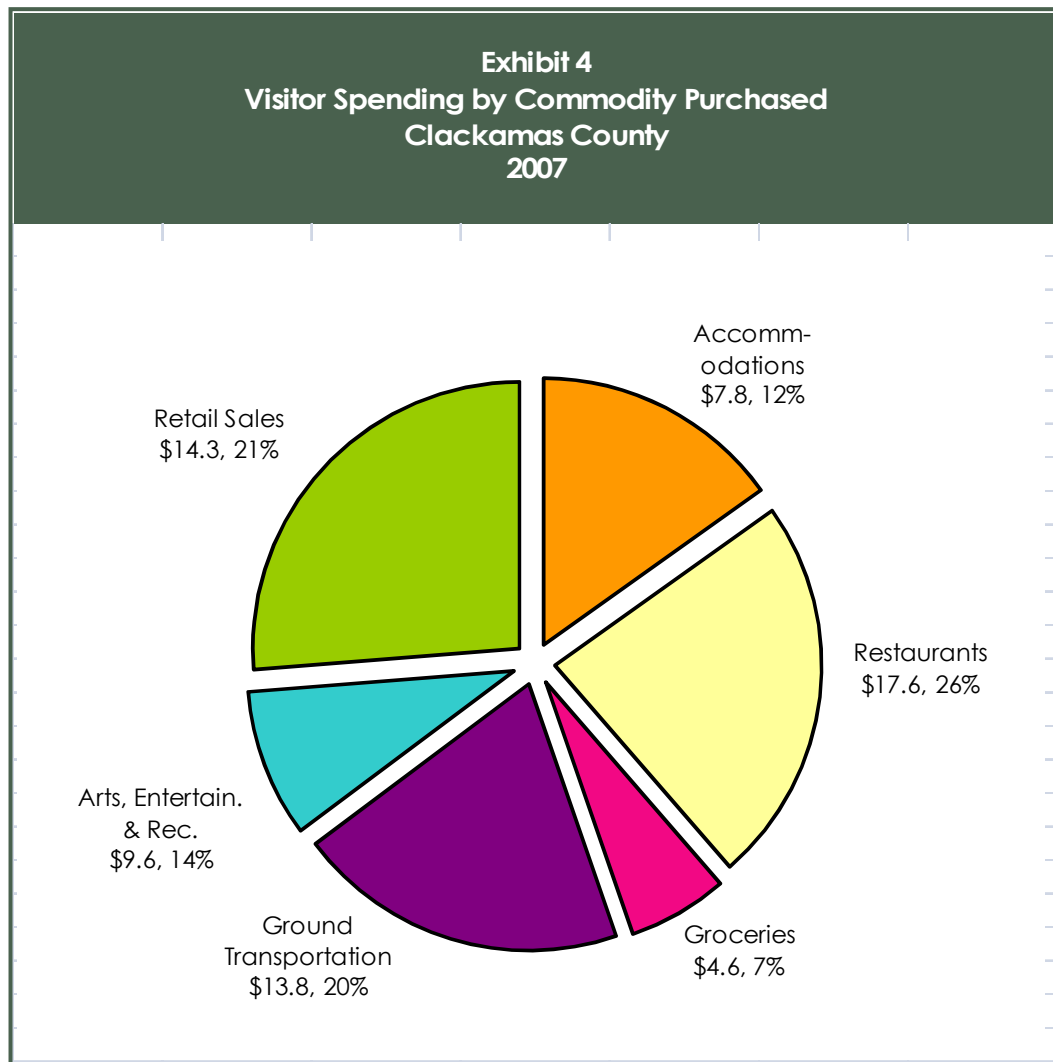
With its location along the route to Mt. Hood, Sandy's visitor market is another extremely important influence for downtown's business base. The Clackamas County visitor market – which includes Sandy – has witnessed a strong rise in travel spending over the past 16 years, growing from \$177.4 million in 1991 to \$448.5 million in 2007 (Exhibit 3). Extrapolating the growth rate, Marketek estimates from 2009 to 2019 visitor spending in the County is expected to increase by \$154.8 million to reach \$606.1 million.



Source: Dean Runyan Associates; Marketek, Inc.



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



Source: Dean Runyan Associates

RETAIL DEMAND POTENTIAL

Marketek estimated potential demand for additional retail, restaurant and entertainment space in downtown Sandy based on resident and visitor spending. 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*.



For the resident market, demand is derived from two sources. The first, "existing demand," is demand for retail goods by current market area households that is now being met outside the Market Area. Existing demand is found by comparing the retail supply (i.e., actual retail sales) with

retail demand (i.e., the expected amount spent by Market Area residents based on consumer expenditure patterns). When demand outweighs supply, a leakage occurs, indicating that consumers are spending outside of the Market Area for some retail goods or services. While consumers will always do a certain amount of shopping away from home, this comparison provides a reasonable indication of the availability of goods in the local market.

The second source of demand, "future demand," is demand for retail goods based on spending patterns and projected household growth within the market area over the next ten years.

For the visitor market, demand estimates are for Clackamas County and are based on visitor spending patterns and projected increases in visitor spending through 2019.

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

The results of the demand analysis are depicted in Exhibit 5 below. Detailed analyses for each source of demand (existing, future and visitor) are provided in Appendix B.



Exhibit 5 Retail Expenditure Potential 2009-2019				
Merchandise/ Service Category	2009	2009-2019	2009-2019	Total Potential New Retail Space (SF)
	Existing Unmet Market Area Demand	Future Market Area Demand	Mt. Hood Area Visitor Demand	
	(SF)	(SF)	(SF)	
Shoppers Goods				
Apparel	58,271	21,890	11,533	91,694
Home Furnishings	89,931	22,457	11,831	124,219
Home Improvement	—	26,894	14,169	41,063
Misc. Specialty Retail	194,278	24,258	12,780	231,316
Subtotal	342,480	95,500	50,313	488,293
Convenience Goods				
Grocery	104,960	43,317	6,431	154,708
Health/Personal Care	—	8,227	—	8,227
Subtotal	104,960	51,544	6,431	162,935
Restaurants	67,675	39,312	46,443	153,430
Entertainment	NA	14,706	13,933	28,639
Personal Services	NA	19,192	—	19,192
Total	515,115	220,254	117,120	852,489

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

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

As shown, existing resident demand has the potential to support an additional 515,115 square feet of retail space in the Sandy Market Area. Potential future resident demand will support 220,254 square feet, for a total of 735,369 square feet of potential new retail space in the Market Area through 2019.

Increased visitor spending in Clackamas County has the potential to support an additional 433,777 square feet of retail space countywide over the next ten years. Lodging sales tax receipts indicate that the Mt. Hood region of the county makes up 27% of the County's visitor market,



indicating potential for 117,120 square feet of new retail space in the Mt. Hood region through 2019.

Combined demand from the resident and visitor markets totals 852,489 square feet. Over half of demand (488,293 square feet or 57%) is for shoppers goods, and 21% (182,069 square feet) is for restaurants and entertainment. Demand for convenience goods makes up another 19% (or 162,935 square feet).

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

If downtown Sandy sought to capture 10% of existing demand/leakage, 10% of Mt. Hood area visitor demand and 15% of future market area demand, it would translate to potential for 96,261 square feet of new retail space over the next ten years. If downtown sought a more aggressive capture of future Market Area demand of 25%, it would total 118,286 square feet of retail space over the next ten years. In an effort to put these demand estimates in context, Appendix B provides the median sizes of several types of businesses that may be appropriate for downtown.

Sandy's success in capitalizing on these opportunities will be highly dependent on a number of factors, including the commitment to quality new development in downtown, property redevelopment, aggressive marketing, and strong management of the downtown business district.



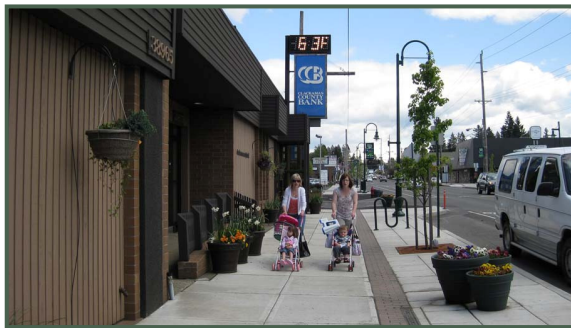


Opinion Research

Two electronic surveys (one for shoppers and one for businesses) were completed by the community during the months of April and May 2009. Surveys were posted on the Chamber and City websites and publicized by these organizations. Hard copies of the shopper survey were also sent to City residents with their water bills. Full survey results are detailed in Appendices C and D.

Shopper Survey Highlights

- ◆ Four hundred and seventy-four (474) people participated in the survey.
- ◆ Sixty-three percent (63%) reported doing most of their non-grocery shopping in Gresham, followed by Clackamas Town Center (27%) and Sandy (22%).
- ◆ Reasons most frequently cited for choosing to shop in downtown Sandy are its convenient location (selected by 76% of respondents), the desire to support local businesses (67%), and that it is within walking distance (24%).
- ◆ Deterrents to shopping in Sandy include a poor selection of goods and services (selected by 59% of respondents), high prices (41%), a lack of parking (34%), and limited hours (29%).
- ◆ Respondents stated that shopping in Sandy could be improved by lower prices/sales (selected by 39% of respondents), promotions (38%), better selection (36%), and expanded hours (33%).
- ◆ Merchandise types most frequently thought to be lacking in Sandy include all types of apparel, shoes, furniture, sporting goods, arts and craft supplies, books, healthy/organic groceries, and appliances.
- ◆ Top service needs include day care, computer repair, appliance repair, urgent care and vision care.
- ◆ Restaurant types desired by 100 respondents or more include family dining, a brewpub, seafood, a steakhouse/grill, and health food.





- ◆ When asked if they would consider living in downtown Sandy, only 55 respondents expressed an interest. Most would like to own single-family detached homes or townhomes, preferably with two to three bedrooms. Top amenities desired include the allowance of pets, parking, storage space, washers and dryers, yards, and affordability.
- ◆ When asked what image they would like to see Sandy develop for itself, most respondents mentioned the need to preserve the City's small-town feel. Respondents also want the town to be seen as unique and trendy with original stores and restaurants.

Business Owner Survey Highlights

- ◆ The survey generated responses from 26 Sandy business owners.
- ◆ Retailers were the largest share of survey respondents, with seven stores participating. Among others were finance, insurance, real estate and other professional service providers (six respondents), manufacturers, health care providers and a restaurant.
- ◆ The biggest advantages to doing business in downtown Sandy are the town's friendliness and sense of community, its proximity to other services and amenities, and good visibility. Disadvantages include a lack of parking and the perception that Sandy is not supportive of downtown businesses.
- ◆ Almost half of businesses (11 respondents) reported business activity as fairly steady over the last year. Eight respondents saw a decrease in activity and three saw moderate growth in the last 12 months. Seven businesses plan to expand operations in the next one to two years and five have no plans to change.
- ◆ In the past two years, 14 businesses (64%) have expanded marketing and promotions and 11 (50%) have invested in physical improvements. Planned improvements for the next one to two years include new products/inventory (12 businesses), systems improvements (10 businesses) and expanded marketing and promotions (9 businesses).
- ◆ The top three critical business success factors identified by respondents include public access, up-to-date technology and foot traffic. The three greatest obstacles facing businesses are current economic conditions, cash flow/working capital and parking.



- ◆ When asked what type of assistance would be most useful, most respondents indicated marketing and advertising programs, followed by market identification.
- ◆ Ideas for attracting local shoppers and visitors include combined marketing campaigns and discounts, downtown events and sidewalk sales, expanded hours, building façade improvements, and more convenient parking.
- ◆ Respondents would like to see downtown Sandy's image develop as a pedestrian-friendly district with interesting buildings, shops and restaurants that are inviting to residents and passersby. In summary, as a "small town with a lot to offer."



Competitive Assessment

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

Exhibit 6 Business District Attractors	
<p>Access & Linkages</p> <ul style="list-style-type: none"> • Good visibility • Walkability-pedestrian friendly • Transportation/transit access • Good signage • Parking availability 	<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>Uses & Activities</p> <ul style="list-style-type: none"> • Overall active use—'street life' daytime and evening • Destination attraction(s) in good proximity • Mix of stores/services—active business clusters • Frequency of events • Limited vacancies • Local entrepreneurship • Quality goods and services • Stable/improving real estate values 	<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 at new shopping malls, lifestyle centers and big box retailers. A snapshot of downtown Sandy's assets and challenges is shown below to portray a composite picture and to evaluate downtown Sandy from two key perspectives:

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



Exhibit 7 Downtown Sandy Competitive Assessment

Geography/Description

Core downtown retail area is the Highway 26/Proctor-Pioneer couplet from Bluff Road (west) to Ten Eyck Road (east)

Strengths/Assets

- ◆ Young, upwardly mobile family market
- ◆ Steady population growth and solid incomes
- ◆ Regional center for east Clackamas County
- ◆ Strong city leadership and downtown advocacy with an active economic development effort to grow the jobs base
- ◆ Diverse mix of employers including Maiden Bronze, US Metal Works, Advanced Plastics, Mt. Hood National Forest Headquarters, AEC (technical publications), Fred's RV, and Fred Meyer, among others
- ◆ Public investment in the downtown area totals >\$5 million in recent years including sidewalk improvements and traffic calming; another \$13 million in improvements are planned over 10 years, including \$1.8 million for 30 building façade enhancements
- ◆ Active commercial development in Sandy in last five years acknowledging that Sandy is 'on the map.' EX: Fred Meyer, Bimart, Grocery Outlet
- ◆ Active, eager downtown business development team—a true public-private partnership
- ◆ Unique downtown amenities: Meinig Park, Historical Museum
- ◆ New and expanding downtown businesses in last year--three food establishments, service business and retail (EX: Stephanie's Cafe, Cascade Horticulture, Bike Shop, Bavarian Restaurant, Fastenal, tea room)
- ◆ Public plaza with farmers market and adjacent parking lot for special events
- ◆ Public anchors downtown – City Hall, library (with pedestrian-friendly public plazas) and elementary, junior high and high schools--adjacent to downtown core
- ◆ Strong, well-managed Chamber of Commerce actively assisting local and start-up businesses
- ◆ Matching grants for façade improvements through urban renewal
- ◆ Business district identify shaped and improved through streetscape, utility undergrounding, flower baskets, banners, etc
- ◆ Several promotions to attract customers from the Mountain Festival to the Farmer's Market and downtown historical walking tour
- ◆ Sandy Actor Theatre – attracts over 5,000 annually, of which 70% are from outside Sandy
- ◆ High traffic volumes through town provide downtown Sandy significant exposure: 2007 counts at Hwy 26 just west of Bluff Rd--32,100 vehicles/day; on US 26, east of Vista Loop--23,200 vehicles/day



Challenges

- ◆ Very linear downtown in large part due to couplet
- ◆ Pedestrian safety is challenged even in crosswalks, which are not well marked
- ◆ While 30+ businesses are concentrated in the Strauss Av. to Meinig Av. area, it is still not readily apparent where the heart of downtown Sandy is
- ◆ Suburban-style development dominates with parking lots in front of buildings and multiple curb cuts making downtown more conducive to cars than pedestrians
- ◆ Amalgam of architectural styles making it difficult to project a uniform identity
- ◆ Ample undeveloped highway-commercial (C-2) zoned land (126.5 acres) may challenge downtown as it continue to develop
- ◆ Wayfinding signage is needed with readable, visible parking/lot signs including RV/boater spaces
- ◆ General auto-orientation challenging pedestrians and bikers to move safely
- ◆ Numerous vacancies (estimated at 15%) and vacant lots
- ◆ Many instances of derelict, outdated and hard to read signage that does not promote district unity
- ◆ Business image needs help—from quality, readable signage to appealing storefronts, a positive message should be conveyed
- ◆ High traffic volumes particularly on weekends may impede downtown access and shopping

Opportunities

- ◆ 2009 Market Area leakage of \$137 million or 515,115 square feet
- ◆ Active urban renewal district with ability to influence and shape downtown development
- ◆ Significant pass-through traffic (See Transp Plan data)
- ◆ Outstanding outdoor recreation tourism assets provide Sandy a competitive advantage (trail system, farm loop, Mt. Hood recreation, Sandy River fishing, etc)
- ◆ Cluster of nearly a dozen historic buildings with parking behind have potential to become specialty node
- ◆ Several business niches to be filled including restaurant and entertainment
- ◆ Potential cluster with gift shop, quilt shop, tearoom, yarn shop and bakery
- ◆ Visitor events attract large crowds and provide opportunities for cross marketing: Sandy Mountain Festival draws 55,000
- ◆ Opening of historic museum will draw thousands annually; opportunity to cross-promote with and publicize other Sandy attractions
- ◆ Several prime properties in the couplet are vacant and offer important opportunities to influence the business mix. include Old Rexall Buildings, Arctic Cat, old Sandy Post/Frontier Building, My Friends Closet, Curves, WIC office building



Opportunities (continued)

- ◆ Other properties could be more fully utilized such as Odd Fellows Building, Community Action Center and others
- ◆ Downtown housing opportunities in the longer term
- ◆ Existing clusters in town draw highway and other traffic and could be packaged and better promoted, including 5 gas stations, 12+ recreation-oriented businesses, 20+ restaurants, home furnishings/art shops on Proctor St. including: a Yarn Shop, Quilt Shop and Inga Pachukes
- ◆ The City is contracting with wayfinding signage consultants to improve the visual cues and directional path for visitors to downtown and the community

Strengths



Challenges



Opportunities





Retail Strategy Development

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

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

Market Position

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

Downtown Sandy is the civic heart of town....a convenient mixed-use business with shopping and services, dining and special events, and local business owners and hometown service.

Business Mix and Targets

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



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

Success will be achieved in downtown Sandy with business owners dedicated to:

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

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



Exhibit 8 Target Downtown Sandy Business Opportunities		
Merchandise	Bookstore Women's casual apparel Gifts/cards/music Bed & bath linens/accessories Kitchen accessories shop Furniture-locally made & other Garden & outdoor accessories Quality consignment –ladies Computer supply	Art—locally produced (more) Made in Sandy Store Jewelry Lighting/Home accessories Specialty sporting goods
Restaurants/Food	Farm to Table Restaurant 'Farmed in Clackamas County' Bakery/Patisserie Breakfast/Bagel Specialty grocery Health food store/natural food	Brewpub Family dining-50s Deli Healthy foods
Entertainment	Live entertainment/music @ restaurant or coffee house/piano bar Community art/performance center	
Personal Care/Service	Tailoring/alterations Computer repair/service Homeopathic/naturopathic care (more) Vision care/eyeglass center Urgent care centers/doctors	
Other needs	Lodging: bed & breakfasts; quality motel/hotel	

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

Business Clustering



Downtown Sandy's success in capturing new and expanding retail development and its long-term viability as a business district will be strongly influenced by a number of factors, including the ability to locate retail and related businesses in the downtown core. An important success factor for downtown development is the creation of a critical mass of complementary businesses that benefit from each other's sales, customers and markets. The primary vehicle for

developing unified groups of stores and businesses is clustering – creating mutual advantages in terms of pedestrian flow and shared markets between businesses.

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

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

Downtown Sandy should continue to strengthen and build upon its strongest blocks and existing retail anchors. At present, the section of the couplet with the greatest business concentration is Strauss to Meinig Avenues. These three blocks on both Pioneer and Proctor Streets represent the area with the greatest potential for retail clustering. The streetscape enhancements contribute to a sense of physical unity in this area and façade improvements will also be a positive factor. In addition, there are many strong business anchors there.



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

Several very busy 'loner' businesses exist in downtown blocks with no other retail immediately adjacent. The quilt shop is a good example. These destination businesses have the potential to help activate other blocks in the core and, ideally, should be located close to other similar businesses.

Streetscape improvements, flower baskets, contiguous storefronts, and renovated facades directly contribute to a positive pedestrian environment in any downtown district. Pedestrian activity should be encouraged and enhanced throughout Sandy's core shopping blocks. Over time, the downtown retail/restaurant area will spread out to include more blocks. This guideline is directly linked to urban design principles, marketing and clustering. It speaks to the need to *call out* in all possible ways the retail focus in downtown Sandy through good building design, signage, landscaping, and traffic calming endeavors.

Property Development

The best strategies for recruiting business prospects and developers are to provide an inventory of available real estate (properties and lots) and, better yet, to be in the position to bring key properties to the table. The goal of Property Development strategies is twofold--to stimulate interest and action toward property improvements and to enhance the appearance and condition of downtown Sandy properties to attract quality tenants. Ideally, the Sandy Urban Renewal Agency with the help of the Sandy Main Street organization will target priority infill properties in the core downtown area for redevelopment. Downtown Sandy has a number of catalytic infill sites that are prime redevelopment opportunities. Next steps will be delineated in the action plan section to follow.



Business Development Plan

Successful implementation of downtown Sandy's business development program requires strong coordination, consistent communication and commitment to a vision for a more cohesive downtown. The steps outlined below assume that a collaborative team will work together on the downtown commercial base, including the City of Sandy Urban Renewal Agency, the Chamber of Commerce, and the Sandy Main Street organization, which will spearhead the process. However, the team should also include a range of individuals from realtors and property owners to business owners and marketing professionals.

Downtown Sandy's Business Development Action Plan addresses all the key components of success from a strong vision and quality product to specific targets and organized campaigns to generate results. The plan is organized similar to a Downtown Program Workplan with target actions, strategies and next steps/tasks.

ACTION 1: PACKAGE AND PROMOTE THE DOWNTOWN VISION

Newcomers to Sandy – developers, investors and business prospects – need to be reassured that there is a strong vision and game plan for downtown's long term success. Much groundwork has been laid with the City's commitment to the Main Street approach, the Sandy Urban Renewal Agency's significant investment in downtown, the Lakota Group Resource Team visit and report, the retail market analysis, and community surveys. Next steps are outlined below.

- ◆ **Package Vision.** Create a summary vision – a visual aid, map or a one-page synopsis – of the future of downtown Sandy over the next 5-10 years: the market position, business mix, key redevelopment projects, and significant changes. Call out any projects underway or planned. Be sure to 'talk up' the façade program for 30 storefronts. Using a one-piece visual map will help reduce confusion and quickly introduce a prospective business or developer to the opportunities available. A map can visually communicate the context of the larger area and also highlight the core. It can be two-sided and include photos of redeveloped Main Street properties and streetscape/façade improvements.



- ◆ **Share and promote the downtown vision** with all stakeholders and influencers—brokers, property owners, and business owners. Organize small and large group presentations to share the top three goals for 2009-2010 tied to the upcoming Main Street kick-off efforts.

ACTION 2: PREPARE AND DEVELOP YOUR REAL ESTATE PRODUCT

A key short-term focus for downtown Sandy's business attraction and expansion program is to inventory built retail space available for occupancy in the core retail area, particularly space of a suitable size for small business. Quality business tenants need attractive, appropriately sized commercial properties in the right location for attracting customers. Specialty shops generally seek small square footages – from 500 to 3,000 square feet (SF). Become thoroughly knowledgeable about and actively promote the real estate product downtown Sandy has to offer.

- ◆ **Property Database.** Support the development of a property database of commercial lease opportunities focusing in the near term on the downtown core. Business prospects appreciate having all the choices in one place.
- ◆ **Market-ready Properties.** Determine the properties that are 'ready' for tenants. Within the core area, contact property owners of vacant buildings/sites to discern plans, availability, willingness to make improvements. Identify and provide assistance ranging from help in posting "For Lease" signs and cleaning up to façade improvement assistance in order to generally make properties more marketable. Ideally, the same poster-type format would be used for all available properties with Main Street Sandy information/website.
- ◆ **Property/Building Profiles.** Create a one-page information sheet for top priority, prime downtown sites and buildings, including square footage, lease/sale terms, store fronts/parking, photos, target business types for each property. Put links on the City's and Sandy Main Street Program's websites showing "Commercial Properties Available."
- ◆ **Property Redevelopment.** To significantly influence the retail mix, the City and Sandy Main Street Program must identify priority properties and sites for new tenants, for redevelopment or new infill development, and create a game plan for moving ahead. Use the Property Evaluation Worksheet in Appendix E. Actively explore and evaluate buildings/sites in the core for 'readiness' and timing in terms



of development or improvements. Priority properties identified during the market study include:

- ◆ Old Rexall Building
 - ◆ Smith Building
 - ◆ Old Sandy Post/Frontier Building
 - ◆ (former) Curves and My Best Friend's Closet locations
 - ◆ Historic building cluster
 - ◆ Large, vacant parcel that fronts on both sides of the couplet
- ◆ **Cross Match Property to Business Target.** Work to match vacant spaces to specific store types and tenants.
 - ◆ **Targets.** Create site-specific business location targets for Proctor and Pioneer Streets in the core area to begin with, as more information is gleaned about property opportunities and business status.
 - ◆ **Conduct 'highest and best use' analysis** for select redevelopment sites. Ideally, the Sandy Urban Renewal Agency will identify two to three properties it would consider purchasing for redevelopment and target these for a feasibility analysis.
 - ◆ **Create a Vacant Window Program** that displays local art work, nonprofit organization information, signs that say 'Your Business Here,' store scenes that depict the best business or other community info in vacant storefront windows. Talk to Main Street Oregon City which has implemented such a program.
 - ◆ **Ground Floor Space.** Minimize office users in retail space, keeping in mind the importance of retail to generating pedestrian foot traffic in the core area. As time permits, talk with office-type users on ground floors of the core retail area to encourage relocation to sites out of the core retail area or in second-floor locations. Gain permission to market their space if they are willing to relocate.

ACTION 3: STRENGTHEN EXISTING BUSINESS

Businesses are more challenged than ever before to be smart, efficient, focused and marketable. Helping existing downtown businesses succeed is a critical step in the business development process. Most often, Main Street 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 downtown Sandy, 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.

As the Sandy Main Street Program seeks to address key business needs and connect businesses to resources and services, it should focus on the following top small business issues: Image and Identity, Finance, Marketing, and Promotion.

- ◆ Continue and **enhance all existing efforts** such as the Chamber's 'Lunch & Learn' program. Add other formats and programs from one-on-one in-store assistance and mentoring to business recognition programs and financial assistance.
- ◆ Offer one-on-one **marketing assistance visits** with e-market/business expert on merchandising, merchandise-mix, pricing, and target marketing. Create matching grant technical assistance program at no charge or with commitment from business to follow through.
- ◆ **Package and promote** all of the resources and benefits available to downtown Sandy businesses, perhaps as part of a Downtown Program's "Downtown Business Toolbox." This includes incentives such as the façade grant program/design assistance and business consulting through Mt. Hood Community College Small Business Development Center, among other tools and resources.
- ◆ **Share the results** of the retail market analysis with business owners through the Chamber and City websites, at special forums, etc.
- ◆ **Follow-up immediately** with the five Sandy businesses that asked for help either from the City of Sandy (with regulatory and code issues) or from a small business advisor with other concerns.
- ◆ **Organize a business assistance program** where a local Business Assistance Team (through the Economic Restructuring Committee) is in regular contact with downtown businesses and helps identify and respond to critical issues in timely manner.
- ◆ **Provide visitor market feedback**, which is critical to many established businesses that are dependent on this market. Implement a short Visitor Survey during the peak visitor months of July and December



asking, 'How did you find us? What are your shopping needs on your Sandy visit?' and related questions. Put at Chamber/visitor center, Joe's donut shop, etc. Report semi-annually on the results.

ACTION 4: BUSINESS RECRUITMENT

Downtown Sandy 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 without follow-up and personal meetings with businesses, brokers and developers is not an aggressive program.

Important to both efforts is clear understanding of:

- ◆ Product – what do we have to offer?
- ◆ Audience – who are we targeting?
- ◆ Benefit – compelling reason why a business will want to be located here.

The preceding actions are critical in defining the product. Based on the property inventory, further narrowing of specific targets will help to focus marketing and sales efforts on those targets that provide the most opportunity for the available property. Business targets are identified in Section 3-Retail Strategy, but will need to be matched to available space.

The three key steps for implementing a Business Recruitment program are:

- 1) Sales Package
- 2) Marketing
- 3) Sales

The outline below summarizes potential next steps for the Sandy Main Street Economic Restructuring Committee related to these three key activities.

Sales Package

Create sales material and distribution channels. Appendix F shares a simple one-page marketing tool highlighting the Sandy market area data.



This page should be augmented with property sheets, a business resource/incentive guide and information on Sandy Main Street and the Sandy community. It should be available in a simple folder/package for a proposed business seeking a location or for pitching a proposed location to a business.

- ◆ **Use existing websites to promote sales info** – Update the City and Chamber websites with the Market Analysis and Target Business list and eventually a property database, information on business/developer incentives, and related information.
- ◆ **Create a 'Downtown Sandy by the Numbers' factsheet** similar to the Oregon City example in Appendix G.
- ◆ **Add a blog and RSS feed to website** – which will help drive businesses to the website and track information. Report downtown developments on the blog. Also add a “sign-up section” for news.

Marketing

Marketing is all about creating awareness of the opportunity. The goal is to have consistent, frequent and meaningful messages to the target audience that demonstrate why they should consider a location.

- ◆ **Lists** – the first step is to create and maintain a target list. The list should include all existing businesses that may have opportunity to expand) and all target businesses. Create the database list using the following sources and “information gathering” tactics:
 - Existing businesses in the Sandy area. Clackamas County has already prepared this database for downtown Sandy and beyond.
 - Existing businesses in the retail market area and beyond that could consider a location in downtown Sandy. Often adding a new location for a small, existing, well-known, successful business is the best way for the business to expand.
 - Guerilla tactics include searching other successful downtowns for unique stores that fit Sandy – best to stay within an hour or so drive so owners can check on the store.
 - Real Estate Brokers – build relationship so brokers trust sharing their information and knowledge of potential business leads.
 - When properties for key sites/locations become available, first work with local brokers to determine best method and source for developing marketing list.
- ◆ **Electronic postcards or hard copy postcards** – with a good list, messaging can be easy with the use of electronic postcards. Keep



messages short, simple and newsworthy – push readers to website for more information. Electronic email services such as Vertical Response (www.verticalresponse.com) are excellent resources. Or an email post card program can be easily designed and implemented by firms experienced in email campaigns.

- ◆ **Launch the marketing campaign** – Once the property database is uploaded, use this as opportunity to “launch” the marketing efforts. If the list has not been confirmed for email distribution, launch with hard copy, 6” x 9” postcards. Postcard templates can be printed at a low cost using same image as on folder, leaving back side blank to add specific messages for each mailing. First postcard announces the downtown Sandy database and drives contacts to website for sign-up of news or market prospectus.
- ◆ **General Campaigns** – Postcards send messages of new developments, events, new market information, new property available.
- ◆ **Targeted Campaigns** – Further mailings can focus on specific targets. Select two to three target clusters, such as restaurants, home furnishings, based on available properties and those businesses most desired by the community. Create a three- to four-piece series of postcards promoting the desire for this type of business that is missing in the retail mix, the property, some market data, and assistance available. Note: These campaigns should be implemented only when there is a property match or potential of property match coming on the market.

Sales

Sales is the personal, one-on-one follow-up to marketing and cold calling. Use the flyer or sales packet as a speaking piece and leave-behind.

- ◆ **Canvass existing, recognized businesses** in the greater Sandy area to determine their potential interest in relocating or adding another location. Also, if there is interest, find out facility size, configuration and any specific requirements they might have. Put them on mailing list/database for follow-up. The meeting should determine interest, specific needs and timeline.
- ◆ **Canvass unique businesses** in Clackamas County, in Hood River County, and surrounding “close-in” communities such as Gresham regarding an additional location.



- ◆ **Targeted Sales** – Focus on the two to three targets or ‘best bets’ for target marketing campaigns. After the mailing series, begin to schedule meetings with companies on the target list. Customize packets for target presentation, e.g., grocery, drug stores, apparel, etc. Personalize each packet with information that demonstrates the business would be successful in the downtown location – market data, property sheets.
- ◆ **Implement a Sample Specialty Retail campaign** such as the one outlined in the Appendix H.

Innovative Approaches

Rural communities can be extremely creative in encouraging entrepreneurs and developing 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 I for examples of two rural Oregon communities that have successfully used this economic development approach, Enterprise and Baker City.

Another ‘out of the box’ initiative was recently employed by the City of Independence when they created a youth retail incubator on Main Street focused on Bed and Bath products. See the agreement outlined for this program in Appendix J.

IMPLEMENTING THE PLAN

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

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

- ◆ Public-private partnership where goals, responsibilities, commitment and funding are shared through a unified game plan and common vision.
- ◆ A clear delivery system for ongoing market education, target marketing and sales. Among the stakeholders involved are the City,

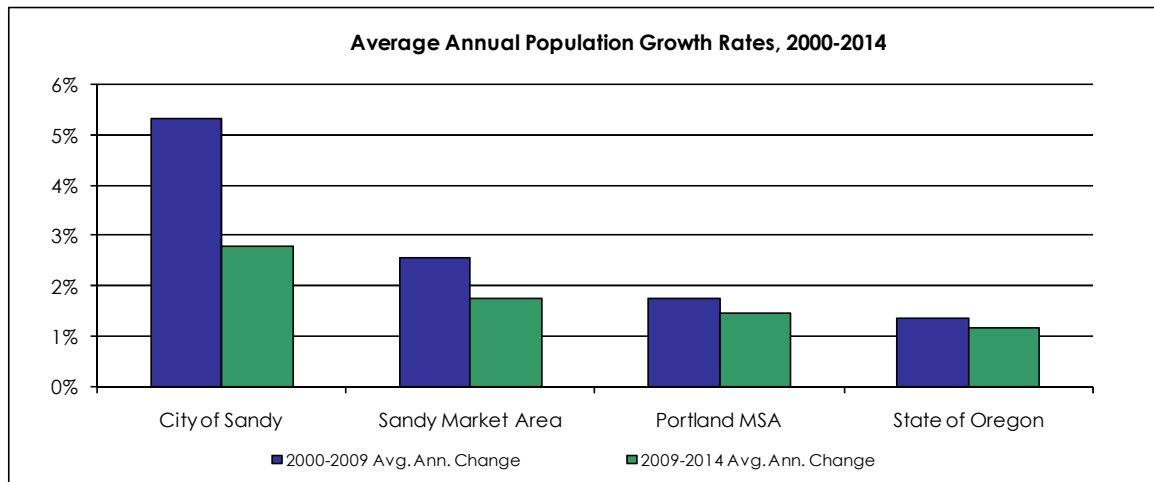


Chamber, developers, established businesses, residents, lenders, entrepreneurs, schools, and major employers. The Sandy Main Street Program is organizing with most of these constituents involved. Keep the 'net cast wide' in the process of ongoing recruitment of key influencers to focus on downtown Sandy's success.



Appendix A. Demographic Profile

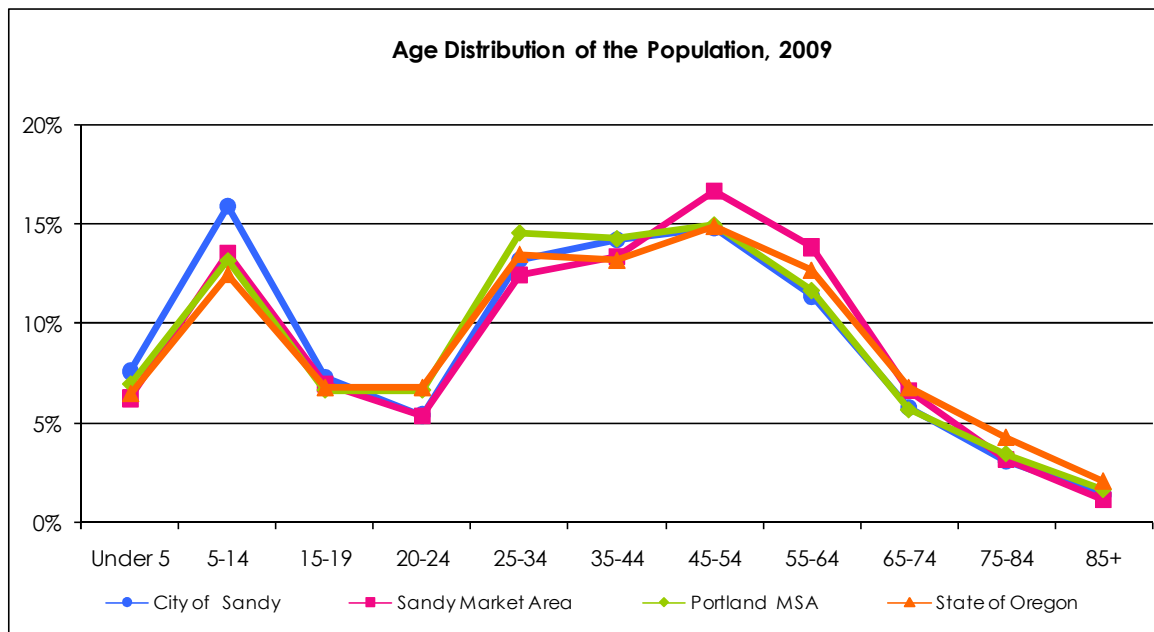
POPULATION & HOUSEHOLD GROWTH City of Sandy, Sandy Market Area, Portland MSA and State of Oregon 2000-2014							
Geographic Area	Avg. Ann. Change 2000-2009				Avg. Ann. Change 2009-2014		
	2000	2009 (Estimate)	Number	Percent	2014 (Forecast)	Number	Percent
City of Sandy							
Population	5,385	7,956	286	5.30%	9,063	221	2.78%
Households	1,956	2,871	102	5.20%	3,279	82	2.84%
Avg. Household Size	2.74	2.76	0.002		2.76	0.000	
Sandy Market Area							
Population	32,884	40,457	841	2.56%	43,985	706	1.74%
Households	11,898	14,566	296	2.49%	15,853	257	1.77%
Avg. Household Size	2.76	2.77	0.001		2.77	0.000	
Portland MSA							
Population	1,927,881	2,233,323	33,938	1.76%	2,396,625	32,660	1.46%
Households	745,531	857,304	12,419	1.67%	919,054	12,350	1.44%
Avg. Household Size	2.54	2.56	0.002		2.57	0.002	
State of Oregon							
Population	3,421,399	3,841,859	46,718	1.37%	4,064,906	44,609	1.16%
Households	1,333,723	1,495,911	18,021	1.35%	1,584,044	17,627	1.18%
Avg. Household Size	2.51	2.51	0.000		2.51	0.000	



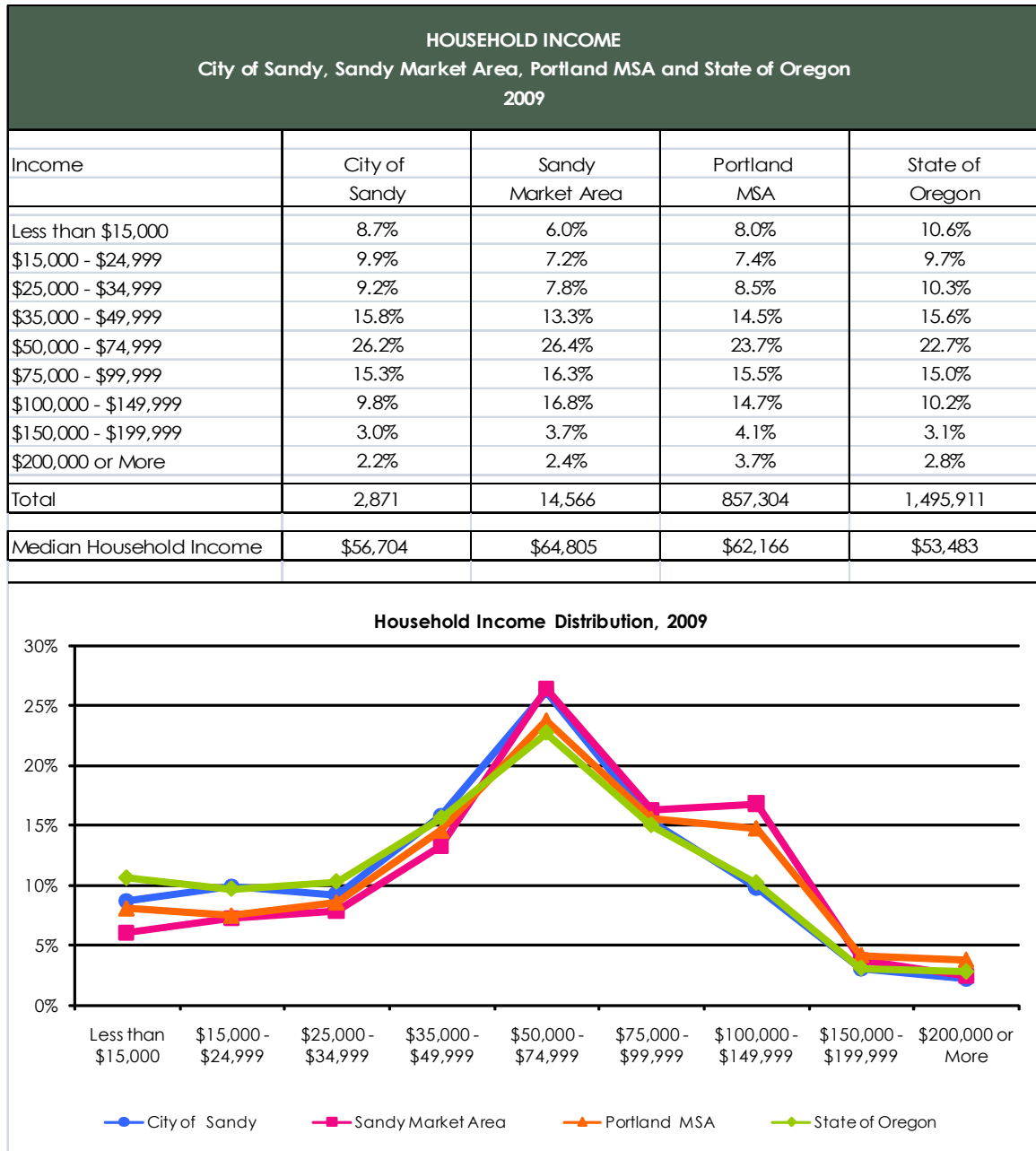
Source: ESRI BIS



POPULATION BY AGE				
City of Sandy, Sandy Market Area, Portland MSA and State of Oregon				
2009				
Age Category	City of Sandy	Sandy Market Area	Portland MSA	State of Oregon
Under 5	7.6%	6.3%	7.0%	6.5%
5-14	15.9%	13.6%	13.2%	12.5%
15-19	7.3%	7.0%	6.7%	6.8%
20-24	5.4%	5.4%	6.7%	6.8%
25-34	13.2%	12.5%	14.6%	13.5%
35-44	14.2%	13.4%	14.3%	13.2%
45-54	14.8%	16.7%	15.0%	14.9%
55-64	11.4%	13.9%	11.7%	12.7%
65-74	5.8%	6.7%	5.7%	6.8%
75-84	3.1%	3.2%	3.5%	4.3%
85+	1.4%	1.2%	1.7%	2.1%
Total	7,956	40,457	2,233,323	3,841,859
Median Age	35.5	39.0	36.3	38.0



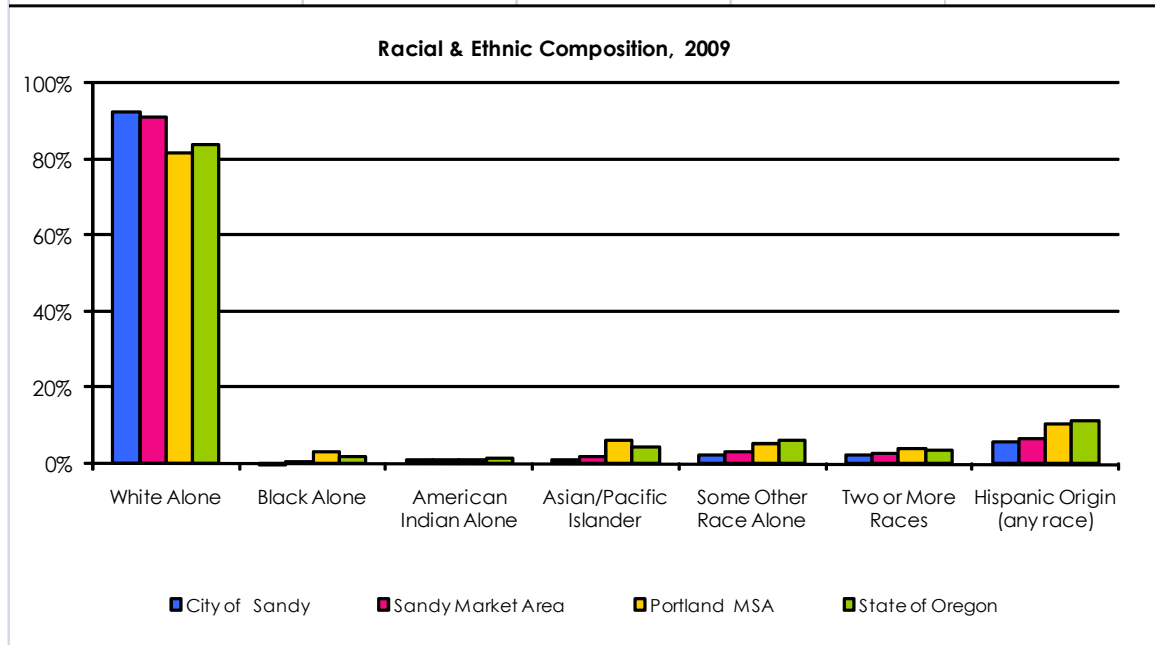
Source: ESRI BIS



Source: ESRI BIS



RACIAL & ETHNIC COMPOSITION City of Sandy, Sandy Market Area, Portland MSA and State of Oregon 2009				
Race/Ethnicity	City of Sandy	Sandy Market Area	Portland MSA	State of Oregon
White Alone	92.4%	91.2%	81.6%	83.7%
Black Alone	0.2%	0.5%	2.8%	1.7%
American Indian Alone	1.2%	0.9%	0.9%	1.3%
Asian/Pacific Islander	1.2%	1.9%	6.0%	4.1%
Some Other Race Alone	2.5%	3.0%	5.1%	5.8%
Two or More Races	2.4%	2.6%	3.7%	3.4%
Hispanic Origin (any race)	5.7%	6.4%	10.3%	11.2%
Total	7,956	40,457	2,233,323	3,841,859



Source: ESRI BIS



Community Tapestry Segments

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

Market area households have been grouped into Tapestry market segments. The market segments within the Sandy Market Area are identified and summarized in the chart on the following page. While the characteristics of each market segment vary, households within the Market Area tend to be family households consisting of married couples with or without children. Homeownership predominates, and home improvement and lawn and garden projects are popular. Incomes range – “Main Street, USA” and “Salt of the Earth” segments have median incomes comparable to the national median. Other segments – “Green Acres” and “Exurbanites” – have incomes above the national median, and the “Rooted Rural” segment has a median considerably below the national level. Top market segments include “Green Acres,” “Main Street, USA,” “In Style,” and “Exurbanites.”



TAPESTRY MARKET SEGMENTS					
Sandy Market Area					
2009					
Market Segment	% of Hholds	Hhold Type	Median Age	Median Income	Consumer Preferences & Purchases
1 Green Acres	22.4%	Married couples	41	\$63,922	Blue collar families w/ children 6-17 living in pastoral settings. These do-it-yourselfers are not afraid to tackle home improvement projects and enjoy watching football and NASCAR and going hunting and hiking.
2 Midland Crowd	17.9%	Married couples	37	\$49,748	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.
3 Exurbanites	16.8%	Married couples	45	\$88,195	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.
4 Sophisticated Squires	14.2%	Married couples	38	\$85,937	Couples who enjoy cultured country living on the fringe of urbanized areas. They do their own landscaping and home improvement projects and play sports and board games. Prefer to read than watch television.
5 Inner City Tenants	9.1%	Family Mix	28	\$32,497	Young, multicultural households that devote much of their income to infant and children's products. They enjoy going to the movies, watching TV, shopping and attending sporting events.
6 Main Street, USA	6.6%	Family Mix	37	\$55,144	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.
7 Salt of the Earth	5.2%	Married couples	41	\$50,538	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.
8 Rooted Rural	4.5%	Married Couples	42	\$37,509	These households are typically made up of do-it-yourselfers who enjoy working on their homes and cars. Favorite pastimes include attending country music performances, reading hunting and fishing magazines and shopping by mail, phone or online.
9 Up and Coming Families	3.3%	Married couples with children	32	\$77,444	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.
Total Households	100.0%				

Source: ESRI BIS



Appendix B. Retail Demands

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

Source: ESRI BIS



EXISTING RETAIL BALANCE Sandy Market Area 2009					
Merchandise Category	Demand/ Spending Potential	Supply/ Retail Sales	Leakage (or Surplus)	Target Sales (\$/SF)*	Potential Space
Shoppers Goods					
Apparel	\$12,690,341	\$511,697	\$12,178,644	\$209	58,271
Home Furnishings	\$11,589,310	\$2,875,557	\$8,713,753	\$199	43,788
Electronics & Appliances	\$11,157,942	\$1,975,506	\$9,182,436	\$199	46,143
Home Improvement & Gardening	\$15,195,103	\$22,601,783	(\$7,406,680)	—	—
Sporting Goods, Hobbies, Books & Music	\$5,416,703	\$863,598	\$4,553,105	\$216	21,079
General Merchandise	\$68,575,685	\$33,256,331	\$35,319,354	\$216	163,516
Miscellaneous Specialty Retail (florist, office supplies, gift stores, etc.)	\$6,766,247	\$4,674,644	\$2,091,603	\$216	9,683
Convenience Goods					
Grocery	\$67,931,618	\$26,997,227	\$40,934,391	\$390	104,960
Health & Personal Care	\$10,540,107	\$13,410,345	(\$2,870,238)	—	—
Restaurants					
	\$58,997,143	\$41,198,569	\$17,798,574	\$263	67,675
Total Leakage					\$130,771,860
Estimated Supportable Square Footage					515,115

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

Source: ESRI BIS



RETAIL EXPENDITURE POTENTIAL								
Sandy Market Area								
2009-2019								
Merchandise or Service Category	Per Household Expenditure	Target Sales (\$/SF)*	2009		2014		2019	
			Retail Potential		Retail Potential		Retail Potential	
			Sales (in mil \$)	Space (SF)	Sales (in mil \$)	Space (SF)	Sales (in mil \$)	Space (SF)
Apparel	\$1,702	\$209	\$24.8	118,635	\$27.0	129,117	\$29.4	140,525
Home Furnishings	\$1,663	\$199	\$24.2	121,704	\$26.4	132,458	\$28.7	144,161
Home Improvement	\$1,401	\$140	\$20.4	145,753	\$22.2	158,631	\$24.2	172,647
Misc. Specialty Retail	\$1,950	\$216	\$28.4	131,466	\$30.9	143,082	\$33.6	155,724
Shoppers Goods			\$97.8	517,558	\$106.5	563,288	\$115.9	613,058
Grocery	\$6,285	\$390	\$91.6	234,755	\$99.6	255,497	\$108.4	278,072
Health/Personal Care	\$1,117	\$365	\$16.3	44,586	\$17.7	48,525	\$19.3	52,813
Convenience Goods			\$107.8	279,341	\$117.4	304,023	\$127.7	330,885
Restaurants	\$3,847	\$263	\$56.0	213,049	\$61.0	231,874	\$66.4	252,361
Entertainment	\$492	\$90	\$7.2	79,700	\$7.8	86,742	\$8.5	94,407
Personal Services	\$1,078	\$151	\$15.7	104,012	\$17.1	113,202	\$18.6	123,204
Total			\$284.6	1,193,661	\$309.7	1,299,129	\$337.1	1,413,915
Five Year Net Gain					\$25.1	105,468	\$27.4	114,786

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

Source: ESRI BIS

RETAIL EXPENDITURE POTENTIAL								
Clackamas County								
2009-2019								
Retail Category	Percent of Visitor Spending ¹	Target Sales (\$/SF)	2009		2014		2019	
			Spending (in millions)	Space (SF)	Spending (in millions)	Space (SF)	Spending (in millions)	Space (SF)
Shoppers Goods	26%	\$216	\$117.3	543,268	\$137.5	636,434	\$157.6	729,613
Restaurants	24%	\$216	\$108.3	501,478	\$126.9	587,478	\$145.5	673,489
Entertainment, Arts & Rec	3%	\$90	\$13.5	150,443	\$15.9	176,243	\$18.2	202,047
Grocery	6%	\$390	\$27.1	69,435	\$31.7	81,343	\$36.4	93,252
Total			\$266.3	1,264,624	\$312.0	1,481,498	\$357.6	1,698,401
Five Year Net Gain					\$45.7	216,874	\$45.7	216,902

(1) Adapted from "Visitor Spending by Commodity Purchased."

Source: Dean Runyan Associates; Marketek, Inc.



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

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

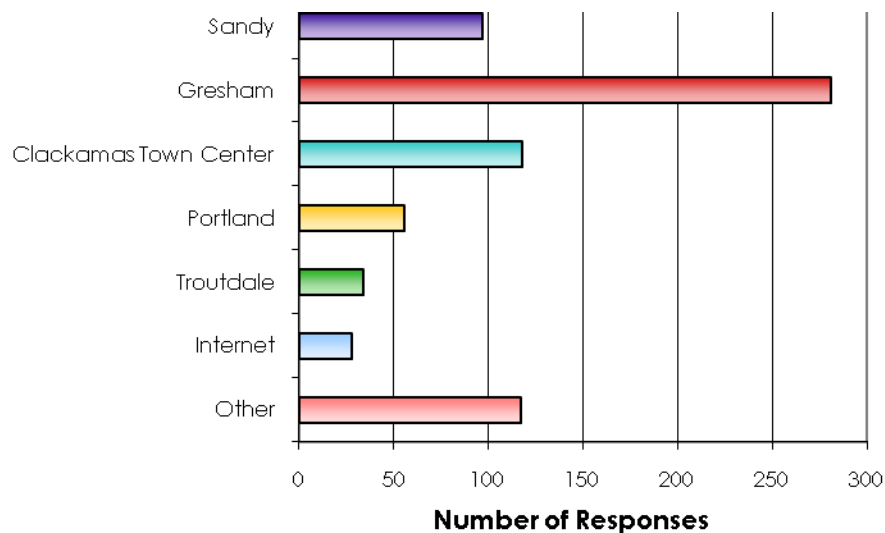


Appendix C. Sandy Shopper Survey

Section 1: Shopping & Services in Sandy

1. Where do you do most of your non-grocery shopping (e.g., apparel, home furnishings, sporting goods, etc.)? (443 respondents)

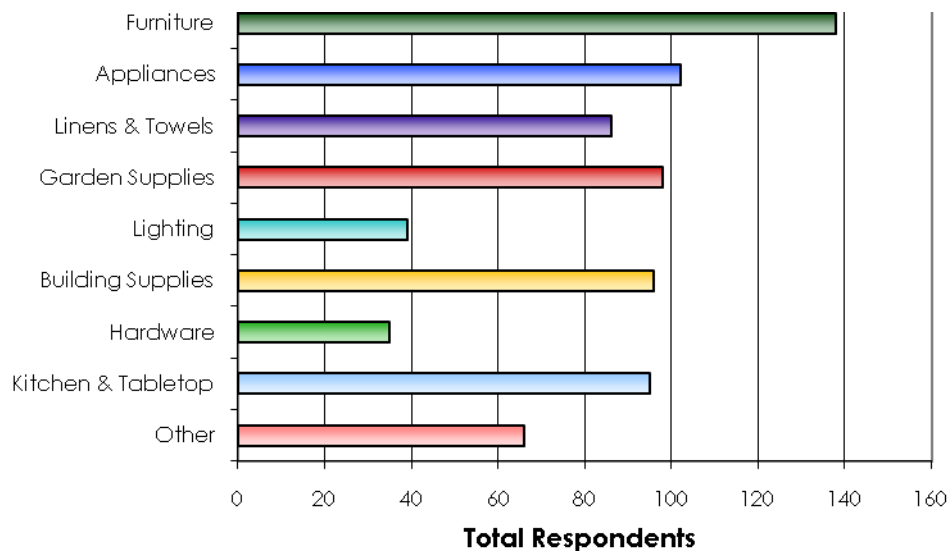
- ★ A significant majority of respondents (63.4%) do most of their non-grocery shopping in Gresham.
- ★ Less than a quarter of respondents (21.9%) report that they do most of their non-grocery shopping in Sandy.
- ★ Of the 117 respondents who chose 'other,' 85 stated that they shop at Fred Meyer.





2. What kinds of HOUSEHOLD GOODS do you think we are missing or need more of in the Sandy community? (Check all that apply) (320 respondents)

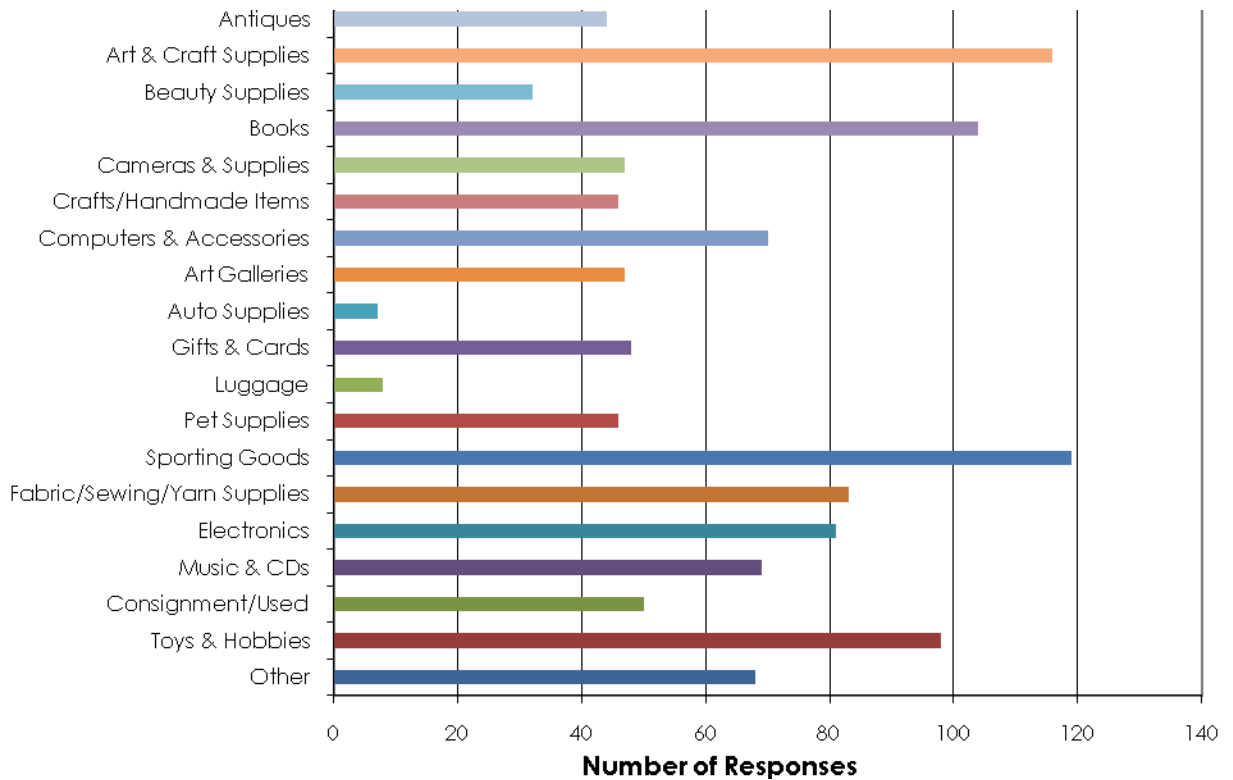
- ★ Furniture is the most common household good that respondents think is missing from the Sandy community (43.1%).
- ★ Hardware (10.9%) and lighting (12.2%) equipment are respondents' least requested household goods.





3. What types of SPECIALTY MERCHANDISE do you think we are missing or need more of in the Sandy community? (Check all that apply) (357 respondents)

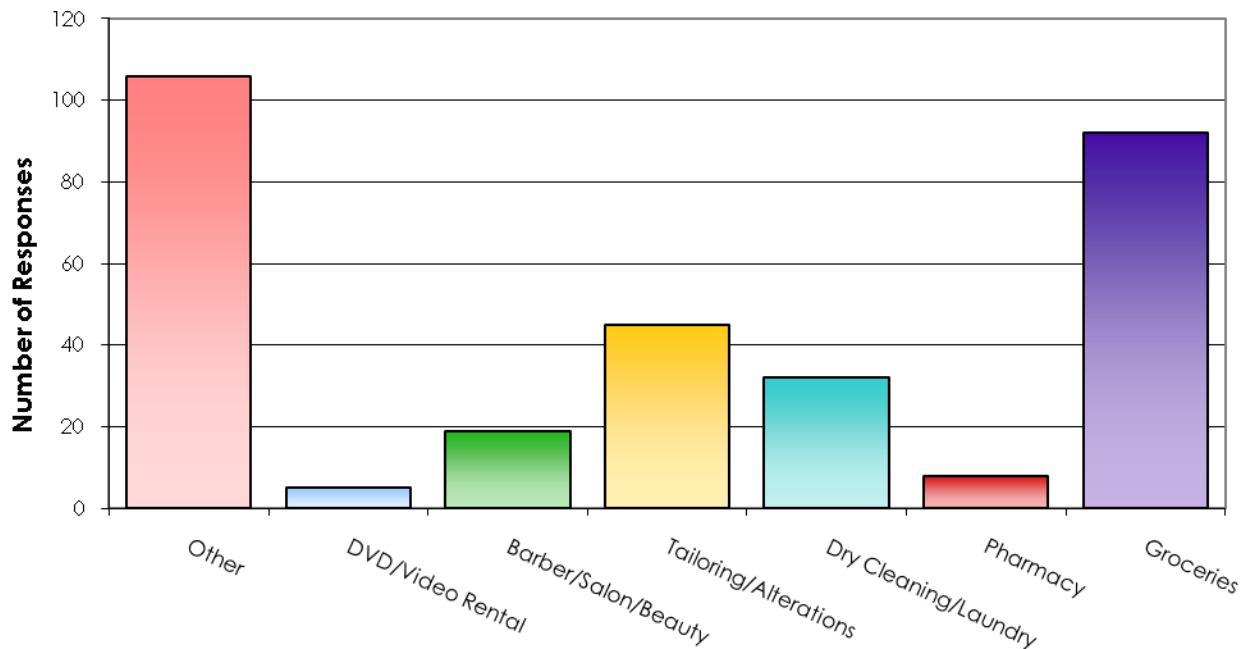
- ★ Sporting goods are the most requested specialty good (33.3%), followed closely by art and crafts supplies (32.5%) and books (29.1%).
- ★ Respondents demand automotive supplies less than any other specialty good (2.0%).
- ★ Other suggestions include home improvement stores (15 responses) and office supplies (11 responses).





4. What kinds of CONVENIENCE MERCHANDISE and PERSONAL SERVICES do you think we are missing or need more of in the Sandy community? (Check all that apply) (200 respondents)

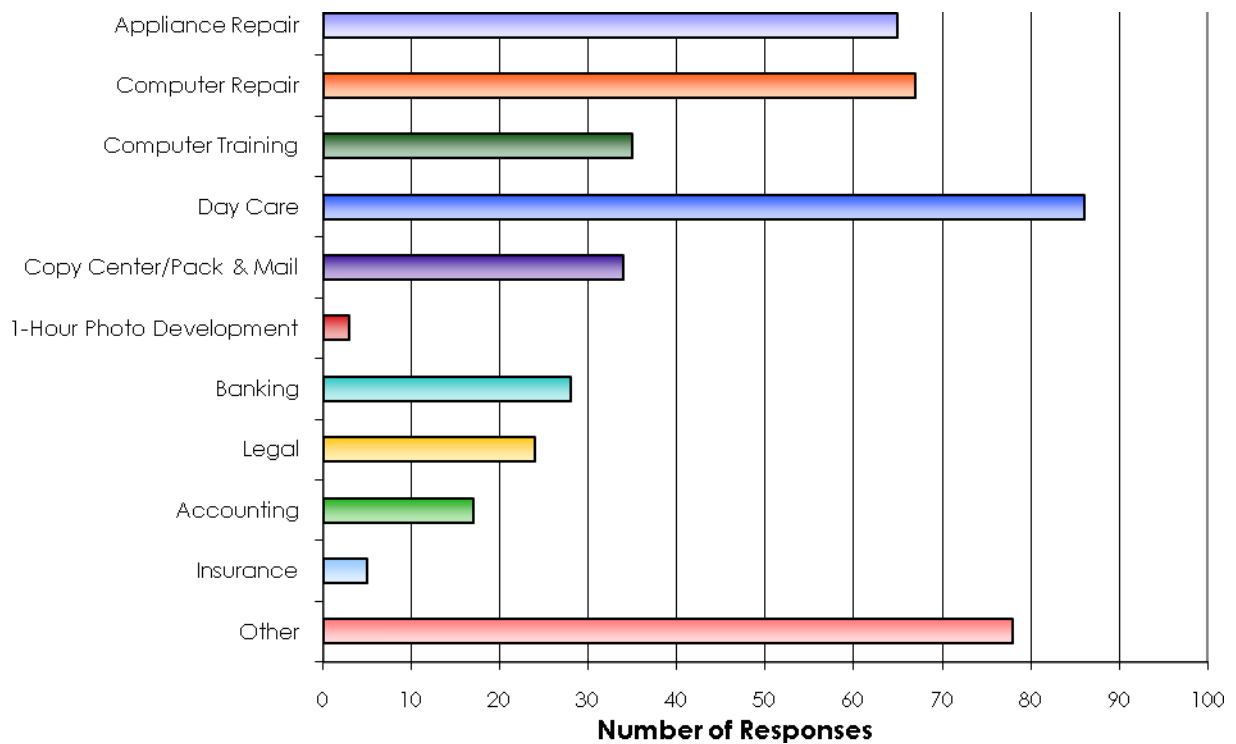
- ★ Most respondents chose “other” (53.0%), followed by groceries (46.0%). Of those who chose other, 31 respondents suggested the need for natural or health food stores. 28 respondents who chose “other” specifically mentioned the need for a Trader Joes store.
- ★ DVD/Video rental is the least requested convenience merchandise store (2.5%). There is also little demand for a pharmacy (4.0%).





5. What kinds of GENERAL SERVICES do you think we are missing or need more of in the Sandy community? (Check all that apply.) (228 respondents)

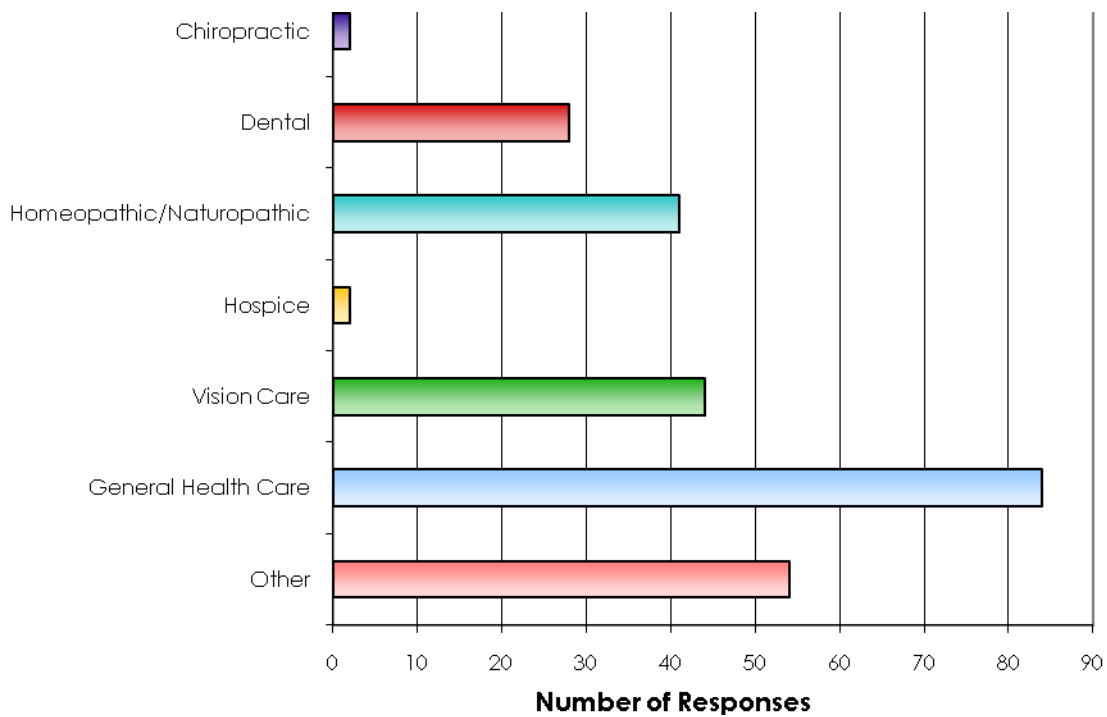
- ★ With 37.7 percent of responses, day care is the most requested general service. This is followed by 'other' (34.2%), computer repair (29.4%), and appliance repair (28.5%).
- ★ Respondents who chose 'other' suggested services like a car wash (12 responses) and a credit union (9 responses).
- ★ 1-hour photo development (1.3%) and insurance (2.2%) are the least requested general services.





6. What HEALTH SERVICES do you think we are missing or need more of in the Sandy community? (Check all that apply.) (156 respondents)

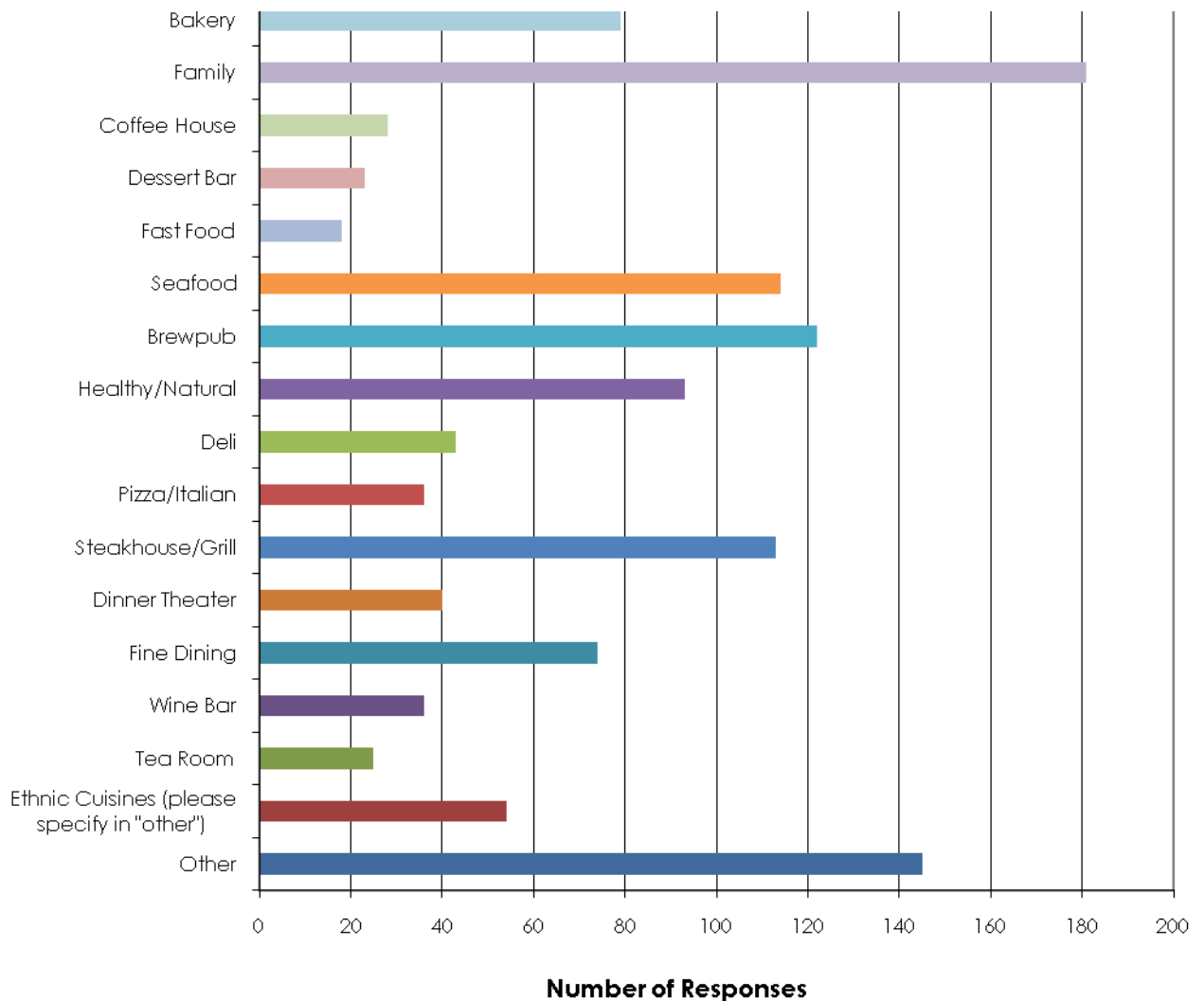
- ★ The majority of respondents believe that Sandy needs additional general health care facilities (53.8%). This is followed by 'other' (34.6%) and vision care services (28.2%).
- ★ Of the 54 respondents who chose 'other,' 23 suggested that Sandy needs an urgent care facility.
- ★ Hospice and chiropractic care are the least needed/desired health services in Sandy (1.3%).





7. In your opinion, what types of RESTAURANTS AND CUISINES do you think we are missing or need more of in the Sandy community? (Check all that apply.) (392 respondents)

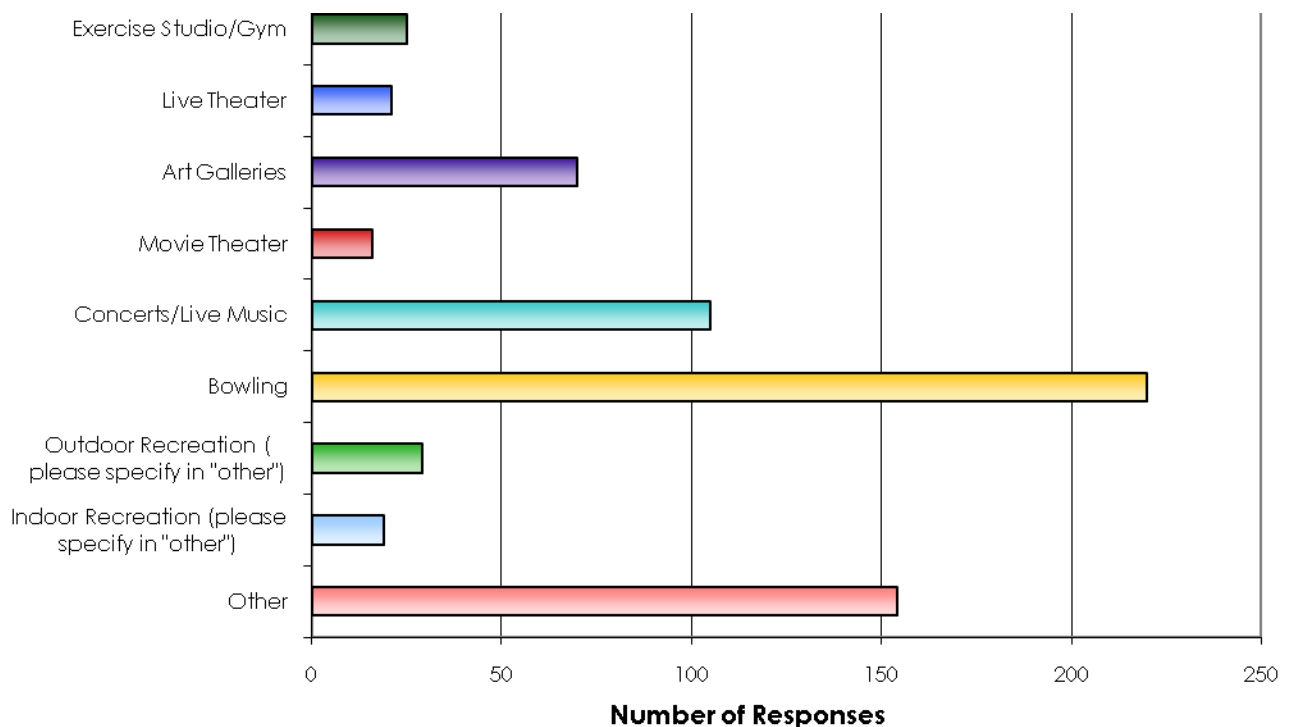
- ★ Most respondents suggest that Sandy could use a family restaurant (46.2%). The next more popular restaurant is a brewpub (31.1%), followed by a steakhouse/grill (28.8%).
- ★ The 'other' category is composed of both restaurant types not asked on this survey and more specific answers for the 'ethnic cuisines' category. 16 respondents suggested a restaurant specializing in breakfast foods and 16 respondents specifically mentioned they want to see an Applebee's restaurant in Sandy. 7 respondents suggested a sushi/Japanese restaurant.





8. What kinds of LEISURE/ENTERTAINMENT activities do you think we are missing or need more of in the Sandy community? (Check all that apply.) (338 responses)

- ★ The majority of respondents believe that bowling facilities (65.1%) are missing from Sandy, followed by 'other' (45.6%) and music venues (31.1%).
- ★ Those who responded under 'other' suggested skating rinks (62 responses) or golf courses (18 responses) would be welcome in Sandy.
- ★ Movie theaters (4.7%) are in the least demand.



9. Some of the above merchandise and services may be available locally. Please explain why you may not be buying these products or services in Sandy if you are aware of them. (89 respondents)

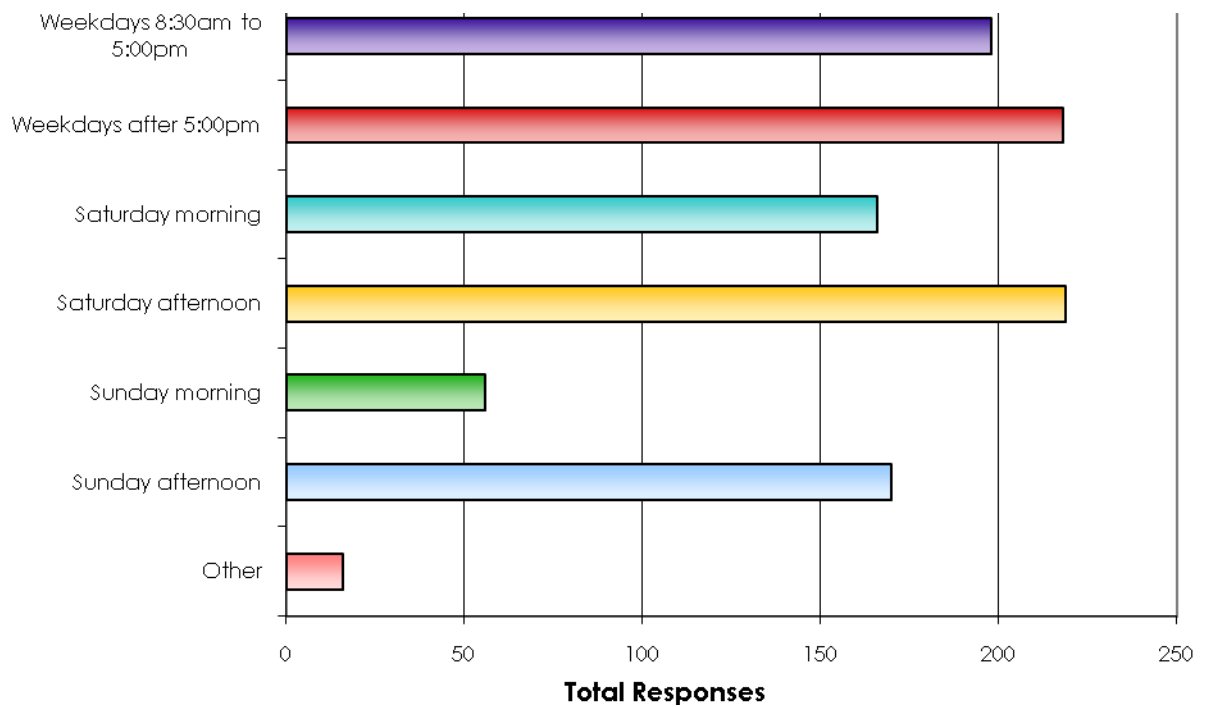
- ★ Residents are primarily concerned with the lack of selection among products in Sandy, as well as their comparatively higher prices relative to what is available in other markets.
- ★ *"I would love to shop and support our own local stores. I have to go to Portland to buy things that are cheaper, or they have things that I like in Portland that are not offered here."*
- ★ *"About the only choice for purchasing basic merchandise (clothing, housewares, etc.) in Sandy is Fred Meyer and Bi-Mart. Both stores offer a poor selection of poor quality items. While Bi-Mart goods may be cheaper, we have found Fred Meyer to be really expensive. We usually make a bi-monthly trip to Clackamas and Target for those general needs."*



Section 2: Shopping & Business Preferences

10. What are the best times for you to shop? (Please pick the top 3) (420 respondents)

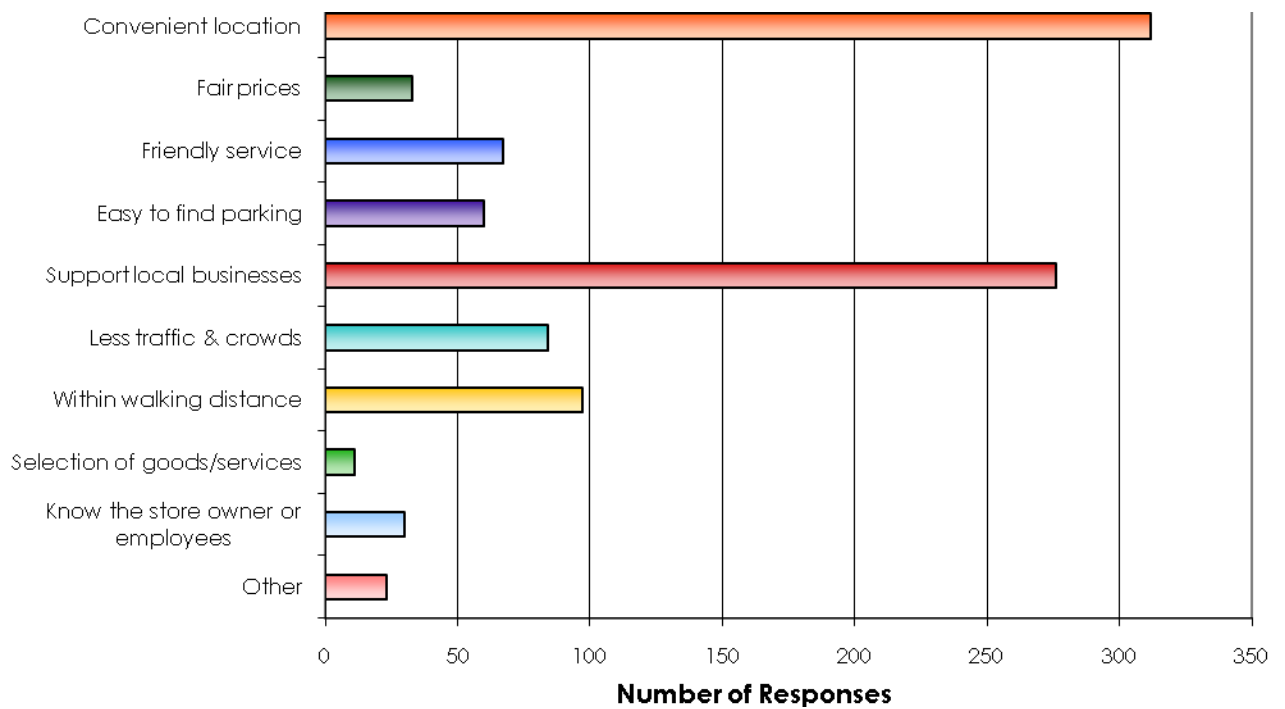
- ★ Except for Sunday morning, respondents seem generally willing to shop at all times of the week.
- ★ Residents slightly favor shopping in the afternoon compared to morning times.





11. Currently, what are the major ADVANTAGES of shopping or doing personal errands in downtown Sandy? (Please check the top 3) (411 respondents)

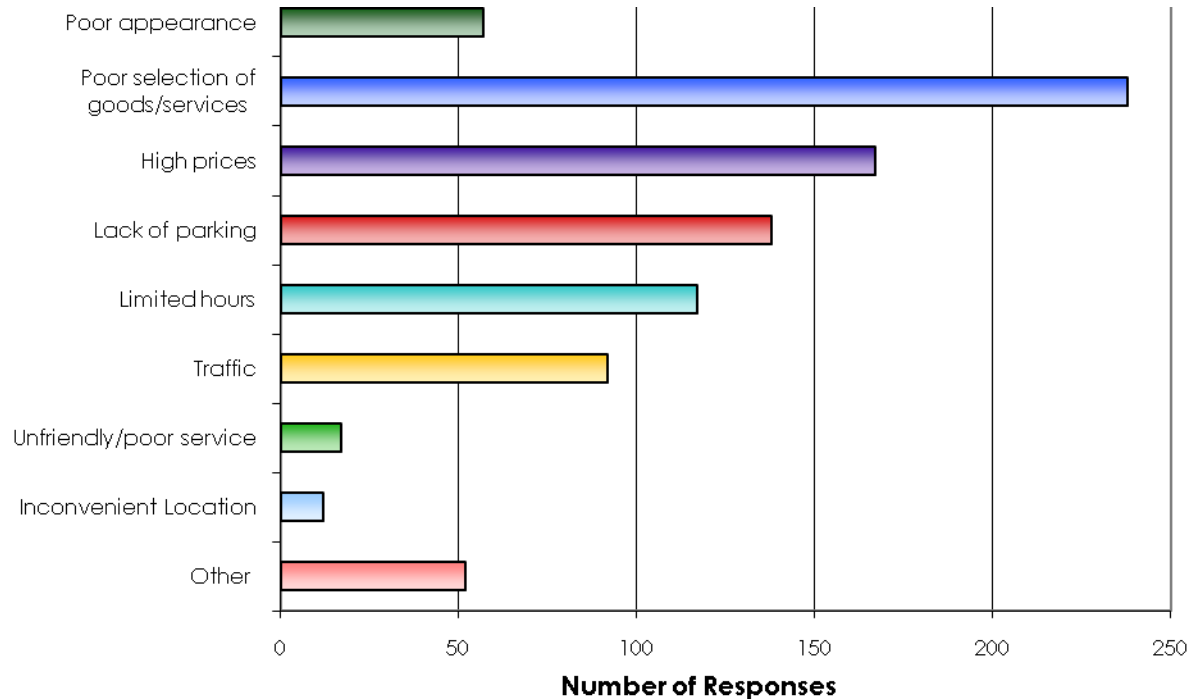
- ★ The majority of respondents cite the convenient location of businesses as the primary advantage of shopping in downtown Sandy (75.9%). This is followed by a strong desire to support local businesses (67.2%).
- ★ Selection and prices are the least cited advantages of shopping in downtown Sandy (2.7% and 8.0%).





12. Currently, what are the major DISADVANTAGES of shopping or doing personal errands in downtown Sandy? (Please check the top 3) (407 respondents)

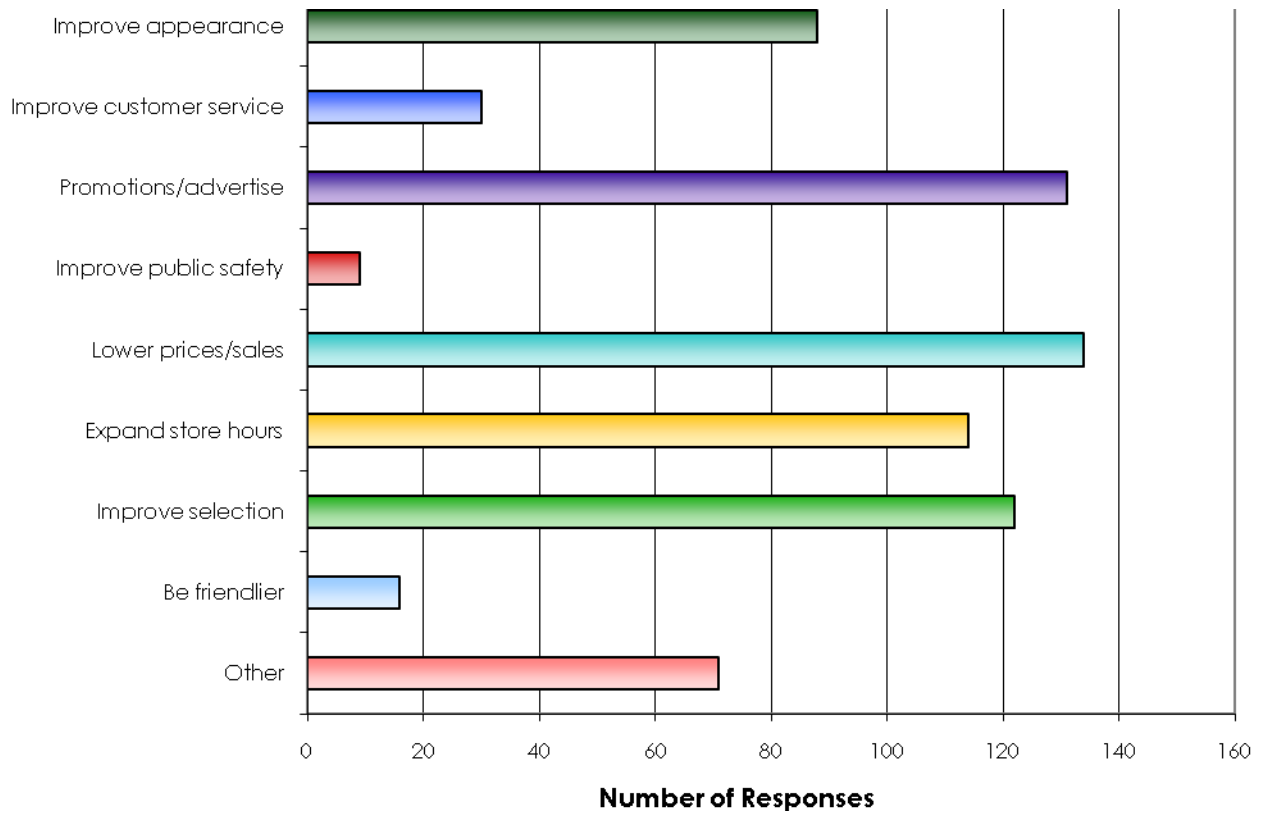
- ★ Mirroring the previous question, the majority of respondents cite a poor selection of goods/services as the principle disadvantage of shopping in downtown Sandy (58.5%). High prices are the next most reported disadvantage (41.0%).





**13. What can downtown Sandy merchants do to improve their stores? (please check the top 3)
(344 respondents)**

- ★ Respondents suggest in almost equal amounts that downtown Sandy merchants should lower prices, advertise more, improve selection, and expand store hours.
- ★ Sandy merchants do not appear to have a problem offering friendly and adequate customer service.

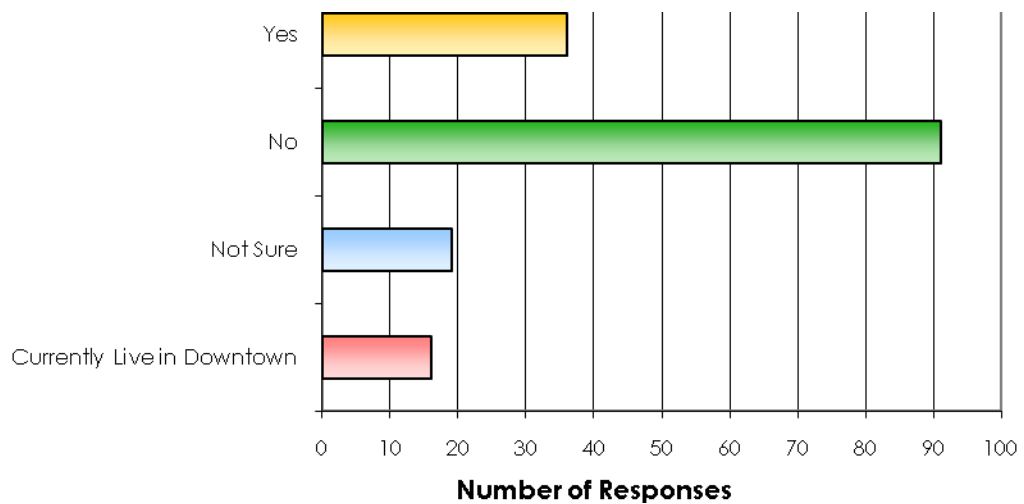




Section 3: Housing in Sandy

14. Would you consider living in downtown Sandy if high quality new or renovated units were available? (if you answer No, please skip to question 20) (162 respondents)

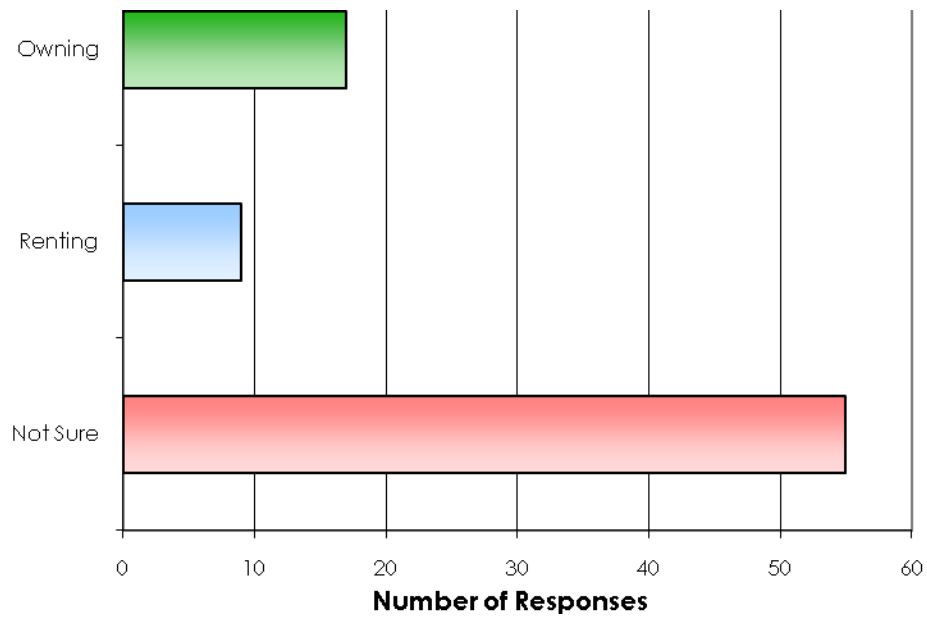
- ★ The majority of respondents answered that they would not live in downtown Sandy if higher quality units were available (56.2%). Twenty-two percent indicated that they would consider living in the downtown.
- ★ The low number of respondents to this question indicate that some may have skipped to question 20 without actually indicating a 'No' answer. In this case, the number of 'No' answers could be under reported.





15. If you would consider living in downtown, would you be most interested in: (81 respondents)

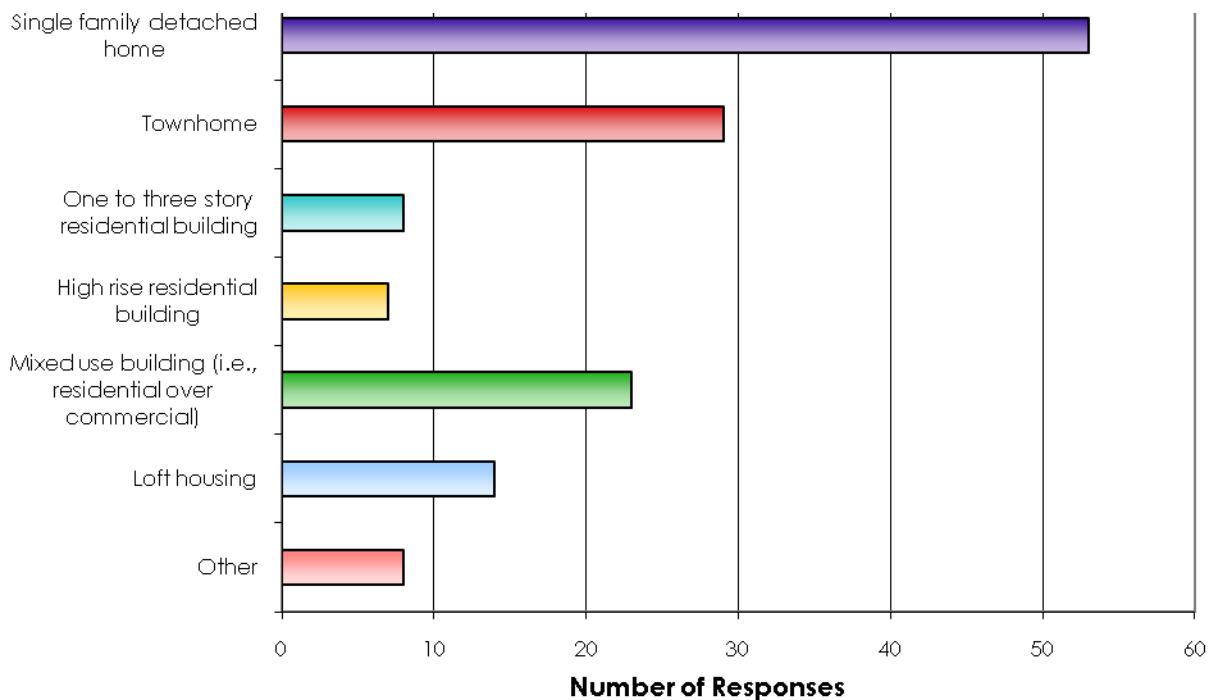
- ★ Most respondents could not decide whether they would rather rent or own a property in downtown Sandy (67.9%). Of those that could decide, more would rather own than rent (21.0% to 11.1%).





16. If you would consider living in downtown, what type of housing would you most like to live in? (Please select the top 2.) (87 respondents)

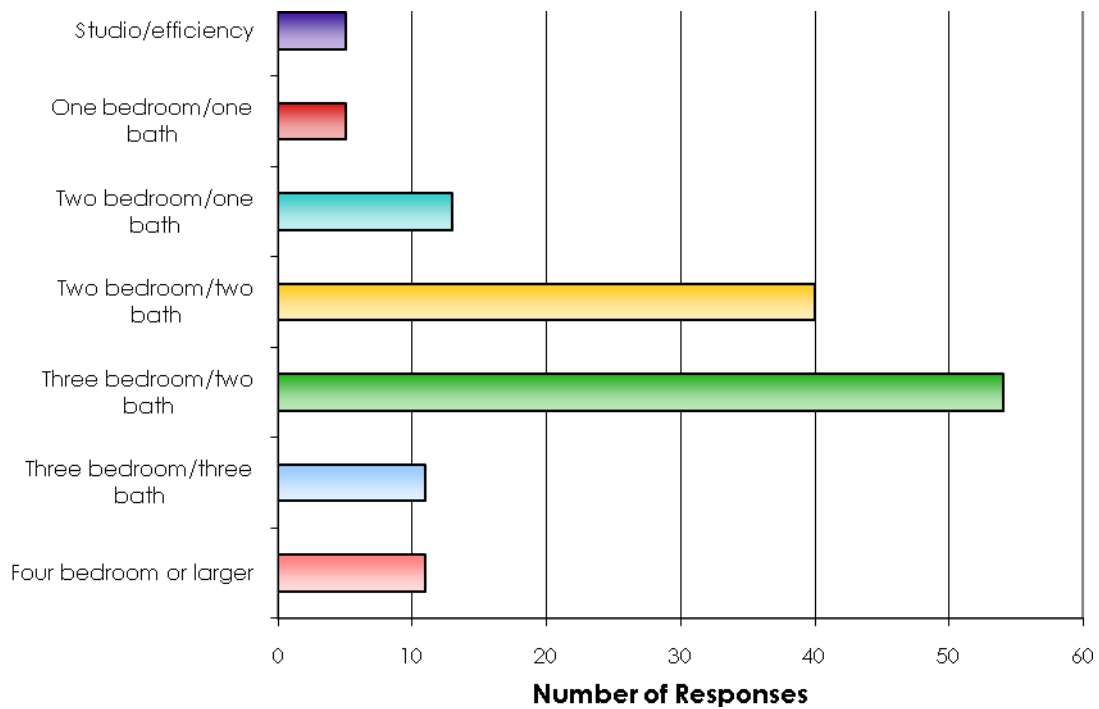
- ★ Sixty-one percent (61%) of those willing to live downtown indicated that they would most like to reside in a single family detached home. This is followed relatively far behind by a townhome (33.3%) and a mixed use building (26.4%).
- ★ A high rise residential building is least favorable (8.0%). Residents seem less interested in higher density options.





17. If you would consider living in downtown, what size housing would you most like to live in? (Please select the top 2.) (85 respondents)

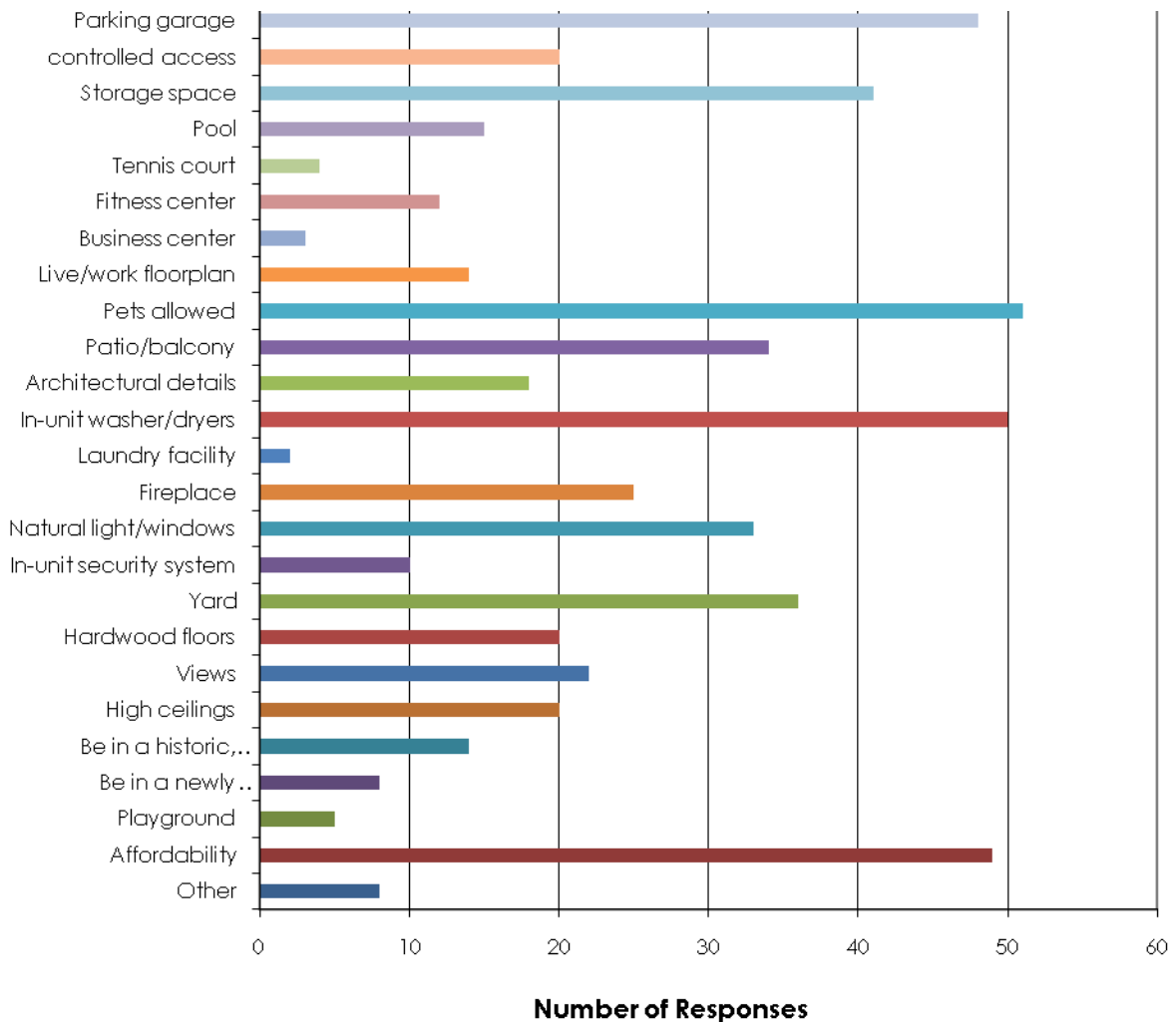
- ★ A strong majority of respondents would most like to live in a three bedroom/two bath housing unit (63.5%), followed by a two bedroom/two bath unit (47.1%).
- ★ Respondents are not as interested in units with only one bedroom.





18. If you would consider living in downtown, what features and amenities would be most important to you in choosing your housing (Please select the top 5) (86 respondents)

- ★ Respondent's most desired features include in-unit washer/dryers (58.1%), affordability (57.0%), pets allowed (59.3%), and parking garages (55.8%).
- ★ Among the least desired amenities are playgrounds (5.8%), communal laundry facilities (2.3%), business centers (3.5%), and tennis courts (4.7%).





Section 4: General Information

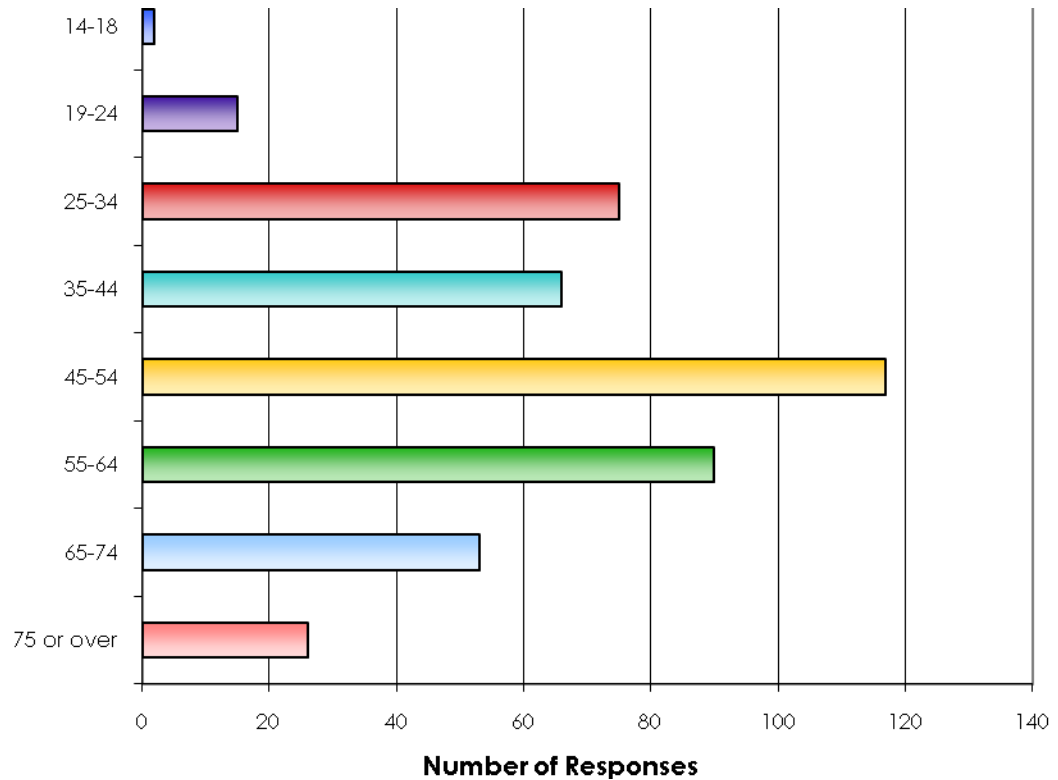
19. What identity or image would you like to see downtown Sandy develop for itself as a unique business, shopping, and entertainment district? (277 respondents)

- ★ Respondents generally appreciate the small-town feel Sandy exhibits and want to preserve that defining characteristic.
- ★ *"Clean, unique, trendy, classy. I really like the idea of Sandy developing as a town at the base of Mt. Hood. Craftsman style curb appeal."*
- ★ *"Stick to the "Sandy style." The Museum looks great. Family-oriented city to give families a reason to stop and a place to park."*
- ★ *"Mixed eclectic. Why must every single business in our downtown area look like every other business? The town incorporated in 1913 and the architecture should reflect the changes through the years. No "cookie cutter" development."*
- ★ *"Unique, unusual, good quality articles but not the same as everywhere else. Originals, funky - a place where people come to rather than just follow the sheep and get more of the same (such as Fred Meyer's clothing)."*
- ★ *"I like our look - keep it a small town."*
- ★ *"Should maintain a small town feel. A sense of community. A feeling of relaxation. Sandy can be so much more than Gresham or Portland by not being anything like them."*



20. Please check your age. (444 respondents)

- ★ Over a quarter of respondents are between 45 and 54 (26.4%), followed closely by 55 to 65 year olds (20.3%).
- ★ Respondents under the age of 24 make up only 3.8 percent of the total.



21. Please tell us your home zip code. (454 respondents)

- ★ The vast majority of respondents reside in the 97055 zip code (83.7%). The next most populous zip code is 97009 (7.0%).

22. Do you currently work in Sandy? (443 respondents)

- ★ Yes – 34.3%.
- ★ No – 65.7%.



23. Please share any other comments below. (197 respondents)

- ★ *"We need some more family places to eat/hang out/shop. A shopping center like Gresham Station where there is a major restaurant, major line retail stores and etc would be great. Also, it would be nice to have a Red Robin or Olive Garden to eat at."*
- ★ *"The City, for all its talk, does not support small business. Signage rules, rent, etc. The City can admit their mistake in forcing businesses to use those hideous, unreadable dark green A-frame signs and allow better signage. Our downtown businesses are not "walk to" businesses. Auto repair, body shops, etc. Downtown businesses should be ones that you walk around, ice cream, gift shops, candles, decor, etc."*
- ★ *"Please give serious, serious, serious consideration to developing the downtown and east side of Sandy. We have many new residents north of the Hwy 211/26 intersection and east of downtown. We are forced to drive to the west side to shop for groceries, the gym, and some eateries. There is still no serious effort to slow down traffic coming into town from the east side. We need to make walking to the schools safer for EVERYONE. We would like to see wide bike/walking paths off to the side, not alongside the streets. Let's make Sandy a safer place to walk, run, and bike so we can be healthier citizens. Thank you for listening."*
- ★ *"More businesses are leaving and the empty storefronts look undesirable. Sandy has a wonderful opportunity to create a town that people want to shop in because it has a unique style and services to offer. Make Sandy special in building design and businesses."*
- ★ *"It's time to cater to Sandy's own neighborhoods and families instead of people driving through to the mountain. Love living here, but it time to invest in our town and spruce this city up."*
- ★ *"I have very limited funds and do most of my shopping at Wal-Mart. Would like to see one in Sandy or close. I have lived in Sandy over 20 years and don't shop in Sandy."*
- ★ *"Sandy merchants are doing very well. I enjoy the customer service and the home town feeling."*
- ★ *"Sandy needs to be updated and renovated. Sandy needs to agree on an "image" and get there fast. We need to create a unique experience for people and start making it a place people want to live/work/play which is to modernize it, esp. the retail that is offered. Nicer facilities means nicer homes which means greater income and larger revenue for the city overall."*

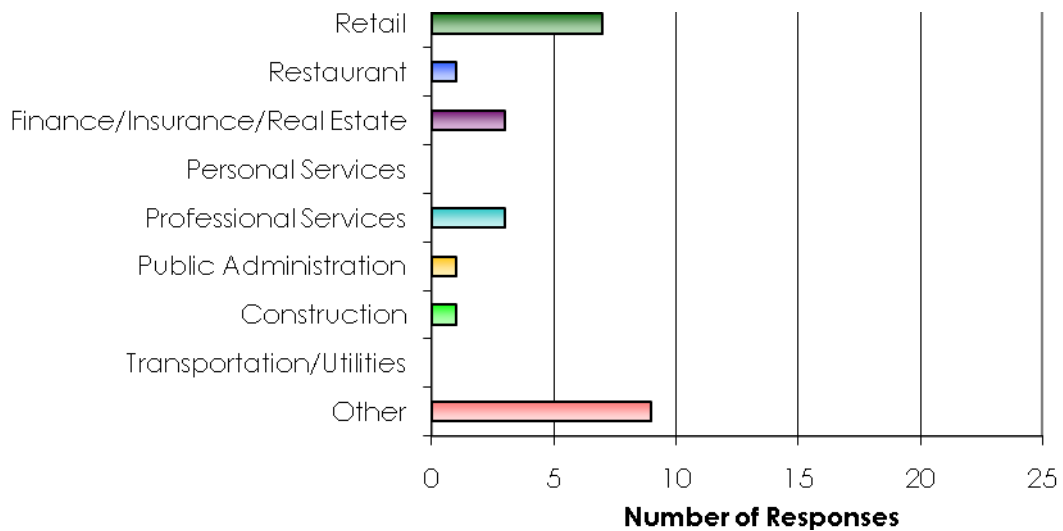


Appendix D. Sandy Business Survey

Section 1: Business Information and Operations

24. What is the nature of your business? (25 respondents)

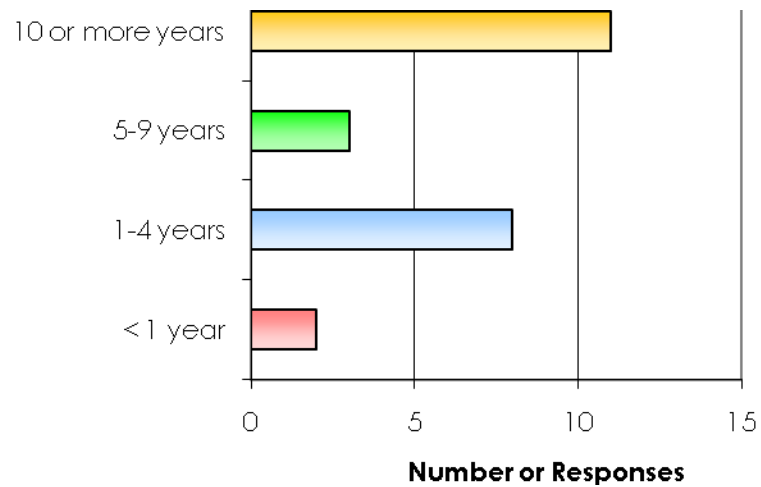
- ★ Thirty-six percent (36%) of respondents reported that their business did not fall in any of the given categories. Of those who chose other, responses include medical offices, business support services and manufacturing.
- ★ Twenty-eight percent (28%) of respondents' businesses are retail establishments.





25. How long have you been operating this business in downtown Sandy? (24 respondents)

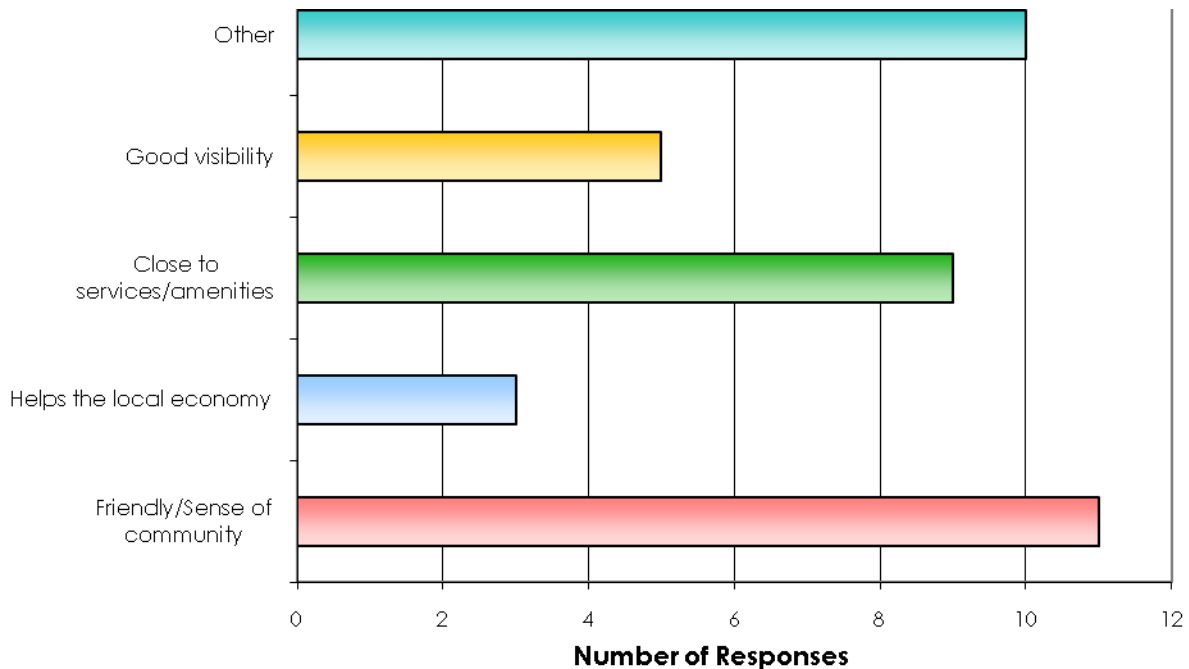
- ★ Almost half of respondents reported operating their business in downtown Sandy for over ten years (45.8%)
- ★ The next most popular age of a business is 1-4 years (33.3%). Overall, more than half of respondents (58.3%) have operated their business in downtown Sandy for over five years.





26. Name up to 3 advantages or strengths you associate with doing business in downtown Sandy. (19 respondents)

- ★ More than any other category, 28.9 % of respondents reported that Sandy's friendliness and sense of community is an advantage of doing business in the community.
- ★ Respondents also cited the downtown's proximity to other services and amenities as a strength to doing business (23.7%).
- ★ Of those who responded with 'other,' many respondents suggested that downtown's proximity to their home is a strength.





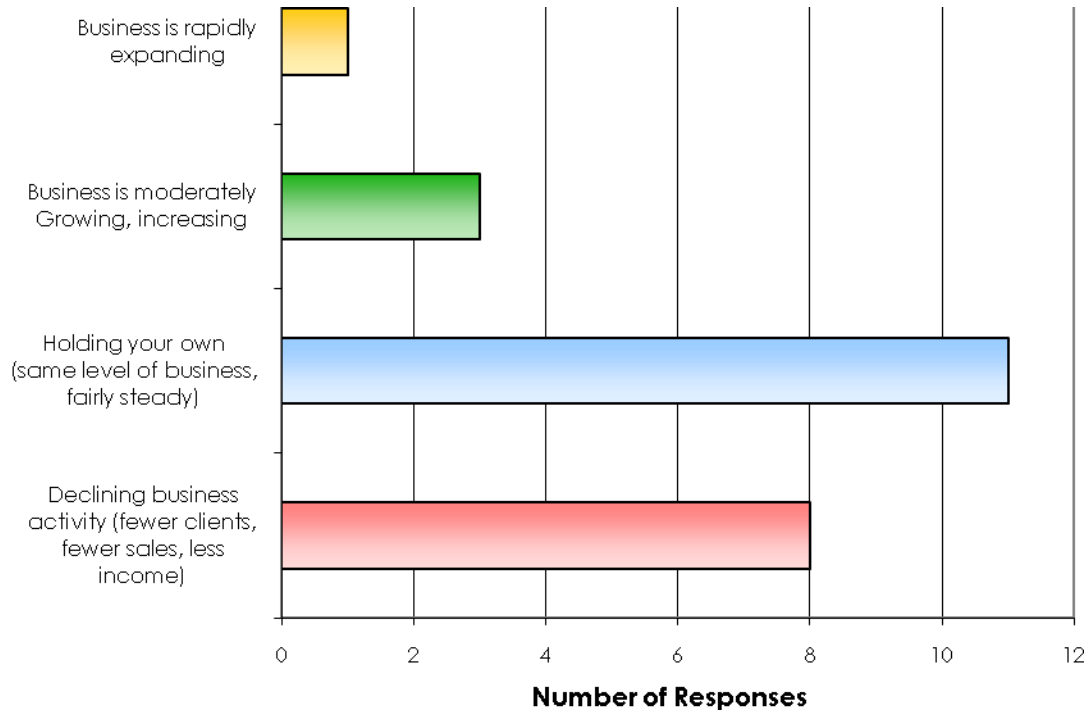
27. Please share any disadvantages (if any) to doing business in Sandy. (17 respondents)

- ★ Respondents noted issues with lack of parking and a perception that City officials are not supportive of existing downtown businesses.
- ★ *"I have heard other business owners say that Sandy City is not supportive of existing downtown businesses."*
- ★ *"There is a perception that Sandy is not supportive of businesses in the downtown."*
- ★ *"There is a lack of parking for customers and employees."*
- ★ *"Public parking and street parking."*
- ★ *"Customer parking."*
- ★ *"City restrictions, limitations, and regulations."*
- ★ *"Access can be a problem with excess traffic. Parking is a problem during busy weekends or the Mountain Festival."*



28. How would you characterize your current business' activity level (i.e. last 12 months of operation)? (23 respondents)

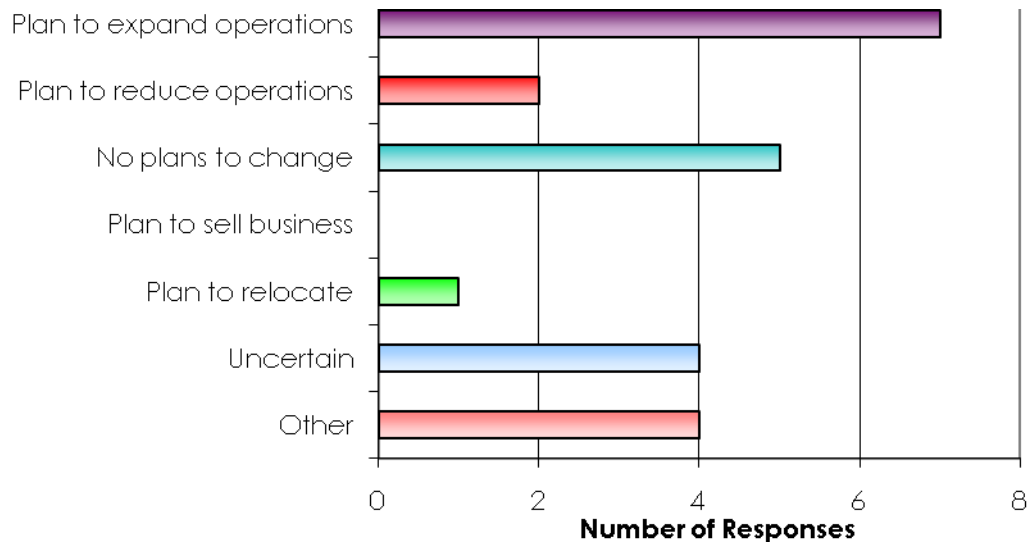
- ★ Almost half of respondents report steady business (47.8%).
- ★ Only 17.4% of respondents reported rapid or moderate growth.





29. Which description below best characterizes your plans to expand or reduce your operation in the next 18 months? (23 respondents)

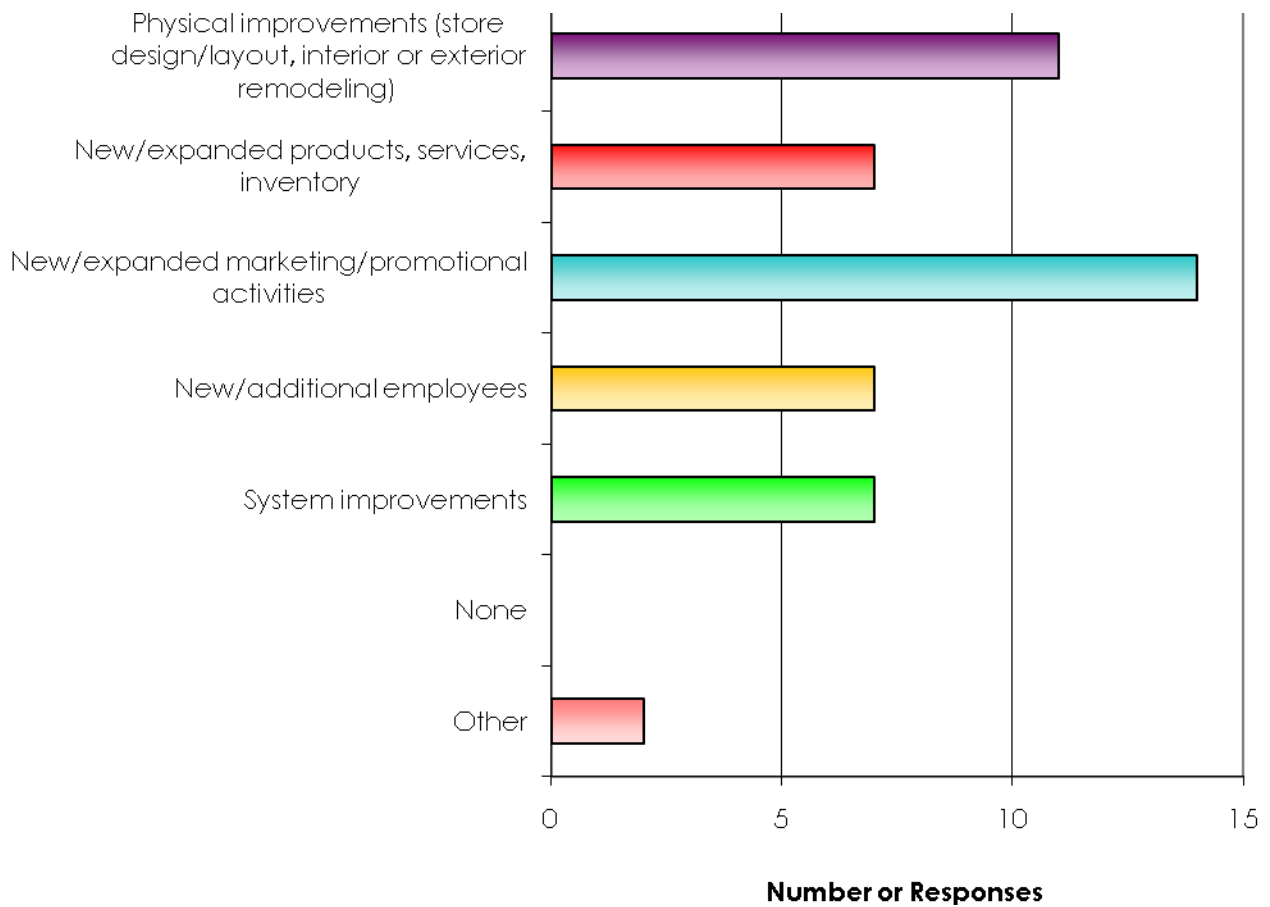
- ★ Thirty percent (30.4%) of respondents reported that they plan to expand their operations in the next 18 months.
- ★ Nearly 22% of respondents do not plan to change their business and only 8.7% will reduce operations.





30. Please check any type of investment or improvement you have made in your business in the last two years. (22 respondents)

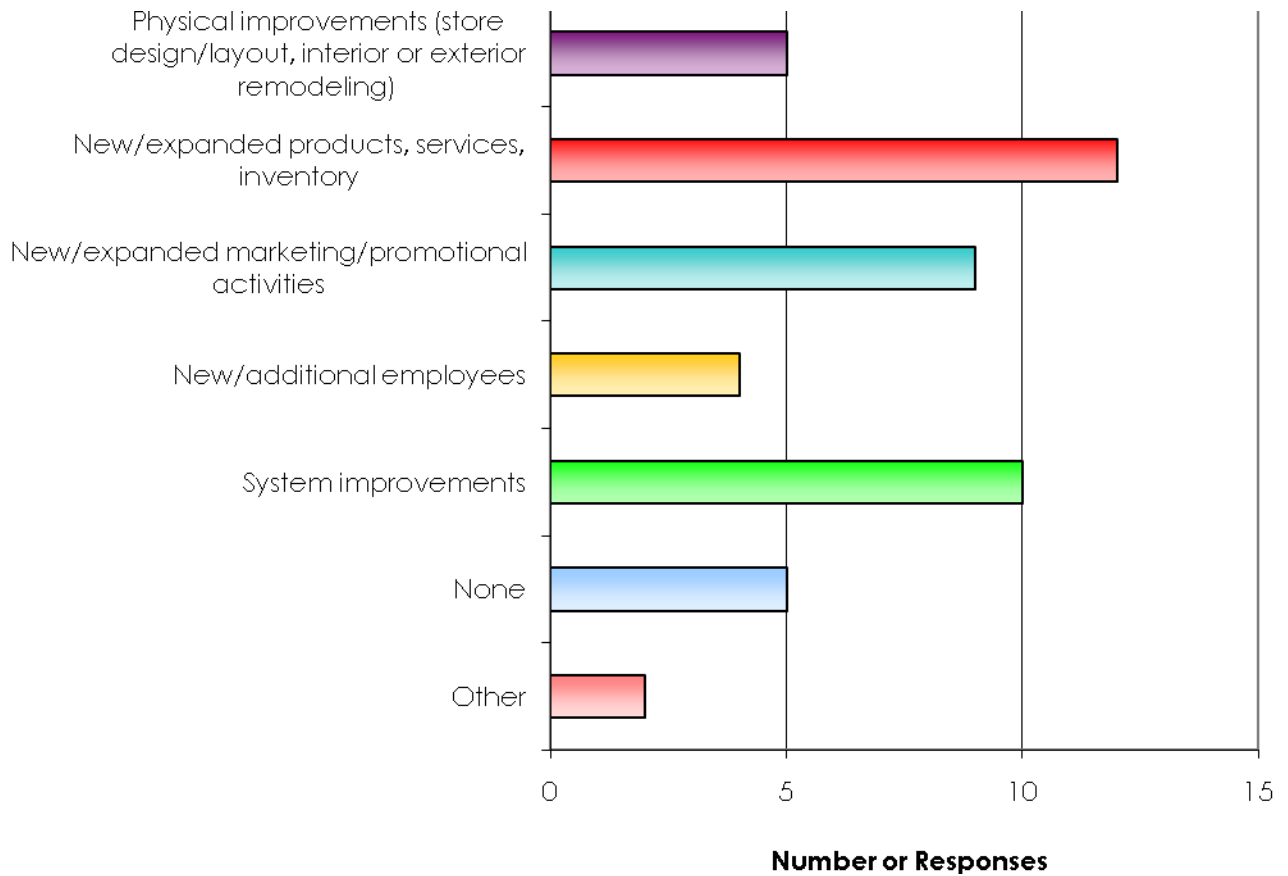
- ★ The majority of respondents plan on expanding promotional activities within the next two years (63.6%).
- ★ Physical improvement is the next most frequently reported investment respondents reported making in the past two years (50.0%).
- ★ All respondents have made some improvement or investment in their business in the last two years.





31. Please check any type of investment or improvement you plan on making in the next one to two years.

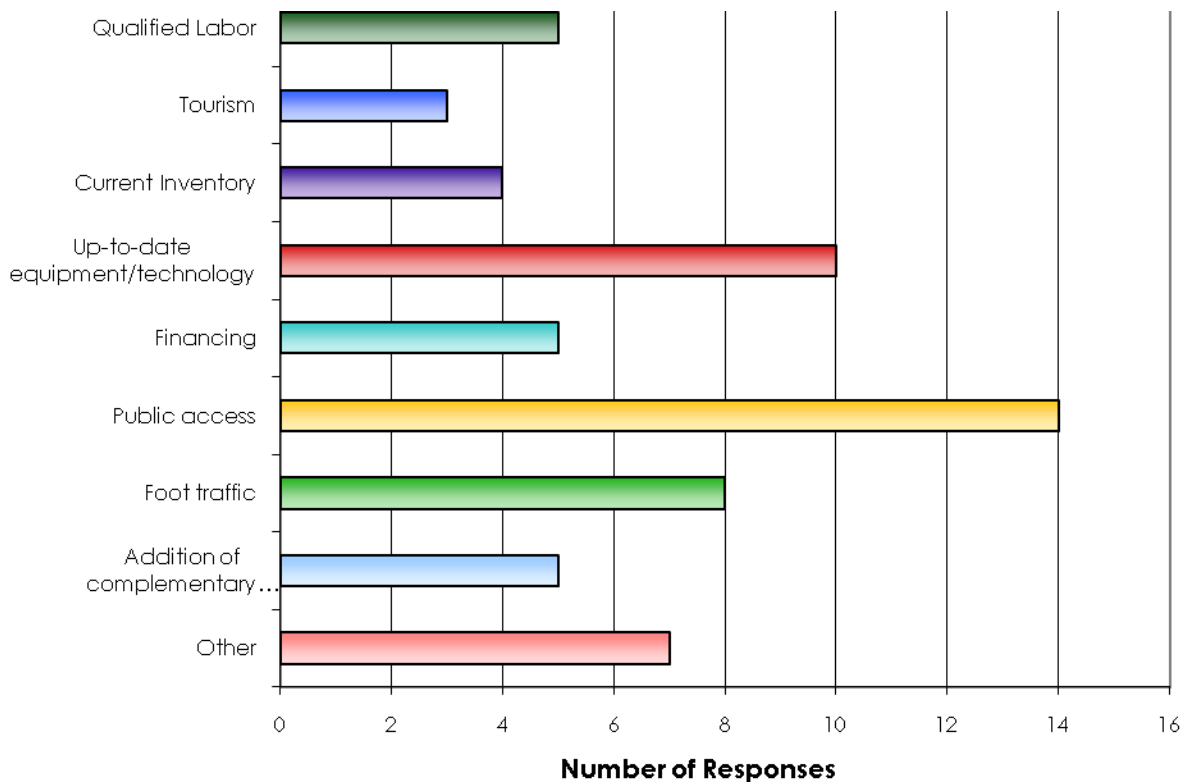
- ★ The majority of respondents plan on expanding their services or inventory in the next one to two years (54.5%).
- ★ Only 18.2% of respondents plan to hire additional employees.
- ★ Nearly a quarter of respondents (22.7%) do not plan to make any additional investments in their business.





32. In addition to a strong economy, what are the critical factors for the success and expansion of your business (check ALL that apply) (23 respondents)

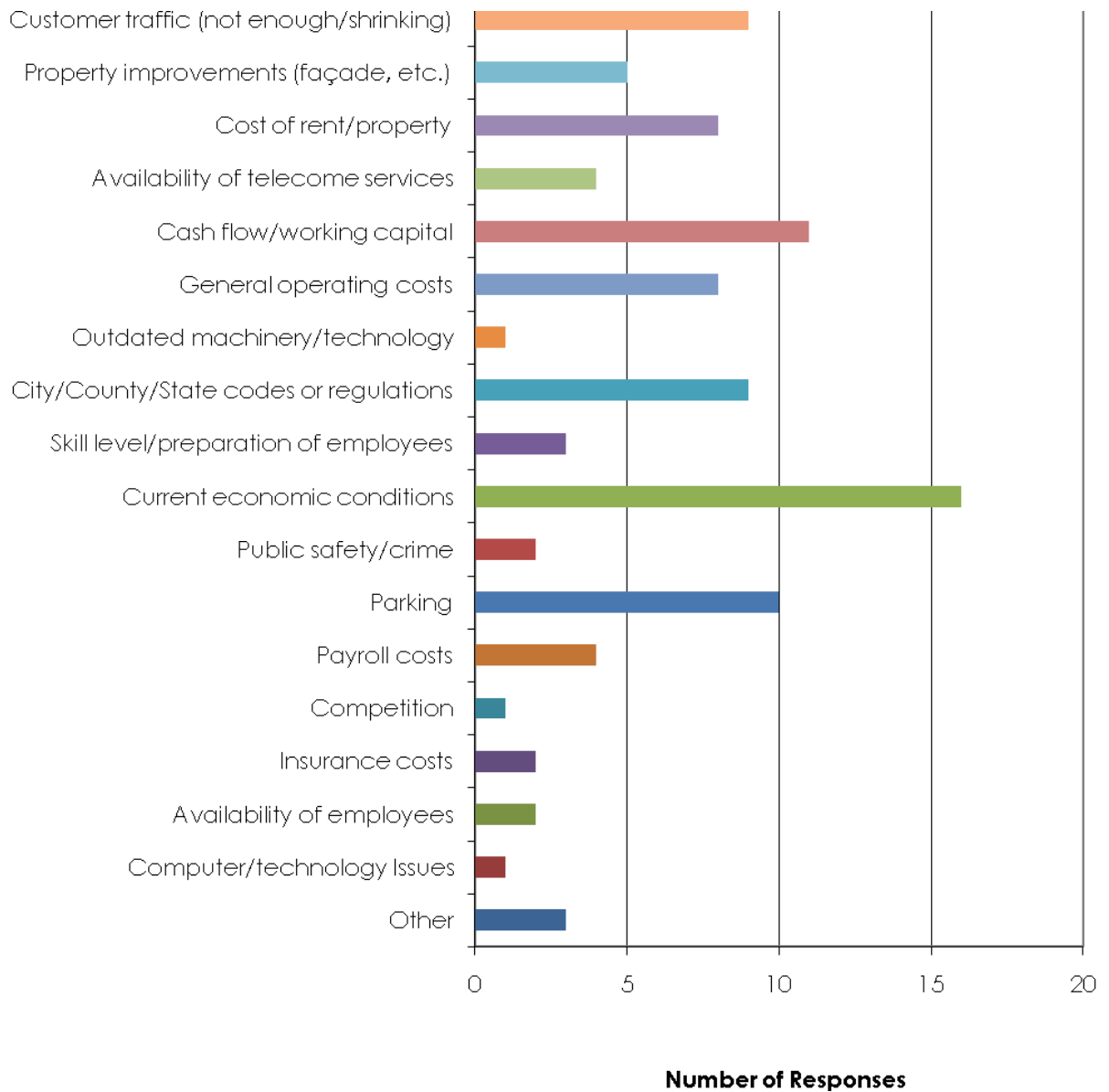
- ★ Most respondents reported that public access was the most critical factor to downtown business success (60.9%).
- ★ Up-to-date technology was the next most popular response (43.5%), followed by foot traffic (34.8%).
- ★ Respondents who marked “other” suggested that resident awareness of their product or service is a key aspect to their success (3 responses).





33. What are some of the major issues or obstacles facing your business today? (Please check the TOP FIVE priority issues.) (24 respondents)

- ★ A strong majority of respondents reported that the current condition of the economy is the largest obstacle faced today (66.7%).
- ★ Maintaining cash flow was the next most frequently reported obstacle (45.8%), followed by parking (41.7%).
- ★ Under the "other" category, one respondent suggested that it was difficult to compete with customers who demand less expensive and lower quality goods found elsewhere.





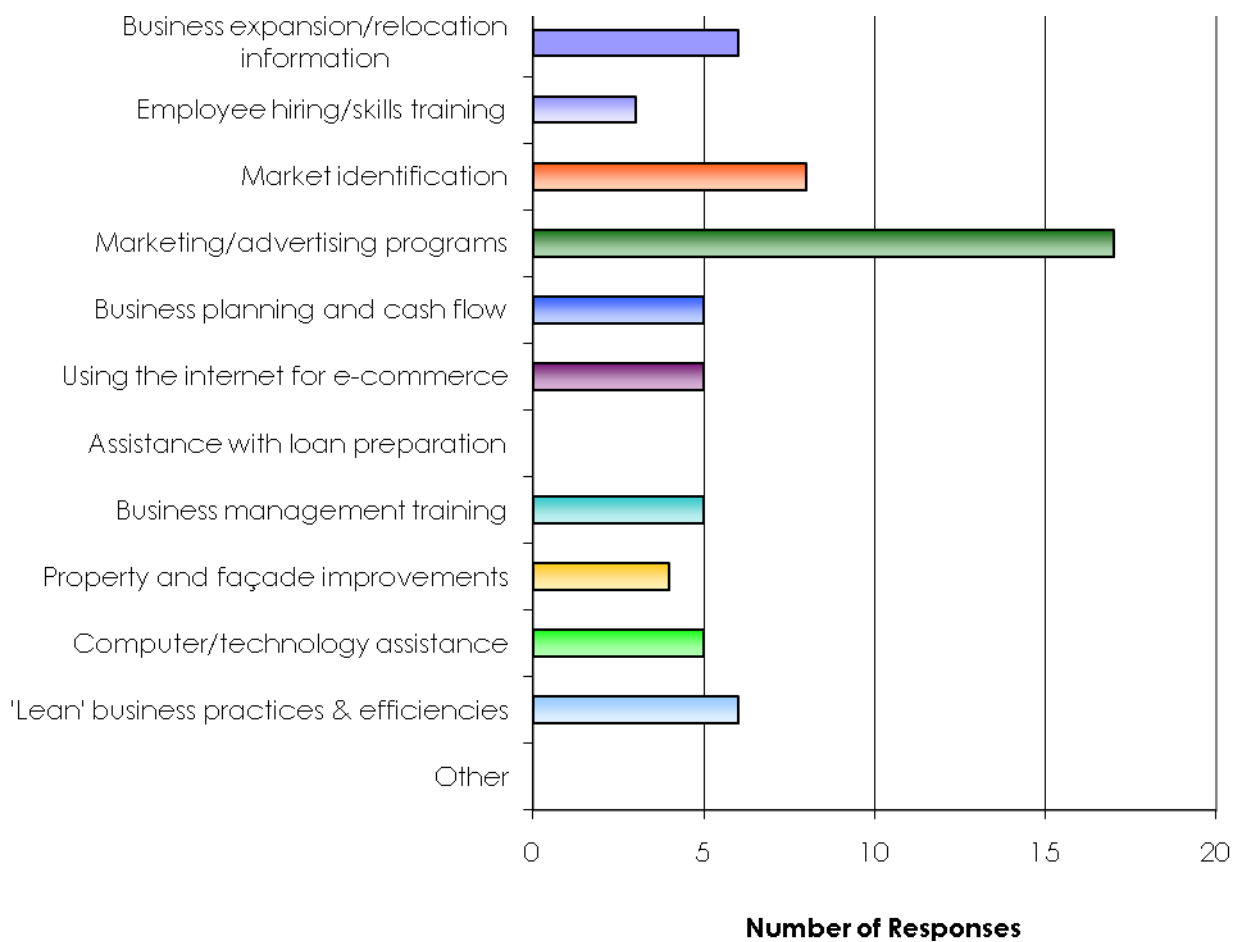
34. Please expand on any of your answers to the question above. If you checked "City/County/State code or regulations," please explain the issues or obstacles (12 respondents).

- ★ *"The City appears to be neutral to business expansion. I would like to see stronger support."*
- ★ *"There is a perception that the City is not business friendly. They won't do anything to invite or encourage businesses to locate here."*
- ★ *"Building design requirements (Sandy Style) looks great but is expensive. Sign code restrictions severely limit ability to attract customers."*
- ★ *"The new Sandy Style is a huge potential expense."*
- ★ *"Permits required for so many improvements – causing unnecessary delays. Sandy Style is too strict."*



35. To keep your business healthy and competitive, which of the following types of information or assistance are important? (20 respondents)

- ★ Most respondents reported that marketing/advertising information is important for their business to remain healthy and competitive (85.0%).
- ★ The next most popular response was market identification (40%), followed by 'Lean' business practices and business expansion information (30%).
- ★ No respondents reported that they would need assistance with loan preparation.



36. Are you interested in participating in a cooperative business marketing effort to attract customers to Downtown Sandy or to encourage residents to shop locally? (21 respondents)

- ★ Yes – 85.7% (18 respondents)
- ★ No – 14.3% (3 respondents)



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

37. What identity or image would you like to see Downtown Sandy develop for itself as a unique shopping district attractive to residents, employees and visitors? (18 respondents)

- ★ *"A place to walk, have an ice cream cone, see interesting shops & galleries."*
- ★ *"A clean, nice looking area that makes people want to stop and look around."*
- ★ *"Import more services such as unique and fine dining, family restaurants, specialty shops, art galleries, larger section of groceries stores, including ones that offer health and specialty foods. Spotlight the community to be one that focuses on healthy habits and lifestyles. Community activities for the entire family. Create some businesses that would provide services that would appeal to visitors and would promote frequent visits to the community. Create areas that would have grass, flowers, and areas to sit and read."*
- ★ *"I think we need to either become a center for arts or history. Sandy watches revenue pass through town everyday and does little to capitalize on the people on their way to the mountain. Our prime real estate is occupied by dentists, AEC, and massage centers. Why would anyone passing through want to stop? We should pull those types of businesses to a business center elsewhere and use that real estate for cool art centers or shops that would get people to stop. Stop bringing in more chains like fast food restaurants and start bringing in more local businesses with charm that would appeal to all the Portlanders that just stop at Joes', gas stations, and fast food restaurants."*

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

- ★ *Of the 16 responses, 10 indicated that additional restaurants are needed in the downtown. Other suggestions include large scale retail, daycare and general retail businesses.*
- ★ *"Less service businesses more 'shopping' selection. Gallery, gift, toy, kitchen etc."*
- ★ *"We should to encourage local artisans and crafts people. Wouldn't it be great to turn the AEC building into a center where local artists (from the mountain on down) could rent spaces and sell their wares? I think it would be good to encourage higher end restaurants, wineries, brew pubs, and make Sandy a destination, rather than a pass through."*
- ★ *"Small and unique restaurants and shops are nice but we also need to attract large employers which would bring in more consistency for those shops and restaurants."*
- ★ *"Fine Dining, specialty foods, art galleries, book store, country living and farm supply stores."*



39. What could businesses do to attract more local residents? (18 respondents)

- ★ *"I don't think attracting locals is the real issue. Locals will shop here because it's convenient. Do I prefer Target to Fred Meyer's? Sure, but I don't want a Target in Sandy. If we want to people to really shop locally, we need to give them local options. Shopping at your local Fred's isn't shopping "locally." Let's get a mom-and-pop grocer (who could never compete with Fred's and Safeway). Let's stop bringing in chains. I think we should also work with other smallish communities like Boring and Estacada to get really great things happening like a really good farmer's market (it could move between different locations, so all the towns benefit from the traffic), or get more events like Mountain Festival. We should capitalize on the charm of living in a small town, and reach out to our neighbors."*
- ★ *"Create awareness of their existence in the community."*
- ★ *"This is the million dollar question! Many residents don't get concept of supporting small stores and what it takes to stay in business."*
- ★ *"Combine marketing efforts to educate and inform residents of all the local choices."*
- ★ *"More events like tastings or demonstrations."*

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

- ★ *"Distribution of brochures at B&B's, hotels, visitor centers, newspaper & magazine ads. All very expensive."*
- ★ *"Make Sandy a destination. We have great local history but it's only marked by little plaques on businesses or the occasional sign. Let's make it so that all businesses that come in to town have to follow an Oregon Trail historic theme for their store fronts. That includes the chains. That's part of what makes Nantucket so charming, for instance. Or, we could make this a local artists' community: open mics at the bookshop, studio spaces and art shows, poetry festivals (a la Silverton). Let's get a reputation for Sandy that is more than a pass through."*
- ★ *"Businesses have to provide a unique service that visitors would not find anywhere else. Businesses need to determine what is unique about their business. What do they offer unlike anyone else. Then capitalize on that feature."*

41. If you are interested in any follow up, please check the appropriate box below: (6 respondents)

- ★ *I'd like more information about the Sandy Main Street Program – 3 responses.*
- ★ *Please have the City of Sandy contact me about a regulatory/code question or concern – 2 responses.*
- ★ *Please have a small business counselor contact me for business assistance – 3 responses.*



42. If you checked a box in Question 18, please provide us with the following information. Please know that names, numbers and email addresses will be separate from other survey responses, which will only be used in aggregate. (8 respondents. Company names listed below)

- ★ Sandy Liquor Store
- ★ Positive Touch Chiropractic
- ★ Wy'east Optics
- ★ Alphabetix
- ★ Cascadia Village Assisted Living and Retirement Community
- ★ Cedarbrook Barn Collectibles

43. Please share with us any other comments you may have.

- ★ *"There seems to be a lot going on in downtown Sandy, clean up, improvements regulatory changes etc, but we need more for businesses to fight downturn in economy."*
- ★ *"We really would like to be more involved with Sandy business development and want to be part of the business community. We'd like to see some kind of campaign much like Gresham's Try Local First. We'd like to see Sandy really develop into a place that other people see as special. We know that living in Sandy and doing business here is great. We want Sandy to show other people that it's great too."*
- ★ *"I would like to invite all of you who read this to try to walk around Sandy yourself. I feel the small city is not foot traffic friendly and it is hard to get from one place to the other. If you have children or a stroller it just gets harder."*
- ★ *"I very much appreciate the city's attempt to involve the business community in decisions that affect the business community. I do not feel represented by the local chamber of commerce and that appears to be the only input that the city has sought out until this point."*



Appendix E. Property Evaluation Worksheet

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

VACANT PROPERTY ASSESSMENT

Location of Property _____

Size of Space _____

Other Features _____

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

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

Draw Your Conclusions:

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

Source: Marketek, Inc.



Appendix F. Sample Marketing Ad

Business Opportunities in Sandy, Oregon

Customer Profile:

Resident market of almost 15,000 households

Growth rates above those of Portland MSA & Oregon

Median household income of \$65,000 – above MSA & State

Employee market of 3,000 persons

Retail Potential:

Potential for 850,000 SF of new retail space in market area by 2019

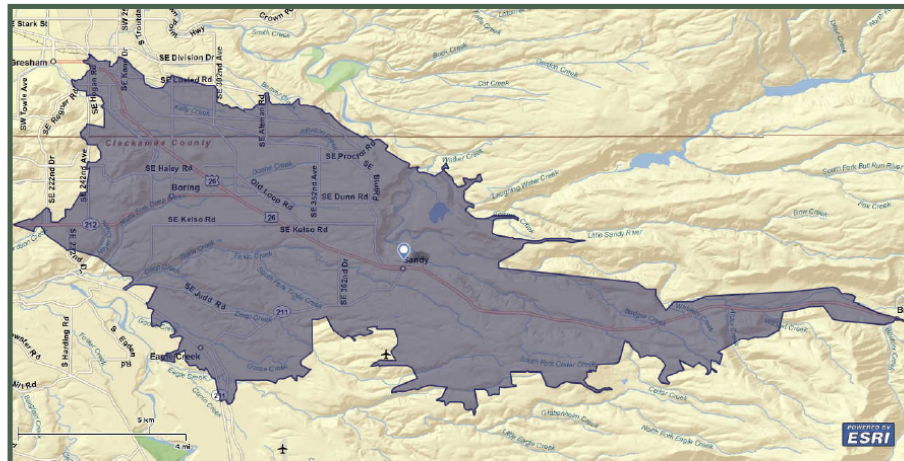
Top Prospects:

Specialty Retail & Home Furnishings

Grocery & Personal Care

Restaurants

Retail Market Area



Contact:

City of Sandy
Planning and Development Dept
503.668.8609
tbrown@cityofsandy.com
www.ci.sandy.or.us/





Appendix G. Downtown by the Numbers

Downtown's Economic Impact

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

Downtown's Impact on Community

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

Downtown Business by Type

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

Total business: 174



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



Appendix H. Sample Specialty Retail Campaign

Goal — Identify and pursue specialty and independent retail compatible with the apparel, gifts, specialty niche merchandise targeted for Downtown Oregon City.

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

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

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

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

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

Task 3. Contact manufacturers of specialty goods located in Oregon City and the surrounding area.

- Identify local companies producing specialty or unique products in or nearby Oregon City. (EX: local farms, wineries, solar/green tech, etc.)
- Personally meet with them to present the vision for Downtown Oregon City.
- Invite them to put a local outlet downtown or test for interest in an shared retail space.
- Provide them with the marketing packet detailing the opportunities (specific site and building), market demographics, customer profile, and the programs and assistance available to them to help with their expansion.
- Add them to the database to receive newsletter and updates on downtown activities.



Appendix I. Strategies for Developing Local Entrepreneurs

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

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

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

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

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

1. The 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 as needed. Myron also makes regular referrals but again, does not call upon individuals. When the individual makes the call, he is better assured they want the help and are self-motivated.
4. An experienced, professional business manager with strong financial and general operations experience has helped ensure program success. Myron helped run both large and small companies in his career. His maturity and track record with the organization have undoubtedly been key to their success as well.
5. The program operates with minimal overhead. Office space is donated and facility/equipment needs are minimal.

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

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

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

Source: Marketek, 2006



Appendix J. Sample Business Incubator Agreement

**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.