



NEEDS ASSESSMENT

## Executive Summary & Problem Statement

Many downtowns struggle to thrive under increasing pressure from larger box stores, online shopping and urban sprawl. This is exasperated by economic disruptions during the 2008 recession and 2020 COVID-19 pandemic. Downtown Oroville, like many downtowns thrived during the 1950-1960's however culture and economic changes have left many small downtowns including Downtown Oroville a ghost of what they once were. This report will provide a needs assessment and business profile for Downtown Oroville to prioritize revitalization efforts.

Downtown Oroville's current occupancy is 73%, with an average rental price per square foot of \$1 or purchase price per square foot between \$64-\$90. This market rate is lower than similar downtowns in the area. In order to create a thriving downtown in Oroville and in similar medium/small sized cities throughout the United States it is vital to have a vibrant mix of business use, reflective of the needs and interests of the community, to fuel economic activity.

The Downtown Oroville Business Administration mission is to "work to promote the prosperity of downtown businesses through an ongoing program of promotional events, tourism marketing initiatives as a riverfront location, and improvements to the downtown environment" (Downtown Oroville, 2020). As such it is critical to identify the most common loss of revenue to neighboring cities, identify business development opportunities, and leverage stakeholder buy in to achieve such goals.

*"There was a net taxable **sales leakage of \$195 million** in the City of Oroville in 2006 (\$291 million in 2010, most recent data available)... Leakage in a particular sector could be due to people in the Oroville Retail Market Area spending money in other communities.... Whatever the reason, a **significant potential exists for retail expansion within the City of Oroville**" (Oroville Taxable Retail Potential Analysis, 2006)*

The Community Needs Assessment Survey looked at the following items to address the aforementioned concerns.

- 1) Demographic information for downtown supporters
- 2) Current shopping habits
- 3) Business type prioritization
- 4) Downtown experience and barriers



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### What factors create a successful downtown?

Overall research identifies a few main factors that determine a smaller downtown's success and strengths that can be relied upon to guide downtown districts' development efforts. The primary categories include business resources, brand identity and marketing, downtown environment, and tenet or retail mix.

#### **Business Resources**

Business resources refer to the formal and informal support systems among downtown businesses, through relationships, local knowledge, and formal governance like a DBA.

Social capital, defined by the networks, associations, and trusting relationships between business owners and community members, was a significant predictor for downtown business success—strong social capital results in increased business from local consumers.

"Owners may also acquire social capital from the shared vision of fellow downtown business owners, as shared vision leads to a common understanding of downtowns goals... strong social capital provides a source of competitive advantage to the downtown, compared to larger stores." (Ranyun, 2005)

Other research indicates that it may be important for business owners to feel a sense of community culture. Social capital and community culture can be enhanced and developed through brand identity, vision, and the downtown district's marketing. Creating connections between business owners, employees and downtown residents is a strong method for building a thriving downtown district.

#### **Brand Identity, Vision, & Marketing**

Brand identity is the image a downtown creates to differentiate itself from other downtowns or shopping destinations. Strong branding offers a competitive advantage for downtowns with a positive identity. The shared downtown image, vision, and culture positively predicts business owners' perception of downtown's performance. (Ryu & Swinney, 2011) The downtown image consists of things within the downtown region, such as historic buildings, natural landmarks, community assets, and retail offerings. "Downtown vision is comprised of functional, physical, social and economic roles of the downtown. Downtown culture can be defined as downtown stakeholders shared set of values, beliefs, and behaviors" (Ryu & Swinney, 2011). These factors contribute to the downtown's identity and marketability. Vision has the strongest impact on the perception of downtown performance, followed by culture and image.

The literature suggests that downtowns should emphasize the characteristics that set them apart, creating a district that reflects their unique history, culture, and economy. Additionally, sharing downtown businesses and business owners' stories through social media and marketing campaigns allows for downtowns to create an identity and develop greater social capital (Tymczynsyn, 2019). Some literature suggests that downtowns



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that brand their uniqueness can also create a consumer preference for their downtown rather than competing downtowns in the region.

Research further describes a downtown that has a long history of economic decline likely also has a strong negative image; this image is important to change and portray downtown as a rich cultural history and economic stability. Development of vitality within downtown is the most important key to its success and identity; diverse retailers, encouraging pedestrian traffic through design, activity, the development of downtown traditions, festivals, and public spaces that incorporate the local history and culture all support a vitality that creates positive branding and place association. Finally, the ICMA suggests a concept referred to as a "two-shift city." A "two-shift" model encourages downtowns to cater to office crowds during the daytime and entertainment during the evening, which helps to develop an interesting a lively atmosphere, further promoting vibrancy and safety. (What Makes a Good Downtown? 2011)

This branding and sense of vibrancy can be achieved through strong positioning, shared slogans, shared digital assets, and design. Historic preservation can build and maintain a downtowns brand image, improve its overall environment and foster greater social capital. It is important that community stakeholders, including business owners, community leaders, and local government, all have a shared clear vision for downtown "fostering collaboration between levels of government is seen as a prerequisite to success."

### **Downtown Environment**

A downtown environment is often the focus of downtown branding; however, the environment further creates downtown as a unique experience rather than a needs-based shopping experience. Recreation-based shopping, as typically occurring downtown, relies on a few core concepts, including walkability, ambiance, safety, and diversity, to create quality of place. Quality of place is determined to be the number one motivator influencing one's motivation to move to or locate a business in a particular area. (Tymcyszyn, 2019)

Pedestrian-friendly downtowns can help improve traffic and parking issues, support economic development, and create a positive and attractive downtown image. "Safe, walkable communities and historic preservation are dimensions of place attachment" which contributes to social capital and increased downtown customers. (Henderson, 2009)

Non-shopping attractions downtown such as workplaces, creative spaces, leisure activities, banking, personal services, and cultural experiences enhance the downtown experience. "when a downtown is a pleasant place to visit (for reasons other than shopping), local consumers develop a level of familiarity with the downtown district" this leads to greater visits over time. (What Makes a Good Downtown? 2011) This is why things such as weekly markets, events, and social activities are important for retailers to support and encourage, though the event may not result in immediate sales day of, the habit of going downtown, and opportunity to discover downtown results in sales down the line.



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Historic preservation, waterfront spaces, or other natural assets are a common tool for redevelopment. This allows the downtown to capitalize on its unique buildings, cultural heritage, and community assets. These community strengths can be uplifted and allow downtowns to further distinguish themselves from the greater community, shopping malls, and neighboring downtown districts.

Beautification strategies, historic preservation, natural asset strategies, safety, walkability, and overall ambiance are considerable efforts to promote downtown success. Projects should adhere to the VIC principle: visible, immediate impact, and avoids exorbitant costs. These such projects promote deep quality of place and place attachments which attract and keep businesses and residents alike.

### **Tenant/Retail Mix**

Tenant mix refers to the diversity of retail and business establishments within a region or district. Central Place Theory indicates that diverse retail and business mix in town centers and shopping centers increases the attractiveness of those places for consumers as it supports multi- purpose shopping. This is difficult to achieve in downtowns as there is no management company to oversee the development from the many different stakeholders. Therefore it is punitive that downtowns actively seek a diverse mixture of businesses.

Shopping downtown is no longer considered a basic activity to satisfy consumer needs due to the rise in online and department or discount stores. Instead, downtown consumerism is more aptly a leisure experience or recreation activity. Additionally, price points and products downtown should align with the community needs and visitor demographics, and stores should be placed strategically to maximize consumer spending and interest.

Magnet or anchor businesses serve as an attraction within downtowns and creates a halo effect for adjacent businesses. However, it is not a significant influence of the downtown's success. Instead, an optimal mix of businesses that are both diverse and complementary should be of considerable focus. Some literature suggests that consumers tend to stay in the same shopping areas for additional consumption activities such as dining or entertainment. Therefore increased consumption activities lead to a further sense of vibrancy and better business outcomes. Retail, dining, and entertainment are the main drivers of downtown economies, resilient or strong downtowns typically house 8% of the community retail business.

*“The optimal business mix is not simply one of each type of business but instead several of each type. Often small business owners fear that several similar business types will detract from their sales and revenue; however, research has indicated that the opposite is true, and such a format results in more sales per store.”*



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"Revisiting Main Street" suggests that a key ingredient in determining commercial success and optimizing benefits is in the tenant mix. Stores with similar quality, selling similar products, should be located near one another to encourage comparison shopping, resulting in higher overall spending. Classic Gravity Theory suggests there is strength in downtowns that present complementary shops or services. Furthermore, research suggests that the most important factor consumers rely on to decide to shop downtown is an assortment of benefits such as quality and variety of stores. Most consumers can be categorized as recreation shoppers seeking a variety of related services or products. Therefore, the optimal business mix is not simply one of each type of business but instead several of each type. Often small business owners fear that several similar business types will detract from their sales and revenue; however, research has indicated that the opposite is true, and such a format results in more sales per store. For example, several clothing retailers would drive customers downtown and actually result in greater sales for all stores than a single/few clothing retailers, success of this concept can be seen in managed shopping experiences such as malls. Conversely, downtowns with limited offerings, products, services, or activities to offer, face a negative business and economic outlook.

"Developing walkable urbanism requires a mix of retail shops, restaurants, movie theaters, and other social activities. It is important that the development of an area is able to reach a "critical mass" as soon as possible. Critical mass is achieved in a place where visitors can find enough to do for 4-5 hours, residents' daily needs can be conformably met, and that rents and sale prices continue to justify new construction or renovation."

Collaborative efforts between local government and business associations are important to create economic development to ensure a healthy downtown environment is created and nurtured. Collective efforts should be made to recruit and evaluate prospective merchants against their compatibility with the downtown environment. This gives downtown business owners the same competitive advantage as commercial malls or shopping centers.

Overall it is important to note that a combination of efforts to improve business resources create shared marketing, develop a positive downtown environment and cultivate a diverse retail and tenant mix are important to downtown's success. These strategies are implemented through several efforts, many of which are unique and specific to the community's struggles and strengths.



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### Downtown Needs Assessment Survey

To gather appropriate data, We created and utilized an online survey to capture public opinion and habits regarding frequenting out-of-town businesses, the desired business types within Downtown Oroville, and identify barriers to shopping Downtown Oroville.

The City of Oroville has a population of 19,393, though the City estimates the sphere of influence of the greater Oroville area to be closer to 100,000 individuals. With a confidence interval of 5, a confidence level of 95%, and a population of 100,000, the needed sample size was calculated to be 383 individuals; 606 individuals completed the survey.

Online invitation occurred through the use of emails from Downtown Oroville and the Oroville Chamber of Commerce. In addition, responses were solicited through the Downtown Oroville and Chamber social media.

The survey consisted of twenty-one questions, including four demographic questions and 17 response questions. Response questions aimed to identify the public perception of needed businesses, the type of out-of-town businesses locals frequent, the physical barriers or perceptions that influence residents' connection to and visits to Downtown Oroville. There were 11 multiple choice questions, five questions on a Likert scale, one open-ended question.

The survey was administered online and available for three weeks.





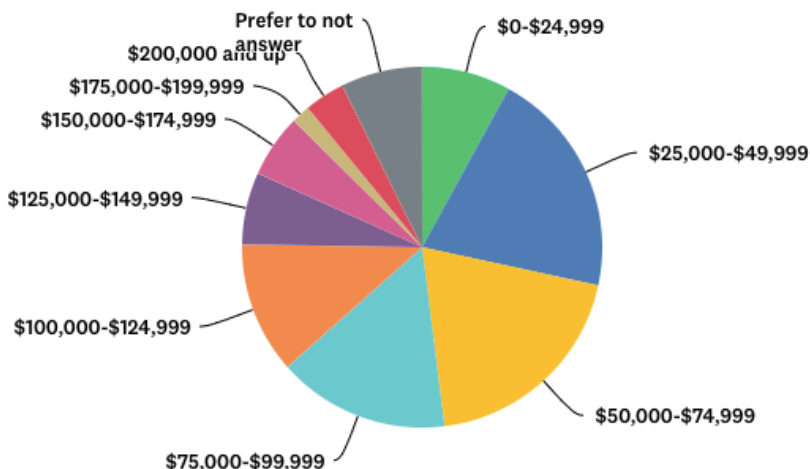
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### Demographics of Downtown Supporters

606 people opt-ed into the survey after an online invitation or promotion, the majority of which were female.

What is your approximate average annual household income?

Answered: 602 Skipped: 4



The Median household income for the primary area codes of Oroville's sphere of influence is \$41,195, it is interesting to note that 64% of respondents reported a household income above that median income level. This is an encouraging finding when working to address the needs of the community.

Respondents were asked their area code to ensure the sample was representative of Oroville's sphere of influence. Primary zip codes were: 95966 61%, 95965 31%, which are the two zip codes associated with Oroville, "other" was 7.83% representing nearby communities.



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Shopping trends

Respondents we asked about their current shopping trends when shopping in nearby towns and shopping trends related to Downtown Oroville. To ensure accuracy in their downtown shopping experience, respondents selected an image that most closely represents Downtown Oroville. Data was filtered only to include responses that identified the true downtown commercial district and residential district. Data from the needs assessment aligns with findings from The City of Oroville 2006 sales leakage report.



Question: In the past three months how often did you shop in neighboring towns compared to Downtown Oroville?

Respondents indicated that they shopped in neighboring towns very frequently in the past three months, with 53% selecting weekly or 2/3 times a month. When asked how often they shopped in Downtown Oroville, only 24% responded weekly or 2/3 times a month. The majority (46%) of individuals indicated shopping in Downtown Oroville with a slight/moderate frequency once a month or once in the past two months.





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When asked what motivates them to shop out of town, the primary response "Oroville does not offer the item or experience I am looking for" (n=313) or "a more diverse selection" (n=247); this indicates that it would benefit Downtown Oroville, and the City of Oroville to implement development and recruitment strategies to offer additional retail and dining options to provide a larger selection.

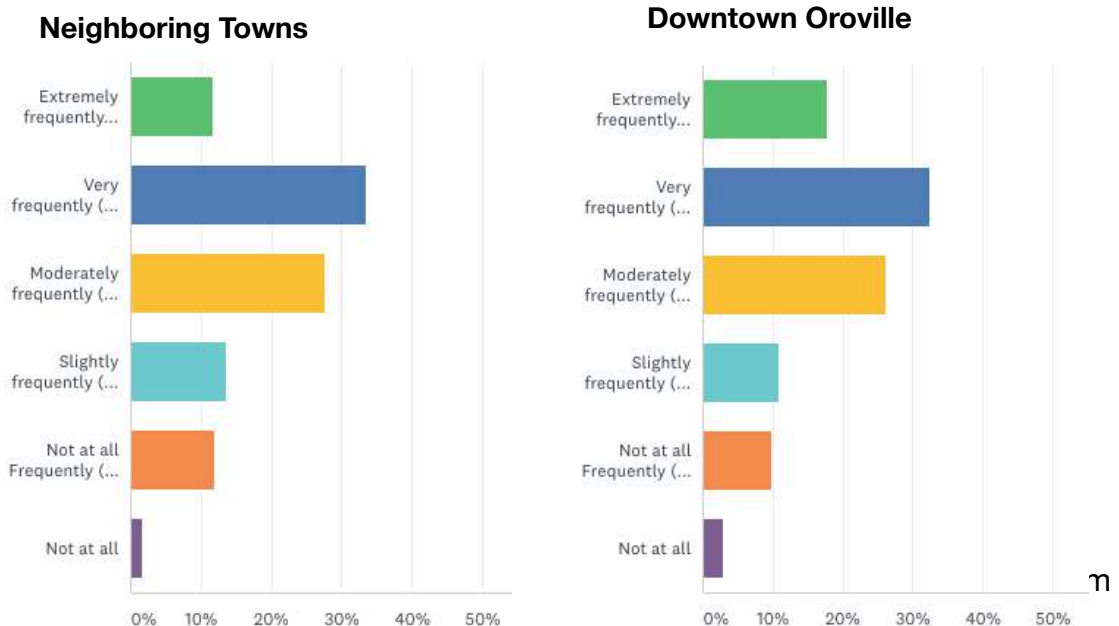
Based upon your response above what motivates you to go to those out-of-town locations?

Answered: 581 Skipped: 25



When asked about dining habits, responses slightly favored dining in Downtown Oroville; 49% reported dining in Downtown Oroville weekly or 2/3 times per month, compared to 45% in neighboring towns. However, when asked what business types community members most frequently go to neighboring towns, restaurants were the highest-ranked category (77%).

### Dining Habits



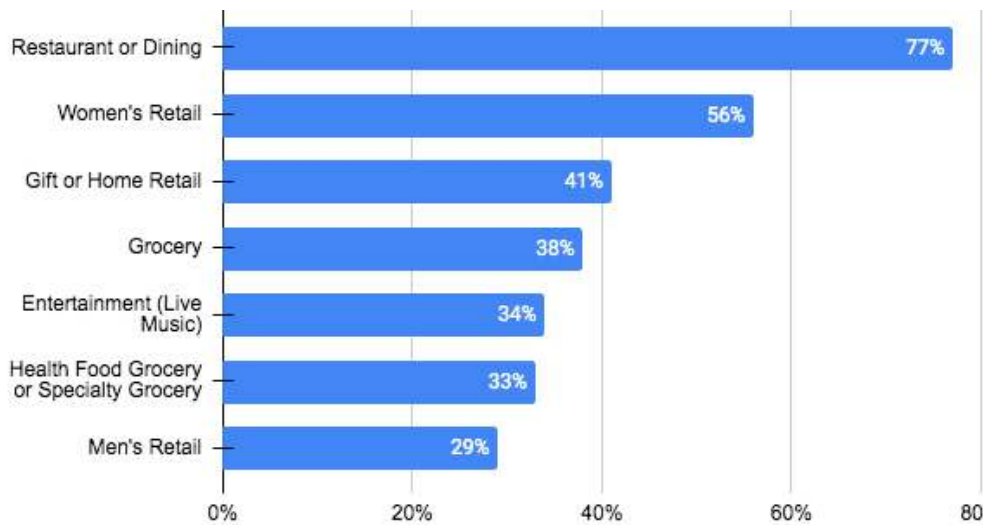


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### New Business Type Prioritization

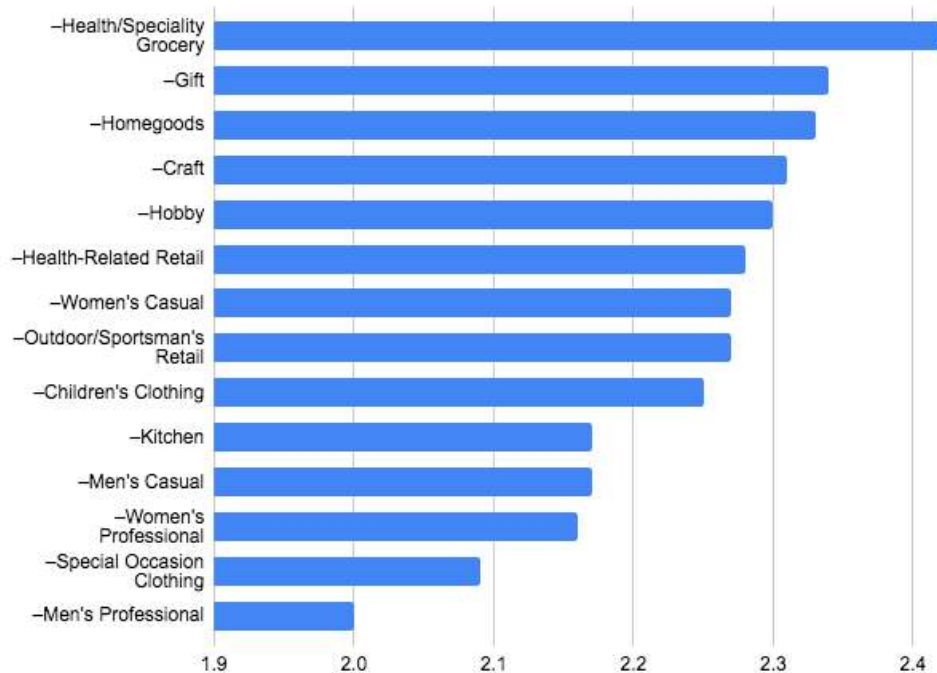
Much of the literature and research available on developing downtowns expresses the need for a diverse business mix, with dense retail options that complement one another, along with magnet food/entertainment-based options to account for 4-6 hours of recreational experience. Creating such an atmosphere creates a healthy and vibrant downtown, which drives increased spending and broadens the customer base.

When you go to neighboring towns what are you typically going for?



*Business Type Prioritization*

Respondents to indicate how frequently they would shop various retail categories if the option were available. Averaging responses allows us to see what business types have a strong customer base in the region and would likely be successful if developed in downtown. Responses indicated the business type they would be most frequent (7+ times per year per individual) as health food / specialty grocery, gifts, home goods, hobby, craft, health-related retail, women's casual retail, & outdoor/ sportsman's supply.





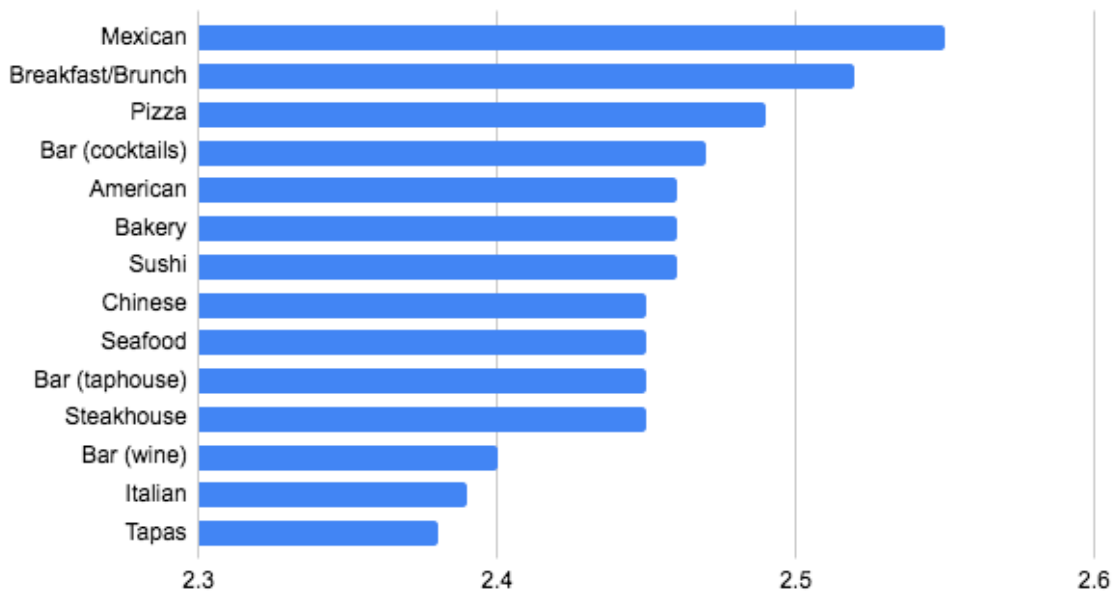
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Community members were asked to prioritize efforts to develop Downtown; the most important actions identified were more dining options and more retail options, followed by more entertainment options. In referring back to the questions asking what reasons respondents shop out of town, the primary listed options are women retail, home goods, gifts, and grocery. Therefore, since those retail categories are also indicated as a high priority based on patronage frequency, these business types should be prioritized in new business recruitment for Downtown Oroville.

The most common reason for locals to visit neighboring towns was for dining options. Outside research also indicates that thriving restaurants within a downtown district benefit the district's retail and service industry as restaurants serve as magnet businesses. In examining dining preferences, the community indicates a need or preference for additional casual and fast-casual dining.

Respondents were asked how frequently they would dine at various restaurant types to allow for analysis of cuisine preferences; the data prioritizes the cuisines by percent of the community that would frequent seven or more times per year: Mexican 55%, breakfast/brunch 52%, pizza 49%, Cocktail Bar 47%, American 46%, Bakery 46%, and Sushi 46% are indicated as the greatest desired cuisines with an emphasis on casual or fast-casual options.

*Restaurant Type Prioritization*



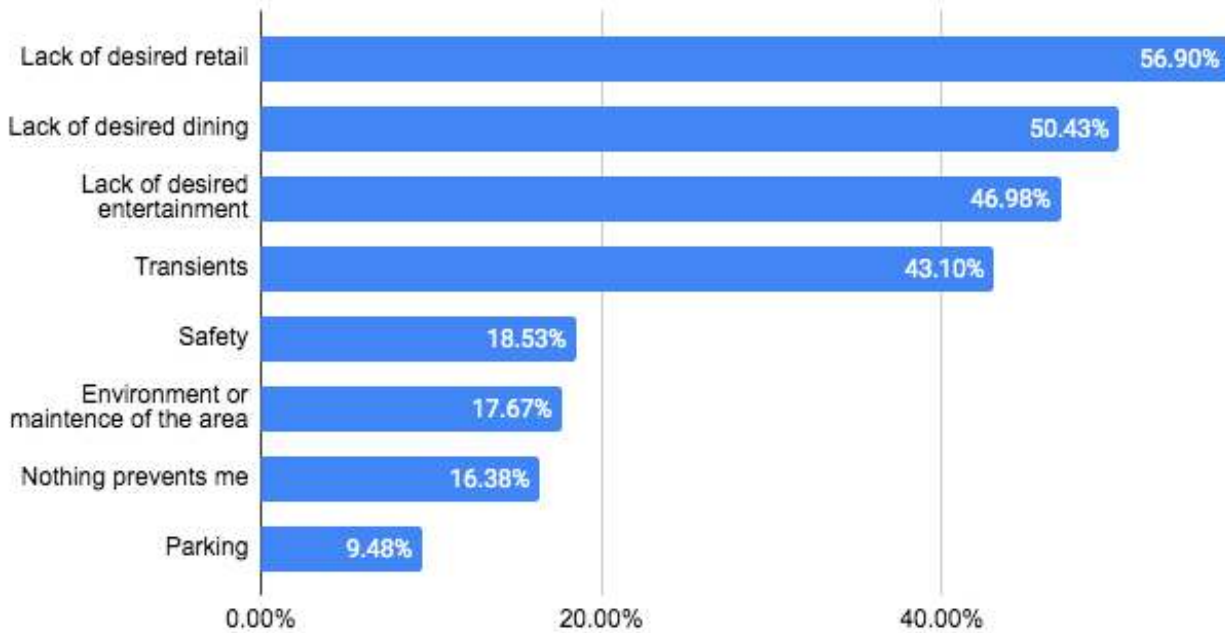


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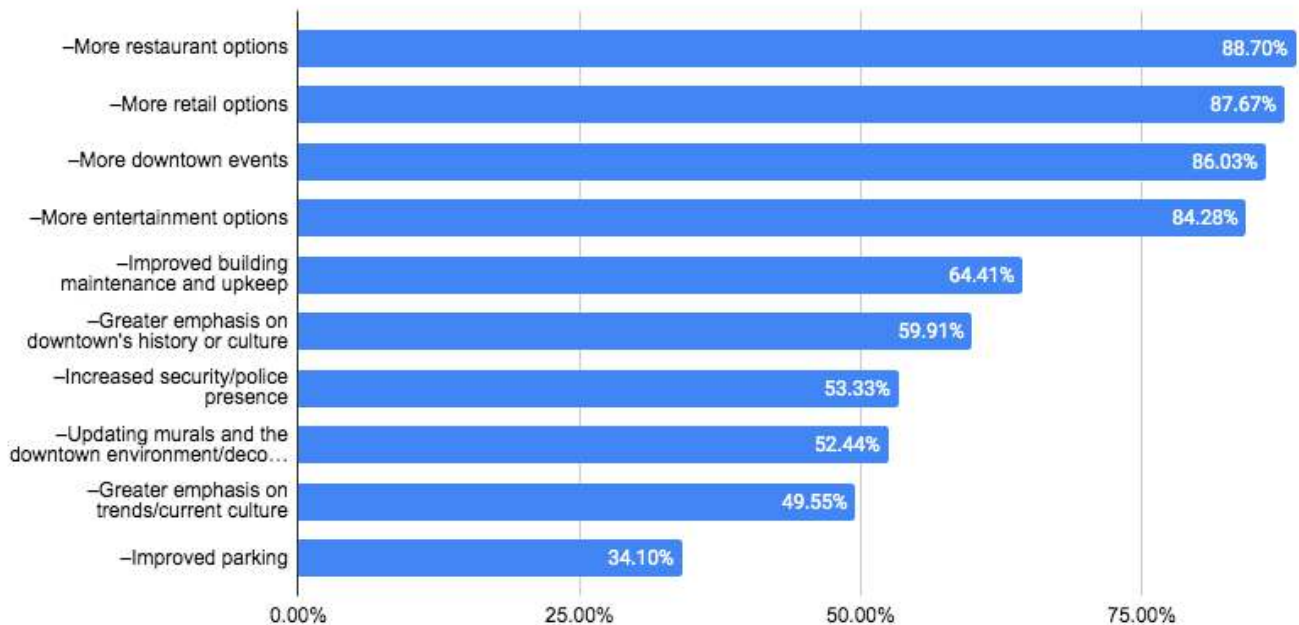
**Downtown Barriers**

When asked what barriers customers experience in visiting Downtown, the issue of lack of desired retail, dining, and entertainment again rose to the top of the list; this is also the case when asked what would motivate them to visit Downtown more frequently.

*Downtown Barriers*



*Downtown Improvements*



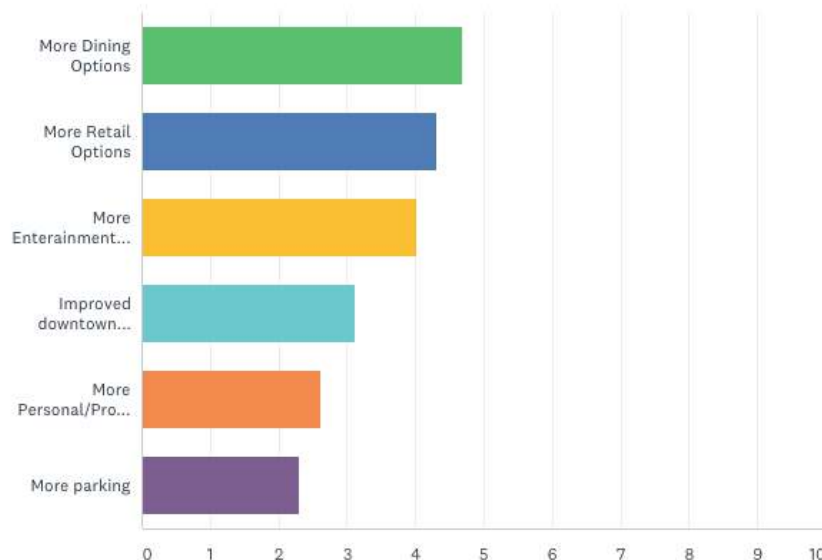


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It seems that the Downtown's environment and safety are positive; this is a favorable position to be in when recruiting new business. This positive environment could be attributed to the various beautification projects completed by Downtown Oroville and the City over the past few years, including landscaping, lighting, installation of artwork and hanging flowers on light poles, and charm the historic buildings and architecture. Downtown Oroville should further market this positive environment to develop greater place attachment and social capital and attract locals and tourists.

Please rank the following items from most (top) to least important (bottom)

Answered: 544 Skipped: 62



Participants were allowed to share any additional thoughts after the survey. Themes from this section supported the conclusions mentioned above, along with a need for more events, history tours, farmers markets, patio dining, extended retail hours, environmental issues such as murals, Miners Alley, abandoned buildings, and the car storage lot on Montgomery and Huntoon. One participant shared the following sentiments

**" Downtown Oroville is an undiscovered gold nugget, but there needs to be reasons to attract people. There should be frequent festivals, music or otherwise. More events like the Salmon Festival. Bigger farmer's markets and regular swap meets. Get the historical society to conduct tours of Downtown emphasizing its amazing gold rush history."**



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## What Now? Recommendations From Research Findings

Literature suggests that key steps in the revitalization of downtowns include the formal creation of a business improvement district (BID) with sub-committees creation, including marketing, events, and beautification. Downtown Oroville became a BID in 2018 and created the needed committees. Much of the research identifies the need to foster strong relationships with local government to create a shared vision and develop incentives and strategies for business growth. The City of Oroville and Downtown Oroville has recently worked well together through the City granting several funds to Downtown Oroville and shared efforts to support downtown business owners and beautification efforts.

Overall, the survey data aligns with findings in outside literature, and Downtown Oroville is well on its way to becoming a healthy and vibrant downtown district. This research indicates several strengths that have been established and some recommendations which will further advance development downtown. We recommend several strategies of complementary intervention to further strengthen assets within Downtown Oroville and create incremental needed improvements and new business growth within the district.

***Recommendation 1- Continue Current Efforts Underway:*** The survey data indicated downtown to have an overall positive and safe environment through streetscape and facade improvements recently and currently underway; these efforts enhance the downtown environment and develop a greater quality of place. The literature encourages greater walkability and recreation downtown to help build vibrancy; improvements should be made to address abandoned buildings, create public spaces, improve/replace murals, develop Miners Alley, and highlight the history, river, recreation opportunities downtowns, and develop events to create more activity within the district. Literature suggests prioritizing these efforts should adhere to the VIC principle: visible, immediate impact, and avoids high costs. Each year, Downtown Oroville and City should work together to create a list of beautification priorities and vibrancy building events and initiatives with input from member businesses and community members, considering the VIC principal.

This recommendation will need to occur annually as maintenance and landscaping will continue to require attention. Care should be taken to choose designs that are easily manageable and sustainable. Additionally, art installations, murals, and other unique environmental aspects will need regular upkeep and reimagining to stay relevant and attractive. Some respondents reported negative perceptions of out-of-date and unkept





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murals or landscaping throughout Downtown. Additionally, as more activity occurs Downtown, there will likely be a greater need for general cleaning and litter removal.

The Downtown Oroville and City Parks, Trees and Streets Department have established a good working relationship; this is a strength for the community. It improves efficiency for future collaborative projects and improves political feasibility. Also, Downtown Oroville has received positive feedback and encouragement from many City Council members and the Mayor, including significant recognition during the 2021 State of the City Address. These developments indicate there is a strong political feasibility for the City and Downtown Oroville to continue working together to achieve beautification and vibrancy efforts.

The Downtown Oroville budget allows for \$6,800 annually for beautification efforts Downtown. However, additional funding can be applied through the City of Oroville Arts Commission, Supplemental Benefits Fund, other grants, and event income, making this a strong financially feasible recommendation.

Historically the Downtown Oroville has administered events with a small ticket fee; this fee covers the cost of the event and raises some funding for non-ticketed events. Though these events are not created for income, they offer vibrancy and activity Downtown after traditional business hours as recommended by literature. Additional efforts should be made to adopt the "two-shift" city approach and encourage the expansion of retail hours and events and entertainment offerings to develop an evening vibrancy. This is already started through First Friday celebrations and other events encouraging businesses to extend hours. However, adding additional event offerings and encouraging businesses to expand hours regularly may be needed to foster a true sense of vibrancy, as the literature suggests. As event trends and demands change, it will be important for the Downtown Oroville to consistently evaluate the goal and effectiveness of each event in creating vibrancy downtown. The success of events could be measured by the average hours of operation expansion of businesses, the total event offerings within and calendar year, and activity downtown outside of typical 10-5 business hours.

Since becoming a Business Improvement District, Downtown Oroville has received two consecutive grants from the Arts Commission and two consecutive grants through the Supplemental Benefits Fund to lead beautification efforts and events downtown. Both funding sources are through the City of Oroville. There seems to be adequate funding and political support to continue beautification & vibrancy projects needed within the district.



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### *Recommended Action 2- Develop a Consistent Marketing Strategy and Campaign:*

The literature suggests that improving social capital will positively affect downtown business sales and draw other businesses Downtown. Vision setting, brand identification and marketing, business owner social events, and recognition and appreciation of business owners' achievements/efforts would improve social capital and downtown culture. Therefore, the Downtown Oroville Marketing Committee should develop and approve a branding strategy that highlights Downtown Oroville's unique assets, such as its history, proximity to the river, and charm. Such a marketing strategy would establish and maintain consumer and business owner preference for Downtown Oroville and further build a positive downtown image. This recommendation is to clarify the desired image and message to improve effectiveness; based on the open-ended responses and the data regarding improvements in Downtown, there is a lack of knowledge of what is offered Downtown and a lack of consistent messaging of the downtown environment.

This strategy could include downtown branding development through some or all of the following avenues:

- Adoption of and use of an official downtown slogan or tagline
- Adoption of shared downtown vision
- Image enhancing campaigns featuring natural environment, local products, stores, and business owners, tourist attractions, historical significance, and building architecture
- Digital assets such as professional videos and photography of Downtown and business
- Regular print and online advertisements raising awareness of downtown offerings
- Guest blogs and article featuring what to do Downtown
- Improvements of business pages on the Downtown Oroville websites
- Up to date Google business profiles for all businesses
- Shop local first campaigns
- Print and digital Downtown Oroville directory & artistic maps

Downtown Oroville has a marketing budget of \$10,000 annually. Currently, that budget is used to maintain the website, social media, and downtown event marketing. When possible, the budget is used for digital assets such as photography and content development. At current, Downtown Oroville does not run paid advertisements beyond social media boosts regarding events.

The Downtown Oroville Marketing Committee can do this strategy; committee members can develop branding and marketing materials for free or little cost. However, there



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would need to be a larger budget estimated at \$5,000-\$10,000 annually for advertisements and printing to administer the marketing campaigns and strategies. It is likely that if the Downtown Oroville marketing committee would choose to facilitate this recommendation independently, then prioritization of committee tasks would be needed, and new committee members would need to be added to distribute the workload better.

Alternatively, Downtown Oroville could hire a marketing contractor to complete such branding efforts. Marketing contractors typically run between \$100- \$175 an hour; the cost of implementing a full branding package would likely land between \$15,000-\$25,000. This is far above the annual marketing budget for Downtown Oroville. Downtown Oroville could pursue various grants through Explore Butte County's zone marketing funds or Visit California. Additionally, the Downtown Oroville could request the project be funded through the City of Oroville Economic Development Department. Requesting funding from several sources and stakeholders would be beneficial. It would greatly increase the financial feasibility of hiring a contractor or implementing the strategies in-house through the marketing committee.

For the past three years, the City has had a budget surplus, due largely to the Measure U sales tax increase, it is forecasted to be the case at the end of this fiscal year. The city historically spends 169% more on economic development than other similar towns. The City Council and staff are dedicated to economic development and would likely support and fund efforts that spur economic development downtown as a full marketing strategy would. Additionally, aid funding related to COVID19 could be used to fund such branding efforts. The various funding mechanisms available and past value on economic development by the City Council makes this recommendation politically and fiscally feasible, especially if the Downtown Oroville Marketing Committee did the majority in-house instead of contracting out.

A stronger, more united downtown culture is highly desirable for new businesses and customers. Developing this branding and marketing strategy will greatly benefit the current businesses and the city through additional sales revenue. This recommendation could be monitored by how business owners, community members, and community leaders refer to and portray Downtown. Finally, monitoring business sales and sales tax received from businesses within the district would very effectively measure the success of this branding and unified messaging.

*Recommended Action 3-Commercial Recruitment Strategies:* Downtown Oroville and the City of Oroville are experiencing a considerable loss of revenue to neighboring towns due to a lack of downtown offerings. **The 2010 sales leakage report indicates an annual sales leakage of \$291 million to neighboring cities; the two largest leakage areas were apparel and restaurants.** Additional retail and dining experiences



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would reduce sales leakage, provide additional jobs, and build vibrancy downtown. Collective efforts between the City of Oroville and Downtown Oroville should be made to recruit prospective retail and restaurants for the downtown district. Downtown Oroville should consider creating a commercial recruitment committee with representatives from the Downtown Oroville board, real estate agents, Chamber of Commerce, local private investors, and the City's Business Development Department. The Commercial Recruitment Committee should work with all necessary agencies to develop incentives and support density bonuses, deferral of impact fees, and priority review.

The assessment results repeatedly indicated a need for additional restaurants, women's retail, gifts, and health-food/specialty grocery stores. Community members have a strong desire to dine downtown frequently; additional restaurant options would bolster the frequency of downtown dining and reduce revenue loss to nearby communities. There is a strong desire to shop downtown; however, limited options reduce customer spending and contribute to out-of-town shopping. The need for expanded offerings in these categories is supported through outside research and established theory on downtown development. Creating and implementing recruitment strategies to increase dining and shopping options Downtown would benefit the downtown businesses, foster vitality, and best serve the City of Oroville and its community members.

"Revisiting Main Street" suggests that a key ingredient in determining commercial success and optimizing benefits is in the tenant mix. The literature suggests that stores with similar quality selling similar products should be located near one another to encourage comparison shopping, resulting in higher overall spending. Classic Gravity Theory suggests there is strength in downtowns that present complementary shops or services. For example, several clothing retailers would drive customers downtown and actually result in greater sales for all stores than a single/few clothing retailers, success of this concept can be seen in managed shopping experiences such as malls. (Rayun, 2005). Conversely, downtowns with limited offerings, products, services, or activities to offer, face a negative business and economic outlook. (Ryu & Swinney, 2011)

Commercial Recruitment Committee should work together to recruit the following businesses to meet the needs and desires of the community identified through the needs assessment survey:

- Recruit 1-2—health food/specialty grocery store with grab and go meal options
- Recruit 2-3 new fast-casual dining options prioritize pizza, American, bakery, Mexican, cafe, or ice-cream/smoothies.
- Recruit 3 new casual sit down restaurants priority for Mexican, breakfast brunch, cocktail bar, and sushi; encourage outdoor or patio space and live entertainment
- Recruit 5-8 new clothing retailers to accommodate various styles & price points.
- Recruit 3-4 gift, craft, or hobby stores



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- Recruit 2-3 home-goods or home supply stores
- Recruit 2-3 outdoor or sport-mans stores

These recruitment techniques could include the creation of industry-specific marketing materials and new business assistance programs.

*Industry-Specific Commercial Marketing* could include brochures and web pages featuring data and market research for each specific industry which can be used as a starting point for interested parties. Such brochure or webpage would feature the data supporting the need for that industry as identified by the community assessment survey, including information on appropriate vacant buildings or sites, and provide information on the available resources and incentives offered by the city for new businesses. Additionally, this marketing could include attendance at small business fairs, community events with vendors or booths, and recruitment of businesses established in nearby towns who may be looking to expand or relocate. Development of such commercial marketing materials would likely cost \$1,000-\$1,500 per industry type totaling \$7,000-\$10,500 for materials for all seven industries listed as a recruitment priority. Additionally, costs to attend fairs, events and seek out established business owners in the region could be budgeted at \$1,500 annually.

*New Business Assistance Programs;* The City of Oroville should enhance business assistance programs to provide incentives for businesses needed within the downtown district. This effort could be a combination of policies and programs that reduce or defer development fees, allow for priority review from the business and planning departments, and offer lower interest rates loans or grants for applicable small business. The city should partner with Downtown Oroville to promote and encourage the use of such resources. Currently, Downtown Oroville has not been a partner in these efforts and likely could be as the City and Downtown Oroville work well together in several other areas.

Additionally, attention must be paid to historically vacant buildings with deferred maintenance; code enforcement should address these issues and work towards strategies to motivate building owners to rent or sell the property to a viable business. Often downtown business owners express frustration with building owners who are "holding the downtown hostage" through terminal vacancies and deferred maintenance. The City should create fees and other penalties that discourage this behavior and work with willing building owners to provide incentives for the restoration of buildings for new business use. This could be done through the creation of a Property-Based Improvement District (PBID). Still, it would likely be more feasible at this time to be facilitated within the community development, and code enforcement departments of the



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City of Oroville as both of those departments are currently growing and expanding their roles.

The City of Oroville and City Council has recently (within the last two years) taken steps to streamline and simplify the process for new businesses. Additionally, they have partnered with 3CORE and Small Business Development Center to offer financing, mentorship, and technical assistance for new development. However, it seems there is a disconnect between those offerings and new businesses within Downtown. As part of the commercial recruitment strategies for Downtown, the current offerings need to be leveraged and highlighted for possible new downtown businesses. Additionally, the City of Oroville could fund new programs, incentives, and grants through the Business and Housing Assistance Department budget or Community Development Block Grant funding.

This recommendation is both financially and politically feasible. There are several potential funding avenues, and both the City and Downtown Oroville have been keen on the need for new business recruitment and reducing vacancies downtown. The success of this recommendation would be measured by the number of vacancies within the downtown district. As of now, about 27% of storefronts are vacant; the city and Downtown Oroville should aim to reduce vacancies to 17% within the first year and 7% within the next three years.





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### **Conclusion**

Overall, the current growth of Downtown Oroville and within the entire City of Oroville proves to be a strength that can spur additional development within downtown. Downtown Oroville offers many unique assets, lower rents and purchase prices, and a healthy, positive environment, making Downtown Oroville a prime location for new businesses.

Based on literature and the needs identified by the community assessment survey, the following actions are recommended in order of importance and feasibility as a comprehensive development action plan.

Step 1: Prioritize efforts identified in Recommendation 1, Current Efforts Underway within the next three months and each year thereafter.

Step 2: Fully Implement Recommendation 3 Commercial Recruitment Strategies immediately through a collaborative partnership effort.

Step 3: Partially Implement Recommendation 2 with the in-house marketing model focusing on Downtown's assets and potential within the next six months, and seek options for broader rebranding when vacancies are reduced to 7% or lower.

The above recommendation is a complementary intervention to further strengthen assets within Downtown Oroville and create incremental needed improvements and new business growth within the district. It is reasonable to expect that if implemented, there would be a reduction in sales leakage and an increase in overall taxable revenue, jobs, and vitality within the downtown district. These steps would protect Downtown and the City from further economic hardships and foster a greater community sense of place and improvement in overall quality of life for Oroville residents.