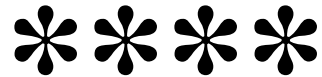


*Downtown
Revitalization*



A Resource Book
for
Downtown Ephrata

May, 2004

*Presented by
Downtown Ephrata, Inc.*

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Introduction

Downtown Ephrata, Inc. (DEI) is concerned with the issues of revitalization and business development for the downtown commercial area. This resource book provides materials that may assist in creating programs that will make the DEI more effective in revitalizing downtown.

Suggestions that are provided within this book are by no means comprehensive to a fully functioning downtown organization, but they are useful in providing suggestions and examples of programs that have been used successfully in other downtowns.

If this resource book can stimulate discussion and activities towards possible solutions to the issues that are facing downtown Ephrata, then it is serving the purpose of creating a more successful implementation program for revitalization.

This resource book is organized by the Four Point Approach created by the National Main Street Center, National Trust for Historic Preservation in Washington, DC.

- Organization
- Economic Restructuring
- Promotion
- Design

Benefits of Main Street to Downtown Stakeholders

COMMERCIAL PROPERTY OWNERS

- Increased occupancy rates
- Rent stability
- Longer lease arrangements
- Increased property values
- Reduced vandalism
- Assistance with property management issues
- Design assistance for historic renovation
- Shared concerns with other property owners
- Better downtown image
- New uses for downtown buildings
- Upper floor expansion

RETAIL BUSINESS OWNERS

- Safety issues addressed
- Increased sales
- Improved image
- Increased value of business
- Coordinated efforts between businesses
- Educational seminars & workshops
- Increased traffic
- Promotion and advertising of the downtown
- Healthier business mix
- New market clusters
- Sense of community pride
- Common issues addressed

SERVICE BUSINESS OWNERS

- Safer downtown environment
- Restored pride in downtown
- New and repeated exposure
- Increased variety of services
- Healthier economic factors created
- More variety of businesses downtown
- Opportunity to get new customers
- Improved image

LOCAL RESIDENTS/CONSUMERS

- Enhanced marketplace (better shopping and the benefits of shopping locally)
- Sense of pride in downtown
- Increased social and cultural activities
- Sense of hometown identity

- Historical awareness (preservation of downtown is preservation of architecture and human history)
- More tax dollars stay in the community
- Opportunity to participate and volunteer
- More communication to the downtown stakeholders
- Political advocacy for community concerns
- Home values increase

INDUSTRY

- Community pride
- Improved quality of business life for employees
- Stabilized or increased property values
- Opportunity for new customers
- More positive perception of downtown
- Impetus for public improvements in downtown

PRESERVATIONISTS

- The Main Street Approach reinforces the common goal of preservation
- Increased awareness and credibility
- Education of the public and downtown stakeholders
- Improved economic feasibility of preservation

CULTURAL GROUPS

- Public Sites for community events
- Location for offices and performance spaces
- Increased safety

CITY GOVERNMENT

- Increased public relations for City Government
- Viable downtown increases tax base
- Attractive downtown is a draw for business and industry
- Creates a common partnership with other government agencies
- Increases community pride
- Supports other redevelopment activities
- Provides assistance with parking issues

UTILITIES

- Expansion of businesses
- Expansion of business activity including longer business hours
- Healthier businesses increase utility usage
- Provides example of community support

Main Street Four-Point Approach & the Eight Principles

www.mainstreet.org

The National Main Street Center is a program of the National Trust for Historic Preservation. Created by Congressional charter in 1949, the National Trust is a leading advocate of historic preservation in the United States. The preservation movement involves more than saving historic buildings. Economic growth, urban revitalization and the creation of new jobs are all issues the National Trust addresses through the rehabilitation of historic structures.

Established in 1980, the National Main Street Center (NMSC) developed a comprehensive revitalization strategy that has been used in 35 states and 850 communities to revitalize traditional downtown and neighborhood commercial areas. Through these efforts, over 64,000 new jobs have been created, more than \$2.9 billion has been reinvested in downtown and 20,389 new businesses have been created and communities have built strong organizations to revitalize their commercial districts. The National Main Street Center also sponsors a network membership program for organizations interested in commercial revitalization, produces a monthly newsletter and serves as a clearinghouse for information on revitalization, preservation and community redevelopment issues. The NMSC accomplishes its mission through the four-point Main Street approach.

The Four Point Approach

Organization establishes consensus and cooperation by building partnerships among the various groups that have a stake in downtown. This will allow the Main Street revitalization program to provide effective, ongoing management and advocacy of the downtown. Diverse groups from the public and private sectors (the city and county, local bankers, merchants, the chamber of commerce, property owners, community leaders and others) must work together to create and maintain a successful program.

Design takes advantage of the visual opportunities inherent in the downtown by attention to all its physical elements: public and private buildings, storefronts, signs, public spaces, landscaping, merchandising, displays and promotional materials. Its aim is to stress the importance of design quality in all these areas, to educate people about design quality and to expedite design improvements in the downtown.

Promotion takes many forms, but the aim is to create a positive image of downtown to rekindle community pride in the downtown. Promotion seeks to improve retail sales events and festivals and to create a positive public image of the downtown in order to attract investors, developers and new businesses.

Economic Restructuring strengthens downtown's existing economic assets while diversifying its economic base. This is accomplished by retaining and expanding existing businesses to provide a balanced commercial mix, by converting unused or underused space into productive property and by sharpening the competitiveness and merchandising skills of downtown business people.

Beyond the four points themselves, the Main Street Approach is a process through which the four points are integrated into a comprehensive program designed to draw upon local opportunities and build community self-reliance for downtown development. Through effective planning and concentration on each of the four points, a careful adaptation of the Main Street approach to downtown's specific needs will ensure that the programs are designed to best take advantage of the community's strengths and resources.

The Eight Principles of Main Street

While the Main Street approach provides the format for successful revitalization, implementation of the four-point approach is based on eight principles:

Comprehensive. Downtown revitalization is a complex process and cannot be accomplished through a single project. For successful long-term revitalization, a comprehensive approach must be utilized.

Incremental. Small projects and simple activities lead to a more sophisticated understanding of the revitalization process and help develop skills so that more complex problems can be addressed and more ambitious projects can be undertaken.

Self-Help. Local leaders must have the desire and will to make the project successful. The National Main Street Center and its affiliated state Main Street programs, provide direction, ideas and training, but continued and long-term success depend upon the involvement and commitment of the community.

Public/private partnership. Both the public and private sectors have a vital interest in the economic health and physical viability of the downtown. Each sector has a role to play, and each must understand the other's strengths and limitations so that an effective partnership can be forged.

Identifying and Capitalizing on Existing Assets. Business districts must capitalize on the assets that make them unique. Every district has unique qualities--like the distinctive buildings and human scale that give people a sense of belonging. These local assets must serve as the foundation for all aspects of the revitalization program.

Quality. Quality must be emphasized in every aspect of the revitalization program. This applies equally to each element of the program, from storefront design to promotional campaigns to educational programs.

Change. Changes in attitude and practice are necessary to improve current economic conditions. Public support for change will build as the program grows.

Implementation-Oriented. Activity creates confidence in the program and ever greater levels of participation. Frequent, visible changes are a reminder that the revitalization effort is under way. Small projects at the beginning of the program pave the way for larger activities as the revitalization effort matures.

The Three "R's" of Board Participation

Understanding the general obligations of being a board member

Charitable organizations are those corporations that are recognized by the IRS as 501(c)(3) non-profit organizations. Their function is to serve the "public benefit." The function of the board is to articulate the mission; set priorities; perform oversight; act as a two way liaison to community; and ensure that adequate funds are available.

Charitable organizations vary a great deal in size, structure and mission, yet a number of principles which apply to all such organizations. This is a guide that will help you understand the three "R's" associated with your board participation:

- 1) your Role
- 2) your Rights
- 3) your Responsibilities.

Your role

The principle role of the board member is stewardship. The directors of the organization are ultimately responsible for the management of its affairs. This requires active participation. People who do not have time to regularly participate should not agree to be on a board.

One of the most important functions of the Board is keeping the resources and efforts focused on the organization's mission. This requires the Board member to have adequate understanding of the organization's programs, people and resources available. As a starting point, each board member should be familiar with the organization's documents.

The Board is not expected to manage the day-to-day activities. The directors appoint officers so they can carry out the day-to-day activities. The Board is responsible for the hiring of the chief executive officer (CEO) or executive director, and to oversee that person to make certain the Director is fulfilling the organization's mission. There should be periodic reviews and assessment of the Director's performance.

A related function of the Board is to set the compensation of the organization's CEO. All Board members should participate in the decision. Compensation shall be reasonable for the services rendered and compare favorably to similarly situated executives.

Your rights

In order to carry out your legal responsibilities as a board member, you must be able to make informed judgements about important matters regarding the organization and operations of the non-profit. The law permits you to reasonably rely on information from the organization's staff, its lawyer, its accountant, outside advisors, and board committees on making those judgements. Your right to information includes the following: 1) the right to reasonable access to management; 2) to have reasonable access to internal information of the organization, and 3) to access the organization's principle advisors, such as its auditors and lawyers. Senior management must also be willing to facilitate board access to books and records of the organization. The board has the right, if necessary, to engage the services of outside advisors (at the organization's expense) to assist it with a particular matter.

Your responsibilities

In carrying out your responsibilities, the law generally imposes three duties. They are generally described as follows:

1. *Duty of Due Care*. This responsibility generally requires that a director must discharge the duties with care an ordinary prudent person in the like position would exercise under similar circumstances. Directors need not always be right, but they must act with common sense and informed judgement. To exercise this duty properly, boards must pay particular attention to the following:

- Active participation
- Reasonable inquiry

2. *Duty of Loyalty*

- Conflicts in general
- Written policy
- Loans
- Corporate opportunity

3. *Duty of Obedience*

- Federal Law
- State Law
- Mission and Procedures

4. *Other Duties*

In addition to the three general fiduciary duties above, there are a number of specific responsibilities which must be observed by nonprofit organization members. They are:

- Satisfactory corporate documents and records
- Adequate financial records and controls
- Safeguarding assets
- Observing donor restrictions
- Responsible solicitation activities.

Profile of an event fund-raiser

Turkey Rama Biggest Turkey Contest

McMinnville, Oregon hosts an annual Turkey Rama celebration. This community festival observes the historical importance of the once thriving turkey business in the surrounding county. The three-day celebration is sponsored by the McMinnville Area Chamber of Commerce and features family entertainment from dawn to dusk. Historic Downtown's "Third Street" is blocked off to feature products from over 150 local merchants, regional crafters and a variety of commercial vendors who rent street space for three days. Visitors also enjoy a live music entertainment stage and a food court.

Biggest Turkey Contest

One of the much-anticipated events of Turkey Rama is the Biggest Turkey Contest. Since 1980 local businesspersons and community leaders have competed for the title of Biggest Turkey by raising funds for The Hospice Program of Yamhill County. The competition culminates in a lip-sync talent show on the opening night of Turkey Rama, complete with a humorous array of costumes and skits.

Success features

Success of a program like this depends on the following features:

- _ One person coordinates program
- _ An association with a large and popular existing event
- _ Individuals compete to see who raises the most money
- _ Political figures, community leaders and corporate leaders are best candidates
- _ Each candidate has a team
- _ Each candidate/team has a theme
- _ Revenues go to charitable organization(s)
- _ A (fun & ridiculous) lip-sync talent contest with celebrity judges and awards

Timeline

1 year before:

- _ recruit likely candidates and volunteer members
- _ recruit corporate sponsorship

3 months before:

- _ introduce five to twelve candidates at popular local function
- _ Allow a ninety-day campaign for candidate fund-raising

1 month before:

- _ promote lip-sync talent contest as part of exist event
- _ conduct PR campaign featuring each candidate

Culminating event:

- _ public performance of lip-sync talent
- _ announcement of talent show winner & overall best fund-raiser

Heritage Walk Action Plan

A project of the West Chester Downtown Foundation

Compiled by Heritage Walk Advisory Committee

ITEMS

- General Objectives
- Funding Goals
- Strategy
- Research Prior to Client Call
- Talking Points Memo
- Short Term Goals
- Long Term Goals

GENERAL OBJECTIVES

1. Raise funds through the sale of engraved bricks, plaques, fundraisers or other recognition for the Heritage Walk of Market Street.
2. Develop or support beautification and enhancement projects downtown.

OVERVIEW

The Heritage Walk program has been established to allow community members, businesses and visitors an opportunity to recognize loved ones and organizations through the placement of engraved bricks in downtown West Chester. The program will take place on Market Street as part of a streetscape improvement project. Funds raised by the Heritage Walk will be used for beautification projects that enhance the downtown area.

Engraved bricks will be sold to individuals for \$50 until January 1, 2003. After that, the cost will be \$75. Businesses may buy engraved bricks for \$200. Brick certificates may be purchased that will identify the brick engraving, its location and donor on a certificate suitable for framing. Replica mantel bricks (with brass plaque) may also be purchased. 24 bench plaques are also available for available for a \$1,000 sponsorship.

The Heritage Walk program is part of the Market Street Economic Development Project, which is slated for completion within the next year. This project will replace the sidewalks and curbing along Market Street between New Street and Railroad Alley with brick sidewalks, granite curbing and items such as Pullman-style benches, trash receptacles, planters, trees, signs and street lights.

FUNDING GOALS

Phase one: October 1 to April 1 (26 weeks)

Heritage Walk: brick sales; bench sales; sponsorships (membership)

Net Goal: **\$ 40,000**

Projected Revenue

Business Bricks: October 1 -- March 31

Gross revenue \$ 20,000

(100 bricks [5 business sales/ week out of 387 total DT businesses] @ \$200 a brick)

Bricks & sponsorships: October 1 -- December 31

Gross revenue \$ 6,000

(\$500 gross sales per week [10 bricks per week {120 total} & sponsorships])

Bricks & sponsorships: January 1 -- March 31:

Gross revenue \$ 4,875

(\$375 gross sales per week [65 bricks & contributions])

Sub-total \$ 30,875

Bench plaques: January 1 -- March 31:

Gross revenue \$ 24,000

(24 plaques at \$1,000 each)

Total Gross Revenue **\$ 54,875**

Projected Expenses

Plaques \$ 3,600

(24 plaques @ \$150 ea.)

Bricks \$ 4,275

(285 bricks @ \$15 ea.)

Advertising \$ 7,000

Total expenses **\$ 14,875**

Total Net Revenues **\$ 40,000**

STRATEGY

Fundamentally, there are four general items to be observed when approaching potential donors for the DEI:

1. Develop a rapport--"*people give to people;*"
2. Match capabilities to desires--"*your contribution will go for. . .;*"
3. Respond to objections--"*We can defer your contribution to next year;*"
4. Close the deal--"*When can I receive your check?*"

Within this framework, details of approaching donors will include the items listed below.

RESEARCH PRIOR TO CALL

Identify top ten clients to pursue as the first phase of fund raising. For instance, the top three to contact in Ephrata would be Ephrata Community Hospital, Donecker's, and D&E. Other employers will be identified. In addition, identify community groups, including government agencies, as well as fraternal organizations, civic groups, and business/professionanl associations.

Identify key decision-makers at each client, such as CEO's or CFO's to be contacted or others able to commit a donation.

Identify groups they currently support financially and try to understand their opportunity cost to committing to us. Speak with them through their assistants prior to your visit to explain the goals of the visit. Learn about their capacity to give. Schedule a meeting to sit down and discuss their wishes for the future of downtown, their capacity to help with the beautification efforts and their financial commitment to a particular venue downtown.

Follow-up with a letter of thanks and reaffirm their stated commitment. Personally collect checks and deliver to DEI office to ensure they don't waffle on their contribution.

TALKING POINTS WHILE IN CLIENT MEETING

"As you may have seen, the DEI is spearheading on-going beautification programs downtown and we need your help..." Explain DEI commitment to the vitality of downtown and request theirs, personally and as a community leader.

Listen to their wishes for involvement. If hesitant to commit to a particular venue, get creative and suggest the variety of possibilities. Ask for their creative solutions. Try to uncover again the venues they may currently support (i.e. Ephrata Fair, Arts and Crafts Show) and see if a coupling of efforts might prove lucrative and benefit downtown.

Suggest another meeting with fellow decision-makers if necessary or client does not appear committed. Let them know Malcolm, the mayor and other Board members are available to help craft a solution with them.

Emphasize the importance of being a community leader as one of the first members of this special community group. At least get a brick out of it!

Follow-up, follow-up, follow-up every 2 weeks until a contribution is received. Personally schedule visit to collect check so they know I'm coming. Avoid "check's -in-the-mail" situations. If necessary, bring in the big guns to collect if stalling until prospect formally declines or contributes.

Once check received by the office (where an initialed copy should be made to avoid any lost checks), a special letter of thanks from the President of the Foundation goes to the client.

Once plaque, planter, bench, etc. is positioned, another letter of thanks to client and specific placement of their contribution clearly identified on a borough map/express directions so they can easily locate their gift.

Ribbon Cutting Ceremony in the spring once majority of Market Street rebuilt. Invite all contributors. Photo-ops with Borough/political officials.

SIDELINE SUGGESTIONS

- All corporate contributions over \$2,500.00 allows for an automatic membership into the Foundation at the appropriate level for the first year. (If we bill them for a membership after a generous gift, they may feel nickel and dime'd).
- All correspondence after monies received is signed by the President of the Board.
- All correspondence and membership packets sent within one week of contact/confirmation.
- Quarterly, publish client's "Good Works" in Ephrata Review, etc., for some good public relations. Encourages others to give--guilt to those who haven't.

SHORT-TERM GOALS

1. Establish a process by which any volunteer can manage this fund raising program and solicit funds. Database management with detailed notes on all contacts, letter templates, etc. Catalog talking points and correspondence.
2. Secure financial contributions commensurate with the client's size and scope by end of First Quarter of the project.
3. Establish professional relationships with the area's largest employers and top dogs. Educate them on the rewards of membership to the Foundation and emphasize their obligation to participate by being such large, local contenders.

LONG-TERM GOALS

1. Organize and manage a gala for Foundation.
2. Identify other rewards for the members who begin to commit annually.
3. Support the media-relations angle for the Foundation as spokesperson.
4. Continue fund-raising efforts in variety of forms/programs, taking cues from clients and information we've assembled.

Charitable Remainder Trust

Creating an annuity for a downtown foundation

The Charitable Remainder Trust is the most common form of estate planning trust to secure income for life or a certain period of years, save taxes, pass assets to family members, and gift to one's charity. Charitable trusts are especially beneficial if one is over 50 years old, owns highly appreciated property, is in a high tax bracket, and would like to enjoy their profits now. This can be accomplished while avoiding capital gains taxes, recapture taxes, estate taxes, and provide a gift to one's charity.

The client transfers a highly appreciated asset into an irrevocable trust with a trustee and names a qualified charity as remainderman. The trustee sells the asset at market value, without paying capital gains and recapture taxes and reinvests the proceeds into income producing assets. The trust pays the client or their children income for life or a certain period of years and upon termination of the trust the remaining trust assets go to a charity of the client's choice.

The client can receive a percentage of the trust income, in which case the trust would be called a Charitable Remainder Unitrust. With this option, the amount of income will fluctuate, depending on investment performance. The trust will be revalued each year to determine the dollar amount of income one will receive and if the trust is well managed, it can grow quickly, because the trust assets grow tax-free. The amount of the income will increase as the value of the trust grows. Usually a "make-up" provision is included, so if the trust has an "off" year, it will make up the difference in income in a later year,

The client may elect instead to receive a fixed income, in which case the trust would be called a Charitable Remainder Annuity Trust. This means the amount of income will not decrease if the trust has an "off" investment year, but it also will not increase if the trust does well. Although it does not provide protection against inflation like the unitrust, some people like the security of being able to count on a certain amount of income.

Trust income, which is generally taxable in the year it is received and can be paid for one's lifetime or a certain period of years. In the first six (6) years all or a portion of this income may be offset by tax deductions generated by the future gift to the charity of choice. If the client is married, the income can be paid for two lives. The income can also be paid to children, or to any person or entity, although there may be some tax considerations if someone other than the client receives the income.

The tax deduction generated is based on the amount of income one receives, the size and type of property one gifts, and the client's age. The more one elects to receive in income, the less the tax deduction. The tax deduction is usually limited to 30% of one's adjusted gross income--although this can vary, depending on how the IRS defines the charity and the type of asset gifted. If one can't use the full deduction the first year, one can carry it forward for up to five additional years.

As long as the client is alive they may control the trust. Control is a major factor in establishing a trust. The trustee must follow the instructions in the trust, and the trustee's primary responsibility is to the client--not the charity. The client can retain the right to change the trustee if necessary.

If one has a sizable estate, the property one places in a Charitable Remainder Trust may only be a small percentage of one's assets. However, if one is concerned about replacing the value of this property for one's children, there is a very easy way to do so.

Using the income tax savings and part of the income one receives from the Charitable Remainder Trust, one can fund a Life Insurance Trust to replace the asset for the children.

The Life Insurance Trust keeps the proceeds out of the taxable estate. Life insurance is the least expensive way to replace the asset for the children because every dollar one spends in premium buys several dollars of insurance. The children will receive the full proceeds for the Insurance Trust without probate, and also free from income and estate taxes.

This combination of the Charitable Remainder Trust and Life Insurance Trust is a winning situation for everyone--the client, their children and a charity of their choice:

- The client converts the highly appreciated asset into income with no capital gains, depreciation recapture or estate taxes.
- The client receives a charitable income tax deduction in the year they transfer the asset to the trust, thus reducing, their current income taxes.
- Using a Life Insurance trust to replace the full value of the asset, the client's children receive much more than if one had sold the asset and paid capital gains, recapture and estate taxes. Plus, the client will receive trust proceeds income tax, estate tax and probate tax free.
- The client is able to make a substantial gift to one or several charities.

Information courtesy of:

Gary Bates

Custom 1031, Inc.

1500 W Fourth, Suite 511

Spokane, Washington 99204

Phone: (509) 838-7574 or 1-800-736-5536

Fax: (509) 838-7503

Creating a Board Manual

Items in this section include:

- Manual Contents
- Updating
- Orienting New Board Members
- Conclusion

Board members who are knowledgeable about the organization they serve are better able to make wise decisions. New board members need to get "up to speed" quickly to be effective. You will save time if you have all your key documents in one convenient package.

Your organization should provide each board member with a board manual. Board manuals educate new members and provide current members with up-to-date information about the organization's history, mission, policies, and financial status.

Manual Contents

A typical board manual contains copies of the most important documents relating to the organization's daily functions, board procedures, and projects. It should be easy to update, well organized, and thorough.

Date the manual's contents and consider using a binder so that you can easily remove outdated papers and insert new ones. Divide it into sections such as those described below. Include a table of contents.

Every board manual should include:

- Names, addresses, telephone and fax numbers, and e-mail addresses for:
 - Board members and committee members
 - Staff members
 - Key funders or supporters (optional)
- Formal documents
 - _ Mission Statement
 - _ By-Laws
 - _ Articles of Incorporation
 - _ 501(c)(3) determination letter from the IRS
- Organizational Policies
 - _ Personnel policies and job descriptions
 - _ Conflict of interest policy
 - _ Purchasing policy
 - _ Sexual harassment policy
 - _ Other important policies

- Programs and Contracts
 - _ Organizational Plan
 - _ City Comprehensive Plan
 - _ Program descriptions
 - _ Government funding contracts
 - _ Grant agreements and successful proposals
 - _ Fee-for-service contracts

- Financial
 - _ Current budget and previous year's budget
 - _ Most recent audited financial statements
 - _ Most recent management letter

- Board Packets
 - _ Agendas, Minutes, Treasurer's reports, etc.
 - _ Newsletters, key correspondence, etc.

Also include other information you think might be helpful or informative such as board election results, project drawings, recent awards or news articles, and supportive letters. Customize your board manual to serve the needs and interests of your board.

As you assemble the manual, you may have to track down information you thought you wouldn't need. It may prompt you to consider issues and develop policies you had not thought about.

Updating

Don't let your Board Manuals gather dust after they are complete. Update them periodically. If you have used a 3-ring binder, hole-punch all your agendas and other handouts for Board and Committee meetings so members can add them to the binder. Similarly, a new program description or contract can be copied and sent to board members, hole-punched to add to the binder.

You should update at least once a year, usually around the start of your new fiscal year. Either provide new sections, or a whole new binder.

Orienting New Board Members

You can use your Board Manual effectively to help orient new members of your Board. Hold a meeting of new members and talk them through the manual's contents, highlighting your mission, primary programs, and financial statements. This will shorten their learning curve on the Board and help them become active, helpful Board members

Conclusion

A good Board Manual, regularly updated, can be an asset. Just remember your objectives:
 Create more informed Board members with a consistent base of knowledge.
 Quickly educate new board members so they can participate effectively.
 Have all your primary information in one convenient place.

Formal Organizational Structures

A downtown organization may incorporate as a private, non-profit association under Section 501(c)(3); 501(c)(4); or 501(c)(6) of the Internal Revenue Code of 1986 (or corresponding provisions of any future United States Internal Revenue law).

Following are examples of:

- Articles of Incorporation
- 501(c)(3) ByLaws

Of special interest within the 501(c)(3) ByLaws example is the wording for the purpose of the organization and the lengthy indemnity clause.

ARTICLES OF INCORPORATION
of
[Name of Organization]

Pursuant to and in compliance with the provisions of the [State] Non-Profit Corporation Law of [year], as amended, the undersigned, desiring to incorporate a non-profit corporation, hereby states that:

1. The name of the corporation is "[name of Organization]" (hereinafter, the "Foundation").
2. Registered Office. The address of the initial registered office of the Foundation in the State of [State] is:

[street address]
[City], [State] [zip]

3. Purposes. The purpose of the Foundation shall be to operate exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 (or corresponding provisions of any future United States Internal Revenue law) and more specifically:

(a) to promote the historic preservation, protection and use of [name of City] traditional downtown area, including that area's commercial, civic and religious enterprises and residences;

(b) to take remedial actions to eliminate the physical, economic and social deterioration of [name of City] traditional downtown area and thereby promote [name of City] historic preservation, contribute to its community betterment while lessening the burdens of [name of City] government;

(c) to disseminate information of and promote interest in the preservation, history, culture, architecture and public use of [name of City] traditional downtown area;

(d) to hold meetings, seminars and other activities for the instruction of members and the public in those activities such as building rehabilitation and design, economic restructuring and planning management that foster the preservation of [name of City] traditional downtown area, and enhance the understanding and appreciation of its history, culture and architecture;

(e) to aid, work with and participate in the activities of other organizations, individuals and public and private entities located within and outside [name of City] engaged in similar purposes;

(f) to solicit and receive and administer funds for educational purposes and to that end to take and hold by bequest, devise, gift, grant, purchase, lease or otherwise, either absolutely or jointly with another person or corporation, any property, real, personal, tangible or intangible, or any undivided interest therein, without limitation as to amount of value; to sell, convey or otherwise dispose of any such property and to invest, reinvest or deal with the principal or the income thereof in such manner as, in the judgment of the corporation's directors, will best promote the purposes of the corporation without limitation, except such limitation, if any, as may be contained in the instrument under which such property is received, the bylaws of the Foundation, or any laws applicable thereto;

(g) to perform all obligations and duties of the Foundation, and to exercise all rights and powers of the Foundation, in the by-laws of the Foundation, in the Act and as otherwise provided by law; and

(h) to conduct such other lawful business and exercise such other rights and privileges as are incidental, necessary or expedient in connection with the fulfillment by the Foundation of such purposes, and the performance of the Foundation of its duties and obligations, as from time to time amended. In the fulfillment of the purposes of the Foundation, the Foundation

shall have and may exercise any and all lawful powers, rights and privileges which a non-profit corporation may now or from time to time hereafter, have, exercise and enjoy, including, without limitation, all rights, powers and .privileges enumerated in or conferred by the Act and Non-Profit Corporation Law of 1988, as amended, that are furtherance of the Corporation's exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 or the corresponding section of any future tax codes.

4. Prohibited Activities. The corporation does not contemplate pecuniary gain or profit, incidental or otherwise. No part of the net earnings of the Foundation shall inure to the benefit of, or be distributable to its members, directors, officers, or other private persons, except that the Foundation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article Third hereof. No substantial part of the activities of the Foundation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Foundation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office. Notwithstanding any other provision Of these articles, the Foundation shall not carry on any other activities not permitted to be carried on

(a) by a corporation exempt from federal income tax under section 501(c)(3) of the internal Revenue Code, or the corresponding section of any future federal tax code, or

(b) by a corporation, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

5. Dissolution. Upon the dissolution of the Foundation, assets shall be distributed for one or more exempt purposes with in the meaning of section 501 (c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose. Any such assets not so disposed of shall be disposed of by a court of competent jurisdiction of the county in which the principal office of the corporation is then located, exclusively for such purposes or to such organization or organizations, as said court shall determine, which are organized and operated exclusively for such purposes.

6. Statutory Authority. The Foundation is incorporated under the provisions of the Non-Profit Corporation Law of 1988, as amended.

7. Non-Stock; Membership. The Foundation is organized as a non-stock corporation, and shall not have authority to issue capital stock. The Foundation shall have members, who shall be those persons constituting the members of the Board of Directors pursuant to the Bylaws. Membership in the Foundation shall not be transferable, voluntarily or by operation of law, except only to the extent, and only in the manner, provided in the Declaration. There shall only be one class of membership in the Foundation.

8. Incorporator. The name and address of the sole incorporator of the Foundation is:
[preparer's name]
[preparer's business name]
[address]
[City] [State] [zip]

9. Term of Existence. The term of existence of the Foundation shall be perpetual.

10. Amendment. These Articles of Incorporation may be amended in the manner prescribed by statute, at the time of amendment, and all rights conferred upon members of the Foundation are granted subject to this reservation.

11. Board of Directors. The business and affairs of the Foundation shall be conducted, managed and controlled by a Board of Directors, who shall be selected and removed by the Board of Directors of the Foundation in accordance with By-laws, and the laws of the State of [State].

12. Dissolution. The Foundation may be dissolved only as provided in the By-laws and under the laws of the State of [State].

13. Effective Date. These Articles shall be effective upon filing with the Corporation Bureau of the Department of State of the State of [State].

IN WITNESS WHEREOF, the undersigned incorporator has executed these Articles of Incorporation on [date].

[name of incorporator]

BYLAWS
of the
Organization Name
Municipality, State

ARTICLE I
NAME and PRINCIPAL OFFICE

Section 1: Name: The name of this corporation shall be "**Organization Name**" (hereinafter referred to as "the Corporation").

Section 2: Offices: The principal office and place of business of this non-profit corporation shall be **street address, Municipality, State**. The Corporation may have such other offices either within or without the **State** as the Board of Directors may designate or as the business or the Corporation may require from time to time.

ARTICLE II
PURPOSE

Section 1: Purpose: The Corporation is organized to operate exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 (or corresponding provision of any future United States Internal Revenue law) and more specifically:

(a) to promote the historic preservation, protection and use of **Municipality** traditional downtown area, including that area's commercial, civic and religious enterprises and residences;

(b) to take remedial actions to eliminate the physical, economic and social deterioration of **Municipality's** traditional downtown area and thereby promote **Municipality's** historic preservation, contribute to its community betterment while lessening the burdens of **Municipality's** government;

(c) to disseminate information of and promote interest in the preservation, history, culture, architecture and public use of **Municipality's** traditional downtown area;

(d) to hold meetings, seminars and other activities for the instruction of members and the public in those activities such as building rehabilitation and design, economic restructuring and planning management that foster the preservation of **Municipality's** traditional downtown area, and enhance the understanding and appreciation of its history, culture and architecture;

(e) to aid, work with and participate in the activities of other organizations, individuals and public and private entities located within and outside **Municipality's** engaged in similar purposes;

(f) to solicit and receive and administer funds for educational purposes and to that end to take and hold by bequest, devise, gift, grant, purchase, lease or otherwise, either absolutely or jointly with another person or corporation, any property, real, personal, tangible or intangible, or any undivided interest therein, without limitation as to amount of value; to sell, convey or otherwise dispose of any such property and to invest, reinvest or deal with the principal or the income thereof in such manner as, in the judgment of the Corporation's Board of Directors, will best promote the purposes of the corporation without limitation, except such limitation, if any, as may be contained in the instrument under which such property is received, the By-Laws of the Corporation, or any laws applicable thereto.

Section 2: Acts Not Permitted: In furtherance but not in limitation thereof, the Corporation shall not engage in any transaction or permit any act or omission which shall operate to deprive it of

its tax-exempt status under Section 501(c)(3) of the Code. The Corporation also has such powers as are now or may hereafter be granted under the laws of Pennsylvania that are furtherance of the corporation's exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue code of 1986 or the corresponding section of any future federal tax codes.

Section 3: Political Influence: The Corporation shall not carry on propaganda or otherwise attempt to influence legislation except as an insubstantial part of its activities. The Corporation shall not in any manner or to any extent participate in, or intervene in (including the publishing or distribution of statements), any political campaign on behalf of any candidate for public office; nor shall it engage in any "prohibited transaction" as defined in Section 503(b) of the Internal Revenue Code of 1986.

Section 4: Earnings: No part of the net earnings of the Corporation shall inure to the benefit of any member of the corporation or other private individual except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered herein. None of the property of the corporation shall be distributed directly or indirectly to any member of the corporation except in fulfillment of its charitable and educational purposes enumerated herein.

Section 5: Assets: No part of the assets of the Corporation shall ever inure to the benefit of any officer, member, or director of the Corporation or any other individual except that reasonable compensation may be paid to employees of the Corporation or others for services rendered to the Corporation upon authorization of the Board of Directors. In the event of dissolution or liquidation of the Corporation, any assets then remaining shall be distributed among such other organizations as shall qualify at the time as exempt organizations described in Code Section 501(c)(3) as the Board of Directors shall determine, such assets to be used for purposes consistent with those described in the immediately preceding subparagraphs lettered (a) through (e).

Section 6: Corporate Identity: The private property of the members of the Corporation shall be absolutely exempt from any and all debts of the Corporation. No members of this Corporation shall be personally responsible or liable for accounts of the Corporation.

Section 7: Membership:

(a) No person shall be denied membership, nor shall any person be denied election or appointment as a director or officer, employee, or agent of the Corporation on the basis of that person's race, religion, national origin, sex, age, handicap or disability, or protected veteran status.

(b) All conflicts of interest on the part of any director or officer of the Corporation shall be disclosed to the Board of Directors in writing or if disclosure is made at a regular meeting of the Board of Directors, orally. For purposes of these ByLaws, a conflict of interest shall occur when an individual serving in the capacity of an officer or director of the Corporation, shall have an interest in any transaction or matter being considered by the Corporation (said interest being financial or by virtue of an association with an entity which is the subject of proposed action by the Corporation); conflicts of interest shall include actual and potential conflicts of interests. Any member having a conflict of interest on any matter shall not vote or use his or her personal influence on the matter, and anything in these ByLaws to the contrary notwithstanding, he or she shall not be counted in determining the quorum for the meeting, even where permitted by law. The minutes of the meeting shall reflect any disclosure, abstention from voting, the nature of the conflict of interest, and whether a quorum was met. Any individual who discloses a conflict of interest shall not be prohibited from attending the meeting in which the proposed action of the Corporation is discussed, nor shall the member be prohibited from briefly stating his or her position on the matter or

participating in general discussion regarding the matter, unless the individual's removal from the meeting is requested by a majority of the disinterested members of the Board.

ARTICLE III PROGRAM AREA

Section 1: Program Area: The program area shall be the area that affects the central business district of **Municipality**.

ARTICLE IV GOVERNING BODY

Section 1: General Powers: The Board of Directors of the Corporation shall constitute the governing body of this Corporation; however, certain actions of the Corporation or the Board, as specified herein, shall require the approval of the membership.

ARTICLE V MEMBERSHIP

Section 1: Classes of Membership: The Corporation shall have four classes of membership:

- (a) Individual members;
- (b) Business, professional, or property owner members;
- (c) Associate members;
- (d) Sponsoring members.

Section 2: Dues: The Board of Directors shall establish annual dues as it deems appropriate. Such establishment of dues shall include method of payment and application of procedure.

Section 3: Eligibility of Membership: Any business, organization or individual interested in supporting the purposes of the Corporation may become a member by filing an application in such form as the Board of Directors shall prescribe, and subject to the payment of such dues as the Board of Directors shall establish.

Section 4: Standard of Care; Justifiable Reliance: A Board Member shall stand in a fiduciary relation to the Corporation and shall perform his or her duties as a Board Member, including duties as a member of any committee of the Board upon which the Board member may serve, in good faith, in a manner the Board member reasonably believes to be in the best interests of the Corporation and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. In performing his or her duties, a Board Member shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

(a) One or more officers or employees of the Corporation whom the Board Member reasonably believes to be reliable and competent in the matters presented.

(b) Counsel, public accountants or other persons as to matters which the Board Member reasonably believes to be within the professional or expert competence of such person.

(c) A committee of the Board upon which the Board Member does not serve, duly designated in accordance with law, as to matters within its designated authority, which committee

the Board Member reasonably believes to merit confidence.

A Board Member shall not be considered to be acting in good faith if the Board Member has knowledge concerning the matter in question that would cause his or her reliance to be unwarranted.

Section 5: Voting Rights: Each active member in good standing shall be entitled to one vote. The voting power, rights, and interest of each class member shall be equal, and no member can have or acquire a greater interest than any other member, except as specified in these By-Laws.

Section 6: Suspension: A member may be suspended from the Corporation and the member's rights withdrawn for non-payment of dues. Said suspension shall occur as follows:

- (a) A period of one year's delinquency in payment of member's dues;
- (b) Notice from the Treasurer of the Corporation of failure to make payment;
- (c) A second notice for failure to make payment and mailing of a notice of suspension hearing (all notices mailed by regular mail to lot address and member's address according to the corporate records, are deemed received).
- (d) A determination of suspension from membership by two-thirds (2/3) vote of the Board of Directors, the decision of the Board may be overruled by a vote of two-thirds (2/3) of the membership in a special meeting called for that purpose; and
- (e) During suspension, a member shall lose all right to vote, to use corporate facilities, or to enjoy any advantages of corporate membership.

Section 7: Resignation: A member may resign by filing a written resignation with the Secretary.

Section 8: Reinstatement: A membership that has been suspended may be reinstated upon the approval of two-thirds (2/3) vote of the Board of Directors, but only so long as dues have been brought current and the prospective member fulfills all of the requirements of general membership within these By-Laws. Upon approval of two-thirds (2/3) vote of the Board of Directors, the membership shall be returned to good standing.

Section 9: Transfer: Membership in the corporation shall not be sold, assigned or transferred; however, sale by a member of the business district location shall transfer to the purchaser or new business owner the seller's right to membership in this Corporation, and on such sale the member-seller's Membership Certificate shall be transferred to the new owner. However, the original member must notify the treasurer of the Corporation of any such transfer or remain liable for all fees and assessments until notice of transfer is received by the Treasurer. Purchaser and seller members are jointly and severally liable for all unpaid assessments from the date of sale until transfer on the corporate books are complete; after notice of transfer, Purchaser (new member) is solely liable.

ARTICLE VI MEETING OF MEMBERS

Section 1: Place: All meetings of members shall be held at such place in **Municipality, State**, as the Board of Directors may determine.

Section 2: Annual Meetings of Members: The annual meeting of the members of the corporation shall be held in the first four (4) months of each year. The time and place of the annual

membership meeting shall be determined by the Board of Directors. If the Board fails to call the meeting for any reason, any member may make demand that such meeting be held within a reasonable time, such demands are to be made in writing by registered mail directed to any officer of the corporation. If the annual meeting is not held within sixty (60) days thereafter, any member may compel the holding of the meeting by legal action filed in **local county name** against the Board. Any business transactions or elections held at a delayed meeting shall be as valid as if transacted or held at a timely held annual meeting.

Section 3: Special Meetings of Members: Special meetings of membership of the corporation shall be held whenever called by the president, a majority of the Board of Directors, or ten percent (10%) of the members entitled to vote at such a meeting.

Section 4: Notice of Membership Meetings: Notice of each annual and special membership meeting shall state the time, place and purpose for such meeting and shall be mailed, not less than ten (10) nor more than fifty (50) days prior to the date of the meeting, to each member of record at his/her address as it appears on the membership books of the corporation, unless he/she shall have filed with the secretary of the corporation a written request that notice intended for him be mailed to the address designated in such request. Such notice shall be deemed to be delivered when deposited in the United States mail addressed to the member with postage prepaid. Any adjournment or adjournments of any annual or special meeting may be held without new notice being given.

Section 5: Waiver of Notice of Membership Meetings: Whenever any notice is required to be given to any member, a waiver thereof in writing signed by any person entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

Section 6: Quorum at Membership Meetings: Members holding one-tenth (1/10) of the votes entitled to be cast, represented in person or by proxy, shall constitute a quorum at a meeting of members. If a quorum is present the affirmative vote of the majority of the members present at the meeting and entitled to vote on the subject matter shall be the act of the membership. However, for the purpose of ratifying amendments to the By-Laws dealing with dues structure, or voting mechanism; and any purchase or sale of real property then the ten percent (10%) quorum restriction shall not apply. Instead, Fifty-one percent (51%) of total vote must be in favor of ratification. (See Amendment Article.) For those issues, all members must be given an opportunity to ratify in writing.

Section 7: Proxies: At any meeting of members, a member entitled to vote may vote by proxy, executed in writing by the member.

Section 8: Regular Business: The regular business of the Corporation may be carried out by a simple majority of voting memberships present in person or by proxy at any annual, regular or special meeting, except as otherwise stated in these By-Laws, all parliamentary questions shall be ruled by Robert's Rules of Order (latest edition available at meeting).

ARTICLE VII BOARD OF DIRECTORS

Section 1: Number, Term and Election of Directors:

(a) The Board of Directors shall consist of nine (9) directors, seven (7) of whom shall be

voting members of the Board, and two (2) of whom shall be members ex officio as provided in subsection

(b). Each member of the Board of Directors a member of the Corporation. Voting directors shall hold office for a term of three (3) years, with the directors having staggered terms. In the first year of the existence of the Corporation, three (3) directors shall serve for one (1) year, two (2) shall serve for two (2) years and two (2) shall serve for three (3) years; future elections shall be held in such a manner so as to fill vacancies which occur as the result of the staggering terms. The directors elected shall be those receiving the most votes at the annual meeting.

(c) Ex officio members of the Board of Directors shall be appointed to the Board by virtue of their position and/or association with an agency that represents a complimentary partner to the organization as deemed by the Board of Directors. There shall be no set terms for ex officio members of the Board of Directors. Such ex officio board members shall benefit from all rights and be subject to all obligations contained in these ByLaws. Ex officio directors shall not vote on any matters before the Board of Directors, but nothing shall prohibit ex officio directors from participating in the consideration or discussion of any matter, nor shall anything prohibit an ex officio director's presence at any regular or special meeting of the directors.

Section 2: Nominations: The Board of Directors may appoint a nominating committee to make nominations for the election of the Board of Directors. Additionally, nominations for the election may be made at the floor of the annual meeting of this Corporation.

Section 3: Cumulative Voting At-large: A member may vote, in person or by proxy, as many votes as there are directors to be elected: one vote for each director position or such member may cumulate the votes for each director position or the member may distribute the votes on the same principle among any number of such candidates.

Section 4: Standard of Care: Except as otherwise provided in the Articles of Incorporation, an officer shall perform his or her duties as an officer in good faith, in a manner he or she reasonably believes to be in the best interests of the Authority and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. A person who so performs his or her duties shall not be liable by reason of having been an officer of the Authority. At the end of his/her term in office, an officer shall return all records to the office of the Authority.

Section 5: Removal of Directors: Any director or directors may be removed for any reason, by a majority vote of the membership of the corporation at a special meeting of the membership called for such purpose. Notice of such proposed removal must be given in writing to the director or directors sought to be removed and to the membership not less than ten (10) days and no more than fifty (50) days prior to that special meeting. If less than the entire board is to be removed, no one director may be removed if the votes cast against removal would have been sufficient to elect that director if the same votes were cumulatively voted at an election of the entire Board of Directors.

Section 6: Qualification: Any Director may lose his or her position as Director by disqualification for the following reasons:

- (a) Loss of membership in the Corporation;
- (b) Absence from three (3) consecutive Board of Director's meetings without just cause; or
- (c) Continuing conflict between outside interest and duties as a Director.

The final determination of disqualification shall be made by the Board of Directors by a three-fourths (3/4) affirmative vote of the Directors. Upon such an affirmative determination of disqualification, that position shall be considered vacant.

Section 7: Vacancies on Board of Directors: Any vacancy occurring in the Board of Directors for any cause other than by reason of an increase in the number of directors may be filled by the affirmative vote of a majority of the remaining directors, though less than a quorum of the Board of Directors. A director elected to fill a vacancy shall be elected for the unexpired term of this predecessor in office. Any vacancy to be filled by reason of an increase in the number of directors or in the event of the removal of the whole board shall be elected by the membership at an annual or special membership meeting.

Section 8: Regular Meetings: Regular meetings of the Board of Directors shall be conducted at least quarterly at a time and place as may be fixed by the Board. Notice of the time and place of the regular meetings shall be given to each Director personally, by United States mail, telephone, fax, or internet e-mail at least three (3) days prior to the day named for the meeting.

Section 9: Special Meetings: A special meeting of the Board of Directors may be called by written notice signed by the President or by any three directors other than the President. Notice of the time and the place of any special meeting shall be given to each Director personally, by United States mail, by telephone, by fax, or by internet e-mail at least three (3) days prior to the day named for the meeting. The notice shall include a description of the special business to be considered by the Board of Directors. No business other than that specified shall be conducted at such meeting.

Section 10: Waiver of Notice: Before or at any meeting of the Board, any director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to giving notice to that director. Attendance by a director at any meeting of the Board of Directors shall be a waiver of notice except where such attendance is for the limited and expressed purpose of objecting to the transaction of any business at the meeting because the meeting is not lawfully called or convened.

Section 11: Quorum of Directors: A majority of the directors shall constitute a quorum for the transaction of business. The act of a majority of the directors present at a meeting, at which a quorum is present, shall be the act of the Board of Directors.

Section 12: Action by Unanimous Consent of Directors: Any action required or permitted to be taken by the Board of Directors may be taken without a meeting if all of the Board of Directors consent in writing to such action. Said consent may occur by fax, or internet e-mail and may later be ratified in writing. Such consent shall have the same effect as a unanimous vote.

Section 13: Board Meetings Open to Members: Regular and special meetings of the Board shall be open to all members of the Corporation; however, members who are not on the Board may not participate in any deliberation or any discussion unless expressly so authorized by vote of a majority of the quorum of the Board of Directors.

Section 14: Executive Session: The Board may, with the approval of two-thirds (2/3) of the quorum of the Directors, adjourn the meeting and reconvene in Executive Session to discuss and vote upon matters dealing with personnel or litigation on which the corporation may become involved; the nature of any and all business to be considered in Executive Session shall first be announced in open session.

Section 15: Powers and Duties: The Board of Directors shall have the powers and duties necessary for the administration and management of the affairs of the Corporation to the full extent allowed under law.

Section 16: Committee Designation: The Board of Directors may, by majority vote of the Directors, designate one (1) or more committees authorizing such committee or committees to act with the authority of the Board of Directors. The delegation of the duty or duties shall be specific, limited in scope, time and type of authority. Each such committee shall have three (3) or more members, a majority of which must be Directors in good standing. Other advisory committees lacking the delegated authority may be appointed with or without directors as members as the Board desires.

Section 17: Compensation: The members of the Board of Directors shall serve without compensation.

ARTICLE VIII OFFICERS OF THE CORPORATION

Section 1: Officers Enumerated: Qualifications: The officers of this corporation shall consist of a President, one or more Vice Presidents, a Secretary and a Treasurer. Each of the above specified officers shall be a director and shall be elected by the Board for a one-year term. The Board may also appoint such other officers as they may deem desirable; such officers shall have the authority and perform the duties prescribed from time to time by the Board.

Section 2: Duties of President: The President shall be the principal executive officer of the Corporation and shall in general supervise and control all of the business and affairs of the Corporation. The President shall preside at all meetings; shall sign, with the Secretary and Treasurer, or any other proper officer of the Corporation authorized by the Board of Directors, any deeds, mortgages, bonds, contracts or other instruments which the Board of Directors have authorized to be executed; and in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors. The President shall act as chairperson for Board meetings and shall not vote except to break a tie.

Section 3: Duties of Vice President: Except as especially limited by the Board of Directors, the Vice President shall perform the duties and have the powers of the President during his or her absence or disability. The Vice President shall also perform such other duties and have such other powers as the Board shall designate.

Section 4: Duties of Secretary: The Secretary shall keep the minutes of the meetings of the members in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; be custodian of the Corporation records and of the Seal of the Corporation and see that the Seal of the Corporation is affixed to all documents, the execution of which on behalf of the Corporation under its seal is duty authorized in accordance with these By-Laws or by law; keep a register of the post office addresses of each member, which shall be furnished to the Secretary by such member; and in general perform all duties incident to the office of Secretary and such other duties as may from time to time be assigned by the President or the members. Certain Duties of the Secretary may be assigned by the Board to an agent or employee of the Corporation.

Section 5: Duties of Treasurer: The Treasurer shall have charge of and be responsible for all funds and securities of the Corporation; receive and give receipts for monies paid to the Corporation from any source whatsoever, and deposit all such monies in the name of the Corporation in such banks, trust companies or other depositories; and in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to such by the President or the members.

Section 6: Authority to Sign Checks: All checks, drafts, notes, or other obligations for the payment of money shall be signed by such two or more officer or officers or agent or agents as the Board of Directors shall direct.

Section 7: Resignation and Removal of Officers and Appointees: Any officer may resign at any time by giving written notice to the Corporation, to the Board of Directors. Any such resignation shall take effect at the time specified therein, or, if the time be not specified, upon its acceptance by the Board of Directors. Any officer or appointees may be removed by the Board of Directors by majority vote.

Section 8: Vacancies: A vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer replaced.

ARTICLE IX RECEIPT OF NON-CORPORATE ASSETS

Section 1: Gifts: The membership or the Board of Directors of the Corporation may accept on behalf of the Corporation any contribution, gift, bequest or devise for general purposes or for any special purpose of the Corporation.

ARTICLE X CERTIFICATES and MEMBERSHIP

Section 1: Issuance of Certificate: Each member shall be issued a certificate of membership in the business and/or individual names and delivered to the members by the Secretary. Such certificate of membership shall be signed by the President and Secretary and sealed with the Seal of the Corporation. The name and address of each member, the date of issuance of the certificate and its number shall be entered on the membership records of the Corporation. Acceptance of the certificate and the rights of corporate membership shall evidence the member's contractual agreement to be bound by these By-Laws, rules and regulations of this Corporation.

Section 2: Transfer or Loss of Certificate: Upon the resignation or expulsion of a member the member's certificate of stock shall be cancelled and shall be so recorded in the Corporation membership record book.

ARTICLE XI BOOKS and RECORDS

Section 1: Books and Records: The Corporation shall keep correct and complete books and records of account and shall also keep Minutes of the proceedings of its member's meetings and meetings of its Board of Directors and committees having any of the authority of the Corporation. The Secretary shall keep those records and a record giving the

names and addresses of the members entitled to vote at a known location. All books and records of the Corporation may be inspected by any member or his agent or attorney for any proper purpose at any reasonable time.

Section 2: Rules and Regulations: The Board of Directors shall have the right and power to make rules and regulations for the general welfare of the Corporation and the business district of Municipality.

Section 3: Audit: The books and records shall be audited on an annual basis and notice of the results of such audit shall be disclosed at a meeting of the membership.

ARTICLE XII
FISCAL YEAR and BUDGET

Section 1: Fiscal Year: The fiscal year of the Corporation shall be January 1st through December 31st.

Section 2: Budget: The Board of Directors shall project revenues and estimate expenditures each autumn for the next year. The proposed budget shall be submitted to the members by the 1st of December each year. The Board shall hold a membership meeting, open to the public, to review the budget prior to December 1st of each year.

ARTICLE XIII
ASSESSMENTS and CHARGES

Section 1: Dues: Members may be charged dues at whatever amount the Board of Directors may deem appropriate. The Board may expend the collected dues for any appropriate corporate purpose as stipulated in Article II of these By-Laws.

Section 2: Payments and Modifications: All charged dues shall be due at a time specified by the Board of Directors. All charged dues shall be spent exclusively for the specific facility, equipment or service use for which it is meant. Any modification of classified assessments shall require a majority vote of the Board of Directors.

ARTICLE XIV
ENFORCEMENT

Section 1: Enforcement: Generalities: Broad enforcement is intended in order to efficiently assure success of this Corporation and its purposes. The Board of Directors, on behalf of the Corporation, shall have the right to enforce by any proceeding in law or equity, all requirements of the rules, regulations and By-Laws of this Corporation. Enforcement shall be consistent with notice provisions contained herein. No one shall be liable for failure to enforce the requirements.

Section 2: Reservation of Other Remedies: All remedies set forth herein are not exclusive. In addition to the remedies set forth above, the Corporation reserves the right to enforce by any other lawful action.

Section 3: Enforcement: Attorney's Fees: In any legal or equitable proceeding for the enforcement of any provision of this Corporation or its By-laws, whether it be an action for damages, declaratory relief or injunctive relief, or any other action in district or appellate court, the losing party or parties shall pay reasonable attorney's fees of the prevailing party or parties. Except no attorney's fees shall be awarded against the Corporation unless the Corporation's actions are deemed by the presiding court to be frivolous and without basis in fact and law.

Section 4: Enforcement: Notice Requirement: Prior to taking any action of enforcement against any violating member, the Board of Directors shall deliver, or assign an agent of the Board to deliver, to the violating property owner written notice of the nature of the violation. The violating member shall be allowed thirty (30) days to correct the violation. At the end of the thirty (30) days if the violation remains, enforcement may be commenced. Notice shall be deemed delivered five (5) days after any written notice is mailed by certified mail, return receipt requested, addressed to member at address shown in the corporate records.

Section 5: Enforcement: Failure to Enforce is No Waiver: The failure to enforce any requirement contained in this Declaration shall in no event be deemed to be a waiver of the right to enforce that requirement or any other provision thereafter.

ARTICLE XV
INDEMNIFICATION OF BOARD MEMBERS, OFFICERS & AUTHORIZED
REPRESENTATIVES

Section 1: Scope of Indemnification: The Corporation shall indemnify an indemnified representative against any liability incurred in connection with any proceeding in which the indemnified representative may be involved as a party or otherwise by reason of the fact that such person is or was serving in an indemnified capacity, including, without limitation, liabilities resulting from any actual or alleged breach or neglect of duty, error, misstatement or misleading statement, negligence, gross negligence or act giving rise to strict or products liability, except:

- (a) where such indemnification is expressly prohibited by applicable law;
- (b) where the conduct of the indemnified representative has been finally determined pursuant to Section 6.06 or otherwise:

(i) to constitute willful misconduct or recklessness within the meaning of 42 Pa. CS. §8365(b) or any superseding provision of law sufficient in the circumstances to bar indemnification against liabilities arising from the conduct; or

(ii) to be based upon or attributable to the receipt by the indemnified representative from the Corporation of a personal benefit to which the indemnified representative is not legally entitled; or

(c) Partial Payment. If an indemnified representative is entitled to indemnification in respect of a portion, but not all, of any liabilities to which such person may be subject, the Corporation shall indemnify such indemnified representative to the maximum extent for such portion of the liabilities.

(d) Presumption. The termination of a proceeding by judgment, order, settlement or conviction or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the indemnified representative is not entitled to indemnification.

Section 2: Definitions: For purposes of this Article:

(a) "indemnified capacity" means any and all past, present and future service by an indemnified representative in one or more capacities as a Board Member, officer, employee or agent of the Corporation, or, at the request of the Corporation, as a Board Member, officer, employee,

agent, fiduciary or trustee of another Corporation, partnership, joint venture, trust, employee benefit plan or other entity or enterprise;

(b) "indemnified representative" means any and all Board Members and officers of the Corporation and any other person designated as an indemnified representative by the Board of the Corporation (which may, but need not, include any person serving at the request of the Corporation, as a Board Member, officer, employee, agent, fiduciary or trustee of another Corporation, partnership, joint venture, trust, employee benefit plan or other entity or enterprise);

(c) "liability" means any damage, judgment, amount paid in settlement, fine, penalty, punitive damages, excise tax assessed with respect to an employee benefit plan, or cost or expense, of any nature (including, without limitation, attorneys' fees and disbursements); and

(d) "Proceeding" means any threatened, pending or completed action, suit, appeal or other proceeding of any nature, whether civil, criminal, administrative or investigative, whether formal or informal, and whether brought by or in the right of the Corporation, or otherwise.

Section 3: Proceedings Initiated by Indemnified Representatives: Notwithstanding any other provision of this Article, the Corporation shall not indemnify under this Article an indemnified representative for any liability incurred in a proceeding initiated (which shall not be deemed to include counter-claims or affirmative defenses) or participated in as an intervenor or amicus curiae by the person seeking indemnification unless such initiation of or participation in the proceeding is authorized, either before or after its commencement, by the affirmative vote of a majority of the Board Members in office. This section does not apply to reimbursement of expenses incurred in successfully prosecuting or defending the rights of an indemnified representative granted by or pursuant to this Article.

Section 4: Advancing Expenses: The Corporation shall pay the expenses (including attorneys' fees and disbursements) incurred in good faith by an indemnified representative in advance of the final disposition of a proceeding described in Section 6.01 or the initial of or participation in which is authorized pursuant to Section 6.02 upon receipt of all undertaking by or on behalf of the indemnified representative to repay the amount if it is ultimately determined that such person is not entitled to be indemnified by the Corporation pursuant to this Article. The financial ability of an indemnified representative to repay an advance shall not be a prerequisite to the making of such advance. Notwithstanding the preceding or any other provision of these By-laws, in no event shall the Corporation be required to pay any expenses of an indemnified representative in advance of the final disposition of any proceeding where such proceeding has been initiated by the Corporation against the indemnified representative or where such proceeding involves any claim by or in the right of the Corporation against the indemnified representative for any improper benefit that the indemnified representative may have derived by reason of his or her employment with or representation of the Corporation.

Section 5: Securing of Indemnification Obligations: To further effect, satisfy or secure the indemnification obligations provided herein or otherwise, the Corporation may maintain insurance, obtain a letter of credit, act as self-insurer, create a reserve, trust, escrow, cash collateral or other fund or account, enter into indemnification agreements, pledge or grant a security interest in any assets or properties of the Corporation, or use any other mechanism or arrangement whatsoever in such amounts, at such costs, and upon such other terms and conditions as the Board shall deem appropriate. Absent fraud, the determination of the Board with respect to such amounts, costs, terms and conditions shall be conclusive against all security holders, officers and Board Members and shall not be subject to voidability.

Section 6: Payment of Indemnification: An indemnified representative shall be entitled to indemnification within 30 days after a written request for indemnification has been delivered to the Secretary of the Corporation.

Section 7: Contribution: If the indemnification provided for in this Article or otherwise is unavailable for any reason in respect of any liability or portion thereof, the Corporation shall contribute to the liabilities to which the indemnified representative may be subject in such proportion as is appropriate to reflect the intent of this Article or otherwise.

Section 8: Mandatory Indemnification of Board Members, Officers and Others: To the extent that an authorized representative of the Corporation has been successful on the merits or otherwise in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys fees and disbursements) actually and reasonably incurred by such person in connection therewith.

Section 9: Contract rights; amendment or repeal: All rights under this Article shall be deemed a contract between the Corporation and the indemnified representative pursuant to which the Corporation and each indemnified representative intend to be legally bound. Any repeal, amendment or modification hereof shall be prospective only and shall not affect any rights or obligations then existing.

Section 10: Scope of Article: The rights granted by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification, contribution or advancement of expenses may be entitled under any statute, agreement, vote of disinterested Board Members or otherwise both as to action in an indemnified capacity and as to action in any other capacity. The indemnification, contribution and advancement of expenses provided by or granted pursuant to this Article shall continue as to a person who has ceased to be an indemnified representative in respect of matters arising prior to such time, and shall inure to the benefit of the heirs, executors, administrators and personal representatives of such a person.

Section 11: Reliance on Provisions: Each person who shall act as an indemnified representative of the Corporation shall be deemed to be doing so in reliance upon the rights provided by this Article.

ARTICLE XVI DISSOLUTION

Section 1: Dissolution: In the event of the dissolution of the Corporation, after all of its creditors have been satisfied or adequate provision has been made therefor, its remaining assets shall be transferred and distributed to the **Specify Organization**.

ARTICLE XVII
SEAL

Section 1: Seal: The Board of Directors shall acquire a corporate seal which shall be circular in form and shall have inscribed thereon the name of the Corporation, the state of its incorporation and the words "Corporate Seal."

ARTICLE XVIII
AMENDMENT

Section 1: Amendment: These By-Laws may be amended at any meeting of the members except for issues specified below. Notice of the proposed modification must be set forth in the written notice of such meeting and in any petition for ratification. At such meeting or in the petition these By-Laws may be amended by the affirmative vote of a majority of the members present, in person or by proxy.

Economic Restructuring

An Introduction

New and expanding downtown businesses will have a better chance of succeeding when they have access to business information that will articulate the standards employed by healthy downtowns. Downtown Organizations can and should be a first stop for such information that will help guide entrepreneurs to establishing stable and profitable businesses. The Economic Restructuring committee can create a clearinghouse of downtown business information that will respond with the type of materials most helpful to new businesses.

Understanding Market Segments

Current downtown retail mix generally serves the primary and tertiary markets. Tourist oriented gift shops and food service establishments may serve both markets. Otherwise, the downtown serves as a neighborhood shopping center for the immediate area.

--**Primary Market:** These are shoppers that are using the downtown because of its convenience, location, and selection. Stores within this market segment serve the day-to-day needs of the surrounding neighborhoods.

--**Secondary Market:** This market has been saturated by corporate development malls. It serves comparison shoppers--folks who are willing to travel for costs and selection.

--**Tertiary Market:** This market can represent the best opportunity for expansion in downtown. It serves the visiting destination shoppers and those who use shopping as a recreation.

Retail Clusters

When there is a healthy retail cluster in place, it encourages shopping activity. Common features of successful retail clusters include maintaining visual interest with interesting window displays and street beautification as well as maintaining a contiguous business line. A successful cluster must also be large enough and have several categories to maintain interest to the browsing customer.

The **competitive cluster**--a grouping of similar businesses--serves the customer of the primary market by offering more choices.

The **complementary cluster**--businesses offering different products or services but appeal to the same customer profile--serves the secondary and tertiary market segments by offering more opportunities for making a purchase.

Expanding the Tertiary Market with Tourism as the Economic Strategy

Downtown may expand the tertiary market and cater to the visiting shopper by attracting tourist oriented businesses. Such businesses will be looking for these design characteristics:

- Zero set-back from the sidewalk
- Large window display areas
- Set-back front-door entrances (two to five feet)
- Front door spacing not more than 20 feet apart

- Uninterrupted business lines--that is, connected storefronts that are visually interesting
- Canopies (or awnings) that allow blade signage approximately 12 feet above street level
- Ample public long-term parking
- Resting places (such benches and tables)
- A selection of food establishments
- A sense of fun and excitement

Expanding the Primary Market

Expansion may occur in the primary market segment. Features that customers are looking for in this market include:

- Convenient parking
- Lack of congestion
- Pathways that link the community
- A defined central area
- Personalized service
- Ease of access

It is essential that future developments be commercial mixed-use (retail and services). Multiple level development should have retail on the first floor and professional services on the second floor.

Stacking Categories

One way of expanding business in downtown is to add complementary merchandise lines within existing businesses. An example would be a book store that sold gift books of local interest for the tertiary market and had a paperback exchange for the primary (local) market. Such a store might also expand into a line of cards and gifts for the Christmas season and offer a limited selection of music tapes and CDs.

Preferred Downtown Businesses

- Sole-proprietorships *over* corporate chains
- Specialty *over* general merchandising
- Value & service *over* price & selection

Incentives to Attract the Right Type of Development

- Establish that downtown is open for business.
- Develop a "Guide to doing business in Lebanon"
- Co-sponsor educational workshops for small business owners with the Small Business Development Center or other agencies.
- Create a comprehensive plan that outlines the future development of the core area will attract developers interested in supporting the values of the community.
- Create an informational recruitment packet designed to inform a prospective business or developer.

Using the internet for e-commerce

Five percent of all retail commerce is occurring on the web. Fifty percent of all businesses have a web presence and thirty-two percent are selling online. For virtually any retail business, business expansion can occur via e-commerce.

Elements of e-commerce

- E-commerce is the ability to conduct retail sales on the internet.
- E-commerce most closely resembles catalog sales. The internet is not your competition but rather another way to market your products.
- Over half of the households in the US are hooked up to the internet. Virtually everyone has access and most people below the age of thirty are computer literate.
- Any downtown retailer can expand his or her business with sales on the world wide web. A computer and attention to managing internet customers is all that's needed.
- It's not always easy to get successfully started on the world wide web. Contact several website designers and see what all of your options are. You may want to manage all or part of your website yourself.
- Trade organizations are very helpful in providing assistance to help you get started.
- Be prepared to spend several months building up your e-commerce business.
- The success of your website will depend on the number of links you can establish. Besides registering with search engines, ask to be linked with local websites provided by the downtown association, chamber of commerce, newspaper and others.
- Some websites offer free e-commerce services such as Maximizer BusinessNet (<http://biznet.maximizer.com/>).
- Managing an e-mailing list is essential to successful e-commerce.

The Role of the Economic Restructuring Committee

- Business Retention
- Business Expansion
- Business Recruitment

Essential Activities of the Economic Restructuring Committee

The Economic Restructuring committee needs to fulfill the following actions in order to ensure that effective activities take place:

- _ Select a **chairperson** who will act as the contact and liaison to the Board of Directors.
- _ Select a **secretary** that will keep minutes of the formal actions of the committee.
- _ Create a **budget** or "uses of funds" if applicable.
- _ Create a **mission statement** for the committee.
- _ Create **annual goals** for the committee.
- _ Provide **action planning** for each member of the committee.
- _ Agree that the information created by the committee is **confidential**.
- _ Compile a **database** to manage information and contacts.

Business Recruitment Elements

- Site & Inventory Analysis
 - _ Available Space
 - _ Business Mix Analysis
- Recruitment Packets
 - _ General Profile of Downtown
 - _ Business Assistance Programs & Organizations
 - _ Regulatory Agencies
- Demographic Information
 - _ Customer Surveys
 - _ Traffic Surveys
 - _ Business Surveys
 - _ Parking Surveys

Remember that the job is to sell the downtown business community to prospective businesses.

Never negotiate rent or conditions.

Basic Strategies for Recruiting Businesses

- Be a clearing house of information for downtown small businesses and property owners
- Allow three months to three years to recruit a business. Nurture long-term relationships.
- Be prepared to make several personal contacts to prospects.
- Create an action plan for each member of the committee:
 - _ List timeline including deadlines for important events
 - _ List who will contact whom
- Contact all commercial property owners and advise them of the actions of the committee:
 - by letter/e-mail
 - by personal contact
 - by invitation to meetings
- Be prepared to immediately respond to opportunities as they occur.

Small Business Market Analysis

- Define the primary trade area.
- What is the population profile?
 - _ population
 - _ age groups
 - _ education
 - _ ethnic profile
 - _ occupations
 - _ income
 - _ home values
 - _ household income
- Where is the surplus & leakage?
 - _ How does it relate to the economic strategies of the area?
- How does the market analysis relate to the market plan?
 - _ Customer driven vs. management driven

Compiling and Using Demographic Information

Demographic information for most market areas can be compiled from common sources such as US Census information and private online sources. The highest and best use of demographic information is to compare one market area to another. For example, a business established in a different market area has knowledge of that particular area. By comparing the demographics of the home community market with that of the other market, a business plan may be adjusted to the differing factors within the new market and will therefore more accurately ascertain those market needs. A quick way to do this online will be found at <http://www.bestplaces.net/zipr/zipentry.asp>

Asking the Right Questions of Start-up & Expanding Businesses

The Economic Restructuring committee may create a Downtown Business Advisory Program that can assist downtown businesses by providing information specific to your particular downtown. A Downtown Business Advisory Program provides general information about the business environment downtown rather than specific business advice (like a small business development center or Business Assistance Team). While the Economic Restructuring committee may manage what a Downtown Business Advisory Program will and will not do, it is important that interviews be carried out by only one or two individuals. The intent of the program is to help the start-up or expanding business understand the economic and social profiles of the downtown area.

The following questions do not have right or wrong answers but rather should serve as a checklist of details that every business person should be considering as they embark on a new business venture.

What are the **industry categories** of the business?

Use the *Dollars & Cents of Shopping Centers* as a guide

What **trade organizations** support the business?

Trade shows, reps, training programs, published material

What is the anticipated **gross sales** of the business?

Annual gross sales divided by days open, sq ft, employees

What are the anticipated annual **sales per square foot**?

Use the *Dollars & Cents of Shopping Centers* as a guide

What is the anticipated **turnover**?

Annual turnover as an industry standard

What are the anticipated **sales per employee**?

Percentage of employee cost to gross sales

What is the **cost of sales**?

Defined as activities that create sales

What is the anticipated **overhead cost**?

Defined as all cost not related to sales

Rate each of these business **values**:

Commitment	_ high _ low	How serious is the owner?
Passion	_ high _ low	Does the owner truly like the industry?
Tenacity	_ high _ low	In for the long haul?
Understanding	_ high _ low	What he/she does vs what industry they're in
Planning	_ high _ low	A written, flexible business plan?

How is the business **organized**? (i.e.As sole proprietorship, partnership, corporation?)

What are the priorities of the business **attitudes**?

Business, hobby, expression, party

To what extent is the business **customer driven**?

versus management driven

To what extent does the business cater to **browsers**? To **buyers**?

Does management know the difference?

What is the **market dynamic** for the business - primary, secondary, or tertiary?

What **demographic segment** is most likely to support the business?

What is the life-style and age of customer? What percentage of the population?

How will the business **position** itself in the market?

What is the identity of the business to the customer?

How will the business **market** itself?

_ Image (How it presents itself)

_ Advertising (Direct mail, internet, print, radio, TV)

_ Public Relations (Ranks higher than advertising)

What will be the strategy for **merchandizing**?

Value vs price

What is the **exit plan** for the business?

Sell or close

...For Expanding Businesses...

What **training program** will be in place for employees?

Part of the cost of expansion

What aspect of your business will be **replaced**?

Will customers see the change as a negative

How will your **position** in the market change?

Will it feel like the business has closed and reopen

How will you **promote** the changes in your business?

What are the positive elements of the change?

Downtowns for Customers

Buyers vs. Browsers

To support *buyers*--a destination shopper--a commercial district needs ample and convenient parking; large selection of merchandise; and service to support buyer needs.

To support *browsers*--those who use shopping as entertainment--a commercial district needs available long-term public parking; well-designed merchandise displays; and service that is oriented to the comfort of the customer.

When Tourism is the Economic Strategy

Should the downtown area decide to focus on the visiting shopper (usually a *browser*), the following expectations will be made of the downtown:

- Ample, on-street, public long-term parking
- Amenities (such as clean public restrooms)
- Resting places (such as pocket parks with benches and tables)
- Clear signage indicating where they are and where they might go
- Uninterrupted business lines--that is, connected storefronts that are visually interesting
- A sense of an historic place and an authentic flavor of the town
- A sense of fun and excitement

When Community Development is the Livability Strategy

Should the downtown focus on community uses, the local shopper (more likely a *buyer*), will develop these expectations:

- Friendliness
- Small town flavor
- Lack of congestion
- Pathways that link the community
- A defined central area
- Personalized service
- Ease of access

When Parking is the Issue

Parking

Expansion of long-term, off-street public parking will enhance retail businesses that cater to browsers. Private parking should be reserved for employees and located off the core shopping area. Private customer parking will diminish the use of the downtown by browsers. Short-term on-street parking is preferred by buyers.

Downtown Parking Practices

In order to understand the impact of parking usage, it is important to compute the value of individual parking spaces. One may compute this value using the following formula:

One parking space: $\text{Factor} \times \text{Turnover} = \text{Minimum Factor Value (MFV)}$

Where:

Factor is "something that actively contributes to the production of a result"

Turnover is minimum number of cars that can use that space in a 12-hour period)

For a utilized long-term parking space the MFV is 2. This assumes that two cars will park at a long-term parking space over a 12-hour period.

For example, a utilized short-term on-street parking space on a street may have a MFV of ten. This assumes on-street parking on a street that is scheduled for one-hour parking between 9:00 a.m. and 5:30 p.m. there is a minimum potential for nine cars to park during the day in one space and one car after 5:30 p.m.

The value of parking

Using the above stated formula, one can compute the value of a parking space from the perspective of its usage. A parking space is valued at how many cars it can accommodate in a given time period. Applying this formula to an area of parking spaces (usually 1,000 feet within a destination point) articulates the actual value standards. From this point, a logical assessment of downtown parking can be made and cost effective solutions provided.

How People Use Parking Downtown: Buyers vs. Browsers

Customers act in one of two ways: buyers or browsers. Buyers are those who are prepared to make a purchase and are looking for the right item to buy. Browsers are those who may buy only if they find the item that fits their needs or desires. To support buyers, a commercial district needs ample and convenient parking, a large selection of merchandise, and service that will support buyer needs. To support browsers, a commercial district needs available long-term public parking; well-designed merchandise displays; and service that is oriented to the comfort of the customer.

Comparing of the Needs of Browsers and Buyers

Browsers will prefer:

long-term public parking
interesting streetscape
high value
time to browse
buying for entertainment
attractive store design
fun displays
unique selection
comfortable environment

Buyers will prefer:

short term, convenient parking
easy access
low price
immediate service
buying to fulfill a need
functional store design
clear displays
large selection
clearly defined sections

There is a danger that parking may be blamed for other issues unrelated to actual parking practices. The above chart demonstrates that parking is just one of nine preferences that customers desire. Also, a conflict develops with the use of short-term parking since it is not conducive to browsing.

Psychology of Parking

Parking is a common complaint of downtown. There are two reasons for this:

- 1) the perception that there is not enough capacity; and
- 2) the perception that parking is inconvenient.

Addressing the perception that there is not enough capacity

This first reason may be addressed through adequate directional signage leading the motorist to all available parking. Once a motorist/customer commits him/herself to using the first available parking space, signage should direct that person until the space is found.

The sequence can be articulated this way:

1. arrival in downtown
2. locate or confirm destination
3. seek a parking space
 - a) on-street
 - b) off-street
4. verify parking location in relation to destination
5. determine walking pathway to destination

Within this scenario, the motorist/customer may have a choice of, say, 24 on-street parking spaces with a turnover of 10. Assuming that when capacity is reached, at least one space will be vacated every 2-3 minutes. Thus, a motorist has about a one-in-two chance of finding an available space during peak periods. A motorist that finds a space is then restricted to one-hour of parking. This is not enough time to encourage customers to linger and browse--a preferred activity.

A motorist may choose long-term, off-street parking. This choice will provide the customer with a virtually guaranteed parking space (since capacity is abundant) without the nuisance of worrying about moving their car within an hour. This promotes customer browsing activities.

Addressing the perception downtown parking is inconvenient

The second concern--that parking is inconvenient--is more complicated. Customers become insecure about their ability to park safely and conveniently when they are confused about the parking environment (Is it public or private parking? Is it long-term or short-term?) and where they are in relationship to where they want to be. Shopping malls have addressed this issue by providing ample, if inconvenient, parking. The customer is provided a simple, understandable environment in exchange for the inconvenience of long walks across a parking lot without pedestrian pathways, having to cross roadways and congested entry/egress.

The downtown has a more complicated environment than a mall and customers are more likely to become disoriented. This is not a good thing. The remedy is adequate signage for both motorist (to aid in finding parking) and pedestrians (for wayfinding).

Specifically, good signage may direct motorist/customers to long-term parking. That sequence may be articulated this way:

1. arrival in downtown
2. locate or confirm destination
3. seek off-street parking space
4. follow directional signage to parking location
5. determine walking pathway to destination

Within this scenario, the motorist/customer has committed herself/himself to parking at the first available parking space. As long as there is adequate, on-going signage to direct the motorist, there will be a successful completion of the parking intent.

Recommendations

- 1) Create a Parking District Overlay to comprehensively address and expand parking downtown:
 - _ inventory all parking and potential parking;
 - _ create parking where there is an opportunity to do so;
 - _ sign the parking appropriately and clearly;
- 2) Facilitate a comprehensive wayfinding project.
- 3) Promote a downtown parking garage ticket validation.
- 4) Contact all business owners and managers as to the importance of not parking on the street and encourage business owners not to allow their employees to park in short-term parking spaces.

Determining the Right Business Mix

The Urban Land Institute has identified the 20 most commonly found tenants that sell to out-of-area customers. These tenants are found in "US Super Regional Shopping Centers," which are considered to have the largest trade areas and cater to tourism. The out-of-area customer is considered a browser.

By comparison, the 20 most commonly found tenants that sell to in-area customers (who are generally considered buyers) are found in "US Neighborhood Shopping Centers," which have the smallest trade areas. The following lists are representative of the type of grouping that has taken place for different types of customers.

In order of rank, the most common retail businesses. . .

That sell to out-of-area customers

Women's ready-to-wear
 Jewelry
 Men's wear
 Women's specialty
 Family shoes
 Women's shoes
 Unisex/jean shop
 Cards & gifts
 Athletic footwear
 Department store
 Costume jewelry
 CD and tapes
 Decorative accessories
 Eyeglasses
 Special apparel-unisex
 Books
 Candy and nuts
 Stereo shops
 Toys
 Restaurants (with liquor)

That sell to in-area customers

Beauty
 Medical and dental
 Restaurants (with liquor)
 Cleaners
 Pizza
 Video tape rentals
 Food superstore
 Supermarket
 Drugs
 Unisex hair
 Banks
 Restaurants (without liquor)
 Sandwich shop
 Cards & gifts
 Superdrugs
 Travel agency
 Flower/plant store
 Liquor/wine shop
 Laundry
 Jewelry

Preferred Downtown Businesses

- Sole-proprietorships *over* corporate chains
- Specialty *over* general merchandising
- Value & service *over* price & selection

Business Clusters

A successful *browser retail* cluster will have:

- no interruption in the visual line;
- design features should be at the human scale (rather than automobile);
- merchandising oriented towards value rather than price.

A successful *buyer oriented* cluster will have:

- low density;
- use design features that maximize automobile usage;
- will compete with niche specialty, price and selection.

Comparing of the Needs of Browsers and Buyers

Browsers will prefer:

long-term public parking
interesting streetscape
high value
time to browse
buying for entertainment
attractive store design
fun displays
unique selection
comfortable environment

Buyers will prefer:

short term, convenient parking
easy access
low price
immediate service
buying to fulfill a need
functional store design
clear displays
large selection
clearly defined sections

Preferred Downtown Businesses

- Sole-proprietorships over corporate chains
- Specialty over general merchandising
- Value & service over price & selection

Additional Resources

Urban Land Institute (800/321-5011; www.uli.org).
Dollars and Cents of Shopping Centers Series

Cost of an Empty Storefront

A small building sitting empty for one year in a small-town commercial district will have the following impact on the community:

\$250,000 in lost sales

\$ 12,500 in lost sales tax revenue to state government

\$ 15,000 in lost rents to the property owner

\$ 1,500 in lost property tax revenue to local government

\$ 51,000 in lost loan demand to local banks for the building

\$ 15,000 in lost loan demand to local banks for the business

\$ 750 in lost property management fees

\$ 24,750 in lost business profits and owner compensation

\$ 16,250 in lost employee payroll

\$371,750 total

Additionally:

10,000 in lost customer visits

Estimates prepared by Donovan D. Rypkema, Place Economics, Washington, D.C.

How To Write a Marketing Plan

What can a marketing plan do for you?

- Helps you focus
- Helps you initiate your marketing efforts
- Guides you in getting the most accurate information
- Provides you with the basic questions you need to answer
- Helps justify budget requests

How can you help the marketing plan?

- Have open communication, be thoroughly committed and organized in your execution.
- Keep everyone involved in agreement on the objectives, goals, and strategies.
- Remain flexible with unexpected problems and opportunities.
- Write it down; then revise it.

Before you write a Marketing Plan, have you done the following?

- Appraise Your Tourism Potential
- Plan for Tourism
- Assess the Product and the Market

STEP ONE: THE MISSION STATEMENT

Begin with a basic statement of what your product is, what makes your product appealing, what benefits does it offers, and where it stands within the marketplace.

STEP TWO: ASSESSING THE SITUATION

- Look at all areas related to your product: direct and indirect.
- Discover your strengths and weaknesses.

STEP THREE: WHO IS THE COMPETITION?

- Evaluate their product in the same way you define your own.
- Remain as objective as possible.

STEP FOUR: MARKETING OBJECTIVES

- Decide what you want your marketing effort to accomplish.
- Define where you want your product to go.
- Decide is the market is broad or a niche market.
- Be practical in determining overall objectives.

STEP FIVE: MARKETING GOALS

- Examine current sales and overall growth realistically.
- Isolate travel and tourism sales from overall sales, when appropriate.
- Consider uncontrollable factors of growth -- environment, economy, etc.
- Determine your motivation and set measurable goals.

STEP SIX: COMMUNICATION STRATEGY

- Identify the primary market you desire to reach.
- Communicate your products' strengths clearly.
- Conduct specific market research (consumer and travel trade).
- Implement on a realistic timeline.

STEP SEVEN: PROGRAM AREAS

- Advertising: creative, used to develop awareness, but its true purpose is to influence public opinion.
- Public relations: generates positive awareness and credibility.
- Promotions: involves product demonstrations and communicates to a smaller group.
- Sales efforts: finalizes the decision-making process and moves the products off the shelf and into the hands of the consumer(s).

STEP EIGHT: THE BUDGET

How are you going to pay for it?

- Long-range funding source(s).
- Rework, revise, and update plan as reality sets in.
- Potential return on investment will help to determine a reasonable cost.
 - Long-term vs. short-term investments.
- Coordination is key for a successful plan. One person should coordinate, but several will implement.
- An excellent marketing plan will be defeated if the customer is unhappy.

STEP NINE: EVALUATION

- Analyze each year's results.
- Track your return on investment; evaluate measurable goals.
- Implement an ongoing break-out of cost effectiveness, then modify your plan.
- Recognize patterns related to seasonality, advertising, public relations, promotion or sales efforts and changes in personnel, modify when appropriate.

STEP TEN: LONG-TERM OBJECTIVES

- Make accurate guesses about the durability of your product.
- Develop your marketing plan for 3-5 years ahead.
- Plan long term -- allow for insight and flexibility.
- Revisit your plan at regular scheduled intervals.

Pricing a Business for Sale

Keeping a downtown business open when the owner wants to exit

Why sell a business?

- Provide income to the seller by cashing in on the equity of the business
- Keep a healthy and complimentary business open in the downtown

Advantages of buying

- Prior successful business increases your chances of success in same business
- Acquisition of a successful location
- Faster profitability compared to starting from scratch
- Less planning for an ongoing business than for a new business
- Established customers or clientele
- Established product lines
- Equipment likely on hand
- Financing may be more available for business purchase
- Acquired experience of prior owner
- Start-up hassles are avoided
- Employee experience

Disadvantages of Buying

- You inherit any existing bad will
- The employees may not be best for you
- The established image is difficult to change
- Precedents set by previous owners
- Modernization may be needed
- Purchase may burden future cash flow
- May overpay due to misinformation or inaccurate appraisal
- The location may be a drawback
- Liability of existing contracts

How do you find buyers?

- Classified ads in trade magazines and newspapers
- Realtors and business brokers
- Chambers of Commerce and downtown associations
- Trade sources (suppliers, distributors, manufacturers, trade associations)
- Other business owners

What a business plan should include:

- Profits and loss statements
- Five year history
- Inventory analysis including categories

- Equipment (furniture, fixtures, building)
- Accounts Receivable
- Contracts and lease agreements
- Clientele and customer lists
- Analysis of the business' reputation
- Key personnel
- Proprietary items (trademarks, processes)
- Suppliers
- Liabilities
- Competition
- Demographic profile and market analysis
- Circumstances unique to owner
- Three to five year projection
- Special licenses, permits
- Partnership agreements

Negotiation

- A complete description of what is being sold
- The liabilities that will be assumed (and a statement that says that all liabilities not spelled out are the responsibility of the seller)
- A statement of how adjustments will be handled (sold inventory, payroll, etc.)
- Seller's warranties protecting buyer against inaccurate or false information
- The exact date that the buyer will take possession of the business
- Who will pay legal fees
- Non-compete clause (cite time/location)
- Exact purchase price
- Method of payment
- Seller's obligation to sell
- Seller's assumption of risk until closing
- Time, place, procedure of closing

How much is a downtown business worth?

Asset Appraisal:

The appraised value of the tangible assets:
(less) liabilities (plus) good will (usually 10-20% of assets)

Future Earning Capitalization:

Estimate future profits (usually 5 years)

Determine a risk factor by comparison with the return of other known risks

Divide average yearly pre-tax profits by the risk factor

Excess Earning Method:

Compares the earning potential of the existing business to that of growing a business from scratch.

Example

Assumptions:

Value of tangible assets: \$100,000

Annual profit forecast: \$ 50,000

Annual Salary: \$ 35,000

Desired return: 20%

(It would take 5 years to establish a similar business)

- Total asset (times) return (plus) salary (equals) expected total pretax profit
- Annual profit forecast: expected total pretax profit (times) number of years to start business from scratch (equals) good will
- Good will (plus) tangible asset value (equals) price

$$\$100,000 \times 20\% + \$35,000 = \$55,000$$

$$\$ 50,000 - \$55,000 \times 5 = (\$25,000)$$

$$\$100,000 - 25,000 = \$75,000$$

Sample Welcome letter

Welcome to downtown Ephrata! Our organization strives to create a downtown environment that will nurture your business and attract both local and visiting customers. We are governed by business people like yourself to keep downtown Ephrata vibrant and prosperous. We invite you to participate on any level you desire.

Please carefully review the information in the packet. You will find that Downtown Ephrata, Inc. offers small business assistance on many levels. The Façade Improvement Program and our marketing efforts should be of particular interest to you. To stay abreast of downtown happenings, we offer an e-mail update sent out periodically. You may sign up for free service through our website (www.yourwebaddress.com) or e-mail me at dibonaventuro@yahoo.com.

Call or stop by the Downtown Ephrata, Inc. office anytime if you have questions or would like to discuss any aspect of the downtown. We are located at _____.

Best of luck on your new business venture!

Yours truly,

[Name]
Executive Director

enclosures

Sample Prospect letter

Thank you for your interest in downtown Ephrata. We are sure that you will find our downtown a vibrant and attractive place to do business. We are situated within a large and diverse market area that we feel will support your entrepreneurial expectations. To help demonstrate this, I have compiled some information about Downtown Ephrata, are organization (Downtown Ephrata, Inc.) and the services we offer. You will also find some demographic information on the primary and secondary markets that the downtown serves.

I would be delighted to talk with you in detail about the opportunities that downtown may provide. Please call me anytime to set a time that we can get together.

Yours truly,

[Name]
Executive Director

enclosures

Sample Recruitment letter

Imagine having your business in downtown Ephrata. If you did, you would be among active and professional retailers within a healthy commercial environment. Here's why--

- The largest commercial district in [area] over 330 businesses
- 87 retailers and 25 restaurants
- Over 1 million visitors annually
- Over 45 events annually drawing thousands of visitors
- Successful retailers are experiencing sales volume in the top 10 percent when compared to the Urban Land Institute Survey of Shopping Centers
- Prime retail space availability

Let me be candid with you: the Ephrata area has recently experienced an enormous amount of commercial development. This has caused an increase in available space downtown. Yet downtown is still the best place for a locally owned corporation--like you--to flourish. There is a steady rise in customer traffic as the Visitors & Convention Services markets the downtown as never before. Over the next few years, there will be up to \$14 million in public improvements in the downtown area through the efforts of the Urban Renewal Agency.

Call me so I can show you how downtown Ephrata can be your next business investment.

Yours truly,

[Name]
Executive Director

ps: For more information, check out our web site at www.myaddress.com.

Survey for Downtown Business Owners

Please complete and return this survey to:

How long have you been in business?

less than a year between 1 and 3 years more than 3 years

What are the busiest months for you? _____

During your busy season, what is the busiest part of the week for you?

weekdays weekends no difference don't know

Who uses your business more? local people out-of-towners

Who would you rather see? more visitors more local people

Which downtown event do you particularly support? _____

On a scale of 1 to 3, please rate how you feel about downtown for each of the following:

(1 = needs improvement 2 = neutral 3 = very good)

attractiveness

cleanliness

customer parking

traffic flow

employee parking

variety of goods

cost of goods

special events

shopping hours

friendliness

amenities (benches, restrooms, etc.)

pedestrian access

marketing of the area

lighting

safety

customer service

general condition of business district other _____

Additional comments (use back of this sheet if necessary) _____

Survey for Downtown Commercial Property Owners

Please complete and return this survey to:

How long have you owned your commercial building?

less than a year between 1 and 3 years more than 3 years

Is your building more than 50 years old? yes no don't know

Would you like to learn more about programs for historic buildings?

yes no don't know

How much use is your building currently getting?

100% rented about 75% rented about 50% rented less than 50% rented

Rate your general satisfaction level with how business has been in the last year.

not as good as before about the same as before better than before

On a scale of 1 to 3, please rate how you feel about downtown for each of the following:

(1 = needs improvement 2 = neutral 3 = very good)

attractiveness

cleanliness

customer parking

traffic flow

employee parking

variety of goods

cost of goods

special events

shopping hours

friendliness

amenities (benches, restrooms, etc.)

pedestrian access

marketing of the area

lighting

safety

customer service

general condition of commercial district other _____

Additional comments (use back of this sheet if necessary) _____

Survey for Downtown Customers

Please complete and return this survey to:

Check your age group:

18-24 25-34 35-44 45-54 55-64 65 and up

How long have you lived in town? 1-5 years 5-10 years longer than 10 years

About how often do you visit downtown?

daily weekly monthly not often never

Why do you go to downtown?

shopping services government entertainment dining other

When you shop out-of-town, where do you go most often? _____

When you shop out-of-town, what do you shop for? _____

Rate your general satisfaction level with downtown.

not satisfied somewhat not satisfied neutral somewhat satisfied very satisfied

On a scale of 1 to 3, please rate how you feel about downtown for each of the following:

(1 = needs improvement 2 = neutral 3 = very good)

attractiveness

cleanliness

customer parking

traffic flow

employee parking

variety of goods

cost of goods

special events

shopping hours

friendliness

amenities (benches, restrooms, etc.)

pedestrian access

marketing of the area

lighting

safety

customer service

general condition of commercial district other _____

Additional comments (use back of this sheet if necessary) _____

Survey for Downtown Commercial Property & Business Owners

Please complete and return this survey to:

How long have you been in business in downtown?

less than a year between 1 and 3 years more than 3 years

Is your building more than 50 years old? yes no don't know

Would you like to learn more about programs for historic buildings?

yes no don't know

How much use is your building currently getting?

100% rented about 75% rented about 50% rented less than 50% rented

Rate your general satisfaction level with how business has been in the last year.

not as good as before about the same as before better than before

On a scale of 1 to 3, please rate how you feel about downtown for each of the following:

(1 = needs improvement 2 = neutral 3 = very good)

attractiveness

cleanliness

customer parking

traffic flow

employee parking

variety of goods

cost of goods

special events

shopping hours

friendliness

amenities (benches, restrooms, etc.)

pedestrian access

marketing of the area

lighting

safety

customer service

general condition of commercial district other _____

Additional comments (use back of this sheet if necessary) _____

Intercept Survey for Downtown Customers

Please complete and return this survey to:

Check your age group:

18-24 25-34 35-44 45-54 55-64 65 and up

Where do you live? _____

About how often do you visit downtown?

daily weekly monthly not often never

Why do you go to downtown?

shopping services government entertainment dining other

When you shop out-of-town, where do you go most often? _____

When you shop out-of-town, what do you shop for? _____

Rate your general satisfaction level with downtown.

not satisfied somewhat not satisfied neutral somewhat satisfied very satisfied

On a scale of 1 to 3, please rate how you feel about downtown for each of the following:

(1 = needs improvement 2 = neutral 3 = very good)

attractiveness

cleanliness

customer parking

traffic flow

employee parking

variety of goods

cost of goods

special events

shopping hours

friendliness

amenities (benches, restrooms, etc.)

pedestrian access

marketing of the area

lighting

safety

customer service

general condition of commercial district other _____

Additional comments (use back of this sheet if necessary) _____

What's in a Business Plan

Financial Statements Defined

Balance Sheet

Basically, a snapshot of everything your business owns and owes at a specific date.

Classifications in the Balance Sheet

To help lenders analyze, interpret and evaluate the financial information reported on the balance sheet, items are grouped according to common characteristics. Assets are generally grouped in order of decreasing liquidity (i.e. nearness to cash), the liabilities by time to due date, and owners' equity in order of decreasing permanency.

Assets

An asset is a thing of value owned, expressed in terms of money. Assets include cash, amounts owed to the business by its customers for goods and services sold to them on credit (accounts receivable), inventory, supplies, equipment, land, buildings, etc. Assets may also include intangible items, or rights, such as goodwill and patents.

_ Current assets (including prepaid expenses) cash and other assets which are reasonably expected to be realized in cash, or to be sold or consumed within one year from the balance sheet date.

- Investments (such as stocks, bonds, long-term notes): assets acquired for their financial or investment advantages.
- Fixed assets; long-term assets such as land, buildings and equipment, held for use rather than sale.
- Intangible assets: assets without physical substance, having benefit because of the special rights their ownership confers, such as goodwill, patents, trademarks, etc.
- Deferred charges: long-term expense prepayments.
- Liabilities: Debts owed. Liabilities include amounts owed to creditors for goods and services bought on credit (accounts payable), salaries and wages owed employees, taxes payable, etc.
- Current liabilities: amounts payable within one year from the date of the balance sheet.
- Current liabilities include:
 - _ accounts payable
 - _ short-term notes payable
 - _ accrued expenses for wages, salaries, commissions, rentals, royalties.
 - _ income taxes payable
 - _ current portion of long-term debt.

_ Long-term liabilities: liabilities that will not require the use of current assets during the upcoming year. Long-term liabilities include:

- bonds payable
- long-term notes payable
- mortgages payable.
- Shareholders' equity (if incorporated): The interest of shareholders in the assets of a co.

- Share capital investment in the shares of the company by its shareholders. Investment can be by way of common or preferred shares.
- Common shares: the class of share capital representing the residual equity in the assets and earnings of a business.
- Preferred shares: a class of share capital having special rights and/or restrictions as compared with other classes of stock of the same company.

_ Retained earnings: accumulated earnings of a corporation, less losses incurred and dividends paid to date. It represents the amount of undistributed earnings that the business has retained for use in operations, expansion and growth.

_ Owners' Equity: (applicable only if your business is unincorporated): The investment in the business by the owners, including the accumulated earnings of the business, less the amount of drawings taken out by the owners.

Statement of Earnings and Retained Earnings

A Statement of Earning is basically a record of sales (revenues) and expenses of your business for a specific period of time.

_ Revenue: The gross proceeds from the sale of goods and services prior to the deduction of the costs of goods and expenses. Rents, dividends, and interest earned are also revenues.

_ Cost of goods/services sold: The direct costs incurred in the making of your product and/or service. This would generally include inventory consumed in the production of your product and direct labor costs.

_ Gross Profit: The excess of sales price over the direct cost of sales.

_ Selling Expenses: All expenditures that you incur, such as advertising, automobile, salaries and commissions that are directly related to selling your product and/or services. These expenses will generally vary with your sales volumes.

_ Administrative Expenses: All other expenses that are required to operate your business. These expenses do not generally vary with your sales volume. These expenses generally include rent, utilities, insurance, interest on borrowed funds, management salaries, telephone, repairs and maintenance expenses, etc.

_ Depreciation: A proportion of the cost of fixed assets charged as an expense.

_ Net Earnings (loss): The true profit (or loss) from sales after making provision for all expenses.

Income Statement

Record of sales (revenues) and expenses of your business for a specific period.

_ Revenue: The gross proceeds from the sale of goods and services prior to the deduction of costs of goods, services and expenses. Rents, dividends and interest earned are also revenues.

- _ Gross profit: The excess of sales price over the direct cost of sales.
- _ Depreciation: A process of allocating the cost of a fixed asset over its estimated useful life; a proportion of the cost charged as an expense to an accounting period.

Statement of Cash Flow–

Basically, a statement which shows the flow of cash through your business. It systematically breaks down revenue and expense items by recording cash that will be taken in and paid out. It records only payments and receipts.

- _ Cash Receipts: Money you get from various sources. This will include money received from selling your product and/or service. If you provide credit, then money to be collected depends on your collection policy.
- _ Loan Proceeds: Money provided by a bank or other lender.
- _ Personal Investment: Money that you invest in your business.
- _ Cash Disbursements: Money that you pay out to sell your product and/or service and to operate your business. Cash disbursements will include many expenditures such as:
 - _ Inventory Purchases: Money you pay for items that will be used in making your product and/or service.
 - _ Direct Labor: Money you pay to your employees in the form of wages and benefits.
 - _ Advertising: Money you pay for advertising your product and/or service.
 - _ Selling: Money you pay for selling your product and/or service.
 - _ Interest and bank charges: Money you pay for borrowed money and bank service charges.
 - _ Insurance and Licenses: Money you pay for required licenses and insurance premiums.
 - _ Management salaries (drawings): Money you pay yourself or others to run the business.
 - _ Office expense: Money you pay for office supplies.
 - _ Office salaries: Money you pay for office help.
 - _ Rent: Money you pay for equipment and/or premises rental.
 - _ Other expenses: Money you pay for expenses not specifically identifies (ie charitable donations)
 - _ Purchase of fixed assets: Money you spend for land, building, furniture and equipment purchases.

Measures of Return in Commercial Real Estate

The various measures (or rates) of return in real estate have little significance in and of themselves. Their purpose is to compare one real estate investment with another as well as compare real estate with a non-real estate investment opportunity. The following are descriptions of several of the most common measures.

_ **Gross rent multiplier.** This is the relationship between a property's selling price and the gross rents it generates. It is only a first check on a property to see if you are "in the ball park." In most communities the gross rent multiplier ranges between five and eight. That is to say a property would be expected to sell for between five and eight times its annual rent. All other things being equal, the stronger the real estate market, the higher the gross rent multiplier.

_ **Capitalization rate.** This measure compares the net operating income of the property with its value. Capitalization is the process of converting income into value and is calculated by the formula $I(ncome) / R(ate) = V(alue)$. Depending on a multitude of factors, a capitalization rate might range from 8 to 13 percent or more.

_ **Cash-on-cash return.** This is the measurement of the annual cash flow (either before or after taxes) expressed as a percentage of the cash invested in the project. It is one of the most useful measures of return.

_ **Gross equity rate of return.** Equity is the difference between the value of a property and the mortgage encumbrance against it. To the extent that the outstanding liability is reduced each year through amortization, the equity increases even if the property value remains constant. Cash flow plus principal repayment is gross equity return. Gross equity return divided by down payment is gross equity rate of return.

_ **Payback period.** Some investors would rather measure their investments based on how long it takes to get one's money back. To calculate this payback period, the down payment is divided by the annual cash flow to give the number of years necessary to get the initial investment back.

Real Estate Measures of Return Worksheet

Price \$ _____
 Less: 1st Mortgage (Rate _____ Term _____) \$ _____
 2nd Mortgage (Rate _____ Term _____) \$ _____
 Total loans \$ _____

Down payment \$ _____

Gross scheduled income \$ _____
 Less: vacancy factor _____ % \$ _____
 Effective gross income \$ _____
 Less: Expenses
 Variable expenses \$ _____
 Fixed expenses \$ _____
 Reserve for replacements \$ _____
 Total expenses \$ _____

Net operating income \$ _____

Net operating income \$ _____
 Less: 1st Mortgage payment \$ _____
 2nd Mortgage payment \$ _____
 Total mortgage payments \$ _____

Cash flow \$ _____

Depreciation calculations
 Appraised values
 Land = _____ % \$ _____
 Improvements = _____ % \$ _____
 Personal property = _____ % \$ _____
 Total appraised value \$ _____

Annual depreciation
 Improvement value \$ _____ / Life _____ = \$ _____
 Personal prop. value \$ _____ / Life _____ = \$ _____

Total Depreciation \$ _____

Interest calculations

1 st Mortgage	Total payment		\$ _____
	Interest	\$ _____	
	Principal	\$ _____	

2 nd Mortgage	Total payment		\$ _____
	Interest	\$ _____	
	Principal	\$ _____	

Total interest paid		\$ _____
Total principal paid		\$ _____

Tax calculations

Net operating income		\$ _____
----------------------	--	----------

Less: Depreciation	\$ _____
--------------------	----------

Less: Interest paid	\$ _____
---------------------	----------

Taxable income (loss)		\$ _____
-----------------------	--	----------

Times: Marginal tax rate		_____ %
--------------------------	--	---------

Taxes payable (tax savings)		\$ _____
-----------------------------	--	----------

Cash Flow

Less: Taxes Payable	\$ _____	\$ _____
---------------------	----------	----------

After tax cash flow		\$ _____
---------------------	--	----------

Measures of Return

Purchase price \$ _____ / Gross scheduled rents \$ _____ = Gross rent multiplier _____

Net operating income \$ _____ / purchase price \$ _____ = Capitalization rate _____

Cash flow \$ _____ / Down payment \$ _____ = Cash-on-cash return _____

Cash flow \$ _____ + Total principal paid \$ _____ = Gross equity return \$ _____

Gross equity return \$ _____ / Down payment \$ _____ =
Gross equity rate of return _____ %

After tax cash flow \$ _____ / Down payment \$ _____ =
After tax cash-on-cash return _____ %

Down payment \$ _____ / Cash flow \$ _____ = Payback period _____ Years

Sample Pro Forma Analysis

Prepared by Malcolm Johnstone, 1989
Technical assistance: William R. Wood, CPA
400 E 2nd St.
McMinnville, OR 97128
(503) 472-7051

(note: This preliminary pro forma analysis is met only as a rough sketch of what the measures of return might be on the property in question. One should consult their own CPA or business lawyer before making a final decision on the accuracy of the information inclosed.)

Property: 226 E 3rd Street (Pet Connection)

Owners: Michael & Cynthia Phillips, Jerry & Shawn Loughridge

Location: Assessor Map: 4421 BC Tax Lot: 7700

Remarks: Year Built: c1913 Style: Commercial. Historic Register Classification:
Secondary Significant Contributing

Parcel Size: 2,000 square footage

Assessed value:

Land	\$13,200
Improvements	\$24,000
<hr/>	
Total	\$37,200

Milage: \$25.93

Pro Forma Purchase Analysis

	Cash Flow Basis	Tax Basis
Operating Income:		
Gross Scheduled Income	12,000	12,000
Less: Vacancy Factor of 10%	(1,200)	(1,200)
Add: Misc. Income	-0-	-0-
	10,800	10,800
Effective Gross Income		
Less: Variable Expense of 17.1%	2,052	2,052
Fixed Expense (Property Tax, Insurance)	1,500	1,500
Replacement Reserve	500	500
	4,052	4,052
Total Expenses		
Net Operating Income	6,748	6,748
Less: Mortgage Principal	1,719	
Mortgage Interest	4,654	4,654
	375	2,094
Net Cash Flow		
Less: Depreciation		1,089
	375	1,005
Cash Flow or Taxable Income		
Taxes Payable (Savings) 28% marginal rate	281	281
	94	724
Cash Flow or Net Income After Tax		

Measures of Return

Gross Rent Multiplier (Range 5-8) Purchase Price / Gross Scheduled Rents	4.0
Capitalization Rate (Range 8-13%) Net Operating Income / Purchase Price	14.2%
Cash-on-Cash Return (Range 6-10%) Cash Flow / Down Payment	3.9%
Gross Equity Return Cash Flow + Total Principal Paid	2,094
Gross Equity Rate of Return Gross Equity Return / Down Payment	22.0%
After Tax Cash on Cash Return (Range 6-10%) After Tax Cash Flow / Down Payment	1.0%
Payback Period Down Payment / Cash Flow	25

Depreciation Calculation:

Purchase Price		37,000
Other Acquisition Costs	+	1,600
		<hr/>
Total Acquisition Costs	=	38,500
Land Costs	-	13,200
		<hr/>
Improvements Before Rehabilitation	=	25,300
Rehabilitation costs		
Hard Costs	+	5,000
Soft Costs	+	3,000
Rent-up Costs	+	1,000
		<hr/>
Total Rehabilitation Costs	=	9,000
		<hr/>
Total Improvements After Rehabilitation	=	34,300
		<hr/> <hr/> <hr/>
Annual Depreciation Tax Life in years: 31.5		1,089

Mortgage Calculation:

Purchase Price + Rehabilitation Expense		47,500
Less: Down Payment (20%)	-	9,500
		<hr/>
Mortgage Amount		38,000

Annual Interest Rate: 12.5%. Term in Years: 11. Monthly Payment: \$531.07

Payment Month	Total	Interest	Principal	Principal Balance
				38,000
1	531	396	135	37,865
2	531	394	137	37,728
3	531	393	138	37,590
4	531	392	140	37,451
5	531	390	141	37,310
6	531	389	142	37,167
7	531	387	144	37,023
8	531	386	145	36,878
9	531	384	147	36,731
10	531	383	148	36,582
11	531	381	150	36,432
12	531	380	152	36,281
<hr/>				
Total for Year	6,373	4,654	1,719	

About Limited Liability Companies (LLC)

A limited liability company, also known as an LLC, allows owners of a business to take the best of the traditional forms of incorporation, either a C corporation or an S corporation.

How LLC's Stack Up to C and S Corporations

The C-corporation limits the legal and financial liabilities of business owners. It also allows companies to issue various forms of stock and thus have many owners. However, the owners of a corporation are taxed twice--once on the corporate level and again on the shareholder level.

An S corporation bypasses this double taxation, sending profits and resulting taxation directly to the individual shareholder level. An S corporation, however, has drawbacks of its own. It is currently limited to 35 stockholders and only one class of stock. Additionally, trusts, nonresident aliens, corporations and partnerships cannot own or be part of an S corporation. On the other hand, an LLC is a far more flexible alternative. LLC's are recognized in all states. An LLC combines the advantages of both forms of incorporation into one ownership option. An LLC is characterized as a legal person, a noncorporate business entity. It is also considered an entity completely separate from its members. It is a combination of qualities of a partnership and a corporation but with more flexibility. An LLC possesses the advantage of a Subchapter S corporation in that an LLC is taxed only once at the individual level. Further, there are no limits as to the number or types of members in an LLC.

It is beyond the scope of this text to cover all ramifications concerning the operation of an LLC. Many excellent books are available at your local library concerning all the issues that comprise this unique entity. Information may also be available through the Secretary of State in your state. You should also make every effort to become as familiar as possible with the use of an LLC as a form of business operation.

Some advantages of an LLC

LIMITED LIABILITY - An LLC affords its members with no liability for the debts, obligations or liabilities of the LLC even when owners take an active role in management. The liability is limited to their capital contribution and liability for their own acts or omissions. Limited liability means that members are not personally liable for the entity's debts and obligations unless the owner contracts to be personally liable or unless the owner is personally negligent. Conversely, a general partnership has the disadvantage of imposing joint and several personal liability on all partners for the obligations of the partnership as well as the misdeeds of particular partners. Further, limited partnerships must have at least one partner who is personally liable for the partnership's debts and obligations. This has a tendency of restricting owners from taking an active role in management.

MEMBER CONTRIBUTIONS - The type of capital can vary, but it can consist of cash, property, services, obligations to contribute cash, property or future services for their membership interests.

MEMBER PARTICIPATION - An LLC can be structured similarly to a general partnership with all owners sharing and participating in management duties. LLCs can also have officers and bylaws. Most state LLC statutes permit LLC members to participate in LLC management and control without sacrificing their limited liability protection. The state statutes permit LLC's to have one or more managers, thereby creating centralized management.

TAXATION - Properly structured, an LLC is taxed as a partnership rather than a corporation for federal income tax purposes. It can combine limited personal liability with a partnership tax classification. Since LLC's can be taxed as partnerships it can avoid double taxation. Conversely, corporations that do not elect to be taxed under Subchapter S of the Internal Revenue Code are subject to tax at two levels. A corporation is taxed on earnings and the shareholders are taxed when distributions are made. An S corporation does bypass double taxation but has its own drawbacks; such as, a limitation on the number of shareholders, only one class of stock is issued, and certain entities cannot own or be a part of an S corporation. LLCs, like partnerships, are not taxed on income at the LLC level. Instead, taxable income and losses flow through the LLC and are taxed at the member level. Members generally are not taxed when distributions are made to them.

LLC's AS NONCORPORATE ENTITIES - Members of an LLC obtain personal liability protection without creating a corporate entity.

Some Disadvantages of LLC's

GOVERNMENTAL REGULATION - An LLC is subject to governmental regulations. Currently, LLC's may be restricted from conducting business across state lines due to a lack of a uniform policy among the states.

ORGANIZATION COSTS – Startup costs are somewhat more expensive than other options.

TAX REPORTING - According to an IRS ruling, an LLC will be taxed as a partnership as long as it does not include two of any of the following: continuity of life, centralized management, free transferability of interests and limited liability for equity investors.

NOT TRANSFERABLE - LLC interests are not freely transferable, as are shares of corporate stock in the absence of contractual transfer restrictions. Members may freely transfer their economic interests in the LLC only, and a transfer of the right to participate in LLC management requires some or all the other members consent.

LIMITED DURATION - Unlike corporations, LLC's do not have the continuity of life and dissolve either at the expiration of a stated term or possibly upon member disassociation, unless the other members agree to continue the LLC's business.

Formation of the LLC and Definitions

1. REQUIREMENT OF TWO OR MORE MEMBERS OR OWNERS - An LLC must consist of two or more persons. Persons eligible to form an LLC include individuals and all forms of entities, regardless of the jurisdiction in which an entity is organized.

2. ARTICLES OF ORGANIZATION - To form an LLC, the organizer must sign and file articles of organization with the Secretary of State or another designated state official. The articles are similar to corporate articles of incorporation. The articles let everyone know that the entity is operating as an LLC. The articles must contain everything that is required by the state where the LLC intends to do business. LLC statutes typically provide that an LLC is not formed until the articles are filed, or until a certificate of organization or other document is issued by the state. LLCs cannot transact business or incur debt before the articles are filed. The articles are to state and include:

- a. the name of the company;
- b. the period of its duration;
- c. the address where interested persons can write for copies public documents;

d. and other provisions from the operating agreement not inconsistent with the law. The articles must be on a form prescribed by the Secretary of State. The filing fee varies from state to state, but the average is between \$100 and \$150.

3. **SERVING THE NAME** - All states require that LLC's use the words "Limited Liability Company" or a statutorily permissible abbreviation in their names. The name requirement notifies third parties that they are dealing with an LLC. Usually, the first step is the selection and reservation of the LLC's name. An LLC can use a fictitious or trade name.
4. **REGISTERED AGENT** - Each LLC must maintain an agent for service of process. The agent maintains an address within the state to receive communications and to be available for service of process of lawsuits. Articles of Organization for a new LLC generally will not be accepted for filing unless the appointment of statutory agent accompanies the filing.
5. **OPERATING AGREEMENTS AND BYLAWS** - The operating agreement of an LLC is a contract. It is typically defined as all of the valid, written and oral agreements of the members to the affairs of an LLC and the conduct of its business. If there are other agreements between the members of the LLC, they may constitute an amalgamation of the operating agreement. An operating agreement establishes how the LLC will be managed and contains provisions regarding capital contributions, distribution rights, and sharing of profits and losses.
6. **AMENDMENTS TO THE ARTICLES** - All states contain rules for amending the articles of organization. In most states, the articles must be amended if there is a change in the LLC's name or character of the business, or the duration of the LLC.
7. **MEMBERSHIP** - All states provide that a membership interest in an LLC is the members personal property. A membership interest generally refers to the members share of the LLC's profits and losses and the members right to receive distributions of LLC assets. The type of consideration can vary by state, however, the amount of consideration is solely up to the members.
8. **MANAGEMENT** - LLC's are either permitted or required to be managed by one or more managers. Managers are selected by the members. Owners can take an active role in management. Every member is an agent of the LLC in carrying on its business. The operating agreement can outline the role for managers. If the operating agreement does not address the issue, the role of managers is comparable to that of directors of a corporation.
9. **MEMBERSHIP WITHDRAWAL** - Members may withdraw from the LLC unless the articles of organization do not allow it. Written notice is usually required by agreement between the members.
10. **INSPECTION RIGHTS** - LLC's must maintain corporate books and records. The members have the right to inspect and copy records that the LLC is required to maintain.
11. **DISSOLUTION** - An LLC is dissolved when the period, if any, fixed in the articles of organization for the LLC's duration expires. It can also expire by written agreement, upon death, retirement, resignation, expulsion, or bankruptcy.

Internet's Key Impact on "Mom and Pop" Retail Sales The National Trust's Main Street Survey

(Washington, D.C. September 6, 2000) - In a "snapshot" survey this summer of more than 1,500 businesses in 16 downtown commercial districts nationwide, the National Trust for Historic Preservation found Internet usage is having a significant impact on retail sales. The Trust's survey is one of the first in the nation to examine the impact of e-commerce on main street businesses.

Respondents from the National Trust's Main Street Network reported:

16.4% of Main Street businesses are using the Internet to sell things

12.8% increase in sales since launching Web sites

14.3% of total sales attributable to Web sites

"This is great news for Main Street," said Kennedy Smith, director of the National Trust's Main Street Center. "Five or six years ago, Main Street businesses had virtually no Web presence. Now they are discovering the means to expand retail sales on the Web. This presence is an important step for Main Street, where even a 5% increase in annual sales can be key to success or failure."

The Main Street communities surveyed are located throughout the U.S.:

Montpelier, VT	Burlington, VT	LeMars, IO	Nob Hill/Albuquerque, NM
Braunfels, TX	Iowa Falls, IO	Thomasville, GA	Clearwater, FA.
Perkins, OK	Georgetown, TX	Duncan, OK	Rome, GA.
Pauls Valley, OK	Miami, OK.	Ebensburg, PA	Hutchinson, KS

In a prior report, the 1999 National Main Street Trends Survey released by the National Trust on March 26, 2000, a whopping 84 percent of its Main Street Network nationwide indicated that more businesses in their districts were using the Internet in 1999 than in 1998. In the original survey, more than 400 members in the National Trust's Main Street Network responded from 36 states. It measured 16 economic indicators such as property values, occupancy rates, and numbers of restaurants, housing units and chain stores.

Among the other major findings in the original survey were:

- Retail sales are up in 65 percent of historic Main Street communities.
- More than 58 percent of respondents reported an increase in the number of retail businesses
- 48 percent saw an increase in the number of locally owned businesses.
- Internet usage is on the rise. Main Street businesses use the Internet in three ways: providing better service to existing local customers; augmenting sales in bricks-and-mortar stores; and relying exclusively on an Internet customer base.

For a copy of the 1999 National Main Street Trends Survey: e-mail patricia_oconnell@nthp.org or call (202) 588-6324.

Established in 1980, the National Trust's Main Street Center is the leading commercial district revitalization program in the country. Celebrating 20 years of success, the Center provides year-round on-site technical assistance to communities, sponsors workshops and conferences, publishes educational materials, offers a certification program in professional downtown management and serves as an advocate for Main Street districts to both government and business entities.

Online Buying Creates New House Rules

Retail developers at the Cyberspace Casino are hearing a new cry at the tables: "Everyday tech takes the shop out of shopping." The crowd's old refrain, "location, location, location," seems dated. The developers' betting partners, the national retailers, seem less interested in the location game and more interested in the online odds. Wall Street, the pit boss, never one to miss out on a sure thing, is making millions from the online gold rush.

Will retail developers learn to play by the new house rules or just keep enough change for bus fare? Doing a little forward planning before entering the new game can keep developers winning in a wired world.

The online community

The online merchants' spectacular 1998 Christmas season made it unmistakably obvious that online buying is the new sales channel. What are the implications of the everyday tech revolution, and how does it impact retail property development?

Everyday tech is the integration of computer hardware, software, networks and telecommunications into daily life. It severs place from activity, making possible work without a workplace. Everyday tech also changes expectations about how, when and where to shop.

Everyday tech is an example of the network effect, in which the value of a particular item increases exponentially as the number of items grows arithmetically. An example is the fax machine. In the mid-1980s, the value of the fax to users was doubling or tripling. Soon no one could afford to be without one. The same social and economic phenomenon is occurring in the online world.

The ubiquity of everyday tech accelerates the growth of the wired world. Already, 38% of adults (age 16 and older) use the Internet. Next year the total will be nearing 50%. More importantly, women reached gender parity last year as Internet users; soon they will reach parity as online buyers. Perhaps the single biggest error made by many retailers and the retail real estate community was to assume women would not, or could not, embrace the new medium. This bit of gender myopia gave Internet retailers the lead time to become formidable competitors to their location-bound rivals.

What works online?

The key to understanding what works online is to screen goods through a prism of merchant service. At one end of the spectrum are the typical self-service items, national brands, house brands and goods of uniform quality. In many instances, the customer's only contact with the retailer is at the checkout counter.

Conversely, at the other end of the spectrum are goods that require a tactile and aesthetic judgment, are non-standard or require full service. A good rule of thumb is that the more experiential and less commodity-like the product, the greater the likelihood the customer will go to the store. Clothes are working well online despite most observers' reservations.

The emergence of the online sales channel confronts developers with the unpleasant reality that retailers are merchandisers first and site locators second. The primacy of the location-based sales

channel obscured the distinction before the advent of online buying. Cyberspace rapidly erodes the traditional retailer's advantages of convenient location, everyday low price and wide product selection. The online world replicates them far better.

A recent Merrill Lynch analysis, titled "Internet's Potential Impact on Retail Real Estate," projects that shoppers will spend \$28 billion for goods online next year. Merrill Lynch notes that about 60% of Internet sales will shift from stores, with the rest coming from catalogs.

One subject rarely discussed in retail real estate is how sales migration can affect the profitability of stores. Retailers are concerned with new stores opening nearby. It could be a sister store or competitor. Either way, sales volume would suffer. Similarly, the online sales channel is a direct competitor to the store. In cyberspace it doesn't matter whether the transaction takes place with the retailer or the retailer's competition. The result is the same: The sale migrates from the store.

Some argue that expanding sales will minimize the initial impact of online buying on store economics. The presumption is that new and existing customers will continue to buy in the same old way -- i.e., shop in the store. However, it is patently fallacious to believe that as more people move online, they will continue to trudge to the store when they can have the convenience of online buying from their home, office or dorm room.

Visions for the future: INFOTECH SCAN and WiredLease

Forward-thinking retailers understand they must undergo a radical transformation to prosper in a wired world. They must rethink their investment objectives in the sales channel matrix. There are now three sales channels: the store, the catalog and the online presence. The old retail model grew sales and profits by store expansion. The model is no longer sacrosanct.

Online sales characterizes the negative symbiosis developing between retailers and developers. No longer do they share the common goal of locating the best site to do the most volume and receive the highest rent. Now the retailer has another sales channel, potentially more lucrative and without the headache of the store. Still, the location-based sales channel will remain a reality for many retailers. Let's fast-forward into the future and consider some visionary ideas that will maintain the viability of the physical store.

The developer and retailer could perform an INFOTECH SCAN as part of their due diligence to establish the site's viability. INFOTECH SCAN is a site-selection tool for determining whether the retailer's best customers move to cyberspace. For developers, it acts to screen potential tenants.

Conceptually, INFOTECH SCAN answers three questions. First, is the retailer's mix of goods and services likely to do well online? Second, are the retailer's customers likely to conduct their transactions online? Third, how profitable are the online customers?

Retailers recognizing the need for sales channel reformation know that their leases are too inflexible for the shift ahead. They will begin negotiating for space in a radically different way using the WiredLease. Conceptually, the WiredLease begins with an entry strategy calling for a two- to four-year initial term and multiple one-year options. The operations strategy allows the tenant to downsize and relocate within the property. Finally, the exit strategy provides the retailer with the right to terminate early, go dark, or reassign the lease.

Retailers and Wall Street

The critical player in the game is Wall Street, the second player to recognize the power of online buying. Wall Street's great influence over retail property is due to the rapid securitization of real estate in the 1990s. As of February 1999, the REIT market capitalization was \$132 billion and the CMBS market was approaching \$270 billion.

Unfortunately, moving assets from private hands to the public market has unpleasant side effects. When retail properties are subjected to the vicissitudes of tightly coupled trading markets, their value becomes hostage to sentiments wholly unrelated to the performance of the underlying assets.

Several trends help explain Wall Street's shifting stance toward retail development. First, stock analysts following retailers will increasingly reward companies and their management for leveraging the online sales channel. In turn, they will punish the laggards. A number of national retailers seeking to become cyber-savvy will curtail new store openings, reduce the number of stores in existing trade areas, and convert some stores to showrooms sans inventory.

Second, market sentiment is shifting against REITs that have a disproportionate number of tenants susceptible to online sales migration. Green Street Advisors, an independent research firm concentrating on the securities of REITs, is already adjusting the value of retail portfolios subject to the impact of online buying.

Third, credit rating agencies like Moody's are raising a red flag over how online buying affects the ability of borrowers to service debt and the value of retail real estate as collateral. Thus, the market may come down hard on retail developers taking the same old approach. Smart developers should consider strategies for adaptive reuse.

Two factors drive adaptive reuse opportunities: cheap real estate and imagination. The first is a function of how quickly commodity-goods sellers flee traditional retail locations like big boxes, power centers, large community centers and some malls. Developers should keep in mind that drugstores and grocery stores are not immune from online competition.

The second requirement is having the imagination to spot the unfilled need. A big box could become a vertical pet cemetery. A power center could be fashioned into a themed residential community -- with, say, an art deco theme. A community center might perfectly accommodate assisted living, convalescent care or Alzheimer's daycare. These conversion opportunities may seem outlandish until one considers that the property could remain vacant for a long time.

MetaSpace, the ultimate frontier

This idea transcends the limitations of physical space by integrating cyberspace into retail. It is the new frontier for visionary developers. Today, MetaSpace is only an idea, but it could soon define an entirely new way of creating retail space.

The archetype project for a wired world, MetaSpace represents the third-order impact of the everyday-tech revolution. The first-order impact was the diffusion of information technology throughout society. The second-order impact is online buying's negative effect on retail space. The third-order impact is the synthesis of space and cyberspace for retailing.

MetaSpace is a new form of retailing, providing retailers with the means of fulfilling customers' rapidly escalating expectations. It transcends the store's physical limitations by completely

integrating cyberspace into the store. MetaSpace gives showroom, demonstration and service tenants a heretofore unimagined use of cyberspace and physical space.

Tenants for MetaSpace could include:

Outpost tenants. Outpost tenants are firms seeking to leverage space in new ways. They are embryonic enterprises best described as a business plan floating through cyberspace. "Fit-2-U" is an example of a hypothetical outpost tenant. "Fit-2-U" is a body-scanning center for clothing that offers two services. The first is taking precise measurements for custom clothing. The measurement software adheres to a universal standard that allows clothing manufacturers worldwide to make custom clothes.

The second role of "Fit-2-U" is showcasing individual designers and manufacturers. In the showroom, customers can view themselves in individually created outfits, feel the fabric and place the order, or upload their scan to the "Fit-2-U" website for later viewing and purchase. The integration of the retail space and the Meta-Space website hosting "Fit-2-U" is seamless.

Wired retailers. Wired retailers are astute traditional retailers seeking to leverage the value of the online sales channel. Their store format is likely to change into a showroom with minimal inventory and highly mobile fixtures. One example is the sporting goods store. Much of the inventory would disappear. Inventory would give way to interactive displays, allowing customers to experience the feel and fit of the glove or club. A fully integrated website would contain greater details about the products, including perhaps a video clip of the inventor or signature athlete demonstrating the item.

Manufacturers. The consumer-direct channel will achieve viability in a wired world. Many manufacturers are itching to go direct. Potential customers include the wired lifestyle families, SOHO (small office & home office) businesses and knowledge workers. Herman Miller is an example www.hmstore.com.

Service providers. Going to the dentist requires a physical presence, as do many other services. MetaSpace would draw them. Service tenants would include restaurants and specialty markets, fitness and grooming, medical, dental and wellness, educational firms, and non-profit and government entities.

Wired lifestyle exhibitors. In a throwback to the days of the Midway, temporary tenants would present their goods and services. The presentations envisioned are similar to those performed at trade shows but include a cyberspace counterpart on the MetaSpace website. The Midway is a constantly changing arena to entertain, enlighten and educate patrons about everything from HTML programming to making Peking Duck.

Making money from MetaSpace

- *Intellectual property.* An integral part of MetaSpace is development and operation of a website, a critical task developers must undertake either through partnering or creating it in-house. One outcome of the MetaSpace design process is creation of a patent or other valuable intellectual property rights. This presents IP licensing income opportunities along with licensing the project's name and image.

- *Telecommunications.* Developers must enter the telecommunications infrastructure and service business. While the idea may seem farfetched, office developers like Equity Office Properties are aggressively entering the business. Until recently, a retailer's bandwidth requirement was minimal. Expect rapid change as retailers seek to meet their customers in cyberspace and enhance the in-store experience. Developers are in the best position to capitalize on their tenants' needs. They can seize the opportunity at the inception of the project by designing and installing the necessary cabling, routing and switching infrastructure to maximize bandwidth. Developers may also derive income from designing software for integrating cyberspace into physical space.
- *Advertising revenue.* MetaSpace would attract great interest for product tie-ins, infomercials via video streaming on the Net, or a project magazine featuring articles about the tenants.

The transition from a geocentric to a cybercentric world is in its infancy. One must prepare for the coming online buying revolution as it roils the property and capital markets. Remember the wisdom of the ancient who said, "It is better to make the house rules than to play by them."

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Mark Borsuk, an attorney and retail leasing broker, is managing director of The Real Estate Transformation Group. The San Francisco-based firm analyzes information technology's impact on space demand and provides strategies for property owners, retailers and lenders. INFO-TECH SCAN, WiredLease and MetaSpace are service marks of The Real Estate Transformation Group. E-mail: mborsuk@ix.netcom.com

by Mark Borsuk - Shopping Center World
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Destination Downtown Campaign 2003

A project of the Customer Marketing Committee, West Chester BID; Malcolm Johnstone-ED

Overview

The Customer Marketing Committee has developed the *Destination Downtown Campaign* for 2003. This project is designed to expand the tertiary market segment of downtown West Chester and continue "to attract more customer foot traffic to downtown West Chester" (*See Five Year Plan*).

The efforts of the 2002 *Destination Downtown Campaign* has provided downtown West Chester with the following results:

- _ 40,000 brochures picked up at tourism locations around the Philadelphia, Wilmington and Chester County areas;
- _ 410,000 exposures in Chester and Delaware County CVB *Visitor Guide* publications;
- _ Eight weeks of television campaign advertising and interviews;
- _ Two (June & October) Special advertising sections with overprints in *Main Line Today*;
- _ Radio exposure on WHY, WCOJ, WCHE, and XPN.
- _ Cover features in *County Lines Magazine* (July), *Chester County Town & Country Living* (Fall), and *Images of Greater West Chester* (Chamber of Commerce, 2002);
- _ Articles in *Visions* (Fall 2002), *West Chester Borough Newsletter* (Spring/Summer 2002), *West Chester Borough Residents Association* (Winter & Spring 2002), *The Hunt* (Summer 2002), *ArtMatters* (June & October 2002);

Other elements of the project included:

- _ *Welcome Center* to provide hospitality services to visitors interested in information about downtown.
- _ *Downtown Informational Kiosk* that will provide information to visitors on a 24-hour basis. Kiosks are scheduled to be located at the Bicentennial and Mosteller garages.
- _ *Website design/development*. www.westchesterbid.com promoting the downtown events, stores and eateries.

Destination Downtown Marketing Campaign Workplan

Overview

Draft a workplan for the *Destination Downtown Marketing Campaign 2003* that would continue and enhance the BID efforts of attracting more customer foot traffic to downtown West Chester.

Elements of the campaign

For 2003, the strategies will differ from 2002 due to funding constraints and the establishment of various programs (such as the Welcome Center and the web-site) that have become routine and ongoing programs of the BID.

However, a series of strategically planned promotional and event campaigns will enhance downtown West Chester as a shopping and dining destination. The BID budget for 2003 for the Customer marketing Committee activities is \$12,500.

_ *Downtown positioning brochure*

The eight-page, full-process (color) brochure was inaugurated in April 2002 with a print run of 100,000. Distribution has been primarily in the greater Philadelphia, Wilmington and Chester County areas conducted by CTM Brochure Display. There will be a continuation of the distribution of the brochure for 2003. \$7,277.

_ *Advertising in the area's visitor guides*

Previously, positioning ads (half-page, four-color) were placed in visitor guides published by the Conference and Visitors Bureaus of Chester and Delaware counties. Chester County CVB publishes twice a year with a circulation of 150,000 (75,000 per issue) and Delaware County (Brandywine CVB) publishes four times a year with a circulation of 260,000 (65,000 per issue). Combined annual circulation is 410,000. Quarter-page will replace the half-page ads. \$3,400.

_ *Main Line Today*

June and October editions will have a special advertising section with a 5,000 piece overprint for use in stores. \$2,400.

_ *Downtown Retail Association*

A coalition of retailers have formed a group called the *Downtown Retail Association* and put together two important programs:

- *First Fridays*
- *Gift Card/Gift Coin Program*
- *Downtown business directory*

_ *Restaurant Guide/County Lines*

January, 2003, in *County Lines* with 5,000 overprint. \$ -0-

_ *Philadelphia Magazine*

September edition featuring West Chester section with galleries, shops and restaurants. \$

_ *Singin' Summer Thursday*

First Thursday of June, July, and August. Second Thursday of May. \$5,000

_ *Public relations*

Active PR program to place articles with a positive spin about West Chester. *Ongoing*

_ *FAM tours*

In partnership with the Chester County CVB and the Chamber of Commerce of Greater West Chester, host *Familiarization Tours* made up of travel writers and promoters. *Ongoing*

_ *Attracting bus tours*

Work with the Chester County CVB to have tour buses stop in downtown West Chester. The *Welcome Center* could potentially provide hospitality to the stops. *Ongoing*

Marketing Budget, Destination Downtown Expenses

Visitor Guide Advertising

Ad design		\$ 700
Brandywine Country		
Half page ad per issue	\$1,071 x 4	\$4,284
Chester County CVB Visitor's Guide		
Half page ad per issue	\$ 795 x 2	\$1,590

Total Visitor Guide Advertising \$ 6,574

Brochure Project

Brochure Design	\$9,000	
Non-profit Discount	(\$3,000)	
Total Brochure Design		\$ 6,000
Printing (100,000 count)	\$8,958	
Shipping	\$ 390	
Total Printing		\$ 9,348
Distribution to Philadelphia & Wilmington areas		\$ 6,930

Total Brochure Project \$22,278

Total Expenses \$28,852

Total Net Project Cost \$18,852

Addendum

1) Understanding Market Segments

Customers will function in different ways depending on their immediate interests. Three market segments are generally applied to the downtown situations.

Primary market

This is the market that downtown West Chester has traditionally served. This market represents the hometown shoppers that are using the downtown because of its *convenience, location, and selection*. Downtown West Chester retail stores serving this market include drug stores, hair salons, shoe repair and other stores that serve the day-to-day needs of the surrounding neighborhoods. Service businesses include banks (ATM's), bookkeeping and accounting services, travel, real estate, and legal services. Government establishments include the County Court House and Post Office.

Secondary market

This market serves comparison shoppers--folks who are willing to travel and take their time to ensure that they are receiving the best value for their dollar. This is the most competitive market for West Chester since super-regional malls exist within 50 miles. The secondary market attractor in downtown West Chester would center around jewelry.

Tertiary market

This market serves the visiting destination shoppers or tourists. For these *browsing* customers, shopping is a recreation sport. Gift shops, restaurants and bars, specialty apparel and art galleries support this segment. This is an emerging market for downtown West Chester. It continues to represent an opportunity for expansion.

2) **Downtown Welcome Center**

The Downtown Welcome Center will provide hospitality services and business information to visitors. It is designed to encompass the following items:

- _ promotion of the retail and restaurant segments of downtown;
- _ provide a unique retail component as per the conditional agreement with the Borough;
- _ house the West Chester Technology Center;
- _ encourage e-business practises;
- _ provide training for business enhancement;
- _ be the offices of the West Chester Business Improvement District;
- _ Provide public on-site internet services.

In order to achieve the unique retail component and promote the retail and restaurant segments of downtown, a Request for Proposal is being developed to include the following items for the Welcome Center:

- _ Design and install internal window panels or frames that will allow banners or posters that promote various activities downtown;
- _ Design and install one (1) window-base shelf to mount a lighted glass display cabinet.
- _ Provide design suggestions to accommodate retail display cabinets and information racks in a way that compliments the interior design of the storefront and workspace of the BID.
- _ Design and install window boxes at the north side storefront enclosure of the Bicentennial Garage that will allow the display of various maps, informational items and other downtown promotional items and is complimentary to the design features of the Welcome Center as well as adding visual interest to the streetscape.
- _ Design and install window boxes at the pedestrian entrances of the Mosteller Garage that will allow the display of various maps, informational items and other downtown promotional items and is complimentary to the design features of the Welcome Center.

In 2001, the West Chester BID received a \$5,000 matching grant to develop the Downtown Welcome Center and informational kiosks.

Universal downtown Gift Coin/Gift Card program

Objective

Create a Gift Coin/Gift Card program that can be used by all merchants and businesses in the downtown area. Gift Coin/Gift Cards would have the following qualities:

- Easily identified as an exclusive downtown Ephrata item;
- No additional cost to downtown businesses (other than usual costs associated with debit card use);
- Marketed to businesses and individuals as a universal downtown 'Gift Certificate' to help keep dollars recycled in Ephrata;
- Create opportunities for special promotions.

How the Gift Card works

"It's better than cash because it brings shoppers downtown."

The Gift Card is a unique debit card that "brings together local merchants and consumers looking for a practical and creative gift and incentive solution." Unlike a credit card, the Gift Card is pre-paid, offering the recipient the perfect excuse to go shopping for everything from the current bestsellers to accessories for a new home. The card can also be used at restaurants ranging from pizza to fine-dining establishments. By combining the convenience of shopping with a debit card to the attractiveness of more personal, downtown merchants, customers will be encouraged to support the local economy in a way that is easy and fun.

The Gift Card could be marketed to students. Parents can reload money and monitor card usage online.

Along with individuals wishing to present a useful gift, Gift Cards may also be purchased in larger quantities for use by organizations, either as a holiday gift for employees or as a unique "thank you" to clients. Companies buying large numbers also have the option to personalize or co-brand the card with their logo and a special message.

One option is to create a Kids Cash Card, which can also be used as a teaching aid. In an era of rising dependence on consumer credit, debit cards teach financial responsibility to children of all ages without running the risk of accruing debt. Working from an initially set amount, young children, teenagers or even college students must learn to manage the money on their cards as they shop. After the value is gone, more money must be added before they can treat themselves to a pizza or a new sports trading card.

Gift Cards would be available at participating retailers and could be purchased in any amount beginning at \$10. Once used, cash value may be added on-line, making the card an ideal gift from friends and relatives in other cities who enjoying sending presents that are truly appreciated - and easy to wrap.

Special packaging would set the Gift Card apart as a unique and interesting Lebanon item.

Obstacle

Merchant/business must have a card swiper to use the Gift Card.

How the Gift Coin works

Gift Coins are sold at a face value of \$25. They may be used in any downtown business who will redeem them from DEI at face value. They are used much like the Gift Card except no swiper or additional transaction costs are incurred.

Gift Coins would be packaged in an attractive box with information on where they can be used.

Administration

A bank would have to manage the Gift Coin with an escrow account. The Gift Card would come from NewMarket Solutions of Ohio [www.cardsolutions.com].

Promotion

The Gift Card/Gift Coin program would have to be promoted and marketed as a unique and novel item to be used exclusively in downtown West Chester. The BID could provide window signs and counter signs that advertise these items to our downtown customers.

Recommendation

Inaugurate the Gift Card/Gift Coin program at the same time with 1,000 each of cards and coins.

Schubert's Guide to Better B2B PR Writing

Last updated July 27, 2001

The DOs and DON'Ts of PR

1. DO use short, succinct headlines and subheads to highlight main points and pique interest. They should not simply be a repeat of the info in the lead-in paragraph.
2. DON'T use generic words such as "the leading provider" or "world-class" to position your company. Be specific such as "with annual revenues of."
3. DON'T describe products using taboo, hollow phrases such as "unique" or "total solution." (See box below). Use specific terms or examples to demonstrate its distinctness.
4. DO use descriptive and creative words to grab an editor's attention (but make sure they are accurate and not exaggerated).
5. DON'T highlight the name of your company or product in the headline of a press release if it is not highly recognized. If you are not a household name, focus on the news instead.
6. DO tell the news. Focus on how your announcement affects your industry and lead with that rather than overtly promoting your product or company.
7. DO critique your writing by asking yourself, who cares? " Why should readers be interested in this information?"
8. DON'T throw the whole kitchen sink into a release! Better to break your news into several releases if material is lengthy.
9. DON'T use lame quotes. Write like someone is actually talking – eliminate the corporatese that editors love to ignore. Speak with pizzazz to increase your chances of being published.
10. DO target your PR writing. Create two different tailored releases that will go out to different types of media rather than a general release that isn't of great interest to either group.
11. DO look for creative ways to tie your announcement in to current news or trends.
12. DO write simply. Use contractions, write in the active voice, be direct, avoid paired words like 'clear & simple,' and incorporate common, action-oriented phrases to generate excitement. Sentences shouldn't be longer than 34 words.
13. DO follow Associated Press Stylebook and specific publications editorial standards for dates, technical terms, abbreviations, punctuation, spellings, capitalization, etc...
14. DON'T use metaphors unless they are used to paint a clearer picture for the reader.

15. DON'T overdo it. It's important to write colorfully, to focus on small specific details, to include descriptions of people, places, and events...but don't write poetry when you want press.

16. DON'T be formulaic in your press release writing. Not every release must start with the name of the company or product. Break out of the mold to attract media attention.

17. DON'T expect editors to print your entire release. Important information should be up in the top two paragraphs.

18. DO make it clear how your announcement is relevant for the editors' readers.

Taboo Phrases / Words:

Revolutionary

Breakthrough

State-of-the-Art

Leading

Cutting Edge

Unique

World-Renowned

Solutions Provider

Total Solution

World-Class

e-anything

Turnkey

Best-of-breed

Robust

Mission-Critical

"In general, journalese is the tone of contrived excitement. When the facts by themselves do not make the reader's pulse beat faster, the journalist thinks it his duty to apply the spur and whip of breathless phrases. Since these exist only in finite numbers, they get repeated, and repetition begets their weakening, their descent into journalese."

-Wilson Follett, in his book, Modern American Usage

For more information:

Contact Lisa Barbadora, Director, PR & Marketing Content 610-269-2100 ext. 237

lbarbadora@schubert.com

The Importance Of Being Different

by Steve Pinkston, Principle

Steve Pinkston + Others

Is Differentiation Marketing the next great marketing idea or is it simply the latest new buzzword? Whatever it is, it's the reason why Apple Computer "Thinks Different", and Dodge claims to be "Dodge Different." What is Differentiation Marketing?

Simply stated, it means that you are perceived differently--in a positive way--from your competition.

A typical reaction might be to say, "I don't need to differentiate. All I need is to give my client a quality product at a low price and that will do the job." The fact is, that on one level, that is differentiation. You are setting your product apart by selling it for a lower price than your competition.

But why minimize revenues and profits when its not necessary? Selling at a reduced price doesn't take full advantage of everything differentiation has to offer. Differentiation Marketing affords you the ability to sell on many levels and achieve all of your marketing goals. People will pay a premium for a preferred brand and selling on price alone does little to establish brand preference. Department stores do this all the time. Otherwise, Bloomingdales wouldn't be able to sell the same name-brand clothes for twice the price as Marshall's. By selling a product or service that is similar to your competition's on price alone, you've left little else on which your customer can make a buying decision.

Differentiation Marketing has four major goals:

1. Build brand preference
2. Position your company as a leader in your market
3. Create product/service awareness
4. Build customer loyalty

None of this happens if your customer can't distinguish you from your competition. Differentiation is key to any successful marketing program, because it is what gives your customer an understanding of your unique personality and a reason to remember you when it is time to buy. It gives your customer the special reason they are looking for to buy from you. 'Positively different' makes the perception of your product better.

Lets take the product that was selling only on price and add Differentiation Marketing. Develop a unique corporate identity with concept driven capabilities and product brochures and you start to build brand preference and position your company as a leader. Develop ads that not only promote economy, but unique features, benefits and quality manufacturing and you begin to build product awareness. Design a high-end identity and package and--all of a sudden--you have raised the perceived value of that product. Follow through by delivering what you promised, when you promised and you build customer loyalty. The difference between this and a typical marketing program is that with every effort you do everything you can to distinguish yourself.

In business-to-business marketing, differentiation is the process of positioning a company, product

or service to avoid confusion with a similar company, product or service. To be different, you need to try new approaches, approaches never before attempted. This involves taking risks, not doing the same things that your competition does. Differentiation Marketing works when brands and products are remembered and purchased.

For marketing to work, brands and products must be remembered.

To be remembered, marketing must be unique.

Being unique means being different.

Benefits and Characteristics of Differentiation Marketing

- Unique Identity

A unique identity is what separates your brand and product from your competition in your customer's mind. When this identity is carried throughout all of your marketing, your customer is less confused about who you are and what your product or service are all about.

- Top of Mind Presence

Before your customers can buy from you, they must remember you. When Differentiation Marketing is done right, you benefit from your company and product or service being more memorable.

- Reason To Buy

Differentiation marketing makes it clear to your customer exactly why they should buy from you-it gives your customer a unique reason to do business with you.

What Are The Characteristics of Differentiation Marketing?

- Big Idea

The "big idea" is the single message that you want your customer to understand. The "big idea" is an important part of what it takes to get your customer to buy from you. Your "big idea" is not your competitor's "big idea", it is uniquely yours.

- Fresh Approach

Now you have to communicate that "big idea." It's not enough just to say it, it's all in how you say it that makes the difference. The best and most effective marketing assumes a new and fresh perspective to deliver the message. Nothing differentiates more than a concept driven, new way of looking at a market. If the "big idea" is communicated in an innovative, interesting and entertaining way, it is more memorable. (see above)

Smart Tips for Downtown Retailers

- Customers prefer to hear a simple 'hello' or 'how are you today?' is an appropriate greeting. Avoid the phrase 'can I help you?' to greet customers unless you feel uncomfortable with their presence.
- When cleaning your sidewalk, a power blower should only be used when no one is around. Dust and debris can be rudely deposited on cars, for example. Use a broom when customers might be around; it's good for the heart and great for your store's image.
- Encourage your customers to browse. If a customer must wait for a particular service (such as gift wrapping), invite him or her to look around instead of standing at the counter.
- The longer a *browsing* customer stays in a store, the more likely they will make a purchase. That type of customer requires a comfortable environment that is not interrupted by a pesky sales person. A *buying* customer, one who knows exactly what he or she wants, requires immediate service. The longer that type of customer stays in the store, the less likely they will become purchasers.
- Never post a hand written sign in your store. It's unprofessional and shows lack of pride. Most computer word-processing programs will allow you to print an attractive temporary sign. If you don't have a computer, call the downtown association for assistance.
- Asking a customer to leave your store to use a restroom is bad business. All customers appreciate a clean, available restroom. The cost of maintaining a clean restroom may be attributed to marketing because of the good will it provides.
- When asked what they appreciate most about downtown, customers generally rank friendliness and customer service above all other features.
- A comprehensive marketing plan will include four strategies: image, positioning, public relations, and advertising.
- Use advertising to inform your customers of sales events, new items, and expanded services. Use public relations as a selling tool of the quality of your goods and services.
- For some downtown businesses, public relations ranks higher than advertising. Use public relation strategies that support your advertising.
- Your store sign is the first message that you send to the approaching customer.
- Effective signs for your store include pedestrian level signs designed for the customer on the sidewalk.
- Window signs draw the eye of the customer into the store. They should be placed at eye level but can also be effective as a lower border.

- Treat glass as if it were a black background. Use light colors or paint a white base behind the lettering or logo.
- Neon signs work well as window signs.
- A traveler's favorite sign is: 'clean restrooms.'
- Blade signs are double-faced signs that protrude from the building. These signs are excellent pedestrian level signs if hung twelve to fourteen feet above the sidewalk.
- Awnings can provide good, cost-effective places for signs as well as add to the quality of the building.
- Awning designs should always be appropriate to the architecture of the building.
- Valance signs can take the place of blade signs. The valance is the material that hangs below the awning.
- A banner is a temporary sign that is best used to advertise special events.
- Colored banners are more effective than white banners.
- Mural signs should only be used near the top of the building.
- Historic signs present a downtown attraction and may serve to promote the business that sponsors the protection of the signs.
- Smaller backlit plastic signs can be as effective as larger signs. Use them with caution as they may look garish on an older building.

Creating a Wayfinding Program

Purpose of the Project

Enhancing signage that will aid motorists and pedestrians. Elements of the project include signage that will function in four categories:

- 1) directional signs
- 2) parking signs
- 3) local attraction signs
- 4) pedestrian oriented signs

Statement of the Problem

Most of the downtown was developed in the early nineteenth century resulting in narrow streets and a complicated system of one-way streets. As a result, wayfinding in the downtown area represents a challenge to visitors who are unfamiliar with the community.

Current directional, parking, attraction and pedestrian oriented signage are inadequate, deteriorated, obsolete, or non-existent. Signage has not been upgraded although parking capacity has been increased along with retail and business activity. Complaints over the condition of the signs and lack of useful signage are commonplace and increasing.

Addressing the Problem

Create a Wayfinding Committee to remedy the problem of wayfinding and signage in the downtown. The wayfinding committee should be a coalition of representatives from the downtown organization, chamber of commerce, CVB, and the city.

Provide a preliminary field analysis of the condition of the current signage to ascertain the scope and depth of the problem. Aim for completing a comprehensive wayfinding system within and around the downtown area.

Project Approach

In order to remedy the poor condition of directional, attraction, pedestrian and parking signage, it is the desire of the participating agencies to seek professional consultation services that will produce specific plans to implement the wayfinding project.

- Initial planning session to determine attractions to be signed
- Three pre-design/planning sessions to review recommendations and obtain feedback.
- Presentation of Rough Draft Plan for comment.
- Final Plan Presentation.
- Articulate the study area to be three sections sequentially expanding to include an outer ring of Tourist Oriented Directional (TOD) signage; entryway signage at the perimeters of West Chester and wayfinding signs (directional, parking, attraction and pedestrian signs) within and around the downtown area.
- Provide information from state DOT and the city or county regarding any planned development and road improvements within the study area that would affect signage plans.
- Obtain any improvement plans related to the construction, improvements and/or demolition of parking areas within the study area.

- Review and summarize regulations regarding placement and posting of traffic and safety signs.
- Inventory and map the existing public parking lots within the study area using available Borough of West Chester information.
- Inventory and map the existing directional signs and parking facility signs within the study area. This task may utilize to a substantial degree an inventory of signage prepared by the downtown organization.
- Describe the existing public parking lots within the study area - (i.e. location, spaces, access points, cost, etc.).
- Determine primary pedestrian travel routes from the existing parking lots to the main streets and attractions.
- Describe and map appropriate arterial, secondary and feeder street usage within the downtown.
- Analyze safety of pedestrian travel routes and recommend any improvements necessary (i.e. crosswalks/hand-mans).
- Determine directional, parking signage and attraction signage placement and or replacement to be recommended throughout the downtown study area.
- Map the proposed directional, parking signage and attraction signage proposed throughout the study area (maximum of three scenarios).
- Prepare a report of findings discussing the results of applied tasks.

Project Results and Deliverables

Final Report deliverables should include:

- Recommended sign style to be used for directional, parking, attraction and pedestrian signs.
- Plans showing proposed location of all new directional, parking, attraction and pedestrian signs.
- Cost estimate for purchase and installation of recommended sign program.
- Plan and inventory of signs recommended for removal.

Implementation Approach

The West Chester Wayfinding Project implementation approach will be to retain a consultant to work with local officials to develop and design a comprehensive wayfinding plan. The process to be used will include several public meetings to solicit input for the plan. Following completion of the comprehensive wayfinding plan a concerted effort will be made to acquire implementation funding. The Wayfinding Committee will monitor and oversee the implementation of the project. The final project deliverable will be a plan for the installation of the following items:

- Directional signs
- Parking signs
- Local attraction signs
- Pedestrian oriented signs

Public and Private Sector Involvement

List contact information of all agencies that are principle proponents of the Wayfinding Project.

Windows are the Eyes of Downtown Smart Tips for Downtown Retailers

- Storefront window displays are the most cost effective form of advertising available to a main street retailer.
- People tend to judge the downtown by the quality of the window displays.
- Window displays are not just for retailers. Melvin Belli, the famous San Francisco attorney, had an opulent, after-hours display of his office.
- Successful window displays should be designed much like a newspaper ad; they should promote one category at a time, be easy to look at, and be free of clutter.
- The intention of a good window display is to draw the customer into the store.
- Customers spend an average of three seconds viewing a window display. Your message should be conveyed in that amount of time.
- Advertise your store after hours by lighting your window displays. Use a timer for late night shutoffs.
- Incandescent track lighting works better for window displays than fluorescent lighting.
- Well-lighted windows promote the feeling of safety downtown.
- Good window displays promote interest and browsing downtown.
- Unless you are promoting your selection of Diptera, remove all dead flies from your window.
- Avoid taping posters and announcements on windows. Use a bulletin board for this purpose.
- Live mannequins are effective as an attention grabber, but only if they are pretending to be real mannequins.
- Have you washed your windows today?

Signs for People

Tertiary market retail businesses are dependent upon browsing pedestrian traffic. To enhance this traffic, signage developed for the pedestrian is essential. Blade signs, window signs, and valance awning signs are the most cost-effective way of achieving this.

- Blade signs should be placed no more than twelve feet above street level.
- Window signs should be at eye level (or *lower*).
- Valance signs are about eight feet above the sidewalk.

Having a variety of pedestrian oriented signs will add to the visual interest of downtown.

Retail In Its Natural Environment

by Malcolm Johnstone

You may think that the retail experience begins soon after the customer has entered the store. The truth is, the customer has already gained most of his or her impressions several yards before crossing your threshold. These impressions are gathered from the condition of the outside environment surrounding your storefront. Customers pick up quite a bit of information from this environment. It tells them how long they can stay, how comfortable they can be, and how much value might be in the merchandise they are seeking.

Imagine that the new customer is like a new friend coming to visit you in your neighborhood. To your new friend, this may be an unfamiliar neighborhood that presents challenges that you no longer have to consider. Where to park? Is it safe? Are there special rules? Will this be an interesting experience? If customers can easily gain answers to these questions, their comfort level will go up and they'll have a good shopping experience. If a customer is confused, he or she may hesitate. A sale may be lost. An opportunity goes elsewhere.

There are three basic concerns that we all share when we enter an environment that's new to us. Those concerns are: our safety, our comfort, and our desire to receive good value for the money we spend.

When we think of our safety, it's not just the crime factor that we're concerned about, although that becomes more important at night or in an enclosed area like a parking garage. We are also concerned about traffic when we cross a street or the possibility of tripping on broken pavement. Surveys have shown that Oregonians value their personal safety highly and are very concerned about crime issues. If a customer does not feel that they can get from their car to a storefront safely or can stroll from store to store without worry, they are less likely to use that commercial area. Corporate mall developers spend more money than ever on security to achieve the appearance of safety for customers.

When we think of comfort, we think of places for customers to rest, availability of restroom facilities, and the feeling that the design of the commercial area is at a human scale. This means that structures should not appear overly large or imposing. Signs should be placed at eye level so that they may be easily seen by people walking by. There should be lots of window displays that create visual interest. Trees and landscaping give a feeling that the environment was designed for the enjoyment of customers. When customers feel comfortable about the environment they're in, they tend to linger longer and spend more money.

The desire to receive good value for the money we spend is reflected differently in each customer. Our desires and needs vary depending on our attitude toward a given product. Perhaps price is most important when we need an item only to fulfill a certain function. Value becomes important when an item becomes a regular part of our lives. Either way, we examine the environment for clues on how the products and service will meet our expectations long before we've had a chance to examine the actual merchandise.

Retailers have much more control over the immediate environment than they think. After all, the retailer is a customer to the landlord. It is the landlord's job to keep his or her customers happy and rent paying. Part of that job is to provide a safe and comfortable environment for the customer. In a corporate mall situation, this is paid for through common area charges levied through the rent structure (the common area being the environment we've been discussing). If you watch how customers use the common area, you may find that there is not the level of comfort or convenience that might be desired. Simple design changes such as creating clearly marked pathways to parking areas or well-maintained information kiosks creating a positive sense of the area to customers. They may visit more often or stay longer. When that happens--that is, when customers are using the commercial area beyond just the necessary shopping excursions--then there are more opportunities for sales.

Try to look at the retail environment around your store as a customer might see it. Correct anything that might need fixing. You'll have a happier customer for it.

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Real Places

Progress should not have to imply the destruction of uniqueness. In fact, it may be that preserving cultural uniqueness can provide both a humanity and a competitive economic edge as the next century approaches. Ruby Lerner, Not By Bread Alone

A livable community, authentic places, real towns, what are they? Whose definition do we use? Rather than a statistical analysis or top ten list, let us look at what distinguishes a truly distinct place and the use of such features in our economic development activities.

"We are a unique town with friendly people" is the prevalent response when city officials, main street programs, economic development agencies and chambers of commerce are asked to describe their community. Such statement only separates you from "non-unique towns with unfriendly people" and I have yet to read that slogan on any letterhead or entry sign. Unique is defined as being the only one of its kind. We must delve deeper to identify and articulate the distinguishing features in our communities. These are the physical features, history and stories to be enhanced through appropriate development activities to create a distinct identity and economic success.

In economics, it is the differentiated product that commands a monetary premium. How is my town different than anywhere else in the world? How can we distinguish ourselves from the generic wave sweeping across the country? Begin the local assessment by evaluating the following elements in your town:

- _ artistic
- _ scenic
- _ architectural
- _ natural
- _ historical
- _ ethnic
- _ literary
- _ culinary
- _ musical
- _ cultural

Cultural development has become a major focus for making economically successful communities. Missouri seeks to help communities identify and develop the characteristics that make them special through the Missouri Cultural Tourism Development Act (Senate Bill 954) that was introduced during the past legislative session. The goal is to increase tourism revenues and enhance appreciation of the variety of cultural experiences available in Missouri. The bill was passed by the Senate and reported do pass by the House Tourism, Recreation & Cultural Affairs Committee. The legislative session elapsed before a final vote could be brought up. It is believed the Missouri Cultural Tourism Development Act will be introduced again next year.

"Any city that tries to do something that just attracts tourists becomes a phony city, and all of a sudden it isn't fun for tourists because tourists like reality".

Mayor Joe Riley, Charleston, South Carolina

Why aren't specific development strategies utilizing our cultural heritage to create distinct places adopted and implemented? Yes, they are effective and economically sound but they take more time, awareness, understanding and hard work than rezoning parcels of land at the intersection of two roads. Development projects need not try to win popularity contests nor should they try to appeal to the lowest common denominator.

A recent National Trust for Historic Preservation article, *A Dozen Distinctive Places for Americans to Go this Summer* identifies towns and cities meeting their criteria of well-managed growth, a dynamic downtown, a commitment to historic preservation with a protected historic core and meaningful context, interesting and attractive architecture, cultural diversity, an economic base of locally owned small businesses, and walkability for residents and visitors. Ranging in population from 478 to 103,000, these cities and towns all possess economic viability, aesthetic appeal and a sense of place. (The article is at www.nthp.org/main/frontline/distinctive.htm)

Distinct towns are also places with public art and incorporate art in public amenities. Art is not just galleries, museums and upper floor loft developments. Visually pleasing artistic elements can be incorporated in manhole covers, kiosks, crosswalks, directional signs, banners, sidewalks, utility boxes, trash receptacles, landscaping, highway overpasses, benches and parking garages. Functional elements can and should reinforce local heritage. Have you seen the creative landscape design in downtown Fort Worth or the Adams Avenue district banners in San Diego or the parking garages with first floor retail shops in Cambridge, Massachusetts and San Luis Obispo, California? Visit Blue Springs and Chesterfield for recent examples of aesthetically pleasing highway design improvements. See New Mexico for a statewide system of highway design incorporating artistic components. These projects are occurring across America and it is time we implement such projects in Missouri. Focus on authenticity, reinforce your identity, differentiate your product, create a sense of place and reap the economic benefits.

Many communities that will prosper in the future will do so because they have created an authentic environment, a real place, that is more attractive to the growing market who has the economic means, choice and ability to live anywhere they want.

Randy Gray is a member of the City of Columbia Cultural Affairs Commission, the Main Street Coordinator with the Missouri Department of Economic Development, on the board of directors for the Missouri Downtown Association and a native of the Show-Me-State. The views expressed do not necessarily reflect the position or policy of the Missouri Department of Economic Development.

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