

First City Central Marketplace & Bistro

Concept Plan

Presented to:

Oregon City Urban Renewal Agency
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Prepared by:

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916 Main Street
Oregon City

1 – PROPOSAL

First City Central, a dba of First City Cycles, LLC, a limited liability company organized in the State of Oregon, located at 916 Main Street in Oregon City, is proposing to enter into a strategic partnership with Oregon City’s Urban Renewal Agency to occupy the Amtrak Train Depot at 1757 Washington Street with the intent to operate a for-profit tourism-oriented business.

2 – GOALS

The goals of the First City Central project are as follows:

- To promote tourism in Oregon City
- To promote cycle tourism in Clackamas County
- To provide entrepreneurial opportunities for local start-up companies
- To encourage OCHS and CCC student entrepreneurship experience
- To showcase the products and services of Oregon City businesses

3 – CONCEPT

First City Central will provide a unique “marketplace” setting for Amtrak riders, tourists, shoppers, diners, and cycling enthusiasts and will include the following features:

- **Amtrak Service** – Amtrak riders will be provided a convenient waiting area and opportunities to eat, drink, shop, and browse exhibits and displays while waiting for arrivals and departures. Ticket and baggage services may also be provided subject to Amtrak approval.
- **Marketplace Opportunities** – Oregon City businesses will be able to showcase their products and services in a unique marketplace setting. Tourists will enjoy local desserts, pastries, craft brews, and wine tasting while shopping for gift items, interacting with entertaining exhibits, and browsing historical displays. The marketplace will also be a place where budding entrepreneurs can test their ideas while gaining valuable experience before launching their companies. Also, during the spring and summer months, the walkways and platforms around the depot may be used to create a “Saturday Market” atmosphere with a variety of vendor booths (subject to applicable rules and codes, etc.)
- **Idea Exchange** – Cycling enthusiasts will be able to talk, strategize, and plan together with bicycle advocacy and tourism representatives. The south end of the depot will feature a map room with wall maps from floor to ceiling along with wi-fi internet access for trip-planning and research. Together, the map room and the marketplace will foster an environment where ideas about cycling and cycle tourism can be readily exchanged and acted upon.

4 – Target Markets

Following are four specific consumer groups that will be targeted. Each group will require a slightly different marketing strategy. Although all of these groups are important, the cyclist market will be the top priority. Focusing on cycling and cycle tourism will allow First City Central to capitalize on Portland's worldwide reputation for bicycle-friendliness as well as state- and county-level investments promoting cycle tourism in recent years.

- **Visitors** – This group includes folks from out of town visiting Oregon City for a variety of reasons—family gatherings, special events, court hearings, and business meetings. Having unique places to take visitors is important to Oregon City residents. Creating an entertaining “must see” marketplace is a top priority for First City Central which will require a marketing mix that includes press releases, local events, and advertising through a variety of media channels.
- **Tourists** – This group includes those who are visiting Oregon City to visit its historical sites. There is also, as indicated above, growing demand for cycle tourism in the Portland area; so much so, that both Travel Oregon and Clackamas County Tourism recently sponsored a six-city workshop series exploring ways to promote cycle tourism in our county. Attracting cycle tourists to Clackamas County will be a top priority for First City Central and will require marketing cycling tour packages and local rides on travel and tourism websites, magazines, blogs, and at regional cycling events.
- **Cyclists** – This group includes local cycling enthusiasts that are part of bicycle clubs, advocacy groups, or special riding disciplines (Triathlon, mountain bike, or BMX). Over the past 5 months, enthusiasts visiting the First City Cycles store in Oregon City have expressed strong interest in having a place in Clackamas County where they can enjoy a favorite snack or beverage after a ride and exchange stories and ideas about their adventures. To attract this group, First City Central will need to market itself on club websites, cycling blogs, advocacy group websites, at cycling-friendly businesses, and at cycling events.
- **Local Patrons** – This group includes 70,000+ people from the Oregon City and surrounding towns and hamlets that are looking for a unique place to visit and meet with friends or business associates. In order to attract this group, First City Central will need to provide a positive experience that will spread by word of mouth. We believe the marketplace atmosphere along with bicycles, trains, interesting displays, interactive exhibits, and elevated views from the outdoor patio will encourage loyal patronage.

5 – BUSINESS OPPORTUNITY

Our management team believes this is the right time and the right place for a project like First City Central in Oregon City:

- **Improved U.S. Economy** – The economy is slowly improving which is good news for tourism. In November 2012, BusinessInsider.com reported: *“The uncertainty surrounding the fiscal cliff has hurt business sentiment, but this should rebound in mid-2013. GDP growth should pick up in 2014 and 2015 boosted by housing and business investment.”*
- **Improved Retail Trends** – In December 2012, Kiplinger Magazine reported: *“Look for retail sales growth to fall off at the beginning of the year, but expect 2013 retail sales to tally about 5% higher than 2012 sales. Robust growth in the second half will offset the slow start to the year.”*
- **Oregon City Tourism** – Oregon City may soon become a regional and national tourist destination. With the possibility of public access to Willamette Falls and the locating of Cabela’s Outdoor store on the Rossman landfill, Oregon City has the potential to draw tens of thousands of tourists to its city (and through the First City Central marketplace) each month. Additionally, city leaders and private developers have been investing millions in Oregon City’s Main Street area which one Metro newspaper dubbed, “the Pearl District of Clackamas County”.

Regarding Oregon City’s natural and historical features, the Mt. Hood Territory website said it best: *“Overlooking thundering Willamette Falls, Oregon City lures you with its authentic heritage, unique natural setting, and a bustling Main Street. Explore Oregon’s first capital by trolley. Catch the view from atop the municipal elevator then stroll the Promenade to the home of Dr. McLoughlin, Father of Oregon. The old and the new co-exist in a community where restaurants and art, recreation and culture, shopping and bike paths sit side-by-side. Discover Historic Oregon City!”*

- **Cycling & Cycle Tourism** – According to a National Sporting Goods Association 2010 Survey, only 12 sports have shown a positive 5-year trend in increased participation since 2006; bicycle riding came in at a healthy 11.8% rate of growth. Also, Travel Oregon and Clackamas County Tourism have identified cycle tourism as a priority and have invested significant resources to capitalize on this growing sector. The goal of the train depot project will be to make First City Central the epicenter of cycling and cycle tourism in Clackamas County and beyond.

The following services will be available to support the cycling tourism community at the Oregon City train depot:

- **Local Tour Packages** – The train depot is a great destination for cyclists and cycling groups to stage overnight tours to Government Camp on the old Barlow Trail; to Champoeg Park; to McIver Park; to the Columbia Gorge; to Mount St. Helens; or to Astoria. If tourists are looking for day trips, they can take the train to Portland and enjoy pedaling to the Zoo, the Japanese Gardens, Forest Park, and the Pearl District before catching Amtrak back to Oregon City.
- **Regional Tour Packages** – Tourists can board the Cascades train with their bikes and travel to Eugene, then pedal to Cottage Grove for the Six Covered Bridge Tour. They can also take the train to Seattle, and then pedal back to Portland (or vice versa). They can also take the train to Seattle, then island hop on the ferries through the San Juan Islands.
- **Bicycle Rentals** – Visitors will be able to rent bikes and pedal to downtown Oregon City, shops, dine, and then take the elevator to historic homes. Alternatively, they may choose to pedal through the Cove and pick up the Trolley Trail in Gladstone. If they're up for the ride, they can take the Trolley Trail as far as Oak Grove, or Milwaukie, or all the way to Portland to ride the Waterfront loop. Then they might eat dinner and catch the Amtrak Cascades line back to Oregon City.
- **Weekly Group Rides** – Cyclists can meet on Sunday mornings and Sunday afternoons at the depot to join guided group rides around the Oregon City area. Rides will include the Trolley Trail, Oregon City parks, Oregon City wineries, and the Willamette River ride through West Linn to Lake Oswego Pointe. These rides are great fun, good exercise, a way to build relationships.
- **Bicycle Education** – The depot will be a fun place for kids and adults to come explore and learn about the history and benefits of cycling. They'll also be able to pedal a bicycle-powered blender to make a smoothie, or spin on a bicycle-powered gyro chair, or attend a bicycle repair workshop.
- **Community Events** – The depot will be used as a staging area for a number of different cycling-related events.
- **Increased Amtrak Ridership** – In 2011, daily ridership between Salem and Portland on Amtrak increased more than 22 percent to 24,146 boardings, making it the rail carrier's fastest growing West Coast corridor. Amtrak Cascades offers a non-stop, 20-minute ride to Portland's Union Station—much faster than any TriMet bus or Max light-rail service. It's also less expensive at \$65 for a monthly pass (\$2.14/day). There is a dining car, which offers a variety of items including beer and wine. The train also offers free wi-fi. The Oregon Department of Transportation's rail division has also purchased two Talgo train sets that arrived this summer (2012) using \$36.6 million in federal stimulus money. Ridership at

the Oregon City station was 9,165 in 2011. (By comparison, some 330,000 riders boarded and alighted TriMet's 16 daily WES commuter rail trains at the Beaverton Transit Center during the same period).

Currently no amenities or services are available to Amtrak Cascades riders at the Oregon City depot. The Cascades line travels between Eugene and Vancouver, BC with three northbound stop in Oregon City per day in the morning and two southbound stops per day in the evening. (Note: The Coast Starlight line from Los Angeles to Vancouver, BC also passes through the Oregon City station, but does not stop.) Following are the current arrival and departure schedules of the Cascades line:

Northbound

Train	Depart	Route
500	7:32am	Eugene-Portland-Seattle
504	10:54am	Eugene-Portland
506	12:15pm	Portland-Seattle

Southbound

Train	Depart	Route
507	6:36pm	Seattle-Portland-Eugene
509	9:31pm	Seattle-Portland-Eugene

6 – OWNERSHIP & MANAGEMENT

First City Central will be a dba of First City Cycles, an Oregon limited liability company solely owned by Blane Meier, MBA. (See attached profile)

First City Cycles will hold the Urban Renewal Agency master lease. Marketplace Members (See 'Marketplace Members' below) will be charged a space fee based on the amount of floor space used. This flooring fee will be used to cover shared expenses at the Marketplace. (See 'Revenues & Expenses' below)

Payroll tax calculations for shared employees will be provided through a third-party payroll service. Payroll checks will be issued semi-monthly on the 5th and the 20th.

No benefits will be offered shared employees until pre-determined revenue targets have been met.

A more detailed business plan will be prepared and presented once the Oregon City Urban Renewal Agency has approved this concept plan.

The First City Central executive management team will consist of the following individuals along with selected Strategic Partners and Marketplace Members to be determined:

- Blane Meier, MBA – Owner, First City Cycles
- Rick Hanberry – Store Manager, First City Cycles
- AdAm Beykovsky – Sales & Marketing Manager, First City Cycles
- Krishna Muirhead – Service Manager, First City Cycles
- Select Strategic Partners (To be determined)
- Select Marketplace Members (To be determined)

7 – STRATEGIC PARTNERS

Strategic partners will serve in an advisory capacity with respect to tourism and cycling. Other strategic partners will help provide valuable business advice to Marketplace Members (see “Marketplace Members” below).

Representatives from each organization will be identified and added to the First City Central database. Each representative will be invited to participate in planning meetings and will be sent copies of meeting agendas, minutes, and planning documents. Following is a list of possible partners:

(Note: Not all of those listed below have been invited to become strategic partners. Those that have been invited, however, responded favorably. Formal agreements outlining roles, responsibilities, and expectations need to be created.)

- First City Cycles
- Amtrak
- Oregon City Urban Renewal Agency
- City of Oregon City / Economic Development / Parks & Rec. / Transportation
- Oregon City Chamber of Commerce
- Buy Local Oregon City
- Main Street Oregon City
- Travel Oregon
- Clackamas County Tourism
- Oregon City Trail Alliance (OCTA)
- Bicycle Transportation Alliance (BTA)
- Northwest Trail Alliance (NWTa)
- International Mountain Bike Association (IMBA)
- Lewis & Clark Bank
- Oregon Brewers Guild
- Three-Rivers Art Guild
- CCC Small Business Development Center
- Oregon City Business Alliance

8 – MARKETPLACE MEMBERS

Marketplace members are vendors who agree to showcase their products and services for First City Central visitors and patrons, and who agree to the terms and conditions set forth by the First City Cycles management team.

By allowing local vendors to showcase their representative products, shoppers will be encouraged to visit the vendor's full line of products and services at their brick & mortar stores or on their websites.

(Note: Not all vendors have been invited to become marketplace members. Those that have been invited, however, responded favorably. Formal agreements outlining roles, responsibilities, and expectations need to be created.)

- First City Cycles
- Oregon City Trail Alliance
- Skalawag Skateboards
- Oregon Brewers Guild
- Moore Coffee Please
- Wrightberry's
- Christopher Bridge Winery
- King's Raven Winery
- St. Josef Winery
- Green Grocer
- My Mother Knows
- Abernethy Catering
- Quality Farm Toy & Hobbies (Trains)
- Forte Floral Artistry
- You Can Leave Your Hat On
- J & L Crafts
- Three Rivers Art Guild
- Oregon City Sporting Goods
- Oregon City Golf Club
- SmALL Flags
- Other vendors to be determined

9 – PRODUCTS & SERVICES

The products and services offered at the First City Central marketplace will depend on the mix of Marketplace Members. The following list of products and services is subject to change.

(Note: Not all of those listed below have been invited to become strategic partners. Those that have been invited, however, responded favorably. Formal agreements outlining roles, responsibilities, and expectations need to be created.)

Marketplace Member	Products	Services
First City Cycles, LLC	Bicycles, accessories, apparel	Bike rentals, tours, repairs
Oregon City Trail Alliance	Maps	Map room, internet access
Skalawag Skateboards	Skateboards, scooters, razors	Lite repairs
Oregon Brewers Guild	Small local craft brews	Beer making classes
Moore Coffee Please	Coffee and specialty drinks	
Wrightberry's	Desserts	
Wineries	Wines	Wine tasting classes
Green Grocers	Natural snacks	
My Mother Knows	Gift items	
Abernethy Center		Special events catering
Quality Farm Toy & Hobbies	Model trains	
Forte Floral Artistry	Flowers	
You Can Leave Your Hat On	Hats	
House of Calabash	Cigars & pipe tobacco	
J&L Crafts	Candles	
Three Rivers Artist Guild	Paintings & sculptures	
Oregon City Sporting Goods	Team shirts, hats, etc.	
Oregon City Golf Club	Gift Certificates, accessories	
smALL Flags	Flags	
Tourism organizations	Maps, books, etc.	
Amtrak	Tickets	Waiting area, baggage service

10 – STOREFRONT LAYOUT

The train depot is approximately 1900 square feet. It is currently divided into two halves north and south. The depot is undergoing renovations to remove non-load bearing walls in order to connect the two halves and to create a larger open space at the north end. This north-end space is about 1200 sq. ft. and will be used to house the First City Central marketplace.

The south-end of the building will be used to house the Oregon City Trail Alliance and various representatives from bicycle advocacy groups and tourism organizations. This space will be used to serve cycling community and to support cycle tourism.

North End

The north end will include the following features:

- Comfortable waiting area with informational displays for Amtrak riders
- Restrooms and drinking fountain for bottle refills
- Community bulletin board for local activities and cycling events
- Oregon City and Mt. Hood Territory tourism information
- Snack bar with desserts, cold sandwiches, coffee, and pedal-powered smoothies

- Featured local craft beers and wine tasting
- Education display: “Bike Science—Evolution to Revolution”
- Bicycle-themed lounge with couches, TV-DVD, books, maps, art, etc.
- Small retail space for bicycles, accessories, and minor repairs
- Brochures re bicycle group rides, overnight tours, and train packages
- Brochures re First City Cycles bicycle rental program

South End

The south end will include the following features:

- Map room with web access for trip planning and information exchange
- Office and meeting area for the Oregon City Trail Alliance and representatives from various cycling advocacy groups and tourism organizations
- Meeting area for organizing group rides and storing supplies and gear
- Kitchen area for organizing food service for group rides
- Showers for touring cyclists

11 – HOURS OF OPERATION

If service is to be provided to Amtrak Cascades riders, the Marketplace hours of operation will need to be from 7:00am to 10:00pm, Monday through Sunday. This poses a challenge for the management team because customer counts and sales revenues will not support such labor costs (15 hours per day, 7 days per week) for the first few years of operation.

Following are possible remedies:

1. Marketplace Members agree to cover specific hours as follows:
 - Coffee vendor 7:00am to 11:00am (4 hours)
 - Bicycle shop 11:00am to 6:00pm (7 hours)
 - Brewers guild 6:00pm to 10:00pm (4 hours)
2. Senior citizen volunteers agree to assist with Amtrak services
3. Amtrak agrees to subsidizes labor costs for certain hours of operation

12 – REVENUE & EXPENSE PROJECTIONS

Revenues

Each marketplace member will be responsible for handling their own inventory and tracking their own revenues and expenses. To cover shared Marketplace costs, First City Central will charge a monthly space fee based on the amount of floor space used. (Other metrics may also be needed).

Another revenue strategy to consider would be to charge an additional fee based on a percentage of sales. If a percentage strategy is used, then Members may be required to enter inventory items into the POS system for tracing purposes. At the end of each month, revenue reports would then be provided to each member along with an invoice for payment to First City Central. Since this process will be more complicated and more labor intensive, it may be advisable to simply use the space fee arrangement and to let each member track their own inventory and sales revenues. However, if a percentage fee arrangement is used, then space fees will be lowered accordingly.

Space Fee Assumptions:

- The following space fees are based on an estimate of monthly shared Marketplace expenses in the first 12-months of operation with and without rent.
- These fee amounts are averages. Some Members will be charged more and some less depending on the amount of floor space used at the Marketplace. (See 'Expenses' below).
- Space fees are also based on assumed rent and triple-net rates that have not yet been discussed or agreed upon by the Urban Renewal Agency.

Monthly Fees Based on 10 Members

With shared rent expense	\$ 550
Without shared rent expense	\$ 400

Monthly Fees Based on 8 Members

With shared rent expense	\$ 700
Without shared rent expense	\$ 425

Monthly Fees Based on 5 Members

With shared rent expense	\$1,100
Without shared rent expense	\$ 700

Monthly Fees Based on 3 Members

With shared rent expense	\$1,800
Without shared rent expense	\$1,200

The challenge for the management team will be to recruit a sufficient number of Members to cover monthly shared Marketplace expenses.

Secondary sources of funding may be the following:

- Booth fees for non-Member vendors at outdoor special events
- Grants and donations to the Oregon City Trail Alliance
- Amtrak subsidies
- Donations from bicycle advocacy and tourism organizations

Expenses

As indicated above, each Marketplace Member will be pay a space fee based on the amount of floor space used. These fees will help cover the following shared expenses:

- Fixed expenses paid to the URA each month such as rent, common area maintenance, insurance, and property taxes
- Variable expenses such as utilities, security, internet, and advertising.

Each member will be responsible for their own costs related to “member-specific” furnishings, equipment, decorations, signage, inventory, supplies, and insurance. (Each member will be required to purchase liability insurance above and beyond the liability insurance carried by First City Central.)

Strategic Partners who stand to benefit financially and otherwise from this project will be asked to provide cost concessions in the first 6 to 12 months of operation.

- First City Cycles will cover shared labor costs throughout the build-out phase as well as the first 6 months of operation with the understanding that, should revenues exceed pre-determined milestones then expense carve-outs will apply.
- The Oregon City Urban Renewal Agency will cover rent costs during the first 12 months of operation with the understanding that, should revenues exceed certain pre-determined milestones then expense carve-outs will apply. For example, in the first 12 months of operation, First City Central will likely need to subsidize operations from its capital account until sufficient sales momentum is achieved. If, however, revenues from operations cover monthly expenses for 3 consecutive months and a reserve account has been funded in the amount of \$10,000, then monthly rent payments to the URA will commence immediately.

The following projections are based on estimated expenses listed below:

12-month expense projection <u>with rent</u> :	\$66,216
12-month expense projection <u>w/o rent</u> :	\$47,976

Preliminary Budget

Expense Item	Monthly	Annual
Rent @ \$0.80/sf (\$9.60 annualized)	\$1,520	\$18,240
NNN @ \$400/mo	\$ 400	\$ 4,800
Insurance	\$ 100	\$ 1,200
POS services	\$ 30	\$ 360
Security services	\$ 125	\$ 1,500
Loan payments	\$1,000	\$12,000
Phone / internet service	\$ 150	\$ 1,800
City water, sewer, PMUF	\$ 75	\$ 900
PGE (Average)	\$ 200	\$ 2,400

Garbage & recycling	\$ 80	\$ 960
Restroom supplies / rag service	\$ 25	\$ 300
Advertising & promotion	\$ 300	\$ 3,600
Shared labor costs (gross)	\$1,213	\$ 14,560
Shared ER payroll tax	\$ 158	\$ 1,896
Shared payroll services	\$ 50	\$ 600
Miscellaneous	\$ 100	\$ 1,200
Total:	\$5,518	\$66,216

13 – START-UP COSTS

The following First City Central start-up budget is preliminary and assumes a capital account with enough funds to cover at least 6 months of major operational costs like rent, insurance, utilities, and shared labor.

Estimated 12-month expenses: **\$60,000**

Expense Item	FC Central
Tenant Improvements	\$10,000 ¹
Furnishings & fixtures	\$3,000 ²
Exhibits & decorations	\$5,000 ³
Security	\$3,000 ⁴
POS System & PCs	\$3,000
Phone system	\$2,500
Internet / cable system	\$2,000
Loan fees	\$2,500
Professional services	\$1,000 ⁵
License & fees	\$1,000 ⁶
Signage	\$3,000
Supplies	\$1,000
Insurance (6-mo reserve)	\$1,000
Shared labor (6-mo reserve)	\$8,000 ⁷
Utilities (6-mo reserve)	\$3,000
Rent (6-mo reserve)	\$9,000
Contingency fund	\$2,000
Total:	\$60,000

- 1 Improved security in storage area beneath depot, electrical work, etc.
- 2 Tables, chairs, displays, racks, rugs, lamps, track lighting, etc.
- 3 Historical displays, photo enlargement & mounting, interactive exhibits, etc.
- 4 Alarm and camera system w/ monitoring and recording equipment
- 5 Attorney, bookkeeper, CPA, etc.
- 6 Business license, signage fees, etc.

- 7 One PT employee to fill in 4 hours per day, 7 days a week for \$10/hour (\$40/day; \$280/week; \$1,213/month; \$14,560/year + 12% payroll expense \$1,900 = \$16,460/year total shared labor cost)

14 – FINANCING

Once the URA has approved the First City Central concept plan, it will be circulated among local banks and credit unions to solicit support for the project.

15 – NEXT STEPS

To assure a successful soft opening on April 1, 2013, it is critical for the first 2 of 9 phases be achieved by January 31, 2013. (See all phases listed in the chart below.)

Phase One: Urban Renewal Agency approval – The URA to sign a good faith agreement authorizing First City Central to develop a business plan approved by the CCC Small Business Development Center and promising to abide by mutually agreed-upon rent concessions and carve-out provisions, as well as other terms and conditions yet to be determined.

Phase Two: Business Plan Development – First City Central management team to gather planning inputs and feedback from Strategic Partners and Marketplace Members, and to work with the CCC Small Business Development Center to review and approve actionable business plan.

Phase	Action	Responsible	Target Date
One	Concept approval	Urban Renewal Commission	December 2012
Two	Business plan development	First City Cycles (FCC)	January 2013
Three	Vendor & lease agreements	First City Cycles (FCC)	February 2013
Four	Financing arrangements	First City Cycles (FCC)	February 2013
Five	Storefront build-out	FCC w/ FC Central Group	February 2013
Six	Inventory build-up	FCC w/ FC Central Group	March 2013
Seven	Staff recruiting & training	FCC w/ FC Central Group	March 2013
Eight	Marketing & soft opening	FCC w/ FC Central Group	April 2013
Nine	Grand opening event	FCC w/ FC Central Group	September 2013

16 – AGREEMENTS TO BE PREPARED

The following agreements will need to be prepared in the coming months:

- Strategic Partner Agreement
- Marketplace Member Agreement
- URA Concession and Carve-Out Agreement
- URA Lease Agreement

17 – CONTACT INFORMATION

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