

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. 07-038

Approving the East County Justice Facility Project Plan that Creates a Capital Project and Directing Facilities to Proceed with Site Acquisition, Negotiation of an Agreement with the City of Gresham, and Implementation of the Design and Construction Process

The Multnomah County Board of Commissioners Finds:

- a. In accordance with resolution 07-024 and FAC-1 procedures, the Facilities and Property Management Division have completed a Project Plan for an East County Justice Facility.
- b. The Project Plan establishes a comprehensive scheme for an East County Justice Facility project by formalizing the full project scope through a development plan, operational/capital funding strategies, and a site acquisition plan.
- c. The Facilities and Property Management Division is recommending the County establish an East County Justice Facility capital project and direct staff to proceed with implementation of the design and construction process as outlined in the Project Plan and FAC-1.

The Multnomah County Board of Commissioners Resolves:

1. The attached East County Justice Facility Project Plan is approved.
2. The Facilities and Property Management Division is directed to proceed with acquisition of a site in Gresham in accordance with the Project Plan and existing County procedures and requirements.
3. The Facilities and Property Management Division, in conjunction with the County's Finance Division and County Attorney, are directed to complete negotiations and finalize a partnership agreement with the City of Gresham. Upon legal approval the Chair is authorized to sign the agreement.
4. The Facilities and Property Management Division is directed to implement the design and construction process as provided in FAC-1. Board approval shall be obtained no later than July 2007 prior to solicitation of bids or proposals for construction.

5. Facilities and Property Management is directed to further examine the potential to expand facility design to include the potential for LEED Gold certification in addition to the plan's LEED Silver recommendation. Board will consider cost benefit analysis and final LEED direction prior to final approval of construction contract.

ADOPTED this 22nd day of February, 2007.



BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON



Ted Wheeler, Chair

REVIEWED:

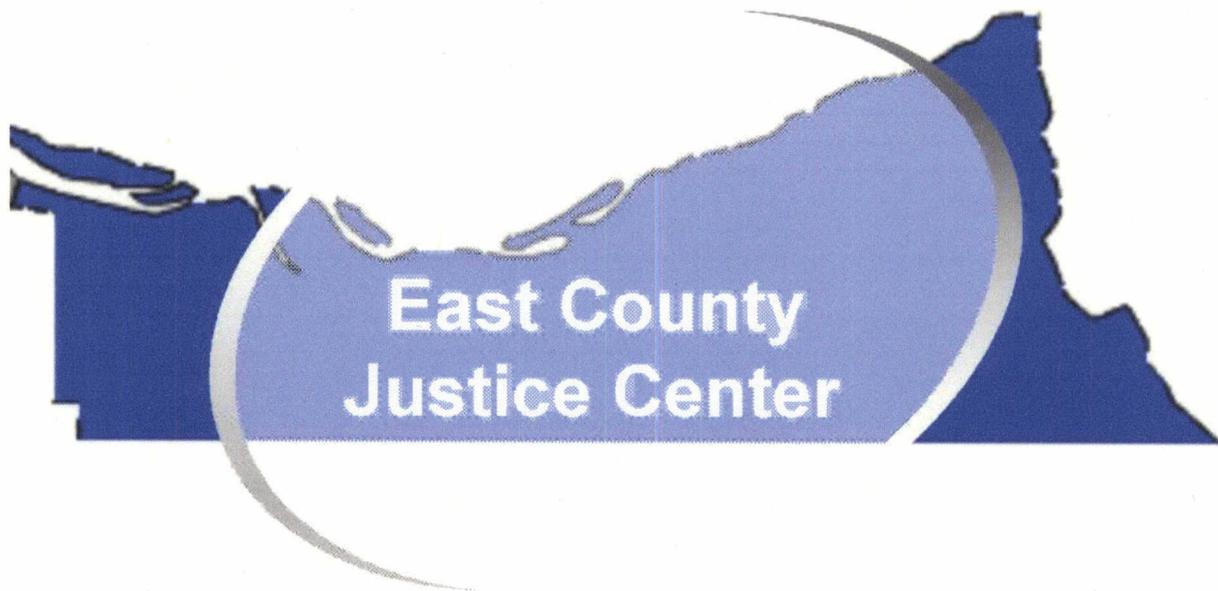
AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By 

Agnes Sowle, County Attorney

SUBMITTED BY:

Lonnie Roberts, Commissioner District 4



Project Plan

Prepared by:
Facilities & Property Management Division
February 22, 2007



Asset Management Section
Facilities & Property Management Division
Department of Business and Community Services
Multnomah County, Oregon



I. Introduction

Executive Summary
Main Objectives
Design Goals

II. Development Plan

Project Scope
Project Management
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III. Siting Plan

Siting Process
Community Involvement

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Operational
Capital

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County Planning Process Overview
Resolution 07-024
PAO Summary on 7/2005 siting meeting
PAO Summary of 2/2007 siting meeting
2004 Rockwood Market Analysis by Marketek



Executive Summary:

Multnomah County is committed to making an investment into East County, their built environment and the public safety system. An East County Justice Center provides an opportunity to create a new public safety facility in East County that will combine complimentary functions and meet these substantial goals.

The building concept includes combining the State Courts, the District Attorney, the Sheriff, and City of Gresham Police under a single roof. This is an attempt to co-locate multi- jurisdictional functions and is expected to provide both operational as well as capital savings for the County, State of Oregon, and City of Gresham.

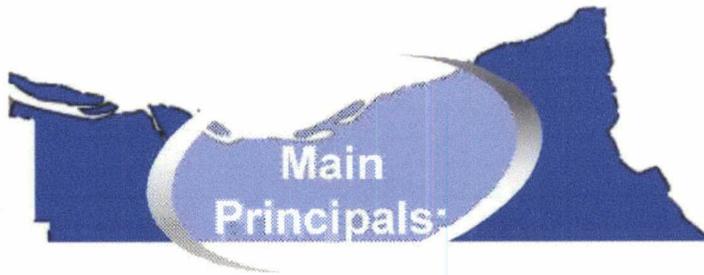
The concept has been following the County's Capital Planning Process FAC-1 Administrative Procedure. Since this is the first capital project to go through the process it has been both a learning experience and a challenge. This report is the last of the three step planning process and lays out the Development Plan, Siting Plan and Funding for the project. It is important to note that all three steps need to be combined to provide the full direction for the project.

The Development Plan provides the elements necessary to keep the project on time and within budget. It lays the project framework including scope, Project Management layout, schedule, and estimates. The siting plan lays out a process to move forward with two sites which will require negotiations and exploration into possible additional acquisition.

What we know right now is we do not have all the answers yet but the Project Plan gets us one step further by provide Facilities the authorization to move forward with the process toward land acquisition and design.

It is Facilities hope that the process as laid out sets the proper focus and provides the necessary tools to alleviate the obvious pitfalls such as scope creep. That the project team as described will provide the strong management necessary to stay within the set sensible budget and that the project will able to be completed as scheduled.





- Create** a public facility that increases service value to East County communities.
 - Build a facility to meet 15 - 25 year public safety needs
 - Increase courtrooms from 1 to 4 to alleviate current court backlog
 - Increase Security functions to provide a safer facility
 - Increase Court Clerk functions to provide wider range of services

- Integrate** associated functions that combine services and create cost efficiencies
 - Bring together complementary public safety functions that protect County residents

- Focus** on cost saving potential in all aspects of project
 - Establish a budget for a basic fundamental building
 - Provide cost savings in all aspects of design and construction

- Share** financial burden
 - Establish partnerships for cost sharing potential
 - Create no additional tax burden for taxpayers

- Develop** facility to enhance wider community landscape
 - Position facility on a major mass/bus transit route
 - Design towards high environmental standards
 - Provide design that improves neighborhood streetscape

- Plan** for long-term phase-able development opportunities
 - Create a master plan to accommodate additional 25 years capacity





Design Goals -

- High Performance Energy Efficient 50 year Building
- Functional, Flexible Building capable of occupancy expansion/contraction
- LEED Silver Certification
- Sensible aesthetic without being ornate

Emphasis on:

Area Compatibility

Separate Circulation for Public & Staff

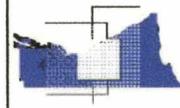
Natural Lighting

Use of Recyclable Products

Future Expansion Capability
(18,000 sq ft Bldg & Parking Garage)



Facilities and Property Management



Development Plan

Date:
February
2007

Rev Date:

Scale: N/A

Development Plan

The Development Plan is the critical element put in place to keep the project focused, on time, and within budget, or in other words the parts needed to guide project management to a successful completion.

Scope:

The project scope was hotly debated during the planning process and was finally approved by the Board in February 2007 through Resolution 07-024 (copy in appendix.) One of the reasons for the lengthy discussion was that the County is attempting to provide tax payers with the greatest benefit which means combing multi-jurisdictional functions under a single roof. And this is no easy task. The other reason for the full discussion was the intent that once set there will be no changes made to the project scope. This means all issues needed to be vetted and decided up front rather than attempting to tackle issues during the design process. Facilities hopes all parties will abide by the comprises and conclusions made to date and the scope can stand as set and the building will be completed as initially described with this report,

Project Team & Communication Plan:

Because a competent Project Team is such a vital element to the success of any project a section of the Project Proposal has been included within this report to reiterate the roles and responsibilities of each member of the team. An organizational chart is also included to reflect a good team layout. Strong Project Management will make or break this project. All parties must work together and be creative to produce a final product that provides the fullest benefit for the County, State of Oregon and the City of Gresham. Design comprises will still need to be made from every party involved but it is expected that each party will provide a list of the top three essential elements necessary within the new facility and that all parties will be dedication toward getting all of those elements included. If all parties get there top three elements the rest should fall into place. It is important to remember that no one ever gets everything they want. It is expected that the process will entail discussion, negotiation and comprise rather than an us versus them attitude or combative environment.

This project is a test to see how far the County has come toward being a team since the last construction audit was produced in 2002. If everyone focuses on the goals and all decisions are tied back to them it should help in the teams decisions process.

It is expected that the design will include numerous meetings, design reviews, and public design meetings. So the team will not be the only people involved in this project. Each added comment during design will add to the complexity issue. But it is imperative that the focus remain on the stated project and design goals so that everyone stays on the same page.



East County Justice Facility

Scope:

Site: 4 Acres
Within City of Gresham

Occupants: State of Oregon Judicial Department = 36,000 sq ft
County Sheriff - Law Enforcement = 20,000 sq ft
City of Gresham Police = 12,000 sq ft
County Information Technology = 2,000 sq ft

Building Classification: 70,000 sq ft Office Bldg - Up to four stories
Special Features:
Woodwork & Casework for rooms for Courts
Lobby Security Equipment
(2) Locker Rooms w/showers
(4) temporary holding cells w/toilets
Portion of parking - secure with perimeter fencing

Potential Building * Elements: Foundation - Spread footings with a reinforced slab on grade
Building structure - Concrete Tilt Up Panels w/connections to foundation
Facade - TBD
Roof - 50 year flat high reflectant, low emissivity roof, 40% green roof
Mechanical - Central Distributed System
General Finishes – County Standard = focus on recycled content
Ceiling = Dropped T-Bar
Walls = Painted Gyp Board
Floors = Carpet tiles, Linoleum, Bamboo
Base = Wood/MDF Painted
Doors = MDF Painted
Lighting = Natural, Luminaire
Landscaping - Native Vegetation requiring no irrigation

**Examples Only - Actual elements may vary with completed design*

Construction Method: CMGC - Gross Maximum Price Contract



Project team: (Excerpt from Project Proposal)

A graphic depicting the ideal project team is included at the end of this section of the report. It reflects both a general breakdown of existing staff and contracted staff as well as the group that makes up of the project management team. A project team requires knowledgeable personnel drawn from each specialized area. Each member of the Project Management Team serves as an advocate for their area. It is a team that needs to work together in a cohesive manner to meet the project goals.

The project manager is the keystone for the project. They are responsible for the overall project coordination, communication, and oversight. The success of the project lays directly upon their shoulders. A project manager's chores are varied and demanding so the position requires a person that has a working knowledge of all aspects of design and construction as well as project management practices and procedures. A large portion of the job is problem-solving and conflict mitigation which requires coming up with creative solutions to both cost and construction issues and communicating the ideas in a efficient and productive manner to limit conflicts. The project manager is the owners advocate and as such is required to see that the project goals are met in as efficient and cost-effective manner as possible.

Department representatives are specialists from the departments that will occupy the new facility. Theirs is a dual role with responsibility for meeting both project and department goals. From a project standpoint a department representative is looked to for their internal department expertise. They are required to know their department's business and physical requirements and have the ability to provide creative solutions to meet those needs. They are relied upon to provide quick responses to inquiries and must have authority to make spatial, material, or costs decisions for the department. From the department perspective their role is one of coordinator. It is their responsibility to manage any internal department planning meetings or decision processes. They are the department's direct line of information and handle the two way communication between project and department. It is their responsibility to keep the departments updated on project status and to act as interpreter to translate construction/project terminology and verbiage into formats their internal staff can understand.

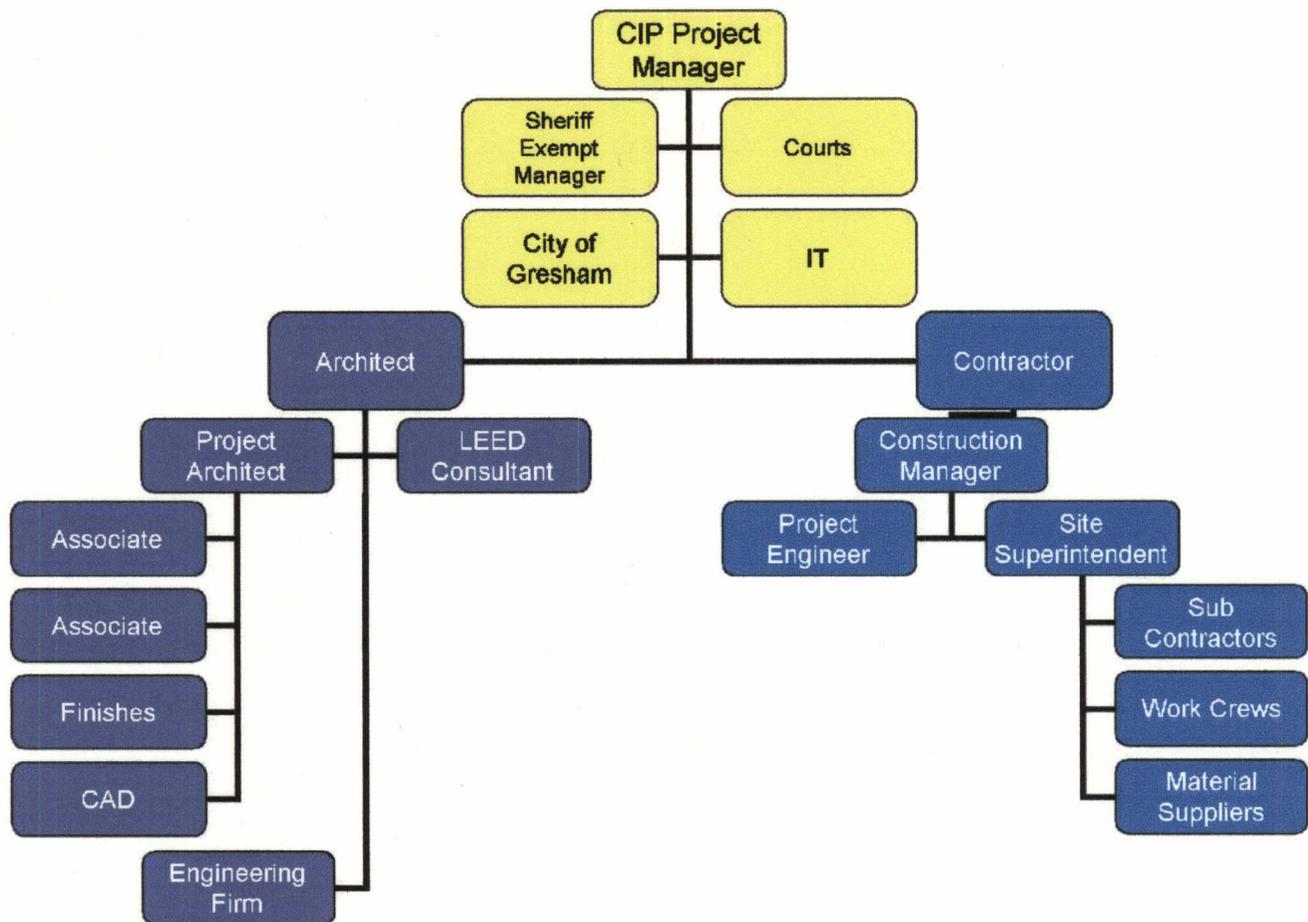
The architect's role is a professional specialized function, they are expected to be the creative expert that produces an engineered design that complies with all permitting and regulatory matters. Their ultimate reasonability is to listen and digest the project goals and interpret them into a three dimensional building that meets all the expectations. Their function includes building a design team to produce the creative vision, drawings, and material selection. They are an integral part of the project team expected to lead the group toward creative solutions that provide necessary functionality. Their role remains in place during the full duration of the project and includes construction



oversight. An architectural firm must have experience and expertise in designing the specified building type, the chosen project delivery method, and be a beneficial, solution-oriented team member.

The contractor is also a professional specialized function. They are the expert on everything construction. Once a signed contract is in place the contractor is responsible for bringing the project in on-time and within specified budget. Their role is one of orchestrating the complex elements of a construction process. Their focus needs to be on safety, schedule, and cost-saving measures. The contractor role starts during the design phase with input on systems and design review and is not complete until after the standard one-year warranty expires. The contractor is required to communicate issues, concerns, constraints, and solutions to a myriad of construction related problems. They are expected to bring up concerns or issues and at the same time provide potential solutions. And they too must be open to suggestions and be positive team members.

Suggested Project Team & Communication Plan



Schedule:

A comprehensive schedule is included within this section. It addresses timing for land sales, land acquisition, Architect selection, Design, Permit, CMGC selection, Pre Construction Services, Construction, and Move. The schedule is not expected to take the place of more detail design and construction schedules that will be provided by the companies selected to perform the work. Rather it is expected to be an overarching tool which in the end probably will only have the project completion date as the only correct feature on it. But it's intended to keep the end goal in mind and the project moving forward.

It is neither an aggressive nor a lax schedule. It has been reviewed by both architectural firms and construction firms and both have admitted it could work. It is hoped that the detailed planning process can provide necessary information up front so all parties can get on the same page faster thus realizing some time efficiencies.

Schedule Includes:

29 month from approval to dedication
10 months for design
13 months for construction

Estimates:

There has been a lot of speculation over the "lack of wiggle room" between the project expenses and the revenues. This has been a conscious decision by Facilities in an attempting to use the project budget as a management tool to make sure the project is not allowed to get out of control.

No one wants another "Tram" fiasco but the fact is there is always that possibility no matter how much planning is included. Facilities realizes it is taking a chance and could be making a mistake but we aren't without back up. The funding which is laid out in a future section does include Board approval to use funding from the Hansen Building if necessary to cover any market variations.

Facilities preference is to use the Hansen sale proceeds for other County projects and will require any consideration for use of that funding to be thoroughly documented and discussed. It will not be just thrown in because of a last minute whim. It is our hope that this detailed planning process has allowed us the best start possible to stay within the stated budget.



General Breakdown of Design & Construction Cost:

70,000 Sq Ft Building

Soft Costs:

County Project Management		\$78,500
Graphics/Reprographic Supplies	\$3,000	
Printing Services	\$2,500	
Delivery Services	\$3,000	
County Project Management	\$70,000	
Licenses/Permits		\$93,150
Land Use/Site Review	\$10,000	
Design/Plan Review /Permit	\$30,000	
System Development Chg	\$45,000	
Appeals	\$2,000	
Recording Fees	\$150	
Misc. Testing	\$5,000	
Miscellaneous	\$1,000	
Special Inspections/Testing		\$60,000
Architectural Services		\$1,500,000
Management/Consulting Services		\$35,000
Other Construction Services		\$15,000
Misc. Material/Services		\$7,750
1% for Art		\$155,300
LEED Certification/Sustainability		\$150,000
County LEED Management/Documentation	\$35,000	
Specialized Consultant	\$40,000	
Certification	\$75,000	
F,F & E**		\$145,000
Lobby Furniture	\$40,000	
Reception (Desk, Furniture, Equipment)	\$20,000	
Community Room	\$10,000	
Telecommunications	\$75,000	
Subtotal - Soft Costs		\$2,239,700

Hard Costs:

Construction*		\$11,248,000
Courts 36,000 Sq Ft @ \$161 per sq ft	\$5,796,000	
Sheriff 20,000 Sq Ft @ \$161 per sq ft	\$3,220,000	
Police 12,000 Sq Ft @ \$161 per sq ft	\$1,932,000	
IT 2,000 Sq ft @ \$150 per sq ft	\$300,000	
LEED/Sustainability elements		\$150,000
Additional Security Features/Equipment		\$150,000
Subtotal - Hard Costs		\$11,548,000

5% Owners Contingency \$562,400

TOTAL Design/Construction Estimate **\$14,350,100**

70,000 sq ft @ \$14,350,100 = \$205 per Sq Ft

*Assumes

CMGC for time saving potential

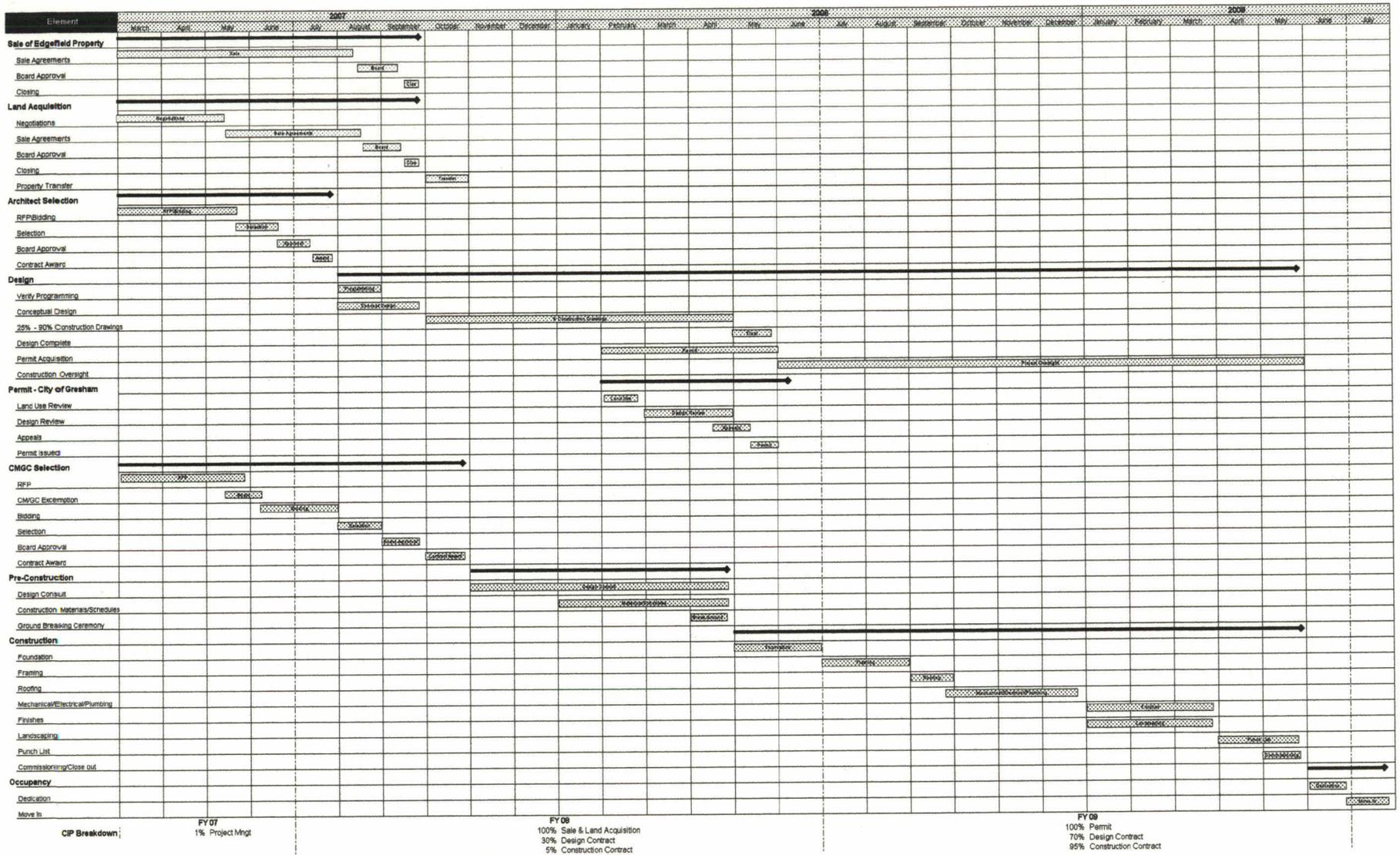
Concrete Tilt construction

Functional but not ornate finishes

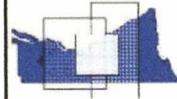
**Assumed F,F & E for general spaces only - No Courts/Sheriff/Police Furnishings



**Proposed Project Timeline
East County Justice Facility**



Facilities and Property Management



Siting Plan

Date:
February
2007

Rev Date:

Scale: N/A

Siting Plan:

During the full planning process siting has been a contested issue but Facilities has taken an analytical approach to siting to make sure that it is not a subjective process. We started with criteria that was set by the East County Justice Facility Work Group and used that to guide the site selection process. Although FAC-1 calls for Chair approval of the siting plan we received full Board support in a work session on February 13, 2007 to move forward with Facilities recommended plan.

Process:

The process started with setting criteria (below) and then moved onto searching for a site that meet that criteria. Details into the initial process is contained with the Preliminary Planning Proposal.

Although our final search conducted after Board direction in Resolution 07-024 found no site that meet all the criteria 100% we ended the site selection process with three sites for the Board to consider at the work session.

Justice Facility Final Siting Criteria:

Analytical Criteria	Measurement	Criteria Ranking
Address	Within Gresham City Limits	1 Mandated by State Statue
Site Area (GSF)	4 acre minimum	1
Historic/Significant Designation	None	1
Land Acquisition Cost	Under \$2 Million	3
Transportation Mass Transit Availability	800' from MAX or Major bus line (15 min service)	1 Required
Current Use	Vacant, Reuseable Bldg, or Friendly Seller	2
Current Zoning	Existing Community Service, Retail, or Commercial	2



Plan:

Facilities recommended moving forward in a parallel manner with the two sites that met the majority of the criteria. These sites are the two sites in Rockwood and they are broken out on the following pages. We expect to have some negotiations completed and an update to the Board within 60 days of Project Plan approval.

Economic Development:

One of the questions surrounding Rockwood siting potential is economic development potential of the building if sited in Rockwood. In developing the Rockwood Urban Renewal District the City of Gresham did a comprehensive analysis of area and its growth opportunities. Included within their Urban Renewal Plan is a government facilities which would include a police precinct. One of their numerous reports from 2004 is included in the appendix. The Marketek report goes into detail regarding Rockwood's Development potential and a couple pertinent quotes are below:

"The possible location of a Justice Center in the Rockwood area would help drive demand for some related office uses (primarily legal.)"

"Additionally, one or more strategic anchors will be important to the districts future vitality. A retail anchor together with a public or institutional anchor would be ideal."

Community Involvement:

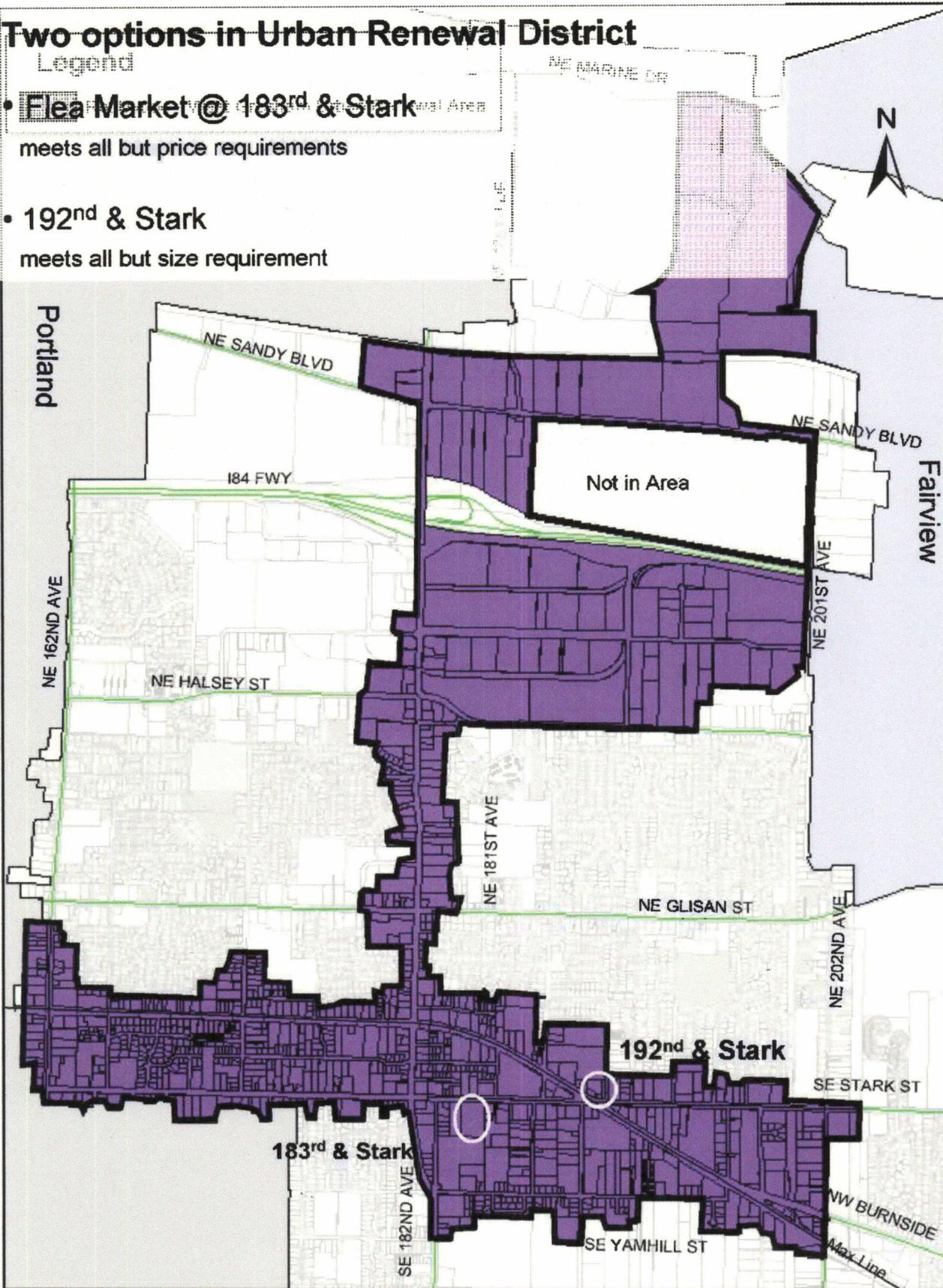
Per the planning process the PAO was included in the siting process through implementation of community involvement. No siting process would be complete without public comment. Included in the appendix are the PAO's summary of the two public meetings held to discuss both the project and siting potential. As expected there was no consensus on siting but there was resounding support for the project itself.



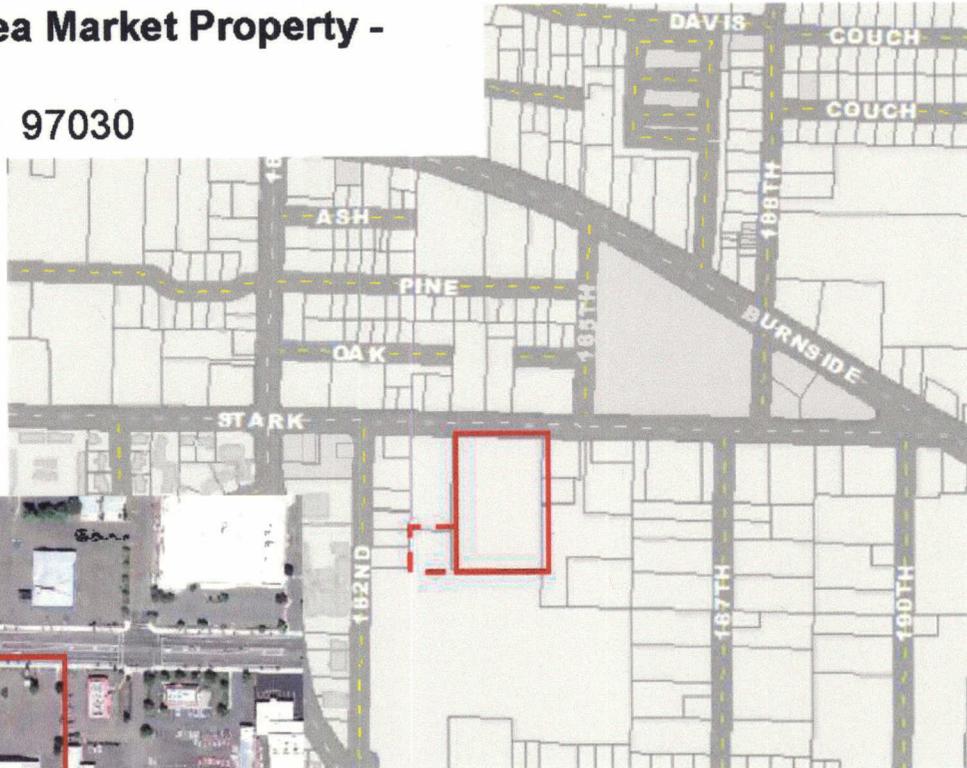
Two options in Urban Renewal District

Legend

- **Flea Market @ 183rd & Stark**
meets all but price requirements
- **192nd & Stark**
meets all but size requirement



**Rockwood Flea Market Property -
183rd & Stark
Gresham, OR 97030**



3.66 acres

Future partnership opportunity with Lutheran School for additional property and second entrance = 4 Acres

Pros:

- Addition of law enforcement to blighted area
- Economic Benefit for area
- Willing seller
- Close to light rail & bus
- Partnership potential w/school

Cons:

- Requires buy out of Flea Market Lease Estimate = \$300,000
- 2nd Lease Requirements unknown
- Requires Demo of existing bldg.
- Acquisition Estimated price tag = \$4m



192nd & Stark -
18935 E Burnside
Gresham, OR 97030



3.20 acres

Additional opportunity exists with .61 acres on Corner of 192nd & Stark Dr. Office previously Expressed interest in selling. Current desire unknown.

Pros:

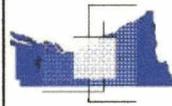
- Addition of law enforcement to blighted area
- Willing seller
- Close to light rail & bus
- Estimates price tag: \$2.2m
- Entrance off of Burnside & 192nd

Cons:

- Requires Demo of seven bldgs
- Either need additional land or scale back bldg or parking



Facilities and Property Management



Funding

Date:
February
2007

Rev Date:

Scale: N/A

Funding:

Although there have been numerous statements made regarding this project over the three year planning process the most two most inaccurate ones have been that this new building is at no cost to the tax payer and that it is another Wapato.

Nothing could be further from the truth. Although it is true that no new taxes will be assessed to the tax payers for this project, there is major operating and capital costs involved.

Operating Funding:

Unlike Wapato, this building is not completely new square footage for the County. Although the court space is expanding the other functions occupying the building are replacing existing square footage. So their existing operating costs move with them. Attached is a current operating cost chart that reflects the full affect of current operating costs, an estimate of operating costs for the new facility and the breakdown of impact.

The bottom line is that the new building will increase operating costs by approximately \$10,000 per year. That figure does not include the estimated \$42,000 in energy efficiencies expected to be received through the LEED certification of the building but does take into affect City of Gresham's portion of utilities, janitorial, and etc.

The sheet also examines staffing costs which are a direct shift with no new costs impact but again that column does not include any potential efficiencies that could be produced by combining complimentary functions.

Exact figures won't be known until the building is occupied for a full year but starting with only a \$10,000 increase is a great start.

Capital Funding:

The capital funding is broken out on the follow pages. The project has been included within the 5-year CIP plan for the last two years and is included within the 2008 CIP which is included in Program Offer #72049.

Revenue is expected to be received by October 2007 and minimal expenses are programmed through September due to the lengthy bidding processes. Board approval of the Project Plan does act as approval to begin implementation of the project.



Building Operating Cost Comparison Full East County Justice Center

Current Operating	Operating Cost 2006 Actual <small>(Utilities, Janitorial, Repairs, Lease, A/P, etc.)</small>	Deferred Maintenance/Seismic 2006 Estimated	Staffing Expense* Estimated	Debt Service 2006 Actual
Hansen Building <small>Owned 36,820 GSF Built 1956</small>	\$306,000	\$1,007,709	105 Sworn & Support Staff <small>Includes 50% Occupancy for Sheriff & Chaplain</small> Sheriff's Staffing Budget = \$8,245,335	\$0
Gresham District Court Building <small>Leased 6,200 GSF Built 1953</small>	\$43,199 <small>Ops Cost on 5,437 sq ft for courts</small> \$35,801 <small>Ops Cost on 763 sq ft for DA</small>	N/A	1.5 Judicial Officers & 10 Support Staff <small>Courts Staffing Budget = Not County Budget</small> 4 DA Staff Members <small>DA Staffing Budget = \$264,583</small>	\$0
DA Support Enforcement <small>Leased 2,300 GSF Built - Unknown</small>	\$40,000 <small>2006 Budget Figure No actuals available</small>	N/A	8 DA Staff Members <small>DA Staffing Budget = \$456,096</small>	\$0
Gresham Neighborhood Building <small>Leased 200 GSF Built</small>	\$2,500	N/A	2 DA Staff Members <small>DA Staffing Budget = \$179,434</small>	\$0
	\$427,500 Transferable Yearly Ops Cost	\$1,007,709 Current Deferred Costs	\$9,145,448 Current Staffing Budgets	\$0 Current Debt Service

Proposed Operating:	Operating Costs (Estimate)	Deferred Maintenance (Estimate)	Staffing Expense* (Estimate)	Debt Service (Estimate)
New Justice Facility <small>70,000 Sq Ft.</small>	\$490,000 \$7.00 per sq ft	N/A	Sheriff = 105 Sworn & Support Staff @ \$8,245,335 DA = 14 staff members @ \$900,113 Courts = 4 Judicial Officers & 21 Support Not County Budget	\$0
	\$490,000 Estimated Yearly Ops Cost	N/A Estimated Deferred Costs	\$9,145,448 Estimated Staffing Budgets	\$0 Estimated Debt Service

**Estimated Yearly Cost Savings
-\$62,500**

**Gresham Estimated Costs:
\$53,000**

**Estimated Increase in County Operating Costs:
\$9,500**

*All staffing personnel & cost figures
may be adjusted due to unforeseen factors

Revenue:

Projected proceeds from property sale = \$ 16,650,000
MCCF & Edgefield

(Hansen property is reserved if market conditions vary from projection
Estimated revenue is anticipated at \$2.1 m per a 2006 appraisal)

Potential City of Gresham participation = \$ 2,000,000
(Partnership Agreement to be determined)

Subtotal = \$ 18,650,000

Expenditures:

Current design construction estimate = \$ 14,350,100
(70,000 GSF bldg)

Land Acquisition (\$2 -\$4) = \$ 4,000,000

Fixture, Furniture, Equipment & Moving = \$ 295,000

Total = \$ 18,645,100

We are aware of how close these figures are and as stated earlier in the report are using the budget as a management tool to keep the project within the set parameters. What we know is if we set the budget to accommodate every need the project will grow to meet the budget. We are attempting a different approach which will require strong project management to guide the process and be creative with problem solving and solutions. But Facilities feels that the detailed planning process provided the guidance necessary to accomplish the goal to stay within budget.

A breakdown of the expenses follows and provides the budget level cost estimate for the next steps.



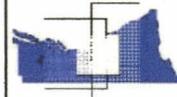
Project Costs Breakdown: East County Justice Facility, 70,000 Sq Ft

Note - Expenses only no revenue listed

Facilities & Property Management 2/12/07

Project Costs			CIP Budget Breakdown							
			FY 2008		FY 2009		FY 2010			
Land Acquisition										
4 Acres Site in Gresham (Estimate)		<u>\$4,000,000</u>								
TOTAL Land Acquisition		\$4,000,000	100%	\$4,000,000	0%	\$0	0%	\$0		
Design & Construction (Estimates)										
Soft Costs:										
County Project Management	\$	78,500	30%	\$23,550	48%	\$37,680	22%	\$17,270		
Licenses/Permits	\$	93,150	0%	\$0	95%	\$88,493	5%	\$4,658		
Special Inspections/Testing	\$	60,000	25%	\$15,000	65%	\$39,000	10%	\$6,000		
Architectural Services	\$	1,500,000	30%	\$450,000	65%	\$975,000	5%	\$75,000		
Management/Consulting Services	\$	35,000	30%	\$10,500	60%	\$21,000	10%	\$3,500		
Other Construction Services	\$	15,000	15%	\$2,250	70%	\$10,500	15%	\$2,250		
Misc. Material/Services	\$	7,750	5%	\$388	90%	\$6,975	5%	\$388		
1% for Art	\$	155,300	0%	\$0	95%	\$147,535	5%	\$7,765		
Leed Certification/Sustainability	\$	150,000	40%	\$60,000	20%	\$30,000	40%	\$60,000		
F, F & E - General Space Only	\$	145,000	0%	\$0	85%	\$123,250	15%	\$21,750		
Subtotal - Soft Costs	\$	2,239,700		\$561,688		\$1,479,433		\$198,580		
Hard Costs:										
Construction	\$	11,248,000	5%	\$562,400	85%	\$9,560,800	10%	\$1,124,800		
LEED/Sustainability elements	\$	150,000	0%	\$0	75%	\$112,500	25%	\$37,500		
Additional Security Features/Equipment	\$	150,000	0%	\$0	100%	\$150,000	0%	\$0		
Subtotal - Hard Costs	\$	11,548,000		\$562,400		\$9,823,300		\$1,162,300		
5% Contingency	\$	<u>562,400</u>	33%	\$185,592	34%	\$191,216	33%	\$185,592		
TOTAL Design & Construction Costs		\$14,350,100	10%	\$1,309,680	74%	\$11,493,949	17%	\$1,546,472		
Fixture, Furniture, & Equipment										
	Sheriff	DA								
	(Assumes reuse of closed office furniture)									
Furniture	\$	100,000	\$	15,000	0%	\$0	15%	\$17,250	85%	\$97,750
Fixtures	\$	45,000	\$	5,000	0%	\$0	15%	\$7,500	85%	\$42,500
Equipment	\$	20,000	\$	10,000	0%	\$0	15%	\$4,500	85%	\$25,500
Move Costs	\$	90,000	\$	10,000	0%	\$0	0%	\$0	100%	\$85,000
TOTAL F, F, & E				\$295,000	0%	\$0	11%	\$44,250	89%	\$250,750
			\$18,645,100		\$5,309,680		\$11,538,199		\$1,797,222	

Facilities and Property Management



Project Charter

Date:
February
2007

Rev Date:

Scale: N/A

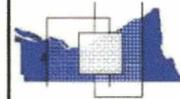
Charter:

The definition of a project charter varies depending upon who you ask and the project that is being addressed. According to FAC-1 policy the project charter is to summarize the project information and impacts.

For the purposes of this report the three planning processes create a comprehensive project charter and approved of the resolution that accompanies this Project Plan acts as Board of County Commissioners support for the project.



Facilities and Property Management



Appendix

Date:
February
2007

Rev Date:

Scale: N/A

Capital Planning Process Overview

Projects subject to FAC-1 Administrative Procedure shall be developed with consideration to the following planning outline. With the extent to which projects differ, each planning process will vary slightly given the variations in the scale, scope, funding and timing elements inherent in individual projects.

STEP #1

Preliminary Planning Proposal

Responsible:
Sponsoring Department(s) &
Facilities & Property Management (F&PM)

Elements:
Follow outlined process

Approval: (Required in Sequential Order)

- Sponsoring Department approves next phase estimate
- County wide Management reviews
- Chair approves proposal
- The Sponsoring Department(s) and F&PM shall jointly prepare a resolution and present the Preliminary Planning Proposal to the Board for approval.

STEP #2

Project Proposal

Responsible:
Facilities & Property Management (F&PM)

Elements:
Follow outlined process

Approval: (Required in Sequential Order)

- Sponsoring Department approves next phase estimate
- County wide Management reviews
- Chair approves proposal
- The F&PM shall prepare a resolution and present the Project Proposal to the Board for approval.

STEP #3

Project Plan

Responsible:
Facilities & Property Management (F&PM) &
Sponsoring Department

Elements:
Follow outlined process

Approval: (Required in Sequential Order)

- Sponsoring Department approves next phase estimate
- County wide Management reviews
- Chair approves plan
- The Sponsoring Department(s) and F&PM shall jointly prepare a resolution and present the Project Plan to the Board for approval.

Program Requirements:

- Define basic issue(s), concept, or idea
- Produce a specific statement regarding the overall goal to be accomplished. Statement should act as a guiding principle for the entire work.
- Create a listing of potential department or program functions/elements/features to be served, housed or impacted by the project
- An initial evaluation of how project aligns with applicable County Plans and Strategies.

Project Scope:

- Explore available options for fulfilling goal.
- Provide overall conceptual view of building size, potential placement or siting locations, or other elements pertinent to an individual project.
- Generate a listing of potential project elements required for project completion.
(i.e. Demolition, Site Improvements, Landscaping, etc)

Estimates:

- Provide a recommendation for a not to exceed cost per square foot cost estimate with consideration for all project costs.
- Estimate a total project rough order of magnitude cost estimate rounded to nearest \$100,000.
- Produce an initial cost benefit analysis with assessment of potential for applicable elements such as: operation savings, return on investment, and probable life cycle for all options considered.
- Create a basic schedule that reflects any anticipated milestones, necessary occupancy dates, grant/funding deadlines, or other vital elements

Funding Sources:

- Work with the County Finance Director to produce a funding strategy that targets specific potential funding options substantial enough to cover the entire estimated project costs.

Next Phase Estimate:

- F&PM will develop a budget level cost estimate to complete the next planning phase

Justification:

- Examine, verify, and refine previous cost estimates, to include a general breakdown of all determined project costs.
- Generate a detailed description of full impacts to all budgets including department, general fund, and capital.
- Provide a breakdown that reflects how project costs will be budgeted over life of project.

Feasibility:

- Analyze the potential for project completion by:
 - o Weigh the needs/issues against the financial considerations and the goals impact to determine project viability
 - o Prepare a matrix that compares project elements with existing staffing potential to determine appropriate size of project team.
 - o Create an outline of an appropriate project team; include a description of the quality and expertise necessary.
 - o Produce a step by step game plan that reflects all elements through project completion.

Alternatives:

- Examine any applicable program, location/siting, or other pertinent options not previously explored.
- Explore what happens if project is not pursued
- Consider the different construction contracting methods/options available and provide judgment of best alternative.
- Depict project compliance with County policy, plans, and strategies. Identify any aspect not in compliance
(i.e. purchasing, green building or other County related policies.)

Risk Assessment:

- Create a chart that provides a listing of potential risks along with a ranking of each risk. Provide suggestions for handling risks and highlight any unavoidable risks.

Schedule:

- Provide a reasonable detailed project schedule/timeline in either a Gantt or other appropriate format that reflects complete project life cycle.

Next Phase Estimate:

- F&PM will develop a budget level cost estimate to complete the next phase, development of the project plan

Project Charter:

- Develop a Project Charter that summarizes the project information and impacts. This document provides Facility's a vehicle to receive project approval from the County Chair, Department Directors, and other applicable parties. A copy of the project Charter will be included within the Project Plan.

Development Plan:

- Complete a development plan that provides:
 - o Defined Project Scope
 - o Outline of Project Team
 - o Comprehensive Schedule
 - o Detailed estimates for entire project
 - o Accounting Chart reflecting breakdown of SAP cost elements applicable for project expense tracking
(to be in compliance with accounting procedures in project management manual)
 - o Communication plan that identifies lines of communication on the Project.
 - o Other applicable data essential to an individual project

Siting Plan:

- Produce a siting plan that includes:
 - o Evaluation/analysis of potential sites with consideration to county-wide facilities needs, operational/facilities/program efficiencies with co-locations, program delivery, community betterment/impact, mass transit, zoning, and other applicable requirements.
- The Sponsoring Department(s) in collaboration with the Public Affairs Office will develop and implement a Siting Process that shall comply with Executive Order 264 and include:
 - o The process for completion of site selection for a particular County function.
 - o The public involvement process for site selection.
 - o Siting Plan to be approved by the Chair.
 - o Sponsoring Department shall implement Siting Process.

Operational Funding:

- The Sponsoring Department(s) will provide an Operational Funding Plan which includes a description of how the program(s) will be funded, complete with personnel costs, one-time and on-going operational expenses, and a description of the services the program provides.

Capital Funding:

- Finance office will provide a finalized Capital Funding Plan which describes timing and funding for the Capital Project
- Initiate project into CIP budget and receive Budget Authority

Next Phase Estimate:

- F&PM will develop a budget level cost estimate to complete the next phase, Design & Construction

Design &
Construction

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. 07-024

Approving a Concept for an East County Justice Facility and Directing Facilities and Property Management to Proceed with a Final Project Plan

The Multnomah County Board of Commissioners Finds:

- a. There is Board agreement to:
 - I. Meet the County's statutory obligations under ORS 1.185 to address the needs of the Fourth Judicial District Circuit Court within East County by providing "suitable and sufficient courtrooms, office and jury rooms."
 - II. Follow through on the Board's commitment to relocate the occupants of the Hansen Building as laid out in the Hansen Action Plan dated March 2006.
 - III. Work with the City of Gresham to provide taxpayers with a beneficial public partnership.
- b. These goals provide the concept for an East County Justice Center as laid out in the Preliminary Planning Proposal previously approved by the Board in Resolution 05-031.
- c. Since the passage of Resolution 05-031, there has been significant discussion about which uses should be accommodated in the proposed facility. The Board confirms that the facility is intended to address all of the goals outlined above. The new facility will include four courtrooms with the ability to add two additional ones in the future. It will also house the Sheriff's functions which are currently located in the Hansen Building as well as the East County District Attorney offices and a space for IT. In addition, the facility will also include a Gresham Police precinct.
- d. This current focus provides a clear direction for more detailed planning and eliminates any other alternatives that were analyzed in the Project Proposal or examined by the Board since the approval of Resolution 05-076.
- e. Due to the time lapse between the previously approved Project Proposal and the current concept consensus, it is prudent to review the elements of the Project Proposal again to address possible increases in existing cost estimates and to review any additional County needs that might have arisen since 2005.
- f. Having received approval of the Project Proposal in Resolution 05-076 Facilities and Property Management moved forward with a Project Plan, held a public siting meeting and addressed the project development and costs aspects as laid out in the Project Plan process.

- g. The Project Proposal should be reviewed with respect to the current concept. Having already completed portions of the Project Plan, the County should move forward with a combined Project Proposal/Plan without further delays.

The Multnomah County Board of Commissioners Resolves:

1. The East County Justice Facility should include solutions for the existing spatial concerns faced by the State Courts and the Sheriff's East County operations currently housed in the Hansen Building, in partnership with the City of Gresham to provide opportunities for law enforcement agencies to work together.
2. Facilities and Property Management is directed to prepare and submit to the Board within 30 days a Project Plan that addresses the Project Proposal and Project Plan requirements as laid out in the Major Facilities Capital Projects Process (FAC-1).

ADOPTED this 1st day of February, 2007.



BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON


Ted Wheeler, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By 
Agnes Sowle, County Attorney

SUBMITTED BY:

Ted Wheeler, Chair and Lonnie Roberts, Commissioner, District 4

East County Justice Facility Public Involvement and Citizen Comment Summary

Overview

Built in 1950, Multnomah County's existing Gresham courtroom has outlasted its useful life and has proven to be inefficient and ineffective in its service to area residents. The courtroom's limitations have resulted in a current backlog of 280 jury trials.

To address this need, the Board of County Commissioners approved a project proposal for a new East County Justice Facility and directed Facilities and Asset Management to begin the process of siting the facility in the City of Gresham, as required by Oregon Law.

Last year, Facilities convened a work group comprising members of the judicial, business, and development communities to study the need and examine potential solutions. That group's work resulted in a functionally-based model of a facility that would include courts, Sheriff's Office and potentially Gresham Police. From a list of more than three dozen sites, the work group narrowed the most feasible selections down to five properties, based on criteria ranging from access to mass transit to size, zoning and prospective sellers' willingness to cooperate.

As part of its three-part planning process, Multnomah County Facilities and Asset Management requested the services of the Public Affairs Office to conduct a public involvement process on the proposed facility.

The Public Affairs Office worked closely with facilities and District 4 staff to coordinate a public meeting on July 11, 2005 at Multnomah County East. The PAO provided meeting logistics coordination and support in addition to community outreach to promote the meeting. That meeting was publicized via display advertisements in the east county *Oregonian*, *The Gresham Outlook* and *El Hispanic News* and by notifying the stakeholders and interested community members through personal invitations and email networks. The PAO also issued a news release and coordinated several follow up interviews, resulting in interest and coverage from *The Oregonian* (East County edition), *Gresham Outlook*, OPB, KXL, KPAM, K103, KATU, KOIN and KGW.

The meeting was attended by approximately 40 people and Spanish language interpretation services were made available.

The agenda consisted of:

- Introductory remarks by Commissioner Roberts
- An explanation of the meeting's format
- An overview presentation on the project by Facilities Manager Doug Butler
- A period for clarifying questions and citizen comment
- An "open house" style display of informational exhibits.

Citizens were provided a comment sheet and asked to provide feedback on the identified need, proposed solution, siting considerations and any other issues of concern. In summary, citizens expressed support for the need, but voiced concerns on a number of issues ranging from use of Urban Renewal area dollars, residential displacement, traffic, ongoing operating costs and Rockwood as a proposed location.

A more detailed listing of citizen input follows.

East County Justice Facility Public Meeting Notes: July 11, 2005

Clarifying questions and comments

- Development of the 181st and Couch property would result in residential displacement.
- Don't want the facility inside the Rockwood triangle.
- Laws exist about residential displacement in urban renewal areas.
- Hogan and Burnside location is bad for transit.
- Flea market location could displace businesses.
- Would the Board of County Commissioners' co-location decision be final?
- What are the possible options in downtown Gresham?
- Is the proposed co-location a Board of County Commissioners decision?
- To develop the complex on Couch, the county would have to buy and demolish adjacent residences; not cost effective.
- Is the flea market owner unwilling to sell? Is that building worth keeping?
- Traffic concerns: Overall area, Rockwood, traffic from I-84 (County didn't preserve easement at Edgefield property).
- Building design process?

Written citizen feedback

Station 1

- Do you have comments about the facility's need as identified?
 - Rockwood's triangle property is in the midst of change. Holding prime property within the triangle for development in 2008 is not in the community's interest.
 - Major problem at 181st. Possible location is current traffic congestion on a federally controlled freight corridor. Any building for the area with anticipated vehicle volume increase may require county and federal partnership to increase traffic handling viability.
 - Building at 183rd and Stark also would require acquisition of additional lot currently controlled by Portland Lutheran School. Similar traffic volume

issues will also have to be resolved for that site. Both acquisitions would involve removing private property from tax rolls.

- Not in Rockwood.
- The decision process takes forever. As a citizen of Gresham, I would like to see action and process without the bickering and snail-pace action. I agree that the Sheriff (safety) should be included in the court building.
- Not in Rockwood!
- Watch the National Access Board study on courthouse accessibility.
- The facility is needed but should be in Gresham, not Rockwood.
- The need is somewhat justified but only at the courthouse level. I do not believe either Gresham Police or Multnomah County are in need of new facilities. Further thought and consideration are much needed.

Station 2

- Do you have suggestions about additional solutions or approaches?
- Would you add, remove or change anything regarding the facility's scope?
- Do you have comments on project funding proposals?
 - Has Board of County Commissioners considered a more costly construction project involving a two or three level parking facility over which or in which courthouse could be located? Property is currently off the tax rolls so loss of tax income isn't a factor.
 - Urban renewal funds should not be used to support public buildings. Let's leave them to the populace of the area.
 - Not in Rockwood.
 - Good job on funding. The question on the urban renewal funding, will do my own homework on this.
 - There are more criminals living in Rockwood than a new justice center anywhere in Gresham.
 - Apply for federal funding for the Courthouse, like the Portland Justice Center and new courtrooms.
 - Don't use Gresham/Rockwood urban renewal funds.

- Remove all uses but courts.
- [Focus on] schools.
- Funding: As a citizen of both Multnomah County and Gresham, I am directly affected by this. I do not trust the county to hold their word as to the “no debt” financing. Schools are an example of the government at work.

Station 3

- Are there other project goals Multnomah County should consider?
- Do you have comments (pro or con) on any of the proposed sites?
- Do you have other locations to suggest?
 - City of Gresham downtown plan 20-20 suggests these buildings should be built close to the center of Gresham. I suggest you locate there.
 - I strongly recommend placing the facility as close to 188th and Burnside as possible. The presence of a new facility will decrease crime. The location at 183rd and Stark is a great choice. Help put a new face on Rockwood/West Gresham.
 - I would like to see 181st and Couch or 183rd and Stark.
 - 181st and Couch would improve the neighborhood even if the 20 unite apartment building is moved. We need the additional police presence in Rockwood. Traffic could be dealt with if need be.
 - Not in Rockwood.
 - If it is the proposed Justice Center facility with Sheriff’s Office requirements, it makes sense to be in Gresham Civic Center because that location is pertinent and central to all.
 - Rockwood urban renewal should remain just than, not become Multnomah County urban renewal.
 - Suggest other location: Gresham City Hall parking log, two or three story parking garage with three stories above, what facilities to consider?
 - Suggest additional project goal: Increasing the accessibility for the disabled and the issues with a new building and the need for easy access.
 - Hire more officers

- Hire more judges.
- Get more staffing for justice building.
- I don't believe it would not benefit the Rockwood site for many reasons families, traffic, etc. I know it's near the city hall site the light rail is close and you can be near the city hall as well as police, fire, etc. Please reconsider the site for the Rockwood site it's not the place for this type of business.
- It's not just Portland. Put it in Gresham central area.
- Need to consider needs, wants, and goals of people in Rockwood. Don't build in Rockwood.
- [Focus on Portland] schools.
- No on all [proposed] sites.
- Suggest NE corner of 202nd and Division.

Other Comments

- Please let us know your thoughts. Any feedback is welcomed!
 - Multnomah County provides a lower level of services for tax dollars than Clackamas County.
 - Annexation process hasn't been consistent in East County cities.
 - Multnomah County shouldn't worry about this facility now.
 - Our Rockwood triangle currently houses the majority of criminal gangs in our city. There are 14 active gangs that use the Rockwood Transit Station as their operating ground. Please bring this new facility to the Rockwood triangle.
 - Not in Rockwood.
 - The cardinal rule of real estate is "location, location, location!" A facility such as Multnomah County is proposing belongs in a central location to all of East County. The traffic flow, even now, let alone in the future, would not be efficient for the communities and neighborhoods to the growing north, south and east. For emergency vehicles to deal with light rail would be risky, as well as inefficient.

- The site is out of question please reconsider, not in Rockwood.
- Make sure the disabled are a part.
- Not in Rockwood.
- Poor project planning. Not completely honest. Not direct in answering questions. Unless you have funding fully funded with “overage” money, you have no right to consider building.
- The current flock of commissioners (with one exception) bothers me. I’m not sure they have the desire or knowledge to place their priorities where they should.

Exhibit #1: Letter received at public meeting for submission into record

East County Justice Center public meeting
February 8, 2007
Citizen comment summary

Roger Meyer

- Concerned about a pre-selection of the site by politicians
- Facility needs to be open at the same hours as other businesses in the area
- Make sure the building blends into the community (not a behemoth structure)
- Should take into account non-native English speakers and cultural landscape

Doug Connor

- False premise that public safety investments equal economic growth
- Does not oppose concept

Joe Panza

- Hoping to stabilize the area for businesses. Need jobs.
- Don't feel safe in Rockwood now
- If you don't like mice, bring in the cats
- A sizeable investment like this will help take the neighborhood back

Patty Hicks (Knicks?)

Centennial neighborhood association supports the project

Concern is about the ripple effect if crime gets displaced to other areas (148th)

Mike Aven

- Some new jobs are being created here. Just moved his business, Millennium Homes, into the area.
- Strongly supports the idea. Wants a major public safety presence.

Todd Shanks

- This is a unique opportunity to combine resources for a one stop shop that benefits all.

Tom Giusto

- Helps businesses relocate. Most calls regarding this area pertain to businesses that want to move out.
- Something needs to happen before it's too late. Rockwood needs support from all public agencies.

Michelle Winningham

- Support the idea. What other uses occur in the building besides public safety are very important. Need a multi-cultural appeal.
- Spend money on ensuring access to the facility for diverse groups.

Robert Brown

- Support the concept, reads list of supporters from public and private sectors

- Economic vitality is the basis for this support.

Bill Willmis

- More police doesn't necessarily get rid of crime; Gresham has the lowest ratio of police to population in East County.
- Need to open Wapato
- GI Joe's site is too expensive
- Booking facility good thing
- Want an RFI to be conducted

Michael Patrick

- Lifetime resident of East County
- This facility will be a catalyst for businesses and we will see changes for the positive

Rita Humphrey

- Helped pass urban renewal in Rockwood
- Shouldn't take the property off the tax rolls.
- Be plain about what the trade offs are re: tax roll
- Want growth in the industrial district
- Cite more sources for claims and share hard data

Bob Paine

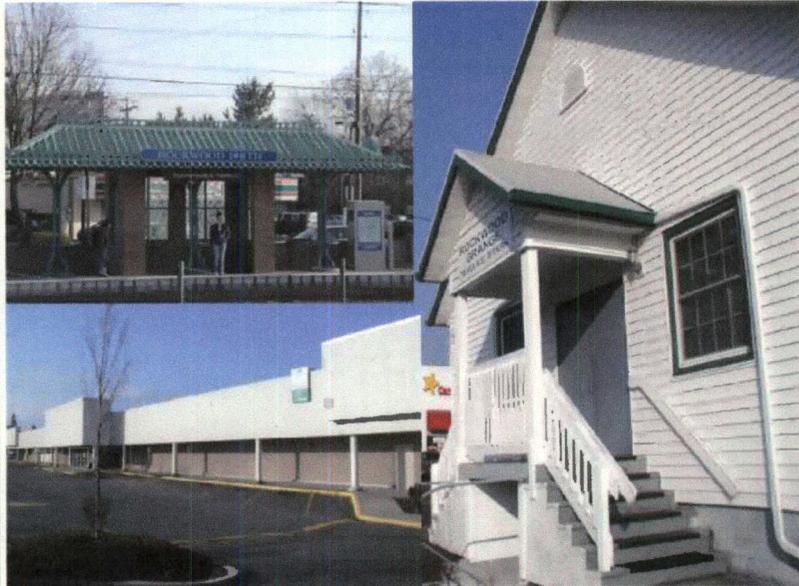
- This is a unique opportunity with multiple agencies joining together

Tom Slyter

- This will help vitalize a multi-cultural neighborhood.
- Something can happen to the Fred Meyer site finally.



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**ROCKWOOD MARKET ANALYSIS:
RETAIL, RESIDENTIAL, OFFICE**

**For the
City of Gresham
Rockwood Town Center Redevelopment Plan**

*In association with
David Evans and Associates, Inc. & Urbsworks, Inc.*

November 2004

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DEMOGRAPHIC PROFILE

The socioeconomic characteristics of the retail and residential trade areas that surround the Rockwood area are provided in this section. For retail goods and services, the Rockwood area will be able to draw from a local trade area population of approximately a 3 mile radius from the Rockwood Triangle site. For residential product, Rockwood can expect to draw from a larger or 'greater trade area' defined by a 12 minute drive-time from the site, the geographic area from which a majority of potential new Rockwood area residents can be expected to originate.

The delineation of the local and greater trade areas is not meant to suggest that prospective customers of area businesses or future Rockwood residents will be drawn solely from these geographic areas. However, based upon factors such as Rockwood's location, competitive assets and proposed redevelopment activity in the Rockwood/Gresham area, these market areas provide a sound and reasonable basis for gauging future potential.

A map illustrating the boundaries of the local and greater trade areas is provided on the following page. For comparative purposes, demographics are shown for a local and greater trade area together with the immediate neighborhood (.5 mile), the City of Gresham, and the State of Oregon. Socio-economic trends are analyzed for the 1990-2009 timeframe.

Population & Household Growth

- Over the past decade, population growth throughout the City of Gresham, the immediate neighborhood and trade areas has been moderately strong, above growth levels experienced for the state as a whole, (Exhibit S-1).
- The 2004 population of the City of Gresham was estimated at 98,814 increasing at an annual rate of 3.2% or by 2,202 persons per year since 1990. During the 2004-2009 time period, the city's average annual growth rate is expected to increase at a slower rate, 1.3% annually, with population growing to 105,357 by 2009. However, Gresham's growth rate will outpace local and greater trade areas as well as the State's.
- Population growth in the immediate neighborhood (0.5 mile radius) over the next five years is forecast to be modest, increasing from 8,527 in 2004 to 8,853 in 2009. The 2004 local trade area population was estimated at 125,837, with projections for growth to 132,196 by 2009. The greater trade area is presently home to an estimated 341,898 persons with a 2009 projected population of 357,525.
- In the past few decades, household size declined nationally due to a decrease in fertility rates, increasing divorces and single person households and a rise in the elderly population. Today, it is estimated at 2.58 persons per household. In all of the geographic areas examined for this project, except the state as a whole, household size exceeds the national average and is growing. In part, this may be linked to a relatively high Hispanic population, where household size tends to be above average. Exhibit S-1 shows a continuation of this trend over the next five years. It is and will remain the highest within the neighborhood trade area at 3.24 in 2004 increasing to 3.28 in 2009.

Local and Greater Trade Areas

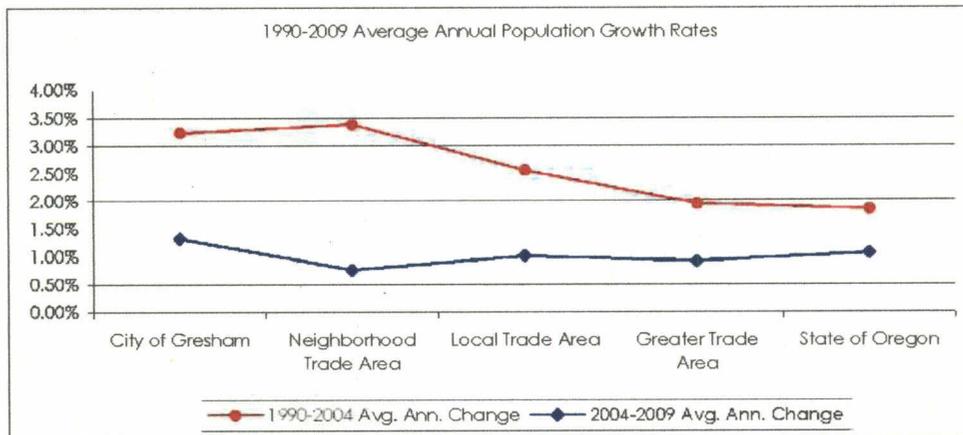


EXHIBITS-1

POPULATION GROWTH

City of Gresham, Neighborhood Trade Area, Local Trade Area, Greater Trade Area and State of Oregon
1990-2009

Geographic Area	1990	Avg. Ann. Change 1990-2004			Avg. Ann. Change 2004-2009		
		2004 (Estimate)	Number	Percent	2009 (Forecast)	Number	Percent
City of Gresham							
Population	67,984	98,814	2,202	3.24%	105,357	1,309	1.32%
Households	25,521	36,330	772	3.03%	38,600	454	1.25%
Avg. Household Size	2.63	2.69	0.004		2.70	0.002	
Neighborhood Trade Area, 0.5 mi							
Population	5,787	8,527	196	3.38%	8,853	65	0.76%
Households	2,157	2,601	32	1.47%	2,664	13	0.48%
Avg. Household Size	2.65	3.24	0.042		3.28	0.008	
Local Trade Area, 3.0 mile							
Population	92,650	125,837	2,371	2.56%	132,196	1,272	1.01%
Households	35,458	46,627	798	2.25%	48,738	422	0.91%
Avg. Household Size	2.59	2.67	2.610		2.69	0.004	
Greater Trade Area, 12 min drive							
Population	268,553	341,898	5,239	1.95%	357,525	3,125	0.91%
Households	105,031	128,741	1,694	1.61%	133,951	1,042	0.81%
Avg. Household Size	2.51	2.61	0.007		2.62	0.002	
State of Oregon							
Population	2,842,321	3,581,202	52,777	1.86%	3,770,744	37,908	1.06%
Households	1,103,313	1,399,425	21,151	1.92%	1,477,034	15,522	1.11%
Avg. Household Size	2.52	2.50	-0.001		2.50	0.000	



Source: ESRI BIS

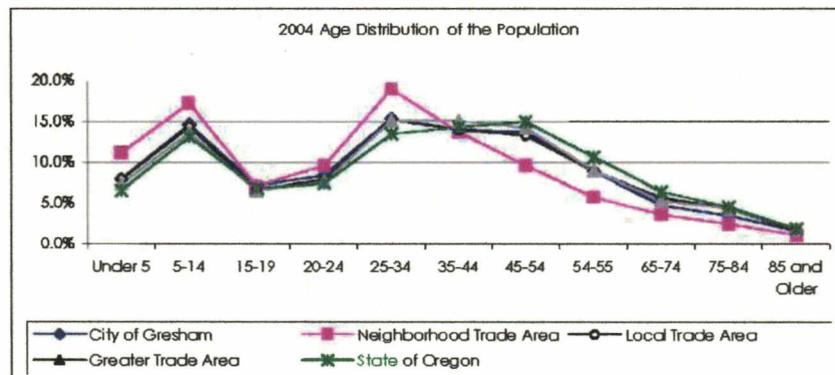
Age Distribution

- The population within and immediately surrounding Gresham is quite young, compared to the State of Oregon as a whole. The 2004 median age within the city was estimated at 32.8 years and 33.6 years within the local trade area (Exhibit S-2). Median age within the immediate area is significantly below all other geographic areas at 27.4 years, owing largely to the large, family-oriented Hispanic population. Beyond the immediate Rockwood area, the population is older with a median age of 34.9 years within the greater trade area.
- The estimated proportion of the population under the age of 15 in 2004 was between 21% and 22.6% for the city and local/greater trade areas. Not surprising, the Rockwood neighborhood has a significant proportion of population within this age group, 28.4%.
- Prime consumer age categories, age 25-54 made up between 42.1% (neighborhood) and 44.3% (greater) of all the market area populations. Statewide the proportion of the population within this age group was 42.7%.

EXHIBIT S-2

POPULATION BY AGE
City of Gresham, Neighborhood Trade Area, Local Trade Area and State of Oregon
2004

Age Category	City of Gresham	Neighborhood Trade Area	Local Trade Area	Greater Trade Area	State of Oregon
Under 5	8.0%	11.2%	8.0%	7.4%	6.5%
5-14	14.6%	17.2%	14.3%	13.6%	13.1%
15-19	7.1%	7.1%	6.7%	6.6%	6.8%
20-24	8.4%	9.6%	7.9%	7.7%	7.4%
25-34	15.3%	18.9%	15.2%	15.1%	13.4%
35-44	14.0%	13.6%	14.0%	15.1%	14.3%
45-54	13.8%	9.6%	13.4%	14.2%	15.0%
55-64	8.9%	5.7%	8.9%	9.0%	10.6%
65-74	4.8%	3.6%	5.7%	5.3%	6.4%
75-84	3.5%	2.4%	4.3%	4.4%	4.6%
85 and Older	1.6%	1.1%	1.6%	1.9%	1.8%
Total	98,815	8,526	125,839	341,900	3,581,202
Median Age	32.8	27.4	33.6	34.9	36.9



Source: ESRI BIS

- As to be expected with a youthful market population, the share of residents age 65 years or older in 2004 in all comparative areas was below that of the state's (12.8%). Within the immediate Rockwood neighborhood, only 7.1% of residents are seniors with the proportion rising to 11.6% for both the local and greater trade areas.

Household Income Distribution

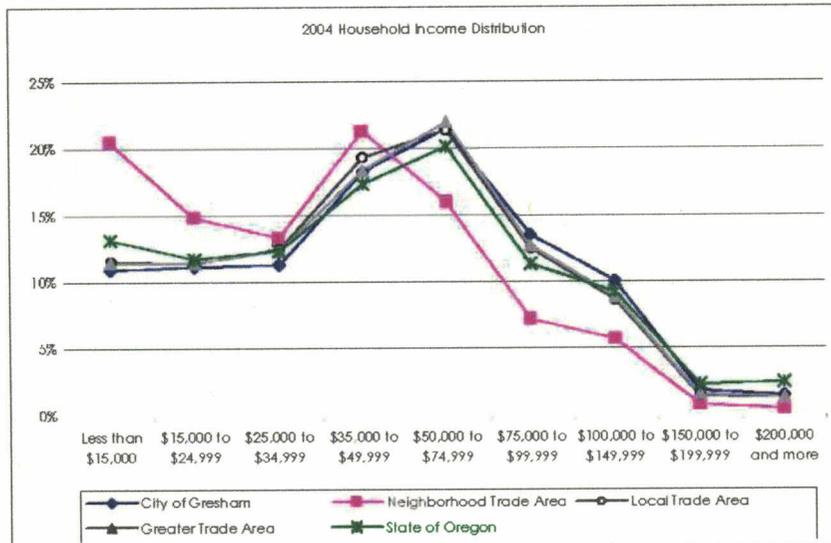
- Exhibit S-3 shows that on the whole, city and local and greater trade area residents are somewhat more affluent than households statewide. Within these areas, estimated 2004 median household income ranges from \$45,881 for the local trade area to \$48,504 in the City of Gresham, compared to \$45,702 for the state as a whole. Households within the immediate Rockwood neighborhood have markedly lower median household income of \$35,794.

EXHIBIT S-3

HOUSEHOLD INCOME

City of Gresham, Neighborhood Trade Area, Local Trade Area, Greater Trade Area and State of Oregon
2004

Income	City of Gresham	Neighborhood Trade Area	Local Trade Area	Greater Trade Area	State of Oregon
Less than \$15,000	10.9%	20.5%	11.6%	11.5%	13.2%
\$15,000 to \$24,999	11.1%	14.8%	11.4%	11.4%	11.7%
\$25,000 to \$34,999	11.3%	13.4%	12.5%	12.3%	12.3%
\$35,000 to \$49,999	18.2%	21.2%	19.3%	18.3%	17.3%
\$50,000 to \$74,999	21.5%	16.0%	21.3%	22.0%	20.1%
\$75,000 to \$99,999	13.6%	7.2%	12.5%	12.7%	11.3%
\$100,000 to \$149,999	10.0%	5.7%	8.6%	8.9%	9.2%
\$150,000 to \$199,999	1.9%	0.8%	1.5%	1.6%	2.3%
\$200,000 and more	1.5%	0.5%	1.3%	1.3%	2.5%
Total	36,328	2,600	46,627	128,741	1,399,424
Median	\$48,504	\$35,794	\$45,881	\$46,742	\$45,702



Source: ESRI BIS

- Despite below average median incomes within Rockwood, there are clearly "pockets" of wealth, with 181 households (7%) earning in excess of \$100,000 a year. Within the local trade area, 5,292 households (11.4%) have incomes of \$100,000 or more, of which 609 households (1.3%) have incomes of \$200,000 or more.

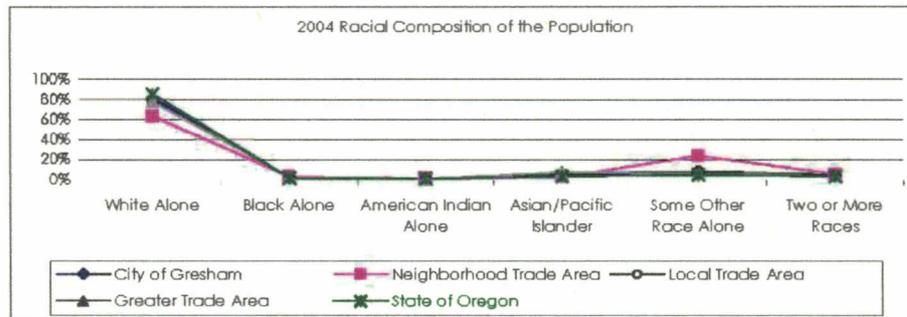
Racial Composition

- Racial distributions throughout all the trade area populations show two distinct differences compared to the state as a whole: a lower proportion of Whites and conversely, a greater proportion of Asian/Pacific Islanders and Hispanics as well. The greater trade area population includes 8.1% Asian/Pacific Islander population. The nearby Rockwood neighborhood has the greatest proportion of Hispanics with 37.5%, compared to only 9.5% for Oregon.
- The proportion of the population that is Hispanic is also well above average for the City (13.6%) and the local trade area (13.9%). Hispanics comprise 10.7% of the greater trade area.
- All of the trade areas show ethnic diversity with as little as 63% White population within a 0.5 mile radius to 81% White in Gresham city limits.

Exhibit S-4

RACIAL COMPOSITION
City of Gresham, Neighborhood Trade Area, Local Trade Area, Greater Trade Area and State of Oregon
2004

Race	City of Gresham	Neighborhood Trade Area	Local Trade Area	Greater Trade Area	State of Oregon
White Alone	80.9%	63.0%	77.4%	77.7%	85.2%
Black Alone	2.0%	3.5%	2.6%	2.9%	1.7%
American Indian Alone	0.9%	1.3%	1.0%	0.9%	1.3%
Asian/Pacific Islander	4.1%	2.8%	6.1%	8.1%	3.6%
Some Other Race Alone	8.0%	23.6%	8.5%	6.1%	5.0%
Two or More Races	4.0%	5.8%	4.4%	4.2%	3.2%
Total	98,814	8,527	125,838	341,899	3,581,202
Hispanic (any race)	13.6%	37.5%	13.9%	10.7%	9.5%



Source: ESRI BIS

Community Tapestry Segments

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

Local and greater trade area households have been grouped into Community Tapestry market segments, which reveal a great deal of similarity. In both trade areas, Main Street USA and Aspiring Young Families represent the largest two segments with the balance of households distributed among many of the same categories.

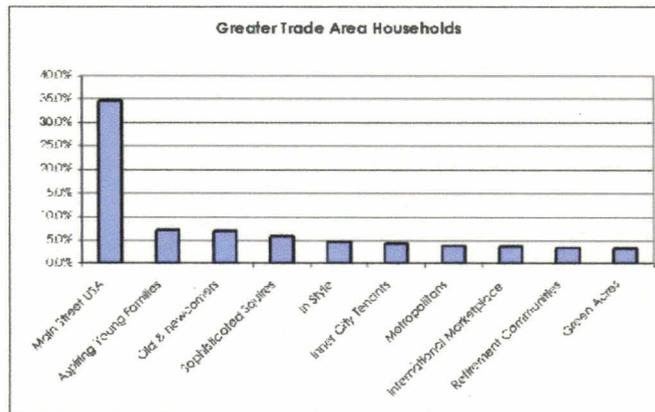
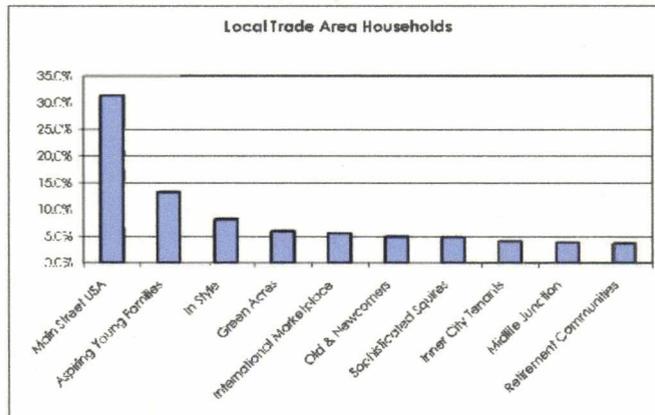
The four largest market segments in the local and greater trade areas are briefly summarized below with detailed descriptions of all the top segments comprising at least four percent (4%) of total households detailed descriptions provided in Appendix I. Exhibit S-5 follows the summaries to show into which market segments a majority of local and greater trade area households fall.

- **Main Street USA (31.4% of Local and 34.7% of Greater Trade Area HH)**
Main Street, USA is highly representative of America's population: families with a growing mix of single households, household size of 2.53 people, and a median age of 35.9 years. Households in this segment earn a comfortable middle income with a median of \$48,000 and own older, single-family houses with a median home value of \$148,500. They are the suburban inhabitants of smaller metropolitan cities across the United States.
- **Aspiring Young Families (13.3% of Local and 7.2% of Greater Trade Area HH)**
Aspiring Young Families are attracted to the large, growing metropolitan areas in the South and West with the highest shares in California, Florida, and Texas. These are mainly young, start-up families; married couples; or single parents with children. Although young, with a median age less than 30 years, approximately half have already purchased start-up homes, with a high percent of townhouses, and half are renters living in newer multiunit buildings.
- **In Style (8.2% of Local and 4.7% of Greater Trade Area HH)**
Even though they're in the suburbs, *In Style* households favor the lifestyle of city dwellers, preferring townhouses to more traditional, single-family homes. These professional couples have careers but few children. Their median age is 37.6 years.
- **Green Acres (6.0% of Local and 3.2% of Greater Trade Area HH)**
A little bit country, these blue-collar baby boomer families with children aged 6-17 enjoy living in rural-like settings of developing suburban fringe areas. These neighborhoods are often found in the Midwest. Their median household income of \$60,000 and their median home value of \$163,000 are high compared to that of others in the United States.

Exhibit S-5

HOUSEHOLDS BY PRIMARY MARKET SEGMENT
 Rockwood Local and Greater Retail Trade Areas
 2004

Local Trade Area		Greater Trade Area	
Market Segment	Percent of Households	Market Segment	Percent of Households
1 Main Street USA	31.4%	Main Street USA	34.7%
2 Aspiring Young Families	13.3%	Aspiring Young Families	7.2%
3 In Style	8.2%	Old & Newcomers	7.0%
4 Green Acres	6.0%	Sophisticated Squires	5.9%
5 International Marketplace	5.5%	In Style	4.7%
6 Old & Newcomers	5.0%	Inner City Tenants	4.3%
7 Sophisticated Squires	4.8%	Metropolitans	3.8%
8 Inner City Tenants	4.1%	International Marketplace	3.7%
9 Midlife Junction	3.8%	Retirement Communities	3.4%
10 Retirement Communities	3.7%	Green Acres	3.2%
Total	85.8%		77.9%



Employment Trends

- Employment data of area workers and the market area resident population provides additional insight to the characteristics and potential interests of these important markets.
- Exhibit S-6 illustrates the year-to-year fluctuations in the employment base within the Rockwood area showing an overall decline from 1999 to 2003. In general, manufacturing, accommodations and retail trade experienced the biggest losses during this timeframe, with health care and wholesale trade on the rise. The employment picture speaks to the ongoing need for more jobs within the Rockwood community.
- Exhibit S-7 depicts the employed population within the local and greater trade areas by economic sector. The majority of residents within the local and greater trade areas are employed in white collar jobs with service jobs accounting for the largest share of resident employment (42% and 43%). A significant share of residents are also employed within the retail trade and manufacturing sectors. Average commute times appear to be high at 27 minutes (local trade area) and 25 minutes (greater trade area.)

Exhibit S-6
Total Industry Employment in Rockwood**

NAICS	INDUSTRY TITLE	1999	2000	2001	2002	2003
11	Agriculture, Forestry, Fishing and Hunting	*	*	*	*	*
21	Mining	*	*	*	*	*
22	Utilities	*	*	*	*	*
23	Construction	533	430	439	404	480
31	Manufacturing	148	141	150	153	202
32	Manufacturing	1,133	994	921	923	784
33	Manufacturing	1,175	1,081	1,035	974	970
42	Wholesale Trade	362	314	343	429	455
44	Retail Trade	1,280	1,179	668	667	588
45	Retail Trade	344	310	280	274	198
48	Transportation and Warehousing	45	*	37	42	51
49	Transportation and Warehousing	*	*	*	*	*
51	Information	96	*	*	106	*
52	Finance and Insurance	166	167	178	151	118
53	Real Estate and Rental and Leasing	254	210	255	239	263
54	Professional, Scientific, and Technical Services	76	61	82	69	60
55	Management of Companies and Enterprises	*	*	81	94	*
56	Administrative/Support & Waste Management/ Remediation Services	202	239	282	235	266
61	Educational Services	*	93	89	92	778
62	Health Care and Social Assistance	997	930	1,135	1,174	1,179
71	Arts, Entertainment, and Recreation	121	110	111	140	151
72	Accommodation and Food Services	1,237	*	1,131	1,038	890
81	Other Services (except Public Administration)	497	*	487	471	453
92	Other non classifiable	*	*	*	*	*
TOTAL ALL INDUSTRIES		8,665	6,261	7,703	7,671	7,885

Source: Oregon Employment Department Quarterly Census of Employment and Wages. * Data not available due to confidentiality. ** Rockwood defined using census tracts within boundaries as follows: Russell (north), Division (south), 162nd (west) and 202nd (east).

Exhibit S-7

EMPLOYED POPULATION 16+ BY INDUSTRY
 Rockwood Local and Greater Trade Areas
 2004

Industrial Sector	Local		Greater	
	#	%	#	%
Agriculture, Forestry, Fishing	389	0.70%	937	0.6%
Construction	3,666	6.60%	9,528	6.1%
Manufacturing	6,831	12.30%	19,212	12.3%
Transportation/Utilities	4,165	7.50%	11,090	7.1%
Wholesale Trade	2,721	4.90%	7,029	4.5%
Retail Trade	7,387	13.30%	19,837	12.7%
Finance, Insurance, Real Estate	4,054	7.30%	10,934	7.0%
Information	1,111	2.00%	3,905	2.5%
Services	23,271	41.90%	67,478	43.2%
Government	1,999	3.60%	6,404	4.1%
TOTAL	55,594	100.0%	156,355	100.0%
White Collar		54%	57%	
Blue Collar		28%	26%	
Services		18%	17%	
Worked at home, 2000		3.30%	3.70%	
Av. Travel Time to Work (in min.) 2000		27	25	

Source: US Census Bureau, ESRI BIS Forecasts

Business Trends

- Despite employment declines, the overall number of businesses has increased from 572 to 615 within the last five years in the Rockwood area defined by the Employment Department using census tracts. Of all the industry sectors depicted in Exhibit S-8, real estate has had the most significant increase in the total number of businesses from 39 to 48.
- Exhibit S-9 provides a more detailed look at the number of businesses in the immediate Rockwood Town Center area. The most significant business cluster is restaurants, totaling 19.

Exhibit S-8

Number of Business Units in Rockwood**

NAICS	INDUSTRY TITLE	1999	2000	2001	2002	2003
11	Agriculture, Forestry, Fishing and Hunting	*	*	*	*	*
21	Mining	*	*	*	*	*
22	Utilities	*	*	*	*	*
23	Construction	74	62	72	75	79
31	Manufacturing	7	7	5	6	6
32	Manufacturing	17	15	14	13	13
33	Manufacturing	23	22	26	18	18
42	Wholesale Trade	25	22	25	29	29
44	Retail Trade	60	47	52	52	57
45	Retail Trade	24	21	22	30	27
48	Transportation and Warehousing	7	*	5	6	6
49	Transportation and Warehousing	*	*	*	*	*
51	Information	4	*	*	6	*
52	Finance and Insurance	30	24	27	26	27
53	Real Estate and Rental and Leasing	39	28	48	49	48
54	Professional, Scientific, and Technical Services	22	12	21	19	18
55	Management of Companies and Enterprises	*	*	5	4	*
56	Management and Remediation Services	28	26	30	28	33
61	Educational Services	*	4	5	5	20
62	Health Care and Social Assistance	68	52	73	71	67
71	Arts, Entertainment, and Recreation	5	5	6	10	10
72	Accommodation and Food Services	67	*	67	74	72
81	Other Services (except Public Administration)	72	*	73	78	85
92	Other non classifiable	*	*	*	*	*
TOTAL ALL INDUSTRIES		572	347	576	599	615

* Data not available due to confidentiality. **Rockwood defined using census tracts within boundaries as follows: Russell (north), Division (south), 162nd (west) and 202nd (east).

Source: Oregon Employment Department Quarterly Census of Employment and Wages.

Exhibit S-9

Rockwood Town Center Businesses

Business Category	#
Automotive Services	5
Beauty Services	5
Financial	8
Health Care	10
Lodging	2
Recreation	5
Restaurants	19
Retail	13
Specialty Services	14

Source: City of Gresham, 2004

RETAIL ASSESSMENT

This section includes an overview of the retail sector, a synopsis of the existing supply within the Rockwood local trade area and an assessment of the current competitive posture of the Rockwood study area for commercial development.

Local and National Retail Trends

Retail spending contributed significantly to the U.S. economy during the 2001 recession and the 2002-2004 jobless recovery and is expected to remain strong over the next year. Low interest rates have played a key role in supporting retail sales by increasing the disposable income of borrowers and facilitating new housing construction that has, consequently, boosted the demand for grocery-anchored shopping centers. The short-term prospect of higher interest rates combined with rising fuel costs hopefully will be offset by greater buying power ensuing from anticipated job growth (i.e., a forecasted monthly gain of 200,000 jobs nationally).

Changing consumer preferences are forcing developers to consider retail formats other than enclosed malls and strip development. Discounters such as Wal-Mart and Target are undergoing aggressive expansion. Open-air power centers, town centers with grid systems and neighborhood business districts that enable customers to park a few steps from their destination are growing in popularity. Also, malls that offer entertainment venues are attracting more customers than those with traditional tenant mixes.

Portland's retail market experienced an overall decline in vacancy during the first half of 2004 according to CB Richard Ellis, from 5.08% to 4.92%. Vacancy in the 'close-in' southwest Portland submarket fell nearly 48% during this time. Leasing activity was reportedly strong with 292,502 square feet (SF) of positive net absorption. New retail construction is underway. As a whole, Portland added 318,802 SF in 10 new buildings to the retail inventory in the second quarter of 2004. These relatively low vacancies may be attributable in part to containment of commercial development due to the urban growth boundary as well as a reluctance to add commercial land (over industrial land) during an economic downturn. Throughout Portland, many older shopping centers are undergoing renovation and new lifestyle centers are emerging spurring a rise in rental rates. Ten of Portland's 13 submarkets experienced an increase in asking rates during the first half of 2004, with the average per square foot lease rate increasing from \$16.15 to \$16.66 over six months.

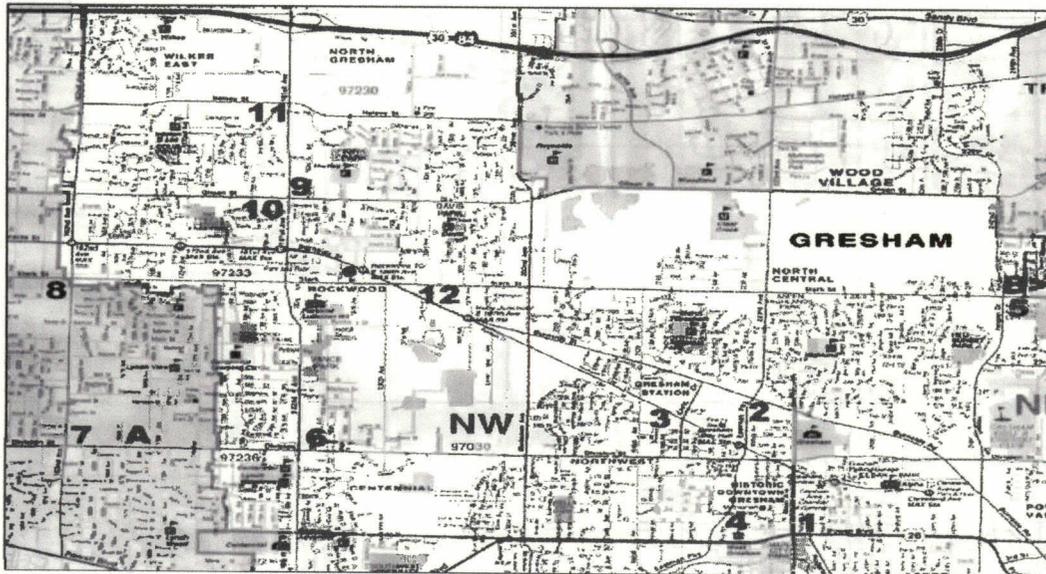
Rockwood Area Competitive Retail Supply

Marketek conducted a survey of competitive shopping centers located within a three mile radius from the Rockwood Triangle. Retail uses are concentrated on arterials such as 181st, 162nd, Division, Burnside, Powell and in the downtown Gresham area. Summary characteristics including observed vacancies are presented in Exhibit RS-1, followed by a map locating the surveyed properties.

Exhibit RS-1
Retail Centres: Local Trade Area

Center/Location Location	Type	Radius (Miles)	GLA	Vacancies		Year Built	Sq. Ft. Rate	Anchors
				Rate	Space			
1 Gresham Downtown Main Avenue	Street Retail	3	>100,000	10%	8	1905	\$8-12	Restaurant, Boutique, Services, Professional
2 Gresham Station Eastman & Burnside	Community- Lifestyle	2	300,000	3%	1	2001	\$18 \$14 \$26	Bed Bath & Beyond Old Navy, GAP, QFC Small shops (1-3000SF)
3 Gresham Square 240 SE Burnside (SE 223rd)	Community	2	130,000	18%	6	1969 2003	\$12 NNN	Office Max, Provid. Bsh. Beneficial Mortg., J&J Furril
4 Gresham Town Fair Eastman Pkwy at Di	Community- Power	3	265,765	15%	2	1987	\$18	GI Joe's, PetSmart, Ross Jo-Ann's Fabrics, Pier 1
5 College Square Center 242nd and Stark	Community	3	111,987	13%	3	1983	\$11-16	Si-Mart, Harbor Freight IHOP (closed)
6 Rockwood Plaza SE Division & 182nd	Community	1	92,244	5%	1	c.1968 2000		Dollar Tree, Volunteer of America, Auto Road Mart of
7 Division Crossing 162nd and Division	Community	2	94,640	0%	0	1991		Safeway, Site-Aid Weight Watcher, Halls
8 Village Square 162nd and Stark	Neighborhood	2	84,426	20%	sub- leases	c.1975		Wooten Kings, Murphy's Furniture
9 Glean Center 181st and Glean	Neighborhood	2	30,000	15%	2	c.1975		Site-Aid, Bingo
10 Roger's Square 181st and Glean	Neighborhood	1	73,000	0%	0	1987		Albertson's, Woolburter, Baskin-Robbins, Subway
11 Haley Crossing 181st and Haley	Neighborhood	2	99,373	5%	1	1990		Safeway, Wendy's, BJ's Imps Fashion Bug, Hollywood Mid
12 German Town Square 19220 SE Stark	Neighborhood Eclectic	1	25,000	20%	4	N/A		Set-H-Me-Free Aloe Vera Fantastic Race Martal
A Regal Division Street 16603 SE Division St.	Cinema	2	13 screens					
B Regal Stark Street 11: 257th and Stark	Cinema	4	10 screens					

Source: Marketek, Inc. September 2004; National Research Bureau, 2003



The quality of retail centers within the local trade area varies considerably. For instance, grocery-anchored centers such as Roger's Square and Halsey Crossing are well maintained with little or no vacancy. Nearby Gresham Square has converted significant space to service use (Providence Rehab and a mortgage company) and has several vacancies. Gresham Station is the newest, largest and healthiest shopping center in close proximity with only one vacancy. On the other end of the spectrum within a half mile from Rockwood is Germantown Square, an awkwardly situated, neglected center with an eclectic business mix and several vacancies.

Few local retail centers are operating at optimum capacity, many with several vacancies. The reasons vary widely from the quality of the anchors and condition of the facilities to management and marketing. Close to the Rockwood Triangle are older centers with value-oriented retailers. The nearest grocery is an Albertson's, less than a mile away.

The closing of the Fred Meyer at the Rockwood Triangle has had an obvious impact on the retail dynamics of the trade area, but is only one contributing factor to the current sparse and shallow retail mix. The long term competitive posture of Rockwood has been eroded over time by the establishment and/or redevelopment of larger retail centers, challenging transportation networks and the difficulty in agglomerating a large site to help create critical mass, and a perception of the Rockwood area tied to crime and other factors.

Competitive Retail Assessment

Key observations about the competitive environment for retail expansion and development within the general Rockwood Triangle area are noted in the table that follows.

Exhibit RS-2

Selected Opportunities & Challenges
Rockwood Triangle Area

Opportunities & Assets	Weaknesses & Challenges
Residents have a strong desire for more 'local' shopping and demand exists, especially for convenience goods.	The Fred Meyer site is owned by trust in California. Kroger holds 10 year remaining leasehold and may seek to retain control to avoid a competitive venture.
High traffic volumes and MAX line and generate high visibility for storefronts.	Rockwood's negative image related to crime continues to be a serious concern to many.
Favorable business environment with most area businesses satisfied w/ Rockwood location.	Encouraging developers' interest while meeting city/ residents' needs and vision.
Large employers (e.g., Kaiser) in close proximity providing jobs and captive daytime customer base. Close proximity to interstate makes Rockwood desirable location.	Neighborhood appearance is another often-noted concern among locals. A greater concern is the need for higher wage jobs to boost neighborhood incomes.

Neighborhood pride is increasing and grassroots self-improvement projects are being implemented through Weed and Seed.	Vacant and poorly maintained properties scattered throughout the commercial and residential areas.
Cohesive group of Rockwood business owners owing in part to City's business assistance efforts.	Public image and crime/safety concerns significantly limit potential investors and shoppers.
Significant undeveloped land b/w Rockwood and Central Gresham will influence the character of Triangle.	No large sites for new retail anchor retail (e.g., a national retailer).
Cultural diversity can be built upon to form a diverse interesting business mix: retail and restaurants that represent the area's variety.	Rents are inadequate to support new construction or significant rehabilitation without subsidy.
Key organizations playing active role in area's revitalization besides the City: Weed 'n Seed Program is key to social change; OAME spawning new businesses; and business association.	The MAX line and major roadways bisecting this neighborhood challenge the creation of a cohesive commercial area. When surveyed, many business owners cited 'traffic congestion' as a concern.
Numerous neighborhood assets: Library, schools, International Marketplace.	Enticing new businesses is a challenge as is encouraging residents, workers and visitors outside of the neighborhood to shop.
Significant public infrastructure projects are committed or expended, most recently the streetscape improvements.	Lower end retail (flea market, second hand stores) serving low to moderate income clientele and 'strip clubs' project a downward economic spiral.
Urban renewal is important investment vehicle and cohesive plan.	Some vacant storefronts and several rundown, properties project poor image.
Growing population and housing base will generate increased demand for local business.	Meeting demand locally is both a challenge and an opportunity.
Long time business anchors provide continuity, customer traffic.	Functionally obsolete properties or ones that are social/economic detractors may need to be eliminated.

Resident comments during the charrette process reinforce the issues and opportunities noted above:

"The need for a unifying visual appearance is important to Rockwood's future."

"Rockwood's redevelopment cannot be 'piecemeal.' A holistic development plan is needed for success. "

"The only thing holding us back is lack of a vision."

"Dilapidated properties need to be eliminated."

"The neighborhood needs stability. Part of that is helping existing businesses."

RETAIL DEMAND ANALYSIS

This section provides estimates of potential market demand for retail uses in the local Rockwood trade area as well as the study area's capture of this demand.

Retail Sales Potential and Supportable Space

The methodology for estimating statistical market support for retail space in the local trade area is displayed in Exhibits RD-2 through RD-6. This methodology applies expenditure potential¹ by type of merchandise to trade area population figures in order to obtain potential sales volume for trade area residents. Potential sales are divided among several merchandise and service categories: *shoppers goods, convenience goods, restaurants, entertainment and personal services*. Exhibit RD-1 specifies the types of goods and services within several of these categories. For instance, "apparel" (part of shoppers goods) includes women's apparel, men's apparel, children's apparel, footwear, watches and jewelry.

Exhibit RD-1

SUMMARY OF MERCHANDISE AND SERVICE CATEGORIES

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

Source: ESRI BIS

¹ Consumer spending is estimated from the Bureau of Labor Statistics' Consumer Expenditure (CEX) Surveys. The CEX surveys have been used for over a century to provide data to study consumer spending and its effect on gross domestic product.

Estimates of sales per square foot of store space derived from the Urban Land Institute's *Dollars and Cents of Shopping Centers* are used to convert adjusted potential sales to supportable space estimates. In Exhibit RD-2, for example, in the case of apparel, potential sales of \$119,271,866 in the local trade area at sales per square foot of \$209 will support 570,679 square feet devoted to this type of merchandise. For all shoppers goods, total potential sales in the year 2004 are \$291,325,496 equating to 1.4 million square feet of floor space.

Exhibit RD-2 shows that in 2004, there is the potential for approximately 3.2 million square feet of retail space based on potential expenditures of the population residing in the local trade area. However, these potential expenditures by residents may occur outside of the local or greater trade areas— including the Internet – if desirable goods and services are not available locally.

Exhibit RD-2
RETAIL EXPENDITURE POTENTIAL
Rockwood Local Trade Area
2004

Merchandise or Service Category	Per Household Expenditure	Potential Sales Volume	Target *Sales (\$/sq.ft.)	Potential Supportable Space (Sq. Ft.)
Apparel	\$2,558	\$119,271,866	\$209	570,679
Home Furnishings	\$1,301	\$60,661,727	\$199	304,833
Home Improvement	\$571	\$26,624,017	\$140	190,172
Misc. Specialty Retail	\$1,818	\$84,767,886	\$216	392,444
Shoppers Goods		\$291,325,496		1,458,127
Grocery	\$5,529	\$257,800,683	\$390	661,027
Health & Personal Care	\$859	\$40,052,593	\$365	109,733
Convenience Goods		\$297,853,276		770,761
Restaurants	\$3,280	\$152,936,560	\$263	581,508
Entertainment	\$340	\$15,853,180	\$90	176,146
Personal Services	\$858	\$40,005,966	\$151	264,940
Total		\$797,974,478		3,251,482

Potential Supportable Retail Space

3,251,482

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

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

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Exhibit RD-3 depicts projected retail expenditure potential for the local trade area for the year 2009. Based on population growth and subsequent increases in retail sales for the years 2004-2009, total supportable retail space in the local trade area will have increased to 3.4 million square feet by the year 2009. Exhibit RD-4 provides the same type of analysis for the year 2014 when supportable space will have increased to approximately 3.5 million square feet in the local trade area.

Exhibit RD-3

RETAIL EXPENDITURE POTENTIAL
Rockwood Local Trade Area
2009

Merchandise or Service Category	Per Household Expenditure	Potential Sales Volume	Target Pot *Sales (\$/sq.ft.)	Potential Supportable Space(Sq. Ft.)
Apparel	\$2,558	\$124,671,804	\$209	596,516
Home Furnishings	\$1,301	\$63,408,138	\$199	318,634
Home Improvement	\$571	\$27,829,398	\$140	198,781
Misc. Specialty Retail	\$1,818	\$88,605,684	\$216	410,212
Shoppers Goods		\$304,515,024		1,524,143
Grocery	\$5,529	\$269,472,402	\$390	690,955
Health & Personal Care	\$859	\$41,865,942	\$365	114,701
Convenience Goods		\$311,338,344		805,656
Restaurants	\$3,280	\$159,860,640	\$263	607,835
Entertainment	\$340	\$16,570,920	\$90	184,121
Personal Services	\$858	\$41,817,204	\$151	276,935
Total		\$834,102,132		3,398,690

Potential Supportable Retail Space**3,398,690**

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

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

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Exhibit RD-4

RETAIL EXPENDITURE POTENTIAL
Rockwood Local Trade Area
2014

Merchandise or Service Category	Per Household Expenditure	Potential Sales Volume	Target *Sales (\$/sq.ft.)	Potential Supportable Space(Sq. Ft.)
Apparel	\$2,558	\$130,317,310	\$209	623,528
Home Furnishings	\$1,301	\$66,279,445	\$199	333,063
Home Improvement	\$571	\$29,089,595	\$140	207,783
Misc. Specialty Retail	\$1,818	\$92,618,010	\$216	428,787
Shoppers Goods		\$318,304,360		1,593,160
Grocery	\$5,529	\$281,674,905	\$390	722,243
Health & Personal Care	\$859	\$43,761,755	\$365	119,895
Convenience Goods		\$325,436,660		842,139
Restaurants	\$3,280	\$167,099,600	\$263	635,360
Entertainment	\$340	\$17,321,300	\$90	192,459
Personal Services	\$858	\$43,710,810	\$151	289,476
Total		\$871,872,730		3,552,593

Potential Supportable Retail Space**3,552,593**

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

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

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Exhibit RD-5
 POTENTIAL SUPPORTABLE RETAIL SPACE
 Rockwood Local Trade Area and Study Area Capture
 2004-2014

Merchandise or Service Category	2004	2009			2014			Total Study Area Capture
	Local Trade Area	Local Trade Area	Numeric Increase	Study Area Capture	Local Trade Area	Numeric Increase	Study Area Capture	
Shoppers Goods								
Apparel				20%			25%	
Potential Sales	\$119,271,866	\$124,671,804	\$5,399,938	\$659,476	\$130,317,310	\$5,645,506	\$861,834	\$1,521,310
Supportable SF	570,679	596,516	25,837	3,399	623,528	27,012	4,442	7,842
Home/Furniture								
Potential Sales	\$60,661,727	\$63,408,138	\$2,746,411	\$549,282	\$66,279,445	\$2,871,307	\$717,827	\$1,267,109
Supportable SF	304,833	318,634	13,801	2,906	333,063	14,429	3,798	6,704
Home Improvement								
Potential Sales	\$26,624,017	\$27,829,398	\$1,205,381	\$290,170	\$29,089,595	\$1,260,197	\$379,207	\$669,376
Supportable SF	190,172	198,781	8,610	1,458	207,783	9,001	1,906	3,364
Misc. Retail								
Potential Sales	\$84,767,886	\$88,605,684	\$3,837,798	\$767,560	\$92,618,010	\$4,012,326	\$1,003,082	\$1,770,641
Supportable SF	392,444	410,212	17,768	4,288	428,787	18,576	5,604	9,892
Total								
Potential Sales	\$291,325,496	\$304,515,024	\$13,189,528	\$2,266,488	\$318,304,360	\$13,789,336	\$2,961,948	\$5,228,436
Supportable SF	1,458,127	1,524,143	66,016	12,052	593,160	69,018	15,750	27,802
Convenience Goods								
Grocery				60%			65%	
Potential Sales	\$257,800,683	\$269,472,402	\$11,671,719	\$7,003,031	\$281,674,905	\$12,202,503	\$7,931,627	\$14,934,658
Supportable SF	661,027	690,955	29,927	18,675	722,243	31,288	21,151	39,826
Health & Personal Care								
Potential Sales	\$40,052,593	\$41,865,942	\$1,813,349	\$1,088,009	\$43,761,755	\$1,895,813	\$1,232,278	\$2,320,288
Supportable SF	109,733	114,701	4,968	3,411	119,895	5,194	3,863	7,274
Total								
Potential Sales	\$297,853,276	\$311,338,344	\$13,485,068	\$8,091,041	\$325,436,660	\$14,098,316	\$9,163,905	\$17,254,946
Supportable SF	770,761	805,656	34,896	22,085	842,139	36,482	25,014	47,099
Restaurants								
Potential Sales	\$152,936,560	\$159,860,640	\$6,924,080	\$2,423,428	\$167,099,600	\$7,238,960	\$2,533,636	\$4,957,064
Supportable SF	581,508	607,835	26,327	10,676	635,360	27,525	11,161	21,837
Entertainment								
Potential Sales	\$15,853,180	\$16,570,920	\$717,740	\$143,548	\$17,321,300	\$750,380	\$150,076	\$293,624
Supportable SF	176,146	184,121	7,975	621	192,459	8,338	650	1,271
Personal Services								
Potential Sales	\$40,005,966	\$41,817,204	\$1,811,238	\$633,933	\$43,710,810	\$1,893,606	\$662,762	\$1,296,695
Supportable SF	264,940	276,935	11,995	4,661	289,476	12,540	4,873	9,535
Total								
Potential Sales	\$797,974,478	\$834,102,132	\$36,127,654	\$13,558,438	\$871,872,730	\$37,770,598	\$15,472,328	\$29,030,766
Supportable SF	3,251,482	3,398,690	147,208	50,096	552,593	153,903	57,448	107,544

Note: This exhibit represents the estimated potential demand for new retail sales and space in the local trade area in the years 2009 and 2014. This potential demand estimate is based on the projected expenditure potential of retail market area households by type of merchandise or service.

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

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Exhibit RD-5 on the previous page distributes increases in sales and supportable retail space in the trade area among various retail categories for the years 2004, 2009 and 2014. The exhibit also provides an estimate of the Rockwood study area's capture of the increase in potential sales and demand for space for the years 2009 and for 2014.

Based on this analysis, *total* potential retail and service sales for the local trade area are projected to reach \$834 million by 2009 and \$871.8 million by 2014, supporting 3.5 million square feet of space, an increase of over 300,000 square feet over that which is supportable in 2004. However, this retail potential is shared with numerous competing shopping venues and areas, Rockwood being one. For this reason, estimates are provided of how much retail/service demand realistically can be captured by the Rockwood area.

The assignment of capture rates for *shoppers goods* and other retail categories is primarily based on Marketek's experience with comparable shopping districts throughout the nation and the Rockwood area's current retail competitive posture. One significant assumption underlying retail captures is that the Rockwood study area will work (and succeed) over the next 5-10 years to strengthen its position as a healthy commercial center, serving local resident consumers, area employees and possibly other markets.

It is also assumed that in the near term the majority of space devoted to *shoppers goods* will remain concentrated in the major shopping and commercial strip centers located in the local and greater trade areas. For this reason, the study area's projected capture of the potential increase in total trade area demand for *shoppers goods* during the 2004-2014 timeframe is conservative. The projection shows that the study area has the potential to capture 20% of the increase in total sales generated by local trade area residents by 2009 and 25% by 2014, assuming an increase in competitive retail space for *shoppers goods*. Examples of *shoppers goods* that would appeal to the target markets of nearby employees, trade area residents and passers-through include: books/magazines, sporting goods, card/stationery/gifts, electronics, jewelry, and specialty children's and women's apparel.

Capture rates for *convenience goods* (grocery, drug store items, etc) are appreciably higher (60%) for the reason that most residents prefer to make these purchases closer to home and will do so if the goods are available. Compared to available convenience shopping in other neighborhoods within the local trade area, the Rockwood neighborhood is significantly lacking. For this reason, too, Rockwood was assigned a relatively high capture of the projected increase in retail demand.

In addition to the Rockwood area's ability to capture a portion of total projected growth over the next ten years, estimates of existing 'unmet' demand for retail and services are also included in the final summary of supportable square feet, Exhibit RD-6. Public input during the charrette process underscored the very limited supply of existing retail establishments in Rockwood and the significant *out shopping* that is occurring, indicating that the neighborhood is not presently meeting its retail potential. In other words, a gap exists between current supply and potential

sales—'unmet demand'—which should be included in Rockwood's 2004-2014 potential demand for retail space. Further support for this existing unmet demand is provided by the findings of a recent Price Waterhouse Coopers study for the Initiative for a Competitive Inner City. The study documented that approximately 25% of potential retail demand is not being met in many inner city neighborhoods. Due to a limited supply and poor quality of merchandise/services, inner city residents are forced to shop outside their community.

Marketek estimates that there currently exists 108,662 square feet of unmet demand for retail space in the Rockwood area, of which approximately 35% is derived from convenience goods or grocery and drugstore demand. This demand reflects a highly conservative capture of between 3% and 5% (varying by type of merchandise/service) of all 2004 demand identified within the local three mile radius trade area (Exhibit RD-5). Coincidentally, shoppers and convenience goods demand totals about 90,000 SF, about the size of the vacant Fred Meyer store. Given the large supply of existing restaurants, no additional restaurant demand was identified at this time. It may be argued, however, that the supply is concentrated in Mexican and fast food restaurants and that opportunity exists for greater diversity in the restaurant sector.

Exhibit RD-6 provides a summary of the total current unmet demand by category of goods/services, as well as increases in supportable retail space that can

Exhibit RD-6

POTENTIAL SUPPORTABLE RETAIL SPACE IN THE ROCKWOOD AREA
2004-2014

Merchandise/ Service Category	Rockwood Area Existing Unmet Potential Demand 2004	Rockwood Area New Supportable Square Feet 2009	Rockwood Area New Supportable Square Feet* 2014	Total New Supportable Square Feet 2004-2014
Shoppers Goods				
Apparel	17,120	3,399	4,442	24,962
Home Furnishings	9,145	2,906	3,798	13,849
Home Improvement	5,706	1,458	1,906	9,069
Misc. Specialty Retail	19,627	4,288	5,604	29,514
Subtotal	51,593	12,052	15,750	79,394
Convenience Goods				
Grocery	33,051	18,675	21,151	72,877
Health & Personal Care	5,487	3,411	3,863	12,761
Subtotal	38,538	22,086	25,014	85,637
Restaurants	0	10,676	11,161	21,837
Entertainment	5,284	621	650	6,555
Personal Services	13,247	4,661	4,873	22,781
Total	108,662	50,096	57,448	216,205

*Not cumulative

Source: Marketek, Inc. © 2004 by Marketek, Inc.

potentially be captured by the Rockwood area by the years 2009 and 2014. It is important to note that area businesses will also generate sales from other target markets in addition to the local population base, including area employees, passers-through, business and recreational visitors, students and others. Estimating potential demand from these other markets is beyond the scope of this study.

Retail Spending Activity

The Spending Potential Index (SPI) is a measure of market activity developed by ESRI Business Information Solutions and denotes actual dollars spent on certain goods and services by residents within a given market area. This information adds another dimension to the statistical and lifestyle analyses and is helpful in identifying an appropriate business and merchandise mix for the Rockwood commercial center.

When the SPI is equal to 100 for a specific type of merchandise, consumers are spending at a rate equal to the national average. An SPI greater than 100 indicates that consumers are buying or spending above the national average. In other words, the SPI is an indicator of what prices consumers will pay and/or the level of discretionary income they are willing to devote to a particular good or service. Exhibit RD-7 on the following page shows the SPI of Rockwood local trade area households for various types of goods and services.

The data presented in Exhibit RD-7 indicates local trade area residents generally spend at a rate below the national average, which is consistent with slightly lower household incomes. Spending is highest for food & beverage categories ranging from 97 for meats & related to 101 for alcoholic beverages. Apparel categories rank relatively high with the average being 97 and toys & games is at 100, both indicative of a family-oriented population. Spending is lowest for insurance (77-79), home improvement (77-78) and transportation (78-81).

It is important to note that while spending is below the national average for several of the types of goods and services listed in Exhibit RD-7, trade area consumers may still demand these goods and services; on the whole they tend to pay less for them.

Hispanic Marketplace

Although the demographics of Rockwood's Hispanic residents are incorporated into the analysis of the study area's socioeconomic characteristics as a whole, it is interesting to review national statistics on the Hispanic market segment. American Demographics Magazine and their research affiliates observe the following:

"Unlike the U.S. as a whole, Gen Yers (age 5-24) are the largest Hispanic group, making up 38% of the Hispanic market. For the balance of the U.S., middle age baby boomers are the largest segment. Hispanic household income averages about \$9,000 less than the average U.S. household at \$42,000. However, the majority of Hispanic households are Middle Class."

Exhibit RD-7

SPENDING POTENTIAL INDEX OF SELECTED GOODS AND SERVICES
Rockwood Local Trade Area

Merchandise/ Service Category	Spending Potential Index	Merchandise/ Service Category	Spending Potential Index
Apparel	97	Financial Services	
Men's	96	Investments	85
Women's	98	Auto Loans	78
Children's	91	Health	
Footwear	99	Nonprescription Drugs	98
Watches & Jewelry	104	Prescription Drugs	76
Other Apparel	95	Eyeglasses and Contact Lenses	79
Computer		Home	
Computer/Hardware for Home	81	Home Improvement	
Software/Accessories for Home	82	Maintenance/Remodelling Serv	77
Entertainment & Recreation	83	Maintenance/Remodeling Supp	78
Entertainment Fees & Admissions	81	Household Furnishings	
Membership Fees	80	Household Textiles	80
Sports Participation	83	Furniture	81
Theater/Movies/Ballet/Opera	82	Floor Coverings	79
Sporting Events	81	Major Appliances	80
Recreational Lessons	80	Housewares	108
Television & Sound Equipment	80	Small Appliances	80
Cable Television	78	Luggage	83
Color Television	80	Telephone & Accessories	101
VCR/Video Camera/DVD Player	83	Child Care	82
Video Cassettes and DVDs	82	Lawn & Garden	83
Video Game Hardware/Software	81	Moving/Storage	85
Satellite Dishes	79	Housekeeping Supplies	99
Video/DVD Rental	83	Insurance	
Audio Equipment	83	Homeowners/Renters	77
Rental & Repair of TV/Sound	82	Vehicle	79
Pets & Supplies	89	Life	77
Toys & Games	100	Health	77
Recreational Vehicles & Fees	79	Personal Care Products	100
Sports/Exercise Equipment & Supplies	94	School Books & Supplies	83
Photo Equipment & Supplies	83	Smoking Products	77
Books/Magazines/Subscriptions	80	Transportation	
Food & Beverages	98	Vehicle Purchases	78
Groceries	98	Gas & Oil	78
Bakery & Cereal Products	98	Vehicle Maintenance & Repair	81
Meats, Poultry, Fish & Eggs	97	Travel	
Dairy Products	98	Air Fare	81
Fruits & Vegetables	99	Hotels/Motels	79
Other Foods at Home	99	Rental Cars	81
Meals at Restaurants	98	Food/Drink	80
Alcoholic Beverages	101		
Nonalcoholic Beverages at Home	98		

Source: ESRI BIS

The Hispanic market accounted for \$700 billion in consumer spending last year, which represents nearly 9 percent of the total U.S. disposable personal income (valued at \$8.02 trillion), according to the Department of Commerce, Bureau of Economic Analysis.

As the number of U.S. Hispanic immigrants continues to grow, so will this cohort's consumption levels. Already, with Hispanic Americans' disposable income growing in 2003 at a compounded annual growth rate (CAGR) of 7.5 percent, it is outpacing the overall U.S. disposable income, which only grew 2.8 percent CAGR last year. By 2010, the consumer spending among the U.S. Hispanic population is expected to reach \$1 trillion, according to Chain Store Guide, a market research company for the retail and food service industries.

Chain Store Guide is about to release a yearlong study of the Hispanic market. One of the preliminary conclusions is that it is not enough to identify members of this cohort merely as Hispanics. They do not behave as one monolithic group. Instead, sub-ethnic categories are forming, based largely on country of origin. *"They're looking for quality goods, good prices and products that come from their country of origin. Brands that come from different countries of origin are completely different and [Hispanics] want those brands that make them feel closer to home."* The survey concludes that 60 percent of foreign-born Hispanics tend to be focused on nutrition and food ingredients, while U.S.-born Hispanics are more worried about lifestyle factors such as smoking and stress.

In general, Hispanic lifestyle characteristics are dominated by young Baby Boomers with Children, making up 25% of the total. This population segment is characterized as:

- Young, with a median age of 31.2 years
- Above average median income
- Enjoy home projects, hunting, camping, fishing
- Rent videos, use PCs, visit museums/zoos/theme parks
- Own pets, campers, multiple vehicles

It is important to note that overall Hispanic shoppers spend between 50 and 100% more of their budget (than the average American) on the following items:

- Apparel, children < 2
- Rental housing
- Footwear
- Pork & beef
- Fresh fruits & vegetables
- Laundry & Cleaning Supplies
- Apparel, girls, age 2-15

Hispanic shoppers spend between 15 and 49% more of their budget (than the average American) on the following items:

- Variety of food products
- Furniture
- Apparel, boys, age 2-15
- Apparel & services

- Household products
- Bakery products

Advertisers have identified Hispanic youth as the marketer's challenge. By end of decade, 1 in 5 American youth will be Hispanic. According to the Association of Hispanic Advertising Agencies, *"One of the biggest misperceptions about Hispanic teens is that they will be completely assimilated into American culture. For young Latinos, their bilingualism is a huge part of their individuality."*

RESIDENTIAL ANALYSIS

A statistical demand analysis was performed for the market area (defined by a 12-minute drive time from the center of Rockwood) to estimate the potential market depth for for-sale multi-family housing and rental housing. The two main sources of annual potential demand for housing are new household growth and turnover. New household growth is traditionally used to project market growth and is based on population and household growth projections. Projected owner or renter occupied households are qualified or segmented by owner or renter turnover rates (derived from the 2000 Census), income, age and household size.

To offer insight to the relative strength of the Rockwood residential market, the supply side of the local housing market is also provided, including: size and occupancy characteristics of nearby active for-rent developments that are medium density and a summary of the for-sale attached product, of which little exists.

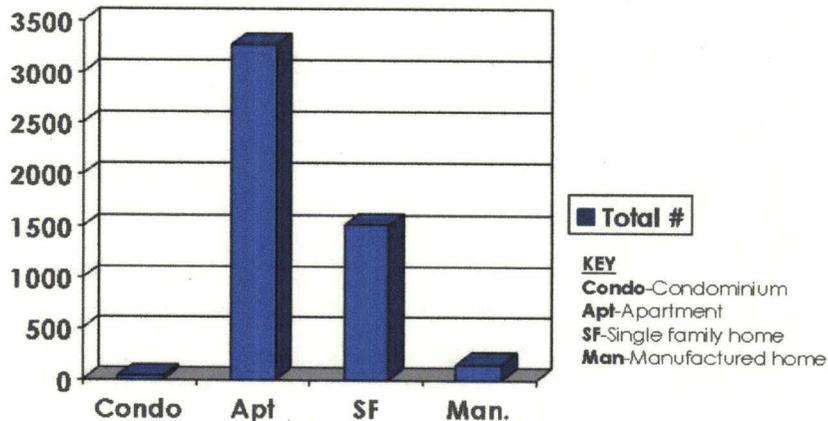
Existing Residential Supply-Multi-Family Rental

With low employment growth and record low interest rates encouraging home ownership, the rental market in the Portland metro area has been characterized by high vacancies and limited construction in the last two years. However, according to the latest Portland-area apartment market report from the research firm, Marcus & Millichap, renter demand will rise (and renter concessions decline) through the fourth quarter of 2004 and into 2005.

The region's average vacancy rate will stand at about 7.8% at year's end, with the suburban markets of Gresham, Hillsboro and Beaverton continuing to register above-average vacancy levels. An estimated 2,000 new units will have been constructed in 2004, with 800 of these in downtown and the Pearl District. Average asking rents are expected to stabilize at \$689 per month through the end of 2004 and grow slightly in 2005.

HS-1

Residential Building Permits for New Construction
3-mile Radius, City of Gresham



Over the last decade or more, the City of Gresham witnessed significant growth in rental product. Area multi-family housing development outpaced single-family development by 2 to 1 from 1990 – 2002 based upon City building permit data depicted in the following exhibit. Realtors and property managers agree that the current Gresham rental market is oversupplied.

The apartment market is dense and diversified within the local Rockwood trade area. There is an affordable, entry-level category of product that is older construction, typically smaller, (less than 40 units) and a 'shotgun' of doors in a straight line. Many of these are independently owned and managed. Observations of empty parking lots during workday hours implied an employed resident population. The middle category of apartments are 10 to 20 years old, with more architectural detail, clustered entrances, better maintenance, and professional property management with up to 100 units. At the high end, there are several new, amenity rich developments, often marketed as 'with MAX access.' These are secure, prestigious, professionally managed developments of more than 100 units. Two developments not included in the trade area, but, worth noting are the Russellville development along 102nd and the soon to be completed Hazelwood Station, an 88-unit development with on-site day care. These are notable for their transit-oriented design and a unique Northwest architectural aesthetic.

In an effort to understand the characteristics of market rate rental apartment projects in the Rockwood area, nine nearby apartment projects were surveyed, representing a cross section of quality product available to prospective tenants.

Overall, the apartments surveyed ranged in size from 22 units (Glendover Heights) to 264 units (Columbia Trails.) Average occupancies are 89%, with newer, 'trendier' complexes more fully occupied.

Unit features and amenities present in the rental communities surveyed generally include a full kitchen with a dishwasher, balcony or patio, carpeting and on-site laundry. Upgrade features and amenities include: washer/dryer connections, playground, clubhouse, fitness center and a pool.

Renter profiles obtained from interviews with managers and on-site leasing agents confirm that while there is a mix of tenants at the apartment communities surveyed. Tenants are typically young and older singles and families, many of whom work in the area or have family nearby.

Exhibit HS-1

Apartments within the Rockwood Triangle Effective Trade Area

Site		Units	Rent	Square Feet	Rent/ Sq. Ft.	Bed	Bath	Occ Rate	Year Built	Comments
No.	Name									
1	Columbia Trails 1112 NW 15th	264	\$775	672	\$1.15	1	1	95%	2002	Gresham Station stores and amenities. 5% large employer discount. Workcenter in bedrooms.
			\$1,050	1,054	\$1.00	2	2			
			\$1,250	1,293	\$0.97	3	2			
2	Avalon 202nd and Burnside	225	\$624	559	\$1.12	Studio	1	93%	2003	Controlled main entry gates, billiard room, pool/spa, private garages available, 24 hour fitness center, clubroom.
			\$769	770	\$1.00	1	1			
			\$789	784	\$1.01	1	1			
			\$905	1036	\$0.87	2	2			
			\$945	1038	\$0.91	2	2			
3	Stark Street Crossings 202nd and Stark	132	\$640	729	\$0.88	1	1	85%	2003	New with usual amenities. Far from MAX.
			\$670	871	\$0.77	2	1			
			\$725	938	\$0.77	2	2			
			\$880	1,165	\$0.76	3	2			
4	Burnside Commons 172nd & Burnside	22	\$649	950	\$0.68	2	1.5	77%	c. 1998	TOD, two level over parking. Townhouse style.
5	Rockwood Park 17500 Burnside	70	\$649	1,000	\$0.65	2	1	91%	c. 1979	No specials now. No 2 bdrms vacant. Nearby park.
			\$529	780	\$0.68	1	1			
6	Trymax Apartments 16405 Burnside	42	\$595	846	\$0.70	2	2	95%	c. 1982	All 2 bdrms. Water, sewer, garbage, and cable paid.
7	Glendover Heights 15850 NE Glisan	22	\$480	507	\$0.95	1	1	86%	c. 1975	Near golf course and MAX. Wooded. Older, but well maintained.
			\$490	619	\$0.79	1	1			
			\$670	1,015	\$0.66	3	2			
8	Sienna Lofts 22744 SE Stark	75	\$635	698	\$0.91	1	1	90%	2004	Covered parking and short term lease available.
			\$675	814	\$0.83	1	1			
			\$700	903	\$0.78	1	1			
9	Waverly Gardens 20121 SE Stark	146	\$500	600	\$0.83	1	1	95%	c. 1989	Well maintained garden apartment. Woodburning stove in every apartment.
			\$625	906	\$0.69	2	2			
			\$795	1,126	\$0.71	3	2			

Source: Marketek, Inc., September 2004

Existing Residential Supply-Multi-family For Sale

The residential sales market was examined in the six elementary school neighborhoods closest to the Rockwood Triangle (Alder, Davis, Hartley, Lynch Meadows, Lynch View, and north Gresham.) These schools are all within a two-mile drive distance. Single-family, detached homes begin at about \$120,000 to \$150,000, in the trade area, with the occasional distressed property at less than five figures. This makes the condo market less than attractive with single family homes in long supply. As of September 1, 2004, there were only six listings for condominiums in the subject area. The average asking price was about \$95.00 per square foot or \$110,308 for mostly 2 bedroom 2 bath units less than 1,350 square feet in size. While condominiums are not a common property type in the subject area (or in Gresham as a whole), there might be some opportunity for condos aimed at niche market, such as young professionals or empty nesters. Such a development could be made attractive in concert with any medical, educational, and government uses contemplated for the Rockwood town center site.

Given the high proportion of Hispanics in the immediate Rockwood area, it is interesting to note the difference in homeownership rates for this market. While

national home ownership rates are at an all-time high of 68.3 percent, Hispanic homeownership is lagging at 46 percent compared to 74 percent for non-Hispanic white families, according to the U.S. Census. At the same time, Hispanic buyers are projected to represent as much as 40 percent of first-time home buyers over the next 10 years, according to the National Association of Hispanic Real Estate Professionals. As a whole, first-time home buyers comprise about 45 percent of today's home sales market.

For-Sale Residential Demand

It is assumed that a strong majority of prospective home buyers within Rockwood's greater trade area (see map on page 2) will be age 25 to 64, have annual incomes of \$35,000 and higher and live in one to three person households. Based on the estimate that 60% of market area households will own rather than rent and that 61% of new households moving into the market area will own their homes, over the next 10 years an estimated 1,412 annual new households in the market area will be potential market rate homeowners. (See Exhibit HD-1). This estimate takes into account that a portion of renter households will move up to home ownership (especially with low interest rates) and that a certain portion of demand for new housing will emanate from outside of the market area, particularly as redevelopment progresses and as Rockwood's identity as a transit-village is communicated to external markets.

Based on an evaluation of planned and proposed physical improvements in the Rockwood area, the expansion of Rockwood's position as a mixed-use transit-village and Marketek's experience with residential development in other communities, during the first ten years of development an estimated 367 market rate for-sale housing units could potentially be absorbed in the Rockwood community. (See Exhibit HD-3). In other words, the study area has the potential to capture between 2% and 3% (or 367 units) of total market area demand for for-sale housing within the 2004-2014 period. Opening price points of for-sale units located in the Rockwood area should range from \$110,000 to \$130,000. While there may be demand for units priced above that range (particularly, with mountain views, for example) when unit prices rise above the entry level, demand will begin to thin out.

For-Rent Residential Demand

The rental demand analysis targets the middle rental market (representing the majority) rather than the total universe of possible renters and is based upon the Rockwood Greater Trade Area boundaries. It assumes that prospective Rockwood Town Center renters will be age 25 to 64, have annual incomes of \$25,000 to \$50,000 and live in one to three person households. Based on estimated renter propensity of new and existing market area households, an estimated 1,674 annual households in the market area will be potential market rate renters. (See Exhibit HD-2.) This estimate is adjusted to reflect potential owner households that would prefer to rent as well as demand from external markets.

Exhibit HD-1

POTENTIAL ANNUAL DEMAND ANALYSIS FOR FOR-SALE UNITS
 Rockwood Greater Market Area (Residential)
 2004-2014

New Household Demand		Turnover	
Annual New Households (1)	1,063	Total Households (1)	128,741
Owner Propensity	61%	Owner Propensity	60%
Number	648	Number	77,245
Target Market Adjustment (2)	40%	Turnover Rate (5)	11%
Number	259	Number	8,497
Income Qualified (3)	67%	Target Market Adjustment (6)	25%
Number	174	Number	2,124
Household Size Qualified (4)	79%	Income Qualified (7)	65%
Sub-Total	137	Number	1,381
		Household Size Qualified (8)	79%
		Sub-Total	1,091
Adjustment Factor (9)			15%
Total Potential Annual Market Demand			1,412

1. ESRI BIS
2. Based on lifestyle data, estimated proportion of new households to whom the proposed type of housing would appeal.
3. Estimated proportion of new households with annual incomes of \$35,000 and greater.
4. Estimated proportion of new households with 1, 2 and 3 persons.
5. U.S. Bureau of the Census estimate of the number of owner households that turnover within a 15 month period.
6. Based on lifestyle data, estimated proportion of existing market area households to whom the proposed type of housing would appeal.
7. Estimated proportion of existing households with annual incomes of \$35,000 and greater.
8. Estimated proportion of existing households with 1, 2 and 3 persons.
9. Adjustment for households that fall outside of the model.

Sources: Marketek, Inc.; Census 2000; ESRI BIS

Exhibit HD-2

POTENTIAL ANNUAL DEMAND ANALYSIS FOR RENTAL APARTMENT UNITS
 Rockwood Greater Market Area (Residential)
 2004-2014

New Household Demand		Turnover	
Annual New Households (1)	1,063	Total Households (1)	128,741
Renter Propensity	39%	Renter Propensity	40%
Number	415	Number	51,496
Target Market Adjustment(2)	40%	Turnover Rate (5)	45%
Number	166	Number	23,173
Income Qualified (3)	28%	Target Market Adjustment(6)	25%
Number	46	Number	5,793
Household Size Qualified (4)	79%	Income Qualified (7)	31%
Subtotal	37	Number	1,796
		Household Size Qualified (8)	79%
		Sub-Total	1,419
Adjustment Factor (9)			15%
Total Potential Annual Market Demand			1,674

1. ESRI BLS
2. Based on Lifestyle data, estimated proportion of new households to whom the proposed type of housing would appeal.
3. Estimated proportion of new households with annual incomes of \$25,000-\$50,000.
4. Estimated proportion of new households with 1, 2 and 3 persons.
5. U.S. Bureau of the Census estimate of the number of renter households that turnover within a 15 month period.
6. Based on Lifestyle data, estimated proportion of existing market area households to whom the proposed type of housing would appeal.
7. Estimated proportion of existing households with annual incomes of \$25,000-\$50,000.
8. Estimated proportion of existing households with 1, 2 and 3 persons.
9. Adjustment for households that fall outside of the model.

Sources: Marketek, Inc.; Census 2000; ESRI BLS

The Rockwood area has the potential to capture between 3% and 4% of total market area demand for new market rate rental housing, which translates into 586 units over the 2004-2014 period. This estimate is viewed as *conservative* and could be significantly higher (6-8% of total) if the Rockwood area repositions itself as a desirable, transit-oriented community. Based on current monthly rents at the market rate rental communities in the competitive market area, market rents in the general range of \$600 to \$800 for 1- and 2-bedroom units would be achievable in the Rockwood study area. These rents are justifiably higher than average rents at projects surveyed within the immediate Rockwood neighborhood as the type of rental product envisioned will be new, urban, accessible and have amenities generally not offered in the rental communities in the competitive market area.

Convenient, secure parking should be provided with at least one space per unit at no charge. Other community features should include a laundry room and an exercise facility. Washer/dryer hookup, balcony, storage, dishwasher/ disposal, cable-ready, high-speed Internet access and possibly an alarm system should be standard unit features.

Exhibits HD-3–HD-5 provide a summary of the recommended housing program. An estimated 367 market rate, for-sale housing units can be absorbed in the Rockwood area over the next ten years, (HD-3). Approximately 586 market rate rental housing units are projected to be absorbed in the study area over the next ten years, (HD-4). A snapshot of the complete housing program is provided in Exhibit HD-5, including the percentage distribution of for-sale and rental units year-by-year.

Residential Strengths, Challenges, and Opportunities

The strengths, challenges, and opportunities for residential development in the Rockwood study area are summarized below.

Strengths

- Access to regional employment centers (I-84, downtown Portland, I-205), nearby employment centers (downtown Gresham, Kaiser), and other nearby anchors such as Mt. Hood Community College via MAX, major surface street arterials and nearby interstate connections.
- If the Rockwood area is redeveloped as planned, prospective owners and renters will be able to live in a mixed-use, transit village – unlike any other in the area.
- With the Rockwood greater trade area which is the residential market area new product, incomes are above average.
- Successful new nearby apartment communities (Avalon) demonstrate demand for quality product.

Challenges

- New rental product will have to compete with existing apartment communities that have low to moderate rents and with affordable starter homes.
- Many older deteriorating apartment complexes nearby contribute to a less than desirable image for the Rockwood area.
- The perception of crime and scattered blight in the Rockwood area—if not overcome—may ward off prospective owners and renters.

EXHIBIT HD-3
 PRELIMINARY FOR-SALE HOUSING PROGRAM
 Residential Market Area and Rockwood Capture
 Ten-Year Program

	Potential Demand for New For-Sale Housing Units [1]	Study Area Capture Rate	Total Study Area Capture
Year 1	1,412	2%	28
Year 2	1,412	2%	28
Year 3	1,412	2%	28
Year 4	1,412	2%	28
Year 5	1,412	3%	42
Year 6	1,412	3%	42
Year 7	1,412	3%	42
Year 8	1,412	3%	42
Year 9	1,412	3%	42
Year 10	1,412	3%	42
Total	14,123	3%	367

1. As shown in Exhibit HD-1

EXHIBIT HD-4
 PRELIMINARY RENTER HOUSING PROGRAM
 Residential Market Area and Rockwood Capture
 Ten-Year Program

	Potential Demand for New Rental Housing Units [2]	Study Area Capture Rate	Total Study Area Capture
Year 1	1,674	3%	50
Year 2	1,674	3%	50
Year 3	1,674	3%	50
Year 4	1,674	3%	50
Year 5	1,674	3%	50
Year 6	1,674	4%	67
Year 7	1,674	4%	67
Year 8	1,674	4%	67
Year 9	1,674	4%	67
Year 10	1,674	4%	67
Total	16,738	4%	586

2. As shown in Exhibit HD-2

EXHIBIT HD-5
 PRELIMINARY HOUSING PROGRAM
 Rockwood Capture of For-Sale and Rental Product
 Ten-Year Program

	Potential Demand for New Rental and For-Sale Housing Units	Percentage of For-Sale Units	Percentage of Rental Units
Year 1	78	36%	64%
Year 2	78	36%	64%
Year 3	78	36%	64%
Year 4	78	36%	64%
Year 5	93	46%	54%
Year 6	109	39%	61%
Year 7	109	39%	61%
Year 8	109	39%	61%
Year 9	109	39%	61%
Year 10	109	39%	61%
Total	953	39%	61%

Sources: Marketek, Inc.; Census 2000; ESRI BIS

- Developing new housing within the context of a compact, pedestrian-oriented transit-village is a new concept that will have to be "sold" to prospective owners and renters. Aggressive marketing of a 'new and improved' Rockwood will be key.

Opportunities

- Locating housing near the transit station will appeal to commuters who want to avoid traffic congestion by riding MAX.
- Developing for-sale and rental housing that attracts a variety of income and age groups will help to create an authentic and vibrant community.
- A mix of housing types will also allow existing residents to "upgrade" to new housing.
- Connecting residential development to shopping and services through sidewalks and bike paths will be a major selling point in attracting new residents.
- Consumers are increasingly looking for an alternative to the isolation of the suburbs. The proposed development will enable residents to be part of a community, to feel connected.
- As a unique, mixed-use, transit-oriented development, residential development may appeal to residents from outside of the market area. Marketing efforts should therefore target residents from within and outside of the market area.

Residential success within the Rockwood Town Center must be viewed as part of a larger coordinated effort to revitalize the area, including commercial development, job creation and transportation/infrastructure improvements. Physical improvements such as streetscape enhancements, building façade upgrades, green space and related changes will also be critical to creating a desirable residential location.

OFFICE MARKET ANALYSIS

Within Portland as a whole, office market conditions vary widely and are challenged with overall vacancies of 16% as of the end of the 2nd quarter of 2004. Rates are declining, though gradually as absorptions rise. Construction is virtually at a standstill. (Source: CB Richard Ellis.). As is true in metropolitan areas across the nation, Portland's suburban vacancy rates (20%) are significantly higher than the central business district (12.4%). Gresham makes up a small portion of the Eastside sub-market (totaling 1.7 million SF) but does not appear to reflect the relatively high 24.4% 2nd quarter vacancy rate. Average asking lease rates for metro Portland are \$17.89 and in the Eastside market, \$15.21. See Exhibit O-1 for a summary of current office market conditions.

Exhibit O-1			
Office Market: Current Conditions			
Variables	Portland Metro	East Metro	Gresham (est'd)
Office market size	38.7 mil SF	1.7 mil SF	250,000 SF
Office vacancy	16.3%	24.4%	10%
Asking lease rates	\$17.89/SF	\$15.21/SF	\$12 - \$18/SF
Under construction	52,262 SF	-0-	-0-
Outlook	Guarded optimism	Oversupplied for foreseeable future	Favorable for expansion
Source: Marketek, Inc. September 2004			

Existing Supply of Office

Within the immediate Rockwood area (one-mile), an incidental office market exists with most properties falling into the Class C category with rents well below market average at between \$8/SF and \$12/SF. Dispersed storefronts and converted dwellings (especially along 181st) serve the usual "organic" demand for insurance agents, tax specialists, and specialty services such as computer, naturopaths, and sole practitioner professional in properties typically less than 5,000 square feet. The largest specialty office properties are Kaiser Permanente medical (SE Stark) and dental (NE 181st) and Cook Plaza housing the State Employment Office (SE Stark). Central Gresham, both downtown and the adjacent area, has a more developed office market, with properties in the 15,000 to 25,000 square foot range.

Local brokers report that Gresham's office vacancy started to decline in early 2004 with 10,000 to 25,000 square feet (SF) of net absorption. Many Class A office properties are at or close to 100% occupancy. Gresham Corporate Center, 45,000 SF is currently 100% occupied, for the first time in several years. Rents range from \$16.50-\$17.50/SF with all services. The Powell Professional Center, totaling 15,748 SF is fully occupied at \$18/SF triple net. The Benjamin Franklin Building in downtown Gresham that was 50% vacant a year ago is nearly fully occupied today with rents ranging from \$12-\$18/SF. A new 'designer' office building, Gresham Vision Square on 182nd has a small 1,100 SF vacancy. Other freestanding office buildings, such as the 18210 E. Burnside Building are fully leased. A few properties marketed as office, such as the old JC Penney building in downtown Gresham sit vacant and will be difficult to lease because of challenging configuration. Among the

Class A and B properties, a handful of sub-leasing opportunities exist for smaller users requiring 400-900 SF. No executive suites are available with the nearest offering being Hall Business Suites at 234th and Halsey.

Potential Office Demand

Since neither the City of Gresham nor the Rockwood area is a regional office destination, core demand for office space is expected to stem from more local serving uses versus regional serving. Local serving office space will house professional firms such as doctors, dentists, architects and lawyers, service firms like insurance, real estate and accountants as well as banks, non-profits and government offices. Demand for new office stems from two sources: existing local firms that are relocating and an increase in employment leading to the need for additional space. Specialty demand for large medical and educational users is not included in this analysis. Given the small existing office base, demand from relocation or office turnover is anticipated to be modest.

Based upon employment projections in a 3-mile radius (from City of Gresham boundaries) and Urban Land Institute industry standards for office jobs generated by economic sector and standard office space demand by job, Marketek estimates that new office demand will reach 513,000 square feet by 2009 and 1.02 million square feet by 2014 within the above described geographic area. Assuming a conservative capture rate of 10% within the town center area, between 2004 and 2009, Rockwood can support 51,300 square feet of additional office space. Assuming the same capture and a constant rate of employment growth and therefore office expansion, another 51,300 square feet of office will be demanded by 2014. Together these estimates result in 102,600 square feet of demand for local-serving space in Rockwood. Specialty office demand for large institutional uses such as educational, community and public facilities may also exist in the short term. During the charrette, many community leaders noted the need for a variety of these uses within the Rockwood area. Minimum space requirements were noted in the 40,000 to 60,000 square foot range.

Future office expansion should be encouraged in the Rockwood area focusing on quality infill development and mixed-use properties and avoiding residential conversions. Potential demand is likely from the growing medical market, education (public and for-profit,) and professional services. Financial and business/management services are noticeably absent from the business mix in the Rockwood area and will be an important complement to the science and technology business cluster the City of Gresham is seeking to create. The possible location of a Justice Center in the Rockwood area would help drive demand for some related office uses (primarily legal). Area realtors note that most office prospects are looking for smaller spaces in the 1,500-3,500 square feet range as well as small office suites. Executive suites with shared administrative services also present an opportunity for the Rockwood area.

CONCLUSIONS AND RECOMMENDATIONS

This section reviews recommended maximum amounts of residential, office and retail space that can be supported in the Rockwood study area together with target markets and the appropriate business mix. Because of land and other constraints, the numbers included herein are not necessarily reflected within the Concept Plan. Rather, the Concept Plan balances these market conditions with community desires.

Residential

New housing located in the Rockwood Town Center represents the opportunity to provide more residential choice at higher price points and overcome the lack of unique, high quality choices. Potential demand projections for housing in the Rockwood area assume that new, quality and market rate for-sale and rental housing product will be supportable and that an aggressive marketing program for new housing will be underway. The housing types would include newly constructed townhouses, live-work units, upper level residential and apartments.

Projections of housing demand in the study area focus on market rate housing and assume demand for both for-sale and rental housing product. An estimated 367 market rate, for-sale housing units can be absorbed in the Rockwood area over the next ten years, Approximately 586 market rate rental housing units are projected to be absorbed in the study area over the next ten years.

Although it is beyond the scope of this project to project affordable housing demand, there appears to be a need for attractive, quality, low-to-moderate cost housing in the Rockwood area. Developing mixed-income housing will help to create a more vibrant and authentic community. Affordability for a range of unit sizes should be promoted in the Rockwood concept plan.

National market trends support the development of a mix of housing at transit centers. Renters and buyers alike are eager for new housing options particularly locations that offer different product alternatives and unique locations and a sense of place, often difficult to find in suburbia. Other factors that support transit-oriented residential development are: young Gen-X'ers seeking lifestyle alternatives and locations different than those they were raised in; aging baby boomers becoming empty nesters and seeking a greater ease of lifestyle and convenience; a desire to live, work and play in close proximity with a decreasing reliance on the automobile; and strong growth in single-person and couple households with no children.

Exhibit HD-6 summarizes potential target markets for new Rockwood residential product. It assumes a more diverse demographic, economic and lifestyle market mix than presently exists within the neighborhood. Although families will comprise a portion of the target market for new residential, the product and marketing campaign should focus on multiple target markets including singles, professional couples, empty nesters and other groups that are underrepresented in the Rockwood area presently.

EXHIBIT HD-6

PRIMARY TARGET MARKET CHARACTERISTICS FOR NEWLY DEVELOPED HOUSING IN ROCKWOOD

	For-Sale Product	Rental Product	Live/Work Units For-Sale and Rental
Occupation Age Household Size Income Motivations/Preferences	Entry-Level Professionals 25 to 35 1 to 2 persons, few with children \$35,000-\$50,000 Access to work/downtown/MAX Location w/ identity/sense of place Tired of rentals/first time buyer Investment and resale important Seek vibrant, mixed-use setting Relatively mobile	Entry-Level Professionals 25 to 35 1 to 2 persons, few with children \$30,000-\$40,000 Access to work/downtown/MAX Seek vibrant, mixed-use setting Location w/ identity/sense of place Relatively mobile	Professionals/Artisans 25 to 50 1 to 2 persons, few children \$35,000+ Seek urban lifestyle Seek large adaptable spaces Access to suppliers, customers Relatively mobile
Occupation Age Household Size Income Motivations/Preferences	Higher Level Professionals 30 to 50 1 to 2 persons, some with children \$50,000+ Access to work/downtown/MAX Move-up or move-over buyer Seek vibrant, mixed-use setting Location with identity/sense of place Investment and resale important Relatively mobile	Service, Technical, Administrative 25 to 50 1 to 3 persons, with some children \$25,000-\$40,000 Access to work/downtown/MAX Value convenience/security Highly mobile	Creative Advertising, marketing, arts, film & music, software developers, culinary, photographers, designers
Occupation Age Household Size Income Motivations/Preferences	Business Owners/Operators 30 to 60 1 to 2 persons, few with children \$50,000+ Access to work/downtown/MAX Individualized unit Relatively settled	Higher Level Professionals 30 to 50 1 to 2 persons, few with children \$45,000+ Access to work/downtown/MAX Location w/ identity/sense of place Seek vibrant, mixed-use setting Highly mobile	Professionals More traditional fields of accounting/finance, education, law, various types of consulting
Occupation Age Household Size Income Motivations/Preferences	Retirees/Empty Nesters 55+ 1 to 2 persons \$35,000 or available equity Possibly strong ties to community Walk to businesses/services/activities Enjoy community/activities Less maintenance, more security Move-over, move-down buyer Highly settled	Retirees/Empty Nesters 55+ 1 to 2 persons \$30,000+ Possibly strong ties to the community Walk to businesses/services Enjoy community/activities Less maintenance, more security Location with identity/sense of place Relatively settled	
Occupation Age Household Size Income Motivations/Preferences	Entry-Level Professionals 25 to 35 1 to 2 persons, few with children \$35,000-\$50,000 Access to work/downtown/MAX Location with identity/sense of place Tired of rentals/first time buyer Investment and resale important Seek vibrant, mixed-use setting Relatively mobile	College Students 22 to 30 Single with/without roommate Varies Close to school, friends Access to MAX Seek vibrant, mixed-use setting Highly mobile Security conscience	
Occupation Age Household Size Income Motivations/Preferences		Service, technical, administrative 25 to 50 2-5 persons, including children \$30,000-\$45,000 Access to work/downtown/MAX Value convenience/security	

Source: Marketek, Inc.

Office

Over the next ten years the office market in the Rockwood study area can support an increase in office space totaling approximately 102,600 square feet. Within the Gresham area, the preponderance of class "A" office will locate close to the civic anchors and in the downtown. Office development in Rockwood likely will be limited to neighborhood-serving offices, such as medical, real estate, finance and insurance tenants. In addition, small executive suites serving a host of small office/professional businesses will be good candidates for a Rockwood location.

Office development in the town center will ideally be clustered together in multi-story stand-alone office buildings or as part of mixed-use properties that have ground floor retail or restaurant uses with office in the upper stories.

Retail

Over the next ten years the Rockwood neighborhood can support an additional 216,205 square feet of retail, restaurant and service space. To optimize chances for recreating itself as a thriving, mixed-use "transit village" and, thereby, altering consumers' current perceptions of the area, the future business mix for Rockwood should depart significantly from the past, i.e., avoid flea markets, strip clubs, check cashing, cigarette stands and related businesses. Additionally, one or more strategic anchors will be important to the district's future vitality. A retail anchor together with a public or institutional anchor would be ideal. Among the opportunities identified during the charrette were a branch location of Mt. Hood Community College, a One-Stop Employment and Training Center, a community/recreation center and a new branch public library to replace the existing Rockwood branch that is reportedly well beyond capacity.

The primary target markets for retail development in the Rockwood are trade area residents and area employees. Identifying businesses that appeal to both markets is key to success. Recommended business types or a suggested business mix are provided based on the study area's potential estimated demand for retail space with consideration for existing uses and attractions and target market characteristics. Over time, changing conditions and circumstances (e.g., characteristics of new residents, redevelopment activity, and availability of land) will impact the recommended business mix. Exhibit RD-8 summarizes Rockwood's target markets and the merchandise/services they would be most likely to purchase.

Equally important to future business development will be the creation and promotion of a clear market identity and position. Rockwood's current retail market position is one of neighborhood and highway convenience goods, services and entertainment, with many 'marginal' businesses based on general structural conditions, low maintenance and the range/quality of merchandise. In the near term, Rockwood will remain a "neighborhood shopping district," but should work harder to cater to both local residents and nearby employees. Rockwood may also choose to promote its Latino culture as a unique asset and create special promotions and events that attract consumers from a broader geographic area. Over the long term, Rockwood's market position will evolve with the growth and change of the Gresham community and it should strive to fill a role as a "high density, mixed-use district convenient to work, dining, entertainment & play."

Community image-building, marketing and promotion must be top priority for successful business development to occur. A multi-faceted marketing campaign is needed that will focus on positive community activities, overcome perceptions of serious crime occurrences, encourage joint business promotions and more neighborhood special events and ultimately, focus on available and unique shopping opportunities.

A summary follows of Rockwood's business opportunities together with target consumer markets and their shopping needs and interests, Exhibit RD-8.

- Based on the socioeconomic characteristics, lifestyle profiles, spending activity of trade area households and inner city retail trends, short-term business recruitment efforts should focus on essential goods and services that residents are currently missing in the area. Among the types of retail and services that have the greatest potential of attracting area residents are: a grocery/drugstore, drycleaner/laundry, dollar store, video rental, day care, exercise studio/gym, bakery and an attractive, specialty food store, like La Tapatia, Hispanic grocery store/meat market that will soon 'graduate' from the OAME business incubator into a larger space.
- The types of goods that would be most appealing to trade area residents include: trendy but reasonably priced women's and men's apparel and accessories, teen/children's apparel, infant's apparel, athletic and casual shoes, jewelry, home furnishings & accessories, electronics and infant toys & products. Karina's Fashions, another OAME incubator occupant, is illustrative of the types of specialty apparel stores that would be well supported in Rockwood.
- Attracting restaurants and entertainment should be another initiative for Rockwood. Family restaurants and a greater variety of breakfast, lunch and dining options should be pursued, including a deli, vegetarian, barbeque, as examples. Entertainment establishments such as bar/grilles, nightclubs, sports bar and live music. These must be an alternative to existing operations, for example, 'no smoking,' and without keno machines.
- Employees who work within the Rockwood area are a primary target market for shopping and services as they are in the area for at least eight hours a day, five days a week and, consequently, are likely to shop, run errands and eat out in the community. Area workers will frequently purchase cards, stationery, gifts, drugstore items, books and merchandise. This market segment will also purchase office supplies, jewelry, apparel/accessories, linens, housewares, sporting goods, cosmetics/perfume and arts/crafts. Convenience goods desired by area workers will include baked goods, meals to go and groceries. Area employees will also want banks/financial services, pharmacies, exercise studios, dry cleaners/laundry, mail/packaging and copy centers, video rentals and film processing.

Exhibit RD-8
 Primary Target Markets for Retail Development
 Rockwood Study Area

	Primary Target Markets			
	Trade Area Residents Residents	Passers through Visitors	Area Employees	Area Students
Market Size	8,527 live in .5 mile radius. Local trade area population is expanding rapidly. Nearly 126,000 live within a 3-mile radius drive.	Average daily traffic volumes in the Rockwood Triangle are high: Burnside, 14,500, Stark, 22,500, 181st, 34,500	Nearly 8,000 employees work within Rockwood study area (designated census tracts):	Approximately 8,500 students at Mt. Hood Community College.
Motivations	Households living within a short drive of or walk to the town center will look to Rockwood for a variety of specialty goods and services, and day-to-day convenience goods and services.	Mostly convenience shoppers (grocery, eating, gas) who would be willing to return to destinations within the area, such as quality restaurants.	Employees who work within the immediate vicinity of the study area are a captive market in the sense that they are in the area for at least eight hours a day, five days a week and, consequently, would be likely to shop, run errands and eat out in the study area if the appropriate businesses were present.	Live and/or go to school in the area. Once dismissed as a "beer-drinking and broke" market, college students today are spending more than ever before with an estimated annual buying power of \$200 billion. College students spend an average of \$287 per month on discretionary items, largely on food and beverages, personal care products and music/CDs.
Goods and Services	<ul style="list-style-type: none"> Women and Men's Apparel (Trendy, Locally Designed) Shoes Sporting goods Jewelry Home Furnishings Florist/Garden Supplies Bookstore/Magazines Music/CDs Gift/Cards Specialty or Ethnic Market Grocery/Bakery Drugstore Wine/Liquor Store Video/DVD Rental Exercise studio/gym/yoga Film processing Drycleaner/Alterations Hair Salon Barber Shop Day Care Banking Mail/Copy Center Toy Store Variety of Restaurants Bar/Grille/Pub Live Theater/Music/Dance 	<ul style="list-style-type: none"> Convenience Grocery Antiques/Hobby Shops Apparel - Particularly Local and Off-Price Unique Restaurants Gas Ethnic Market 	<ul style="list-style-type: none"> Restaurants/Bars Small Market/Grocery Drugstore Items Mail/Packaging Banks/Financial Services Drycleaners/Alterations Daycare Shoe Repair Exercise studios Film Processing Apparel/Accessories, Music/CDs Books/Magazine Live entertainment Housewares/Gifts 	<ul style="list-style-type: none"> Apparel (Trendy, Vintage, Affordable) Sporting goods Books Tapes/CDs Computers/software Gifts/cards Groceries Cosmetics Ethnic Restaurants Bars/Grille/Pubs Deli Bagel/Bakery Ice Cream/Gelato/Yogurt Health Food/Juice Bar Coffee Pizza Live Music/Theater Health Club/Yoga Dry Cleaning/Laundry Barber/salon Bicycle repair Video rental Film processing

Source: Marketek, Inc.

APPENDIX I
Tapestry Area Profiles
Lifestyle Groups for Rockwood Local and Greater Trade Areas
Source: ESRI BIS

Main Street USA (31.4% of Local and 34.7% of Greater Trade Area HH)

Demographic: *Main Street, USA* slices America's population down the middle. Married couples with and without children counterbalance a growing mix of single households (household size of 2.53 people) and a median age of 35.9 years. Most of these residents are white; some black and Hispanic populations are also represented.

Socioeconomic: They earn a comfortable household median income of \$48,000 derived from wages and dividends. One fourth of *Main Street USA* residents receive Social Security benefits. Ten percent earn income from self-employment ventures. Their net worth is \$98,000. *Main Street USA* residents are fairly well educated; more than ten percent hold a bachelor's degree; nearly 30 percent have some college credits. *Main Street USA* residents primarily work in the services and manufacturing industry sectors; more than 29 percent hold professional and management positions.

Residential: They own older, single-family houses with a median home value of \$148,500. These neighborhoods are found in the suburbs of smaller metropolitan cities across the United States.

Preferences: As the segment name implies, *Main Street USA* residents are average consumers; no real product or service preferences emerge. *Main Street USA* residents frequently use Windows NT and own home networking software. They spend moderate amounts for software. They use the Internet to play games and search for employment; many access the Internet at school or the public library. They use the Yellow Pages to search for computers and furnaces.

As prudent investors, they purchase savings certificates and hold stocks valued above \$75,000. They hold conservative homeowners' or personal property insurance policies.

Big-ticket home improvement purchases include a mattress and box springs and the installation of vinyl replacement windows. They also own snow/leaf blowers and saws. Although not avid gardeners, they like to beautify their yards by purchasing lawn fertilizer with weed control, flower seeds and vegetable plants.

Main Street USA residents take vitamins, join diet control organizations, work out on their home stair steppers, and participate in outdoor sports such as baseball, soccer, and bicycling. They take prescription medications for strained muscles. Civic-minded *Main Street USA* residents address public meetings for a cause, work as non-political volunteers and fund-raisers. Others attend adult education classes. Alternative, variety and classic hits are favorite radio formats with *Main Street USA* residents.

Aspiring Young Families (13.3% of Local and 7.2% of Greater Trade Area HH)

Demographic: Most *Aspiring Young Families* residents are young start-up families, married couples, or single parents with children. Their median age is 29.8 years and they are quite ethnically diverse. They have above average population in all race categories except white.

Socioeconomic: Their median income of \$44,900 is derived mostly from wages, dividends, rental and properties. Their median net worth is \$73,100. Most are high school graduates; some have accrued some college credits. Nearly half of the *Aspiring Young Families* work in the services, sales, administration, and government occupations.

Residential: *Aspiring Young Families* are attracted to the large, growing metropolitan areas in the South and West; the highest concentrations of these neighborhoods are in California, Florida, and Texas. Approximately half of them have already purchased single-family detached and attached start-up townhouses with median home values of \$125,500. Others live in moderately priced, newer multi-unit buildings. Their average gross rent of \$575 is slightly lower than the U.S. average of \$657.

Preferences: The presence of children in the household drives some of the purchases of *Aspiring Young Families*; they buy baby and children's products and toys. Big-ticket home furnishing purchases include headboards and dining room furniture. Electronic purchases include cameras and video/DVD players. *Aspiring Young Families* drink sports drinks and Folgers French Roast coffee. Never far from their phones, *Aspiring Young Families* sign up for call return, call forwarding and three-way calling services.

Aspiring Young Families sign up for direct deposit of their payroll checks, bank by phone, and hold new car loans. They hold renters' or property insurance policies. *Aspiring Young Families* spend a lot of time online visiting chat rooms, searching for employment, playing games, researching information about real estate and making travel plans. They participate in exercise programs, take non-prescription diet pills, and often take prescription medications for migraine headaches. They search the Yellow Pages for auto repair services, employment agencies and moving and storage services.

In their spare time, *Aspiring Young Families* go dancing, attend the movies, join religious clubs, write or phone radio and TV stations and visit theme parks. They also practice kickboxing, lift weights and attend pro basketball games. They read bridal and airline magazines and watch entertainment television programming. When they eat out, *Aspiring Young Families* prefer family restaurants such as the International House of Pancakes (IHOP), Jack-in-the-Box, Red Robin or Fuddruckers.

In Style (8.2% of Local and 4.7% of Greater Trade Area HH)

Demographic: Even though they live in the suburbs, *In Style* households favor the lifestyle of city dwellers. These professional couples have careers but few children. Their median age is 37.6 years and they are predominantly white.

Socioeconomic: *In Style* households do well for themselves with a median household income of \$64,700 and a median net worth of \$135,700, both of which are 1.4 times the national median. Wages and salaries provide income for 85 percent of these residents; 45 percent also have some form of investment or rental property income. *In Style* residents are very well educated compared to the average U.S. residents; nearly 40 percent hold a college or graduate degree. Employment is high among these residents; nearly half of them hold professional or managerial positions with above average concentrations in the financial services, insurance and technical service industries.

Residential: Homeownership is just slightly above average at 70 percent in these neighborhoods; *In Style* residents prefer townhouses to more traditional, single-family homes. More than 75 percent of their homes were built in the last 30 years and carry a median value of \$194,300, 1.4 times the national average. *In Style* neighborhoods are freckled across the South and Gulf Coast; some are found in the Midwest. A concentration of these neighborhoods is also found in Arizona.

Preferences: *In Style* residents are computer-savvy; they own and use handheld PDAs, cell phones and utility software. They would probably purchase computer hardware from Dell Computer. Online activities include computer equipment purchases, researching real estate information, tracking investments and planning travel. They use tax preparation software, own mutual fund shares, insured money market accounts through a bank and contribute to 401-k retirement accounts. Looking toward the future, *In Style* residents hold long-term care and disability insurance policies. They do some gardening; however, they leave the lawn care chores to a maintenance service.

Physical fitness is part of their lifestyle; they subscribe to Weight Watchers for diet control, work out in a regular exercise program and take vitamins. They lift weights, practice yoga, play tennis and go scuba diving. Rock concerts, live theater and museum visits fill up leisure time. Domestic travel for business and leisure ranks high for this segment. They read airline magazines; listen to public, news-talk, classical and alternative radio. They subscribe to cable; E! and The Golf Channel are cable programming favorites. They enjoy dining out at Cheesecake Factory, Don Pablo's, and Chili's Grill and Bar. Nordstrom, Ann Taylor, amazon.com and the L.L. Bean catalog are shopping preferences.

Green Acres (6.0% of Local and 3.2% of Greater Trade Area HH)

Demographic: Representing more than three percent of the U.S. population, *Green Acres* ranks second to Tapestry's *Midland Crowd* segment based on total population. The median age for *Green Acres* residents is 39.1 years. Married couples with and without children make up 70 percent of the households in *Green Acres* neighborhoods. This segment is not ethnically diverse; more than 94 percent of these residents are white.

Socioeconomic: Median household income is \$60,000; their median net worth is \$114,200. Wages and salaries make up 83 percent of household income. *Green Acres* ranks in Tapestry's top ten segments; 17 percent of households earn income from self-employment ventures. They have above average concentrations of workers in skilled labor and farming occupations; many hold positions in the agriculture, manufacturing, and construction industries.

Residential: A little bit country, these *Green Acres* residents live in pastoral settings of developing suburban fringe areas. *Green Acres* residents are ninth in Tapestry's segments for home ownership. Their homes are usually new, and carry a median value of \$162,900; 87 percent live in single-family detached houses. These neighborhoods are found mostly in the Midwest. Vehicles are important to *Green Acres* residents; more than 30 percent of these households own more than three. They are second of Tapestry's segments to own three or more vehicles and third of Tapestry's segments for households with five or more vehicles.

Preferences: *Green Acres* residents might buy hiking, backpacking, and hunting apparel. They own motorcycles, kerosene heaters, coal and woodstoves. They buy caffeinated coffee beans and purchase baking supplies. They own education software, allow their children to use their home PCs, and probably bought their home PC by catalog. *Green Acres* residents hold a home equity credit line, own a bank-sponsored money market account, and have boat owner's insurance.

Treadmills and stationary bikes are exercise equipment favorites with *Green Acres* residents; they also take vitamins, and go mountain biking. Landscaping and home improvements are important to *Green Acres* residents; they have contracted for concrete and masonry work and added a deck, porch or patio.

As befitting the segment's name, *Green Acres* residents own chainsaws, drill presses, garden tillers, lawn or garden tractors and will buy vegetable plants. They search the Yellow Pages for sporting goods and building materials. They listen to news/talk radio and read fishing, hunting and motorcycle magazines and own satellite dishes. They eat at Bob Evans, Steak 'n Shake and Big Boy family restaurants. They shop at ShopKo, SuperAmerica and True Value Hardware stores and purchase sports equipment and garden supplies by mail, phone or online.

International Marketplace (5.5% of Local and 3.7% of Greater Trade Area HH)

Demographic: Located primarily in cities of gateway states on both United States coasts, *International Marketplace* neighborhoods are developing urban markets with a rich blend of cultures and household types. The population is young, with a median age of only 30.6 years. Families with children, either married couples or single parents, represent 45 percent of the households. These neighborhoods are very diverse; 50 percent of the residents are Hispanic; there is also a good representation of Asians, blacks, whites and other races.

Socioeconomic: Their median household income of \$40,100 is derived from wages, dividends, rental properties; ten percent work at self-employment ventures; others receive Social Security benefits. Their median net worth is \$87,000. *International Marketplace* residents hold positions in the service, retail, healthcare, sales, administration and government industries.

Residential: Most *International Marketplace* residents rent apartments in multi-unit buildings, but they're beginning to look to home ownership; 30 percent have realized the American dream of buying a home. About 80 percent of the housing was built before 1970.

Preferences: "Home and hearth" products and financial resources are not the first consumer spending considerations for *International Marketplace* residents. Television also isn't important; they own one TV set. Radio is much more significant; they listen to all-news, urban, Hispanic and CHR radio formats. They rent foreign and classic videos.

International Marketplace residents spend time visiting Internet chat rooms and listening to the radio on the 'Net. They drink imported beer and Colombian coffee and buy books at the drug store. They search the Yellow Pages for taxis and locksmiths. They make long-distance calls to a foreign country. They take vitamins and dietary supplements. They practice martial arts. They visit Disneyland, gamble in Las Vegas and Atlantic City, go to the movies and spend time at the beach.

Shopping favorites include Longs Drug Stores, Macy's, Price Costco warehouse store, Lord & Taylor and Marshall's. *International Marketplace* residents eat at family restaurants such as Sizzler Family Steak Houses, El Pollo Loco and Del Taco. *International Marketplace* residents probably wouldn't buy ski clothing, hold a home equity line of credit, listen to country music radio, or own a dog.

Old and Newcomers (5.0% of Local and 7.0% of Greater Trade Area HH)

Demographic: *Old and Newcomers* are neighborhoods in transition, populated by renters who are either starting their careers or retiring. The general population index is higher than the U.S. for age groups 20-29 and over 75. The median age of 36.2 years for *Old and Newcomers* neighborhoods splits this age disparity. There are more single person and shared households than families in these neighborhoods. Most of these residents are white with some black and Asian populations.

Socioeconomic: *Old and Newcomers'* median household income of \$39,400 is derived from wages, dividends, rental properties, retirement income; almost one-fourth of *Old and Newcomers* receive Social Security benefits. Their median net worth is \$90,700. Some have attended college; nearly 20 percent hold a Bachelor's degree and ten percent have completed graduate school. They work in the service, retail, healthcare, sales, administrative and government industries.

Residential: Housing types are varied in these neighborhoods; single-family detached and attached houses compete for space with mid- or high-rise apartment buildings constructed in the 1970s. Median home value is \$139,900.

Preferences: Purchases of children's books, osteoporosis medications and long-term-care insurance policies reflect the disparate ages of the residents in *Old and Newcomers* neighborhoods. They take their cars to chain stores for service, drink domestic table wines and buy home office furniture. Technology is important to some of these households; they buy "how-to" computer books to use their home computers more efficiently.

Old and Newcomers' financial picture also reflect their age disparities. They own more than \$75,000 of stocks, consult with financial planners and invest in mutual funds. *Old and Newcomers* hold disability and renters' insurance policies. Health-conscious *Old and Newcomers* take ginseng, use prescription medications for dry eyes and buy organic foods. They exercise regularly in programs at the gym. *Old and Newcomers* search the Yellow Pages for landscaping services, churches, veterinarians, and pet shops. They order CDs and videos online. In their spare time, *Old and Newcomers* practice kickboxing and yoga, play racquetball and attend college football games.

Younger *Old and Newcomers* go to the movies about once a month, visit the zoo and gamble in Las Vegas. They listen to classic hits, classical, and Hispanic radio and watch The Golf Channel and MTV2 on television. They shop at Pier 1, Harris-Teeter and Walgreen's stores, order from priceline.com and own a pet cat. Although they don't dine out very often, when they do their favorite restaurants include Tony Roma's, Steak 'n Shake, and Red Robin. When they travel, *Old and Newcomers* carry American Express travelers' checks. *Old and Newcomers* probably wouldn't own a garden tiller, hold a home equity line of credit, buy a home PC at an electronics store, order books by mail or own a satellite dish.

Sophisticated Squires (4.8% of Local and 5.9% of Greater Trade Area HH)

Demographics: *Sophisticated Squires* enjoy life in less densely populated areas. This segment is comprised of mostly married couples. More than 40 percent of these households have children; 22 percent have children between the ages of six and 17 years. Of these households, 11 percent have adult children. The median age of the population in *Sophisticated Squires* is 36.8 years; 57 percent of the householders in this segment are between 35 and 54 years of age. This segment is not ethnically diverse; most of these residents are white.

Socioeconomic: *Sophisticated Squires* residents are well educated; 23 percent hold a Bachelor's degree. Their median income is just above \$78,000, over \$30,000 more than the U.S. household income median. Wage or salary income is earned by 90 percent of the households, 12 percent higher than the U.S. value. Interest, dividends, or rental income are additional income sources for 48 percent of the households. The median net worth of this segment is \$151,500, more than \$50,000 above the U.S. value. Labor force participation rates are high for males and females. *Sophisticated Squires* hold professional employment positions. The male labor force participation rate is 82 percent and the female rate is 68 percent. Many women are part-time workers; at 62 percent, this figure is slightly higher than the U.S. value of 56 percent.

Residential: Concentrated in the Atlantic coast states, 90 percent of these households live in single-family detached houses. This figure is much higher than the U.S. value of 61 percent. Of the households in this segment, 91 percent own their homes; the percentage of housing units occupied by renters is only 8.6 percent. The median value of homes in this segment is \$195,000. About 75 percent of the homes in the area were built before 1989, and 55 percent were built between 1970 and 1989. More than half of these households own two vehicles; 29 percent have three or more vehicles.

Preferences: Golf is very important to *Sophisticated Squires*; they play golf, attend golfing events, purchase golf clothing, and probably watch The Golf Channel. They also play tennis and go mountain biking. Trying to stay fit, many of them own a treadmill, join Weight Watchers for diet control and take vitamins and dietary supplements. To keep up with their lawn maintenance, *Sophisticated Squires* residents own trimmers and leaf shredders and purchase lawn fertilizer and insecticides. They will also tackle home improvement projects such as painting or installing hardwood floors. They enjoy watching *This Old House* on television. Many have a second mortgage.

They also enjoy photography, dining out, and attending adult education classes. They listen to all-talk, sports and classic hits radio. *Sophisticated Squires* frequently order from the L.L. Bean catalog, buy flowers online, and shop at Sherwin Williams. They are likely to have three or more cellular phones in their household and their children will often use their home PC. They are more likely than any other segment to own a van or minivan.

Inner City Tenants (4.1% of Local and 4.3% of Greater Trade Area HH)

Demographic: The multi-cultural *Inner City Tenants* market is a microcosm of urban diversity. Ethnically diverse, the population is divided among whites, blacks, Hispanics and other races. They are young, with a median age of 27.9 years; their household composition reflects their youth. Single persons and single parents make up a large segment of this market—66 percent of all households. *Inner City Tenants* rank sixth of the Tapestry segments for preschoolers; 14.5 percent of all householders are between the ages of 15 and 24 years.

Socioeconomic: Median income for *Inner City Tenants* is \$28,600; their median net worth is \$54,300. Wages and salaries provide income for more than 80 percent; seven percent receive public assistance. Although many residents are not highly educated, 23 percent have earned some college credits. This segment ranks near the top of Tapestry's segments for current school enrollment at all levels. Working in service and unskilled labor occupations, *Inner City Tenants* might be employed in food preparation, building maintenance, administrative support and production positions.

Residential: *Inner City Tenants* rent apartments in mid- or high-rise buildings. Their median home value of \$93,000 seems high when compared to their income; however, this figure is based on only 17.5 percent of housing units that are owner-occupied. Most households own one vehicle or depend upon other modes of transportation.

Preferences: Children's and baby products top the list of purchases in *Inner City Tenants* neighborhoods. Their favorite grocery stores are H.E. Butt and Vons where they might buy children's prepared dinners or canned stews. *Inner City Tenants* will take non-prescription diet pills, join a diet organization club and hold a renter's insurance policy. *Inner City Tenants* surf the Internet at school or the public library. They search the Yellow Pages for employment agencies and pizza places. They use call return services and would probably own one television set.

Inner City Tenants enjoy reading science fiction and adventure books. Other pleasures include going to the movies frequently or watching *Ricki, Girlfriends* or *Judge Mathis* on TV. Favorite shopping destinations include Dillard's and Lane Bryant. They water ski, play football and basketball and attend college football games.