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# 2014 Economic Development Strategy

CDBG Planning/Technical Assistance  
Grant Final Report

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City of Oroville



**ORO  
VILLE**  
THE FUN STARTS HERE!

CONTENTS

**What this Plan Means to You..... 1**

- For Developers .....2
- For New Businesses .....3
- For Existing Businesses .....4
- For City Officials .....5

**Introduction ..... 6**

- About This Strategy .....7
- Measurable Outcomes & Priorities .....8
  - Affect the Creation of 500 New Jobs by 2014 .....8
  - Capture More Benefits From Tourism .....10
  - Increase General Fund Revenues by Four Percent Annually .....11

**Background ..... 13**

- Why We Do Economic Development in Oroville? .....14
- How it Works Here .....16
  - Program Structure .....16
  - Partnerships.....18

**Assessment of Opportunities ..... 19**

- Strengths & Weaknesses .....20
  - Strengths - Why Oroville is the Place to do Business .....20
  - Weaknesses .....26
- Opportunities & Threats.....31
  - Opportunities .....31
  - Threats.....33

**Strategic Direction ..... 35**

- Maintaining Key Initiatives .....36
  - Oroville Enterprise Zone .....36
  - Oroville Recycling Market Development Zone .....36
  - Historically Underutilized Business Zone .....37
  - Redevelopment.....37
  - Business Technical Assistance Program .....37
  - Small Business Loan Program .....37
  - Microenterprise Technical Assistance Program .....37
  - Small Business Development Center .....38
- New Programs .....39
  - New Procedures for Economic Development Program Management.....39
  - Comprehensive Brownfields Program .....39
  - Develop Long-Term Fiscal Analysis of City’s General Fund at Build Out .....40
  - Annexation Strategy .....40
- Focus Area Initiatives .....41
  - Downtown-Gateway Focus Area .....42
  - Airport Business Park Focus Area.....45
  - Industrial Focus Area.....48
  - Commercial Core Focus Area .....51

**Appendices..... 54**

- Market Analysis .....55
  - Socioeconomic Analysis .....55
  - Retail Gap Analysis .....59
  - Importance of Employers.....60
  - Job Growth Projections.....60
  - Schedule of Listings by Product Type .....61
- Recent Oroville Economic Development Success Stories .....63
  - Waste Water Pipeline Replacement Project (Pacific Coast Producers) .....63
  - Dedicated Natural Gas-Fired Generating Plant (Roplast Industries, Inc.) .....63
  - Business Acquisition and Equipment Financing (Endeavor Homes, Inc.) .....63
- References.....64
  - Persons/Individuals Consulted (Credits) .....64
  - Bibliography and Additional Reading.....64

**FIGURES**

- Figure 1: Population vs. Labor Force Growth .....9
- Figure 2: Annual Hotel Taxes Per Capita .....10
- Figure 3: Economic Goals for Additional TOT (Hotel Tax) Revenues .....11
- Figure 4: 2008-09 Oroville General Fund Revenues .....12
- Figure 5: Potential City General Fund Revenue Need .....15
- Figure 6: Inputs and Outputs of Local Economic Development .....16
- Figure 8: Other Economic Development Entities Serving Oroville .....18
- Figure 9: Annual Festivals.....20
- Figure 10: Commercial Impact Fees Comparison .....21
- Figure 11: Sampling of Available Properties in Oroville.....22
- Figure 12: Median Sales Values by Land Use Type.....22
- Figure 13: Redevelopment Project Area.....25
- Figure 14: 2008 Households by Income Range .....30
- Figure 15: Jobs Captured in Key Industries by 2018.....31
- Figure 16: Map of Focus Areas.....41
- Figure 17: Downtown-Gateway Focus Area .....42
- Figure 18: Airport Business Park Focus Area.....45
- Figure 19: Industrial Focus Area .....48
- Figure 20: Commercial Core Focus Area .....51
- Figure 21: Oroville Trade Area.....56
- Figure 22: Top Ten Tapestry Segments .....57
- Figure 23: Top Ten Tapestry Descriptions.....58
- Figure 24: Retail Gap .....59
- Figure 26: Job Growth Projections.....61
- Figure 27: Snapshot of Available Oroville Properties .....62

*What this Plan Means to You*

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## FOR DEVELOPERS

... this Economic Development Strategy provides you information about the commercial focus areas with numerous development opportunities, unique investment incentives and a clear set of goals.

### Where to Develop ...

This Strategy describes Oroville's four distinct focus areas, each with investment opportunities:

- Downtown-Gateway Focus Area .....pg 40  
*Historic downtown and Riverfront area*
- Airport Business Park Focus Area.....43  
*Targeting development of green/emerging industries*
- Industrial Focus Area.....46  
*Wholesale trade, construction and other growing industries*
- Commercial Core Focus Area .....49  
*Oroville's largest retail shopping district*

### Market Information

- Land prices .....21
- Socioeconomic Data .....53
- Retail leakage/demand .....57
- Industry employment projections .....59

### Favorable Tools ...

- Staff Dedicated to Economic Development.....15
- Partnerships .....17
- Competitive Fees .....20
- One Stop/Free Services ...20
- Updated General Plan .....22
- Enterprise Zone .....35
- Recycling Market Development Zone .....35
- Redevelopment.....36
- Brownsfields Program.....37

...and many more!

### Who to Contact ...

Redevelopment/ Economic Development/ Investor Relations	City Administrator's Office	(530) 538-2535 admin@cityoforoville.com
Business Incentives	Business Assistance and Housing Development Department	(530) 538-2495 businessassistance@cityoforoville.com
Affordable Housing	Business Assistance and Housing Development Department	(530) 538-2495 housing@cityoforoville.com

## FOR NEW BUSINESSES

... this Economic Development Strategy provides you resources and information about the City's incentive programs.

### What We Have to Offer

#### Focus Area Opportunities

- Downtown-Gateway Focus Area .....40
  - What We are Doing Now .....42
- Airport Business Park Focus Area .....43
  - What We are Doing Now .....45
- Industrial Focus Area .....46
  - What We are Doing Now .....48
- Commercial Core Focus Area .....49
  - What We are Doing Now .....51

#### How Economic Development Works Here

- City's Mission, Vision, and Core Values .....13
- Staff Dedicated to Economic Development .....15
- Partnerships with Others.....17

...and much more!

### Useful Tools ...

- Competitive Fees ..... 20
- One Stop/Free Services... 20
- Enterprise Zone..... 35
- Recycling Market Development Zone..... 35
- Redevelopment..... 36
- Business Technical Assistance Program ..... 36
- Small Business Loan Program ..... 36
- Microenterprise Technical Assistance Program ..... 36
- Small Business Development Center ..... 36
- Brownfields Program..... 37
- Market Data..... 53

...and much more!

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Economic  
Development/ Investor  
Relations

City Administrator's Office

(530) 538-2535  
admin@cityoforoville.com

Enterprise Zone /  
Business and  
Microenterprise  
Technical Assistance  
and Loan Program

Business Assistance and  
Housing Development  
Department

(530) 538-2495  
businessassistance@cityoforoville.com

## FOR EXISTING BUSINESSES

... this Economic Development Strategy provides you resources and information about the City's retention programs.

### What We Have to Offer

#### Focus Area Opportunities

- Downtown-Gateway Focus Area .....40
  - What We are Doing Now .....42
- Airport Business Park Focus Area.....43
  - What We are Doing Now .....45
- Industrial Focus Area.....46
  - What We are Doing Now .....48
- Commercial Core Focus Area .....49
  - What We are Doing Now .....51

#### How Economic Development Works Here

- City's Mission, Vision, and Core Values ..... 13
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- Enterprise Zone ..... 35
- Recycling Market Development Zone ..... 35
- Redevelopment ..... 36
- Business Technical Assistance Program ..... 36
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businessassistance@cityoforoville.com

## FOR CITY OFFICIALS

... this Economic Development Strategy establishes a five-year work program of economic development goals, strategies, and tasks for inter-departmental coordination and implementation. A one-year action plan for fiscal year 2009-10 is also set forth.

### What This Strategy Has to Offer

#### Economic Development in Oroville

- City's Mission, Vision, and Core Values ..... 13
- The Economic Development Team..... 15
- Partnerships with Key Stakeholders ..... 17

#### Five-Year Work Program and FY 2009-10 Action Plan

- Downtown-Gateway Focus Area ..... 40
- Airport Business Park Focus Area ..... 43
- Industrial Focus Area ..... 46
- Commercial Core Focus Area..... 49

...and much more!

### Useful Tools and Data ...

- Partnerships ..... 18
- SWOT ..... 20
- Socioeconomic Analysis  
and Trade Area ..... 56
- Retail Gap Analysis ..... 60
- Employers ..... 61
- Job Growth Projections .... 62
- Schedule of Property  
Listings ..... 62
- Economic Development  
Success Stories..... 64

...and much more!

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Redevelopment &  
Economic  
Development

City Administrator's Office

(530) 538-2535  
admin@cityoforoville.com

Grants Administration/  
Small Business  
Assistance/ Affordable  
Housing

Business Assistance and  
Housing Development  
Department

(530) 538-2495  
businessassistance@cityoforoville.com

## *Introduction*

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## ABOUT THIS STRATEGY

This is the 2014 Economic Development Strategy for the City of Oroville (“Strategy”). It provides the framework and purpose of the City’s economic development initiatives over the next five years, and outlines steps to plan, implement, check, and generally manage pertinent activities. Each year, this strategy and its initiatives can be measured by three key goals for the City which are essential not only to the sustainability of the City itself, but the overall quality of life in Oroville:

- Creation of jobs
- Increasing tourism benefits, and
- Growing the City’s General Fund

Oroville is located in central Butte County, and has a population of approximately 15,000 within the City limits, though there are nearly 71,000 people within a 30 minute drive of the geographic center of the City. About 70 miles north of Sacramento, Oroville offers a relaxed lifestyle at the base of the Sierra Nevada Mountains near Lake Oroville and many other recreational amenities. Oroville features a charming downtown near the Feather River in the northern section of the City, strong commercial corridors in the central portion of the City and leading out to Lake Oroville, a wealth of industrial and vacant land in the southern end of the City, and a municipal airport with available commercial land adjacent to the west.

The City has operated a growing and multifaceted economic development enterprise across many departments for several years. Economic development in Oroville includes a variety of unique programs not often found in other communities, including:

- Enterprise Zone
- Redevelopment Project Area
- Recycling Market Development Zone
- Supplemental Benefits Fund, and
- Many other economic development resources and partnership capabilities

The City has also been very successful in procuring grant funds for investment into infrastructure upgrades, business retention, and entrepreneurial and small business assistance.

This Strategy synthesizes these existing programs with market opportunities and needs, yielding a long-term vision for ensuring Oroville’s economic health for both existing and future residents and property owners. It is the first such comprehensive economic development plan adopted by the City, and provides a context for future initiatives and priorities for implementation.

**It should be noted** that this Strategy is intended to provide long term directional policy suggestions, but on a day-to-day basis, will only serve to guide the City for a limited number of years. Economic development is a malleable, pliable initiative and the City must regularly evaluate its implementation activities. During the initial implementation of this Strategy, it is important for the City to build momentum by setting clearly defined goals with measurable milestones. By promoting achievement of early activities, the City paves the way for larger ventures in the future. Because this is an ongoing, continual process, early successes must be used to support and sustain the political will of City officials, staff, and the community at large over the long term.

## MEASURABLE OUTCOMES & PRIORITIES

This Strategy anchors ongoing efforts and introduces new activities that aim towards accomplishing three very specific and ambitious goals, as previously described, in the next five years. These goals provide a concrete means to measure success and prioritize actions in areas which matter to the City and community the most: more jobs, a diversified local economy that capitalizes on the Feather River and other recreational amenities, and more revenue for essential City services.

As this is the first time the City's economic development programs have been measured in this context, it is inevitable that activities and even the goals themselves may evolve over time as the City manages programs and adapts to market conditions. Starting with this Strategy, the City will be capable of constantly looking to improve and readjust its economic development program to capitalize on opportunities that stimulate private investment and entrepreneurship in the community.

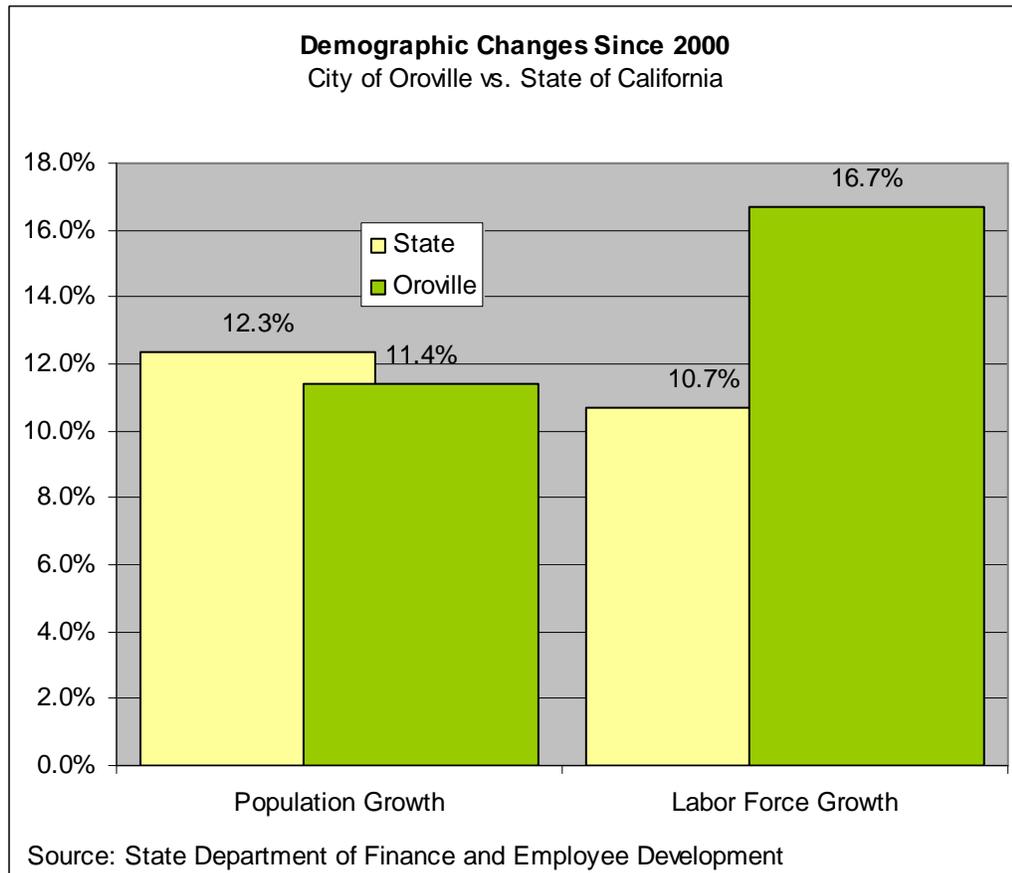
### *Affect the Creation of 500 New Jobs by 2014*

Oroville has seen a significant shift in the local population since 2000, resulting in a larger share of the population in the labor force today than existed nearly 10 years ago. According to data from the State of California Department of Finance and Employee Development Department, Oroville's labor force has grown by 16.7 percent from 4,800 in March 2000, to 5,600 persons in March 2009. This growth rate is significantly higher than the State as a whole, as well as the rate of population growth locally.

What has not kept pace is the number of employed persons over the same time period. Oroville's total employment has grown by approximately 7 percent since March 2000<sup>1</sup>, less than half of the rate of the labor force.

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<sup>1</sup> State Employee Development Department, Labor Market Information (April 2009)

*Figure 1: Population vs. Labor Force Growth*

Today, Oroville faces a relatively high rate of unemployment (17.3 percent as of March 2009) largely due to the disproportionate growth in the labor force, coupled with national economic factors. **Consequently, jobs are a high priority** for the 2014 Economic Development Strategy.

Just two years ago, Oroville had as many as 4,800 employed residents and 500 unemployed persons. Now, in today's sluggish economy, 4,600 residents are employed and unemployment has doubled to 1,000 residents. City leadership believes it is imperative to increase jobs in the City to address this shortfall, and this Strategy delineates a variety of initiatives to increase the number of jobs in the City limits, thereby increasing the number of employed residents by more than 10 percent, to 5,100.

The capacity to realize this local employment goal is achievable given an April 2009 industry forecast prepared by the Center for Economic Development in Chico ("CED"). For the ten year period beginning in 2008, CED projects Oroville-area zip codes are poised to capture more than 1,400 new jobs. (See details of this employment forecast on page 60 of this Strategy.) Industries with the greatest potential for Oroville include Wholesale Trade, Construction, and Administration, Support, Remediation and Waste Management services. **What the City must now do is ensure that its land use policy, economic development incentives, and other resources are in place to attract new jobs and employers.**

Additionally, the City needs to encourage the development of skill-based training and other workforce programs so that Oroville residents are prepared to enter the labor market with the skills necessary to be competitive in emerging industries.

This Strategy addresses opportunities to achieve these employment goals for the community. It should be noted that data for employed persons is reported monthly by the State Employee Development Department, and reflects the portion of the working-age resident population in the work force. Data for the number of jobs within a specific geographic area are not regularly reported. While many residents may find employment outside the City limits, it is in the best interest of the City to capture as many of the new jobs as possible to appreciate secondary benefits that come from having industries locally, such as additional consumer spending to support retail enterprises and business-to-business spending. Over time, the City may be able to locate or develop complimentary reports on the number of jobs, but in the absence of such data, local employment rates may be a reasonable means to measure local economic development success.

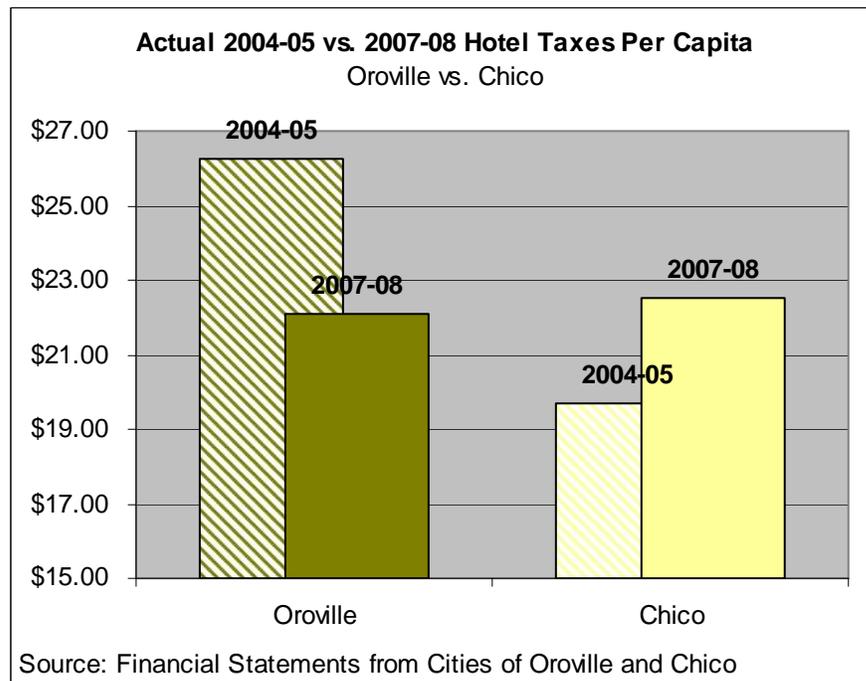
### *Capture More Benefits From Tourism*

Oroville is near Lake Oroville, a 40-square mile recreational facility operated by the State Parks Department. The Lake, as well as Feather River, is often cited by residents, investors, and visitors as the primary reason they found Oroville. Few cities in the state can lay claim to such an attraction.

Tourism is one way to grow the economic base in the community without creating a significant increase in infrastructure or service costs. It is often as simple as promoting the amenities, but can include looking at what complimentary services and businesses are needed to increase stays, pick up more local benefits, and create a more diverse pool of visitors to the community. With a historic downtown, unique museums, trails, special events, and its proximity to the Sacramento metropolitan area, Oroville could to attract more visitors.

One key measure of the City’s success in attracting tourism is the local hotel tax, referred to as the transient occupancy tax (TOT). Increasing patronage of hotels not only generates more revenue for the City, but also alleviates the need to burden residents with service costs for visitors to the community (e.g., marketing, community facilities, infrastructure).

**Figure 2: Annual Hotel Taxes Per Capita**

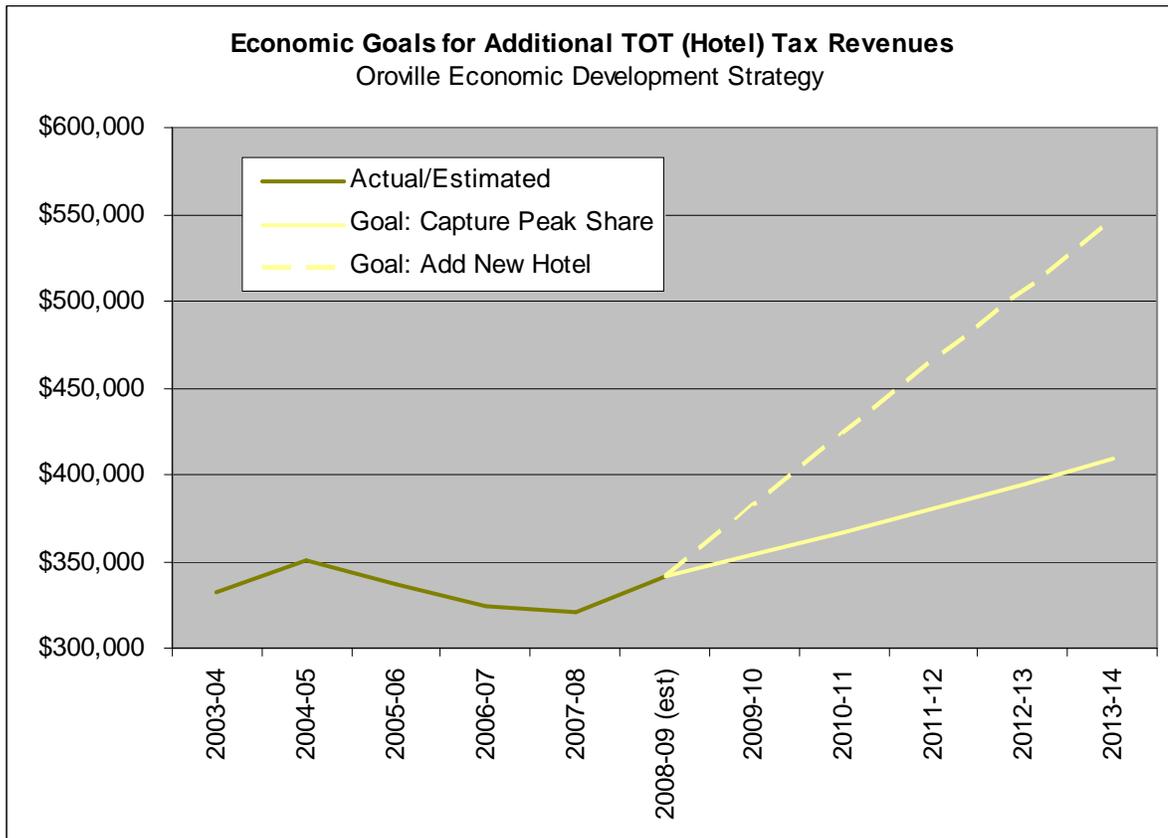


In 2007-08, Oroville and Chico had nearly the same amount of hotel (transient occupancy) taxes per capita (without taking into consideration Oroville’s lower tax rate). What this demonstrates, however, is that Oroville could see an increase in these revenues based on past performance.

Consequently, another goal of this Strategy is to further diversify the City’s economic base and General Fund by increasing transient occupancy tax revenues, which are approximately \$340,000 annually. A realistic goal is to simply return to the City’s historic level of hotel taxes per capita in 2004-05, which would equal a 4 percent annual increase in these revenues, thereby exceeding receipts of \$410,000 annually. Seeing the City’s lodging facilities perform better not only benefits the City in the form of additional transient occupancy taxes, but also increases the likelihood of capturing secondary spending from visitors to the community, such as greater expenditures in restaurants and retail businesses.

Alternatively, and more aggressively, with market demand, the City could seek to increase these revenues further by adding another lodging facility in the City by 2014, thereby increasing transient occupancy tax revenues by as much as 10 percent annually. Either of these goals involves implementation of several initiatives proposed in this Strategy.

**Figure 3: Economic Goals for Additional TOT (Hotel Tax) Revenues**



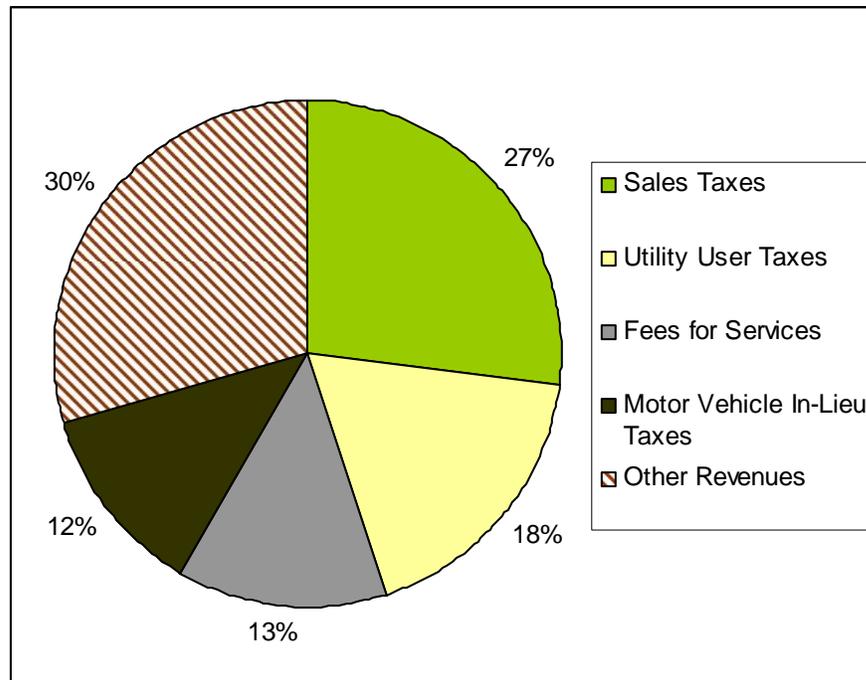
***Increase General Fund Revenues by Four Percent Annually***

Increasing the City’s General Fund revenues ensures that as the City grows, it will have sufficient funds to meet the necessary service levels. Population growth does not always yield economic growth, as seen earlier in the example of how the job growth in the community stalled in recent years even though the population (particularly the labor force) continued to grow.

Oroville must foster growth in sales taxes, transient occupancy taxes and other revenues by adding uses to the community which generate these revenues. Growth in these non-residential taxes can avert increases in utility user tax rates and/or a reduction in services. Property tax growth is also important, though most of the local property taxes are retained by the Oroville Redevelopment Agency (“Agency”) for implementation of redevelopment and affordable housing programs throughout most of the City.

Four components of the City’s General Fund budget comprise nearly 73 percent of the total operating budget, including: sales taxes, utility user taxes, fees for services, and Motor Vehicle License Fees. The single largest source of funds for municipal services of the City’s General Fund are sales tax proceeds, which accounted for approximately \$2.7 million (27.1 percent) of the City’s 2008-09 General Fund revenues which totaled \$9.8 million. The figure below depicts the breakdown of the 2008-09 City General Fund by revenue category.

**Figure 4: 2008-09 Oroville General Fund Revenues<sup>2</sup>**



As explained later in this Strategy, diversification and expanding the General Fund revenue base is of acute importance if the City is to maintain its level of services to residents and property owners. The Finance Department estimates that General Fund revenues will need to reach at least \$10.6 million in order to support service costs projected in fiscal year 2013-14. This represents an increase of approximately four percent annually. Achieving this goal ensures that the City would not be faced with the choice of having to reduce service levels and/or increase tax rates.

Given the current composition of the City’s General Fund, the near-term goal should be to grow sales tax revenues by adding new retailers in areas where the City is currently exporting taxable sales to other communities. This Strategy foresees this activity as a key component of the City’s economic health, as well as the secondary benefits of having more shopping options for Oroville residents and visitors.

<sup>2</sup> Source: 2008-09 Annual Budget

*Background*

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## WHY WE DO ECONOMIC DEVELOPMENT IN OROVILLE?

Economic development is the judicious application of public resources to activities that create a sustainable and diversified economic base consistent with the City's vision. The City has various resources at its disposal, primarily in the form of staff time and funding, which are dedicated to a variety of federal, state and local economic development initiatives; indeed allocation of these resources is a primary function of several City departments. But the purposes of these efforts are to achieve the City's mission and vision to create and serve a vibrant and thriving community.

Currently, the City spends approximately \$9.8 million annually to serve a community of 14,639 residents within the City limits. The City recently completed the 2030 General Plan, a significant update to the land use policy for the City and outlying areas within its Sphere of Influence. The General Plan anticipates that future development in the City limits will result in dramatic changes in the population, which in turn will require significant changes to the amount of municipal services the City will need to provide. Including areas currently outside the City limits but within its ultimate boundaries (Sphere of Influence<sup>3</sup>), an even greater amount of future residents will be demanding services, like law enforcement, fire protection, parks and recreation programs, and other essential services to sustain a quality of life.

Based on this growth permitted by the 2030 General Plan Update, the fiscal motivations for economic development become clear. To simply maintain existing service levels, the City's General Fund revenues will need to grow significantly. Using the 2008-09 General Fund budget and population, the service costs equal approximately \$669 per resident. Applying these costs to a larger population base upon build out, the City would need \$22.6 million to support costs within the current City limits.

### *City's Mission Statement*

The City of Oroville is dedicated to serving the public, ensuring the safety and vitality of the community, and promoting prosperity for all.

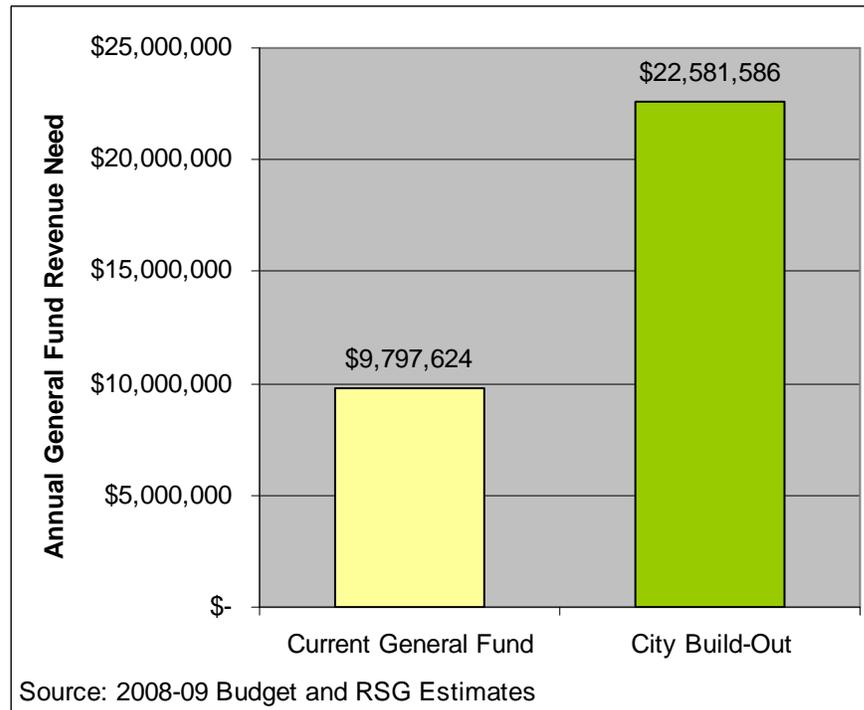
### *Vision Statement*

The City of Oroville, nestled in the foothills of the Sierra-Nevada, graced by the beauty of the Feather River, will be a vibrant and thriving community with strong economic, recreational and cultural opportunities.

### *Core Values*

Integrity & Honesty,  
Professionalism, Respect for  
Others, Customer Service, Open  
Communication, Accountability,  
Teamwork/Cooperation

<sup>3</sup> Current Sphere of Influence is subject to change and possible reductions in the future.

*Figure 5: Potential City General Fund Revenue Need*

Indeed, growth, without complimentary increases in revenue generating uses, poses a potential threat to achieving the City's mission and vision; one of the primary motivations for this Strategy is to prioritize the economic development activities necessary to ensure that the local economy can grow within the City limits to support service costs. Moreover, the City Council is seeking to provide what it can to sustain the quality of life of its residents by encouraging more employment opportunities, more visitors and patrons to local businesses, and a stronger, more diverse local economy.

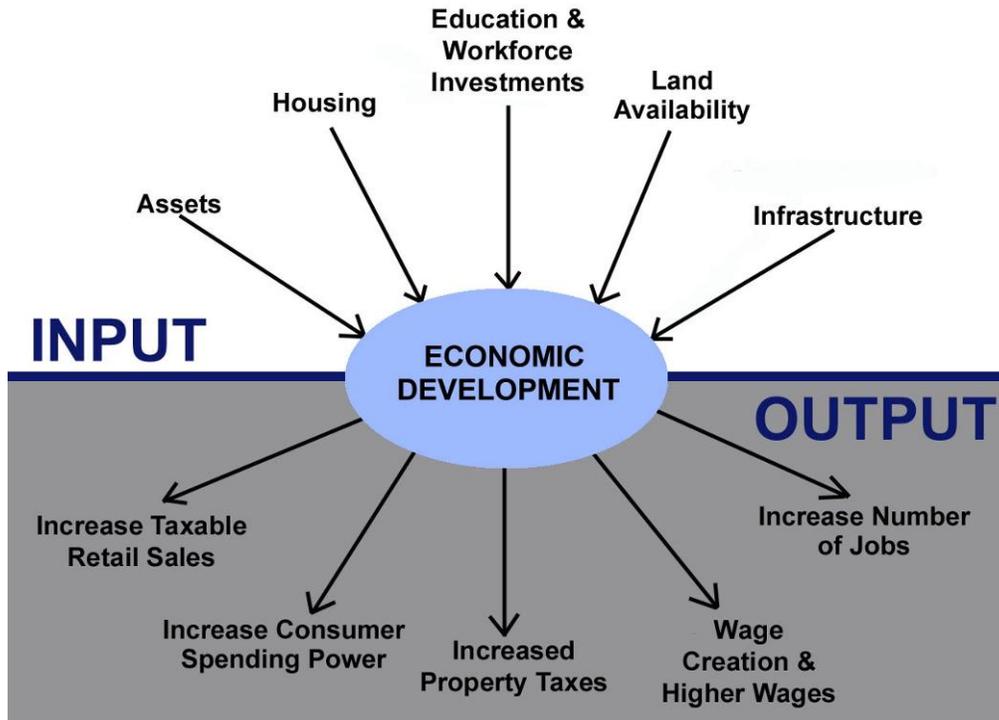
The General Plan presents a vision of the City at build out at 2030, one that will likely have many more residents, businesses and property owners that demand services like public safety. While the General Plan provides the long-term view of what Oroville can become, it does not go so far as to establish exactly how the City will ensure that services levels and indeed the overall quality of life, can be maintained and enhanced from year to year.

This is how economic development fits into this mission and vision – by prioritizing activities like land use decisions, infrastructure projects, and investments in community assets that yield not only more jobs and economic activity, but also generate precious resources for the City.

## HOW IT WORKS HERE

The figure below depicts the typical resources employed by local economic development agencies and how they result in changes to the community.

*Figure 6: Inputs and Outputs of Local Economic Development*

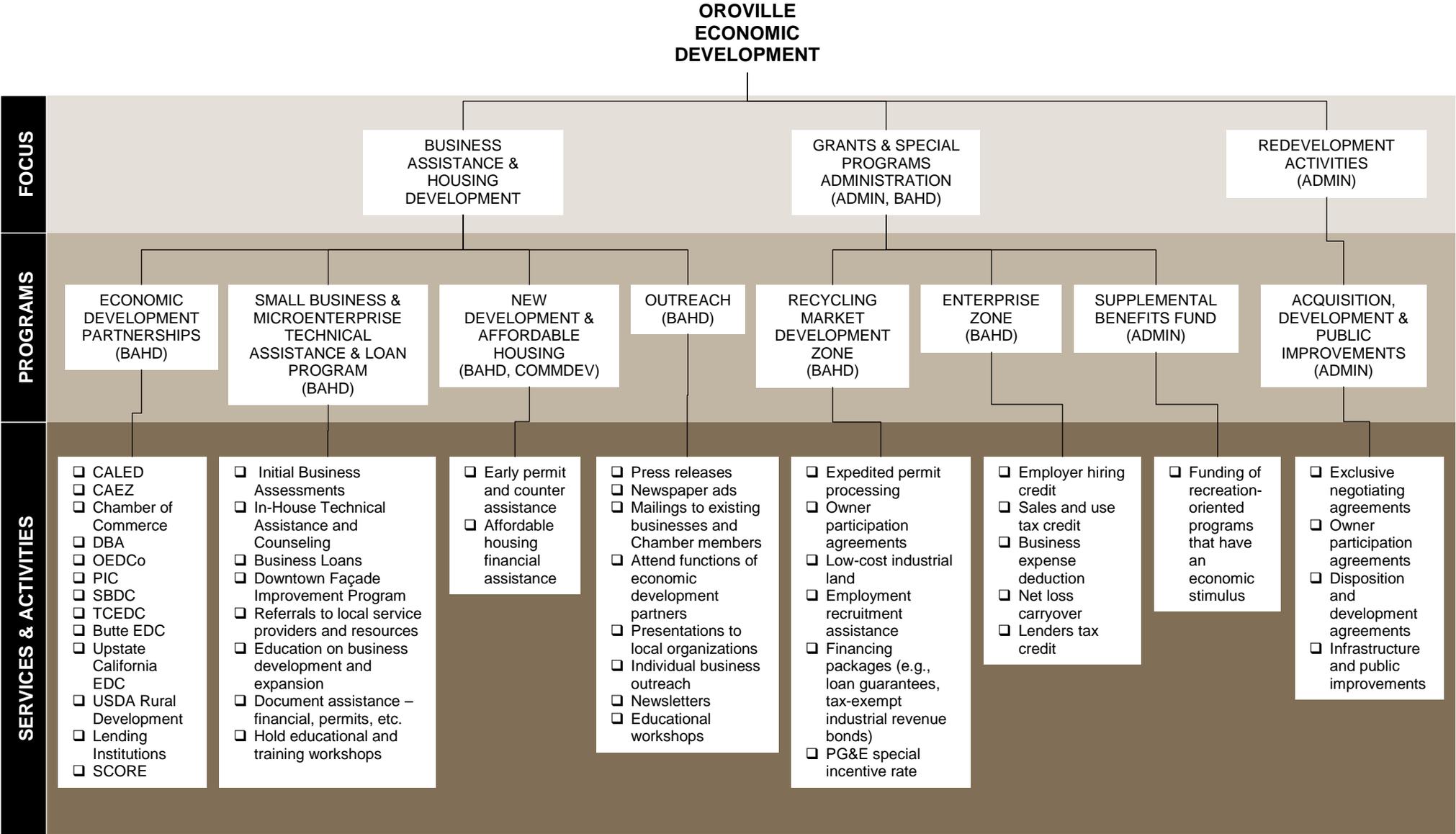


The City is not alone in understanding these needs. Most cities in California and the rest of the nation perform economic development functions in some capacity. Further, there are hundreds of other local and regional nonprofit entities throughout the state that undertake specific tasks.

### *Program Structure*

Oroville is fortunate to have a City government committed to economic development with numerous staff and departments involved in performing a variety of services to encourage development, attract investment, and create jobs. The diagram on the next page shows what economic development services the City currently provides, including activities within the City Administrator’s Department, the City Business Attraction and Housing Development Department, and the Redevelopment Agency.

Figure 7: City of Oroville Economic Development Program Structure



ABBREV.	DEPARTMENT	PHONE	E-MAIL	ECONOMIC DEVELOPMENT STAFFING
ADMIN	CITY ADMINISTRATION	(530) 538-2535	<a href="mailto:admin@cityoforoville.org">admin@cityoforoville.org</a>	3 FULL-TIME EMPLOYEES
BAHD	BUSINESS ASSISTANCE AND HOUSING DEVELOPMENT	(530) 538-2495	<a href="mailto:businessassistance@cityoforoville.org">businessassistance@cityoforoville.org</a> <a href="mailto:housing@cityoforoville.org">housing@cityoforoville.org</a>	7 FULL-TIME EMPLOYEES
COMMDEV	COMMUNITY DEVELOPMENT (PLANNING)	(530) 538-2430	<a href="mailto:planning@cityoforoville.org">planning@cityoforoville.org</a>	2 FULL-TIME EMPLOYEES

*Partnerships*

While the City is the leading economic development entity for Oroville, the community and greater region is served by a number of nonprofit and public agencies that provide services to businesses, visitors, and job seekers. Recognizing that these entities can be valuable in business retention and expansion efforts, the City continues to partner with these economic development affiliates to attract industry, tourism, and investment into the community.

**Figure 8: Other Economic Development Entities Serving Oroville**

Entity	Acronym	Function(s)
Butte Community College & ROP/Trade Schools <i>www.butte.edu</i>	Butte College	
Butte County Economic Development Corporation <i>www.butte-edc.com</i>	Butte EDC	
Butte County One-Stop <i>www.butteonestop.org</i>	Butte One-Stop	 
Dept. of Housing & Community Development - CDBG <i>www.hcd.ca.gov</i>	HCD	 
Department of Water Resources <i>www.water.ca.gov</i>	DWR	 
Downtown Business Association <i>www.downtown-oroville.com</i>	DBA	  
Oroville Chamber of Commerce <i>www.orovillechamber.net</i>	Chamber	  
Oroville Economic Development Corporation <i>www.oedco.org</i>	OEDCo	 
Private Industry Council <i>www.buttepic.org</i>	PIC	  
Small Business Development Center <i>www.bcsbdc.org</i>	SBDC	 
State Parks <i>www.parks.ca.gov</i>	State Parks	 
Tri-County Economic Development Corporation <i>www.tricountyedc.org</i>	TCEDC	
USDA Rural Development <i>www.rurdev.usda.gov</i>	USDA	 
US Small Business Administration <i>www.sba.gov</i>	SBA	 

**Legend:**

-  Promotes Oroville Specifically
-  Business Development Assistance
-  Provides Financial Investment in Oroville
-  Business Networking
-  Promotes Tourism/Special Events
-  Workforce Development

*Assessment of Opportunities*

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## STRENGTHS & WEAKNESSES

### *Strengths - Why Oroville is the Place to do Business*

#### **NATURAL & RECREATIONAL AMENITIES THAT ATTRACT RESIDENTS, INVESTORS AND VISITORS**

##### LAKE OROVILLE AND FEATHER RIVER

One of Oroville’s greatest competitive advantages is its proximity to a variety of recreational outlets. During stakeholder outreach performed, the single most popular reason to live in or visit Oroville was the proximity to fishing, hunting, hiking, and other outdoor activities that take advantage of the beautiful landscape and rural nature of the greater area. Lake Oroville, while not located in the City, anchors many recreational activities including boating and world class bass fishing. Feather River, which runs through the city, provides opportunities such as kayaking and fishing, and acts as an attractive backdrop for hiking.

##### DOWNTOWN WITH HISTORIC CHARACTER

Easily accessed by Montgomery Street, the downtown provides the perfect opportunity for people to relax and enjoy a meal or some leisurely shopping close to Highway 70 and Lake Oroville. The City’s quaint and historic downtown offers a compact, centralized area for several of the City’s annual festivals and regular farmer’s markets, and is home to several small boutiques and restaurants, as well as a small park. The City has tried to encourage investment, itself purchasing and rehabilitating the State Theater, which is now on the National Register of Historic Places and used for live theater, art exhibits, and musical performances. Downtown also offers a variety of small to medium sized commercial spaces, a perfect place for small and start-up retail or office-oriented businesses to locate.



##### ANNUAL FESTIVALS/ATTRACTIONS

Oroville is home to several annual events that draw residents and tourists alike to enjoy the ambiance of the downtown or the natural beauty of nearby Lake Oroville. Festivals serve an important role in exposing non-residents to all that Oroville can offer, as well as functioning as community-oriented events to preserve sense of place.

**Figure 9: Annual Festivals**

<b>Festival</b>	<b>Date</b>	<b>Festival</b>	<b>Date</b>
Antique Show	February	Berry Creek Berry Festival	August
Old Time Fiddlers Festival	March	Surplus City Fall Mud & Crawl	September
Gold Rush Car Show	May	Art Show	September
Oroville Pow Wow	May	Bounty of Oroville	September
Feather Fiesta Days	May	Oroville Salmon Festival	September
Ishi Gathering	May	Perry Mason Days	October
City of Gold Triathlon <sup>1</sup>	May	Holiday Craft Faire	December
Farmers' Market	Summer	Frontier Christmas Celebration	December
Concerts in the Park	Summer	Light Parade in Downtown Oroville	December
Movies in the Park	Summer	Fishing Tournaments - Lake Oroville <sup>1</sup>	Year-Round
Oroville Boat Races <sup>1</sup>	June		
Skateboard Competition	July		

<sup>1</sup> Not held within City limits

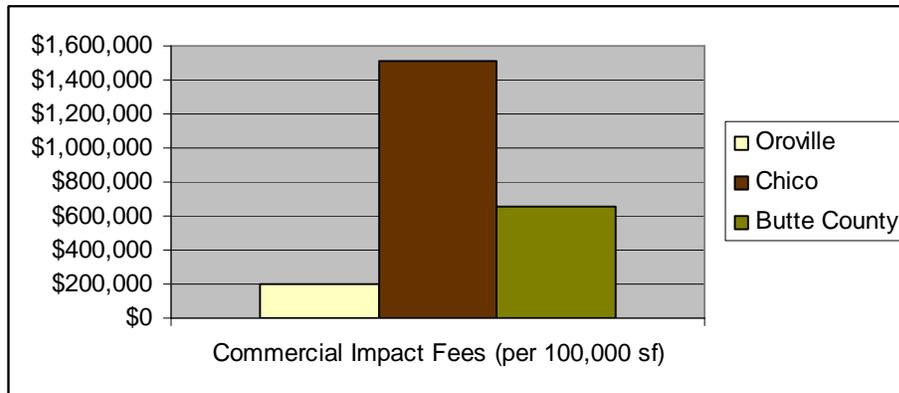
Source: Oroville Chamber of Commerce, Downtown Business Association, City of Oroville Staff

**DEVELOPMENT FRIENDLY ENVIRONMENT ENCOURAGES BUSINESSES**

**COMPETITIVE DEVELOPMENT FEES**

The City has maintained very low commercial development fees compared to the City of Chico and the County. Though development fees are not the only consideration for developers looking to locate a project, significant fees can be a deterrent. The table below illustrates the current fee structure comparison for commercial development in Oroville, City of Chico and Butte County.

*Figure 10: Commercial Impact Fees Comparison*



Source: City of Oroville

**ONE STOP DEVELOPMENT SERVICES**

The City creates a development-friendly environment by offering a preliminary meeting to developers free of charge, and a streamlined permitting process. The preliminary meeting, a benefit the County charges more than \$1,200<sup>4</sup> for, allows a developer to sit with staff members (Planning, Engineering, Fire, Police, and/or Parks and Trees) to review their proposal. This gives the planner an opportunity to spot any immediately apparent concerns, and offer suggestions to make the permitting process easier. Once development plans are ready for submittal, the Community Development and Public Works Department simplifies the entitlement process by combining planning, engineering, building and fire safety, code enforcement, project management, airport management, recycling, and public works in one; thus streamlining service and creating a one-stop counter for development.

**OROVILLE ENTERPRISE ZONE AND RECYCLING MARKET DEVELOPMENT ZONE**

After successfully applying for designations through a competitive process, the City now participates in two valuable state-administered programs designed to facilitate business and economic development. The Enterprise Zone is the better known of the two, and is a program that has been recognized for its ability to foster new jobs – jobs which provide wages 33 percent above minimum wage on a statewide basis. Businesses located within designated Enterprise Zones are allowed certain advantages, including sales tax credits, the carry over of net operating losses, and expensing of depreciable property among other benefits. Most communities with an Enterprise Zone realize a decrease in poverty levels and an increase in household incomes.

The Recycling Market Development Zone provides loans and technical assistance to businesses that divert materials from the waste stream to manufacture their products. Benefits from participation include expedited permit processing, owner participation agreements to assist in reducing the cost of off-site improvements, assistance in employee recruitment, and a variety of financing packages. Oroville’s targeted materials for recycling are certain types of paper and plastic, as well as wood and aluminum cans.

<sup>4</sup> County of Butte – Department of Development Services, Fee Schedule (Effective July 4, 2009).

**VARIETY OF AVAILABLE BUILDINGS AND BUILD-TO-SUIT OPPORTUNITIES**

Oroville can be particularly attractive to businesses looking to relocate, expand, or those just starting up due to the large number and variety of vacant buildings and built-to-suit opportunities within the City. The following table provides a snapshot of listings on three days over the past six months to illustrate the types of options available at a given point in time. Loopnet generally provides the most comprehensive property listings of any service, and the City may want to consider making this service available on their website as a part of the “one stop” approach, allowing potential developers, investors, and business owners easy access to such information.

*Figure 11: Sampling of Available Properties in Oroville*

	No. Properties	Range of Sizes	Average Price
<b>Lease Built Retail/Office</b>			
November 17, 2008	14	500 - 51,700 SF	\$0.90/SF
January 26, 2009	4	2,000 - 14,300 SF	\$0.77/SF
April 17, 2009	18	240 - 76,300 SF	\$1.26/SF
<b>Sale - Built Retail/Office</b>			
November 17, 2008	6	1,840 - 18,000 SF	\$342/SF
January 26, 2009	1	164,905 SF	\$82.77/SF
April 17, 2009	6	1,840 - 165,000 SF	\$364/SF

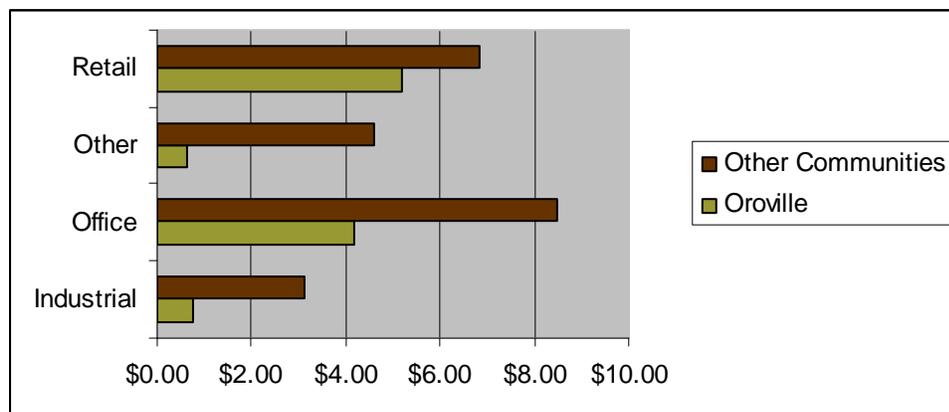
Source: Loopnet

Though this table only provides a brief summary of available commercial retail/office properties at certain points in time, it is clear that there are a variety of opportunities for new businesses to move into Oroville. The potential for business growth is an important asset, in light of anticipated job growth (specifically discussed in Appendix A).

**AFFORDABILITY OF LAND**

Affordability of property also serves as an attractive incentive to businesses wishing to own and/or develop their own sites. The table below illustrates the median sales values of properties that sold during between July 1, 2007 and March 1, 2009 in Oroville and the other Butte County communities of Chico, Gridley, and Paradise. Oroville is clearly the more affordable choice for all land use types.

*Figure 12: Median Sales Values by Land Use Type*



Source: ParcelQuest Assessor data

## **STRONG ENTREPRENEURIAL SPIRIT**

### **RELATIVELY HIGH LEVEL OF SMALL BUSINESSES AND IDEA CREATION**

Based on InfoUSA data, which maintains business information nationwide, the Oroville business community, like most cities, is reliant upon small businesses. Nationwide, about 86 percent of all businesses have fewer than 10 employees. Oroville's rate is comparable at approximately 83 percent. It is important to note that 96 percent of Oroville businesses have less than 50 employees, showing that Oroville is a viable location for small to medium-sized businesses. These statistics also make it clear that the City must continue to implement its programs aimed at small business creation and retention, and further them wherever possible. This Strategy makes some recommendations to capture new businesses, particularly in the downtown area, which is ideally suited for small retail and office users.

## **RESOURCEFUL ECONOMIC DEVELOPMENT PROGRAM**

### **DEDICATED STAFF WITH EXCELLENT INTERDEPARTMENTAL COORDINATION**

The City employs seven staff members whose job functions are essentially dedicated to improving the economic viability of Oroville. Efforts stem from the City Administrator's Office and the Business Assistance and Housing Development Department, as well as the Community Development and Public Works Departments. This multi-faceted team provides assistance and resources for businesses, and manages a diverse toolbox of economic development incentives and programs, from micro-loans to the Enterprise Zone.

### **PROLIFIC GRANT PROCUREMENT HISTORY**

The City has been consistently proactive about improving the business community through its unique ability to procure grant funding for a variety of economic development and public improvement projects. In the last five years, nearly \$20 million in grant funding (e.g., HCD CDBG, USDA Rural Development) has been brought into the City through staff's efforts. Grant proceeds have been used to fund business improvements, provide loans to struggling companies, and increase infrastructure capacity to facilitate development.

### **SUCCESSFUL SMALL BUSINESS LOAN PROGRAM**

The City implemented a small business loan program years ago which has assisted many Oroville businesses, keeping them functioning in the City. Currently, the program offers money to qualified businesses from a pool of nearly \$5.8 million for a variety of uses, including business expansion efforts as well as infrastructure needs. Funds were originally obtained through grants (e.g., HCD CDBG, USDA Rural Development) x the City successfully applied for, and program losses have been minimal. The City continues to increase the amount of funding available in order to meet the demand of a growing business community.

### **GENERAL PLAN UPDATE NEARLY COMPLETED - MIXED USE PERMITTED ALONG ORO DAM BOULEVARD**

In addition to innovative economic development programs and resources, the City's more traditional functions continue to contribute to economic development efforts as well. After more than two years of internal planning and public outreach, the City is close to adopting a General Plan Update. The process provided the City and community with an opportunity to evaluate, enhance, and revise land use policy on a dramatic scale. As a result, a new mixed use land use designation will be implemented along Oro Dam Boulevard and Feather River Boulevard in the commercial core, a departure from stricter commercial land use designations. This flexibility may promote a greater range of uses in these areas, encouraging commercial development (and potentially housing) of a wider variety than currently exists. The change may attract new investment to the mixed use areas, particularly those that need more accommodating standards for development of their product type.

#### OROVILLE REDEVELOPMENT PROJECT AREA

On July 16, 1981, the Oroville City Council adopted Ordinance No. 1353, approving the original Redevelopment Plan for the Oroville Redevelopment Project, which accounts for 6,080 acres or 78 percent of the City's total land area. The Oroville Redevelopment Plan is effective for 43 years, and terminates on July 16, 2024. For an additional ten years, or until July 16, 2034, the Redevelopment Agency may collect tax increment revenue to finance eligible projects that mitigate blight and provide for affordable housing that benefits the Project Area. These resources may be important to achieving some of the goals in this Strategy, as redevelopment tax increment revenues are one of the few dedicated funding streams for capital projects and development incentives available to local agencies in California today.

Over the past 28 years, the City and Redevelopment Agency have worked to enhance the quality of life in Oroville by investing in the following endeavors:

- **Public Improvements:** The elimination or amelioration of infrastructure deficiency through the implementation of Code Enforcement Programs, Highway Landscaping Projects, and Curb, Gutter, Sidewalk and ADA Accessibility Projects.
- **Blight Reduction:** The eradication and prevention of blight through the administration of the Economic Development Loan Program, First Time Home Buyers Program, the expansion of drainage basins, and the rehabilitation of single-family homes.
- **Community Investment Planning:** The Agency has conducted studies to determine the best allocation of resources to capitalize on assets and more effectively encourage private investment. Recently, the Agency performed an affordable housing study which provided information on ways to leverage existing structures and increase the supply of housing affordable to very low, low, and moderate income families. The study notably included the potential rehabilitation of the historic Oroville Inn in downtown to help bring new life to the area through mixed use and housing opportunities.
- **Community Revitalization:** The promotion and expansion of social capital through the development of the Southside Community Center, the Marketing/Tourism Promotion Program, Chamber/City Joint Visitor Outreach Program, the rehabilitation of the State Theater in downtown, the creation of Centennial Plaza, and improvements to Riverbend Park and the Feather River corridor.

The figure below depicts the boundaries of the Redevelopment Project Area.



## *Weaknesses*

### **CONSTRAINTS ADDRESSED IN THIS STRATEGY**

#### **BROWNFIELDS**

“Brownfields” are properties that have the potential for higher and better economic uses, but cannot meet that potential because of environmental contamination from current or previous uses. Brownfields not only create health and safety hazards, but also impose major financial barriers for property owners and developers to the reuse of those properties. The cleanup and redevelopment of brownfield properties addresses important public health concerns and places valuable community assets back into productive use in the local economy. This Strategy provides a variety of information on brownfields as well as action items to address remediation and eventually private investment at the sites.

#### **Transforming Brownfields into Opportunity Sites**

The City and Agency can play a critical role in brownfield redevelopment efforts by inventorying brownfield sites in the community and collaboratively partnering with property owners and developers to identify, secure, and leverage financial resources for the assessment, cleanup, and redevelopment of those properties. A wide array of regional, state, and federal brownfield grant programs can be accessed by the City and/or Agency to fund the creation of a local brownfield revitalization program and finance the environmental assessment and remediation of specific brownfield sites. The Agency also possesses special tools granted by the California Polanco Redevelopment Act that limit the financial liability that property owners and developers are typically exposed to during the brownfield redevelopment process. In many ways, while environmental conditions of properties can be weaknesses for economic development, the myriad of financing tools made available to the City, Agency, property owners, and developers can very readily turn those weaknesses into economic opportunities.

Based on a preliminary search of brownfield sites listed in the databases of the California Department of Toxic Substances Control (“DTSC”) and State Water Resources Control Board (“SWRCB”), 57 sites within Oroville’s city boundaries have had regulatory cases open with the appropriate state agencies for soil and/or groundwater contamination at some point in time. Twenty-five of those sites currently have active or open cases with DTSC or SWRCB for corrective action. The 32 remaining sites in the City have closed cases with DTSC or SWRCB. Closed brownfield sites may have been cleaned up to specified health and safety standards, or have had institutional controls (e.g., land use restrictions) imposed upon them, based on current or proposed uses, but any change or intensification of use may require a higher standard or threshold to be met or remediation to be completed. Twenty additional brownfield sites are located outside of the City, but within its Sphere of Influence.

#### **Regulatory vs. Strategic**

It is important to emphasize that the 77 brownfield sites identified in the City and its Sphere of Influence only include properties for which DTSC or SWRCB have had an open/active or closed/inactive regulatory case. Based on historic industrial uses in Oroville (e.g., lumber mills, wood treatment facilities), it is certain that additional brownfield sites exist but have not yet been the subject of regulatory action. It benefits all stakeholders, including property owners, for these sites to be proactively identified so that strategic financing and cleanup plans can be formulated prior to regulatory action being taken to force the investigation and cleanup of properties. Since real estate transactions regularly involve environmental due diligence (e.g., Phase I environmental site assessments), property owners as future sellers, benefit from proactive knowledge of the environmental and economic liabilities of their assets.

### **Local Brownfields Revitalization Program**

Many of the known brownfield sites in the City are located in the Oro Dam Boulevard Corridor/Commercial Core and Industrial Unit 2 ("IU2"). To better understand the economic barriers and opportunities of known and unknown sites in these areas, during fiscal year 2009-10, redevelopment staff will take steps to create a Local Brownfields Revitalization Program that: (1) creates a Citywide inventory of brownfield sites from a more focused database search; (2) creates funding for the investigation of contamination, including the anticipated cost of cleanup, within the Oro Dam Boulevard Corridor/Commercial Core and IU2; (3) creates funding for cleanup within the Oro Dam Boulevard Corridor/Commercial Core and IU2; and (4) facilitates real estate transactions and development deals for reuse of properties within the Oro Dam Boulevard Corridor/Commercial Core and IU2.

### **FY 2009-10 US EPA Community-wide Brownfields Assessment Grant**

To create seed money for the Local Brownfields Revitalization Program and initial funding for the creation of the Citywide inventory, redevelopment staff will pursue two US EPA Community-wide Brownfields Assessment Grants totaling \$400,000 in fiscal year 2009-10. If selected, funds from this grant will pay for development of a GIS-based, Citywide brownfields inventory and for Phase I and Phase II environmental site assessments for select opportunity sites in focus areas that are either identified by the Redevelopment Agency or self-selected by property owners through a Redevelopment Agency-initiated voluntary program. Grant proposals are typically due to US EPA Region 9 by November of each funding cycle (e.g., November 2009).

### **AIRPORT BUSINESS PARK**

#### **FAA Restricts Conveyance to Leasehold Interest Only**

The City has struggled to strategically position the Oroville Municipal Airport ("Airport") and surrounding land for many years. Currently under Federal Aviation Authority ("FAA") restrictions, the land cannot be sold, but only leased at a market rate. Of the approximately 1,700 commercial acres around the Airport, about 700 are thus restricted. Therefore, a leaseholder at the Airport enters into a 25 year lease for the land, while over that same period of time on unrestricted land, an investor could generally pay the same amount of money to own property nearby. With very little built development, most users would also be required to construct facilities on their leased land. Given these conditions, most investors choose to purchase property elsewhere, leaving the Airport largely vacant or underdeveloped. The City has long sought to eliminate the FAA restrictions, and is in ongoing negotiations to allow for fee simple ownership.

#### **Commercial Air Freight Operations Not Supportable**

The Airport itself does not have the runway length nor the facilities needed to compete with other airports, most notably in Sacramento and Chico, for larger freight operations. Staff is currently in talks with a private shipping company to utilize the airport to support their ground operations, but the utility of the airstrip will still restrict the size of carriers. Though the City could invest in the expansion of the Airport to increase capacity, City staff does not believe that the demand exists to support such a costly endeavor, which must include construction of hangars, other storage areas, and longer runways. Thus, the City's desired use of the Airport has been appropriately shifted from actual air transportation to other compatible commercial uses in the General Plan Update.

#### **Lack of Coordinated Asset Management Program**

The City has thus far been unable to create a clear vision for the Airport area, making it difficult to determine who the target market is, or how the area can achieve a competitive advantage over other areas. The General Plan Update does make some advances, designating an Airport Business Park with slightly different allowable land uses than other industrial areas, which may help to encourage development of a true business park at the Airport, while simultaneously focusing heavier industrial

uses in the IU2 core. Additionally, the Private Industry Council (PIC) has been discussing some potential land use options with the City for the development of a green technology park in coordination with Butte College. In the interim, this Strategy recommends creation of an asset management program to assist the City in fulfilling its preferred vision for the Airport. The program should at a minimum create protocols for property management, goals for infrastructure investment, and policies for the future sale of land should the FAA releases restrictions.

#### GATEWAY AREA/DOWNTOWN OROVILLE COMMERCE AREA

##### **Limited Range of Businesses and Limited Business Hours**

Though the downtown presents a range of opportunities to attract residents and tourists looking for a place to spend their leisure time, the limited variety of retail businesses and the restricted hours many keep, may deter potential users and impede business recruitment. In particular, the large number of businesses closed in the evenings and on weekends may appear as a sign of a depressed community and inspire little desire to return or invest. This Strategy suggests policies that encourage new investment, mixed use, coordination among property and business owners, and façade improvements, leading to a more vibrant downtown.

##### **Infill Properties Languish - Vacancies in Downtown**

Several properties in the greater downtown area are vacant for a variety of reasons including the recent economic downturn as well as shifts in market demand for space. In some cases, properties have also suffered from a lack of ongoing maintenance, which is often an expensive undertaking in historic structures. This Strategy's vision for downtown focuses on promoting and incentivizing infill and mixed use development, which should help to encourage private investment in the area, ameliorating some of the vacancies.

##### **Structural Deterioration and Obsolescence**

Like other historic downtowns, many of the very buildings that create the charm of the area are deteriorating and require significant structural improvements to be adequately maintained. In many cases, such rehabilitation or retrofitting can be extremely costly, particularly if historical assets must be maintained. Additionally, many buildings that have not been updated now suffer from obsolescence as unit sizes, styles, and amenities cannot offer tenants what a newer building can, making it difficult to attract tenants, particularly national credit retailers who have specific requirements for preferred units. Use of some of the City's existing policies and programs in addition to those suggested by this Strategy may help to encourage some of the necessary improvements.

##### **Land Use Policy Not Compatible with Likely Redevelopment Needs for Greater Density and Mixed Use**

The General Plan Update process did not make significant changes to land use policy in the historic downtown area. Unfortunately, the current land use policy is not compatible with likely redevelopment needs for greater density and mixed use. Smaller parcel sizes, typical of an historic commercial area, generally require taller or more flexible development programming in order to break even on redevelopment costs and facilitate modern retailers' specifications for space. Staff has indicated that the City will pursue a Specific Plan to allow for more focus on downtown's constraints, specifically related to market conditions for redevelopment or rehabilitation activities that are needed.

#### ORO DAM BOULEVARD CORRIDOR AND COMMERCIAL CORE

##### **Lack of Retail Choices**

Many residents believe the city lacks the variety of retail choices that would encourage people to shop locally. Indeed, retail is somewhat limited, particularly with respect to clothing options, as supported by several recent market studies (see Appendix A). Unfortunately, most national retailers

have chosen to locate in Chico, with almost none in Oroville. As retailers often like to cluster, many area real estate brokers feel that obtaining just one to two name brand stores, such as TJ Maxx, would attract further credit tenants. Fortunately, the City has several opportunities to further develop the retail market, including the reuse of the current Wal-Mart site, the development of the Gateway site, and the new retail opportunities afforded by the General Plan Update along Feather River Boulevard as discussed in this Strategy. Additionally, population growth will fuel further demand, making the area more attractive to retailers as the national economy recovers.

## INDUSTRIAL UNIT 2 UNDER DEVELOPED

### **Misconceptions of IU2**

The City's Industrial Units ("IUs") were designated years ago as a way to group the many industrial areas of the City. The monikers, in fact, hold no significance in terms of development – referring only to geographic areas, not permitted land uses. Nevertheless, IU2 remains a prominent issue in the minds of many residents and developers, who have expressed wishes for a business park to be created there. While approximately 273 acres of vacant commercial land exists in IU2,<sup>5</sup> seemingly indicating the feasibility of such a development, many factors have presented an obstacle to a business park, including infrastructure deficiencies, the marketplace, contamination levels, and individual property owner goals. While the City has consistently shown willingness to work with developers, the market and property owners have been unable to create a feasible business park project, and thus the focus for IU2 must be shifted elsewhere in the minds of the community. To accommodate the changing focus of IU2, the General Plan Update has designated some portions of IU2 for retail and business services along Feather River Boulevard, and IU3 and IU4 now have a Specific Plan Overlay that allows for certain residential development as well. This will serve to focus heavier industrial uses in the central area of IU2. Further, as a part of the brownfields strategy recommended in this document, outreach to property owners and developers will also solidify the City's vision for this area and create tools and resources for the implementation of a coordinated vision.

## OTHER CONSTRAINTS

### **Low Household Incomes in the City**

Based on demographic research, the average and median household incomes within Oroville are significantly below those of Chico and the County average, as shown in the table below. However, incomes are much more comparable in the Oroville trade area, defined below as a 30 minute drive from the estimated center of town. Income levels are a key component retailers consider when determining future locations, and thus it is possible the low levels shown within the City boundary are hindering Oroville's commercial development. The City must continue to consistently focus on the trade area for recruitment practices, and educate others through outreach communications as retailers can capture a market in Oroville similar to other market areas, but at a much less expensive land cost.

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<sup>5</sup> Based upon ParcelQuest data and 2008 aerial maps

**Figure 14: 2008 Households by Income Range**

	City of Oroville	Oroville Trade Area	Butte County	City of Chico
< \$15,000	26.6%	17.8%	16.5%	19.6%
\$15,000 - \$24,999	19.4%	15.8%	14.5%	13.5%
\$25,000 - \$34,999	13.2%	13.6%	13.2%	13.2%
\$35,000 - \$49,999	14.4%	16.1%	15.3%	13.7%
\$50,000 - \$74,999	17.3%	20.9%	21.3%	20.2%
\$75,000 - \$99,999	4.8%	7.4%	8.8%	9.2%
\$100,000 - \$149,999	2.7%	5.4%	6.4%	6.6%
\$150,000 - \$199,999	0.6%	1.1%	1.7%	1.9%
\$200,000 +	1.0%	1.9%	2.2%	2.2%
Average Household Income	\$39,185	\$50,564	\$54,573	\$53,471
Median Household Income	\$27,245	\$37,406	\$40,681	\$39,107

Source: ESRI Biz

### City Has No Land Use Jurisdiction in Greater Trade Area

Oroville's incorporated boundaries include approximately 15,000 residents, though the greater area has nearly 70,000. In addition to the densely populated community of South Oroville, small clusters in Thermalito and developing areas near the Airport and Lake Oroville have a profound impact upon the City's ability to provide services and infrastructure, as residents outside the incorporated area drive on City roads, require public safety attention within the City, and utilize municipal parks. As these properties are beyond the incorporated boundaries, the City does not benefit from property taxes or state subventions that help to sustain service levels. This is an interagency policy issue that should be addressed through actionable agreements with the County of Butte and the Local Agency Formation Commission ("LAFCO") about unincorporated development in the City's Sphere of Influence, the fiscal impacts of such development, future annexations, and regional infrastructure capacities.

## OPPORTUNITIES & THREATS

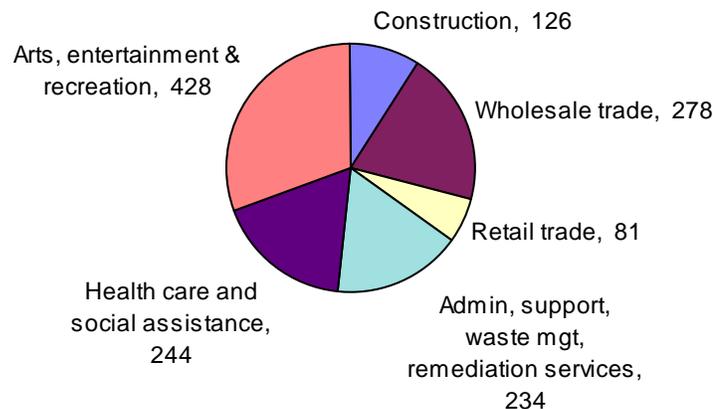
### Opportunities

#### JOB GROWTH

##### ANTICIPATED JOB GROWTH KEY SECTORS

Oroville is poised to obtain a significant amount of job growth in the coming years. The Center for Economic Development (“CED”) in Chico provided a summary of job types by industry type that Oroville is likely to capture over the next ten years, which can be found in Appendix A. Over 1,400 new jobs are anticipated, many of them in key industries that could be oriented towards green products or services, supporting the City’s aspirations for a green technology park at the Airport. A significant amount of new jobs are also clustered in the Arts, Entertainment, and Recreation sector, some of which may be obtained in part through the advancement of recreational and tourist opportunities in the city. The following graph summarizes the largest net increases in employees by industry.

*Figure 15: Jobs Captured in Key Industries by 2018*



#### RETAIL DEVELOPMENT OPPORTUNITIES LONG TERM

##### LEAKAGE STUDY IDENTIFIES UNDER-SERVED MARKETS AND RESIDENTIAL GROWTH MAY INCREASE DEMAND

A retail leakage study performed by the CED identified some under-served markets (see Appendix A for further detail). In particular, Oroville is experiencing retail leakage in apparel, household furnishings, and restaurants. These niches in the retail market corroborate responses from public outreach, and indicate a strong potential for Oroville to attract a modest number of new businesses to meet the demands of existing residents, as well as support those that may be brought in by tourism. Anticipated residential growth, which continues within the trade area, will further support additional development long term. By regularly updating statistics that include these demographic changes for retailers and the real estate community, the City may increase its chances of attracting desirable users.

##### WAL-MART RELOCATION CREATES ATTRACTIVE REUSE OPPORTUNITY

The existing Wal-Mart has chosen to relocate in town as a Super Wal-Mart. The vacancy created at the current site produces an advantageous reuse opportunity at Oro Dam Boulevard and Highway 70. The site could be an ideal location for a new retailer(s), though few require the footprint the Wal-Mart

has, so reuse may potentially include modification of part or all of the existing structure. The details of reuse are still being discussed, though the City has required a reuse plan to be developed as a part of the environmental review program. This is a key site along Highway 70 as the prime entryway into the city, thus attraction of quality users, implementation of design guidelines where needed, and a smooth entitlement process should be a priority for staff.

#### MIXED USE IN DOWNTOWN

Recent City Council direction has authorized City staff to allow mixed use in the historic downtown, though mixed use is often thought of solely on the basis of its ability to impact the desired built environment, it can also be a powerful tool for encouraging new investment. Based on lot sizes, land uses, and current market forces, this new zoning allowance should increase the financial feasibility of rehabilitation or redevelopment in the greater downtown area, as density and land use flexibility are often the best way for the private sector to work without subsidy in built-out areas. The City's next steps will be to define specific policy points to implement mixed use in downtown.

### UNIQUE REVENUE STREAMS

#### STATE PARKS AND DEPARTMENT OF WATER RESOURCES FUNDING

The Department of Water Resources is nearing the end of an extensive process to relicense the Oroville Dam and related facilities. With this massive project comes a large amount of revenue, between \$35 million and \$61 million, termed the Supplemental Benefits Fund ("SBF"). The SBF provides new capital for recreational programs and projects that will have direct and indirect benefits to Oroville. The SBF steering committee determines the specific types of projects that the money may go towards, but it must generally be earmarked for increasing recreational uses in the area. The City may have a unique opportunity to apply for some of these funds (within the confines of the Steering Committee's forthcoming guidelines) to assist projects that promote recreation, and thus tourism and economic development as well. Private companies and other public agencies can also apply for funding to enhance recreational amenities and opportunities, which may indirectly benefit the City through increased sales tax production or TOT revenues.

#### FINANCING OPPORTUNITIES

Several opportunities for financing economic development initiatives are at hand, including the SBF, unencumbered redevelopment non-housing funds, and potentially federal stimulus package proceeds. A recent study performed for the City indicates that Oroville may be able to leverage a \$3.8 million lease revenue bond through the SBF revenue stream. This source of revenue can be used to finance priority economic development opportunities within the constraints of the SBF steering committee and Department of Water Resources ("DWR"). The same study also indicates the Redevelopment Agency could leverage unencumbered non-housing funds for a roughly \$6.9 million tax allocation bond, which can also be used to finance certain economic development activities within the Project Area, as allowed by California Redevelopment Law.

### EMERGING PARTNERSHIPS

#### BUTTE COLLEGE

In addition to the more traditional educational opportunities, Butte College is continuously working to develop new programs that meet market demands and provide students with relevant job training. The college is open to partnering with the City on any opportunities that may mutually benefit Butte College students and industries in Oroville, including locating a satellite campus at the Airport Business Park, should the desired business park come to fruition with a focus on technology and green innovation. In addition to offering companies a range of employees with viable job skills, this chance for a coordinated partnership is one of the many reasons why targeted recruitment of certain industries to specific locations such as the Airport makes logistical sense.

**PRIVATE INDUSTRY COUNCIL**

Private Industry Council (PIC) is a private, non-profit corporation that focuses on job training and matching employers with employees. PIC is responsible for administering funds from the Federal and State Work Force Investment Act and offers “One Stop” interaction for people in need of a job or employers in need of employees. PIC operates several successful programs in Oroville for youth job training, including Checkers Restaurant, The Kitchen Store, a police cadet program, and a construction program. In addition to youth programs, PIC also offers assistance to employers for on-the-job training of new employees by paying a portion of the employee’s salary for a certain period of time. Employees and employers can learn more at the Butte County One Stop operated by PIC, though the City may also have an opportunity to promote these programs as well.

*Threats***CHALLENGES CONSIDERED IN THIS STRATEGY****HOTEL DEMAND UNCLEAR**

Oroville’s desire to attract more recreational tourism is likely to require a wider range of accommodations to cater to a larger variety of visitors. Most accommodations within the city are of a one and two star quality, with the exception of the recently opened Holiday Inn Express. Two Native American casino/hotels are located in the immediate vicinity offering a higher quality product, but these hotels do not contribute to the City’s transient occupancy tax revenues. While the need to provide a wider range of accommodations appears intuitive in a region that is working diligently to expand tourism, it is important the City understand how and when growing demand should be met. The most recent market study for hotel capacity was completed in 2006, focused on one particular product, did not take into account the two lodging establishments at nearby Indian casinos, nor does it consider the recently opened Holiday Inn Express in the City. For a City that relies heavily on tourism, the City needs an updated and more comprehensive hotel market study that looks at a wider variety of product types, including the capacity to create a destination hotel, a new three star type hotels, or even bed and breakfast lodging in the greater downtown area. Without a clear understanding of demand, building further accommodations could potentially jeopardize occupancy at existing hotels or overlook opportunities that may be present in the region.

**LACK OF COORDINATED DEVELOPMENT OUTSIDE CITY LIMITS**

The City has long suffered the effects of development outside its incorporated boundaries. While residents of neighboring communities impact service levels within Oroville, the City does not benefit from certain revenues which are designed to offset service costs such as property tax and state subventions. As documented in previous studies, the County has continued to permit significant urban development immediately adjacent to the City and within the City’s Sphere of Influence. In recent years, the City has annexed certain new residential developments in a piecemeal manner to ensure adequate service levels and obtain some financial compensation. Though this may, for the time being, stave off the creation of grave public safety impacts such as those experienced in the South Oroville community, it is unlikely the City can continue to annex only residential development without the financial support that new commercial development brings. If allowed to persist, this lack of coordinated development outside city limits may severely reduce the City’s ability to provide quality municipal services.

**SUBURBAN SPRAWL AND LAND VALUES PROVIDE CHALLENGES TO REDEVELOPMENT PROJECTS**

Similarly, the potential for urban growth due to available and affordable land makes suburban sprawl a likely result. This may further hinder the private sector’s desire to redevelop or rehabilitate properties, particularly in downtown where land use policy makes this difficult and costly.

## **CHALLENGES OUTSIDE THE CONTROL OF THE CITY/THIS STRATEGY**

### **REGIONAL AND NATIONAL TRENDS NOT FAVORING SHORT TERM BUSINESS EXPANSION**

Regional and national trends are not favoring short term business expansion. Many regional and national tenants have scaled back or slowed expansion plans, while a variety of others have declared bankruptcy or ceased operations entirely. This may adversely impact Oroville's ability to recruit new users to the City at this time.

### **ACQUISITION AND CONSTRUCTION FINANCING CONSTRAINED NATIONWIDE**

One component of the national economic slow down is the constraint upon developers to obtain construction financing. Poor lending practices among many banks have left them overly cautious in some cases, and thus many projects cannot achieve the lending necessary to do development projects.

### **PRECIPITATION/WATER LEVELS AT LAKE OROVILLE MAY CURTAIL TOURISM**

Lake Oroville is in fact a water storage basin and a part of the State Water Project, utilized by DWR to capture and supply potable water through much of California. Thus, the water levels in Lake Oroville are subject to both precipitation levels as well as water use strategies implemented by DWR. Inconsistent or recurring low levels of water may curtail tourism to the Lake.

### **CITY DOES NOT REALLY "CREATE" JOBS**

While City economic development programs and expenditures can encourage private investment in the community and incentivize job growth, it is the private market that must actually create jobs. Particularly in Oroville, where small businesses are encouraged and assisted, it may take years to actually realize any appreciable growth in the job market. This can be frustrating for residents, staff, and the City Council, who would undoubtedly prefer to build and sustain a higher rate of momentum.

*Strategic Direction*

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## MAINTAINING KEY INITIATIVES

A key aspect of this Strategy is continuing the successful programs initiated by the City that have led to retention of jobs, businesses, improvements to local infrastructure, and revitalization of the local economy. As a community that must continue diligent efforts to attract and retain investment in the current economy, Oroville needs these programs now more than ever. Indeed, multiple incentives, ranging from competitive land prices and fee structures, to tax credits and infrastructure assistance, are more common in today's economic development industry.

Many of these programs are financed by Enterprise funds from the Community Development Block Grant Program (CDGB), which seeks to stimulate economic development in areas that benefit so-called target income groups, or where the household income is less than 80 percent of the County median income. Programs that feature this funding include the Small Business Technical Assistance Program, the Small Business Loan Program, the Microenterprise Technical Assistance Program, and the Small Business Development Center<sup>6</sup>.

As Oroville has a relatively high proportion of small and micro-businesses, sustaining these businesses is an essential component to the overall economic health of the City, as well as sustaining employment opportunities for target income group households. In that this Strategy seeks to encourage the development of 500 jobs to result in an equal amount of increase in the labor force, utilization of these Enterprise programs remains a central component to supporting entrepreneurship, business retention, and job creation in Oroville.

### *Oroville Enterprise Zone*

The Oroville Enterprise Zone provides tax incentives, hiring incentives, and other financial assistance to virtually all of the City's commercial and industrial areas. Encompassing over 9,895 acres, the Oroville Enterprise Zone stands out because it also encompasses the Oroville Recycling Market Development Zone, thereby providing significant incentives to new and expanding businesses to locate in Oroville. Specific Enterprise Zone benefits include:

- Hiring tax credits
- Sales and use tax credits
- Expense deductions for business property
- Net operating loss carryovers deductions
- Net interest deduction (for lenders)

The program is suitable for businesses of any size, and is not restricted to small businesses.

### *Oroville Recycling Market Development Zone*

One of seven zones in the North State region, the Oroville Recycling Market Development Zone (RMDZ) provides a variety of incentives to eligible businesses that use materials in the waste stream. The RMDZ remains an important asset to the City's efforts to attract emerging green industries because of incentives including permit expediting, revolving loan financing, marketing assistance, and technical assistance. The Zone covers all of the Airport Business Park, Downtown, Industrial Unit 2 and other commercial and industrial areas of the City.

<sup>6</sup> Contractual agreement with City to provide service

### *Historically Underutilized Business Zone*

Census Tracts 25, 28, and 30 of the City of Oroville are located in a Historically Underutilized Business Zone (HUBZone). Within HUBZones, the US Small Business Administration (“SBA”) promotes job growth, capital investment, and economic development by providing contracting assistance to small businesses. The program’s benefits for certified companies include competitive and sole source contracting, a 10 percent price evaluation preference in full and open contract competitions, and subcontracting opportunities. The Federal government has a goal of awarding three percent of all dollars for Federal prime contracts to HUBZone-certified concerns.

### *Redevelopment*

Starting with the forthcoming update to the Agency’s five year implementation plan, the Oroville Redevelopment Project Area will remain an important asset to the City’s efforts to incentivize investment and revitalize Project Area properties. The Agency is in a position to issue non-housing and affordable housing bonds which may be capable of garnering nearly \$20 million in funds for capital projects to carry out infrastructure improvements, acquisition and relocation of incompatible uses, and other incentives including relocation assistance, owner participation opportunities, brownfields remediation tools, and tax increment financing.

### *Business Technical Assistance Program*

The City leverages CDBG funds to provide assistance to eligible new and existing businesses and developers to locate and operate successfully in Oroville. Operated through the Business Assistance and Housing Development Department, the City’s Business Technical Assistance Program provides a number of incentives, including:

- Small business one-stop shop project review by key departments
- Document assistance, including financing and permitting
- Educational and training workshops
- Referrals to local service providers and resources
- Follow-up assistance as needed

### *Small Business Loan Program*

The City provides a dollar-for-dollar Enterprise and Revolving Loan Programs for a variety of uses towards businesses that result in job creation or an increase in the local tax base. Loan proceeds, provided by CDBG funds, may be used for inventory purchases, working capital, equipment acquisition, real property acquisition or improvements, or fixtures and furnishing purchases. Loan terms are based on need, and include a maximum five percent interest rate on loan amounts.

### *Microenterprise Technical Assistance Program*

For businesses of five or fewer employees, the Microenterprise Technical Assistance Program uses a portion of the City’s CDBG funds to assist eligible startup and growing businesses in a number of areas, including:

- Assistance with business development and expansion efforts
- Referrals to other services including local Economic Development Partners

- Assistance with documentation
- Follow-up assistance as necessary.

### *Small Business Development Center*

This one-stop center is oriented towards assisting business owners with a variety of financial and management tools to promote business retention and development in Butte County. Oroville provides office space for the SBDC, provides supplemental funding for programs, and participates in workshops for small business owners.

## NEW PROGRAMS

Notwithstanding the ongoing successes of the City, some of which are described on page 63 of this Strategy, the City looks to expand its economic development program to develop more sophisticated practices for planning for evaluating success, planning for the long-term future of the community, and creating a comprehensive brownfields program to encourage infill redevelopment and development.

### *New Procedures for Economic Development Program Management*

This Strategy will be reviewed on an annual basis, as part of the City's overall budget and strategic plans. As part of this effort, this Strategy proposes a more formal process for management of economic development initiatives consisting of a City Council subcommittee and a plan-do-check-act process management protocol as explained below.

#### **ESTABLISHING FORMAL CITY COUNCIL SUBCOMMITTEE**

The City Council is frequently polled by staff on various economic development proposals, but a more formal process for review, evaluation and refinement of the initiatives that emerge out of this Strategy is merited and therefore, the City Council may wish to establish a formal City Council Subcommittee on Economic Development. The Subcommittee would meet quarterly with staff and perform the following functions:

- Screen and check progress on goals and activities
- Review proposals prior to presentation to the entire City Council for consistency with this Strategy
- Formulate recommendations regarding program goals and metrics
- Increase dialog with City Council and provide venue for developing policy-based solutions

During fiscal year 2009-10, the City Council will consider formation of the Council Economic Development Subcommittee and begin a process of regular review, monitoring and refinement of actions under this Strategy. Each year, the Council Subcommittee would review staff recommendations in the annual Economic Development program prior to presentation to the City Council as part of their budget deliberations.

#### **PLAN-DO-CHECK-ACT**

In order to ensure a clear process for managing and prioritizing economic development initiatives each year, this Strategy proposes a Plan-Do-Check-Act process conducted by staff and the City Council subcommittee annually. The purpose of this process is to establish goals for economic development program performance, identify projects each year, evaluate the achievements against the goals, and refine goals and/or projects for the subsequent year.

This process has been incorporated into the focus area initiatives that are presented beginning on page 41 of this Strategy.



### *Comprehensive Brownfields Program*

As described on page 26, the Redevelopment Agency can take an important leadership role in the development of a Local Brownfields Revitalization Program that is designed to assist the Redevelopment Agency in engaging property owners in collaborative discussions around

redevelopment by creating new resources and tools that help owners and developers remove environmental barriers to expansion or reuse of their properties. The Brownfields Program can turn underutilized and often times vacant properties into productive assets that can be strategically leveraged toward implementation of a comprehensive redevelopment strategy. The Industrial Area will be a key focus area for the Program. In fiscal year 2009-10, redevelopment staff will submit a proposal to the US EPA for two Community-wide Brownfields Assessment Grants totaling \$400,000 for the creation of the Program.

### *Develop Long-Term Fiscal Analysis of City's General Fund at Build Out*

A cursory analysis of the City's General Fund budget on page 11 of this Strategy indicated that the City may be facing a need to substantially grow the General Fund in order to support service to the community at build out. As part of the long-term strategy for Oroville, it will be important that the City take a comprehensive look at the potential fiscal implications of build out as proposed by the 2030 General Plan, including annexation of the surrounding areas within the City's Sphere of Influence. Such a fiscal analysis would ensure that the City has a strategy to control growth that not only meets the needs for providing services, but also encourages the creation of local jobs and a diversified economy to sustain a quality of life in the future.

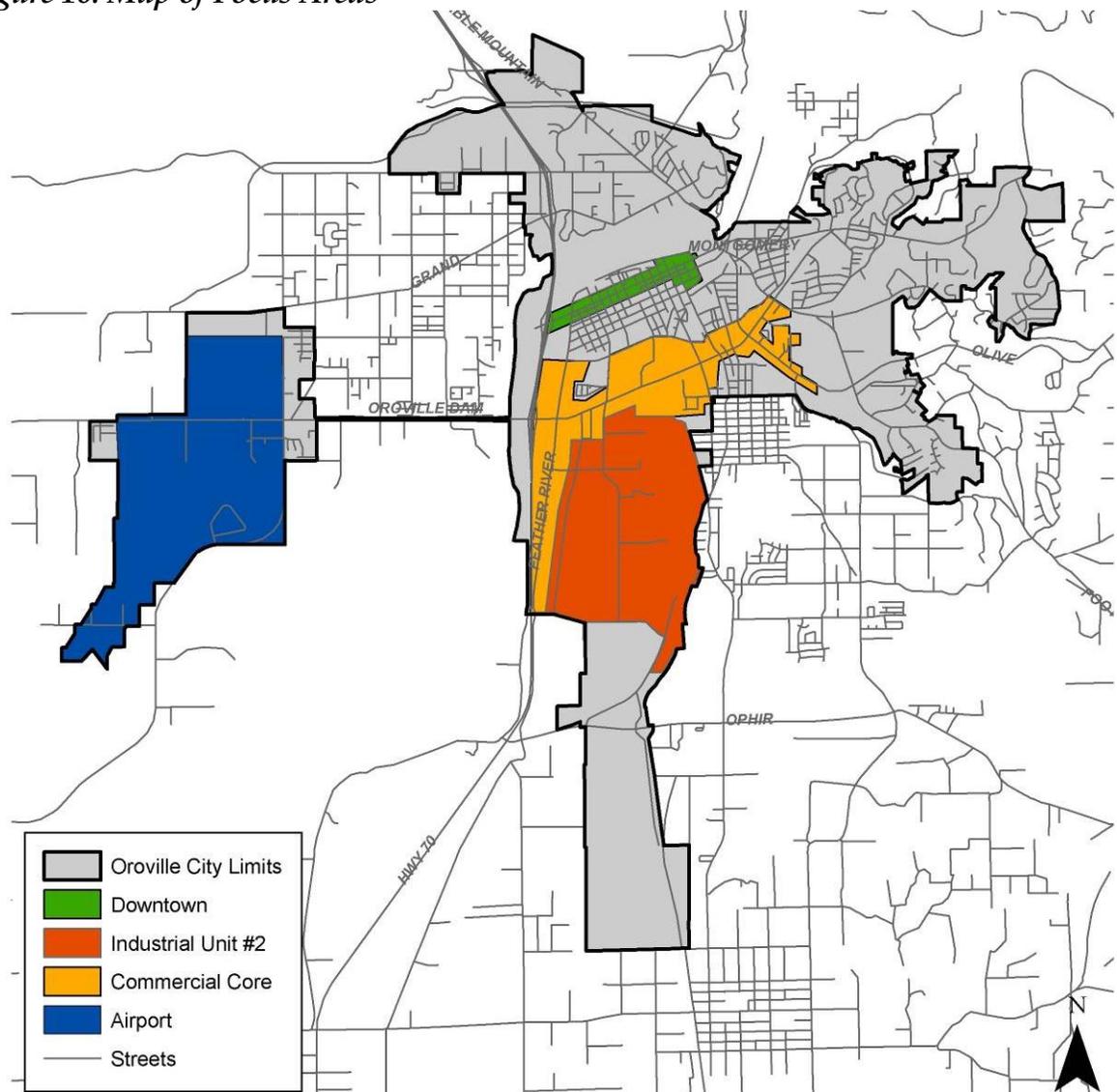
### *Annexation Strategy*

Annexation of the entire Sphere of Influence could lead to a quadrupling of the City's population upon build out. In conjunction with a fiscal analysis of the 2030 General Plan, the City should be careful to ensure that future annexations are managed to ensure that they are fiscally sound, while balancing the local and regional needs for municipal services. In November 2007, consistent with the City's adopted General Plan policies, the City Council authorized staff to develop a comprehensive annexation strategy that protects the economic future of Oroville and its Sphere of Influence. The City and the Butte Local Agency Formation Commission are also working together on the municipal services review for the City which looks at some of these boundary challenges as well. Both of these initiatives provide the City the ability to establish policy direction on future annexations and their fiscal implications.

## FOCUS AREA INITIATIVES

Focus Area	Primary Objective(s)	See Pg.
Downtown-Gateway	Revitalization, reuse of existing historic structures and greater patronage by visitors and locals	42
Airport Business Park	Attract development, particularly green industries	45
Industrial	Brownfields program	48
Commercial Core	Attract local and regional-serving retail uses	51

Figure 16: Map of Focus Areas



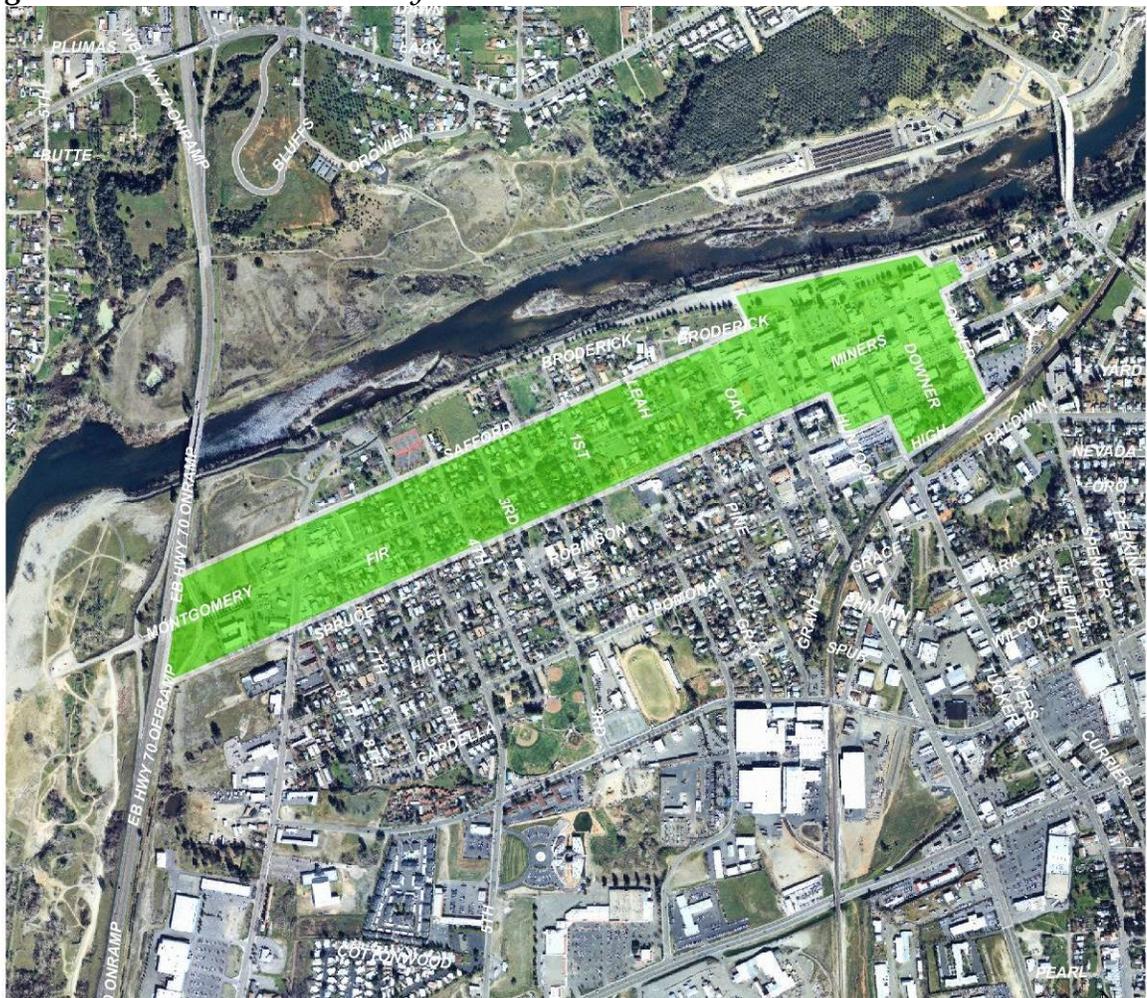
## *Downtown-Gateway Focus Area*

The Downtown-Gateway Focus Area consists of Oroville’s historic Downtown, the Montgomery Street corridor, which serves as the primary “Gateway” entry into Downtown from Highway 70, and the Riverfront area. Revitalization of Oroville’s historic core relies heavily on successful redevelopment of this focus area. The Gateway location contains strategic sites for redevelopment efforts to attract private investment for hotel, retail, and mixed use development. The 2030 General Plan proposes mixed use development in several portions of this Focus Area and will necessitate an implementation strategy.

Keys to achieving economic development success in the Downtown-Gateway area include the following:

- Exploring ways to attract more visitors and residents to the historic downtown, which is rich in natural and historic amenities
- Revitalization and reuse of historic structures
- Business retention and recruitment into downtown

**Figure 17: Downtown-Gateway Focus Area**



**EMERGING STRATEGIC DIRECTION**

Oroville seeks to stimulate the “rediscovery” of downtown by increasing daytime and evening commercial activity in the area. It begins with a study of the overall redevelopment strategy for the area, encompassing land use policy, market analysis, and identification of redevelopment initiatives.



Mixed use development, implemented in a manner that is consistent with adopted General Plan policies, in which both complements the historic character of the downtown and achieves contemporary smart growth development concepts, may be an important component of this program. Additionally, it may be appropriate for the City to explore the potential of creating a destination hotel in or around the downtown area, to further diversify and increase tourism to the community.

Goals	Strategies	Tasks
Increase transit occupancy tax revenues	Leverage Downtown, Riverfront and Gateway area to establish new hotel to diversify range of lodging options and attract more visitors to City	Undertake comprehensive hotel market study to include downtown and other potential sites in City
Revitalization	Downtown-Gateway redevelopment strategy	Address structural deficiencies in historic structures Oroville Inn redevelopment
	Mixed use overlay strategy or Specific Plan	Permit and promote mixed use development Recommend minimum lot size for overlay to encourage parcel consolidation and increase economic feasibility
	Site acquisition	Relocation of restrictive or incompatible uses
Business retention and expansion	Downtown façade improvement program	Annually fund through RDA or CDBG funds Develop architectural standards and guidelines Create orientation program for local contractors and architects – encourage owners to work with these qualified trades Concentrate \$200k of facade improvements in Downtown annually Recommend designating a demonstration block – concentrate improvements to maximize benefit and predict future success
	Coordinated marketing program	Work with DBA and Chamber

**IMPLEMENTATION– 2009-10**

In the first year of implementation, the City and Redevelopment Agency will initiate efforts to develop and implement a strategic redevelopment plan for the Downtown-Gateway focus area. Entirely within the Oroville Redevelopment Project Area, the focus area will be carefully evaluated in the upcoming five year implementation plan for the Project Area, along with other complementary planning and implementation activities during the first year of implementation of this Strategy.

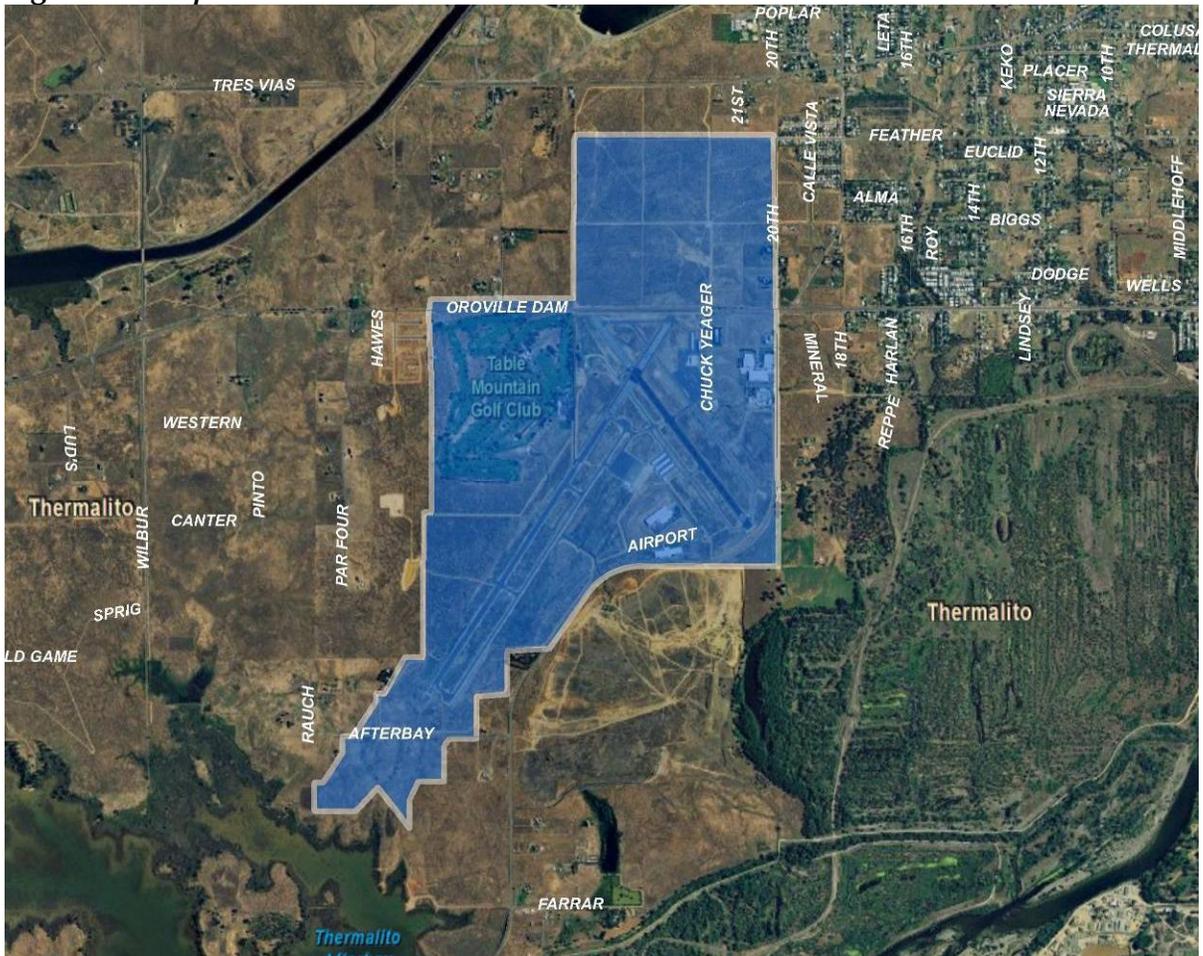


	Action(s)	Responsibility	Cost	Funding Source
<b>Plan</b>	Develop and implement a coordinated redevelopment strategy for Downtown and Gateway area			
<b>Do</b>	- Hotel Market Study of opportunity sites	Redevelopment	\$10,000	Redevelopment
	- Prepare Mixed Use Overlay Study and Strategy	Planning and Redevelopment	\$45,000	Redevelopment
	- Identify and implement façade improvement project on eligible demonstration block in downtown	BAHD	\$200,000	CDBG or Redevelopment
<b>Check</b>	- Monitor completion of studies and plan implementation			
	- Monitor progress of façade completions			
	- Measures should include jobs retained and created, municipal revenues retained or created, and TOT revenues projected			
<b>Act</b>	- Review with City Council Subcommittee and adjust direction or refine goals	New City Council Subcommittee on Economic Development		
	- Update reports to City Council annually			
	- New policy recommendations in annual budget process	City Council		

### *Airport Business Park Focus Area*

The Airport Business Park Focus Area contains approximately 172 acres of vacant, developable land adjacent to the Oroville Municipal Airport. A portion of the focus area is available to leasehold interests only, as required by the FAA. The majority of the focus area is unrestricted and is available for private acquisition and development. Representing some of Oroville's largest and most suitable land for light industrial and office uses, the City is positioning this area to capture emerging industries, including green industries, and is working closely with other economic development partners to locate suitable users here.

**Figure 18: Airport Business Park Focus Area**



**EMERGING STRATEGIC DIRECTION**

The Airport Business Park focus area represents a vast opportunity for significant job growth for the region as the City's largest site for emerging technologies and green industries. An alternative energy farm has been proposed for the area that would further development of similar industries. Therefore, the near-term goal, consistent with the City's adopted General Plan policies, is simply to effectuate the development of the Business Park in partnership with private investors.



Additionally, the Airport Business Park is well-positioned to house expanded workforce development programs to train the Oroville area workforce in careers in the new economies. Butte College has expressed an interest to operate job training facility in this area.

Goals	Strategies	Tasks
Increase absorption of available space by 2014	Attract new industries	Develop comprehensive asset management program. Establish current inventory of vacant space and available land. Delineate development standards for area. Identify key clusters for attraction strategy. Establish successful models for development of Business Park, including leased properties with similar restrictions.
	Site Butte College and/or other workforce development programs at Airport Business Park to compliment recruited industries	Work with Butte College representatives and developers to establish facility.
	Relocate suitable tenants in locations elsewhere in City to Airport Business Park to address incompatible uses and/or accommodate expansion needs	In conjunction with land use strategies in other Focus Areas, use Airport Business Park as potential location for relocatees in City to retain jobs and develop Business Park.
Long-term development	Seek to release FAA restrictions on all developable land	Petition FAA to release sites for fee simple ownership, with or without land use restrictions.

**IMPLEMENTATION– 2009-10**

Development of an asset management program should be an initial priority for the City during the first year of implementation of this Strategy. As part of the asset management program, the City should reassess how the Airport Business Park is promoted for development, and consider the implications of moving the oversight of asset management activities to the Business Assistance and Housing Development Department or the City Administrator’s Department to ensure that prospective entrepreneurs, developers, or investors are made aware of all of the incentives the City has to offer to encourage development in this focus area.

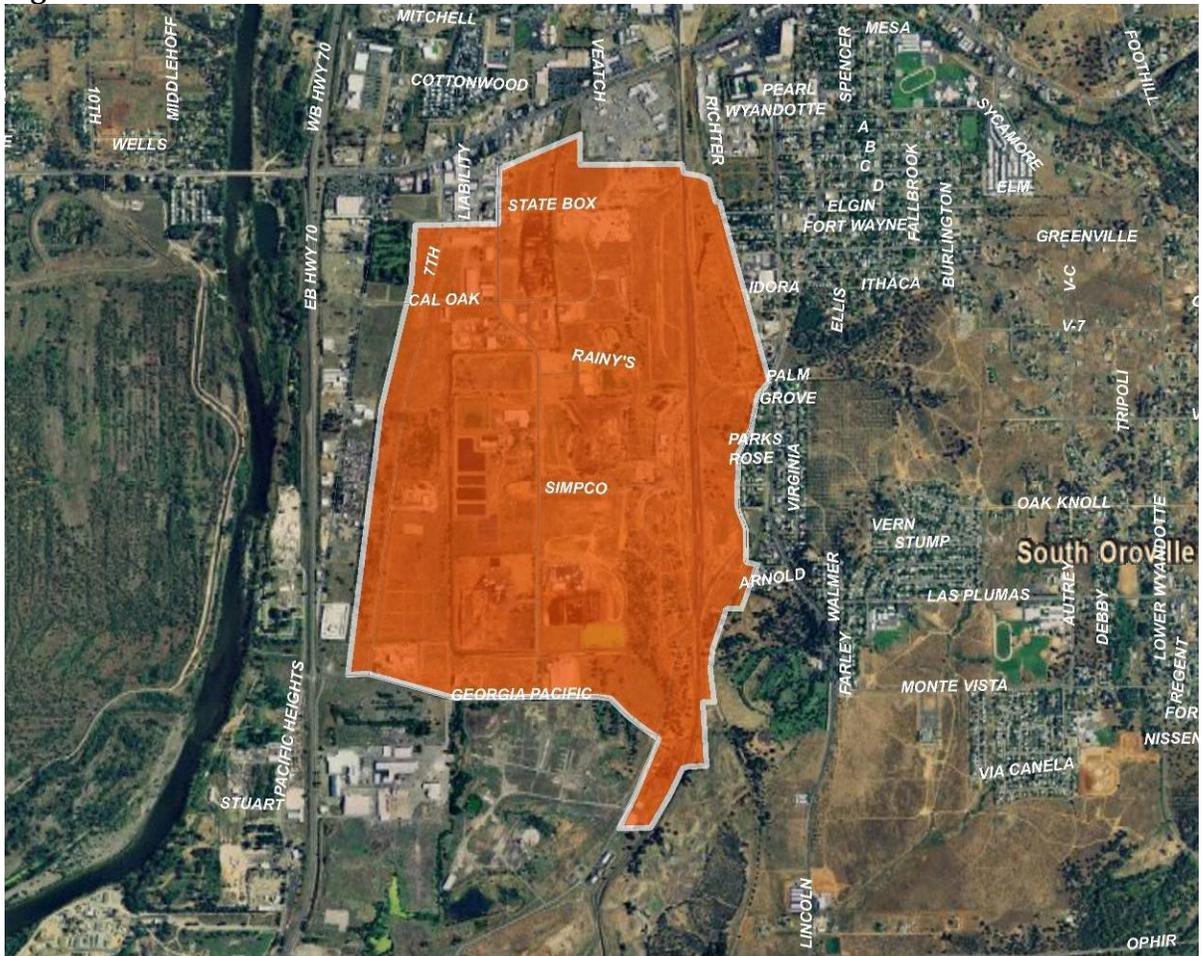


	Action(s)	Responsibility	Cost	Funding Source
<b>Plan</b>	Create and implement a comprehensive asset management program for the Airport Business Park			
<b>Do</b>	- Undertake asset management strategy for Airport Business Park	BAHD	\$30,000	Unknown at this time
	- Evaluate and possibly transfer responsibilities for marketing of the Business Park to Economic Development staff	BAHD	None	N/A
	- Continue efforts with Butte College to locate workforce development programs at the Business Park	BAHD	None	N/A
	- Continue efforts to release restrictions on transfer of property from FAA	BAHD	None	N/A
<b>Check</b>	- Annually reassess leasing and development activities, including absorption rates, lease rates, leasing terms, and occupancy levels			
<b>Act</b>	- Review with City Council Subcommittee and adjust direction or refine goals	New City Council Subcommittee on Economic Development		
	- Update reports to City Council annually			
	- New policy recommendations in annual budget process	City Council		

## Industrial Focus Area

The Industrial Focus Area includes the majority of the area known locally as “Industrial Unit 2,” or “IU-2,” and is the City’s primary manufacturing, wholesale and business-to-business node. Opportunities include vacant infill sites, brownfields, and other redevelopment properties. Primary opportunities in the Industrial Focus Area are to leverage the numerous business development and expansion incentives to attract growing industries, including Wholesale Trade, Construction and others to the City.

Figure 19: Industrial Focus Area



**EMERGING STRATEGIC DIRECTION**

Within the Industrial Area, the City seeks to continue to ensure the effective transition from obsolete industries or uses to contemporary uses. Implementation of a comprehensive brownfields program, along with other incentives such as the Oroville Enterprise Zone, Oroville Recycling Market Development Zone, and the Oroville Redevelopment Project Area, will enable the City to ameliorate barriers to development and entry into this affordable location.



In conjunction with the establishment of these program tools, the City will work with property owners and real estate brokers in the area to collaborate on marketing and promotion of this industrial district to prospective end users and developers, consistent with adopted General Plan policies.

Goals	Strategies	Tasks
Encourage infill development and redevelopment of obsolete industrial uses	<p>Create and fund a comprehensive brownfields program.</p> <p>Develop partnerships with local brokers and property owners to promote the Industrial Area to prospective users in growing industries as well as developers.</p>	<p>Design program and obtain funding resources</p> <p>Develop coordinated marketing effort with brokers and/or property owners.</p> <p>Seek opportunities to relocate incompatible or unsuitable uses within City to facilitate removal of blight and encourage investment.</p>

**IMPLEMENTATION– 2009-10**

A critical starting point for encouraging infill development and the redevelopment of obsolete industrial uses in this area will be to engage existing property owners in discussions about their long-term business goals and strategies, and develop a coordinated marketing effort for their properties. In addition to the Oroville Enterprise Zone, Oroville Recycling Market Development Zone, and the Oroville Redevelopment Project Area, a new



Local Brownfields Revitalization Program will provide a unique opportunity to reposition properties for marketing and redevelopment. Brownfields redevelopment is gaining nationwide traction and has created a special niche of real estate and environmental professionals, including a growing segment of brownfield developers, who understand the tools available to minimize exposure to legal and financial risk, and the resources available to finance the remediation and reuse process.

	Action(s)	Responsibility	Cost	Funding Source
<b>Plan</b>	Create a Local Brownfields Revitalization Program that inventories brownfield properties and identifies key opportunity sites in IU2 for cleanup and redevelopment			
<b>Do</b>	- Apply for US EPA Community-wide Brownfields Assessment Grants	Redevelopment and BAHD	None	N/A
	- Create a coordinated marketing program on the availability of funds and other resources to both property owners and developers (brownfields, EZ, RMDZ)	Redevelopment and BAHD	None	N/A
	- Engage property owners in strategic discussions	Redevelopment and BAHD	None	N/A
	- Research additional brownfields grants offered by EPA, DTSC, SWRCB	Redevelopment and BAHD	None	N/A
<b>Check</b>	- Monitor grant applications and develop alternative funding sources as needed			
<b>Act</b>	- Review with City Council Subcommittee and adjust direction or refine goals	New City Council Subcommittee		
	- Update reports to City Council annually	on Economic Development		
	- New policy recommendations in annual budget process	City Council		



**EMERGING STRATEGIC DIRECTION**

The Commercial Core Focus Area contains several near-term retail development opportunities, including the available space at the former Montgomery Wards department store, brownfields redevelopment and reuse of the 40-acre former Georgia Pacific parcel along the south side of Oro Dam Boulevard, and the potential reuse of the relocating Wal-Mart property.



Long-term, the area will continue to be the focus of recruitment efforts for regional-serving retail uses, but opportunities for horizontal mixed use development are possible as well as a result of the proposed mixed use corridor designated by the 2030 General Plan Update.

Goals	Strategies	Tasks
Create new sites for future retail development	Redevelop former Georgia Pacific property for possible mixed use development to establish a multifaceted town center for Oro Dam Boulevard  Re-tenant or redevelop available space	Create and fund comprehensive brownfields program, and identify site-specific grant opportunities, to address possible contamination issues  Focus on anchor spaces such as the balance of the former Montgomery Wards property
Attract new investment to major commercial corridors in the focus area	Develop and implement marketing campaign to recruit prospective retailers and developers to Oro Dam and Feather River Boulevards  Evaluate opportunities to create and finance the design and construction of streetscape master plans, including right-of-way improvements and landscaped medians, along Oro Dam and Feather River Boulevards	Partner with property owners and local brokers to define and collaboratively market developable land and available retail space to developers and retailers  Engage CalTrans in strategic discussions about short- and long-term opportunities for beautification of State Route 162 (Oro Dam Blvd)  Estimate cost to develop a streetscape master plan for the section of Feather River Boulevard in the focus area

**IMPLEMENTATION– 2009-10**

As major thoroughfares running along Highway 70 and to and from Lake Oroville, respectively, Feather River and Oro Dam Boulevards are strategic focal points for retail uses and redevelopment activities. Streetfront parcels along these corridors include a mix of



existing uses, sizes, and ownerships. A key site of significant size and redevelopment potential is the 39-acre former Georgia Pacific property located along the southern side of Oro Dam Boulevard, just east of 5th Avenue. The central location of the site en route to and from Lake Oroville presents a major opportunity to create a mixed use commercial retail center.



	Action(s)	Responsibility	Cost	Funding Source
<b>Plan</b>	Streetscape and gateway improvements along Oro Dam Boulevard			
	Reuse Plan for Potential Existing Wal-Mart Site Upon Expansion/Relocation to Super Wal-Mart Site			
	Redevelopment plan for former Gateway Pacific			
<b>Do</b>	- Initiate discussions with CalTrans to obtain authority and jurisdiction for streetscape program	Redevelopment	None	N/A
	- Preliminary design, cost and funding sources for streetscape improvements and maintenance	Redevelopment	\$40,000	Redevelopment
	- Work with owner of existing Wal-Mart to discuss market demand/opportunities and develop reuse strategy	Redevelopment	None	N/A
	- Initiate preliminary study for redevelopment of former Gateway Pacific property	Redevelopment	\$25,000	Redevelopment
<b>Check</b>	- Overall schedule and progress of tasks			
<b>Act</b>	- Review with City Council Subcommittee and adjust direction or refine goals	New City Council Subcommittee		
	- Update reports to City Council annually	on Economic Development		
	- New policy recommendations in annual budget process	City Council		

## *Appendices*

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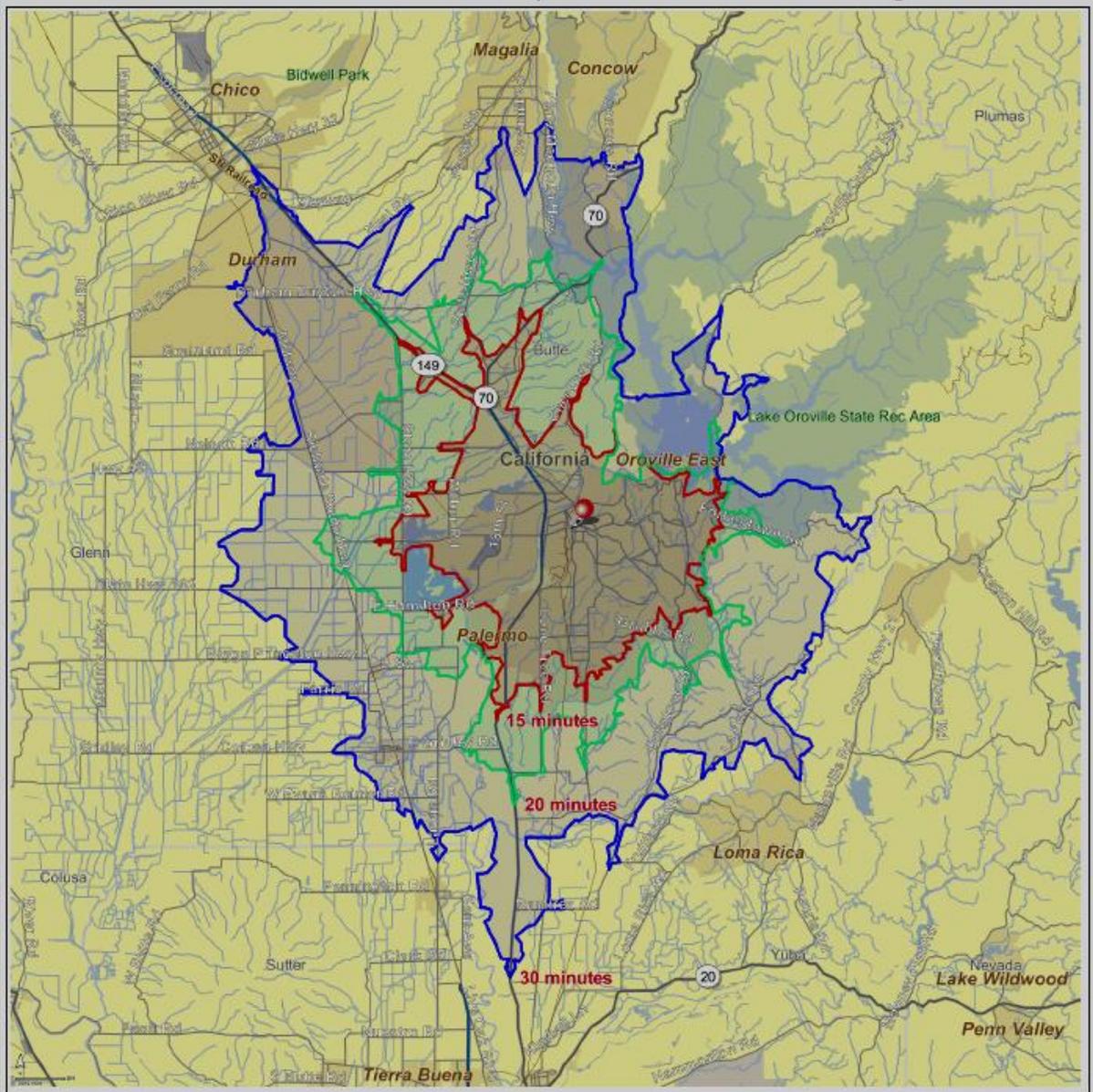
## MARKET ANALYSIS

### *Socioeconomic Analysis*

Market studies and socioeconomic analyses have a strong relationship. A retail market study can provide information on the potential demand for new retail, but how that demand is met can be equally important. By understanding a population through socioeconomic analysis, and matching it with the best possible retailers to fit the community, a higher rate of successful business operation is likely. Segmentation, a term used for a method of analyzing demographics, is one of several tools available to organizations wishing to learn more about a specific population. Information from the segmentation process provides insight into product needs or target audiences associated with a geographic area, and is ideal for considering business recruitment. Segmentation systems utilize U.S. Census data which is processed to determine not only who lives in a place, but how they live - for example, occupations, employment rates, household incomes, migration patterns, educational levels, etc. The premise upon which community segmentation rests is the idea that like attracts like – people live near other people that have similar lifestyles or values. The geo-demographic database used in this analysis, known as the Community Tapestry (“Tapestry”), was developed by ESRI.

A Trade Area, defined as a 30 minute drive from the estimated center of Oroville, was used for this analysis and is shown below as the outer ring.

Figure 21: Oroville Trade Area



The Trade Area currently contains 26,486 households distributed throughout about 20 tapestry segments. Of this amount, 18,217 households are distributed throughout the top ten community tapestry segments. The top ten segments are shown below.

**Figure 22: Top Ten Tapestry Segments**

	Households in Study Area	Percent of Households in
1 Rooted Rural	3,169	12.0%
2 Senior Sun Seekers	2,638	10.0%
3 Industrious Urban Fringe	2,605	9.8%
4 Main Street, USA	2,113	8.0%
5 Rural Resort Dwellers	1,745	6.6%
6 Prairie Living	1,418	5.4%
7 Heartland Communities	1,285	4.9%
8 Simple Living	1,247	4.7%
9 Prosperous Empty Nesters	1,002	3.8%
10 Inner City Tenants	995	3.8%
<b>Total Households in Top Ten Segments</b>	<b>18,217</b>	<b>68.8%</b>
<b>Total Households in Study Area</b>	<b>26,486</b>	<b>100.0%</b>

Source: ESRI

Figure 23 identifies the characteristics of each segment within the top ten, which provides some insight into the types of retail that may perform well in this market.

**Figure 23: Top Ten Tapestry Descriptions**

Tapestry Segment	Median Income	Median Age	Characteristics
1 Rooted Rural	\$37,509	41.9	Comprised largely of married couples, this segments is slightly older, with about 1/3 of households receiving Social Security benefits. Many employed work in service and manufacturing, few have a college degree. Homeownership rate is high, and residents tend to move infrequently. Home improvement, gardening, and vehicle maintenance are common. Segment enjoys hunting, fishing, boating and auto races, and generally do not eat out. Wal-Mart is a main source of general merchandise though many order online and from catalogs.
2 Senior Sun Seekers	\$38,062	51.9	Most are retired or close to it, with one half of the households receiving Social Security. Education levels are below the US average, while homeownership rates are high. Residents enjoy car trips and eat out frequently. They are well insured and likely consult financial advisors regarding investments. Some limited home improvement and gardening is performed. Television is a part of the daily routine, as is reading books. Leisure activities include games and fishing.
3 Industrious Urban Fringe	\$42,901	28.5	More than half of these households have children, therefore discretionary income is lower compared to other segments. Residents work largely in manufacturing, construction, retail, and service industries. Over half of this segment is Hispanic. Educational rates are low and unemployment rates high compared to the US average. This segment dines out less often than others, and shops at discounters like Wal-Mart, Kmart, and Target. They enjoy watching movies and television.
4 Main Street, USA	\$55,144	36.7	Income is derived primarily through wages. Most of these residents are white and a mix of household types. About 30% have attended college. These are active community members who enjoy short trips and eating out. They use the internet extensively to play games, visit chat rooms, and shop. Householders do home repairs and renovation themselves.
5 Rural Resort Dwellers	\$47,311	46.9	Though somewhat older and many receiving Social Security benefits, most of these residents still work. More than half have attended college. These residents typically gravitate towards low-density areas with rustic appeal and have a high rate of homeownership. Modest living and simple tastes define this segment's shopping habits. Meals are prepared at home, many own pets and enjoy home improvement work. Many households also own multiple vehicles. They enjoy hunting, fishing, and other outdoor activities.
6 Prairie Living	\$42,366	41.2	Participation in the labor force is high, and about 1/4 of those are self-employed. Some receive Social Security benefits, and about 43% receive investment income. Homeownership rate is high, and most dwell in a rural setting and own multiple vehicles. Households often have gardens or crops and produce their own food. Many hunt and fish. Families own pets. Most shop at Wal-Mart, Kmart, and J.C. Penney.
7 Heartland Communities	\$35,006	41.7	Approximately half of these residents have retired, and those who still work are in a wide range of positions. Only about 12% hold a college degree. Children are in 30% of the households. Home and community are priorities. Residents do own home improvements and gardening. Many order from catalogs, QVC, and door-to-door sales; when going out they shop at Wal-Mart. Steakhouses are popular for dining out. Outdoor activities are popular, as are other county-life type hobbies such as woodworking. Most read the newspaper and take an interest in local politics.
8 Simple Living	\$28,202	40.5	Approximately 40% of households collect social security benefits. Residents who are employed work in the health care, retail trade, manufacturing, education, and accomodation/food services sectors. Overall, 71 percent of residents aged 25 years and older have graduation from high school. Only 12% hold a bachelors or graduated degree. They enjoy auto racing, bicycling, canoeing, kayaking, fishing, and team sports.
9 Prosperous Empty Nesters	\$69,834	48.5	Most of this group are near to or are enjoying retirement. There is very little diversity as most residents are Caucasian. Almost all have investments, about 60% are receiving income from them. They enjoy outdoor activities such as golf, boating, and horse races. Shopping habits include online and catalogs. Home remodeling is typical, and most travel extensively.
10 Inner City Tenants	\$32,497	27.9	These neighborhoods are a microcosm if urban diversity. This multicultural market consists of renters in mid- and high-rise aparrment buildings. Busy lives influence food purchases; they frequently eat at fast-food restaurants and shop for easy-to-prepare frozen foods. For exercise, they prefer walking, swimming, playing basketball and attending aerobics classes. Younger Inner City Tenants residents enjoy the nightlife at bars and dance clubs.

Source: ESRI

## Retail Gap Analysis

A retail gap analysis is used to determine the anticipated retail spending pattern of a population, thereby identifying retail opportunities that exist within the region. Figure 24 identifies the retail gap per sector, distinguishing between those that demonstrate surplus (top portion) and those that demonstrate leakage (bottom portion). This analysis was prepared in June 2007 by the Center for Economic Development at California State University, Chico. Both surplus and leakage are established by the total supply (actual retail sales) less the total demand (potential retail sales). While a retail surplus does not necessarily preclude the need for growth particularly as the population expands, care should be taken to target growth that meets specifically defined needs.

**Figure 24: Retail Gap**

Retail Sector	Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap (-) or Surplus (+)
Household Appliance Stores	\$4,414,157	\$4,636,800	\$222,643
General Merchandise Stores	\$50,189,909	\$53,362,500	\$3,172,591
Drug Stores	\$6,409,841	\$7,080,100	\$670,259
Automotive Supplies and Parts	\$5,607,204	\$10,425,500	\$4,818,296
Service Stations	\$39,873,690	\$53,532,900	\$13,659,210
Lumber and Building Materials	\$27,420,620	\$34,649,800	\$7,229,180
<b>Total</b>	<b>\$133,915,421</b>	<b>\$163,687,600</b>	<b>\$29,772,179</b>
Apparel Stores	\$17,768,817	\$2,542,900	-\$15,225,917
Gifts, Art Goods, and Novelties	\$1,865,751	\$480,800	-\$1,384,951
Household and Home Furnishings	\$11,785,477	\$2,175,500	-\$9,609,977
Second-hand Merchandise	\$547,550	\$402,700	-\$144,850
Sporting Goods	\$3,779,070	\$3,112,600	-\$666,470
Jewelry Stores	\$2,369,227	\$1,328,900	-\$1,040,327
Farm and Garden Supply Stores	\$2,781,386	\$642,400	-\$2,138,986
Restaurants with No Alcohol	\$20,732,718	\$20,418,100	-\$314,618
Restaurants with Beer and Wine	\$11,205,626	\$6,727,700	-\$4,477,926
Restaurants with Drinking Places with Full Bar	\$13,150,240	\$3,069,300	-\$10,080,940
Packaged Liquor Stores	\$2,354,042	\$2,130,600	-\$223,442
Used Motor Vehicle Dealers	\$6,599,188	\$2,633,100	-\$3,966,088
Hardware Stores, Paint, Glass, and Wallpaper	\$5,024,047	\$4,826,100	-\$197,947
All Other Categories	\$290,071,622	\$114,742,100	-\$175,329,522
<b>Total</b>	<b>\$390,034,761</b>	<b>\$165,232,800</b>	<b>-\$224,801,961</b>
<b>Total All Outlets</b>	<b>\$523,950,181</b>	<b>\$328,920,400</b>	<b>-\$195,029,781</b>

Source: Oroville Taxable Retail Potential Analysis, Center for Economic Development, CSU Chico (June 2007)

Within the Study Area, the total retail leakage that could be absorbed by the population is valued at \$224,801,961. Not surprisingly, the retail gap is highest for clothing and restaurant business types. During outreach conducted, many expressed a disappointment in the retail opportunities available in Oroville, and indicated that most shopping activities required driving to Chico, particularly for clothing. The low number of full service restaurants was also mentioned, which impacts residents and tourists as well. Ameliorating these deficiencies can be done through business recruitment efforts and working closely with local brokers.

By utilizing the tapestry and leakage analysis of the Study Area, the appropriate retail market may be tailored to bring appropriate services to the community and foster economic prosperity in the City. For example, much of the population has reached or is looking towards retirement, which often means residents are living on a fixed income. Retailers featuring value, such as TJ Maxx or Kohl's, may be a compatible match with the community. It should be noted that most tapestry segments show a median income below the national household average of about \$50,000. This statistic is likely to impact the City's ability to attract retailers. By working with the broker community, the City can develop further discussion on the socio-economic trends the community experiences, most importantly considering (a) retired residents do not have high incomes, but they may have wealth, and (b) targeting niche retail that augments other endeavors such as recreationally oriented businesses, or brand-name restaurants that will attract tourists as well as residents.

### *Importance of Employers*

Oroville is dependent upon private industry to create jobs, which will fuel the local economy directly and indirectly. These impacts, often called the multiplier effect, are difficult to quantify but will become more apparent as the City continues to implement economic development initiatives. Multipliers are typically used to estimate impacts on the economy as a result of a single economic change and illustrate the holistic nature of economic investment. There are three types of multiplier effects - direct, indirect, and induced. For example, as a new hotel has recently located in Oroville, the direct effect is typically the increase in jobs provided by the new employer, in this case, the Holiday Inn Express. Indirect effects are the changes in sales, jobs, and/or income within businesses that supply goods and services to the new company, i.e. the hotel will purchase goods from vendors in order to produce a night's stay – linens, soap, coffee, etc. Each vendor that provides a good to the hotel then benefits indirectly from people staying there. Induced effects are the changes in the region resulting from additional spending of income earned either directly or indirectly from the hotel. Guests at the hotel may be likely to have dinner at a local restaurant. Additionally, hotel employees may grab lunch or run errands in Oroville, or even relocate to the city to be closer to work. However, multipliers have a limitation which is particularly important to understand: they are much more effective at predicting impacts in a large economic region, not a localized area. Thus, it is difficult to project exactly what the impact on Oroville will be, but it is important to recognize the many benefits created within the business community by single businesses.

Essentially then, it is not that cities compete only for a new business, but for the associated impacts created by it, which contribute to a strong economic environment. A balanced economic development strategy looks to not only foster growth in City revenue-generating uses like a hotel, but also those businesses that feed money into the population through salaries or business to business transactions that are then in turn invested in Oroville.

The table below itemizes Oroville's largest employers, and arguably those that produce the greatest impacts upon the local economy.

### *Job Growth Projections*

In order to realize further economic growth, it is vital that new jobs be created, preferably in a variety of sectors to provide for a diversified, and thus more stable, local economy. The following table indicates projections for job growth in the city. Based on the research performed by the Center for

Economic Development, Oroville is likely to obtain approximately 1,400 new jobs if the city continues to capture the same amount of the countywide job growth as it currently does. That is to say that there is an opportunity to obtain a greater amount of the countywide growth than is projected here, though conversely, poor economic development policy could lead to loss of potential growth areas as well. The Exhibit below details the growth projections, and also provides an estimate of the total commercial square footage (just under one million square feet) that may be required to support such job capture.

**Figure 25: Job Growth Projections**

Industry Description	2008(est.)		2018(proj.)		Net New Employees	Estimated SF Building
	Employees	Estab.	Employees	Estab.		
Forestry, fishing, hunting, and agriculture support	30	8	49	12	19	N/A
Mining & utilities	69	7	84	9	15	N/A
Construction	835	130	961	152	126	N/A
Manufacturing	1,046	54	1,000	54	(46)	(42,504)
Wholesale trade	141	17	419	29	278	340,550
Retail trade	1,601	131	1,682	131	81	47,385
Transportation & warehousing	186	26	198	28	12	14,700
Information	134	9	134	9	-	-
Finance & insurance	262	48	278	54	16	7,456
Real estate & rental & leasing	197	39	209	41	12	5,592
Professional, scientific & technical services	139	38	139	38	-	-
Management of companies & enterprises	51	6	51	7	-	-
Admin, support, waste mgt, remediation services	192	27	426	27	234	157,248
Educational services	20	4	24	5	4	2,688
Health care and social assistance	1,814	109	2,058	112	244	163,968
Arts, entertainment & recreation	1,559	14	1,987	14	428	250,380
Accommodation & food services	683	62	683	68	-	-
Other services (except public administration)	377	76	377	76	-	-
<b>Total</b>	<b>9,336</b>	<b>805</b>	<b>10,759</b>	<b>866</b>	<b>1,423</b>	<b>947,463</b>

Source: Center for Economic Development, using 1998 and 2006 data from the U.S. Census Bureau, Zip Code Business Patterns, 2008 estimates and 2018 projections from the Center for Economic Development at California State University, Chico. Projections are based on Butte County projected job growth between 2006 and 2016 by the California Employment Development Department and Oroville's historic capture of Butte County job growth by industry between 1998 and 2006. Estimated building square footage by RSG, using standard job multipliers

### *Schedule of Listings by Product Type*

As described earlier in this Strategy, the amount of available and affordable property within Oroville is key to recruiting and retaining businesses and private investment. Below is a listing of properties available on April 24, 2009 to show a snapshot of the range of properties available on a given day.

**Figure 26: Snapshot of Available Oroville Properties**

Land Use	Size	Per Square Foot Asking Price	Lease/Sale
Industrial	10,000	\$0.58	Lease
Industrial	1,500	\$0.43	Lease
Com-Office	980	\$1.00	Lease
Com-Office	6,300	\$0.99	Lease
Com-Office	3,000	\$1.45	Lease
Com-Office	500	\$1.25	Lease
Com-Office	1,400	\$1.25	Lease
Com-Office	41,900	\$0.78	Lease
Com-Office	240	\$1.50	Lease
Com-Retail	11,188	\$1.50	Lease
Com-Retail	9,200	\$0.60	Lease
Com-Retail	3,260	\$0.41	Lease
Com-Center	57,240	\$2.75	Lease
Com-Office	7,069	\$97.88	Sale
Com-Retail	43,560	\$13.66	Sale
Com-Retail	164,905	\$82.77	Sale
Land (Other)	2,134,440	\$1.08	Sale
Land (Other)	6,534	\$7.42	Sale

Source: Loopnet

## RECENT OROVILLE ECONOMIC DEVELOPMENT SUCCESS STORIES

### *Waste Water Pipeline Replacement Project (Pacific Coast Producers)*

The City of Oroville applied for and received a \$2.4 million HUD CDBG grant that is be used to fund a loan to Pacific Coast Producers (PCP), an agricultural cooperative, to replace their 7-mile long waste water pipeline that runs between their plant in Oroville and their farm in Palermo. PCP matched the City's loan with \$2.4 million of their own funds to pay for 50% of the project. The project is currently under construction and will take three years to complete. PCP purchased the Oroville plant in 1971 from Stokely Van Camp and has made numerous improvements to the facility since then. This plant employs 169 workers year round and a seasonal work force of 1,243. PCP is the largest employer in Oroville.



In addition, the City of Oroville joined the a JPA with the California Enterprise Development Authority that allowed PCP to access \$10 million in Industrial Development Bond (IDB) financing for new fruit cup processing equipment.

### *Dedicated Natural Gas-Fired Generating Plant (Roplast Industries, Inc.)*

The City of Oroville provided a \$700,000 loan to assist with the financing of an electrical generating plant. The balance of the financing for this \$1,600,000 project was provided by GE Capital and the State Co-gen Program. Roplast was caught in the state's energy shortage and their power costs increased from \$30,000 per month to \$100,000 per month plus the business was subject to rolling brownouts which had a very negative impact on this business that operates 24/7.



Without the City's assistance, this project would not have been completed and over 100 jobs would have been lost. Roplast is now able to sell any excess power it generates beyond its own needs to Pacific Gas and Electric.

### *Business Acquisition and Equipment Financing (Endeavor Homes, Inc.)*

The City assisted eight employees with the purchase of this business that was about to close. The City funds were leveraged with the eight employee's funds and a bank loan. This business not only survived but has grown to 35 total employees. Without the City's help with \$550,000 of financing this business would not have survived and expanded.



## REFERENCES

### *Persons/Individuals Consulted (Credits)*

Name	Title	Affiliation
Sharon Atteberry	City Administrator	City of Oroville
Tom Fitzpatrick	Redevelopment Coordinator	City of Oroville
Rick Farley	Enterprise Zone and Business Assistance Coordinator	City of Oroville
Bob Marciniak	SBF Coordinator	City of Oroville
Eric Teitelman	Community Development and Public Works Director	City of Oroville
Jared Hancock	Interim Planning Manager	City of Oroville
Jesse Smith	GIS Specialist	City of Oroville
Diane Macmillan	Finance Director	City of Oroville
Rick Walls	City Engineer	City of Oroville
Mike Bonnello	Interim Director	Butte County EDC
Mike Cattuzo & Greg Margatich	Developers/Brokers	NAIBT
Bill Finley	Executive Director	PIC
Sophie Konuwa	Executive Director	SBDC
Ken Meier	VP of Student Learning	Butte College
John Peace		Oroville EDC
Wendy Sweeney		Butte County One Stop
Bob Wentz	CEO	Oroville Hospital

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