PART A.

UPDATE OF THE DOWNTOWN ORONO PLAN

MAY 2011

INTRODUCTION

In December 1995 the Town of Orono accepted a Downtown Plan, which was funded under the Quality Maine Street Program and prepared in cooperation with the Town by a team of consultants led by Coplon Associates (landscape architects) and including WBRC (architects), James Sewall Co., and Market Decisions, Inc. The Plan addressed zoning, parking, sidewalks and streetscape improvements, façade improvements, and marketing strategies.

Over a 15-year period, many of the recommendations, either as presented or as they have evolved over time, were adopted, including, by way of example:

- Rezoning the Downtown area, as subsequently recommended in the Town's Comprehensive Plan, to a Village Commercial district;
- Adoption of a Special Downtown Tax District to support downtown maintenance activities, events and marketing, and beautification activities;
- Establishment of the Orono Village Association to act as a voice for Village businesses and residents and to help carry out the activities funded by the special tax district;
- Improved parking management;
- Reconstruction of sidewalks and burying of power lines;
- Development of a new riverfront park at the end of Summer Street;
- Creation of a Downtown Transit-Oriented Tax Increment Financing District; and
- In cooperation with the University of Maine, BAT Community Connector, and Maine DOT, establishment of a shuttle bus service between Downtown and the University of Maine campus, funded in part with the transit TIF revenues.

The material in this Addendum updates two aspects of the Downtown Plan:

1. The market area analysis, and
2. The façade improvement program, which was one of central recommendations in the 1995 plan but was not carried out.

The updated market area analysis, which was completed in March 2011, is now being used by OVA and its business marketing committee to prepare a fresh marketing and branding plan. The update of the façade improvement program includes estimates of probable costs, with the intent of working with business property owners to begin implementing the program.

In addition, this update incorporates, by summary and reference, the Development Program of the Transit-Oriented Tax Increment Financing District, which was adopted by the Town Council on Jan. 11, 2010, and approved by the Maine Department of Economic and Community Development on March 17, 2010.

UPDATED MARKET AREA ANALYSIS

Orono Village Association, with the assistance of its Graduate Assistant, Kathy Welch of the University of Maine Business School and interviewers from the University of Maine, conducted an exit survey to identify Downtown Orono's market area. This work is intended to provide some of the information needed by OVA to develop a marketing and communications program for Downtown.

Several specialty retail stores conducted the survey with their customers in December 2010 during the week before Christmas. Then, with the cooperation of a cross-section of 16 stores, service establishments, and restaurants, interviewers surveyed customers as they were exiting the businesses during specified time slots throughout the day on Thursday through Saturday, Feb. 17 through 19.

A total of 705 exit interviews were completed, including:

- 127 in "convenience" goods retail stores and service establishments
- 289 in "comparison goods" or "specialty" retail stores
- 289 in restaurants

The brief questionnaire was designed to find out where the customers live, the places (home, work, another business, someplace else, and their locations) from which they were coming, their association, if any, with the University of Maine, and their ages.

Definitions

A few definitions are in order.

Market area refers to the (usually) contiguous geographic area from which 65% - 80% of a store's or a shopping district's customers come. In this study, the geographic area is identified based on the customers' places of residence.

> *Primary market area* is the part of the market area where there is a relatively high probability that customers will choose to come to the shopping district rather than to a competing shopping district in another location; it accounts for roughly 60% - 70% of the district's customers.
>
> *Secondary market area* is the contiguous part of the market area where there is a lower probability that customers will choose to come to the shopping district than to a competing shopping district in another location, but that nevertheless accounts for another 5% - 20% of the district's customers.

Convenience goods retail store or service is one for which a customer does not want to travel a distance, but rather wants to go to a close-by, convenient location. It sells goods or services for which the customer does not want to "comparison shop." These stores and establishments provide everyday goods and services, such as groceries, baked goods, hardwares, pharmaceuticals, banking services, hair salons and other personal services.

Comparison goods retail store is one for which a customer is willing to travel a longer distance and that sells items for which the customer may want to "comparison shop" or that are unique in the region. These include clothing stores, jewelry stores, crafts stores, furniture and appliance stores, general merchandise/department stores, sports equipment stores, auto dealerships, and the like. In downtown Orono, which has a limited array of small comparison goods stores, we simply refer to them as "specialty retail stores."

Restaurants come in several varieties, from take-out to white linen sit-down and from breakfast-lunch service to dinner-only service, and they may or may not include bars. Some – such as drive-through fast-food establishments – act like "convenience goods" retail stores in terms of their market areas; many sit-down restaurants act more like comparison goods stores; and others fall somewhere in between. In this study, it appears that, as a whole, the restaurants (which are primarily sit-down, though several have take-out service) have a market area similar to the specialty retail stores, and so they are treated together.

Downtown Orono Market Area

Convenience goods retailers and service establishments

The Primary Market Area for convenience goods retailers and service establishments is Orono and Old Town. The exit surveys show that these types of stores depend especially on the population of Orono itself, which accounts for more than half of their traffic. The Secondary Market Area adds Milford and probably Bradley and Veazie.

The PMA (63%) and SMA (4%) account for about two-thirds of the customers of these types of stores in Downtown Orono. Another one-third comes from a wide area, including 18% from outside of the immediate Bangor area. These include people who work in Orono but live elsewhere and others who are coming to or through Orono for other purposes.

The percentages of customers who live in the PMA and SMA are shown in **Table 1**. The PMA population in 2009 is estimated at 17,606. The SMA adds about 6,483. However, a large share of Orono's population lives in group quarters, primarily dormitories on campus. While this population is part of the market, the population that lives in households may be a better reflection of spending power in the market area. The PMA's household population is estimated at 13,694.

Table 1. Market Area:

Convenience Goods Retail and Service Establishments Downtown Orono			
	% of Customers	Est. 2009[1] Population	Household Population[2]
Primary Market Area			
Orono	54.3%	9,858	5,946
Old Town	8.7%	7,748	7,748
Subtotal PMA	**63.0%**	**17,606**	**13,694**
Secondary Market Area			
Veazie	0.8%	1817	1,817
Milford	2.4%	3001	3,001
Bradley	0.8%	1665	1,665
Subtotal SMA	4.0%	6,483	6,483
TOTAL MARKET AREA	**66.9%**	**24,089**	**20,447**

[1] This is actually an average population estimated by the U.S. Census from 2005-2009 data.
[2] Household population excludes "group quarters" population (for example, those living in dormitories or nursing homes).

Sources: Downtown Orono Exit Survey, Dec. 2010 and Feb. 2011; U.S. Census American Community Survey

Restaurants and Specialty Retail Stores

The Primary Market Area for restaurants and specialty retail stores is Orono, Old Town, Veazie, Milford, and Bradley – the same as convenience goods stores' PMA and SMA combined. The Secondary Market Area for restaurants and specialty retailers adds Glenburn, Hampden, Eddington, and Bangor.

The PMA (57%) and SMA (19%) account for more than three-quarters of the customers of these types of establishments in Downtown Orono. Another quarter comes from a wide area, including 20% who come from outside the immediate Bangor area.

The percentages of customers who live in these areas are shown in **Table 2**. The PMA population in 2009 is estimated at 24,089. The SMA adds about 44,600. The PMA's household population is estimated at 20,177.

Table 2. Market Area: Restaurants and Specialty Retail Stores Downtown Orono			
	% of Customers	Est. 2009[1] Population	Household Population[2]
Primary Market Area			
Orono	34.5%	9,858	5,946
Old Town	14.6%	7,748	7,748
Veazie	3.1%	1,817	1,817
Milford	3.3%	3,001	3,001
Bradley	1.7%	1,665	1,665
Subtotal PMA	**57.3%**	**24,089**	**20,177**
Secondary Market Area			
Glenburn	2.4%	4,440	4,440
Hampden	3.1%	6,849	6,849
Eddington	0.9%	1,987	1,913
Bangor	12.5%	31,373	28,610
Subtotal SMA	**18.9%**	**44,649**	**41,812**
TOTAL MARKET AREA	**76.2%**	**68,738**	**61,989**

[1] This is an average population estimated by the U.S. Census from 2005-2009 data
[2] Household population excludes "group quarters" population (for example, those living in dormitories or nursing homes)

Sources: Downtown Orono Exit Survey, Dec. 2010 and Feb. 2011; U.S. Census American Community Survey

Market Area Demographics

Age Distribution

Two age groups – 18 to 24 year olds and 45 to 54 year olds – were the largest in the sample, but all age groups were well represented.

Table 3 breaks down the age distribution of the sample, compared with the age distribution of 18+ year olds in the PMA and SMA, according to the U.S. Census. This table shows that the overall sample's age distribution is fairly close to the age distribution of the market area as a whole – although the influence of the University's 18-to-24 year olds is evident in the PMA.

Table 4 breaks down the age distribution of the sample by store type: convenience/service, restaurant, and specialty. Note the difference between restaurants and specialty stores: a third of customers of restaurants are 18 to 24, while only 10% of customers of specialty stores are[1].

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[1] Some of the difference may be due to the fact that some of the specialty stores' customers were surveyed during the week before Christmas, when the University was not in session.

Conversely, more than a third of customers of specialty stores are 55 years old or older, while fewer than 20% of restaurant customers are in those age groups. The age profile of convenience stores/services is in between.

Table 3. Percent Distributions by Age Range: Sample vs. Market Area

	Sample (n=701)	Total Mkt Area[1]	PMA	SMA
18 to 24	20%	23%	37%	15%
25 to 34	16%	16%	13%	18%
35 to 44	13%	15%	12%	16%
45 to 54	24%	17%	13%	20%
55 to 64	17%	13%	11%	14%
65 to 74	8%	8%	7%	8%
75+	2%	8%	6%	9%

[1] This is the 9-town market area, as represented by specialty retail and restaurants (see Table 2).
Note: Age distributions for the PMA and SMA are for 18+ year olds as estimated by the U.S. Census for the period 2005-09.

Sources: Downtown Orono Exit Survey, Dec. 2010 and Feb. 2011; U.S. Census American Community Survey

Table 4. Percent Distributions by Age Range of Customers Visiting Different Store Types

	Sample (n=701)	Convenience/ Service (n=127)	Restaurants (n=289)	Specialty (n=283)
18 to 24	20%	17%	32%	10%
25 to 34	16%	13%	22%	12%
35 to 44	13%	20%	10%	14%
45 to 54	24%	24%	19%	28%
55 to 64	17%	17%	10%	23%
65 to 74	8%	6%	7%	10%
75+	2%	2%	1%	3%

Sources: Downtown Orono Exit Survey, Dec. 2010 and Feb. 2011

Market Area Households

Households rather than individuals often are considered to be the key “consumer units” in a market area. Household income, for example, often is a predictor of spending power in a market area.

Households are divided into “family” households, with two or more related persons; and “non-family” households, which are either people living alone or unrelated persons living together. Non-family households typically have significantly lower household incomes than family households.

People who live in group quarters, such as dormitories and nursing homes, are not included in households.

As **Table 5** shows, the PMA for convenience goods/services has 6,166 households, half of which are non-family households. A large share of these obviously are students living off campus, but non-family households also include elderly living alone. The PMA for restaurants/specialty retail has an estimated 8,848 households, 45% of which are non-family. The potential importance of the SMA to the restaurant/specialty retail stores is evident, with more than twice as many households (over 19,000) in this area.

Table 5. Households in Downtown Orono Market Area

	Convenience/Service		Restaurants/Specialty	
	PMA	**SMA**	**PMA**	**SMA**
Family Households	3,105	1,749	4,845	10,778
Nonfamily H'holds	3,061	933	3,994	8,290
Total	6,166	2,682	8,848	19,068

Market Area Household Income

Median household income is lowest ($33,217) in the PMA associated with convenience stores and services. It increases modestly (to $37,858) when the area expands to include other communities in the PMA associated with restaurants and specialty retail stores. It is considerable higher ($45,381) in the SMA of restaurants and specialty retail stores. See **Table 6**, which also presents the median household incomes for each of the communities that make up the respective PMAs and SMAs.

Table 6. Est. Median Household Incomes (Av. 2005-09)

Age of Householder	Conv/Service PMA	Rest/Specialty PMA	Rest/Specialty SMA
All Households	$33,217	$37,858	$45,381
Orono	$34,944	$34,944	
Old Town	$32,141	$32,141	
Veazie		$48,750	
Milford		$44,280	
Bradley		$48,958	
Glenburn			$62,083
Eddington			$47,679
Bangor			$38,775
Hampden			$71,857

Source: U.S. Census American Community Survey 2005-09

The household income picture becomes clearer when households are broken out by age of householder[2]. See **Table 7.** The lower median incomes in Orono-Old Town are strongly influenced by the large number of young households, many of which are non-family households of one or more students. Among households headed by a person 45 to 64 years old, the median incomes level out across the region. However, the stronger overall income profile of the SMA is another indicator – along with the size of the SMA – of its importance to the restaurants and specialty retailers in Downtown Orono.

Table 7. Est. Median Household Income by Age of Householder			
Age of Householder	**Conv/Service PMA**	**Rest/Specialty PMA**	**Rest/Specialty SMA**
All Households	$33,217	$37,858	$45,381
Under 25 Years Old	$20,520	$22,409	$26,403
25-44 Years Old	$37,526	$45,523	$51,104
45-64 Years Old	$56,777	$54,526	$54,439
65+ Years Old	$30,474	$29,870	$26,066
Source: U.S. Census American Community Survey 2005-09; interpolations by E. Richert			

Association with University

About a third (34%) of Downtown Orono customers are associated with the University. These include students, who are 20% of the customers; employees, who are 11%; and visitors, who are just 4% of the customers.[3] See **Table 8**.

By type of store, only about 19% of customers of specialty stores are associated with the University, but nearly half -- 47% -- of restaurant customers and 38% of convenience store/service customers are.

Table 8. Association of Downtown Orono Customers with University, by Store Type				
	All	**Conv/Service**	**Restaurants**	**Specialty**
Assoc. with University	**34%**	**38%**	**47%**	**19%**
Student	20%	17%	29%	13%
Employee	11%	18%	11%	5%
Visitor Today	4%	3%	7%	1%
Not Associated	**66%**	**62%**	**53%**	**81%**

[2] "Householder" refers to the adult in a household who completes the U.S. Census questionnaire.

[3] Again, this may be partly due to the fact that some of the specialty store surveys were conducted during the week before Christmas, when the University was not in session. In addition, there were no major sports events during the 3-day interviewing period in February.

A majority (53%) of customers came to the store or restaurant from home. Similarly, University-associated customers (53%) came from home, but a large share of U Maine employees (35%) came from work; and a large share of U Maine visitors (42%) came from someplace besides home, work or another business – likely from the University itself. Note that 42% of visitors also came from home – an indication that many university visitors in the sample are area residents. See **Table 9.**

Table 9. Where Customers Were Coming From Immediately Before Arriving at This Business: U Maine Associated Customers vs Customers Not Associated with U Maine

	All Respondents (n=698)	Associated with University			Not Associated (n=452)
		Student (n=141)	Employee (n=69)	Visitor (n=26)	
Home	53%	55%	45%	42%	53%
Work	19%	6%	35%	12%	22%
Another business	14%	15%	9%	4%	15%
Someplace else	14%	24%	12%	42%	10%

Mode of Travel

Most customers (85%) arrived at the store in Downtown Orono where there they were interviewed by automobile; 13% arrived by walking, 1% by bus, and 1% by bicycle (despite the winter conditions).

An Example of Using The Exit Survey to Calculate Spending Power and Market Share

By allowing us to identify the market area, the exit survey can be used in combination with other data to estimate the spending power for a given category of stores and the share of that spending that is being captured in Orono.

The other data needed include data on number of households and household incomes from the U.S. Census; data on average household spending in a store category; and sales in the store category being achieved by stores in Orono.

These data are readily available for a limited number of retail categories, including restaurants. For other categories of stores in Downtown Orono, the needed data may be available only through private trade associations or industry groups representing those store categories.

For restaurants, spending power from within the market area can be estimated using data from the U.S. Bureau of Labor Statistics, which conducts an annual Consumers Expenditure Survey and breaks out restaurant spending by household income. Applying this information to the breakdown of households in Downtown Orono's primary and secondary market areas, we estimate that annual spending power for restaurants (as of 2009) is:

- Downtown Orono Primary Market Area: $20.2 million
- Downtown Orono Secondary Market Area: $47.0 million
- Total: $67.2 million

According to the State Planning Office, taxable sales in restaurants located in Orono were $21.5 million. The University of Maine reports that its taxable restaurant sales accounted for about $1.2 million of this total.

Thus, off-campus restaurants in Orono had sales of about $20.3 million in 2009. Several restaurants in Orono are located on Stillwater Avenue and on Park Street, and there is no way from publicly available data to isolate the sales that were achieved by Downtown Orono restaurants alone. But for the restaurants in Orono as a whole, market shares can be estimated as follows:

- The Primary Market Area accounts for 57.3% of restaurant customers (from the exit survey), or an estimated $11.6 million of sales (.573 x $20.3 million). This represents a market share of ($11.6 million/$20.3 million =) 58%.

- The Secondary Market Area accounts for 18.9% of restaurant customers (from the exit survey), or an estimated $3.8 million of sales (.189 x $20.3 million). This represents a market share of ($3.8 million/$47.0 million =) 8%.

Downtown Orono's restaurants' market share is somewhat less than these numbers, but they provide a general idea that penetration rates in the Primary Market Area are quite high, and in the Secondary Market Area, despite some evident traction, penetration rates are very modest.

<u>Implications</u>

This section will be completed following discussion with OVA's merchants' marketing committee. However, some initial food for thought includes:

- Convenience goods stores and services depend heavily on a confined market area with a viable but limited population; their growth will depend on increasing Orono's population and the office and other workers who are employed in and around Downtown.

- Restaurants and specialty stores are reaching beyond the immediate Orono area into Bangor, the population center of the region, but penetration rates are low. If Downtown Orono can position itself as having a recognized cluster of eating places unique to the region – rather than just two or three interesting, individual places with well known names; and if it can build a little more critical mass in this cluster, it should be able to increase its draw from Bangor/Hampden – the part of the region with the greatest spending power due to population size (Bangor) and income (Hampden). Every 1% increase in the share of restaurant sales from the Secondary Market Area, which includes Bangor and Hampden, translates into nearly a half million dollars in restaurant sales.

- It is likely that a lot of visitors to the University of Maine are "leaking away" from Downtown Orono. The share of Downtown Orono customers who are visitors to the University is modest, but because the visitors are within the Primary Market Area and should have ready access to Downtown, they are a logical focus for a marketing strategy for both convenience goods stores and specialty stores/restaurants.

UPDATED FAÇADE IMPROVEMENT PROGRAM

The 1995 Downtown Plan included sketches of potential façade improvements to buildings on the east side of Main Street between Pine and Mill Streets, and along both sides of Mill Street from Main to Park's Hardware. The improvements followed an architectural theme intended to re-establish the unifying elements (including materials and lines) of Orono's village architecture. At the time, no estimates of cost were made for the potential improvements.

In April 2011, the Town asked WBRC, which had prepared the sketches in 1995, to meet directly with interested property owners in this area, to review the earlier sketches and update them as necessary, and to prepare an estimate of probable cost.

Updates were done for thirteen properties with a total of more than 1,100 feet of frontage along Main and Mill Streets, plus one property with 35 feet of frontage on Pine Street. The original sketches from the 1995 Downtown Plan were the starting point for the proposed façade improvements. WBRC met with each property owner to discuss their goals and to add sufficient detail to the concepts so that a probable cost could be estimated. The total estimate is in the range of $872,000 for comprehensive façade improvements to the fourteen properties.

The updated sketches that serve as the basis for the estimate are in Appendix A of this update.

TRANSIT-ORIENTED TAX INCREMENT FINANCING DISTRICT

In January 2010 the Town Council established a transit-oriented development tax increment financing district ("Transit TIF") that covers Downtown Orono (approximately the same area as the Downtown Special Tax District) plus the immediately adjacent village between Downtown and the Penobscot River. The Maine Department of Economic and Community Development issued a certificate of approval of the district on March 17, 2010.

As part of the Transit TIF, the Council adopted a Development Program that is incorporated by reference into the Downtown Plan. The Development Program sets forth allowable purposes for the use of Transit TIF revenues. These include infrastructure and other capital costs; the cost of operating the shuttle bus service between Downtown and the University of Maine campus and related transit improvements; parking improvements; streetscape projects (including façade improvements), and business assistance projects. The eligible project list is detailed in Exhibit A of the Transit TIF Development Program.

APPENDIX A
SUGGESTED FAÇADE IMPROVEMENTS
SELECTED PROPERTIES IN DOWNTOWN ORONO

The owners of the following properties agreed to work with WBRC Architects on updated plans to improve the facades of their business properties. These properties include:

Identifying Building Name	Address	Tax Map/Lot No.
Dawson Realty	50 Main St (corner Main and Pine)	27-12/17
Fringe Salon/Prouty Photography	46 Main St	27-12/16
Curtis Law	34 Main St	27-12/14
Woodman's Grill	31 Main St	27-2/20
Edward Jones (Curtis)	28 Main St	27-12/12 and 13
Pat's Pizza	11 Mill St	27-12/9
Margarita's	15 Mill St	27-12/8
Orono Pharmacy	16 Mill St	27-12/20
Harvest Moon Deli	18 Mill St	27-12/22
Judy's/Wingery	19 Mill St	27-12/7
The Store – Ampersand	22 Mill St	27-12/23
Fiberphilia	32 Mill St	27-12/24
Park's Hardware	33 Mill St	27-12/5
Rose's Bike Shop	9 Pine St	27-2/139

Sketches of the facades and the principal elements of improvement follow.