

Strategies for Revitalizing Our Downtowns and Neighborhoods: Evaluating California Main Street Programs

Task 3. Capacity of the California Main Street Program to Serve California Communities

A Study for the Local Government Commission.
Funding Provided by The James Irvine Foundation.

Eichenfield & Associates
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Research and Writing: Eichenfield & Associates
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Purpose of the Study

In December 2001, the Local Government Commission, a private non-profit organization that promotes livable communities throughout California, secured the services of Eichenfield & Associates to conduct a study – funded by the Irvine Foundation – to assist the California Main Street Program in evaluating and maximizing its effectiveness as an economic development tool.

The study's four major tasks provide California Main Street with:

- 1 An analysis of historical data on participating communities to help promote the state program.
- 2 An analysis of data regarding the reasons why participating communities leave the state program.
- 3 An analysis of the capacity of the state program to serve California communities.**
- 4 A marketing brochure, which can be periodically amended by California Main Street, to better promote the program.

Background and Context: California Main Street

California Main Street is a program of the California Technology, Trade and Commerce Agency. Since 1985, California Main Street has provided commercial district revitalization training and technical assistance to communities using the Four-Point Main Street Approach to Revitalization™ – Organization, Promotion, Design and Economic Restructuring – as developed by the National Main Street Center, a subsidiary of the National Trust for Historic Preservation.

California Main Street provides training, technical assistance and information services to communities statewide in subject areas such as organizing local stakeholders, promoting districts through special events, rehabilitating older and historic buildings, capitalizing on the marketable appeal of historic commercial buildings, and strengthening each district's economy through business retention and recruitment.

Some training and technical assistance services are available to all communities in the state. Intensive services and on-site

assistance are available only to communities that have been accepted into the CMS Network of Communities through the program's rigorous application process.

Since 1985, 72 communities have participated in the formal network program. These 72 participated either as Demonstration Communities (highest level of technical assistance) or Independent Communities (lower level of assistance).

Demonstration Communities were those that showed the highest level of readiness to participate in and benefit from the Main Street program.

Independent Communities were either communities that had high need but low readiness, so they were allowed to attend trainings and network meetings in hopes of raising their readiness, or they were communities that were already on the path to success and had less of a need for CMS services.

Thousands of local revitalization supporters have attended statewide trainings or received telephone assistance from the state staff. CMS no longer uses the terms Demonstration and Independent.

All local programs accepted into and participating in the CMS Network are called simply “Certified Districts.” There are currently 37 Certified Districts.

The California Technology, Trade and Commerce Agency is the State’s lead agency for promoting economic development, job creation, and business retention. To improve California’s economic climate, the Agency works closely with domestic and international businesses, economic development corporations, cities, counties, and chambers of commerce, among other state and local organizations.

California Main Street is housed within the Agency’s Division of Economic Development, which oversees many programs that provide a variety of services and assistance to local communities and small businesses. The majority of these programs are aimed at improving the overall community capacity for economic development resulting in an environment where businesses can grow and develop.

Methodology

This Task sought to determine the capacity of the California Main Street program to serve its Certified Districts by compiling the following information:

- How many districts can California Main Street accommodate at the current staffing level?
- How many additional districts would an additional staff member allow the State program to serve?
- What critical services must California Main Street provide to make a local program successful?

Staff of the California Main Street Program and the National Main Street Center were interviewed to get their impressions and opinions on the above topics. Those interviewed included: Barbara Mason, CMS director since 2001; Dinorah Hall, who has worked for the program since 1992; and Stephanie Redman of the National Main Street Center. Eichenfield & Associates also conducted a focus group of local program executive directors in January 2002.

We reviewed the data collected in Task 1 (Impact of a Main Street Program on a Local Economy) and Task 2 (Reasons Communities leave the State Program) of this project that related to the services local districts want California Main Street to provide.

Lastly, Eichenfield & Associates reviewed the following background materials supplied by California Main Street:

- *California Main Street Strategic Plan, 1999-2003*
- *California Main Street 2002 Action Plan*
- *Main Street Coordinating Programs Survey*, conducted by the National Main Street Center in October 2001.
- *California Main Street Program Focus Group Results*, conducted by the National Main Street Center, March 1998.
- *California Main Street 1997 Client Surveys*, conducted by California Main Street staff.

Results

■ Summary of Findings

Despite recent efforts to increase staff and program funding, California Main Street does not have enough resources to serve its current network of 37 Certified Main Street Districts and expand the program as planned for in the *California Main Street Strategic Plan, 1999-2003*.

The program currently has three full-time and one part-time employees and a budget of approximately \$400,000.

Input received from California Main Street staff and the National Main Street Center on the staffing levels and budgets of other states' Main Street programs indicate California Main Street should have five or six full-time staffers and a budget of approximately \$700,000 just to serve its current network of 37 Certified Districts. At its current staffing and budget levels, California Main Street should be serving only 22 Certified Districts.

California Main Street has a goal of certifying approximately 30 additional districts in the next three years.

One additional staff person would be needed for each additional eight districts the program would certify.

■ Current Services

As stated in its *1999-2003 Strategic Plan*, California Main Street's vision is that the traditional downtown and neighborhood commercial districts of California cities are vital economic, social and cultural centers; that they enhance the local and statewide economy, operating at their fullest potential in providing goods and services to residents and visitors; that they continue to proudly reflect and represent the cultures and heritage of their communities and the state; that they provide a preferable alternative to sprawling commercial development and reinforce the livability of California communities; and that they thrive as important gathering places of community life.

To realize this vision, California Main Street states the following as its organizational mission:

To build strong community-based organizations in diverse towns and neighborhoods that enhance the economic, social, cultural and environmental well being of California's traditional commercial districts.

The activities that California Main Street uses to build these strong local Main Street organizations are outlined in its annual Action Plan. Its 2002 Action Plan (Exhibit A) lists the following work items.

Those items considered by CMS staff and the individual districts as "critical services" are noted with an asterisk(*).

- Expanding the number of Certified Districts and helping them to apply for Certification.
- Maintaining Certification agreements with current districts.*
- Producing a bi-annual statewide conference open to all interested districts.
- Producing a bi-annual introductory Main Street training (e.g., Training Institute, Roadmap to Success, or Main Street 101 training) geared to districts interested in Certification (this is a 2003 task not included in the 2002 Action Plan).*
- Producing four specialized training events and networking meetings for Certified Districts, including an Executive Directors' retreat and an orientation for new Executive Directors.*
- Tracking the revitalization progress of Certified Districts.*
- Disseminating technical information about commercial revitalization practices via periodic mass mailings and telephone consultations to Certified Districts.*

- Producing a quarterly newsletter and a statewide calendar of district events.
 - Providing general revitalization information to all districts in California.
 - Conducting 35 on site evaluation visits and 10 courtesy visits annually to Certified Districts. These include:
 - ◆ An Annual Program Evaluation for the first three years of a newly certified district, and a Program Evaluation every third year thereafter.*
 - ◆ Follow-up technical assistance on needs identified in the Annual Evaluation.
 - ◆ Special Courtesy Visits to facilitate workplan development and board of directors training programs.
 - ◆ Special Courtesy Visits to promote the program within the community, and to help programs in trouble.*
 - Providing six Courtesy Visits and six Fee-for-Service Visits to improve the readiness of non-certified districts to undertake a local Main Street Program. These are provided by CMS staff on an “as available” basis.
 - Collaborating with other State government programs and non-profit organizations to leverage benefits to local districts.
 - Marketing CMS through marketing brochures, public appearances and public relations activities.*
 - Establishing a small town pilot program with the Sierra Business Council that would serve six districts in the Sierra Nevada.
 - Identifying and securing new sources of funding from the public sector, nonprofit partners and grant making foundations.*
 - Scholarships and fee reductions for less wealthy districts.*
- While this list includes all the services California Main Street would like to provide in 2002, budget and staffing constraints due to the program director’s maternity leave and the current State budget crisis have caused CMS to reevaluate how much of the *2002 Action Plan* and *Five-Year Strategic Plan* it can realistically accomplish.

Optimum Staffing and Budget

Since 1992 (following a severe economic recession) when the size of the California Main Street program was cut from four full-time staff people to two full-time and one part-time staff persons, CMS staff, the local programs and the National Main Street Center have complained that the program did not have enough resources to meet local demand. These comments were most clearly expressed in the March 1998 Focus Groups conducted by the National Main Street Center.

A review of the program's history of staffing and towns served gives support for this claim:

<u>Year</u>	<u>Full-time Staff</u>	<u>Part-time Staff</u>	<u>Districts Served</u>
1986	4	0	13
1987	4	0	23
1988	4	0	35
1989	4	0	35
1990	4	0	35
1991	4	0	32
1992	2	1	40
1993	2	1	37
1994	2	1	32
1995	2	1	39
1996	2	1	36
1997	2	1	35
1998	2	1	33
1999	2	1	36
2000	2	1	38
2001	3	1	37
2002	3	1	37

For the past 10 years CMS has had to serve more districts with less staff than it did in its first five years. It could be argued that the program had more staff than it needed in its early years, since it has remained a successful program despite the staffing cuts. But even though the number of full-time staff was brought up to three in 2001, Main Street staff and the local districts still feel the State program does not have enough resources.

Local program executive directors expressed this concern at a January 18, 2002, focus group meeting with Eichenfield & Associates: "CMS provides excellent services to the network districts, but for a state of our size and resources, the staffing and services provided by CMS is far below what is needed."

A comparison with other states' programs (see Exhibit B, *Main Street Coordinating Programs Survey*, conducted by the National Main Street Center in October 2001) indicates that California lags far behind in the resources it allocates to its Main Street program:

- **CMS's budget of \$400,000 ranks 12th of the 39 state programs.** Arkansas, Iowa, Kentucky, Louisiana, Mississippi, New Hampshire, Oklahoma, Pennsylvania, South Carolina, Texas and Wisconsin all have larger budgets – despite having lower costs of living than California and being geographically smaller and easier to travel within. And not to mention the fact that California is the fifth largest economy in the world.
- **CMS ranks 7th out of 39 in the number of districts the program serves.** Florida, Georgia, Kentucky, North Carolina, Pennsylvania and Texas serve between 45 and 78 each.
- **CMS ranks 10th in the number of staff persons serving local districts.** Arkansas, Georgia, Mississippi, North Carolina, Ohio, Oklahoma, South Carolina, Texas and

Wisconsin each have between four and seven full-time staff persons.

- **CMS would need a higher budget, or to serve fewer districts, to meet the average set by other states' programs.** According to the National Main Street Center, the average state program budget is \$395,201. Most of these program budgets are spent on the staff that delivers the technical assistance to the local districts. Average full-time staff is 3.15, with 1.53 part-time staff/contractors, which is in line with California's current numbers. However, the average number of districts served per state is 25.43, far less than California's 37 communities.

California spends \$10,811 per district served (\$400,000/37 towns). The other states spend an average of \$18,210 per district. To reach the average, California would need to serve only 22 districts with its current budget and staffing, or increase its budget to \$674,000 to serve its 37 districts. At approximately \$100,000 per staff person including benefits (a number supplied by CMS), this

would give CMS approximately five or six full-time staffers plus budget for travel and technical assistance.

- **To serve additional districts, CMS should add staff.** California Main Street has a goal of certifying approximately 30 additional districts in the next three years to meet growing demand for its services. This would bring the total number of Certified Districts to approximately 65.

CMS staff estimated that one additional staff person would be needed for each additional eight districts the program would certify. This number is supported by the average budget per district detailed above. If CMS were spending between \$11,000 and \$18,000 per district, eight new districts would require a budget of between \$88,000 and \$144,000, approximately the cost of one new staff person.

Thirty additional districts would require approximately four additional staff people, on top of the number of staff needed to fully serve the existing 37 districts.