

City of Castle Rock, Washington

STRATEGIC MARKETING PLAN

*Overcoming Development Barriers
and
Positioning Castle Rock for Success*



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1.0 PROJECT PURPOSE & GOALS

The Castle Rock *Business Feasibility Analysis and Marketing Plan* presents 1) a clear plan of action for improving business conditions, and 2) a road map of attracting and retaining employers.

The Strategic Marketing Plan sets forth the following goals for Castle Rock:

1. Make Castle Rock a desirable business location
2. Grow retail and service business sector in order for residents to more frequently shop locally
3. Enhance Castle Rock's appeal to visitors
4. Create new investment and jobs in Castle Rock.

Successful implementation of this plan will enable Castle Rock to buck the trend of dying downtowns in small towns and inspire Castle Rock's youth to pursue employment and entrepreneurial business opportunities in their hometown.

2.0 BACKGROUND

The Castle Rock City Council adopted the *Castle Rock Community Action Plan* in 2002. The Focus Area "Favorable Business Conditions and a Prosperous Economy" was identified as a top priority. As a result, grants were procured from the Washington State Department of Community, Trade, and Economic Development (CTED) and the United States Department of Agriculture (USDA) Forest Service to fund the *Business Feasibility Analysis and Marketing Plan Project*.

In December 2004, the City of Castle Rock hired the Chabin Concepts Team, consultants specializing in economic development marketing, prospecting and downtown development, to prepare the analysis and plan. Marketek, experienced in retail business recruitment, tourism and downtown strategies, and The Austin Company, international site location consultants for manufacturing and distribution facilities, worked as Chabin's strategic partners on this project.

3.0 PROCESS

We began the Castle Rock project with an assessment of Castle Rock's readiness for business development. The process for the project and overview of the analysis are presented in the chart on the following page.

Findings were summarized and categorized into strengths or advantages for Castle Rock, weaknesses or disadvantages, opportunities and potential threats that would impede your success. It is from this analysis of business feasibility that we approach the *Strategic Marketing Plan*.

All research and findings can be found in the *Business Development Readiness & Targets for Business Development Report*.

PROCESS			
<ul style="list-style-type: none"> Prepare Kick-Off Meeting Community tour (business perspective) Review Previous Reports 	<ul style="list-style-type: none"> Survey Shoppers Secret Shopper in-store visits Survey & Interview Business Owners 	<ul style="list-style-type: none"> Interview business service providers & resource organizations Marketing review Analytical Research 	
FINDINGS			
<p>Demographic Profile</p> <ul style="list-style-type: none"> Moderate population growth Limited ethnic diversity Slightly older population than state Less affluent than state <p>Community Tapestry</p> <ul style="list-style-type: none"> 27.4% Midland Crowd 23% Salt of the Earth 20% Rooted Rural <p>Retail Potential</p> <ul style="list-style-type: none"> \$134.2 million/2004 583,000 sq. ft. (commercial real estate) CR residents in local trade area spend well below average on virtually all goods 	<p>Tourism – Visitor Potential</p> <ul style="list-style-type: none"> Mt. St. Helens: 1.5 million visitors/yr Seaquest State Park: 356,000 visitors/year \$97.5 million spending/year Shopper Survey Results: Poor selection, High prices, Limited hours, 52% say best time to shop on a weekday is after 5:00 pm <p>Business Development Readiness</p> <ul style="list-style-type: none"> Workforce & Education = Weakness Ready-to-Go Real Estate = Weakness Utilities = Strength Transportation = Strength Business Environment = Neutral Business Services = Weakness Small Business / Entrepreneur Resources = Weakness 	<p>Marketing Readiness</p> <ul style="list-style-type: none"> Site selection data is negligible = Weakness No brand identity = Weakness Lack of organized & prepared business team = Weakness Potential for very responsive team – already conducting pre-development meetings = Neutral Marketing budget available – little to none = Weakness 	
S.W.O.T. ANALYSIS			
<ul style="list-style-type: none"> Castle Rock Strengths Large regional market I-5 Corridor Extensive shipment options Strong visitor market Small town friendliness Gift & antique shops Unique special events 	<ul style="list-style-type: none"> Castle Rock Weaknesses Job loss & slow population growth Limited retail selection Regulatory process – mixed reviews Higher than average water & sewer fees Unclear identity Downtown vacancies Retail leakage 	<ul style="list-style-type: none"> Castle Rock Opportunities Visitor market Cluster of gift stores Unique specialty shopping district Untapped retail Entrepreneurial spirit Competitive services through permit process 	<ul style="list-style-type: none"> Competitive Threats Retailers meeting the needs of multiple markets Curtail retail leakage Limited supply of quality, ready-to-go commercial & industrial real estate Competing with 5,000 acres of developed industrial land in region Community readiness for change



4.0 MARKETING STRATEGY

Based on the SWOT Analysis, we recommend three Strategic Initiatives for Castle Rock to successfully achieve your goals:

Strategic Initiative 1: Product Readiness

This initiative addresses necessary improvements to enhance industrial and commercial real estate, land and buildings, to make Castle Rock competitive in the regional market. Additional actions are directed to upgrading Castle Rock's image in the eyes of visitors and tourists.

Strategic Initiative 2: Organize for Business Development

In order to accomplish your desired outcomes, you will need to be prepared with particular data to assist businesses seeking a location, as well as present a clear and consistent permitting process with competitive fee schedules. This strategic initiative will guide you in preparing this information and a business-friendly process, along with coordinating your business team.

Strategic Initiative 3: Target Best Opportunities

This initiative will help you to cultivate the best opportunities to grow businesses, jobs and wealth creation in Castle Rock. Focused on the greatest impact for your investment of time and money, the actions associated with this strategic initiative will promote local business development, spur entrepreneurship, and prepare you to recruit targeted businesses to Castle Rock.

The recommended Strategic Initiatives are outlined on the following pages and encompass:

- Strategic Initiative Goal
- Why it is Important
- Current Situation
- Implementation Actions

Details for implementing each Strategic Initiative and corresponding action steps are presented in the Implementation Guide, which is provided separately from this document. We have designed the Implementation Guide to function as a workbook, including detailed tasks, resources and sample materials to support the actions for each Strategic Initiative.

Strategic Initiative 1: Product Readiness

- Goals:**
- ♦ Make Castle Rock’s industrial and commercial real estate product offerings market-ready and enable Castle Rock to effectively compete for targeted businesses.
 - ♦ Present a welcoming and inviting image for visitors and tourists.

Why it is Important: To be competitive for business attraction, retention and expansion, any community must have adequate physical locations to accommodate these businesses. Site location consultants and businesses conducting a site search desire a variety of sizes and optional locations for consideration. Industrial businesses seek a range of one to 100 acres of developed land – including curb, gutter, utilities and relevant infrastructure at the site. A prepared site will help the prospect visualize his or her business at that location. They expect full-service infrastructure and clean sites (no hidden environmental problems).

Many of the City’s commercial and industrial targets will require ready-to-go quality buildings. That means that the buildings are in shape for immediate occupancy or tenant improvements customized to the needs of the business operations. In all cases, land or building options must be ready-to-go, as businesses consider any lag in time to occupy their facilities an additional cost – as the saying goes... “Time is money”.

It will be important to have buildings not only for sale but available for lease since the business sectors that Castle Rock is targeting for expansion and recruitment will prefer to lease over buying.

Current Situation: There is only one industrial site, the Hornstra property, for major industrial development. Other potentially available sites are not on the market or require major redevelopment strategies. There are no industrial or business parks, and no available industrial buildings for lease or purchase. Regionally, the competition is fierce with an ample supply of “ready-to-go” sites outside of Castle Rock – nearly 5,000 acres of available industrial land.

Office space is limited and selected retail/commercial spaces are for rent but are not in “ready-for-market” condition.

Castle Rock does not have a current inventory of available land and buildings with complete data, including price utilities, infrastructure, maps or contact information. Active marketing of industrial and commercial real estate appears to be negligible.

Implementation Plan:

- Establishing a game plan for the industrial land sites with the greatest development potential will enhance Castle Rock’s success rate for recruiting target business-types. At this time, we do not recommend constructing a speculative building for industrial use because it is unlikely the investment will earn a return within an acceptable time.

Action 1.1	Prioritize and ready the Gould property, and adjacent school-district property (if possible), for marketing in the short-term.
Action 1.2	Develop a specific plan, including site layout, infrastructure needs and cost estimates for improvements, to transform the Hornstra property into a marketable industrial park.
Action 1.3	Working with landowners and real estate brokers, prepare an inventory of available industrial buildings and land sites, which details properties, infrastructure/utilities, incentive zones and maps.

- Since the City also wishes to expand shopping venues for residents and visitors, commercial buildings and potential land sites need to be prepared for occupancy. Retail and service companies expect quality real estate options that are “turn-key” with minimal tenant improvements to move-in and open for business.

Action 1.4	Identify and prepare commercial buildings for market-readiness and promote selected properties.
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- Castle Rock’s prime location – at the base of Mt. Saint Helens and directly on I-5, a major transportation route – beckons to engage visitor and tourist spending. While the tourist venues and nearby businesses are located at the north Castle Rock exit (State Hwy 504/Toutle), many downtown businesses are missing out on this potential market. It is important to invite and guide visitors to all parts of Castle Rock.

Action 1.5	Improve the appearance of all downtown businesses and properties for overall market appeal and to project the best possible image.
Action 1.6	Prepare and install informative signage and landscape enhancements at <i>both</i> Castle Rock entrances to direct visitors, and market services/retail offerings and feature activities such as the museum and riverfront trails.

In addition to these actions we recommend that you continue efforts of the “Downtown Redesign” Project to enhance Cowlitz Street with improvements for lighting, landscaping, etc.

- ▶ To prepare for the long-term and even short-term opportunities that may arise, it is important for the city to have a plan in place for anticipated growth in a balanced manner. That means that Castle Rock would have enough commercial, industrial and residential sites to fulfill the city's vision for development.

Action 1.7

Review allocated land uses for commercial, industrial and residential and update plans to match the community's vision for growth and development.

Strategic Initiative 2: Organize for Business Development

- Goals:**
- ◆ Ensure the City’s development review, fee schedule and other regulatory processes, are streamlined and clearly articulated with a reputation for exceptional service, such that businesses and developers will say: *“Castle Rock is a little city with the best development process and location assistance in the state; there were no surprises”*.
 - ◆ Mobilize a proactive Business Team to facilitate a positive business climate and support business recruitment and expansion efforts.

Why it is Important: Businesses expect consistency and clarity from government. Plan review changes can extend timelines and drive up costs to exceed construction projections – this is unsettling to businesses.

Competition for business location is increasing from communities of all sizes. Meanwhile offering financial incentives are not realistic recruitment tools as city and state governments face restricted fiscal resources. This situation requires a different kind of competitive incentive – service is the solution. Considering that time is money to businesses, efficient site search services and a straightforward development process focused on the client’s need to quickly commence operations is a valuable incentive.

Businesses are also challenged with increasing fees and taxes. They are meticulously evaluating all development and ongoing operational costs. How a community compares to competitors in the pro forma analysis is a contributing factor to your community being the chosen business location.

Current Situation: The City offers pre-development meetings with businesses to review a project, discuss options, answer questions and present anticipated fees and costs for development. This is a good practice. However, since the City utilizes contractors for building and planning permit approvals, there is a significant cost for businesses to start the process prior to submitting plans. Some local businesses report that they have incurred a burden of the costs for very minor facility changes.

Water and sewer rates are above the state averages. Meanwhile the City has competitive rates for storm water services and does not levy additional Business & Occupation Taxes. No impact fees are charged for schools, parks/recreation, or traffic.

No specific information about development fees and information, process and applications is available on the City’s website. In today’s electronic age, communities with information available 24/7 make the site selection process easier for businesses and site location consultants, thus making their communities more competitive for attracting and retaining growing businesses.

Implementation Plan:

- ▶ Systematizing and clarifying the City’s development process and competitive fee structure is a critical element for a favorable business climate. Mapping the process and presenting it in a concise and specific manner to expanding and prospective businesses will contribute to your success.

Action 2.1	Review and make necessary adjustments to the City’s development process and fee structure to enhance Castle Rock’s competitiveness for business locations and expansions.
Action 2.2	Prepare a template to present prospects with customized development fees pertinent to their project.

- ▶ Both at the government level (City Hall) and throughout the business community, service is vitally important to a pro-business climate. Castle Rock is a friendly town. Build on that asset to enhance the service model for winning business locations and retaining growing companies. You will need to organize and prepare your team to work with companies.

Action 2.3	Create the role of Business Ombudsman at City Hall to serve as the business liaison during the site search and development processes.
Action 2.4	Establish the Castle Rock Business Team to support business recruitment and expansion efforts.

- ▶ Today’s competitive business development demands real time information. Castle Rock has recently established a city website. This is a good tool to enhance the city’s service delivery.

Action 2.5	Upgrade information on the City website to meet the needs of target businesses.
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Strategic Initiative 3: Target Best Opportunities

- Goals:**
- ♦ Support local businesses to prosper and expand.
 - ♦ Encourage entrepreneurship to strengthen the business community and engage Castle Rock’s youth.
 - ♦ Augment Castle Rock’s retail and service offerings to reduce sales leakage and increase sales tax revenues.
 - ♦ Implement a focused external marketing program to recruit a campground or recreational vehicle park developer and operator.
 - ♦ Create awareness of Castle Rock in the minds of commercial and industrial targets.

Why it is Important:

On average in all communities, 70-80 percent of job and economic growth can be attributed to local companies. Although it may appear to be more exciting and have greater potential to recruit from outside Castle Rock, the support of businesses already existing in the community contributes to steady and consistent growth as well as the reduced likelihood of losing a valuable employer to another community.

“Taking care of your own” also enhances business recruitment. Companies base their impressions of a community on how existing businesses are treated. If local employers are satisfied and optimistic about Castle Rock, they will be advocates for the City and a potential source of leads for business recruitment.

Additionally, it is proven that entrepreneurs are very loyal to their communities if it is an environment that supports entrepreneurial thinking. When they become successful they are most likely to reinvest in their local community and help other entrepreneurs. Promoting entrepreneurship provides a healthy and robust cycle of business.

Attracting new investment and jobs through business recruitment will not simply occur from “hanging out your shingle” and saying “we want your business here”. Castle Rock needs to make prospects aware of the competitive advantages for locating in your town. A strategic external marketing campaign will place the desired message directly in front of your target audience so that your community might be considered for their location.

Current Situation:

Castle Rock businesses are grossly underserved with business resources. Employers do not know where to seek resources and services, such as business counseling, financing tools, and hiring/training services.

There is no coordinated business retention and expansion program, if a business wants to expand in Castle Rock there is no organized starting place for one-stop assistance.

Venues for entrepreneur connections are non-existent – no networking groups, events, or incubator facilities. Castle Rock has a track record for angel investment, and it may be a potential strength as this resource is not common in towns as small as Castle Rock.

Implementation Plan:

- Focus on the greatest impact to Castle Rock’s economic growth; it is important to work with local businesses as a first priority.

Action 3.1	Facilitate connections between local employers and available business resources.
Action 3.2	Create a business-to-business marketing program that encourages Castle Rock small businesses to become well acquainted with local products/services, and supportive through cross marketing and selling.
Action 3.3	Start a local business appreciation award program.

- To encourage entrepreneurship, a community must do more than talk about it. It will be important to carry out a strategic plan to support entrepreneurship. We propose two action items to stimulate sustainable results from this approach.

Action 3.4	Be a catalyst for entrepreneur connections. Maximize and leverage opportunities to make entrepreneur resources available in Castle Rock.
Action 3.5	Establish a youth entrepreneur program in association with the high school.

- In the Long Range Recreation Plan, the City has a prime site planned for the development of an RV Park. This site is a unique asset that is ready for development. Developing the park will contribute to increased visitor exposure to downtown; it is the perfect attraction to Castle Rock’s tourism market. However, Castle Rock needs an organized and proactive approach to create awareness and attract a quality RV park developer.

Action 3.6	Carry out a targeted plan to recruit a developer and company to operate a Recreational Vehicle Park along the Cowlitz River.
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- Most communities want to begin immediately on the following action steps. We suggest that once you have organized your team, prepared your real estate product for market, and satisfied your local employers, then you are ready to take on a focused external marketing program. If you start with the intrigue of external marketing and do attract attention to Castle Rock, you may not be prepared to make a good first impression. As a result, your premature efforts may hurt your chances of locating your target businesses.

Action 3.7	Execute a targeted commercial business recruitment program to supplement local business offerings.
Action 3.8	Prepare for industrial business recruitment.

5.0 IMPLEMENTATION TIMELINE & BUDGET

The following diagram presents a proposed timeline for completion of each action step in the *Strategic Marketing Plan*.

Timeline - Castle Rock Strategic Marketing Plan

Action		2005			2006				2007	Ongoing
		2Q	3Q	4Q	1Q	2Q	3Q	4Q		
1.1	Priority Industrial Site Readiness									
1.2	Hornstra Property Development Plan									
1.3	Industrial Real Estate Inventory									
1.4	Commercial Building Readiness									
1.5	Improve Downtown Image									
1.6	Entrance Signage & Enhancements									
1.7	Land Use Allocation									
2.1	Competitive Development Process & Fees									
2.2	Customized Fee Presentation									
2.3	Business Ombudsman									
2.4	Castle Rock Business Team									
2.5	Website Enhancements for Business Development									
3.1	Resources for Existing Businesses									
3.2	Business to Business Marketing									
3.3	Business Appreciation Award Program									
3.4	Entrepreneur Connections									
3.5	Youth Entrepreneur Program									
3.6	RV Park Developer Recruitment									
3.7	Targeted Commercial Business Development									
3.8	Industrial Business Recruitment									

The budget estimates that will support implementation are shown in the chart below. Wherever possible, we have included leverage opportunities to trim costs and still accomplish the goals set forth in the plan.

Budget - Castle Rock Strategic Marketing Plan

Action		Budget Estimate
1.1	Priority Industrial Site Readiness	-0-
1.2	Hornstra Property Development Plan	\$2,500 - 5,000
1.3	Industrial Real Estate Inventory	-0-
1.4	Commercial Building Readiness	-0-
1.5	Improve Downtown Image	\$10,000 – 50,000
1.6	Entrance Signage & Enhancements	\$1,000 – 5,000
1.7	Land Use Allocation	-0-
2.1	Competitive Development Process & Fees	-0-
2.2	Customized Fee Presentation	-0-
2.3	Business Ombudsman	-0-
2.4	Castle Rock Business Team	\$100/year
2.5	Website Enhancements for Business Development	TBD-
3.1	Resources for Existing Businesses	\$150
3.2	Business to Business Marketing	-0-
3.3	Business Appreciation Award Program	\$50 - 75
3.4	Entrepreneur Connections	\$2,000 – 4,000
3.5	Youth Entrepreneur Program	\$1,000 – 25,000
3.6	RV Park Developer Recruitment	\$100 – 1,000
3.7	Targeted Commercial Business Development	\$500 – 3,000
3.8	Industrial Business Recruitment	\$3,500 - 13,000
	TOTAL	\$20,900 – \$106,325