The Center for
Rural Pennsylvania
A Legislative Agency of the Pennsylvania General Assembly
September 2004

Progress in Pennsylvania Downtowns

Whether small or large, rural or urban, downtowns have traditionally been the center of Pennsylvania commerce and social activities. For several decades, however, downtowns have been in a period of economic decline. Recognizing this, downtowns and business districts around the Commonwealth have initiated revitalization programs. Administered by local organizations, these programs attract new businesses and improve the quality of life within the downtown.

To measure the impact of these efforts, the Center for Rural Pennsylvania and the Pennsylvania Downtown Center (PDC) conducted a statewide survey of downtown organizations in the first quarter of 2004. The survey results were then compared to a 1999 survey of downtown managers conducted by the Center for Rural Pennsylvania.

The findings indicate that Pennsylvania downtowns are improving. Overall, there was an increase in businesses and employment in downtowns and many downtowns have undertaken significant streetscape projects. While achieving success, some of these programs suffer from organizational difficulties, including the lack of board participation, lack of strong leadership, and financial concerns. A recurring concern cited by program managers is the uncertainty about the long-term viability of their organization.

Survey Methods

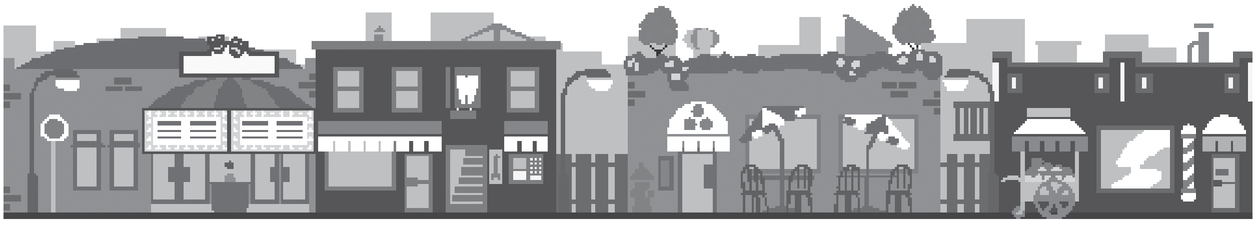
The survey developed by the Center for Rural Pennsylvania and PDC was divided into seven sections: organization; economic conditions; local governance; tourism; revitalization projects and expenditures; business development and promotional activities; and profile of downtown managers.

The PDC provided the names and addresses of 257 downtown revitalization organizations. The questionnaires, addressed to the downtown manager or staff equivalent, were mailed February 19, 2004 to these organizations and the responses were due March 19, 2004.

Seventy-nine usable surveys were returned, for a response rate of 31 percent. The margin of error was 9.2 percent at the 95 percent confidence level.

Where applicable, the results of this survey were compared to the 1999 survey.

For the analysis, respondents were divided into three groups, based on the total number of establishments in the downtown. An establishment was classified as any employer within the downtown and included businesses, nonprofit organizations, and government agencies. The first group included downtowns that had less than 53 establishments. These downtowns comprised 33 percent of the total and were labeled "small downtowns." The second group had between 53 and 106 establishments. These downtowns made up 34 percent of the total



and were labeled "mid-size downtowns." The third group, which had more than 106 establishments, comprised 33 percent of the total and were called "large downtowns."

Unless otherwise noted, median values were used throughout this report and all dollar figures are adjusted for inflation.

Findings

Types of Downtown Establishments

In the typical Pennsylvania downtown, there are 82 establishments. Retail businesses, such as restaurants, furniture stores and florists, comprise 43 percent of establishments, followed by service establishments, such as doctors, dry cleaners, and theaters, with 35 percent. Educational and nonprofit organizations make up 14 percent of the downtown establishments, and government offices, such as post offices, employment offices and county offices, make up 4 percent. The remaining 3 percent are other establishments, such as manufacturing, and telemarketing.

The size of the downtown does not appear to influence the mix of downtown establishments. Small, mid-size, and large downtowns each have roughly the same proportion of establishments. When looking at the downtowns from a rural/urban perspective, however, the pattern changes. Downtowns located in rural counties (counties that have a population density below the statewide density) have a lower percentage of retail and service establishments compared to downtowns in urban counties. Rural downtowns, however, have a higher percentage of nonprofit organizations and government agencies than urban downtowns.

Data Limitations

Like most survey research, this study had a number of limitations that may affect the conclusions. Some of these limitations include:

Sampling Error: PDC supplied the names and addresses of downtown revitalization organizations. Each of these organizations was part of PDC's contact list. Consequently, organizations not on the list were excluded from the survey, although the number of organizations excluded is small. As the only statewide organization dedicated to promoting downtowns and as the Pennsylvania Department of Community and Economic Development (DCED) designated provider of Main Street Manager training, PDC's membership is likely to touch upon most communities that have an active revitalization program.

Small Number of Responses: Of the 257 surveys sent, only 79, or 31 percent, were completed and returned. While the 79 responses provide some level of validity, the sample size is still relatively small. Consequently, the reader should exercise some caution when reading the results.

Lack of Institutional Knowledge: More than one fifth of the survey respondents have been the managers of their downtown organization for less than two years. It is possible that many of these individuals do not possess the institutional knowledge to comment on prior revitalization efforts. As a result, the reader should again exercise caution when reading the results.

Change in Downtown Establishments

Forty-three percent of those surveyed said there was an overall increase in the number of businesses in the downtown between March 2003 and March 2004. Among these downtowns, there was a median gain of 6.5 new businesses. The majority of new businesses (84 percent) were start-up businesses. About 16 percent were existing businesses that relocated into the downtown.

Approximately 18 percent of the respondents indicated a decline in the number of businesses in their downtown between March 2003 and March 2004. Among these downtowns, there was a median loss of 6.5 businesses. Fifty-six percent of the business loss was attributed to business failures; 27 percent of the loss was the result of businesses relocating outside of the downtown; and the remaining 17 percent of the business loss was because of retirement or other reasons.

Thirty-nine percent of respondents indicated no change in the number of businesses in their downtown between March 2003 and March 2004.

Fifty-six percent of the mid-size and 48 percent of the large downtown managers reported an increase in businesses from March 2003 to March 2004. Managers in mid-size downtowns reported a median net gain of two businesses, while managers in large downtowns reported a median net gain of four businesses. Only 25 percent of small downtown managers reported an increase in businesses. Overall, there was no net change in the median number of businesses in small downtowns.

Looking to the future, 63 percent of managers predicted that the number of establishments in the

Table 1: Profile of Downtowns by Number of Downtown Establishments, 2004

	TOTAL	SMALL *(<53 Est.)*	MID-SIZE *(53 to 106 Est.)*	LARGE *(>106 Est.)*
Median year program was established	1998	2001	1995	1998
Participated or are participating in the state Main Street Program	57.4%	25.0%	69.6%	72.0%
Have a formal assessment process	38.0%	9.1%	39.1%	61.5%
Median operating budget, 2003	$54,000	$10,000	$45,500	$125,100
Have a Business District Authority or Business Improvement District	8.8%	0.0%	3.7%	23.1%
Have a local or federal designated Historic District	44.2%	41.7%	44.4%	46.2%
Downtowns located in a rural county	48.1%	34.6%	63.0%	46.2%
Median salary of managers	$36,500	$42,000	$30,500	$41,000

Terminology

Downtown: PDC defines a downtown as "a geographically identifiable and contiguous business district within a town, city, village within a township, home rule municipality or borough, with a recognized sense of place and a distinct and identifiable pedestrian orientation based upon a rectilinear street grid pattern of development, with one or more central streets and intersecting cross streets. The business district shall have historically served as the center of economic, social and civic activity within the community since at least 1939, and in the case of larger municipalities with multiple districts, as the center of economic, social and civic activity within a neighborhood."

Main Street Program: In 1982, the former Pennsylvania Department of Community Affairs, now the Pennsylvania Department of Community and Economic Development (DCED), established a program to provide technical and financial assistance to communities to assist in downtown revitalization. The program objectives are to: stimulate economic development by preserving commercial centers; develop local capacity for creating public/private partnerships; and manage revitalization by hiring a "Main Street Manager." Currently the program provides matching funds for a Main Street Manager for up to five years. The program also provides technical assistance for new Main Street Managers and grants for façade renovation. Unless otherwise noted, throughout this report, the term "Main Street" refers to those organizations and communities that are participating or have participated in DCED's Main Street Program.

Downtown Manager: This person is responsible for coordinating all aspects of the downtown commercial revitalization strategy. In addition, this person is responsible for managing and maintaining the downtown organization. Typically, a board of directors guides the downtown manager.

Central Business District (CBD): This district is the largest, most intensively developed, mixed-use area within a municipality. It usually contains major retail uses; governmental offices; services; professional, cultural, recreational, and entertainment establishments and uses; residences, hotels and motels; appropriate industrial activities; and transportation facilities.

Business District Authority (BDA) and Business Improvement District (BID): Under Act 41 of 1980, a municipality can create an authority to hire staff to manage the district as well as undertake improvements of its central business district. Types of improvements include: remodeling blighted buildings, tree planting, street cleaning, and hiring extra security officers. To pay for these services, each property owner in the designated area is assessed a fee.

Table 2: Downtown Business Establishments, 1999 and 2004

	2004	1999
ESTABLISHMENTS		
Median # business establishments in the downtown	82	95
LAST 12 MONTHS		
Increase in business establishments	42.9%	51.4%
Decrease in business establishments	18.6%	27.0%
No change in business establishments	38.6%	21.6%
NEXT 12 MONTHS		
Predicted an increase in business establishments	63.2%	66.7%
Predicted a decrease in business establishments	6.6%	2.8%
Predicted no change in business establishments	30.3%	30.6%

downtown would increase between March 2004 and March 2005. Managers in mid-size and large downtowns were more optimistic, with 73 percent predicting an increase. Among managers in small downtowns, only 44 percent predicted an increase in downtown businesses. The majority of managers in small downtowns (52 percent) thought the number of businesses in the downtown would remain about the same between March 2004 and March 2005.

Chain Stores and Retail Competition from Outside the Downtown

Twenty-six percent of managers reported a chain or franchise store opening within their downtown between March 2003 and March 2004. When asked to identify the type of chain or franchise store, 40 percent cited restaurants, 15 percent cited drug stores and 45 percent named apparel stores or other miscellaneous establishments, such as dollar discount stores, rental stores, or tax preparation services.

Chain and franchise stores can contribute to the overall growth of the downtown. Yet, according to the managers, the role of the chain or franchise store was only marginal. Among managers that said there was an increase in downtown establishments, only 30 percent also said there were new chain/franchise stores in their downtown. In addition, when asked what impact chain stores moving into the central business district had on their downtown, the majority of managers (86 percent) said it had little or no impact or that they did not know.

Retail businesses located in shopping centers or in strip malls outside of the downtown had a significant impact on some, but not all, downtowns in the survey. Thirty-eight percent of respondents noted an increase in competition between retailers inside and outside of the downtown between March 2003 and March 2004. Sixty-one percent said the competition remained the same and 1 percent said it declined. For downtown retailers, these results are better than the 1999 survey findings. Between October 1998 and October 1999, 67 percent of the managers reported an increase in competition between retail businesses located inside and outside of the downtown.

When asked what impact superstores or big-box retailers moving into the market had on their downtown, 66 percent of managers said it had little or no impact or they did not know. However, among the 38 percent of managers who said there was an

Table 3: Change in Downtown Business Establishments by Cause of Change, 1999 and 2004

	2004	1999
INCREASE IN BUSINESS ESTABLISHMENTS		
# New business establishments	280	117
Gained due to business start-ups	80.7%	74.5%
Gained due to relocation to the downtown	19.3%	25.55
DECREASE IN BUSINESS ESTABLISHMENTS		
# Businesses that left the downtown	167	60
Left due to business failure	62.9%	53.3%
Left due to owner retirement	12.6%	11.7%
Left due to relocating outside the downtown	21.0%	31.7%
Left due to other reasons	3.6%	3.3%

Table 4: Downtown Employment, 1999 and 2004

	2004	1999
EMPLOYMENT		
Median # persons employed in the downtown	400	550
LAST 12 MONTHS		
Increase in downtown employment	31.9%	41.7%
Decrease in downtown employment	12.5%	13.9%
No change in downtown employment	55.6%	44.4%
NEXT 12 MONTHS		
Predicted increase in downtown employment	62.7%	73.0%
Predicted decrease in downtown employment	9.3%	2.7%
Predicted no change in downtown employment	28.0%	24.3%

increase in competition between retailers outside and inside the downtown, 73 percent said superstores and big-box retailers moving into the market had a significant impact on their downtown.

Employment in the Downtown

According to the survey results, about 400 people work within the typical downtown. The average establishment has about five employees. One exception is downtowns with business district authorities or business improvement districts. Among these downtowns, median employment is 11,000.

Thirty-two percent of managers reported an increase in the total number of people employed within the downtown between March 2003 and March 2004. These managers estimated an addition of 20 jobs and eight businesses during this period.

Twelve percent of the managers said there was a decline in the number of downtown jobs between March 2003 and March 2004. These managers estimated that a median of 27 jobs left the downtown. These same managers also estimated that a median of five businesses left the downtown.

The majority of managers, 57 percent, said that the number of jobs in their downtown remained about the same between March 2003 and March 2004. In addition, 65 percent of these managers said there was no change in the number of downtown businesses during this period.

Looking to the future, 63 percent of managers predicted that employment in their downtown would increase between March 2004 and March 2005. Among this same group of managers, 87 percent predicted that there would be an increase in businesses in the downtown.

Twenty-eight percent of managers predicted downtown employment would remain the same, while less than 10 percent predicted a decline.

Storefront Vacancies

Even in the most prosperous downtown, street level establishments, or storefronts, occasionally become vacant due to business turnover, new building ownership, or other reasons. According to the survey results, 52 percent of managers said they had less than five storefront vacancies in their respective downtowns. Thirty-six percent said there were between six and 19 vacancies, while 12 percent had 20 or more vacancies. The median number of storefront vacancies was four. According to the 1999 survey, the median number of vacancies was eight.

Forty-two percent of managers said there was a decrease in the number of storefront vacancies from March 2003 to March 2004. These managers reported three fewer storefront vacancies than the previous year. Twenty-five percent of managers, however, reported an increase in storefront vacancies. The typical increase was two storefront vacancies. One-third of the managers noted no change in storefront vacancies during this 12-month period.

Looking to the future, the majority of managers (55 percent) predicted that between March 2004 and March 2005, there would be a decline in the number of storefront vacancies. Approximately 34 percent of respondents predicted that the number of vacancies would remain the same while nearly 11 percent predicted an increase in the number of storefront vacancies in their downtown.

Revitalization Projects

Forty-six percent of the managers said a downtown revitalization project was completed within their downtown between March 2003 and March 2004. A total of 300 projects were completed, costing $93.6 million, or an average of $312,200 per project.

Mid-size downtowns typically had more projects while large downtowns had higher cost projects. Forty-five percent of all revitalization projects

Table 5: Downtown Revitalization Projects and Cost, 1999 and 2004

	PROJECTS		COST		
	# Projects, 2004	% Change, 1994-2004	Total Project Cost, 2004	Avg. Cost Per Project, 2004	% Change in Avg. Cost Per Project, 1999-2004*
Building façade improvements	213	73.2%	$14,359,411	$67,415	123.0%
Building reuse or rehab	42	-50.0%	$15,723,700	$374,374	-43.2%
New buildings	21	31.3%	$57,800,000	$2,752,381	117.9%
Streetscape improvements	22	-47.6%	$5,606,589	$254,845	67.5%
Parking	2	-83.3%	$170,000	$85,000	-81.9%
Total	300	8.3%	$93,659,700	$312,199	-5.3%

*1999 costs were adjusted for inflation using the CPI-U with 2003=100

occurred in mid-size downtowns. The average cost per project in large downtowns was $694,000. Small downtowns had fewer projects (13 percent) and less expensive projects; the average cost per project was $18,500.

The majority of the downtown projects (71 percent) were building façade improvements to enhance the outward appearance of a building. These projects were undertaken in 34 percent of the downtowns. More than $14.3 million was invested in these projects, with the median cost of $56,500 per downtown. With these projects, nearly all façade improvements (99 percent) were on commercial and mixed-use buildings. To pay for these projects, 68 percent of the funding came from private sources and 32 percent from public sources.

The second largest category of downtown projects (14 percent) involved building reuse or rehab, including interior alteration, that resulted in major changes in the function or use of a building. About 23 percent of the downtowns had building reuse or rehab projects, for an average of two projects per downtown. The total cost for these projects was $15.7 million, for an average cost of $374,373 per project. The majority (86 percent) of buildings reused or rehabbed were commercial and mixed-use buildings. Approximately 53 percent of the funding for these projects came from private sources.

Fifteen percent of the downtowns undertook streetscape improvements. These improvements included new sidewalks, street lighting, tree planting, and placing underground utilities. The total cost for these projects was $5.6 million, for an average cost of about $254,800. The majority of funding for these projects (91 percent) came from public sources.

Eleven percent of the managers reported that at least one new building was constructed in their downtown. This included any new commercial, residential, or public buildings. The total construction cost was $57.8 million; the average cost per project was $2.7 million. The majority of new construction (64 percent) was in large downtowns.

Downtowns with a net gain in business establishments between March 2003 and March 2004 had the most costly downtown projects. These projects cost $55.8 million. Most of the money (92 percent) was spent on new building construction. Only $11.5 million was spent on projects in downtowns that had a net loss in businesses. Most of this money (92 percent) went for building façade and rehab projects. Among downtowns with no net change in businesses, there was $26.3 million spent on projects. Nearly 63 percent of this money paid for building façade and rehab projects.

Comparing the 1999 survey with the 2004 survey, the average inflation adjusted cost for a downtown project increased nearly 5 percent. The largest increases were in façade improvements and new building construction. The average cost of these projects more than doubled (about 120 percent) between the two surveys. The average cost of a streetscape project increased 68 percent. The average cost of two types of projects decreased: building rehab (43 percent drop) and parking projects (82 percent drop.)

Business Development and Promotional Activities

In addition to construction projects, 81 percent of respondents said their downtown organization provided or coordinated business development and promotional activities. This percentage is up from the 1999 survey, when 75 percent of the managers reported such activities.

The size of the downtown appeared to have a role in the number of activities provided. In small downtowns, only 62 percent of downtown organizations provided business development and promotional activities, while 91 percent in both the mid-size and large downtowns provided these activities. In downtowns that reported a net loss of businesses, 87 percent provided business development and promotional activities, which is nearly the same percentage (86 percent) of downtowns that reported a net gain in businesses.

Activities were divided into two groups: (a) activities for the public and (b) activities for business and property owners and other downtown stakeholders. The activities for the public included festivals, parades and town hall or public meetings. Nearly 71 percent of the managers said their organization was involved in these types of public-oriented activities. The median number of participants was 200 and the median cost was $3,000 per activity.

Sixty-two percent of the downtown organizations provided activities for business and property owners and other downtown stakeholders. These included training and information activities on topics such as market analysis, storefront design, and business recruitment and expansion. They also provided or coordinated retail promotion, such as sidewalk sales and unified store hours. The median attendance at the training or information activities was 40 people and the median cost for each activity was about $3,300.

Many downtowns have reported undertaking both revitalization projects and downtown activities. According to the survey, 45 percent of managers said they completed one or more revitalization projects and one or more training activities or public events between March 2003 and March 2004. Twenty-eight percent said they completed three or more projects and activities.

Tourism and Downtowns

Attracting tourists to the downtown is a challenge for the majority of managers. Eighty percent of managers reported that some to very few outside visitors came to their downtown area on a typical weekday. Twenty percent of managers, however, reported that their downtowns have had many to very many visitors. One reason these downtowns may have a higher attraction rate is their higher percentage of retail establishments. In downtowns with many to very many visitors, 65 percent of the establishments were retail; in other downtowns, retail only made up 35 percent of all establishments. Downtowns with many to very many visitors also had three fewer revitalization projects than other downtowns and more storefront vacancies.

When asked to rate different aspects of tourism, few managers gave their downtown high scores. For example, 48 percent said that the availability of public amenities for tourists in their downtown was poor to very poor. Fifty-six percent gave the same response when asked about the interpretation of their downtown's heritage for visitors. The only aspect of tourism readiness that the majority of managers (55 percent) said was either good or excellent was in the friendliness or openness of the community towards tourists.

Sixty-two percent of managers said their downtown was either poorly or very poorly linked with other tourism sites in the region. These results are very similar to the results of the 1999 survey. One bright spot was the number of managers who said their downtown organization was a member of the county or regional tourism promotion agency. In 2004, 56 percent said their organization was a member; compared to 53 percent in 1999.

Downtown and Governmental Issues

Eighty-three percent of downtown managers rated their organization's relationship with their municipal government as good to excellent. This percentage is slightly below the 89 percent rate reported in the 1999 survey.

The areas where the majority of managers gave high marks (good to excellent) to their municipal government were coordination of public events (75

Table 6: Downtown Business Development and Promotional Activities, 2004

	Median # of Activities	Median # Participants	Median Estimated Cost
BUSINESS ACTIVITIES			
Training for merchants and businesses	2	30	$300
Coordinated retail promotion	2	25	$2,500
Business recruitment & expansion programs	2	12.5	$5,000
Comprehensive market analysis	1	12	$3,000
Preservation awareness/education programs	2	40	$1,000
Storefront designs	3	10	$14,000
Historic district designation	n.a.	8	$12,000
PUBLIC ACTIVITIES			
Public meetings or town hall meetings	1	55	$100
Special events or festivals	2.5	250	$3,000
Other	1	85	n.a.

percent), public safety (70 percent), and maintenance of public spaces (49 percent). Managers generally gave lower marks (poor to very poor) to their municipal government in the areas of incentives for businesses to locate or expand in the downtown (58 percent), quality of directional signage (48 percent), and parking management (46 percent).

Nearly 52 percent indicated that there were state government offices or facilities located in their downtown. The most commonly identified were legislative offices and Wine and Spirit Stores (65 percent each.)

Seven percent reported that a state office or facility relocated out of their central business district between March 2003 and March 2004. This rate is lower than that reported in the 1999 survey, when 14 percent reported that a state office or facility relocated outside their central business district between October 1998 and 1999.

Issues Facing the Downtown

According to the managers, the three top issues that had a significant impact on downtowns were absentee property owners (44 percent), superstores/big box retailers moving into the market (25 percent), and broadband access (22 percent).

Except for absentee property owners, the impact of each of these issues was different depending on the size of the downtown. For example, 39 percent of large downtowns said that a superstore or big-box retailer moving into the market had a significant or very significant impact. In comparison, only 16 percent of the small downtown managers had a similar response. There was a similar split among managers of large and small downtowns on the issue of broadband Internet access and developers attempting to demolish downtown buildings. The only areas where all managers had similar views on the impact of specific issues were absentee property owners and tourism readiness.

In the 1999 survey, managers were asked to rate the importance of each issue facing the downtown. The top three issues identified by managers were similar to those in the 2004 survey. The 1999 issues rated as important or very important were: absentee property owners (78 percent); tourism readiness (57 percent); and superstore/big-box retailers moving into the market (32 percent).

Table 7: Issues Having a Significant or Very Significant Impact on Downtowns, 2004

	Respondents Indicating Significant or Very Significant Impact on the Downtown
DOWNTOWN ISSUES	
Absentee property owners	44.3%
Superstore/big box retailer moving into the market	25.4%
Broadband Internet access	22.2%
Loss of major employer in the region	20.3%
Tourism readiness	18.2%
Demolishing or threatening to demolish downtown buildings	15.9%
Chain stores moving into the downtown	10.1%
ORGANIZATIONAL ISSUES	
Long-term viability of downtown organization	62.5%
Leadership	54.7%
Cooperation among merchants	51.5%
Board participation	50.0%
Fundraising	46.9%
Cooperation among property owners	44.6%
Management of organizations	31.7%
Staff turnover	10.9%

Profile of Downtown Organizations

The majority of downtown managers described their organization as either a downtown revitalization organization (41 percent) or Main Street organization (33 percent). Only 17 percent of managers described their organization as both a downtown revitalization and main street organization.

Less than 9 percent of managers described their organization as a business district authority (BDA) or a business improvement district. The majority of these (86 percent) was located in large downtowns and stated that their organization was established before 1990.

For federal tax purposes, the majority of managers (73 percent) said their downtown organization was a 501(c)(3) nonprofit; 3 percent said their organization was a (501)(c)(6). Thirteen percent were a government entity or municipal authority. Seven percent had no federal tax status: these organizations were typically in small downtowns.

Ninety percent said their organization had a board of directors. The 10 percent that did not have a board were typically in small to mid-size downtowns (86 percent), had smaller budgets (less than $26,000), and did not participate in the Main Street Program.

Among the organizations that had a board of directors, the median number of board members was 12. Sixty-four percent had elected or appointed municipal officials on their boards.

About 57 percent of the managers reported past or current participation in DCED's Main Street Program. About 43 percent never participated in the program.

About 40 percent of the managers said their organization had a formal process for assessing their organization's impact on the central business district. Nearly 62 percent of the managers with an assessment program are currently participating in the state's Main Street Program. Among the most commonly used indicators to assess impact were: change in the number of businesses (96 percent); change in the number of employees (78 percent); building rehab (70 percent); and vacancy rates (59 percent). Less than one half of the managers with an assessment program tracked crime rates, real estate investments, mix of businesses, or visitors/tourists to the downtown.

Organization Finances

When asked about the previous year's budget, 55 percent of the respondents noted an operating budget in excess of $50,000 in 2003. In the 1999 survey, only 50 percent of the managers reported a

Table 8: Range of Downtown Organization Budgets, 1999 and 2004

	2003	1999
Less than $25,000	31.4%	27.8%
$25,000 to $50,000	13.7%	22.2%
$50,001 to $100,000	31.4%	27.8%
Greater than $100,000	23.5%	22.2%
Median Budget	$54,000	n.a.

budget in excess of this amount. Twenty-nine percent reported budgets of less than $25,000 and 25 percent reported budgets greater than $100,000. These percentages are similar to the results from the 1999 survey.

There was a significant statistical correlation between the number of downtown businesses and the size of the organizations' budgets. Among small downtowns, the median budget in 2003 was $10,000; among mid-size downtowns, the median was $45,400; and large downtowns had a median budget of $125,100.

Six percent of the downtown managers reported revenues from assessments. Business Improvement Districts assess these fees on property owners within the designated district. The median revenue they provided was $150,000.

The second largest source of revenues was state grants. In 2003, 35 percent of downtown organizations received state grants with the median amount of $24,000. Although the survey did not ask managers to specify the state program from which they received money, nearly all the managers (81 percent) that received money also participated in the state's Main Street Program.

Other significant funding sources for the downtown included: municipal government (14 percent), corporate sponsorship (9 percent), and fund raising events (7 percent). Large downtowns received more municipal funding (median $22,500) than small downtowns (median $5,000).

Only 38 percent of downtown organizations collected annual fees from their members.

Staffing

In 66 percent of the downtown organizations, the manager is the only paid employee. Among these one-person operations, 33 percent of the managers consider themselves part-time. The majority of one-person operations (76 percent) is in small to mid-size downtowns. Compared to downtown organizations with more staff, the median budget in these one-person operations was $57,000, or $78,000 lower than the multi-staffed organizations.

The typical downtown manager is a 49-year-old female, who has about two years of downtown experience, earning $36,500. About 40 percent reported that they also receive employee benefits, such as health insurance, and retirement. Managers whose downtowns were participating in the state's Main Street Program earned between $6,400 and $9,000 more than those managers whose downtowns were not participating in the program. In the 1999 survey, more than 55 percent of the managers earned less than $30,000, and most of the managers (53 percent) were on the job for less than two years.

Seventy-three percent of the managers said they received formal downtown revitalization training. The most common sources of this training were the PDC (84 percent) and attendance at PDC conferences (53 percent.) Nearly 30 percent of the managers said they were formally trained in marketing, businesses administration, or related fields, and less than 14 percent said they were formally trained as an urban planner or a landscape architect or in a related field.

Forty-eight percent of the managers said they use part-time volunteer staff. The median number of volunteers per organization was 15. Less than 20 percent of the managers used contract staff and/or seasonal staff; most of these (87 percent) were in mid-size to large downtowns.

Organizational Issues

Managers identified the following as the top three issues that significantly impacted their organizations: long-term viability of the downtown organization (63 percent), organizational leadership (55 percent), and board participation (50 percent).

The three organizational issues that had moderate or no significant impact were staff turnover (56 percent), management of the organization (54 percent), and cooperation among property owners (54 percent).

Discussion

This survey found that conditions in Pennsylvania downtowns have improved since the 1999 survey. There are, for example, more businesses and people working in downtowns and there has been an increase in the number of revitalization projects and business training classes. Storefront vacancies have decreased and efforts to keep state offices in the downtown area are working. In addition, downtown managers still have good working relationships with municipal officials.

Despite these positive changes, downtown revitalization efforts are still plagued by organizational difficulties and limited tourism readiness. The survey data also suggests that small downtowns are facing the most difficulties in making both physical improvements and organizational change.

Organizational Challenges

As economic conditions and consumer preferences change, so must the downtown. Downtown organizations can successfully make such a transition by understanding their market, identifying their assets and having the resources needed to meet these changes. Data from the 1999 and 2004 surveys suggest the majority of downtown organizations lack this administrative capacity. Both surveys found that downtown organizations had limited and inexperienced staff, uncertain financial viability, and no formal method to assess the impact their organization has in improving the downtown. While these issues affect other types of community-based organizations, downtown organizations may be especially vulnerable to these shortcomings.

One positive indicator is the high percentage of managers who have received formal training on downtown revitalization. In both the 1999 and 2004 surveys, 68 percent of managers said that they participated in downtown or Main Street training programs. This on-going training can be an effective educational tool to help managers address core organizational challenges.

Limited Links with Tourism

In the 1999 survey, while managers strongly recognized the importance of tourism in the downtown, they were clearly frustrated as they tried to make their downtown tourist-ready. In the 2004 survey, managers were still somewhat frustrated by the lack of tourism readiness. Some of the biggest problems noted in the 2004 survey were the lack of public amenities for tourists, downtown links with other tourism sites, and gateways or entrances into

Table 9: Profile of Downtown Managers, 1999 and 2004

	2004	1999
Median age	49	45
Females	67.5%	60.5%
Median year became manager of downtown organization	2001	1998
Downtown manager in another community	18.1%	18.4%
Have less than 2 years experience as downtown manager	37.9%	32.4%
Have salaries of less than $30,000	23.2%	55.5%
Have salaries of $60,000 or more	18.6%	2.8%
Receive benefits (health, dental, 401(k), etc)	39.7%	n.a.
Received formal downtown revitalization training	73.4%	36.1%
Participated in a downtown training program in the last 12 months	66.7%	68.4%

the downtown. Managers also expressed concern about interpreting their downtowns' heritage for visitors and identifying the downtown as a tourist destination.

The one area where managers believed their downtown excelled was in the friendliness or openness of residents toward tourists. While this is an important attribute, managers recognize that more needs to be done to make their downtowns more attractive to tourism. To this end, over half (56 percent) of the managers said they are members of their county or regional tourism promotional agencies. More than 60 percent of managers also said they are involved in planning special events or festivals to attract visitors to the downtown.

Small Downtowns Lagging Behind

Compared to larger downtowns, small downtowns appear to be lagging behind. According to the 2004 survey results, small downtowns, or those with less than 53 establishments, had a decline in employment, no net growth in business establishments, and fewer downtown revitalization projects. Mid-size and large downtowns had growth in these areas. Small downtown organizations also had fewer staff and smaller budgets. When asked to identify the issues that have the most significant impact on their organization, the majority of managers in small downtowns said leadership, board participation, and cooperation among property owners and merchants.

One reason small downtowns appear to be lagging behind may be the relative newness of the organization. More than 62 percent of the small downtown organizations were established within the last five years. In addition, only one-quarter of the small downtowns participated in the state's Main Street Program.

Conclusions

This survey shows that Pennsylvania downtowns are making revitalization gains. Despite the national economic slow down, Pennsylvania downtowns have generally seen increases in employment and businesses. In addition, many managers have assisted in major revitalization projects to help their downtowns prosper. As with the 1999 survey, downtown organizations continue to deal with limited funding, leadership and board involvement, and the need for increased cooperation among property owners and merchants.

The Center for Rural Pennsylvania is a bipartisan, bicameral legislative agency that serves as a resource for rural policy within the Pennsylvania General Assembly. It was created in 1987 under Act 16, the Rural Revitalization Act, to promote and sustain the vitality of Pennsylvania's rural and small communities.

The Center for Rural Pennsylvania
200 North Third Street
Suite 600
Harrisburg, PA 17101
Phone: (717) 787-9555
Fax: (717) 772-3587
www.ruralpa.org
E-mail: info@ruralpa.org

1P0904–500