

Phase 2 Background Report
Economic and Fiscal Conditions

Recreation and Tourism Economy in Oroville

**Study Plans R-18 and R-19
Oroville Facilities Relicensing**

DRAFT

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Executive Summary

INTRODUCTION

The City of Oroville Is considered the trade center most affected by recreation activity at the Oroville Facilities. Because most recreation and tourism-related commercial activity in the Greater Oroville Area occurs in Oroville, this study, which was requested as an element of Study Plans R-18 and R-19 by the Recreation and Socioeconomics Work Group for the Oroville Facilities Relicensing, focuses on commercial activity in the city. Study objectives include:

1. Characterize tourism-related businesses in the Oroville area, including the diversity and extent of these businesses and locational considerations relative to their proximity to the Oroville Facilities.
2. Identify historical trends in the development of tourism-related businesses.
3. Identify existing programs to market recreation opportunities at the Oroville Facilities.
4. Compare key indicators of the supply of tourism-related businesses to similar data for a comparable area that provides support services for recreation-related activities at a lake or reservoir.

Data for evaluating these study objectives were obtained from field observations, interviews with local businesspersons, including the local Chambers of Commerce and tribal representatives, and from the IMPLAN (IMPact for PLANning) input-output model database.

STUDY FINDINGS

Commercial establishments in Oroville are distributed in a pattern that follows the historic growth and development of the community. The retail mix in the downtown district appears to be strongly oriented to tourism, reflective of the historic orientation of the downtown area. Interviews with downtown merchants indicated that tourism is currently a small component of their sales (typically less than ten percent of total sales).

The second primary commercial area is along Oroville Dam Boulevard. Businesses along Oroville Dam Boulevard attract more tourist trade (at least 20 percent of their sales, on average, is tourism-related) than the downtown district because these businesses are more visible and easy to find for visitors.

Businesses along the Olive Highway also report a high proportion of tourist trade, with the proportion of tourism-related sales estimated to be at least as high as businesses along Oroville Dam Boulevard. Feather River Boulevard has attracted most of the motels, presumably due to good visibility and easy access from State Highway 70. The “motor business orientation” of tourist services in Oroville likely inhibits the ability to capture certain types of tourist business. Other limitations in attracting more tourist

business to Oroville include the lack of facilities to host meetings and ceremonies associated with events (such as bass tournaments), and a lack of facilities to adequately accommodate the special needs of boaters.

Based on interviews with motel owners and operators, about 50 percent of the customer base of motels in the Oroville area is recreational visitors from outside the area. Motel occupancy in Oroville exhibits a distinct seasonality. The slowest season for motels in Oroville is the late fall, winter and early spring.

According to local sporting goods dealers, about fifteen guides and outfitters serve visitors to Lake Oroville and the Feather River. Most of the guides and outfitters who operate at Lake Oroville reside in Northern California, within a half-day drive of the lake. Guided fishing on the Feather River primarily depends on salmon and steelhead runs, which are seasonal and can vary considerably from year to year. Guides and outfitters, particularly those working the Feather River, primarily depend on out-of-area fishermen for their business.

The Feather Falls (Mooretown Rancheria) and Gold Country (Berry Creek Rancheria) Casinos account for most of the employment and earnings in the amusement and recreation services sector in the Oroville area. Both Casino operations, which are located outside of the incorporated area of Oroville, are developing or planning motels at their casino complexes.

The majority of the eating and drinking establishments in Oroville are located along Oroville Dam Boulevard. Interviews with owners and managers of most eating and

drinking establishments indicated that their business is particularly strong during the summer season. Sit-down restaurants, particularly those located off Oroville Dam Boulevard, primarily depend on local trade and experience little tourism impacts.

Sporting goods and fishing tackle are handled by a number of retailers in Oroville. Three stores rely almost exclusively on sales of fishing tackle. Other stores that carry fishing tackle in Oroville, such as convenience stores and general merchandise stores, carry an assortment of hunting, fishing, and other sporting goods

The sizeable fleet of boats associated with Lake Oroville supports a number of businesses that provide repair and storage services for boats. There are boat storage and repair business located throughout the Oroville and Paradise area.

The majority of these businesses primarily depend on sales to people who reside outside the Oroville area.

Most of the antique and gift stores in Oroville are located in the old downtown that fronts on Montgomery Street. Antique and gift stores typically attract considerable tourist business, but not in Oroville. Most antique dealers in Oroville reported that the almost all of their sales (typically about 90%) are to local residents.

Food stores exhibit the least reliance on tourism of any of the recreation and tourist-related businesses in Oroville. Typically, more than 90 percent of the sales of Oroville food stores are to local residents. Convenience stores, particularly those along Oroville Dam Boulevard and Olive Highway, are more noticeably affected by tourism.

Most of the marketing of Lake Oroville is the direct result of activities of the Oroville Chamber of Commerce. Operating under a series of grants from the California Department of Water Resources, the Chamber runs an annual marketing program promoting recreation and fishing on the lake. Recently, the Oroville Chamber of Commerce has been promoting bass tournaments and fishing on the lake.

Compared to Shasta County, the Oroville area shows lower wage and salary earnings on a per capita basis in the miscellaneous retail, eating and drinking, and the hotel and lodging sectors. Per capita wage and earnings in the amusement and recreation services sector are relatively high in the Oroville area because of the Feather Falls and Gold Country Casinos. There also is a casino in the Redding area but it does not play as prominent of a role in the larger Shasta County economy.

Total employment (jobs by place of work) in the Oroville area is 18,835 jobs, whereas total employment in Shasta County is 81,970. Even with a much larger employment base, the relative importance of tourism-related jobs in Shasta County is greater than in the Oroville area. Key tourism sectors, including eating and drinking establishments, miscellaneous retail establishments, and hotels and lodging places, collectively are about twice as large when viewed as a percent of overall employment as they are in the Oroville area.

CONCLUSIONS

Recreation-related support businesses in the Oroville area have matured to a point of modest stability in the 35 years since the Oroville Facilities were constructed. Although tourism is a relatively minor component of Oroville's greater retail mix, stable businesses that operate at profitable levels may enjoy significant marginal benefits in response to increases in recreation-related activity. The imminent expansion of motel and restaurant facilities at the local casinos may counter these effects, especially as they relate to marginally profitable businesses in the primary commercial areas. Just as the development of shopping centers and department stores along Oroville Dam Boulevard likely was a contributing factor to past failures of businesses in the downtown Oroville district, casinos competing for non-gaming recreationists may negatively impact the profit margin of established motels. Establishing better linkages between casino operations and the established commercial areas in Oroville likely would benefit all business interests in Oroville.

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List of Acronyms

IMPLAN	Impact for PLANing (input-output model)
RV	recreational vehicle

1.0 INTRODUCTION

This element of the Phase 2 Background Report for Studies R18 and R19 characterizes the supply of recreation and tourism-related businesses (e.g., lodging, eating and drinking places, recreation services, sporting goods, boat and marine services, etc.) in the Greater Oroville Area (Figure 1), which is defined by Butte County LAFCO as the sphere of influence for the City of Oroville. The City of Oroville (hereafter referred to as Oroville) is considered the trade center most affected by recreation activity at the Oroville Facilities. Because most recreation and tourism-related commercial activity in the Greater Oroville Area (hereafter referred to as the Oroville area) occurs in Oroville, the study focuses on commercial activity in the city. Objectives of this study include:

1. Characterize tourism-related businesses in the Oroville area, including the diversity and extent of these businesses and locational considerations relative to their proximity to the Oroville Facilities.
2. Identify historical trends in the development of tourism-related businesses.
3. Identify existing programs to market recreation opportunities at the Oroville Facilities.
4. Compare key indicators of the supply of tourism-related businesses to similar data for a comparable community that provides support services for recreation-related activities at a lake or reservoir.

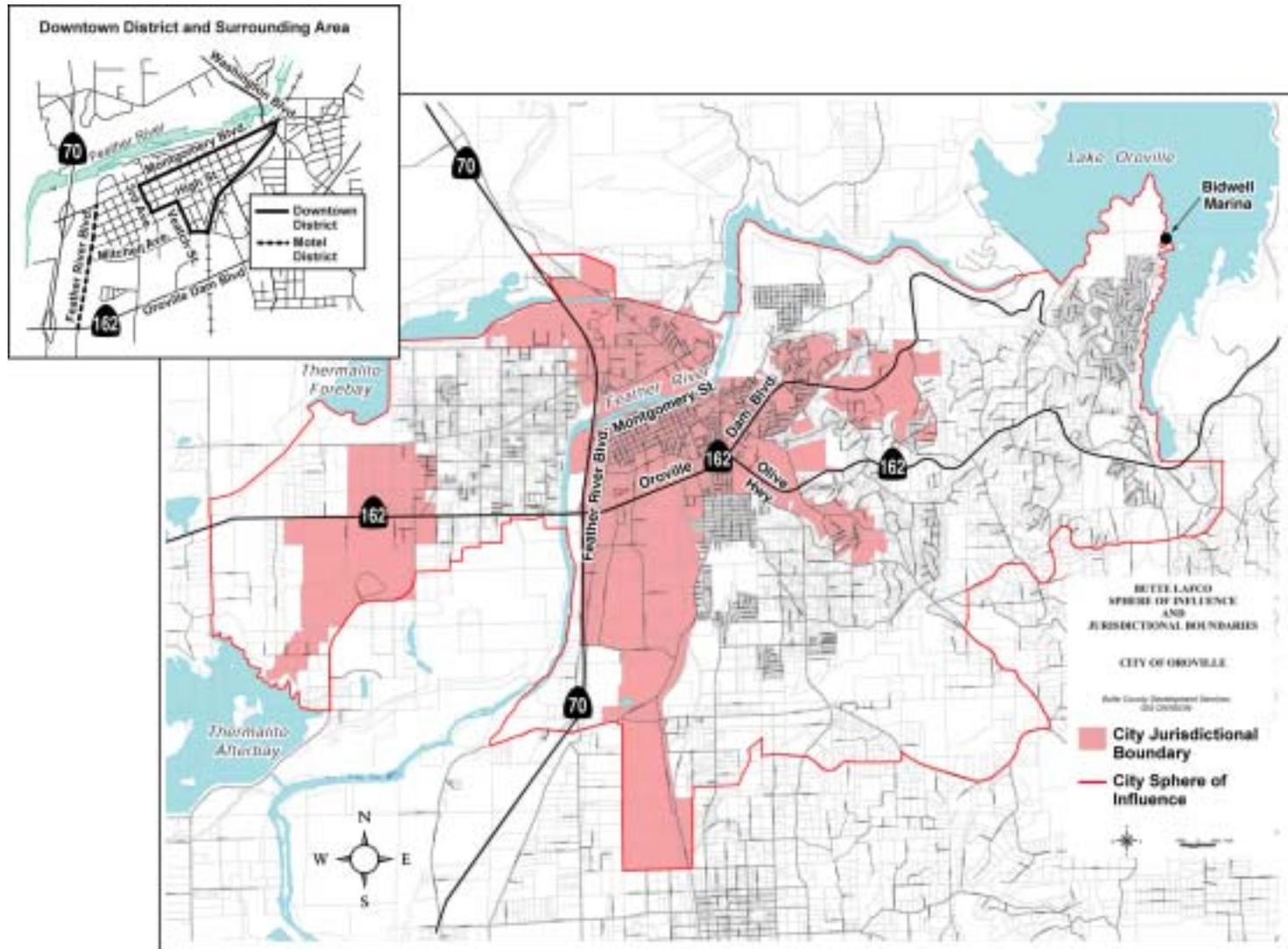


Figure 1. Greater Oroville area.

Data for evaluating these study objectives were obtained from field observations, interviews with local business persons, including the local Chambers of Commerce and tribal representatives, and from the IMPLAN (IMpact for PLANning) database (Minnesota IMPLAN Group Inc., 2000). Surveys were conducting with representatives of the following types of businesses:

- Motels and lodging places
- Amusement and recreation services – casinos
- Amusement and recreation services – guides/outfitters in the Oroville area
- Amusement and recreation services – guides/outfitters outside the Oroville area who advertise services at Lake Oroville or the Feather River
- Eating and drinking establishments and food and convenience stores
- Sporting goods stores in the Oroville area
- Sporting goods stores outside of the Oroville area that advertise providing goods and services for recreating at Lake Oroville or the Feather River.
- Boat storage and repair businesses
- Antique, gift stores, and related establishments.

A field survey using a structured interview with two people, one to interview and one to record information, was used for interviews of all businesses except guides and outfitters and sporting goods stores outside the Oroville area. Guides and outfitters typically use their home as a place of business and it was more effective to contact them by telephone. Phone interviews also were conducted with sporting goods stores in communities outside the Oroville area to determine the role that fishing at Lake Oroville and the Feather River plays in their operations.

A census was attempted of all recreation-related businesses in the Oroville area except for eating and drinking establishments. More than 95 percent of the businesses contacted were cooperative and provided the requested information (see Business Survey form in Attachment B).

Eating and drinking establishments, particularly fast food restaurants, have more limited contact with customers and were found to have more difficulty providing the information requested for visitors to the area. Initial survey results indicated that establishments located along the principal roads leading to Lake Oroville (Oroville Dam Boulevard and the Olive Highway) receive most of the tourist trade; consequently, a census of eating and drinking establishments along Oroville Dam Boulevard and the Olive Highway was conducted. For eating and drinking establishments located elsewhere in the Oroville area, a sample of about 30 percent of businesses was selected for interview. Results from these interviews consistently indicated that these businesses relied primarily on local trade. Businesses in which a representative was interviewed are identified in Attachment B.

Study results are presented in four sections. The first section presents findings that address study objectives 1 and 2 because these objectives pertain to specific tourism-related businesses; the next two sections address study objectives 3 and 4 above. The final section includes some concluding thoughts about the implications of the study findings.

2.0 DESCRIPTION OF TRENDS IN TOURISM-RELATED BUSINESSES IN THE OROVILLE AREA

2.1 Overview of Locational Factors

Commercial establishments in Oroville are distributed in a pattern that follows the historic growth and development of the community. The downtown district (Figure 1) fronts on Montgomery Street, the original “Main Street” of Oroville. The downtown district contains government offices including the City Hall, the Oroville School District Offices, and the Butte County Service Center. The Chamber of Commerce, which is currently located in downtown, is constructing a new office that also will be located in the downtown district. Unlike most other older downtowns areas, the Oroville downtown area appears to have adequate parking for the current retail mix.

The retail mix in the downtown district appears to be strongly oriented to tourism, reflective of the historic orientation of the downtown area. Antique, gift, collectibles, jewelry, clothing, and eating and drinking establishments comprise the majority of downtown businesses. Interviews with downtown merchants indicated that tourism is currently a small component of their sales (typically less than ten percent of total sales). Professional offices and offices of non-profit corporations also compliment the retail mix of the downtown.

The downtown district has an interesting historic context and renovation of historic residences has enhanced the appearance of the area. Renovation of key commercial

buildings, such as a historic hotel, could further enhance the attraction of the area to tourists.

The second primary commercial area is along Oroville Dam Boulevard. This thoroughfare is lined with motor business retail establishments, many of which have been constructed since the completion of Oroville Dam. Businesses along Oroville Dam Boulevard attract more tourist trade (at least 20 percent of their sales, on average, is tourism-related) than the downtown district because these businesses are more visible and easy to find for visitors.¹ Oroville Dam Boulevard is designed for higher traffic volumes and has a median center turn lane, facilitating access to businesses on either side of the street.

Contiguous with the second commercial area is the intersection of the Olive Highway and Oroville Dam Boulevard. The Olive Highway provides access to Lake Oroville facilities, to the casinos, and to a large population of rural residences of the Oroville area who live in outlying areas. Businesses along the Olive Highway also report a high proportion of tourist trade, with the proportion of tourism-related sales estimated to be at least as high as businesses along Oroville Dam Boulevard.

¹ The estimate of 20% tourist dependency was derived by dividing the sum of estimated tourist sales of all businesses in the five tourism related sectors by estimated total sales of businesses in these sectors. Estimated tourism sales were derived from information provided in interviews of business owners and managers. Both estimated tourism sales and total business sales in this instance are only for those businesses located along Oroville Dam Boulevard and the Olive Highway. A total of 48 tourism-related businesses were identified along Oroville Dam Boulevard and the Olive Highway.

Key arterial streets connecting Oroville Dam Boulevard and Montgomery Street have become motor business corridors. Feather River Boulevard has attracted most of the motels, presumably due to good visibility and easy access from State Highway 70. Other arterials such as Myers Street and Lincoln Street have mostly resident-serving businesses.

The “motor business orientation” of tourist services in Oroville likely inhibits the ability to capture certain types of tourist business. The convenience of tourist businesses in Oroville to motor vehicle traffic allows most tourists to obtain the services they are seeking without getting far from their vehicle and walking around the town. This condition works against the downtown district because it is pedestrian oriented. To discover “old Oroville,” a visitor must get out of the vehicle and walk around.

Other limitations in attracting more tourist business to Oroville include the lack of facilities to host meetings and ceremonies associated with events (such as bass tournaments), and a lack of facilities to adequately accommodate the special needs of boaters. Dinner and awards presentations are typically associated with special events and may also involve educational seminars and marketing displays that require “break-out” conference rooms. Although the Feather Falls Casino recently hosted one of these dinners/ceremonies, which was attended by several hundred people, these types of facilities are limited in the Oroville area. Some group and conventions are likely to be reluctant to use casino-related facilities.

Lastly, boaters have special needs that appear to be in short supply in the Oroville area. Most boaters coming to Lake Oroville are interested in getting onto the water as quickly

as possible, so they load their boats at home to be ready for a day's activity and avoid unscheduled stops along the way. If they need to stop for bait, tackle or other supplies, they face challenges with parking and security. Boaters typically load up their boat with valuable sporting goods and supplies that are vulnerable to theft, and although some businesses have made special parking and security accommodations for boats, most have not.

2.2 Motels and Other Lodging Places

Most of the motels in Oroville were built during the period of construction of Oroville Dam.² The notable exceptions are two older motels that are currently rented on a long-term basis, primarily to local residents. Construction of the Dam generated a strong and sustained demand for motel accommodations. According to some local motel owners and managers, demand for accommodations dropped significantly after completion of the Dam.

Motel owners who built the motels during the construction period anticipated that tourist demand associated with Lake Oroville would take up the slack from the loss of construction-associated demand. Although most motels have changed owners and managers several times since construction of the Dam, some managers or owners reported that the motel business was good in the years immediately following the filling of Lake Oroville.

²The survey of motels included questions on when the motel was constructed and a question on when the most recent capital improvements were made.

There were no expansions or major improvements reported in the motels built during the 1960s. A swimming pool and restaurant that was linked with one of the motels has been closed and demolished. Two newer motels located along Feather River Boulevard, currently branded as a Comfort Inn and a Motel 6, were built after the completion of the Dam. These motels have slightly better occupancy than the other motels in town.

Based on interviews with motel owners and operators, about 50 percent of the customer base of motels in the Oroville area is recreational visitors from outside the area. Motels in Oroville are somewhat specialized in the markets that they serve. One motel (the Best Value Inn) receives a large share of the boater's trade. During the bass tournaments at Lake Oroville, this motel reported that it is typically full. It has ample parking for boats, electrical hookups for boats and good visibility from Oroville Dam Boulevard.

Motel occupancy in Oroville exhibits a distinct seasonality. The summer season from late May to Labor Day is the peak season for occupancy with motels generally having no vacancies on the weekends and over the three long summer holidays (Memorial Day, the Fourth of July, and Labor Day). Most of the major bass tournaments are in the spring and fall, and motel owners reported that they generate appreciable business. Local bass clubs and related sportsmen's groups have smaller events on weekends throughout the season. Many of the fishermen that attend these events are from the local area and do not stay in motels. Major bass tournaments are not generally held in summer because of warmer water temperatures; with warmer temperatures, bass are stressed by catch and release fishing and suffer higher mortality.

The slowest season for motels in Oroville is the late fall, winter and early spring. Business travelers and visiting family members constitute most of the motel business during this season. Motel rates show considerable seasonal variation, another indicator of the impact of seasonal tourism. Motels that cater to the tourist trade in Oroville show about a 40 percent change in rates from the seasonal low in February to the seasonal peak in August. Motels in Oroville that rely more on business travelers have more uniform rates throughout the year.

There are two bed and breakfast establishments in the Oroville area. The majority of their clientele are people from outside the Oroville area, but they also do a good off-season business in family reunions and as a “get-away” for holidays and special occasions such as Valentine’s Day or anniversaries. They typically fill up for Butte College and CSU-Chico graduation ceremonies.

Many recreational vehicle (RV) parks in Oroville accept short-term customers, but most serve the market for long-term residence. RV Park owners reported that there is a “snowbird” component of the RV market, but it is small in comparison to the summer tourism season. Parks designed for long-term residency are not particularly well suited for the recreational traveler. Recreational RV parks often have support facilities such as swimming pools, laundries and gathering areas for socializing. The RV parks in the Oroville area are not located within walking distance of the lake or other recreational amenities.

Salmon fishermen on the Feather River compete for short-term RV sites with recreationists using Lake Oroville, Thermalito Forebay and Thermalito Afterbay.

Salmon fishing has been excellent on the Feather River in the last few years, and consequently has attracted a large number of out-of-area fishermen to Oroville. Most salmon and steelhead fishermen from outside the local area stay for at least a weekend, so they require accommodations. The shortage of RV accommodations near the Feather River may deter some potential out-of-area visitors who would otherwise come for salmon and steelhead fishing on the Feather River.

Both Casino operations, which are located outside of the incorporated area of Oroville, are planning motels at their casino complexes. The motel planned for the Gold Country Casino will have 103 rooms and construction could begin sometime in 2003. The Feather Falls Casino is planning to break ground for an RV park during 2003 and is developing plans for a motel with approximately 100 rooms. One motel owner in Oroville is planning to build a Holiday Inn if financing can be secured. The owner has already acquired a site and is developing plans.

2.3 Amusement and Recreation Services

The amusement and recreation services sector includes both guiding and outfitter businesses and casino operations.

2.3.1 Guides and Outfitters

According to local sporting goods dealers, about fifteen guides and outfitters serve visitors to Lake Orville and the Feather River. A search of the local telephone book and

Internet produced eight guides who advertise providing services at Lake Oroville and 17 guides who advertise providing services on the Feather River. Guiding on the Feather River is less capital-intensive than on the lake because river outfitters can go into business with a drift boat and basic steelhead and salmon tackle. Several outfitters mentioned that it was considerably more expensive to get “set up” to outfit on Lake Oroville. Boats needed for lake fishing are more expensive.

Most of the guides and outfitters who operate at Lake Oroville reside in Northern California, within a half-day drive of the lake. Typically these guides offer day or weekend trips on a variety of lakes and work whichever lakes are “hot.” The outfitters surveyed offer guided trips to Lake Oroville, Shasta Lake, Lake Tahoe, Donner Lake, Pyramid Lake, and Eagle Lake. Outfitters who specialize in bass fishing work the Sacramento-San Joaquin Delta, Lake Oroville, Shasta Lake, and a number of smaller lakes in Northern California.

Guided fishing on the Feather River primarily depends on salmon and steelhead runs, which are seasonal and can vary considerably from year to year. In recent years, runs have been excellent, so sport fishing activity on the Feather River has been relatively high. Sturgeon, striped bass, salmon, trout, shad, and steelhead are all sought by fishermen on the Feather River. In general, guided trips to the Feather River appear to be a stronger attraction for visitors than is guided fishing on Lake Oroville.

Most guides and outfitters also offer guiding services on a number of rivers in the region. This is important in the outfitting business because the peak season of runs and fishing conditions varies from river to river. Guides “follow the runs,” moving their operations to

other waters as fishing conditions change. Fishing conditions on the Feather River can vary considerably from week to week due to fluctuations of river flows. Several guides indicated that this created major challenges for their business.

Guides and outfitters, particularly those working the Feather River, primarily depend on out-of-area fishermen for their business. Based on interviews with local guides and outfitters, it is estimated that more than 80 percent of the fishermen using guide services are from outside the Oroville area.

2.3.2 Casino Operations

The Feather Falls (Mooretown Rancheria) and Gold Country (Berry Creek Rancheria) Casinos account for most of the employment and earnings in the amusement and recreation services sector in the Oroville area. According to tribal officials, casino operations are growing rapidly. Both the Gold Country and Feather Falls Casinos are expanding their total operations to include other services such as motels and RV parks. Both casinos indicated that they have some regular local customers, but their businesses rely primarily on customers from outside the Oroville area. Expansion of the casino operations is expected to bring additional tourists to the Oroville area. The Enterprise Rancheria, which has offices in Oroville, is developing plans for a casino but the tribal council has not yet determined the location.

2.4 Eating and Drinking Establishments

The majority of the eating and drinking establishments in Oroville are located along Oroville Dam Boulevard. They are designed for motor business access and are easily accessible for visitors to Lake Oroville. Recreationists headed for Lake Oroville typically stock up on Friday and Saturday for a weekend of activity. Interviews with owners and managers of most eating and drinking establishments indicated that their business is particularly strong during the summer season. Weekends are particularly busy for these businesses. Based on interviews with owners and managers of eating and drinking establishments in Oroville, visitors from outside Oroville and the Butte County area account for between 10 percent and 15 percent of their total sales.

Eating establishments that offer carryout items are strongly affected by visitors to Lake Oroville. For example, pizza deliveries to campgrounds around the Lake do a very good business on weekends. In contrast, the “take and bake” pizza establishments experience a slow-down in business in the summer. They report almost no tourist impact, as tourists do not have the facilities or want the extra work of baking a pizza.

The impact of tourism is important in the eating and drinking businesses in that it may provide the margin between a good day and an unprofitable one. Sit-down restaurants, particularly those located off Oroville Dam Boulevard, primarily depend on local trade and experience little tourism impacts. Tourism typically constitutes less than five percent of the sales of these businesses. These businesses are less visible to tourists and parking is less convenient. Boaters have a problem easily accessing some of these

businesses and are concerned about adequate parking and security for items left on the boat.

2.5 Food Stores

Food stores exhibit the least reliance on tourism of any of the recreation and tourist-related businesses in Oroville. Typically, more than 90 percent of the sales of Oroville food stores are to local residents, based on interviews with owners and managers of local food stores. None of the major food stores reported hiring extra employees during the summer season and that their sales are relatively steady throughout the year.

Convenience stores, particularly those along Oroville Dam Boulevard and Olive Highway, are more noticeably affected by tourism. Interviews with owners or managers of several stores indicated that during the bass tournaments at Lake Orville, they sell-out of items such as sandwiches and donuts. Two stores handled live bait during the fishing season and reported that fishermen stop for bait and buy a variety of other food, clothing, and recreational items. Most of the convenience stores stock an assortment of recreational items, and the majority also stocks some fishing tackle. Their extended hours allow anglers to purchase tackle outside the regular hours of sporting goods stores. Several managers commented that fishermen stop in very early in the morning to purchase tackle and pick up food items.

2.6 Sporting Goods Stores

Sporting goods and fishing tackle are handled by a number of retailers in Oroville.

Three stores rely almost exclusively on sales of fishing tackle. Two of these stores carry mostly bass and lake fishing tackle and report that their business is almost exclusively associated with Lake Oroville fishing. One of the other sporting goods stores is located on the Feather River and carries a mix of salmon, trout, and warm-water tackle. All sporting goods stores in Oroville reported that they depend almost exclusively on sales to tourists. One owner commented that if it weren't for tourist sales, "they would close tomorrow."

Other stores that carry fishing tackle in Oroville, such as convenience stores and general merchandise stores, carry an assortment of hunting, fishing, and other sporting goods. Lake Oroville and Feather River fishing also has an impact on a number of sporting goods stores in Paradise, Chico, and Marysville-Yuba City. Internet searches suggest that fishing tackle associated with either Lake Oroville or the Feather River is a part of their business. Follow-up phone interviews with these stores indicated that Lake Oroville and Feather River recreation is a significant part of their business (typically at least 30 percent). About 80 percent of the sales of the Paradise Sporting Goods Store located on the Olive Highway in Oroville is linked to fishing and boating activity on Lake Oroville.

2.7 Boat Storage and Repair Businesses

The sizeable fleet of boats associated with Lake Oroville supports a number of businesses that provide repair and storage services for boats. The State of California has estimated that Lake Oroville marinas have moorage for about 1,160 boats and that boat ramps provide parking for about 2,200 vehicles (California Department of Water Resources, 2001). There are boat storage and repair business located throughout the Oroville and Paradise area. Their services include welding, fiberglass repair, canopy and upholstery work, electrical repair, plumbing repair and replacement, boat motor service, propeller replacement, dry dock facilities, long-term boat and RV storage, boat-building, boat rental, rental of specialized boating equipment, boat towing, and a variety of other boating related services.

The majority of these businesses primarily depend on sales to people who reside outside the Oroville area. About half of these businesses report that the majority of their sales are to people outside the Oroville area. Several of the larger boat storage and repair businesses primarily service local boaters, so the weighted average of out-of-area sales for this sector is slightly less than 50 percent.³

³ Business owners or managers who were interviewed provided an estimate of the proportion of their sales that was to out-of-area residents. To calculate the overall proportion of out-of-area sales for the sector, the estimate provided by each business owner was multiplied by the number of employees for that establishment to derive the tourist related employment of that business. The weighted average of tourist related sales are equal to the sum of the tourist related employment of all boat storage and repair businesses divided by the total employment of boat storage and repair businesses.

Because of the difficulty of transporting houseboats, many houseboat owners either moor or dry dock their boat. Boat repair and storage businesses are seasonal due to the seasonality of boating activity, but they report a lot of activity at both ends of the boating season. In the spring, before boating activity picks up, they are busy getting boats ready for the season, and in the fall, they have a lot of work related to storage and repair of boats and motors. Fluctuations in lake levels complicate houseboat moorage and repair of houseboats, but this is factored in to the cost of their operations.

2.8 Antique and Gift Stores

Most of the antique and gift stores in Oroville are located in the old downtown that fronts on Montgomery Street. The old downtown offers a pedestrian-oriented shopping experience that is well suited to their businesses. The City has made an effort to promote the Montgomery Street area with free public parking and downtown signage and streetscape improvements. A number of historic structures along Montgomery Street are listed on the National Register of Historic Places. The City and the Oroville Economic Development Agency are actively working on code enforcement and redevelopment to improve the image of the downtown area and other key areas of the community.

Antique and gift stores typically attract considerable tourist business, but not in Oroville. Most antique dealers in Oroville reported that the almost all of their sales (typically about 90%) are to local residents. The exception appears to be several collectible businesses, which attracts customers from outside the area because of their unusual inventory.

These businesses reported good sales to people from outside the area, but a significant number of these sales are by telephone or over the Internet.

3.0 MARKETING AND PROMOTION OF TOURISM AT LAKE

OROVILLE

Chamber of Commerce offices are located in all four of the community areas (Chico, Oroville, Paradise, and Gridley) considered in the economic impact study for Oroville Facilities Relicensing. Most of the marketing of Lake Oroville is the direct result of activities of the Oroville Chamber of Commerce. Operating under a series of grants from the California Department of Water Resources, the Chamber runs an annual marketing program promoting recreation and fishing on the lake. Recently, the Oroville Chamber of Commerce has been promoting bass tournaments and fishing on the lake. The Department of Water Resources also has a Website about Lake Oroville, as does Bidwell Marina. Support services for tourism and economic development in Oroville are provided by the Oroville Economic Development Agency, and by several economic development organizations located in Chico, including the Butte County Economic Development Corporation (EDC), CSU-Chico, and the Tri-County EDC.

The Greater Chico Chamber of Commerce has the largest operating budget of the local Chambers of Commerce. The key visitor attractions that the Chico Chamber of Commerce promotes include historic sites, museums and art galleries in the area, local vineyards and breweries, the Snow Goose Festival, and the Chico Farmers' Market. The Chamber also markets accommodations, restaurants, and related businesses in Chico. The Chico Chamber of Commerce has information on Lake Oroville, but the lake is not a major focus of their activities.

Businesses and development organizations closely affiliated with the Chico Chamber of Commerce, such as the Chico Downtown Business Organization, Chico EDC, Team Chico, the Butte County EDC, the Center for Economic Development at CSU-Chico, and the Tri-County EDC, are located in the Chico area. All of these agencies are involved to some extent in tourist development and/or promotion in Butte County, but none of the organizations view tourism as their primary mission. Other business services such as industrial recruitment, downtown development, business financing and loan packaging, business retention, and economic development planning are more central to their respective missions.

The Paradise Chamber of Commerce actively markets Lake Oroville as one of the major attractions in the Paradise area. The Chamber promotes several Lake Oroville attractions including Lime Saddle Marina and campgrounds around the lake.

The Gridley Chamber of Commerce considers Gray Lodge Wildlife Refuge and associated wildlife areas as its major tourist attraction. Fishing, hunting and recreation along the Feather River are also promoted by the Gridley Chamber of Commerce.

The Shasta-Cascade Wonderland Association, with offices in the Anderson California Welcome Center, promotes tourism in the multi-county region. The Welcome Center, strategically located on Interstate 5 in Anderson near a factory outlet mall, serves much of Northern California, including Butte County. The Association also has a website on Northern California attractions, but the site is not well developed for Butte County attractions, events, and tourist services.

More than 100 brochures describing various attractions and accommodations in the Shasta-Redding area alone are available at the Welcome Center. Marinas, houseboat rentals, campgrounds, natural features and accommodations around Lake Shasta are all well represented with brochures. In contrast, only one brochure is available on Lake Oroville and the Oroville area. Two Chambers of Commerce brochures from other Butte County communities in the study area (Gridley and Chico) also are available, but these brochures have no information about Lake Oroville.

4.0 COMPARISON OF TOURISM-RELATED ECONOMIES OF OROVILLE AND SHASTA COUNTY

The intent of this analysis is to compare key indicators of the tourism-related economies of the Oroville area and Shasta County.⁴ The economies of both areas are affected by recreation activity associated with local flat-water recreation opportunities. In the case of the Oroville area, recreation activity at Lake Oroville, Thermalito Forebay, and Thermalito Afterbay generate economic benefits primarily to the City of Oroville. In the case of Shasta County, which is strongly dominated by the City of Redding, recreation activity at Shasta Lake and Whiskeytown Lake generate economic benefits to Shasta County, particularly the City of Redding.

In addition to recreation activity generated by flat-water recreation opportunities at nearby reservoirs, local guides and outfitters indicate that the Feather River is a comparable attraction to the upper Sacramento River (in Shasta County) in terms of fishing opportunities for salmon, steelhead and other species. Both rivers attract fishermen from throughout a several state area. In general, guides reported that fishing at Lake Shasta is a stronger attraction than fishing at Lake Oroville. Lake Shasta is well known by fishermen throughout the west, but Lake Oroville has been slow to gain a reputation outside the state of California.

⁴ Ideally, the recreation and tourism economy of Oroville would be compared to the recreation and tourism economy of Redding, but no input-output or economic base model is available for the Redding area and developing this type of model is beyond the scope of work for this assessment. Because Redding is the dominant commercial and population center for Shasta County, data for Shasta County were considered a reasonable proxy for the comparison, which focuses on indicators (e.g., per capita income) that are “normalized” to allow for comparison.

An economic model of Shasta County (a proxy for the Redding area economy) was developed using IMPLAN data and modeling software. Data from the same base year (2000) were used for consistency with the Oroville area. The population base of the Oroville area (2000 population of 48,811) is about 29 percent of the size of the population of Shasta County (2000 population of 165,791). Coincidentally, visitation at Lake Oroville in 2000 is estimated to be about 29 percent of the visitation at Lake Shasta (California Department of Water Resources, 2001).

An important difference between Lake Oroville and Shasta Lake is the respective dates of completion of the two projects. Shasta Dam was completed in 1945, whereas Oroville Dam was completed in 1967. The Redding area has had 58 years to respond to the tourism opportunities created by Shasta Lake, which is a sufficient period of time for the Redding area economy to have captured most of the investment and development opportunities associated with the Shasta Lake project.

The economic impact models of the two regions (the Oroville area and Shasta County) provide a 528-sector breakdown of the economy of each region.⁵ The sectors that are most relevant to comparing the recreation and tourism economy include:

- 454 - Eating and Drinking Establishments
- 455 - Miscellaneous Retail Establishments

⁵ The community impact model for the Oroville area includes three Census County Divisions (CCD): the Oroville CCD, Feather Falls CCD, and the Palermo CCD.

- 463 - Hotels and Lodging Places
- 488 - Amusement and Recreation Services

Economic activity in these key sectors was compared in Shasta County and the Oroville area. In addition, data for the State of California are included for reference. The two indicators of economic activity that were analyzed were per capita earnings by place of work and employment by place of work in the tourism-related sectors as a percent of total employment within the regions.⁶

Figure 2 compares wage and salary earnings on a population-adjusted, per capita basis in the Oroville area with comparable data for Shasta County and the State of California. Compared to the Oroville area, Shasta County shows higher wage and salary earnings on a per capita basis in the miscellaneous retail sector, eating and drinking sector, and the hotel and lodging sector. Per capita wage and earnings in the amusement and recreation services sector are relatively high in the Oroville area because of the Feather Falls and Gold Country Casinos. There also is a casino in the Redding area but it does not play as prominent of a role in the larger Shasta County economy. At the state level, wage and salary earnings on a per capita basis are higher than either Shasta County or the Oroville area for the eating and drinking sector and the hotel and lodging sector, and

⁶ Per capita earnings and employment was estimated using a two-step calculation. First, total wage and salary earnings (or employment) by place of work were calculated using the community impact model of the Oroville area and the IMPLAN model of Shasta County. Second, total wage and salary earnings (or employment) in the Oroville area and Shasta County were then divided by population estimates from the community impact model for the Oroville area and from the IMPLAN model of Shasta County.

are lower than Shasta County (but not the Oroville area) for the miscellaneous retail sector.

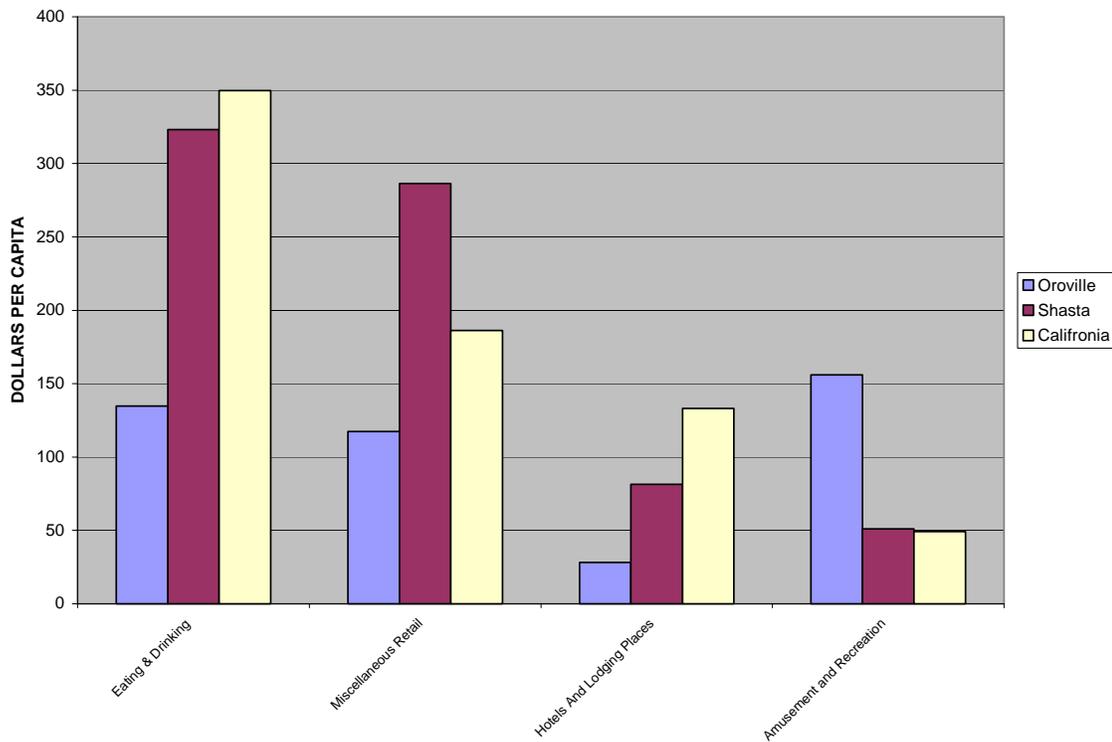


Figure 2. Comparison of per capita earnings in tourism-related sectors of the economies of Oroville, Shasta County, and the State of California.

Figure 3 shows another measure of the importance of tourism in the regions, comparing the jobs in tourism-related sectors as a percentage of total employment. Total employment (jobs by place of work) in the Oroville area is 18,835 jobs, whereas total employment in Shasta County is 81,970. Even with a much larger employment base, the relative importance of tourism-related jobs in Shasta County is greater than in the Oroville area. Key tourism sectors, including eating and drinking establishments, miscellaneous retail establishments, and hotels and lodging places, collectively are

about twice as large when viewed as a percent of overall employment as they are in the Oroville area. In Shasta County, these three sectors account for 11.5 percent of total employment. In the Oroville area, these three sectors account for only 6.3 percent of total employment.

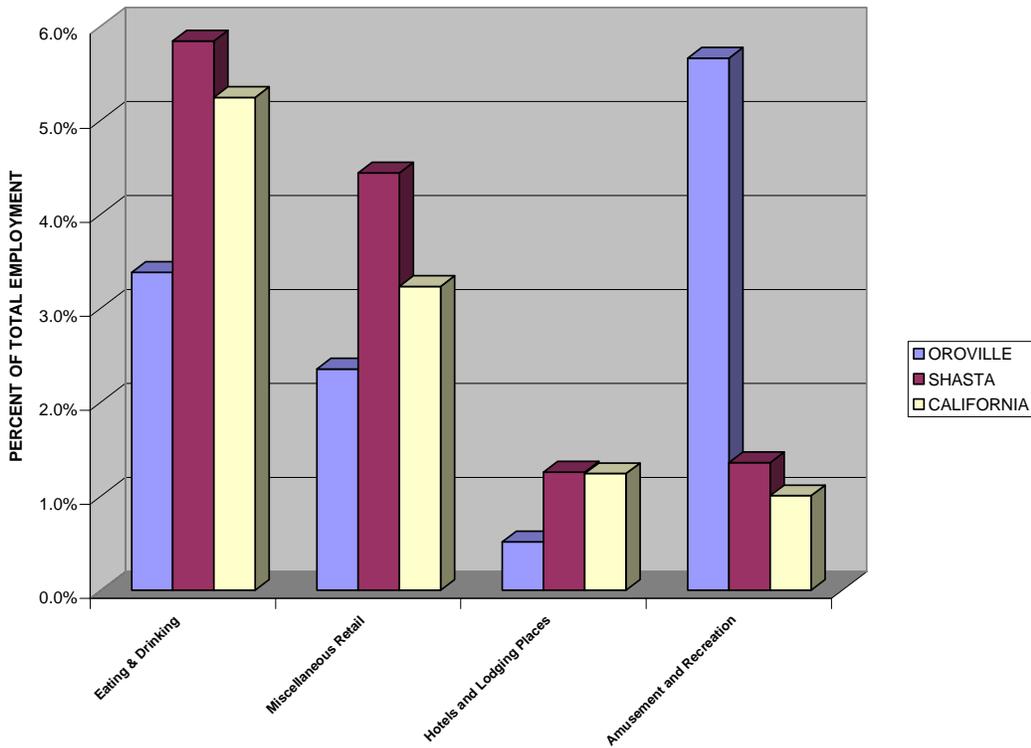


Figure 3. Comparison of jobs in tourism-related sectors of the economies of Oroville, Shasta County, and the State of California.

5.0 CONCLUDING THOUGHTS

The implications of the information and observations presented in this report are difficult to interpret, owing in part to competing trends that may affect Oroville businesses in the future. On the one hand, recreation-related support businesses have matured to a point of modest stability in the 35 years since the Oroville Facilities were constructed.

Although tourism is a relatively minor component of Oroville's greater retail mix, stable businesses that operate at profitable levels may enjoy significant marginal benefits in response to increases in recreation-related activity. Thus, any increase in tourism may be reflected directly in a merchant's profitability and convey the benefits of increased economic activity.

On the other hand, the imminent expansion of motel and restaurant facilities at the local casinos may counter the above effects, especially as they relate to marginally-profitable businesses in the primary commercial areas. Just as the development of shopping centers and department stores along Oroville Dam Boulevard likely was a contributing factor to past failures of businesses in the downtown Oroville district, casinos competing for non-gaming recreationists may negatively impact the profit margin of established motels. The degree to which these new competing businesses succeed in capturing existing and future project-related tourism is an issue that warrants periodic review and, if necessary, adaptation of marketing programs. Establishing better linkages between casino operations and the established commercial areas in Oroville likely would benefit all business interests in Oroville.

REFERENCES

California Department of Water Resources. 2001. Comparative Inventory of Recreation Facilities at California's Largest Reservoirs, 2000.

Minnesota IMPLAN Group, Inc. 2000. Database for Shasta County. Stillwater, MN.

**Attachment A
Business Survey Form**

Lake Oroville Project
Business Survey

Name of Business: _____

Type of Business (NAIC): _____

Person being interviewed: _____

Date: _____ Interviewer: _____

When was your business established? _____

How many people are employed in your business (this includes both employees and proprietor)? _____

How many of the employees are full time and part -time employees?

_____ Full time _____ Full-time Seasonal
_____ Part time _____ Part-time Seasonal

Is your business seasonal: NO ___ (FOR MOTELS ONLY LIST VACANCY RATE:

If yes, what is your peak business season (list approximate vacancy rates)

_____ Spring _____ Summer _____ Fall _____ Winter

What is your slow season

_____ Spring _____ Summer _____ Fall _____ Winter

Please approximate the portion of your sales linked to residents of the Oroville area?
_____ % Local Sales (for motels this should be business travelers)

Please approximate the portion of your sales linked to tourists, defined as recreational visitors from outside the Oroville area? _____ % Tourist sales

What are the major events that draw tourists to area?

Did the construction of Lake Oroville have an impact on your decision to start a business?

Has recreation and tourism associated with Lake Oroville had a significant impact on your business? How?

Are there any major expansions planned for your business?

Attachment B
Businesses Contacted to Obtain Sales Information

1. Motels and lodging places

Best Value Inn
Western Motor Lodge
Day's Inn
Motel 6
Villa Court Inn
Sunset Inn
Dahl's Motel
Budget Inn
Comfort Inn – Oroville
Comfort Inn – Paradise
Jean's Riverside Bed and Breakfast
Lake Oroville Bed and Breakfast

2. Amusement and recreation services – casinos

Feather Falls Casino
Gold Country Casino
Enterprise Rancheria

3. Amusement and recreation services – guides and outfitters in the Oroville Area

McGrath's Bass Plus, Tackle Shop
Powell Guiding
Pro-Guide Fishing & Recreation
Frank Duarte Guide Services
Merganser Outfitters
Jerry's Guide Service
River Run Guide Services
Sierra Bass Outfitters

4. Amusement and recreation services – guides and outfitters -Advertising Lake Oroville or the Feather River

God's Country Guide Service
Turner's Guide Service
Merganser Outfitters
River Run Guide Services
Pro-Guide Fishing and Recreation
Mike Bogue's Guide Service
Cebolla Creek Outfitters
John Morrison's Guide Service
Golden State Guide Service

Dan Carter's Guide Service
Byrd's Guide Service
Wally Johnson
Three Rivers Guide Service
Mitchell Barret

5. Eating and drinking establishments

McDonalds
Arby's
Burger King
Bangor Café
Subway
Jake's Burgers
Bo's Burgers
Pizza Hut
San's Rice House
Shakey's Pizza Parlor
El Rincon
Jack-in-the Box
Zelma's
Little Caesar's
Blueberry Twist Restaurant
Papa Murphy's
Billy Bob's
Papacito's
Taco Bell
Gold City Grill
The Waffle Shop
Teriyaki Express

6. Food and Convenience Stores

Food For Less
Albertson's
Raley's
Jerry's Market
Bangor Grocery
Ray's Liquor and Grocery
Kathy's Canyon Creek Store
Lakeside Market

Frank's Beacon
Forbestown Market
Orodam Bait
Feather Falls Mini Mart
Chevron Station and Convenience Store
Arco Station and Convenience Store
Shell Station and Convenience Store
Seven-Eleven
Tower Mart
Sav Max Foods

7. Sporting goods stores-located in the Oroville area

Bidwell Canyon Marina
Beacon-Frank's Beacon
Huntington's Sportsman's Store
Golden Eagles Nest
Lake Oroville Bait & Tackle
McGrath's Bass Plus
R A Strike Fishing Supply
Oroville Cycle and Jetski
Oroville Outdoors
Paradise Sporting Goods #2
Ray's Liquor and Grocery
Orodam Bait

8. Sporting Goods Stores located in Surrounding Communities

Paradise Sporting Goods
Yerxa's Fly Rod Shop
Chico Sportsman's Den
Fisherman's Cove
Johnson's Bait and Tackle
Cebolla Creek Outfitters
The Tackle Box
Saltwater Innovations
Fisherman's Cove
Bob's Fly Shack
Johnson's Bait & Tackle
Star Bait & Tackle
J & J Roberts Worm Farm

9. Boat storage and repair businesses

Wilson's Paradise Marine
Oroville+B6 Houseboat Services
J and N Enterprises
PB's Prop Shop
Fun in The Sun Marine & RV

Bidwell Canyon Marina

10. Antique, gift stores, and related establishments.

Almost Antiques

Bloss-Umms Antiques

Fiedler's Follies Fantasies

The Foundry

Lock Stock & Barrel

Memories Past

Old Town Emporium

Oldies but Goodies

Northwestern Trading Company

Old Stuff