

MAIN STREET HANDBOOK

Starting a Main Street Guide



**OREGON
MAIN STREET**



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Starting a Main Street Organization

This guide is written for people who are new to Main Street and considering starting a Main Street organization. The Main Street Approach™ is a proven comprehensive method for sustaining, enhancing, and revitalizing historic downtowns and traditional neighborhood commercial districts. The success of the Main Street Approach™ is based on fully integrating four points (Outreach, Design, Promotion, and Economic Vitality) into a practical downtown management strategy. This methodology is covered in more detail in the About Main Street guide.

Why it matters

Your downtown is where your community comes together. You want to take advantage of every resource possible to help your downtown tell your community's story and drive your local economy. You may be thinking about starting a Main Street organization to achieve these goals. This guide is designed to give you basic information about starting a program. *Use it alongside the other three guides, About Main Street, Board Leadership, and Executive Leadership that provide more details.*

This guide covers:

- Why your community might decide to start a Main Street Program
- How to tap into state and national resources
- How to start a Main Street organization
- How to become a nonprofit

How to use this guide:

This guide should be used in conjunction with the About Main Street and Board Leadership companion guides. It is designed to be used in three ways:



Answer questions: You may be tasked to explore what would be involved in starting a Main Street program. Use this guide to get some basic answers.



Learn together: You are on this journey together as a community. Use this guide to get on the same page about what is involved in starting a new program.



Get advice: Eventually you will probably reach out to your state Main Street Program and the National Main Street Center for advice. With this information in hand, you will know better what questions to ask.

Find examples of documents and resources by visiting www.oregonmainstreet.org and look for this button:



Overview

Main Street organizations often start when a group of people decide they want to invest in a vibrant downtown core — they could be business or property owners, city government, bankers, civic clubs, the chamber of commerce, historic preservationists, or other civic-minded groups decide that they want to invest in a vibrant downtown core. The decision to come together as a diverse group to strengthen your community is powerful. It is important to spend time learning and planning in this first stage. Running a Main Street organization is a lot of work—rewarding work!—and you will want to make sure that you are ready.

What you need to know

- » Main Street organizations are usually independent nonprofit organizations. This means that all the work involved in running a nonprofit—maintaining a board, raising money, staying compliant, etc.—must be planned for in creating a Main Street organization.
- » Your Main Street will have to meet a clear set of standards to be awarded and maintain “Main Street” designation.
- » Main Street organizations raise their own funding. There are no block grants from the state or national Main Street organizations.
- » Main Street organizations rely on volunteer support, from board service to committee work. It is vital that you have a broad base of support going into your Main Street’s formation.

The good news is that there is help available to you! Your town can tap into guidance and resources from your state Main Street program. Knowledgeable staff can tell you about the application process, discuss goals, and share resources. They can guide you in how best to examine your commercial district’s needs and opportunities and develop a long-term, incremental strategy based on the Main Street Approach™. The National Main Street Center also provides consulting services, support, training, materials, and information to assist a revitalization organization throughout its growth.

You do not need to create a Main Street organization to benefit from these resources. If you are not ready to apply for Main Street designation, you can still encourage local leaders, planning agencies, economic development agencies, city government, businesses, and individuals to apply the Main Street Approach™ to what they are doing now. Persuade them to view traditional commercial buildings as an asset to your community and to see the downtown or neighborhood commercial district as an area full of economic development potential and as an opportunity to renew your community’s sense of identity, history, and place.

Key steps

There are several steps in starting a Main Street organization. The most important first step is to increase awareness of the need for downtown revitalization and what a Main Street organization can do to address that need, and then form the appropriate organizational structure.

- Generate support
- Decide to move forward
- Hold official board meeting
- Follow state & federal rules
- Build your foundation

Generate support for establishing a Main Street organization:

- » Contact the State Main Street Program to learn more about Main Street designation.
- » Understand the challenges and opportunities facing your downtown. Look at your downtown as if you are a first-time visitor. What is positive? What needs improvement?
- » Hold a town-hall type meeting to provide an overview of the Main Street Approach™. Call your State Main Street Program for advice and possible attendance at the meeting.
- » Ask your merchants, business owners, property owners, and residents about what they would like to see happen in your downtown and whether they would support establishing a Main Street organization.
- » Talk to other organizations to explore interest, potential partners, and build support for establishing a Main Street organization.
- » Invite a board member or executive director from another community to talk with a group of community leaders about what that community and organization has accomplished and how the program works.
- » Ask the local newspaper(s) to run a story about the possibilities of starting a Main Street organization. Be a guest on the local radio station to help educate the community about starting an organization.

After getting feedback and ideas, if you decide to move forward with establishing a Main Street organization, here are the next steps:

- » Identify possible board members and supporters. Create an interim board of directors (9 to 12 people).
- » Once formed, the interim board should choose a name for the organization. Assign someone to research names. Pick something that is simple, straight forward, and businesslike.
- » Determine your organization's boundaries/primary focus area (Note: if accepted into the State Main Street Program, these boundaries must be approved by the state so it is good to have conversations with Program staff early on). In general, this should be:
 - ◇ a traditional central business district and center for socio-economic interaction.
 - ◇ characterized by a cohesive core of historic or older commercial and mixed-use buildings representing the community's architectural heritage with compatible in-fill development.
 - ◇ typically arranged with most of the buildings side-by-side and fronting the sidewalk along a main street with intersecting side streets.
 - ◇ compact, easily walkable, and pedestrian-oriented.

Hold first official (on the record) board meeting to:

- » adopt bylaws and articles of incorporation
- » elect officers: president, vice president, secretary, and treasurer
- » adopt a conflict of interest policy
- » decide on a fiscal year
- » select a bank and discuss financial arrangements
- » determine what type of non-profit you want to establish (typically a 501c3, 501c4, or 501c6) and authorize preparation and filing of IRS forms
- » identify an address or post office box for mail, as well as a contact person for phone communication
- » other necessary business
- » make sure the new secretary takes minutes
- » Contact your city about regulations, business licenses, and/or any fees. Ask for their support.

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- » The board should talk with local insurance agents and purchase appropriate insurance coverage for your organization as soon as possible. Minimally, the board should consider general liability, board and officer liability, worker's compensation, and special events policies.

After taking care of establishing the organization, here are the next steps to continue to build the foundation to support your revitalization efforts:

- » Tour other downtowns to meet with peers, hear about what does and doesn't work, and see how your downtown compares.
- » Decide if you can afford to hire an Executive Director, or more importantly, if you can afford not to.
- » Develop job descriptions for board members, officers, committee chairs, committee members, and staff. The committee structure should be based on the Main Street Four-Point Approach™.
- » Reserve an Internet domain name and any social media tags for your organization.
- » Recruit and educate your committees using materials available through the state and national Main Street programs. Begin to build your own clearinghouse of resource materials.
- » Schedule "walkarounds" with all board and committee members to inspect the district and get to know what is good and bad.
- » Start by setting up meetings with key stakeholders and partners. The list of potential partners is long including local government representatives, downtown business and property owners, major employers, and other organizations such as the Chamber of Commerce. Detailed information is included in the About Main Street guide.
- » Set up regular meeting schedules.
- » Develop a work plan that includes a vision for the district, a mission statement, committee goals and objectives based on the Four-Points, and prioritized activities (based on input from committees). Typical areas of responsibility of each of the committees include:
 - ◇ Outreach Committee: Recruit volunteers for key projects, create a volunteer database, and develop a volunteer recognition system. (This committee has been traditionally referred to as "Organization", but we believe "Outreach" better explains its purpose).
 - ◇ Promotions Committee: Select public relations tools to get the word out, such as social media, brochures, public presentations, newspaper columns, website, etc. Develop a media list for press releases.
 - ◇ Economic Vitality Committee: Identify economic development and historic preservation resources.
 - ◇ Promotions Committee: Review the existing promotions calendar and collect information on past promotional activities.
 - ◇ Design Committee: Inventory the district's buildings, businesses, parking, etc. and gather baseline data about the district. This will help document progress overtime. Include photos to document the physical changes taking place in the district.
 - ◇ Board/Outreach: Draw up a budget that corresponds to the work plan (see example First Year Budget below).
 - ◇ Board/Outreach: Develop a fundraising plan, including a list of potential supporters. Typical sources include local government support, annual donor campaigns, fundraisers, sponsorships, etc. More detailed information is included in the About Main Street guide.

There are several state and federal steps to take to incorporate as a nonprofit organization.

The following sections cover these steps in greater detail.

First Year Budget

A key first step is to think about the financial side of starting a Main Street organization. There are costs in starting a new organization. Some expenses are one-time costs, while others are recurring.

ORGANIZATION:				
BUDGET:				
DATE:				
		Annual Budget	Year One*	
			One-time	Recurring
Income	Contributions			
	Foundation grants			
	Government grants			
	Special events			
	Admissions			
	Membership fees			
	Fee-for-service income			
	Interest income			
	Other			
	Total income			
Expenses	Salaries/benefits			
	Rent/utilities			
	Program expense			
	Professional fees			
	Supplies			
	Printing			
	Insurance			
	Fundraising			
	Interest			
	Other			
	Miscellaneous			
	Total expenses			
Excess (Deficit)				
Beginning net assets				
Ending net assets				

* It is helpful to account for one-time start-up expenses that will not be necessary once you are up and running. Use these columns to keep track of one-time income or expenses vs. on-going income or expenses.

Starting a Nonprofit

Some general things to know before starting a nonprofit:

1. A nonprofit is *one way* to meet a community need.

It may not be necessary to start a new nonprofit to make a difference if you are not ready to become a designated main street organization. Here are some other options:

Join an existing effort: Maybe there is a government agency or other nonprofit near you with a similar mission. Join ranks with them.

Find a fiscal sponsor: Find a local organization with an aligned mission and operate under their tax-exempt status.

Stay unincorporated: If you are not raising money from the public, employing staff, or engaging in activities that involve risk or liabilities, you may not need to become a nonprofit corporation or tax-exempt organization. Being active as a group of community members may give you more time to focus on your cause than you would have if you add the responsibilities of running an organization.

2. Running a nonprofit is hard work.

You create a nonprofit to get work done. Then you can spend a whole lot of time in meetings, not doing the work itself. This is one of the less-visible realities of running a nonprofit organization. Nonprofit work, particularly at the beginning, is made up of these main activities:

- » **Compliance tasks**
- » **Meetings**
- » **Fundraising**

Providing the programs or services of the organization is work that happens on top of this on-going administrative and fundraising work.

3. Planning strengthens your potential for success.

There are two plans to consider at different stages:

- » **Organizing Plan:** Before you decide to form a nonprofit, write down information about your idea and how you plan to implement it. Share this with others who care about your issue or have experience with nonprofit management and fundraising.
- » **Business Plan:** Now create a document that explains your goals and how you plan to achieve them. This plan describes who the organization will serve, how the organization will support the community, how you and your colleagues will run the organization, and how it will be funded. A business plan is a great tool to develop answers to the Internal Revenue Service (IRS) application for tax-exempt status.





Quick Checklist to Establish a Nonprofit

PEOPLE

- Organizing group adopts board job descriptions
- Form board
- Determine registered agent
- Hold first board meeting (see agenda items below)
- Adopt a conflict of interest policy
- Set up volunteer roles
- Celebrate

STATE

- Research for name availability
- Prepare Articles of Incorporation & Bylaws
- Incorporate by filing Articles of Incorporation with Secretary of State
- Register with the Charities Division if applicable in your state
- Might need city or county permit depending on where you are located

FEDERAL

- Research for name availability
- Register name and logo with patent/trademark office
- Apply for EIN#
- Apply for IRS tax exemption

SYSTEMS

- Choose a name
- Define mission
- Set administrative calendar
- Start program design, business plan, budget, fundraising plan
- Develop a work plan
- Set up an organizational email domain
- Open bank account and set up accounting system
- Create an electronic filing system
- Start fundraising
- Adopt key policies (financial procedures, conflict of interest, document retention)
- Buy insurance
- If staff, set up HR systems and payroll

Types of Nonprofits

Main Street organizations are most often nonprofits with IRS tax-exempt status. There are several types of tax-exempt organizations that new Main Street organizations might consider. Choose based on what you do and how you want to do it.

	501(c)3	501(c)4	501(c)6
Purpose	Charitable or educational	Nonprofit civic leagues and organizations promoting social welfare	Promotion of some common business interest
Comments	Must be organized and operated exclusively for one or more of the purposes specified	Can serve recreational purposes as well; can serve a wider class of beneficiaries than (c)3 and (c)6 organizations	Must be devoted to improvement of business conditions of one or more lines of business, rather than performance of particular service for individuals
Political activity allowed?	May not direct a substantial part of its activities towards influencing legislation, and cannot support a candidate for public office	May be involved in lobbying, but cannot support a candidate for public office	Unlimited lobbying efforts, as long as activities are directed to promoting common business interests of the organization
Exempt from federal tax?	Yes	Yes	Yes
Charitable donations available to donors?	Yes	No	No
Eligible for foundation and federal grants?	Yes	Not usually	Not usually
Property tax exemption?	In most states	Not usually	Not usually
Business deductions available to donors?	Only as charitable deductions	No	Portion of membership dues attributable to permissible lobbying that has a direct interest to member is deductible

Paths to Establish a Nonprofit

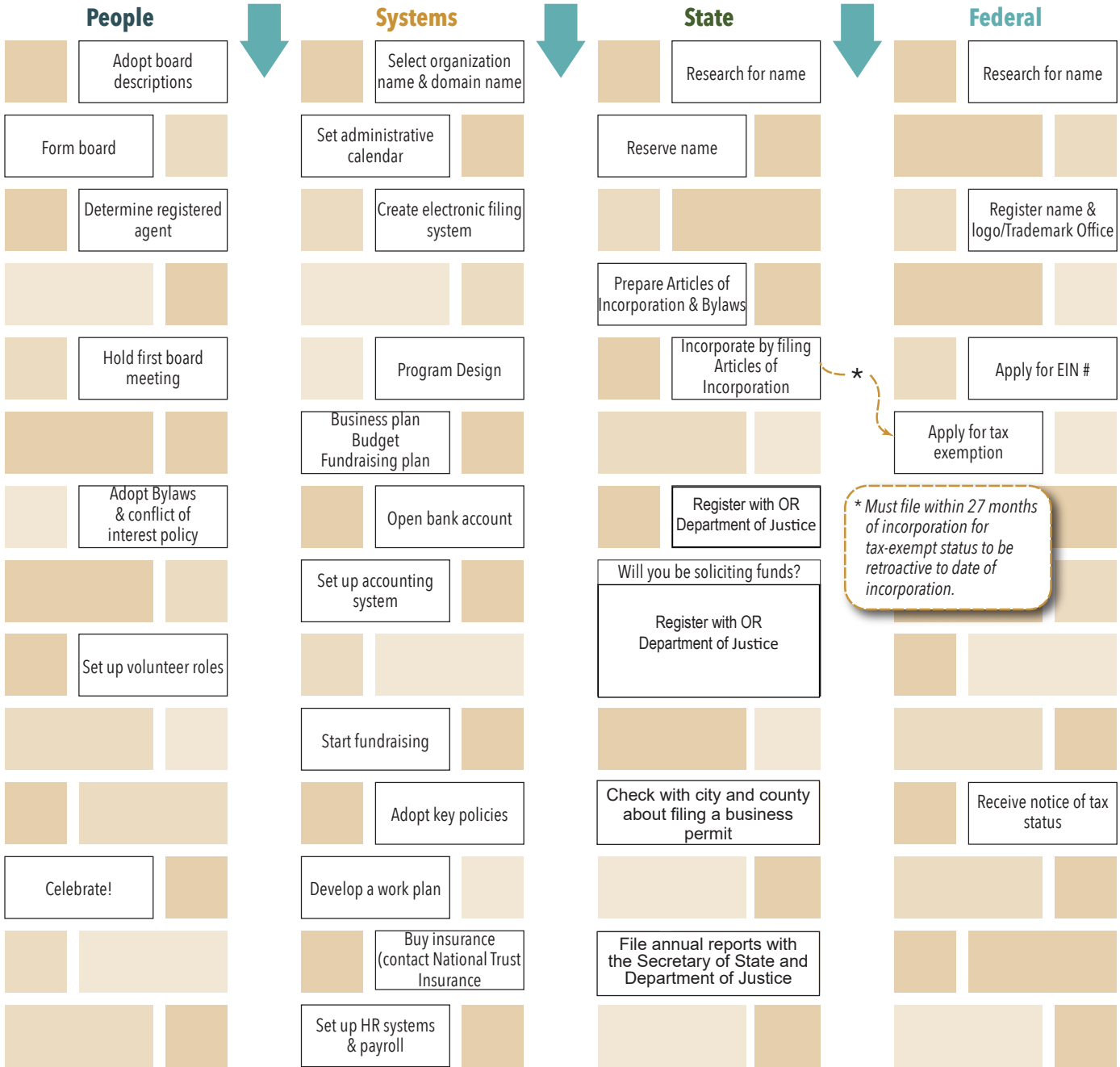
Starting a nonprofit organization will involve bringing together stakeholders, establishing structure, and meeting state and federal requirements — often all at once. For instance, as you are forming your initial board, you may also be setting an administrative calendar, creating electronic filing systems, and researching potential legal names at both the state and federal level.

Use the chart on the following page to walk your team first through the critical stage of gathering information in order to make a decision. If establishing a nonprofit organization is the right move, navigate through the establishment process (People, Systems, State, and Federal paths). Remember the State Main Street Program is the best resource for you as you begin and more information can be found in the About Main Street as well as [Board Leadership](#) and [Executive Leadership](#) guides.



- Assemble a small team of motivated stakeholders
- Read up on the Main Street Approach and its principles (an easy place to start is the About Main Street Guide)
- Contact your state Main Street Program™ to learn more
- Talk to other organizations to explore potential partners and build support
- Visit established Main Street programs nearby to gain inspiration
- Hold a Town Hall meeting to gauge public interest

Together, make a decision: Yes, we want nonprofit status.





Discussion Guide

There is so much to think about when starting a Main Street. Here are some discussion questions for you and your community to consider.

1. Purpose is at the heart of running a successful nonprofit. It is important that you “know your why” and have a unified sense of purpose with the other people involved in starting your Main Street organization. Your purpose is deeper than your mission. It is a statement that encapsulates what you believe or want to see in your community.
 - What is your purpose in wanting to start a Main Street organization?
 - Why is this important to you?
2. As a Main Street organization, you have two “rules of the road” to pay attention to. You are (most likely) a nonprofit organization, carrying all of the requirements and workload of nonprofits. You are also a Main Street organization working toward the standards set by the National Main Street Center and your State Main Street Program.
 - What will be the biggest challenges and opportunities in balancing the workload related to both areas of work?
3. People really matter in building a successful organization. Eventually you will be making lists of all of the people you know to find individuals who have specific skill sets (finance, law, graphic design, etc.), can donate, or who can volunteer.
 - Get started now: who do you know who can help?
 - Think broadly beyond your close friends and family.

Companion Guides

This **Starting a Main Street** guide is written for people new to Main Street and considering starting a Main Street organization in their own community. It explores why your community might use the Main Street Approach™, how to tap into state and national resources, start a Main Street organization, and become a nonprofit.

Other guides available:

Executive Leadership

This guide is written for Main Street executive leaders and staff. It is also a resource for board members to understand a nonprofit executive director's role and their relationship to boards.

Board Leadership

This guide is written for Main Street organization board members and the staff with whom they work. It explores the basics of board governance, financial management, nonprofit law, and each section reviews what board members need to know as well as tools to help strengthen board leadership.

About Main Street

This guide is written for anyone wanting to know more about the Main Street Approach™ and how Main Street organizations serve their communities. It explores why downtown matters, what a Main Street organization is and who benefits from it, and how to be a successful Main Street organization.

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