

*Role of Gallup Business improvement District
&
Gallup MainStreet Arts & Cultural District
in Downtown Business Redevelopment*

New Mexico Economic Rural Development Committee
October 13 – 14, 2015
Gallup, NM

Francis Bee
Executive Director
gogallup.com
gallupculturaldistrict.org
505-722-4430

Role of Gallup Business Improvement District and Gallup MainStreet Arts & Cultural District in Downtown Business District economic redevelopment

Gallup BID was created "to promote and restore economic vitality to the central core of the Downtown Gallup business area and enhance commercial development which benefits the health, safety, and welfare of the citizens of Gallup."

New Mexico's Business Improvement District Act was created to "provide municipalities and entrepreneurs a more flexible and proactive vehicle to collaborate in the revitalization efforts of their downtowns, commercial districts and central business districts."

In enacting the Business Improvement District Act, New Mexico's legislature recognized that improvements and action might be more quickly addressed through the private sector.

The funding mechanism for a BID is firmly established by statute, allowing projects to be reasonably planned, funded and executed.

Accordingly, Gallup BID has enjoyed the ability to respond to capital proposals, event sponsorship requests, maintenance projects, marketing concepts, and other initiatives in a timely manner.

Continuous redevelopment of Gallup's Historic Downtown Business District creates significance and economic impact. It creates a sense of stewardship for property owners, rather than simple ownership.

Gallup BID recognizes that development and revitalization of Downtown is a process that requires time, resources, and the commitment of a focused organization.

Projects created and funded by Gallup Business Improvement District
2009 to present include:

- a. Organizational Growth
 - i. Created website – gogallup.com
 - ii. Created Gallup MainStreet Arts & Cultural District
 - iii. Close to achieving Historic District designation
 - iv. Worked with City of Gallup and NM MainStreet for creation of Metropolitan Redevelopment Plan and Cultural Plan.
- b. Assessment Fee Rebate Program for Security and Façade Improvement successes:
 - i. Don Diego's
 - ii. Silver Dust
 - iii. City Electric Shoe Shop
 - iv. Clay Fultz Insurance
 - v. Kauzlaric Family buildings
 - vi. Gurley Motor Company
 - vii. Millennium Media building
 - viii. Gallup Vision Source
 - ix. Makeshift Gallery
 - x. Progressive Insurance
 - xi. First American Traders
 - xii. American Bar
 - xiii. Tairas's Inc. office building
- c. Gallup BID Programs and projects
 - i. Summer Season Downtown Private Security Patrolmen
 - ii. Summer walking tours
 - iii. Hotel Advertising Campaign
 - iv. Beautification - Trash Can painting, sidewalk powerwashing, sidewalk sweeping, alley cleanup
 - v. Wayfinding informational kiosks
 - vi. Structural Gateways welcome visitors to Downtown
 - vii. Business (neon) sign improvement grant program
 - viii. Rt 66/NM 118 pedestrian safety improvement program (with City of Gallup, NM DOT - *Construction pending.*)
 - ix. Installation of permanent decorative lighting above 3 blocks of Coal Avenue
- d. Event Support
 - i. Annual *Ride Flight Cruise* 3 day event
 - ii. ArtsCrawl - monthly

- iii. Route 66 Car Show and Cruise cookout
- iv. "Rt. 66 Great Race" host city
- v. Gallup Community Concert Association
- vi. American Bar 75th Anniversary
- vii. Business After Hours with GGEDC
- viii. Land of Enchantment Opera
- ix. Farmers' Market
- x. Relay for Life
- xi. Gallup Economic Development training seminar (GGEDC)
- xii. Many smaller events

Creation of Gallup MainStreet and Arts & Cultural District, 2013 – 2014:

In 1985, Gallup was one of the original five cities in New Mexico to receive the MainStreet designation from the State. Important projects were successfully executed, for example, the transformation of the historic Gallup train station into the Gallup Cultural Center. Millions of dollars in private funding were invested in Downtown redevelopment. Then, during the mid-90's, the City of Gallup administration eliminated funding to non-profits and the Gallup MainStreet ceased operations.

In 2013, members of the Board of Directors of Gallup BID, along with Mayor of Gallup, requested that New Mexico EDD provide Gallup with the opportunity to start a new MainStreet organization.

In 2014, they asked to be considered for designation as an Arts & Culture District.

Gallup BID serves as the "incubator" and fiscal agent for the MainStreet Arts & Cultural District.

Both requests were granted.

Gallup MainStreet Arts & Cultural District *gallupculturaldistrict.org*

In Gallup, the MainStreet and the Arts & Cultural District have been merged into one entity, which embraces the full spectrum of the local creative economy as it works to improve the historic downtown area. Gallup MainStreet Arts & Cultural District was incorporated as a 501c3 in February 2015.

MainStreet Program

Since 1985, New Mexico MainStreet has been a powerful force for revitalization of communities across the state. MainStreet combines historic preservation with asset-based economic development to rebuild resilient Downtown Main Streets as the foundation for healthy communities. The MainStreet program requires Directors of local MainStreet organizations to attend training sessions in topics related to Promotion, Economic Vitality, Physical Design and Organization building and management. New Mexico MainStreet carefully monitors the performance of local organizations. Achieving high levels of proficiency in these areas paves the way for higher level technical and financial resources from New Mexico MainStreet.

Arts & Cultural District Program

The NM Arts & Cultural District program helps communities to preserve their heritage, provide support to cultural entrepreneurs and institutions, and capitalize on potential economic opportunity for the Downtown MainStreet District as well as the entire town.

MainStreet and Arts & Cultural District organizations also promote the vitality and unique artistic qualities of the district and city to markets within a day's drive of the organization's home.

The Gallup MainStreet Arts & Cultural District Board of Directors serves as the Steering Committee currently working with the consulting firms chosen to create the Gallup Metropolitan Redevelopment Plan and the Gallup Cultural Plan.

Gallup Metropolitan Redevelopment Plan and Gallup Cultural Plan

A Downtown District Master Plan defines a community's vision for the core commercial area and identifies priority catalytic projects to revitalize that area, determined through a dynamic community participation process. Also called a Downtown Revitalization Plan, a Metropolitan Redevelopment Area Plan, or a Downtown Strategic Plan, the Master/MRA Plan examines existing conditions and assets, analyzes of the core district economic market, develops a physical land use plan with livability/design guidelines, designs specific redevelopment sites and projects, and identifies sustainable implementation strategies and specific funding sources for each priority project for the district's future physical improvements, economic uses, and regulations.

When adopted by the Town Council, the District Master/MRA Plan becomes a living document that guides district revitalization and public and private sector investment for several years.

City of Gallup, EDD, MainStreet and Gallup Bid partnered to secure necessary funding for the research and creation of the plans.

Excerpts from first draft of Gallup Metropolitan Development Plan:

VACANT & UNDERUSED BUILDINGS:

Scattered throughout the plan area are numerous vacant and under-used buildings. This contributes to a sense of deterioration and under-use. Most of the vacant and under-used buildings are located within the historic fabric associated with Route 66 and Coal Ave. As noted in the City of Gallup downtown Designation Report, October 2014:

"Several historic buildings downtown, notably the old Grand Hotel, remain intact but go largely unused or altogether vacant. While building deterioration in the heart of downtown is largely unseen from the street, several buildings are reportedly facing serious structural and interior deterioration, largely due to neglect."

The issue is compounded by the relatively narrow deep lots owned by separate owners making it difficult to achieve economies of scale for redevelopment. Additionally, rehabilitating historic two story buildings is complicated due to the expense and difficulty of complying with modern building codes and ADA standards required for certain uses on the second floor. Finally, many properties may face environmental

issues such as asbestos, which may require recognition and remediation for certain uses.

MARKET ANALYSIS

The arts and cultural economy in Gallup and its surrounding region is a significant and critical component. "New Mexico's Cultural Economy 2014" by the UNM's Bureau of Business and Economic Research (BBER) for the Department of Cultural Affairs found that Gallup and McKinley County had the highest percentage of workers engaged in the cultural economy, with a rate 2.5 times higher than the state average, with 7.4% of the workforce involved in creative economy.

The research also showed a migration of Native Americans to the Gallup area. In a two decade period between 1990 and 2010, the Native American population increased by more than 15%.

Gallup's cultural identity gives it a competitive advantage against regional competitors, e.g. Farmington and Flagstaff. Interviews conducted for the 2011 market study indicated that Native Americans prefer to shop and get services in Gallup because Gallup is more oriented towards, and familiar to, Native Americans compared with the other regional centers of Flagstaff and Farmington.

Comparison of estimated retail demand with existing sales in Gallup shows that the city enjoys a large retail surplus. The retail surplus of nearly \$400 million exists because retail demand from existing residents totals \$171 million while total sales in the city are in excess of \$566 million. A retail surplus means that residents living outside of the City of Gallup are traveling into Gallup to purchase retail goods. It also indicates that most of the day to day needs of city residents are being met locally.

Travel and tourism is another important market for Gallup, as McKinley County experiences a significant amount of pass through and destination visitations each year. According to Economic Impact of Tourism in New Mexico Tourism Economics, for New Mexico Tourism Office (2011) visitors spent over \$189 million in McKinley County in 2011. Tourism and travel was responsible for over 2,600 jobs and over \$55 million in income.

Gallup's Downtown is uniquely positioned for economic success. The entire City of Gallup is a major center for commerce and services, drawing in thousands of customers over a huge region for shopping, services and entertainment. Downtown Gallup is fueled primarily the

arts and cultural trade, which makes it a completely unique place economically and culturally.

It is important to note that the customer base in the city as a whole is robust and Downtown is completely unique and an interesting place. However, much work needs to be done Downtown to capitalize on these advantages.

Today the typical Downtown sectors such as retail, entertainment, eating and drinking are relatively weak in Downtown Gallup. A regional center needs a great downtown as the heart of the community, the center for arts, celebrations, civics, entertainment, eating, and drinking and professional services.

Gallup's role as a regional and cultural center positions it well for a successful downtown, but much work needs to be done to capitalize on this opportunity and grow downtown's impact on the long term success of the city.

The key findings in the report are summarized as follows:

The City of Gallup is an established center for a large region and the Downtown could benefit from this citywide success.

- Citywide retail sales to existing residents totals \$171 million per year while total sales in the city is in excess of \$566 million per year, meaning that the city enjoys retail surplus of nearly \$400 million annually from sales to regional residents and tourists.

The arts and cultural economy is strong regionally and locally.

- The City of Gallup and McKinley County have 2.5 times more than the state average percentage of workers engaged in the cultural economy.
- 7.4% of McKinley County's workforce is involved in creative economy.

The Downtown has a significant economic role in exporting and manufacturing of arts and cultural goods, but not as strong of a role in more typical downtown sectors such as entertainment, eating, drinking and shopping.

More activity and businesses in these sectors would expand livelihoods and add vitality to Downtown Gallup.

- 70% of Downtown sales are related to wholesale or manufacturing. The activity in the Downtown from these two sectors accounts for eight percent of total sales in the secondary trade area and represents the production and distribution Native American Arts and Crafts.

- 62% of people working in the Downtown are working in the professional sector.

- The Downtown captures just 14% of total retail sales occurring in Gallup, and most of these sales are related to non-food and beverage related activities.
- The Downtown only captures four percent of food and beverage retail sales, compared with 16% of retail sales not related to food and beverage.

Based on these findings, the consulting team offers the following Market Recommendations:

Continue to encourage and develop manufacturing and wholesale activities related to Native American Arts and Crafts.

Establish Downtown's role in entertainment, dining, and accommodation.

- Encourage and capitalize on additional activity related to professional sector employees.

Build in customers and activity downtown by establishing diverse housing in and near the Downtown

Gallup's Role as Regional Economic and Cultural Center :

Gallup's role as a regional center is well established. Many of the mostly Native American communities throughout northwestern New Mexico and northeastern Arizona consider Gallup to be their primary destination for goods, services and entertainment, as has been the case for generations.

A regional center needs a great downtown as the heart of the community, the center for arts, celebrations, civics, entertainment, eating, drinking and professional services.

Gallup's role as a regional and cultural center positions it well for a successful downtown, *but* much work needs to be done to capitalize on this opportunity and grow downtown's impact on the long term success of the city.

The MRA Plan recommendation: "Establishment of Downtown's role in entertainment, dining, and accommodation" can only effectively be implemented if the Arts and Cultural District provides a vibrant draw for residents.

Arts and culture can serve as a major, if not the major, contributor to this goal.