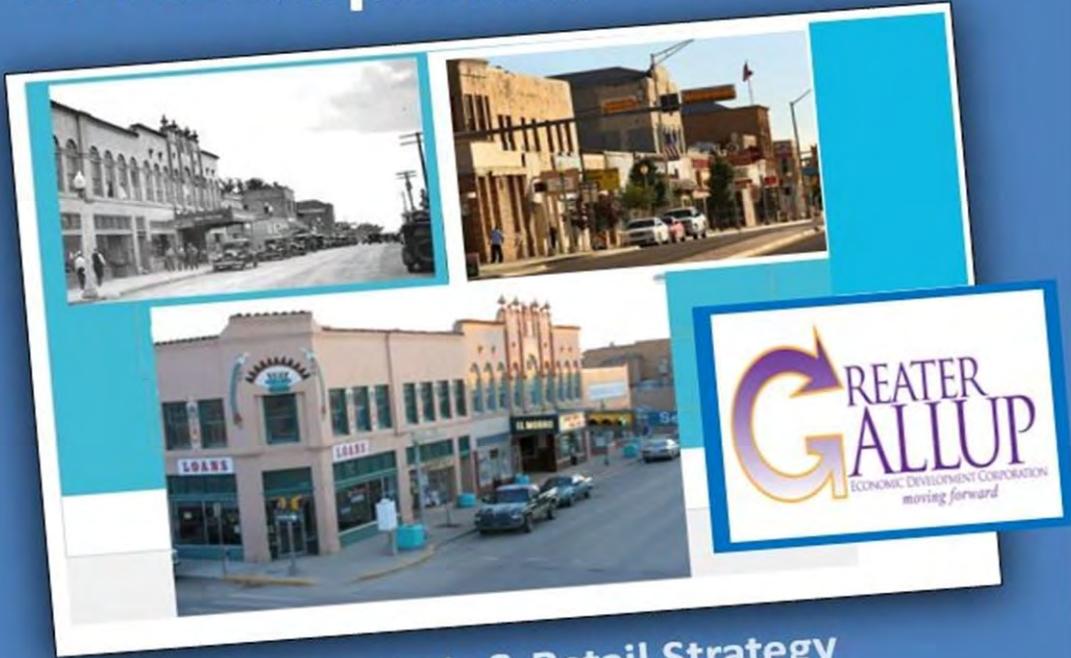


# Economic Roundtable Gallup Retail Attraction & Development



Gallup's Market Analysis & Retail Strategy

## FINAL REPORT



GREATER GALLUP ECONOMIC DEVELOPMENT CORPORATION

January 31, 2020

Hilton Santa Fe Historic Plaza Hotel

Santa Fe, NM

# SPECIAL THANKS TO

## *Our Economic Roundtable Sponsors:*

### **YOGASH KUMAR**



## *The Keynote Speakers:*

- Brad DeYoung** Partner, Legacy Alliance Holdings, LLC  
**Michael Stumpf** Principal, Place Dynamics, LLC

## *The Facilitation Team:*

- Jeff Kiely** Consultant & Master Facilitator  
**Bruce Armstrong** Economic Development Manager, GGEDC  
**Rose Eason** Executive Director, gallupARTS  
**Cynthia Jarvison** Director, the Small Business Development Center at UNM Gallup  
**Jennifer Lazarz** Tourism & Marketing Manager, City of Gallup  
**Brandon Howe** Regional Planner, Northwest New Mexico Council of Governments  
**Michael Stumpf** Principal, Place Dynamics, LLC  
**Angelina Grey** Associate Planner, Northwest New Mexico Council of Governments

## PROCEEDINGS

The ***Greater Gallup Economic Roundtable on Retail Attraction and Development*** was hosted at the Hilton Santa Fe Historic Plaza Hotel on January 31, 2020, by the Greater Gallup Economic Development Corporation. The Roundtable convened a diverse group of 44 stakeholders, including local retail entrepreneurs, corporate developers and site selectors, certified economic development practitioners, local elected officials, City of Gallup mayoral and City Council candidates, financiers, nonprofit organizations, representatives of State agencies, and retail marketing experts. The Roundtable was planned by the Retail Attraction Steering Committee and served by a team of 11 facilitators, scribes and expert advisors.

The Roundtable opened with brief keynotes by GGEDC leadership and retail experts from Legacy Alliance Holdings and Place Dynamics. GGEDC Board President Tommy Haws noted that local economic development organizations do not typically get involved in retail development. In the past year, however, at the behest of the City of Gallup and in light of dramatic changes in the global retail marketplace, the GGEDC Board of Directors agreed to spearhead an initiative to address the current retail challenge and to generate strategies to proactively foster new retail development. At the same time, the Board's motivation was to serve as a catalyst and convener, and not necessarily to manage such an initiative in the long-term. He extended an invitation to members of the Gallup business community to take on the management of this project by the end of the City's fiscal year.

GGEDC Executive Director Patty Lundstrom explained the importance of this focus on retail, emphasizing that the Greater Gallup community needs a proactive retail plan and program that will help to:

- Stem the leakage of millions of dollars earned in Gallup being spent elsewhere on retail, food and drink;
- Mitigate revenue shortfalls into public coffers resulting from "Hold Harmless" and the pending closure of the Escalante Generating Station;
- Improve the overall Quality of Life in the City; and
- Improve economic opportunities for local residents, newcomers, and visitors by making Gallup a prime shopping destination for residents and visitors.

Brad DeYoung of Legacy Alliance Holdings emphasized the unique nature of Gallup as a commercial hub for a diverse customer base that includes a large "local" market area extending over 50 miles from the City Center, as well as high-volume interstate and logistics traffic along the east-west corridor. Traditional market analysis doesn't do justice to this unique community, as it does not account for the broader market area and under-represents available expendable income. Gallup has tremendous retail potential, but it needs to get better at telling its story, and convincing retailers of the profitable opportunities in this unique place. In that context, Gallup could take better advantage of its assets, such as in creation of a "Route 66 Neon Mile" development to attract visitors into the local retail market.

Michael Stumpf of Place Dynamics LLC summarized the preliminary findings from the updated retail market study he is conducting for the City of Gallup, noting that Gallup is realizing only about one-third of the potential \$2 billion-a-year "retail pie" as he had estimated for the Gallup market area. A strategic path forward, then, would be to focus on the gaps in that retail pie, that is, where there are insufficient levels of retail activity in areas that could be successful and profitable, such as: auto dealerships, furniture and home furnishing stores, specialty food stores, gas stations, truck stops, department stores, pet stores and a broad spectrum of dining establishments.

Consultant Jeff Kiely led a facilitation team through a round of guided small-group discussions organized around the three retail “disciplines” of Attraction & Recruitment, Business Retention & Expansion, and Retail Enterprise & Startups. In a compact and rapid-paced dialogue process, the Roundtable participants were asked to examine challenges and barriers to retail development in Gallup and to consider various opportunities and solutions that might help to create a more vibrant retail sector, provide a greater range of shopping and dining opportunities, and support the businesses that provide goods, services and amenities. Insights and recommendations generated during the Roundtable will provide a foundation for strategic and coordinated action going forward.

## BACKGROUND AND PURPOSE

Each year, the Greater Gallup Economic Development Corporation (GGEDC) hosts one or more “Economic Development Roundtables,” including events in Gallup, as well as in Santa Fe in conjunction with annual sessions of the Legislature. This year, the organizers designed the Retail Attraction and Development event to focus, as with the other GGEDC roundtables, on promoting knowledge, dialogue and forward-looking commitment on critical elements involved in economic development of the Greater Gallup region.

GGEDC considered the following as critical reasons for focusing on retail development:

- **LEAKAGE PREVENTION** – To help stem the leakage of money and talent from the local economy. The benefits of creating high-wage jobs are compromised if the dollars from those wages immediately leave town.
- **ECONOMIC REVENUES** – To grow the retail sector to help increase Gross Receipts Tax (GRT) revenue streams that support local government, various nonprofit organizations and community services, and that help reduce budget shortfalls occasioned by phasing out “Hold Harmless”;
- **JOBS** – To increase the number of jobs in the Gallup region, and to strengthen the pathway from service jobs (entry level) to higher wage jobs requiring technical skills;
- **BUY & SELL LOCAL** – To increase opportunities to buy and sell goods and services locally and to keep dollars in circulation in the Gallup economy for as long a period as possible before those dollars leave the community (the multiplier effect);
- **COMMUNITY QUALITY** – Improve the “quality of life” by creating more opportunities to shop and dine locally. Improving the quality of life and place helps to “sell” Gallup to industrial firms potentially interested in locating here, and to build and retain our own labor force; and
- **GROW THE PIE** – Recognize new opportunities for local businesses and entrepreneurs to tap into a larger “revenue pie” (focus of white paper prepared for the Roundtable by Place Dynamics, LLC).

Participants in the Retail Roundtable, including Gallup retailers, entrepreneurs, public officials, directors of nonprofits, retail developers, and experts, had the opportunity to engage in dynamic small group discussions on how to shrink leakage, how to help businesses start up, expand, and succeed, and on what types of businesses made sense to try to bring to Gallup. The event also provided an opportunity to gauge retail market challenges and opportunities, identify opportunities for new businesses, and to help develop strategies to grow the retail economy of the greater Gallup area.

A primary objective for the Gallup retail analysis was to analyze how to reduce economic leakage from Gallup and to stem further closures of local retail establishments such as Allen Theaters, Lowe’s Shopping Center, Freddy’s Frozen Custard and Steakburger, and the Red Lion Hotel which all had recently shut down before the City of Gallup applied for funding for the retail market study. In research and analysis conducted by Michael Stumpf, Principal with Place Dynamics, LLC, the consultant hired by the City of

Gallup to conduct the retail market study, Mr. Stumpf demonstrated that the economic power contained within the trade area indicated that leakage should not be a guiding concern for the City. He emphasized that not only do we have a greater market demand for goods and services in Gallup than the standard ESRI market data indicate, but we also have a substantially higher supply in Gallup and greater sales within a 45-minute drive time than demonstrated with the ESRI data. Mr. Stumpf points to stated that being able to show an additional \$150 million of demand in Gallup underscores Place Dynamics' approach to retailers which is to focus on why the standard data they have is telling them an inaccurate story of Gallup as a retail location.

In addition to the demand from the primary trade area, visitor traffic passing through Gallup generates an additional \$166.79 million in demand. Mr. Stumpf further claimed that a demand of \$1.26 billion exists in the secondary trade area. His approach to retailers suggests that a greater share of that "pie" can be claimed by opening stores in niches not well-represented in Gallup -- such as clothing stores -- where locals would have the opportunity to buy a greater selection of goods and services locally.

To that end, GGEDC is engaged in a process of identifying gaps in the market and generating strategies to address them. Retail has not previously been a core priority of GGEDC, as its primary mission and focus is on retaining and expanding economic-base employers; that is, recruiting and supporting industrial employers that provide well-paid "base" jobs. In the big picture, however, the GGEDC has learned that success in a sustained program of industrial recruitment and business retention hinges on "quality of life" issues. To successfully recruit businesses, skilled personnel and their families to McKinley County, there needs to be a broader range of quality jobs, education, workforce training, housing, shopping and recreation opportunities. Contemporary Workers seek to have access to a variety of modern retail outlets.

Preliminary research and consultation with experts by GGEDC staff regarding Greater Gallup's "retail challenge" revealed that while there are many "players" in the local retail market, no systematic planning or coordinated effort around improving the future of Gallup's retail economy has occurred. GGEDC's objective was to help get the ball rolling in the right direction. International Economic Development Council (IEDC) literature emphasizes the need for a lot of collaboration and input from key local partners, as well as from specialized consultants and brokers in the retail industry in order to accomplish this task.

It is also important to see how Gallup lines up in terms of what retailers and investors are looking for, including identification and qualification of properties most amenable for development or re-development, as well as quality-of-life amenities that are seen as critical to the attraction and retention of businesses. A critical focus is on "commercial real estate," or those properties owned for the purpose of producing income. Many people in Gallup want to see a more vibrant downtown with minimal vacant properties. But in addition to undertaking an in-depth assessment of current market demands, determinations also need to be made regarding which of the properties could meet those demands.

Since July 2019, GGEDC has hosted monthly meetings of the Retail Attraction Steering Committee that laid the foundations for the roundtable and guided completion of contracted work on the Gallup Retail Market Analysis. GGEDC hired local consultant Jeff Kiely to facilitate the process. GGEDC is immensely thankful for the work and contributions of the Steering Committee, which has included representatives from the Gallup-McKinley Chamber of Commerce, the City of Gallup Marketing and Tourism Department, the Downtown Business Improvement District (BID), Gallup MainStreet/Arts & Cultural District,

gallupARTS, the Small Business Development Center at UNM Gallup, and the Northwest New Mexico Council of Governments (NWNMCOG).

The Economic Roundtable – Retail Attraction & Development is the tenth in a series of roundtables organized and hosted by the Greater Gallup Economic Development Corporation (GGEDC). In general, an economic roundtable is a form of facilitated discussion. Participants agree on a specific topic to discuss and debate. Each person is encouraged and given equal opportunity to participate. Economic Roundtables GGEDC has hosted since 2014 include:

- Meet the New Cabinet – a special roundtable convened for Gallup civic leaders to meet and interact one-by-one with the new Cabinet Secretaries appointed by incoming Governor Michelle Lujan Grisham – *February 22, 2019, New Mexico Municipal League, Santa Fe, NM*
- Building a Workforce Pipeline in Construction, Logistics and Manufacturing for Gallup & McKinley County – *January 26, 2018 – La Fonda on the Plaza, Santa Fe, NM*
- Housing & Workforce – *May 19, 2017, UNM-Gallup*
- Site Selectors Forum – *February 10, 2017, La Fonda on the Plaza, Santa Fe, NM*
- Downtown, Tourism, Energy – *June 12, 2016, El Morro Theater, Gallup, NM*
- True Cost of Debt – *January 29, 2016, The Lodge at Santa Fe, Santa Fe, NM*
- Economic Development Training – *June 8, 2015, El Morro Theater, Gallup, NM*
- Economic Development in New Mexico – *February 5, 2015, La Fonda on the Plaza, Santa Fe, NM*
- Economic Development in McKinley County – *June 10, 2014, UNM-Gallup, Gallup, NM*

The Economic Roundtable is a valuable resource for building capacity in McKinley County. By bringing together public, private, non-profit, tribal business people, and academic leaders with the common goal of promoting retail attraction and development in the City of Gallup, the Economic Roundtable made it possible to begin generating clear strategies that can be implemented to benefit the economic growth of our city and region. As an additional advantage, the Economic Roundtable offers the opportunity to meet and network with regional leaders, innovators and organizers. On the evening of January 30th, many participants also had an opportunity to join the Gallup-McKinley Day reception in the El Dorado Hotel. That event provided networking opportunities for attendees and the chance to meet several of the Roundtable presenters and facilitators.



**Stakeholders in two of the breakout group sessions discussed barriers and challenges and opportunities and solutions in the interest of enhancing Gallup's retail sector.**

## THEMES FROM THE ROUNDTABLE DISCUSSIONS

The following themes emerged from the robust cache of issues and ideas addressed in the workshops:

<b>ATTRACTION &amp; RECRUITMENT</b>	
<b>BARRIERS &amp; CHALLENGES</b>	<b>OPPORTUNITIES &amp; SOLUTIONS</b>
<ul style="list-style-type: none"> <li>• <b>Workforce Development</b> – the need for a stronger, more qualified, skilled and employable workforce, supported by vocational training programs that prepare job-seekers for local careers and positions (including retail, and especially management skills).</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Workforce Development</b> – raising the call for improved vocational training opportunities to upgrade the skills and employability of the local workforce.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Built Environment</b> – the need to upgrade properties and infrastructure – throughout Downtown and the community – to attract and retain new retail business, and the need for a new mindset and approach to taking care of our properties, setting and enforcing regulations, and pulling together to transform the face of the City.</li> <li>• <b>Quality of Life</b> – related to the built environment, the desire for a safe and attractive community, with more amenities for modern day families and workers, including cultural events and attractions, as well as businesses reflecting Gallup’s unique cultures &amp; history.</li> <li>• <b>Public Perception &amp; Community Image</b> – Also related to the concerns about the built environment, much discussion about the community’s reputation, including dilapidated properties, the “rough” visual entering the community, and strong concern about high levels of public intoxication, vagrancy and panhandling. The overall effect is of a community that is deteriorating and not growing.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Improving Community Image &amp; Functionality</b> – the need to “clean up” the City’s appearance, including creating more attractive storefronts, rehabilitating and repurposing deteriorating properties, repairing and upgrading essential infrastructure, improving the overall traffic and transportation system to overcome the fragmentation between areas of the City such as the separation caused by the railroad crossings), and addressing in a much more effective manner the social issues presenting themselves on the streets (public intoxication, vagrancy and panhandling).</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Unmet Retail Demand</b> – the desire to bring in many different kinds of retail shops to meet the interests of a changing (and hopefully growing) population, and to make it more possible to shop close to home rather than exporting our own customer base to the bigger cities.</li> <li>• <b>Local Economics</b> – the observation that a number of economic realities in Gallup serve to prevent new growth, including the area’s demographics (high poverty), negative impacts by the local casino, and restrictions on approvals of liquor licenses that could be used in higher-end restaurants.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Support &amp; Guidance for Local Business</b> – in contrast with an outward-seeking recruitment effort, there was a lot of discussion on the need for greater support for local businesses, including expanded collaboration with tribal and other neighboring communities and with local startups.</li> <li>• <b>Retail Recruitment</b> – the recognition that the community needs to be more proactive in attracting new retail into the community, albeit there is a difference of opinion regarding the balance between national retail chains and locally-owned businesses; opportunities were identified in the outdoor/recreational tourism sector, as well as in business and industry that could take advantage of major new infrastructure for water supply (the billion-dollar Navajo-Gallup Water Supply Project), the Gallup Energy Logistics Park and the proposed new rail line to Farmington.</li> <li>• <b>Marketing the Community</b> – the need to greatly improve “telling the story” of the Gallup community and the unique retail opportunities that it represents, including getting better at “living our brand” (“Gallup*Real*True”), embracing “who we are” as a regional culture, and creating destination venues and experiences reflecting local culture.</li> </ul>

## BUSINESS RETENTION & EXPANSION

BARRIERS & CHALLENGES	OPPORTUNITIES & SOLUTIONS
<ul style="list-style-type: none"> <li>• <b>Workforce</b> – the lack of a ready workforce with the skills, experience and employability needed by present and future local employers, and the need for more and better training opportunities that prepare job seekers for available local positions – with particular need at the management level.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Workforce Development</b> – calling for upgrading and upscaling training and other supports to build stronger workforce capacity, including school-age skill development and certification programs, and vocational training tailored to industry-specific skill needs.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Public-Private Relationship</b> – the need to repair and transform the relationship between the City and the business community, especially with regard to the administration and enforcement of the City’s development standards and codes.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Culture of Communication &amp; Collaboration</b> – calling for a transformation of the relationship between the City and the business community through promoting a mindset and ethic of positive communication and constructive cooperation, and recommending formation of an independent, advisory Local Business Commission to bridge communication gaps between the business community and the City.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Built Environment</b> – the problem of vacant, unmaintained and deteriorating properties, the need to upgrade the community’s overall aesthetics, and the lack of land, housing and infrastructure inventory.</li> <li>• <b>Community Reputation, Image &amp; Quality of Life</b> – related to the “built environment” issues, the perceived lack of quality-of-life assets &amp; amenities needed to attract and retain employers, workers and their families in the community, combined with a stained reputation due to our “first impressions” aesthetics and “negative press” and stereotyping the community has experienced over issues of crime, public intoxication, vagrancy and panhandling</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Physical Asset Development</b> – calling for a plan to address needs for improved infrastructure, cleanup of properties, upgrading aging or out-of-date building inventory, enhancing overall community image, and finding resources for new infrastructure development.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Local Business Support Needs</b> – the need for educational and technical support services to local business owners, including assistance with supply chains, tax management and access to business resources.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Support Needs of Local Businesses</b> – recommending specific attention to assistance and skill training for owners and employees, including working with local organizations, supporting local bidding on contracts, finding &amp; developing a business location, customer service, overcoming racism, and improving employee retention through reinvestment in the skill levels, morale and advancement potential of the existing workforce.</li> <li>• <b>Business Tools &amp; Resources</b> – highlighting tools and resources that can be tapped by local businesses to assist with sustaining and expanding their operations, including both online and organizational resources.</li> <li>• <b>Local Business Development Agencies &amp; Programs</b> – recommending encouraging businesses to access organizational resources already available in the community.</li> <li>• <b>New Opportunities</b> – calling for a commitment by business and civic leaders to work on bringing new energy, opportunity and business into the City, including expanding the community’s outreach and marketing to build on the potential markets in outdoor and cultural tourism and in tourism generally.</li> </ul>

## ENTERPRISE & STARTUPS

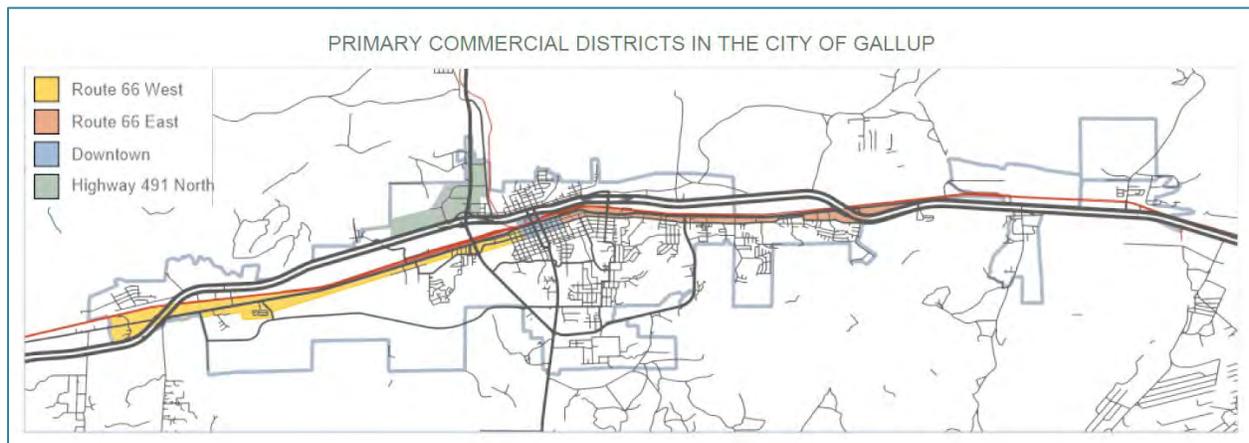
BARRIERS & CHALLENGES	OPPORTUNITIES & SOLUTIONS
<ul style="list-style-type: none"> <li>• <b>Business Preparedness</b> – the need for education, technical assistance and mentorship of local entrepreneurs, including youth internships, for increased attention to the needs of women and Diné entrepreneurs, start-up tools and coaching, access to resources and tools, building overall business acumen, negotiating licensing and regulations, and access to financial and other business resources.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Increase Support for Business Startups</b> – organizing and coordinating local business support services in a Business Incubator venue and program that provides one-stop-shop access to resources, mentoring, support navigating bureaucracies, business capital, and outreach to youth and other emerging entrepreneurs.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Built Environment</b> – the concern that the community does not have business-ready, affordable and location-friendly properties for new retail shops, and that local infrastructure needs upgrading, including improved traffic/transportation design, parking, walkability, and access to high-capacity broadband.</li> <li>• <b>Quality of Life</b> – the concern (shared by the other discussion groups) over the impact on the overall community aesthetic by the visible prevalence of crime, addiction, homelessness and vagrancy.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Community Development Initiatives</b> – addressing: the redevelopment and repurposing of existing properties; establishing new attractions and assets, such as a Riverwalk and a “Neon Mile” corridor reflecting the national Route 66 experience, a Native American Center and Trading Post tours; and beautifying and upgrading existing features such as overpasses and the Downtown.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Local Economics</b> – concerns about business finance, including the need for startup capital, the perception that chain retail companies don’t recognize Gallup as an attractive trade zone, the need for financial incentives for local entrepreneurs, the high cost of doing business such as mitigation of bad soils for new construction and the cost of purchase, rent, upgrade, and maintenance of properties.</li> <li>• <b>Community Relations around Public Regulation</b> – concerns (expressed in each discussion group) regarding the manner in which City standards and codes are administered and enforced, and the need for greater involvement by community members and the business community in planning and decision-making on matters that affect business; also unique difficulties experienced by Diné business owners in trying to operating businesses both on- and off-reservation.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Planning, Marketing &amp; Funding</b> – conduct an ongoing, inclusive process of planning for future development, encouraging new businesses to positively and competently reflect local cultures, promoting involvement and partnership with tribal communities and entrepreneurs, and conducting market research to provide feasible ideas for new business and to counteract adverse business factors in the community.</li> <li>• <b>Current Assets</b> –acknowledge the assets and resources currently on hand, as a foundation for building and growing forward, as seen in:             <ul style="list-style-type: none"> <li>○ <b>Outside Resources</b> – including state and federal programs such as: business loans from the Small Business Administration or (more locally) the Enterprise Loan Fund; the GRIP Ordinance; and the new Opportunity Zones program that provides tax breaks, for investors developing in high-poverty zones.</li> <li>○ <b>Physical, Program &amp; Market Assets</b> – including local properties and programs that can be supported &amp; expanded upon, such as: the commercial kitchen at the Community Pantry, MainStreet, the BID and other downtown organizations;</li> </ul> </li> </ul>

## CROSS-CUTTING THEMES

Examination of the proceedings from all nine roundtable discussions revealed various cross-cutting themes:

1. **CULTURE OF COMMUNICATION AND COLLABORATION** – The need to greatly improve the ethic and culture of communication, collaboration and encouragement among all players in the local economy, including repairing and transforming relations between City Hall and the business community. Discussions across the groups placed a priority on the need to build trust between the City and the business community, improving public-private relations by transforming the regulatory mindset from inflexibility to one that is cooperative and solution-oriented. Business owners want to see more of a “customer service” attitude by City staff, involving greater emphasis on communication, coaching and constructive conflict resolution. Additionally, considerable discussion centered around administration and enforcement of the City’s development codes, including the regulation of alcohol sales and licensing, fair resolution of conflicts and consistent enforcement of code violations, and business owners expressed the desire for more involvement in reviewing and modifying City development standards, codes and procedures.
2. **BUSINESS COMMUNITY VOICE** – Related to the culture of cooperation, and expressed in a number of different ways, there was a desire to establish an independent Local Business Commission with an advisory and advocacy role, which can build communication and trust between the City and the business community, review policies that impact business climate and opportunity, and propose changes in policies, regulations and other factors affecting local business.
3. **QUALITY & READINESS OF THE BUILT ENVIRONMENT** – The need to clean up, rehabilitate and repurpose deteriorating properties, to create a more attractive environment for new business and residents. Significant emphasis was placed on the need to improve the look, feel and functionality of the built environment, including improving the availability of and access to appropriate building spaces for businesses. Business owners need to be encouraged to be better stewards of their properties and to make them more attractive.
4. **QUALITY OF LIFE ASSETS & AMENITIES** – More generally, a lot of concern was expressed regarding both the self-image and public reputation of the City, including a lack of pride, the reputation of being a low-income community with no economic growth, and a tendency to focus on the negatives. Numerous comments also addressed the overall attractiveness of the community and the lack of amenities available to residents and visitors, including the need to replace deteriorating infrastructure (especially aging water and sewer lines downtown), to mitigate traffic congestion throughout the City, to increase access to public transportation and to improve community aesthetics through beautification, landscaping and other improvements. Participants wanted to see improved sidewalks, parking and walkability in the Downtown area, as well as a more robust, reliable, high-speed broadband system Downtown and throughout the City. There was a call for more family-oriented amenities such as trampoline parks, swimming pools and specialty retail shopping options.
5. **HONOR CULTURE** – Several participants emphasized the need to embrace, honor and reflect the unique cultures of the community in all retail development and marketing efforts, as well as to reach out and increase collaboration with neighboring tribal nations and communities.

6. **SUPPORT ENTREPRENEURS** – A recurring theme was the need for the community to provide greater support for local businesses and entrepreneurs, including through preparedness training, mentorship, professional guidance, and access to resources and business support, such as an incubator facility. There was also a call to expand inclusion by minorities and women in business development services and opportunities.
7. **MARKET PRESENCE** –There was considerable discussion regarding Gallup’s presence in the retail marketplace, including the need to put a brighter polish on local assets and capacities that can attract new business into the community, to create local venues, events and features of a “destination” nature, and to create greater alignment between on-the-ground reality and the “Gallup\*Real\*True” brand.
8. **IDENTIFY, PLAN AND COORDINATE LOCATIONS FOR NEW RETAIL** – There were strong recommendations on the need to improve linkages and connectivity between different geographic sectors in the community, especially between the Northside and Downtown, to balance retail development and diffuse traffic problems. Additionally, there was a call to develop and implement business-friendly tax procedures, incentives, and policies, and to improve cooperation and coordination among the City, the Business Improvement District, MainStreet/Arts & Culture District and other stakeholders in establishing policies, plans and investments in the development and upgrade of business properties.
9. **WORKFORCE DEVELOPMENT** –Throughout most of the nine breakout sessions conducted at the Roundtable, the issue of workforce was raised as a priority concern, including the need for training of local job seekers in the soft skills and other qualifications needed by local retail employers, with particular emphasis on the need to train and upgrade skills and performance in the management positions, as well as on the need for greater focus on youth entrepreneurship skills development.



**Figure 1. Place Dynamics’ delineation of Gallup’s Four Primary Commercial districts.**

In both Keynote addresses, Place Dynamics and Legacy Alliance indicated that retailers, especially chain retailers, have a preference for siting their stores along Highway 491. Development in the area is driven by factors such as high density retail traffic, easy access to Interstate 40, newer infrastructure and facilities and sites designed to meet modern commercial retail real estate needs. However, Gallup continues to face the challenge of how to revitalize the downtown area.

# ROUNDTABLE FEEDBACK

## Evaluation

At the close of the Roundtable, participants were asked to evaluate the Roundtable on 5 criteria: Content; Expert Presenters; Workshop Process; The Retail Priority; Personal Engagement. In summary:

- The participant response rate was 55% (25 of 45 participants submitted their evaluation forms)
- The average rating for each of the 5 criteria was in the upper "Great Value" range. Participants were most impressed with the input provided by the Expert Presenters and the Content of the Roundtable. A lesser percentage (but still in the "great value" range) was moved to consider proactive retail development as an important priority for the Gallup community. Overall average was around 7.70 on a 10-point scale.

The rankings of evaluation criteria can be summarized as follows:

Evaluation Question	AVERAGE SCORE	RANK
<b>1. CONTENT</b> <i>To what extent did you gain useful knowledge and insight from the overall Roundtable?</i>	7.92	2
<b>2. EXPERT PRESENTERS</b> <i>To what extent did the Presenters provide you with useful insights and new perspectives on the Retail challenge in Gallup?</i>	8.40	1
<b>3. WORKSHOP PROCESS</b> <i>To what extent did you find the table-by-table workshop process helpful in learning other people's ideas and issues?</i>	7.52	4
<b>4. THE RETAIL PRIORITY</b> <i>To what extent did you gain more appreciation of the importance of Retail in the Gallup region, &amp; the need for the community to be proactive in developing new and stronger Retail?</i>	7.00	5
<b>5. PERSONAL ENGAGEMENT</b> <i>To what extent were you inspired to actively support and/or participate in proactive Retail development in the Gallup region, going forward?</i>	7.68	3
<b>OVERALL AVERAGE SCORE:</b>	7.70	

The tallied scoresheet compiling participant comments is included as an Appendix.

Considering that this was the first community roundtable to focus on the possibilities for proactive retail development in Gallup, the evaluation feedback suggests that most participants viewed it as a valuable experience in which they gained new knowledge, new awareness of the priority of retail in the Gallup economy, and a new level of personal engagement in fostering new retail development in the community.

## Engagement

In addition to the evaluation, participants were asked to fill out a form entitled, “Sign Me Up.” They had the option of indicating “level of interest” across seven different “disciplines” to be involved in implementing “Retail Initiative 2.0.” About half of the participants “signed up” for continued engagement.

In summary: The majority of “Sign Me Up” respondents indicated a desire to “Stay Informed” of developments in virtually every action path; a lesser number “signed up” as active participants in those disciplines; and a few individuals offered to lead, coordinate and convene stakeholders in a few of the disciplines. The overall responses can be summarized as follows:

CATEGORY/DISCIPLINE	LEVEL OF INTEREST/COMMITMENT			
	1 Stay Informed	2 Sign Me Up/ Participate	3 Lead Coordinate Convene	TOTAL
<b>CORE RETAIL DEVELOPMENT DISCIPLINES</b>				
➤ <b>Attraction &amp; Recruitment</b> <i>Working to bring new retailers in from the outside. Helping to market the community and host prospects.</i>	16	5	1	22
➤ <b>Retention &amp; Expansion</b> <i>Working to build new retail “from the inside-out.” Helping existing entrepreneurs to expand based on priority retail targets.</i>	13	7	0	20
➤ <b>Startups &amp; Youth Enterprise</b> <i>Working to promote and support new locally-owned business. Helping youth &amp; other emerging entrepreneurs to build their own retail enterprise.</i>	11	9	3	23
<b>AFFILIATED DISCIPLINES</b>				
➤ <b>Jobs &amp; Workforce Development</b> <i>Focusing on retail jobs and helping local workforce to get employed and advance in retail business.</i>	12	9	1	22
➤ <b>Quality of Life &amp; Community Development</b> <i>Working to improve overall community attractiveness and expand accommodations &amp; amenities that attract and retain business &amp; residents.</i>	9	11	3	23
➤ <b>The Industry-Retail Connection</b> <i>Working to build confidence by economic-base employers &amp; employees in the community’s retail base, and identifying new retail demand by industry.</i>	14	5	0	19
➤ <b>Data &amp; Web-Based Communications</b> <i>Working to actively mine/compile existing &amp; new data sources to track economic data related to retail growth. Coordinating data analysis &amp; dissemination across disciplines, &amp; managing web-based communications.</i>	14	5	0	19
<b>OTHER: Working in other ways to support the Initiative</b>				
➤ <b>Partnerships</b> <i>Connecting our students to employers/creating businesses</i>	1			
➤ <b>Youth</b> <i>Expanding young adult opportunities, internships, mentoring programs, workshops, etc.</i>		1	1	
➤ <b>Community Involvement</b> <i>Keep bringing awareness that Gallup needs everyone, pulling together.</i>	1			

## NEXT STEPS & RECOMMENDATIONS

Emerging from the Roundtable was a common commitment to continue discussing, planning and implementing strategies to foster a robust retail economy in Gallup in the coming years. Working groups will begin to meet in alignment with 7 or more core and affiliated retail disciplines, including:

### Core Retail Development Disciplines

- Attraction & Recruitment
- Retention & Expansion
- Startups & Youth Enterprise

### Affiliated Disciplines

- Jobs & Workforce Development
- Quality of Life & Community Development
- The Industry-Retail Connection
- Data & Web-based Communications

GGEDC will share this report with stakeholders who attended this Economic Roundtable on Retail Attraction & Development and will post the report on the GGEDC web page. GGEDC will use the report to facilitate the continuation of the retail development effort. The data detailing the various challenges and barriers and the opportunities and challenges to retail development in Gallup forms a good starting point for continuing and amplifying this critical dialogue and for involving a broader slice of the Gallup retail community and other local stakeholders to weigh in on, prioritize, develop, and address themes identified in the Retail Attraction and Development Roundtable breakout groups.

Based on a number of conversations at the Roundtable and by the Retail Attraction

Steering Committee, and in addition to a local Business Commission as proposed in the Roundtable to strengthen the business voice and bridge relations with the City, there is a clear need for an organizational framework for the Retail Initiative itself going forward. A concept paper will be drafted outlining the essentials of a new Consortium organization, composed largely of the entities on the Steering Committee, and proposing a budget plan for the work needing to be done to implement and sustain the strategies of the Initiative. Execution of an action plan and administrative structure will depend on resources to be made available from public and private sources.

A “Roundtable II” was proposed to be held in Gallup this Spring, to be organized by the Retail Attraction Steering Committee subject to the availability of resources. In parallel, a team of local stakeholders and consultants registered to attend the RECon conference in Las Vegas, NV in May for the purpose of connecting with particular retail targets in the national marketplace.

**NOTE:** *In light of recent mandated restrictions in connection with the Coronavirus outbreak, these meeting events will likely be on hold for the immediate future.*

*“There is a clear need for an organizational framework for the Retail Initiative itself going forward. A concept paper will be drafted outlining the essentials of a new Consortium organization, composed largely of the entities on the Steering Committee, and proposing a budget plan for the work needing to be done to implement and sustain the strategies of the Initiative.”*

## Consultant Recommendations

In addition to the above activities and the cross-cutting themes captured from the Roundtable workshop process as summarized in this report, consultant Michael Stumpf of Place Dynamics LLC provided a number of strategic recommendations in the Roundtable White Paper, drawn largely from the Market Study being finalized in parallel with the Roundtable process. Those recommendations are summarized below:

- 1. Establish a realistic goal for the additional sales that can be captured, along with a timeline that recognizes the time needed to implement adopted strategies.** Set a realistic goal to capture a certain dollar sum or share of the market. It should recognize that initiatives will be implemented incrementally and may take years to show measurable results.
- 2. Ensure that available sites and buildings are in turn-key condition and presented in a favorable condition.** In the Highway 491 area, this includes the few vacant storefronts, potential redevelopment sites on the mall parking lot, and Maloney Avenue frontage. Route 66 offers available buildings and development (or redevelopment) sites, but the condition of many will not be appealing for chain, or potentially other businesses. Downtown shows high demand for space, but few vacant buildings or ready redevelopment sites. Initiatives that might be considered include infrastructure development, redevelopment planning and projects, code revision and enforcement, and incentives for property improvement.
- 3. Encourage a greater share of the traffic passing Gallup to visit, and extend the length of stay to increase the chance that visitors will patronize local businesses.** Gallup is the largest service center for traffic between Albuquerque and Flagstaff. It supports a massive trade in Native American arts and crafts, as well as other goods, and culture. Along with other parts of McKinley County, it also has one of the longest and most historic segments of Route 66. Any of these might be a reason for passing traffic to get off the interstate, but none are pursued to the degree that they might be. Possible initiatives that could be implemented include:
  - a. Billboard signage advertising the concentration of lodging, gas, food, and other businesses in Gallup.** Tukumcari and Santa Rosa might be looked to as models, advertising hundreds of miles out from the city, along the interstate. Native American goods and Route 66 can also be advertised.
  - b. Roadside signage for Historic Route 66, the downtown, and other key features.** This signage (including state highway signs) will help to inform passing traffic of available attractions and draw additional attention to exits.
  - c. Enhancements are needed to Route 66 to deliver the experience that visitors expect from this historic road.** While having some significant remnants of its heyday, the current condition of Route 66 does not fit the vision of what many visitors want to see, as chain prototype buildings and other unsympathetic development have made parts of it look like “Anyplace”. Planning for the corridor could highlight existing assets, improve the overall appearance as well as develop a Gallup Route 66 brand, and encourage design that contributes to the feel of the “Mother Road”. Tulsa is an example of a community that is in the early stages of implementing a program for its segment of the highway.
- 4. Promote existing business expansion and startups from within the community.** There is a great deal of untapped potential in both existing businesses and entrepreneurship in the area. These

businesses are important in that they fill niches that do not fit within the parameters of the various chains, and they help to create a unique identity for the city. Actions that may be considered include:

- a. Foster business startups.** Some research is needed to document the past startup trend and to determine what barriers there are to starting a business in Gallup. Specific programs may then be developed to help entrepreneurs overcome these hurdles. Examples include technical assistance and mentoring, financial and in-kind assistance, and provision of low-cost space. One idea may be to develop a marketplace for startups as part of the Route 66 experience.
  - b. Encourage business growth.** These initiatives mostly seek to fill gaps in the market or attract additional customers to businesses. For example, a handful of Gallup's restaurants are doing a good job of catering to the visitor market, but others might consider how design, menu selections, advertising, and other aspects of the business could be tweaked to be more appealing to a visitor market for dining that is larger than the resident market.
  - c. Conduct customer survey research.** Gallup can implement a program of periodic survey research to develop a better understanding of customer patterns, including where and when they shop, the goods and services they leave the area to purchase elsewhere, and their perceptions of the community and its businesses. This will help to guide future actions at the individual business, or collective level.
- 5. Implement a focused program of business attraction.** New business attraction will help to grow the share of the market that Gallup captures, rather than simply redistribute existing sales. A greater concentration of businesses will help to retain customers that now leave the area to shop elsewhere, whether for a larger selection or because what they want can't be found locally. When they do not leave Gallup to shop elsewhere, the chance that they will patronize other Gallup businesses increase.



## APPENDICES

1. “Gallup’s Market Analysis & Retail Strategy, A White Paper” prepared by Place Dynamics, LLC
2. Economic Roundtable – Retail Attraction & Development – Methodology & Approach
3. Keynote Speaker Power Point presentations
4. Tallied scoresheet compilation of participant evaluation responses
5. 2020 Economic Roundtable - Attendee List
6. Charts of Barriers & Challenges and Opportunities & Solutions

## Appendix 2 – Methodology

### METHODOLOGY – OUR APPROACH

In keeping with the GGEDC “Roundtable Tradition,” an invitational workshop was put together for convening in Santa Fe at a time coinciding with the annual Winter Session of the New Mexico Legislature. This would make possible attendance by executive and professional representatives of the Administration, “piggyback” on the “Gallup-McKinley County Day at the Legislature” event attended annually by many leaders and citizens from the Gallup area community, and provide a venue away from day-to-day demands and interruptions in Gallup.

As with the nine other GGEDC roundtables held in the past 6 years, the Retail Development Roundtable was organized around three broad objectives: educate community leaders and citizens about economic development approaches and priorities; engage those stakeholders in conversations that lead to action strategies that can be undertaken “back home” in the Gallup region; and enlist civic leaders as advocates for high-priority economic development investments and processes.

In the case of Retail Development & Attraction, this would be the first time GGEDC would focus on this topic as an economic development priority. In common with many other local economic development corporations around the country, the GGEDC focus has historically been on the recruitment of “economic-base” industry businesses. With the encouragement of the City of Gallup, this year the GGEDC took on the retail challenge.

The GGEDC took on the role of “catalyst and convener” for assisting the community to proactively address retail challenges and opportunities. The first step was to put together a steering committee composed of staff and consultants from Gallup agencies with a role in retail development, including (in addition to the Greater Gallup EDC): the City of Gallup’s Marketing & Tourism Department; the Gallup-McKinley County Chamber of Commerce; the Small Business Development Center; the Gallup Business Improvement District; Gallup MainStreet / Arts & Culture District; GallupArts (the local Arts Council), and Northwest New Mexico Council of Governments. The GGEDC brought in retired former COG Director Jeff Kiely as master facilitator in support of the Retail Initiative.

The “Retail Attraction Steering Committee” (RASC) laid out the respective roles and responsibilities of each member agency in retail development, recommended in favor of hiring Place Dynamics, LLC and Michael Stumpf to complete a comprehensive update of the Gallup Marketing Study. Subsequently, RASC has advised and facilitated work on the Marketing Study. Mr. Stumpf developed a draft report and white paper which informed the overall Retail Roundtable focus and discussion.

For this year’s Roundtable on Retail, it was decided to expand the participant base for the retail topic, to include selected individuals from local businesses and agencies with direct experience in Gallup’s retail marketplace, along with civic leaders at the local and state levels. A special effort was made by Committee members to invite individuals from various sectors in the business community, including youth and the Arts, recognizing that those sectors make substantial contributions entrepreneurial and otherwise to Gallup’s economy. The organizers set a goal of achieving around 50 participants in the Roundtable. Economic Roundtable participation was by invitation only. Business owners and entrepreneurs were referred to GGEDC by the Retail Attraction Steering Committee members. They each made three referrals, one to each breakout area. The referrals were mostly business owners and entrepreneurs with experience or expertise related to retail attraction, retention or entrepreneurial development.

For the Roundtable, the Committee settled on a format that could be accomplished in about 5 hours, thereby making optimum use of participants’ investments of time and expense at the Santa Fe venue,

while allowing other business and travel to be conducted in the balance of the day. The key strategic topics, or “disciplines,” identified for small-group discussions were: Retail Recruitment & Attraction; Retail Business Retention & Expansion; and New Retail Enterprise/Entrepreneurs. Facilitators were selected ahead of time to guide discussion in these topic areas. Objectives, methods and focus questions were finalized for each discipline, and retail economics experts were engaged to provide brief keynotes as an educational backdrop for the discussions and to provide input to the small-group discussions throughout the roundtable process.

Each of the nine breakout sessions took place in 40-minute “speed-dating” segments. Facilitated discussions were designed to focus on “barriers and challenges” impacting retail development within the particular disciplines/topic areas, followed by “opportunities and solutions” that could begin to move the community past the barriers and forward into collective action.

On Roundtable Day at the Hilton Hotel Santa Fe, the conference room was pre-organized to accommodate a presentation lectern and projection screen in the front and three small-group meeting tables to accommodate up to about 17 persons per group. Following the kickoff keynote addresses, the Facilitators – along with their co-facilitators/documenters and subject-matter experts – rotated from group to group in three 45-minute cycles.

This roundtable agenda proved to be quite ambitious, and it was difficult to contain the many robust comments and conversations within the 40-minute small-group time periods. The conference room itself was a challenge, as it was too small to enable greater physical separation between the three group tables, and thus it was at times difficult for participants to hear one another over the general din created across the three groups. However, there was enthusiastic and high-level participation throughout the process, and a rich treasury of comments and ideas was gathered. In the weeks following the Roundtable, the many pages of notes were compiled, and a summary of this input forms the heart of this report.

The process the facilitators decided to employ shared elements of a Strengths Weaknesses, Opportunities, and Threats (SWOT) analysis. The facilitators had prepared questions addressing various topics within their subject area, but generally sought to elicit ideas and concerns from the stakeholders in each breakout group as they saw fit. Each breakout group had relevant expertise and experience within the facilitating team. The facilitators initially hoped to have participants vote at the end of each session to prioritize what they considered the most significant barriers and challenges and opportunities and solutions. However, there was insufficient time within the aggressive schedule to do so.

The Economic Roundtable Final Report summarizes the ideas and issues identified during the course of the Roundtable. Included as appendices to the report are charts reflecting the “barriers & challenges” and “opportunities and solutions” the “Sign-Me-Up” form scoresheet, the results of the participant evaluation, the Retail Attraction & Development White Paper, and the PowerPoint presentations of the Keynote speakers.

## **The Expertise – Keynote Presentations**

Brad DeYoung, a partner with Legacy Alliance Holdings (LAH), a commercial real estate firm with operations in five states that also operates in Gallup, presented the first of two keynote presentations. He identified critical factors for successful retail development stating that successful communities have good education, low crime, good jobs, and low unemployment. He stated that as Gallup Land Partners brings industrial properties online, jobs ranging from construction to manufacturing and others will also be spun off. Creating more jobs results in a need for more and differing types of retail, he said. Addressing a project

LAH is developing along Highway 491 in Gallup, Mr. DeYoung noted that there are good opportunities to fill in “the easy holes” – by bringing retailers to Gallup that should be here but are not.

Noting that the trade area surrounding Gallup has a population of 350,000 and that that population has a “huge impact” on retail in Gallup, Mr. DeYoung emphasized that Gallup could substantially increase its retail sales by targeting and pulling more people off of the Interstate. He suggested that Route 66 could be the draw, especially if it were dressed up and themed in a well-executed manner, perhaps as a “Neon Mile” with specialty shops geared toward travelers and selling locally produced goods.

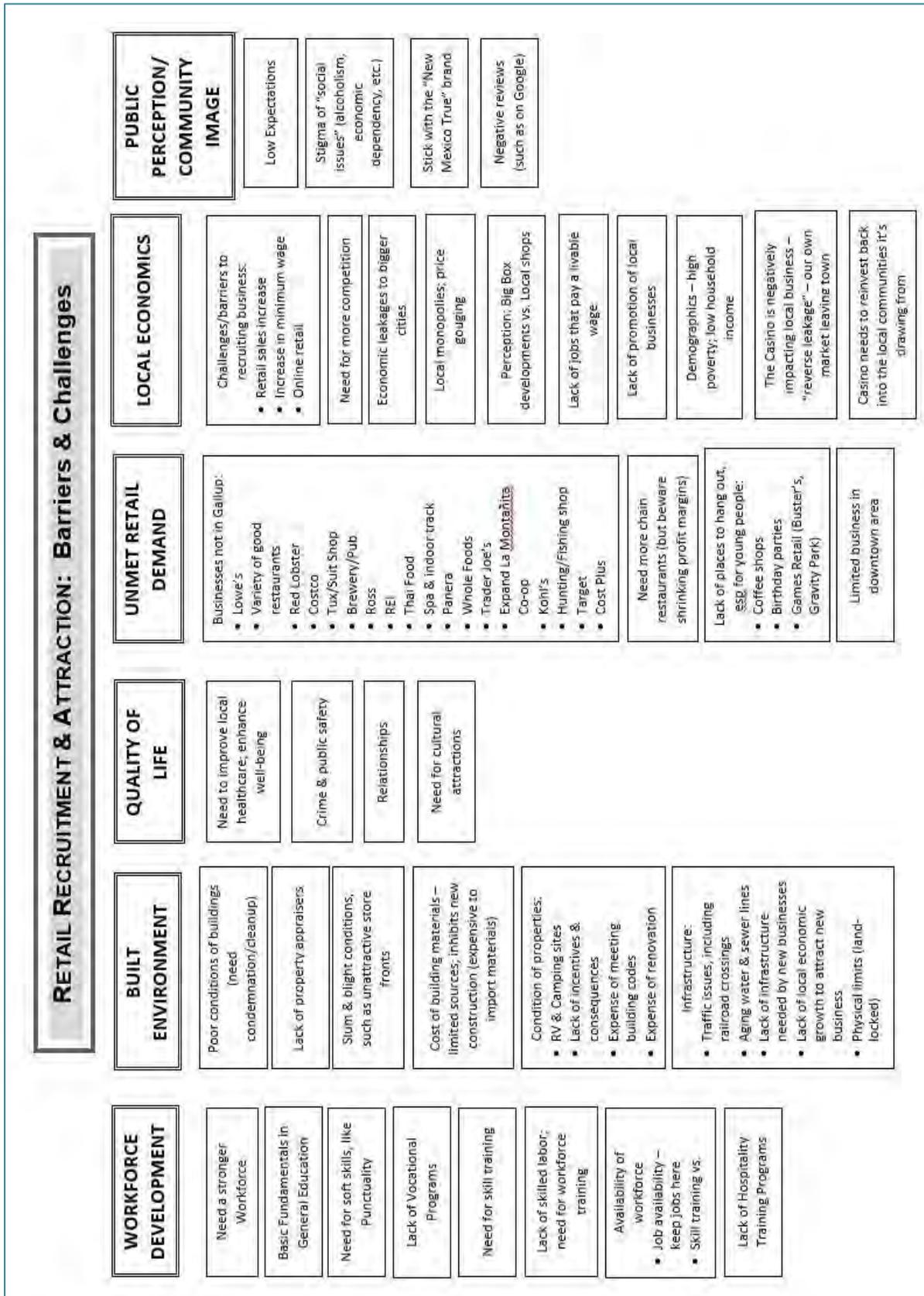
Mr. DeYoung emphasized that Gallup’s trade area is misunderstood, because the data sources retailers typically consult indicate that the population that shops in Gallup is not nearly as large nor as wealthy – in terms of expendable income – as it is. He said the actual data tells a remarkably different story. As an example, he cited sales at the top quick serve restaurants (QSRs) in Gallup being 50% to 150% higher than the national averages sales for those stores. Mr. DeYoung sees enormous potential for attracting outside retailers into Gallup, but notes the challenges of getting around standard market data that suggests to retailers that we have a much smaller and lower income population, and that we lack the types of locations where retailers are interested in siting. It’s time for Gallup to tell a much better story.

Michael Stumpf, Principal with Place Dynamics LLC, was the second keynote speaker. In presenting his analysis, initial findings and recommendations related his updated study of the Gallup retail market, the thrust of his remarks was that Gallup’s retail market is consuming only \$624 million of a potential \$2.1 billion annual retail pie. He explained the method by which he calculated that number – utilizing estimates of household incomes on the Navajo reservation and a year’s worth of cell phone data that tracks people coming into the area and where they go and stay once here.

Mr. Stumpf indicated various means by which Gallup’s existing stores and restaurants might capture a larger share of the regional market. His suggestions included improving business strategies to make better use of available information and data and that can contribute to improved market research, understanding of retail trends and dynamics, and better marketing strategies. As a government strategy, Mr. Stumpf suggested that Gallup should improve its infrastructure and the design of its streets throughout the city in order to improve its ability to market to outside companies. He emphasized opportunities for attracting retail and dining businesses that could fill market gaps and retain customers.

He recommended establishing businesses in specific niches within the Gallup market that he believes are underserved. The niches he identified include: auto dealerships, furniture and home furnishing stores, specialty food stores, gas stations, truck stops, department stores, pet stores, and a broad spectrum of dining establishments. He also believes capacity exists to expand upper mid-scale and develop unique hotels in Gallup.

# Appendix 6 - Charts of Barriers & Challenges and of Opportunities & Solutions



## RETAIL ATTRACTION & RECRUITMENT: Opportunities & Solutions

### RETAIL RECRUITMENT

Bring in new retail = new dollars into the economy

Recruit outdoor recreation industries

Attracting national retail chains brings visibility to the Gallup region

Promote & support new industry & retail

Big Box competition

Convey a cohesive vision for recruitment

Attract outdoor recreation retail & industry

Tourist attractions

Emerging opportunities related to Navajo-Gallup Water Supply Project & new Rail development

Attract investors

### MARKETING THE COMMUNITY

Enhance the retail experience

Better marketing (jobs, culture)

Tell our story better; improve our image; live up to our brand – “Gallup\*Real\*True” – image, experience, authenticity

Get information out to promote Gallup’s businesses

Survey: Why do people shop elsewhere?

Understand who your customers are

Create “places to go”; create a “destination” attraction in Gallup

Acknowledge our demographics – and make it work

Embrace what we are: build onto it; create new markets; protect what we have

### IMPROVING COMMUNITY IMAGE & FUNCTIONALITY

Enhance store formats, to make them more welcoming

Fix what we already have – and expand

Better utilize Red Rock Park

Enhance Route 66 corridor

Fix, clean up, improve & expand infrastructure

Take advantage of existing buildings

Improve the rail crossing to connect Downtown with Northside

The City’s fragmented retail sectors (locations) need to be inter-connected; improve road system so it flows better

Enhance walkability

Convert the Downtown space into a place to live – not just work & shop

Improve the Visual

More parking spaces

Train noise at the crossings needs to be resolved

Resolve traffic congestion issues at overpasses & railroad crossings

Quality of life investments

- Increase walkability
- Improve storefront visuals

Address the homelessness issue via local nonprofits & advocates

Public intoxication issue: focus on local storekeepers to reduce the problem

Who owns property in Gallup – and how do we find out?

Resolve the negativity between public & private (City & businesses); start working together, with better communication

### WORKFORCE DEVELOPMENT

Improve & expand Vocational programs – increase opportunities

More vocational training

Create better business & vocational training programs

Workforce/Jobs balance: County, City, Tribes need to work together

### SUPPORT & GUIDANCE FOR LOCAL BUSINESS

Resources: Gross Receipts (relief) Incentive program

Support local businesses

Community Support for new business

Business investments in the community

New developments need to speak to the local population & cultures

Support students & young entrepreneurs

Inclusivity

Encourage Online retail, due to lack of space

Honor culture & community

Focus on small business entrepreneurs

Build partnerships with Tribes and businesses

Build partnerships with tribal communities

# RETAIL BUSINESS RETENTION & EXPANSION: Barriers & Challenges

## PUBLIC-PRIVATE RELATIONS

City permitting process & inspections (P & Z)

Regulations & Codes: Code/ permitting conflicts; Not business-friendly; Rules make improvements cost-prohibitive

Government support for & collaboration with business not effective

"No" attitude by City staff; need 1-on-1 consultation on codes & standards

Difficult planning & zoning requirements, construction permitting; negative attitudes by City staff

Issues with the City's Development Standards

- Startups & expansion efforts (all in or all out)
- No flexibility
- Over-regulation, but with limited P&Z staff
- Inconsistent enforcement, accountability

Need a unified merchant association to foster an inviting & collaborative culture of doing business

Lack of collaboration with neighboring communities

## WORKFORCE

Workforce: skills not transferable

Hiring challenges: getting skilled staff who can pass drug tests & will stay with my business

Need education for business owners & middle managers; incl. city, state, federal corporate, franchise requirements

Workforce; Lack of qualified workforce; employee turnover (constantly training new employees)

Workforce shortage, ineptitude: Lack of trained/qualified labor force

Lack of employee support or training by businesses

Employee retention & morale: getting turned off; high turnover

New employees lack the drive to succeed/excel

Workforce weakness in our "key positions"

## BUILT ENVIRONMENT

### UNATTRACTIVE PROPERTIES

Downtown detractors:

- Vacant buildings
- Aggressive panhandling
- Inadequate parking
- Not clean

Vacant & deteriorating properties all over town; many not available for sale or rehab; need landlord communication & support

Lack of turnkey properties

Negative visual coming in from west side – vacant, boarded-up buildings

Not reinvesting in properties; poor landlord-tenant relations

### LAND, HOUSING & INFRASTRUCTURE

LAND:

- Need to acquire quality land for development
- Poor soil conditions add costs to construction
- Central shopping location needed – for both local and national retail stores
- Location, Location, Location!

HOUSING:

- Not enough housing
- Need all kinds of housing
- Housing stock limited & in poor condition

INFRASTRUCTURE:

- Lacking, deteriorating and/or failing;
- Need infrastructure financing program
- Poor accessibility of parking and walkways
- Lack of parking & walkability features
- No policy to implement GRIP ordinance
- Need better internet

## COMMUNITY REPUTATION, IMAGE & QOL

Deficiencies in Quality of Life assets & amenities

Need spaces/opportunities for family activities

Not enough opportunities for young adults

Perception that we're a low-income community

Negative reputation; Negative stereotypes – signage, appropriateness/first impressions

Lack of welcome or encouragement for new businesses to move in

Negative press; public perception that we're a high-crime area

Customer service issues: Bad customer service is driving business away

Lack of community pride; Need to change mindset & "culture" of how things are done in the community

Alcoholism & panhandling; Aggressive panhandling – downtown & other

## LOCAL BUSINESS SUPPORT NEEDS

Supplies not easily accessed locally (limited availability)

Difficulty attracting customers to my business location; dealing with transient clientele

Need to create an online business presence to advertise & attract

We need to learn to market new products

Difficulty locating resources

Tax Burdens:

- Problems with tax structure (3/8% rate increase?)
- Gross Receipts Tax rate is too high

Need more 1-on-1 support for business startups

# RETAIL RETENTION & EXPANSION: Opportunities & Solutions

## WORKFORCE DEVELOPMENT

School district needs to offer offering training with certificates/ degrees [Discuss with NM Labor]

Trainable & available workforce; Workforce Solutions

Re-train employees

Local grants to be used for workforce development [New Mexico Tech works - website development]

Work with schools & colleges on soft skills & business skills - "gig café" on Thursdays - customers come once a week & gain experience.

Produce graduates with soft skills training & industry-specific skills

Youth internships based on career interest

Ways to help young adults transition from high school to the workforce, colleges, vocational opportunities,

Soft skills training @ Mid/High School

Tailor curriculum to area industry

Reach out to more high school students, with more work experience opportunities

## SUPPORT NEEDS OF LOCAL BUSINESSES

Bad Customer service due to racial undertones - can be addressed with anti-racism training.

Outreach to existing businesses to expand

Educate Business on Bidding for Government, City contracts

Education, Communication about working with local organizations.

RFP / Bid Training

Employee Retention:

- Encourage employees
- Provide internal coaching
- Find common ground
- Opportunities for advancement

Educate existing businesses on marketing approaches

- Social media
- Websites
- Video
- Advertising tools

Create a City webpage to advertise commercial buildings for sale/rent and to advertise non-welfare housing/rentals

Assist businesses to make use of existing buildings; Take advantage of space

Internet Training

## BUSINESS TOOLS & RESOURCES

Use GROW IT! (Gallup as a NM Municipal League member gets this service for free) to support business, help them Grow & Thrive.

Online (web) presence - Website, Ads, KeyWords / Google search

Foster employees to start business

Need information on what programs are available conveyed to business owners.

On-Line (Google) clean up

Creative start-ups (Alice Loy's Creative Economy program)

Trip Advisor

Libraries as Launch pads

Deancey Street type services

Prime Reviews - Yelp, Google, etc.

Tap local knowledge

## BUSINESS DEV AGENCIES & PROGRAMS

One-Stop Shop for Econ Dev; Chamber-GGEDC-SBDC-COG-Incubator

MainStreet: Learning about & getting access to MainStreet Assistance.

Partnering with local organizations (MainStreet, BID, SBDC, GGEDC, etc.)

Promote BID / GGEDC / Downtown services

Access to EDC, MainStreet, BID

Promote existing business support services

## NEW OPPORTUNITIES

Need new opportunities: Start on bringing something new (business) to Gallup

Without the instate / local opportunities, kids will have to go someplace that will provide opportunities.

Outdoor tourism

Expanded tourism discussions; positive outreach to tourists/visitors

## PHYSICAL ASSET DEVELOPMENT & FINANCE

Develop GRIP ordinance, policy (for retail) to access funding

- Develop implementation process
- 1 of 4 cities in NM have it

LEADS Grants (NMEDD)

Clean up / fence off common areas between or behind businesses.

Tax credits (historic district)

Reinvesting & Remodels

Close off Coal Ave. for a beautiful outdoor mall (I thought this was supposed to be happening?)

New Businesses want to own land not just pay rent (Gallup is land-locked)

Fix Failing infrastructure

3/8% tax increase would increase budget but reduce retail!

Façade improvements, creative placemaking.

improve local responses to bids for construction

Re-open & examine codes & regulations (standards)

Review signage in Historic District

Pass City ordinance Prohibiting panhandling and Public intoxication

Create "Landmark - New Historic Location" - first Native American-owned/operated headquarters

## CULTURE OF COMMUNICATION & COLLABORATION

Improve communication

- Change the mindset on communication - collaborative, encouraging
- Transparency in the process & City-business collaboration
- How community meets government
- City Ambassadors/-Liaisons - 4 businesses
- Business liaison; good business-community advisor; Mediator
- Better communication with City code enforcement
- Educate businesses on

Business Task Force or Council: Create a Council/Committee for Business Support

- A mediator to work with Both Business & Government

Have a progressive community to solve problems with positive attitude in all areas; Work to foster a culture of pride & motivation

Address homelessness & behavioral health issues: Housing First (look at Utah)

Improve Educational and Behavioral Health services

Support each other thru procurement and reviews

## ENTERPRISE: Barriers & Challenges

### BUSINESS PREPAREDNESS

- Preparedness/Education**
- Youth Education (Internships), k-12
  - Start-ups - high on vision/low on implementation
  - Need At-start preparedness
  - Need Mentorship
  - Build Business Acumen
  - Know where & how to access resources & tools to start & expand business
  - Navigating Licensing & Regulations

### Awareness of Risks/Challenges

- Starting a business
- Female entrepreneur considerations
- Dine (Navajo) business owner considerations
- Online and cottage industries

### Key Questions for Startups:

- Is concept bulletproof from competition?
- Relevant market research is available/ conducted?
- Knowing applicable rules, regulations, code, inspections & tax requirements
- Does your business rely on visibility?

### Accessing Finance & other resources

- Finance for Startups
- Need for a Cushion (for ongoing repairs and improvements and repairs)
- Know when/how to inject money into business/operations

### BUILT ENVIRONMENT

**Buildings**  
All buildings are old – Buyer Beware

#### Infrastructure

- Need adequate Infrastructure & upgrades
- Broadband – greater connectivity, access, speed, capacity and redundancy

#### Traffic

- Need sufficient traffic/Access
- Access to Hwy 491
- Need parking

#### Retail Development:

- Need more & appropriate spaces/buildings for retail
- Create more retail hubs, Westside and Hwy 602
- Need Affordable space and locations (with Infrastructure)

### QUALITY OF LIFE

**Social Challenges**  
Crime, Homelessness, Addiction

### CITY HALL

#### Regulations

- Overbearing
- City building codes, Code restrictions-costs (inspections, codes, fire) - infrastructure, ADA compliance,
- Old buildings, water/sewer issues abatement, FF&E

Lack of Vision and Leadership

More community involvement needed in decision-making

City should get active with legal counsel to go beyond anti-donation restrictions

Special Regulatory challenges face [Dine \(Navajo\) business owner\(s\)](#) operating off and on the reservation

### LOCAL ECONOMICS

#### Financing

- Need for Capital for start-ups/ access to funding
- Lack of funding
- Start-up assistance and support necessary
- Chains don't see us as a trade zone (hinders investment, franchising)

#### Business Costs

- Property Taxes
- High cost of any new construction
- Expensive to renovate old buildings
- High repair and maintenance costs
- High Rent/Leases
- Landowners don't want to sell, only lease

#### Financial incentives

- Fund GRIP- at Start-up and beyond
- Tax incentives don't reach to smaller start-ups
- Tax incentives needed for small business (LEDA, MIRA)
- Incentive utilities

# RETAIL ENTERPRISE & STARTUPS: Opportunities & Solutions

## CURRENT ASSETS

### OUTSIDE RESOURCES

Existing State & Federal programs

BID has grants

SBA Loans

Opportunity Zones (tax breaks for investors who build in identified high-poverty zones)

### PHYSICAL, PROGRAM & MARKET ASSETS

GRIP

Millennials' interest in experiences/services

Vacant Buildings

Shoppers – urban & rural

Community Pantry's Kitchen

Kenny's Tours (almost Up & running)

Coal Avenue Commons – multimillion dollar redevelopment project

Flea Market – 500 vendors [start a business incubator there]

Storytelling

College & Career Pathways program at Gallup-McKinley County Schools

Educational programs – YBA, Skills USA

Business Mentors

MainStreet services

Marketing Study – presents opportunities & identifies market gaps

## WISH LIST/DESIRED DEVELOPMENTS

### SUPPORT FOR BUSINESS STARTUPS

Incubator – indighub.com space

Incubator

Flea Market Incubator

Mentorship programs

Mentor programs – peer-to-peer

One-stop-shop for starting a business (including a pamphlet)

Bootcamp – covering all facets of being an entrepreneur

Case management and hand-holding

Small business loans (ex: ex: from COG's ELF program)

Flowchart process of resources

online/library/schools

Presentations starting with high school graduates

Shared Experiences

### COMMUNITY DEVELOPMENT INITIATIVES

Change or develop existing locations

Create a overwalk with parks, as destination points

Create a "Neon Mile" – build off of Route 66, increase visibility; change "undesirable" reputation

Develop southside of freeway

Overpass beautification

Create signage as a means to get travelers off the freeway

Curbs-&-gutters – nice looking town

Native American Center (including events)

Trading Post Tours (on Scenic Byway)

### PLANNING, MARKETING & FUNDING

Encourage Culturally relevant business

Market research

Native entrepreneurship & representation

Keep creating, supporting jobs in our community

Collaboration with Navajo Nation Economic Development division

Provide choices for consumers

What grant money is available?

Identify grants to pursue

Plan for Expansion & Growth

Counter the negative Casino experience

# Economic Roundtable

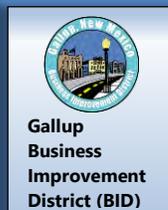
# Gallup Retail Attraction & Development



## Gallup's Market Analysis & Retail Strategy: A White Paper

Hilton Santa Fe Historic Plaza Hotel - January 31, 2020

Presented by Greater Gallup Economic Development Corporation  
in partnership with:



## BACKGROUND

Each year, the Greater Gallup Economic Development Corporation (GGEDC) hosts one or more “Economic Development Roundtables,” including events in Gallup, as well as in Santa Fe in conjunction with annual sessions of the Legislature. This year, the focus is on Retail Attraction and Development. As with other roundtables, this event is designed to promote knowledge, dialogue and forward-looking commitment on critical elements involved in economic development of the Greater Gallup region.

GGEDC considered the following as critical reasons for focusing on retail development:

- **LEAKAGE PREVENTION** – To help to stem the leakage of money and talent from the local economy. The benefits of creating high-wage jobs are compromised if the dollars from those wages immediately leave town.
- **ECONOMIC REVENUES** – To grow the retail sector to help to increase Gross Receipts Tax (GRT) revenue streams that support local government, various nonprofit organizations and community services and reduce budget shortfalls occasioned by phasing out “Hold Harmless”;
- **JOBS** – To increase the number of jobs in the Gallup region, and to strengthen the pathway from service jobs (entry level) to higher wage jobs requiring technical skills;
- **BUY & SELL LOCAL** – To increase opportunities to buy and sell local and keep dollars in circulation in the Gallup economy for as long a period as possible (the multiplier effect) before those dollars leave the community;
- **COMMUNITY QUALITY** – Improve the “quality of life” by creating more opportunities to shop and dine locally. Improving the quality of life and place helps to “sell” Gallup to industrial firms potentially interested in locating here, and to retain and build our own labor force; and
- **GROW THE PIE** – Recognize new opportunities for local businesses and entrepreneurs to tap into a larger “revenue pie” (the focus of this white paper).

Participants in the Retail Roundtable, including Gallup retailers, entrepreneurs, public officials, directors of nonprofits, retail developers, and experts, will have an opportunity to engage in dynamic small group discussions on how to shrink the leakage, how to help businesses start up, expand, and succeed, and what types of businesses would make sense to try to bring to Gallup. The event also provides an opportunity to gauge retail market challenges and opportunities, identify opportunities for new businesses, and to help develop strategies to grow the retail economy of the greater Gallup area.

Entrepreneurship research shows that the \$543 billion U.S. retail industry represents 3% of the national economy. Locally, retail is an even stronger proportion of the Gallup economy due to our “regional hub” status. The Location Quotient for Retail Trade in McKinley County in 2017 was 1.3,<sup>1</sup> which on face value suggests that we have a strong retail sector. However, rather than leveraging and multiplying the wealth from this activity, the Gallup market experiences significant leakage, estimated at \$97 million in 2017 (ESRI data). Clearly, a primary objective needs to be to reduce the leakage. This can be accomplished by opening stores in niches not well-represented in Gallup -- such as a clothing stores -- where locals would have the opportunity to buy certain goods and services locally.

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<sup>1</sup> A Location Quotient (LQ) is the percentage of total local employment in a particular industry compared to the percentage of total national employment in that same industry. A LQ greater than 1.0 indicates that a particular industry employs proportionately more workers locally than it does at the national level. *Source: IEDC*

To that end, GGEDC is engaged in a process of identifying gaps in the market and generating strategies for addressing them. Retail has not previously been a GGEDC core priority, as its mission and focus is on economic-base recruitment and retention, that is, recruiting and supporting industrial employers that provide well-paid “base” jobs. In the big picture, however, the GGEDC has learned that success in a sustained program of industrial recruitment and business retention hinges on “quality of life” issues. To successfully recruit businesses, skilled personnel and their families to McKinley County, there needs to be a broader range of quality jobs, education, workforce training, housing, shopping and recreation opportunities. An important amenity workers desire is access to a variety of modern retail outlets.

Preliminary research and consultation with experts by GGEDC staff regarding Greater Gallup’s “retail challenge” revealed that there are many “players” in the local retail market, but there has not been systematic planning or coordinated action around the future of Gallup’s retail economy. GGEDC stepped up to help get the ball rolling. International Economic Development Council (IEDC) literature emphasizes the need for a lot of collaboration and input from key local partners, as well as from specialized consultants and brokers in the retail industry in order to accomplish this task.

With technical assistance by the GGEDC, the City of Gallup applied for and received a planning grant that enabled the City to hire a private consultant to conduct a retail market study. Place Dynamics, LLC, led by its principal Michael Stumpf, was hired in that capacity, and the GGEDC was called upon to convene a local stakeholder group to oversee the work. The research aims to create a win-win scenario for the City, its businesses, residents and visitors. Expanding and improving the local retail sector will improve the tax base that supports McKinley County and City of Gallup services. This will help to mitigate some of the GRT shortfall local governments are experiencing as the State phases out Hold Harmless funding it was providing to replace GRT formerly generated through grocery food sales.

It is also important to see how Gallup lines up in terms of what retailers and investors are looking for, including identification and qualification of properties most amenable for development or re-development, as well as quality-of-life amenities that are seen as critical to the attraction and retention of businesses. A critical focus is on “commercial real estate,” or those properties owned for the purpose of producing income. Many people in Gallup want to see a more vibrant downtown with minimal vacant properties. But in addition to undertaking an in-depth assessment of current market demands, determinations also need to be made regarding which of the properties could meet those demands.

## SPECIAL THANKS

Since July 2019, GGEDC has hosted monthly meetings of the Retail Attraction Steering Committee that laid the foundations for this roundtable and guided completion of contracted work on the Gallup Retail Market Analysis. GGEDC hired local consultant **Jeff Kiely** to facilitate the process. We are immensely thankful for the work of the Steering Committee, which has included representatives from the **Gallup-McKinley Chamber of Commerce**, the **City of Gallup Marketing and Tourism Department**, the **Downtown Business Improvement District (BID)**, **Gallup MainStreet/Arts & Cultural District**, **gallupARTS**, the **Gallup Small Business Development Center**, and the **Northwest New Mexico Council of Governments (NWNMCOG)**.

We also extend a very special thanks to keynote speakers, **Brad DeYoung** with **Legacy Alliance Holdings** and **Michael Stumpf**, with **Place Dynamics, LLC**. The following summary by Mr. Stumpf constitutes the heart of this white paper.

# GALLUP'S MARKET ANALYSIS AND RETAIL STRATEGY - SUMMARY

Gallup has a market that is often misunderstood, even by people who live in the area. The City draws its regular customers from a very large region with a population approaching 200,000 people. Adding to their numbers are another six million visitors passing through, mostly on Interstate 40. While the visitor potential is not even considered in data sources used for retail site selection, the city's market potential is further underestimated when those sources fail to account for the true income available for retail spending in the trade area. This analysis seeks to address these concerns, using mobile phone tracking to geographically define the market, quantifying visitor potential, and accurately measuring the spending power of trade area residents.

The market study is intended to support efforts to recruit new businesses, encourage startups, and suggest opportunities for existing businesses to expand. It defines the market and examines the demand for retail, dining, and lodging businesses in the City of Gallup, identifies strategies to grow the market and strengthen existing businesses, as well as attract new ones, and determines targets for attraction.

## The site selection process and Gallup's market study

A primary focus of this analysis has been to attract chain retail stores and restaurants. In order to be effective, it is necessary to understand how these businesses choose where to open new establishments. That process has evolved from decisions based on often-incomplete knowledge of an area, to one that is heavily influenced by data from many sources. These include public datasets from the Census Bureau and other sources, commercial services that aggregate data from public and private sources, consumer surveys, point of sale information, online sales data, loyalty program data, mobile phone data, in-store sensors, and other tracking technology. This can be integrated to offer an unprecedented view of local markets, often to the block level. It has as much application in store design, merchandising, and marketing as it does in site selection.

Perhaps the most important take-away for local economic developers is that, not only do retail and dining chains have access to the same data available to local officials, but they also have a great deal of proprietary information not available to local officials. The challenge in carrying out an effective attraction campaign, then, is to discover gaps and provide insight only available from the community, which will cause a targeted business to take a second look.

Retail chains typically have real estate and market research staff who drive the site selection process, while higher-level executives make critical decisions concerning regions in which to expand, as well as the final call on individual sites. While countless sites are submitted by property owners, brokers, and developers, only a handful are even considered. There are five important considerations in determining if a site may be one of these:

1. Is the site in a region that has been targeted for expansion?
2. Can the site be served by the existing distribution network?
3. Does the site cannibalize existing store locations?
4. Does internal (proprietary) data support the potential for a store in the area?
5. Do the site's demographics and other attributes match those targeted by the chain?

Of these, the last is the only one that can be influenced through information provided at the local level. To do so, the local agency needs to be able to counter any information that inaccurately portrays the area, and/or provide additional information not available through traditional sources.

EXAMPLES OF INFORMATION AVAILABLE FOR SITE SELECTION

INFORMATION	AVAILABLE LOCALLY	AVAILABLE TO CHAIN	COMMENTS
Demographic and economic estimates (Census) and projections	X	X	Estimates are subject to errors in the count and in critical data such as income.
Competitor location data, other business locations	X	X	Services such as ESRI and Environics tend to omit or mistakenly include 30-40% of business locations.
Pedestrian and vehicular traffic data	X	X	Chains may collect additional information using sensors in the store or parking lot.
Customer survey data	X	X	Although local agencies can collect this data, most do not.
Chain performance data (ex., store sales, floor area, etc.)		X	Potential locations can be assessed against existing locations in similar markets.
Online and in-store chain transaction data		X	Helpful in developing customer typologies and defining customer geography.
Loyalty program data		X	Helpful in monitoring customer behavior and tailoring promotions, as well as merchandising.
Credit card data		X	Publicly-available aggregated data is very limited, offering only an index, rather than numeric data.
Internet / social media data	X	X	Some information is generally available, while more detailed metrics are available to the business.
Mobile phone tracking	X	X	Extensive information is available. However, businesses with their own mobile apps are able to collect their own, more detailed data.

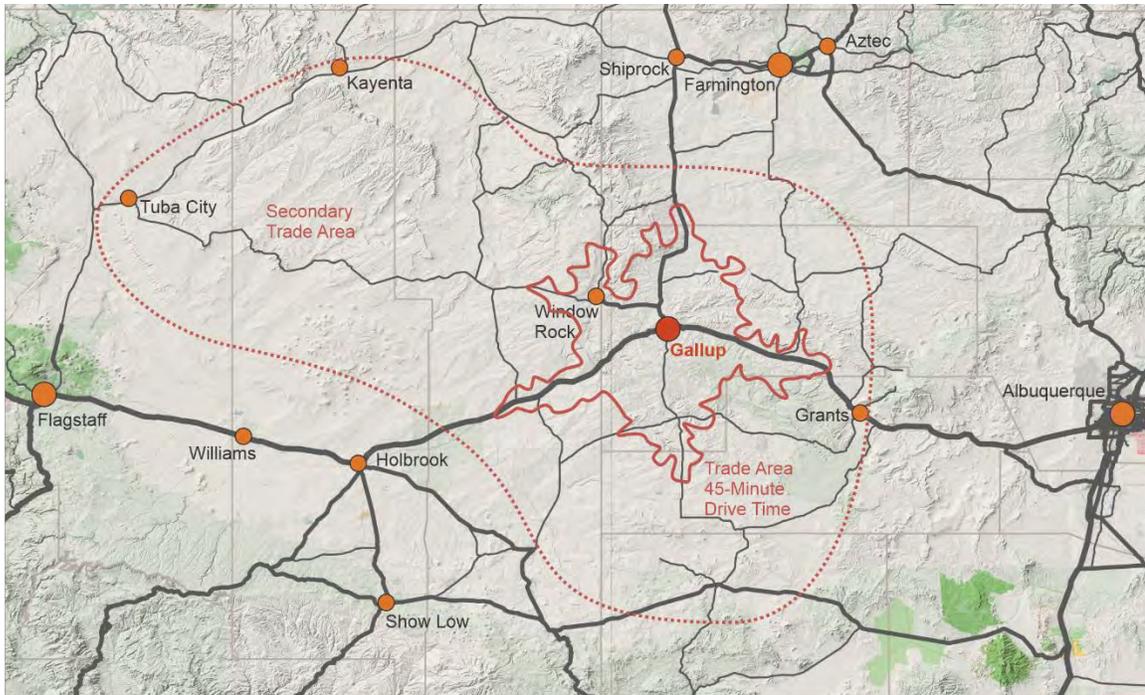
The market analysis prepared for Gallup was designed to gather evidence that will present the city as a more attractive retail location than it appears using conventional data sources. The argument centers on three key points:

- 1. Gallup’s trade area needs to be drawn much larger than most.** Across nearly all retail types, Gallup business managers interviewed for the study told of customers coming from an hour in most directions, and further into the Navajo Nation. That anecdotal evidence is supported by mobile phone tracking of customer locations.
- 2. Conventional sources greatly underestimate the disposable income of the resident population.** Data vendors used by chain stores, such as ESRI Business Analyst or Environics, paint a picture of a very low income market. They miss a large underground economy on the reservations which increases overall income, and housing and health care assistance that frees up income to be spent on retail goods and services. The market analysis estimates the true income available.

- Traffic passing through the city greatly increases the market potential.** Data vendors provide no information to estimate visitor spending, which is often overlooked by the chains in their site selection process. The market analysis documents the number of visitors and the potential they add to Gallup's market.

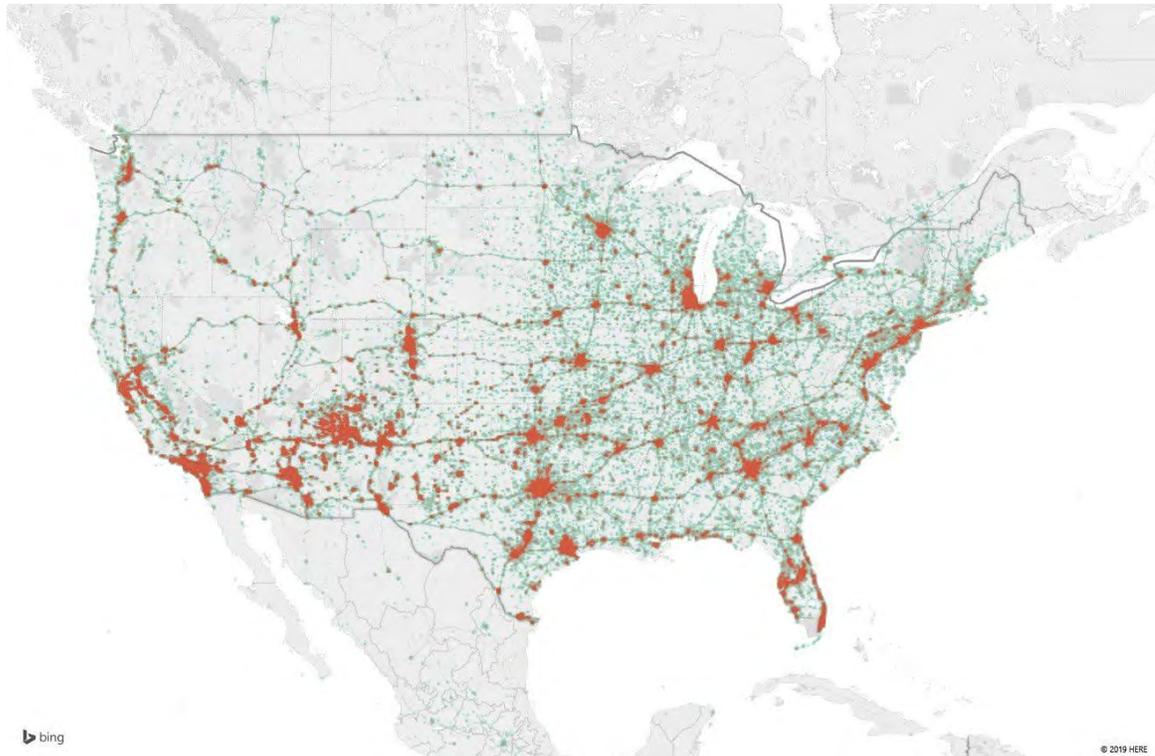
## Key findings

The market analysis defines the area and assesses opportunities for retail, restaurant, and lodging. Significant findings include the following.



- Gallup has a primary trade area lying within a 45 minute drive from the city. A secondary trade area extends west as far as Tuba City, north to Kayenta and short of Shiprock and Farmington, east to Grants, and south to Highway 60. The trade areas are mapped below.
- Approximately 65,000 people live in the primary trade area. This is an area from which Gallup businesses will draw most of their customers, and in which residents will consider Gallup to be their primary shopping destination. The secondary trade area adds another 130,000 residents, who will come to Gallup for some of their shopping and service needs.
- While a low income area (the median income in the city is \$43,598 and it is \$31,515 in the primary trade area), there is a large, unreported economy. Examples include arts and crafts, food stands, small farms, flea market booths, and other ventures. Based on a number of studies of the Navajo Nation, the market study estimated that 30 percent of Native American households earn \$18,000 in unreported income annually. This totals \$72.9 million in additional income.
- Native American households receive health care and housing benefits that allow them to shift income from these expenses to other purposes, including retail and dining purchases. An estimated 60 percent of these costs is covered, a \$5,529 benefit to these households, increasing disposable income by \$74.7 million.

- There are just over 6 million visitors passing through Gallup, defined as persons originating over 100 miles from the city. More than half – 3.3 million – will pass through without stopping. Another 1.6 million will stop, with 0.7 million making a stop under three hours, and 0.9 million stopping for a longer period, but not staying overnight. There are 1.1 million overnight visitors, with 0.5 million staying in hotels, and 0.6 million staying in other accommodations (such as with family or friends). The average overnight stay lasts 1.67 days.
- Visitors to Gallup spend \$286.3 million during their trip, though not all of that is captured in Gallup. The estimate is somewhat higher than the State’s estimate of \$242 million in visitor spending in McKinley County. Visitors are drawn from the locations on the map.



- The total market potentially available to retail businesses in Gallup is \$2.03 billion. This is divided between \$611.9 million in the primary trade area, \$1.263 billion in the secondary trade area, and \$166.8 million spent by visitors. Gallup’s retail businesses are capturing about \$623.9 million in sales.
- The market for eating and drinking places is \$300.6 million, with visitor spending (\$156.6 million) exceeding the potential from the primary and secondary trade areas combined (\$144.1 million). Eating and drinking places in the city capture \$73.8 million in sales, made up of \$30.7 million at full service restaurants, \$37.6 million at limited service restaurants, and \$5.6 million elsewhere.
- Demand for hotel rooms has been steadily increasing. The city has 39 hotels with 2,458 rooms. That number has grown as new hotels opened in recent years, with the result that occupancy rates have declined. The overall occupancy rate is 62.6 percent, which compares to a national average of 66.2 percent. The 73.2 percent rate among midscale and higher tier properties is significantly higher, while economy hotels have averaged a 41.0 percent occupancy.

## Targets for attraction

Retail targets for attraction include the following chains.

- Advance Auto Parts
- Big O Tires
- Discount Tire
- American Home Furniture and Mattress
- Carpet One Floor and Home
- Flooring America
- Floor Trader of Farmington
- Kiva Carpet and Tile
- Lloyd's Carpet and Draperies
- Lowe's
- Bashas'
- El Super
- Aldi\*
- Christopher and Banks
- Buckle
- Torrid
- Zapaterias Pedrito
- Cavender's
- PetSense
- Petco
- Savers
- Salvation Army Thrift Store
- Burlington
- TJ Maxx
- Marshall's
- Ross Stores
- Target
- C-A-L Ranch Supply
- Big R
- Costco
- Sam's Club

Restaurant chains that may be attracted to the city include the following.

- Cattle Baron
- Chipotle
- Culver's
- Dunkin
- Great Harvest Bread Company
- IHOP
- Old Chicago
- Panera
- Perkins
- Qdoba
- Ruby Tuesday
- Taco John's
- Village Inn
- Whiskey Creek

The following lodging chains are targeted for attraction.

- AmericInn by Wyndham
- Baymont by Wyndham
- Cambria (Choice Hotels)
- Candlewood Suites (IHG)
- Drury Inns & Suites
- Home2 Suites by Hilton
- MyPlace Hotels
- Clarion (Choice Hotels)
- Cobblestone Inns & Suites
- Country Inn & Suites (Radisson)
- Courtyard by Marriott
- Ramada by Wyndham
- Woodspring Suites (Choice Hotel)

## Moving forward

Gallup's businesses are capturing less than one-third of the roughly \$2 billion in market potential generated by visitors and residents of both trade areas. The ultimate goal is to capture a larger market share. This will be accomplished in part by adding new retail and dining businesses through startups and attraction, and by fostering the growth of existing businesses in the community. Just as important, though, are strategies that develop the market and encourage more people to shop and dine in the city. The following are some measures that can be considered.

1. **Establish a realistic goal for the additional sales that can be captured, along with a timeline that recognizes the time needed to implement adopted strategies.** Gallup won't be able to capture all of the potential generated through the trade areas and visitors. A realistic goal might be expressed as a dollar sum or as a share of the market. It should recognize that initiatives will be implemented incrementally and can take years to show measurable results.
2. **Ensure that available sites and buildings are in turn-key condition and presented in a favorable condition.** In the Highway 491 area, this includes the few vacant storefronts, potential redevelopment sites on the mall parking lot, and Maloney Avenue frontage. Route 66 offers available buildings and development (or redevelopment) sites, but the condition of many will not be appealing for chain, or potentially other businesses. Downtown shows high demand for space, but few vacant buildings or ready redevelopment sites. Initiatives that might be considered include infrastructure development, redevelopment planning and projects, code revision and enforcement, and incentives for property improvement.
3. **Encourage a greater share of the traffic passing Gallup to visit, and extend the length of stay to increase the chance that visitors will patronize local businesses.** Gallup is the largest service center for traffic between Albuquerque and Flagstaff. It supports a massive trade in Native American arts and crafts, as well as other goods, and culture. Along with other parts of McKinley County, it also has one of the longest and most historic segments of Route 66. Any of these might be a reason for passing traffic to get off the interstate, but none are pursued to the degree that they might be. Possible initiatives that could be implemented include:
  - a. **Billboard signage advertising the concentration of lodging, gas, food, and other businesses in Gallup.** Tucumcari and Santa Rosa might be looked to as models, advertising hundreds of miles out from the city, along the interstate. Native American goods and Route 66 can also be advertised.
  - b. **Roadside signage for Historic Route 66, the downtown, and other key features.** This signage (including state highway signs) will help to inform passing traffic of available attractions and draw additional attention to exits.
  - c. **Enhancements are needed to Route 66 to deliver the experience that visitors expect from this historic road.** While having some significant remnants of its heyday, the current condition of Route 66 does not fit the vision of what many visitors want to see, as chain prototype buildings and other unsympathetic development have made parts of it look like "Anyplace". Planning for the corridor could highlight existing assets, improve the overall appearance as well as develop a Gallup Route 66 brand, and encourage design that contributes to the feel of the "Mother Road". Tulsa is an example of a community that is in the early stages of implementing a program for its segment of the highway.

4. **Promote existing business expansion and startups from within the community.** There is a great deal of untapped potential in both existing businesses and entrepreneurship in the area. These businesses are important in that they fill niches that do not fit within the parameters of the various chains, and they help to create a unique identity for the city. Actions that may be considered include:
  - a. **Foster business startups.** Some research is needed to document the past startup trend and to determine what barriers there are to starting a business in Gallup. Specific programs may then be developed to help entrepreneurs overcome these hurdles. Examples include technical assistance and mentoring, financial and in-kind assistance, and provision of low-cost space. One idea may be to develop a marketplace for startups as part of the Route 66 experience.
  - b. **Encourage business growth.** These initiatives mostly seek to fill gaps in the market or attract additional customers to businesses. For example, a handful of Gallup's restaurants are doing a good job of catering to the visitor market, but others might consider how design, menu selections, advertising, and other aspects of the business could be tweaked to be more appealing to a visitor market for dining that is larger than the resident market.
  - c. **Conduct customer survey research.** Gallup can implement a program of periodic survey research to develop a better understanding of customer patterns, including where and when they shop, the goods and services they leave the area to purchase elsewhere, and their perceptions of the community and its businesses. This will help to guide future actions at the individual business, or collective level.
5. **Implement a focused program of business attraction.** New business attraction will help to grow the share of the market that Gallup captures, rather than simply redistribute existing sales. A greater concentration of businesses will help to retain customers that now leave the area to shop elsewhere, whether for a larger selection or because what they want can't be found locally. When they do not leave Gallup to shop elsewhere, the chance that they will patronize other Gallup businesses increases.



# GALLUP MARKET ANALYSIS





\$2.03 billion available  
\$623.9 million captured

# COMPONENTS OF A STRATEGY

1. Help existing stores and restaurants capture more of the market
  - a) Business strategy – information, tactics, marketing, support
  - b) District strategy – infrastructure, design, programs, marketing
2. Encourage retail and dining startups
  - a) Education, training, technical support
  - b) Space, programming
3. Attract retail and dining businesses
  - a) Fill gaps in the marketplace
  - b) Retain customers in the market

# OPPORTUNITIES FOR GALLUP

Car dealers

Auto parts and tires

Furniture and home furnishings

Home improvement

Supermarkets

Specialty food stores

Cosmetics and beauty supplies

Gas stations or truck stops

Apparel and accessories

Hobby stores

Department stores

Pet stores

Used merchandise stores

Limited-service restaurants

Full-service restaurants

Hotels (upper midscale or unique)

# CHAIN SITE SELECTION

Chain performance data

Point of sale / transaction data

Loyalty program data

Online sales data

Credit card summary data

Demographic / economic data

Competitor location data

Customer survey data

Internet / social media data

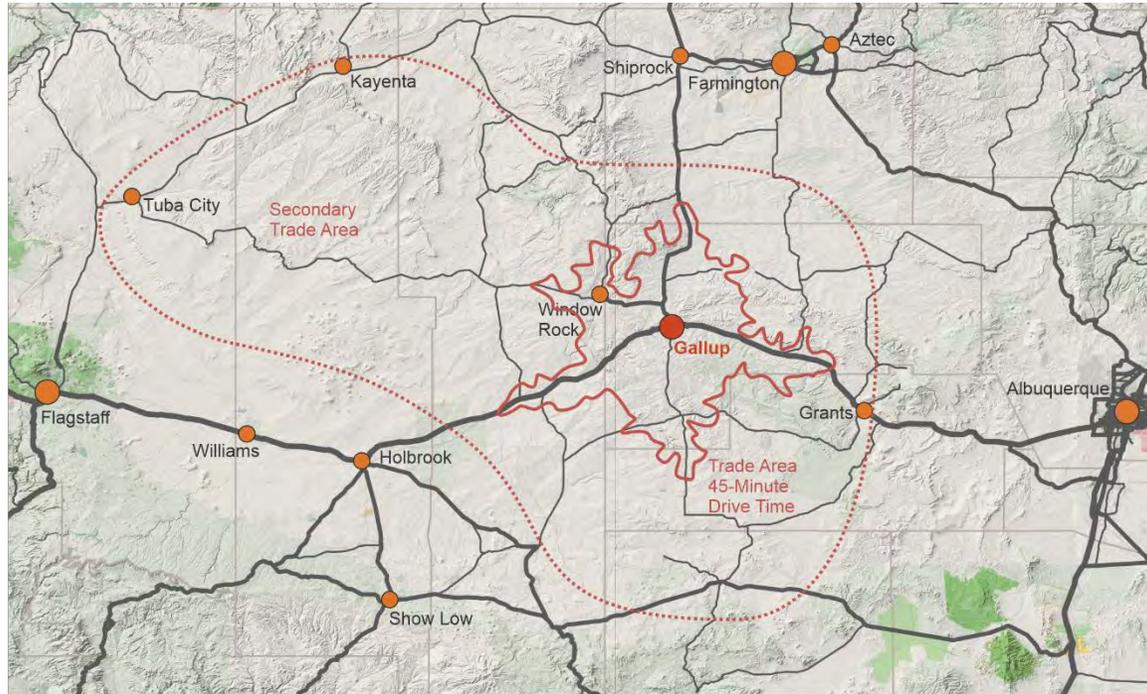
Mobile phone tracking data

Pedestrian or vehicle traffic data



# GALLUP IS UNDERESTIMATED

## 1. Trade area

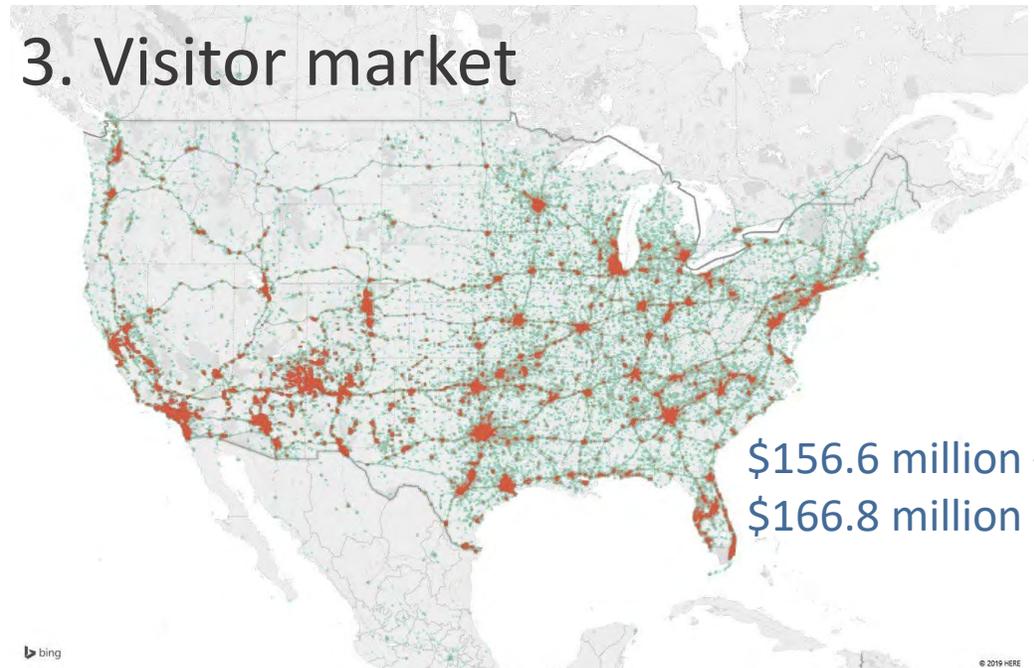


\$611.9 million – primary  
\$1.263 billion - secondary

## 2. Underestimated income

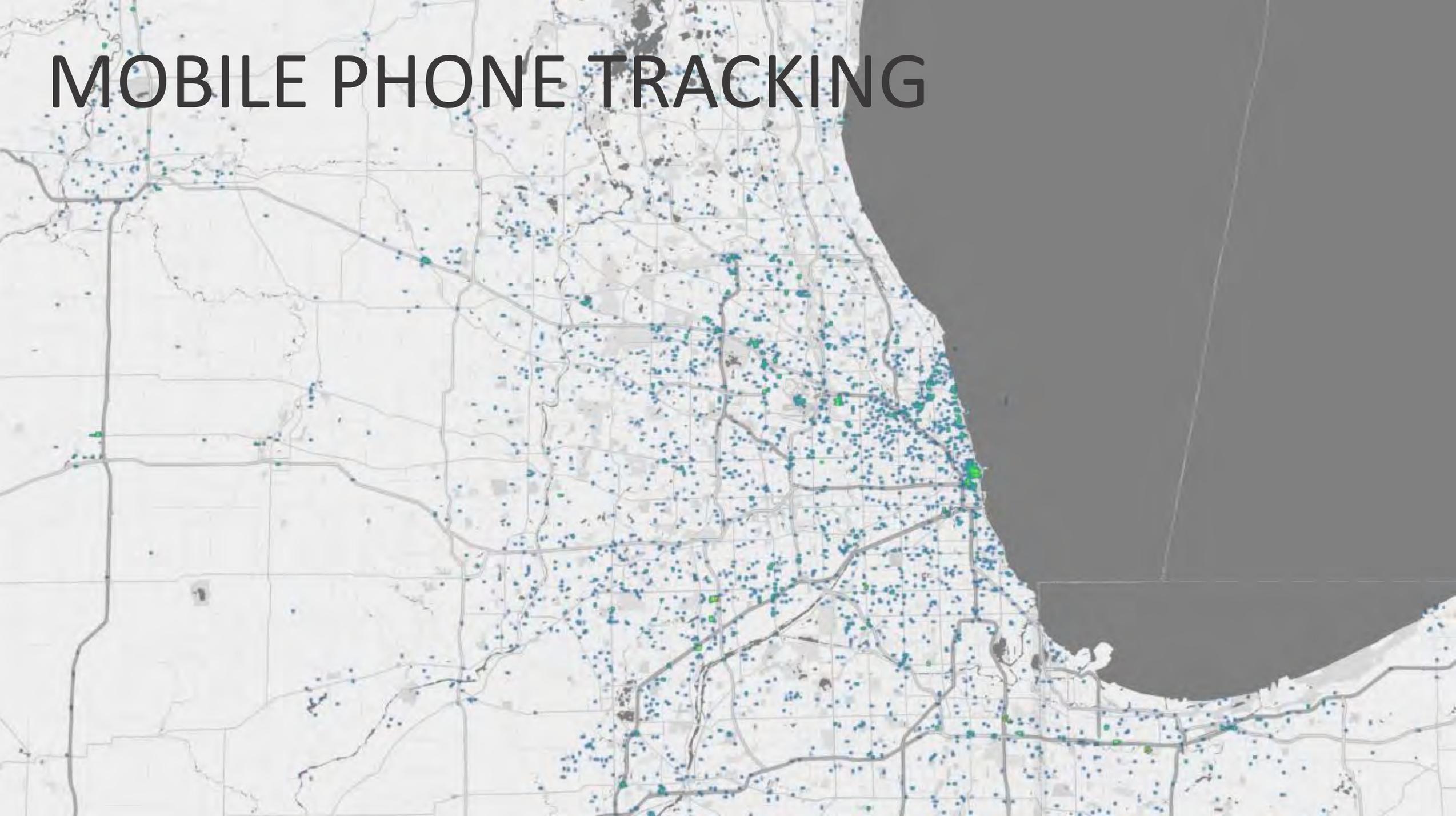
\$72.9 unreported  
\$74.7 health / housing

## 3. Visitor market

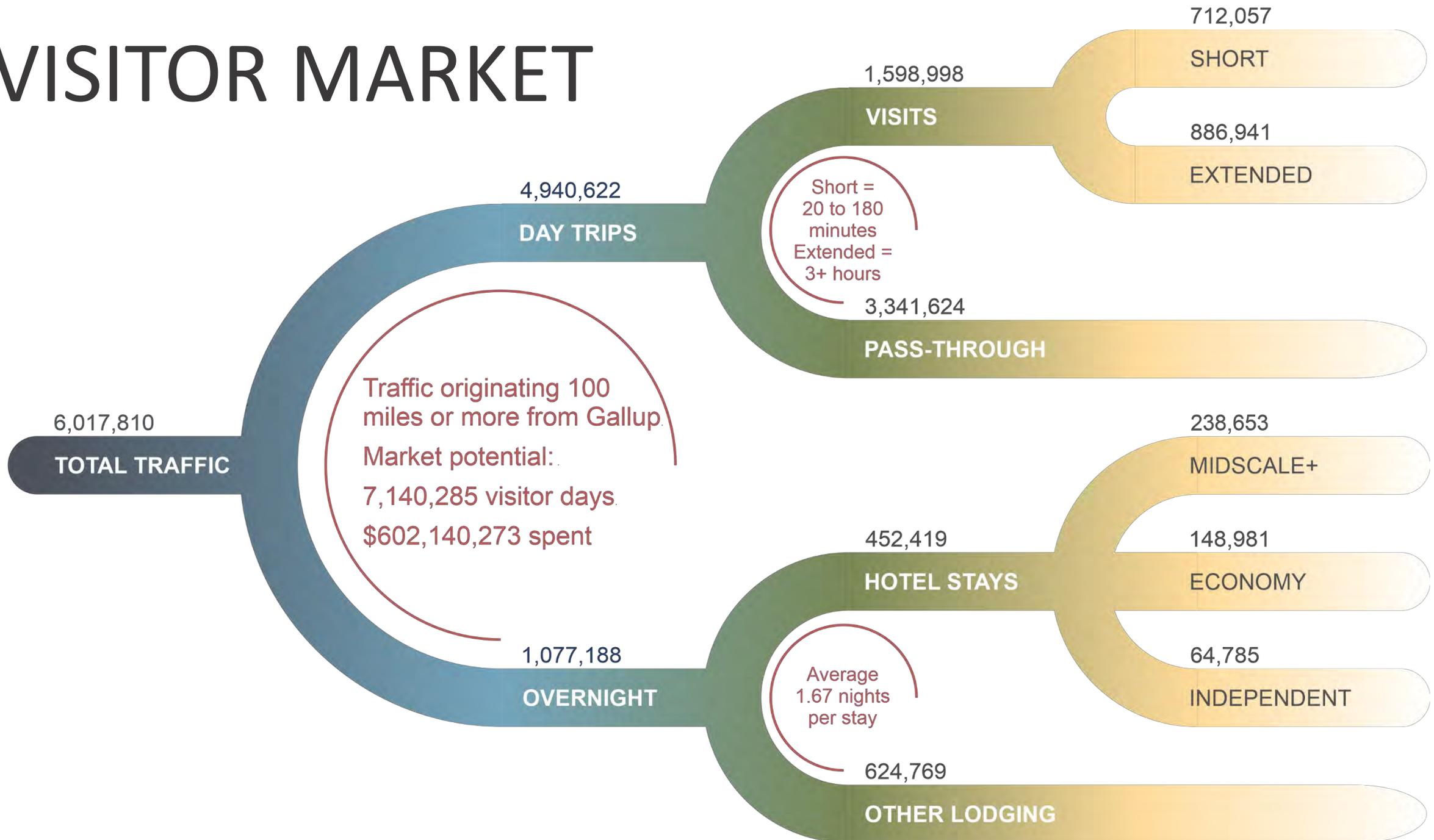


\$156.6 million – dining  
\$166.8 million - retail

# MOBILE PHONE TRACKING



# VISITOR MARKET





RETAIL ROUNDTABLE  
2020  
January 31<sup>st</sup>

Brad DeYoung  
Fred Hopkins

[www.LAHCRE.com](http://www.LAHCRE.com)

# Critical Factors for successful retail

- a. National/State Level
  - i. High income levels
  - ii. High education levels
  - iii. Low crime
  - iv. Overall Tax burden, particularly property taxes (Advantage NM)
  
- b. City Level
  - i. High traffic counts
  - ii. Good visibility
  - iii. Good access



# What makes a community successful?

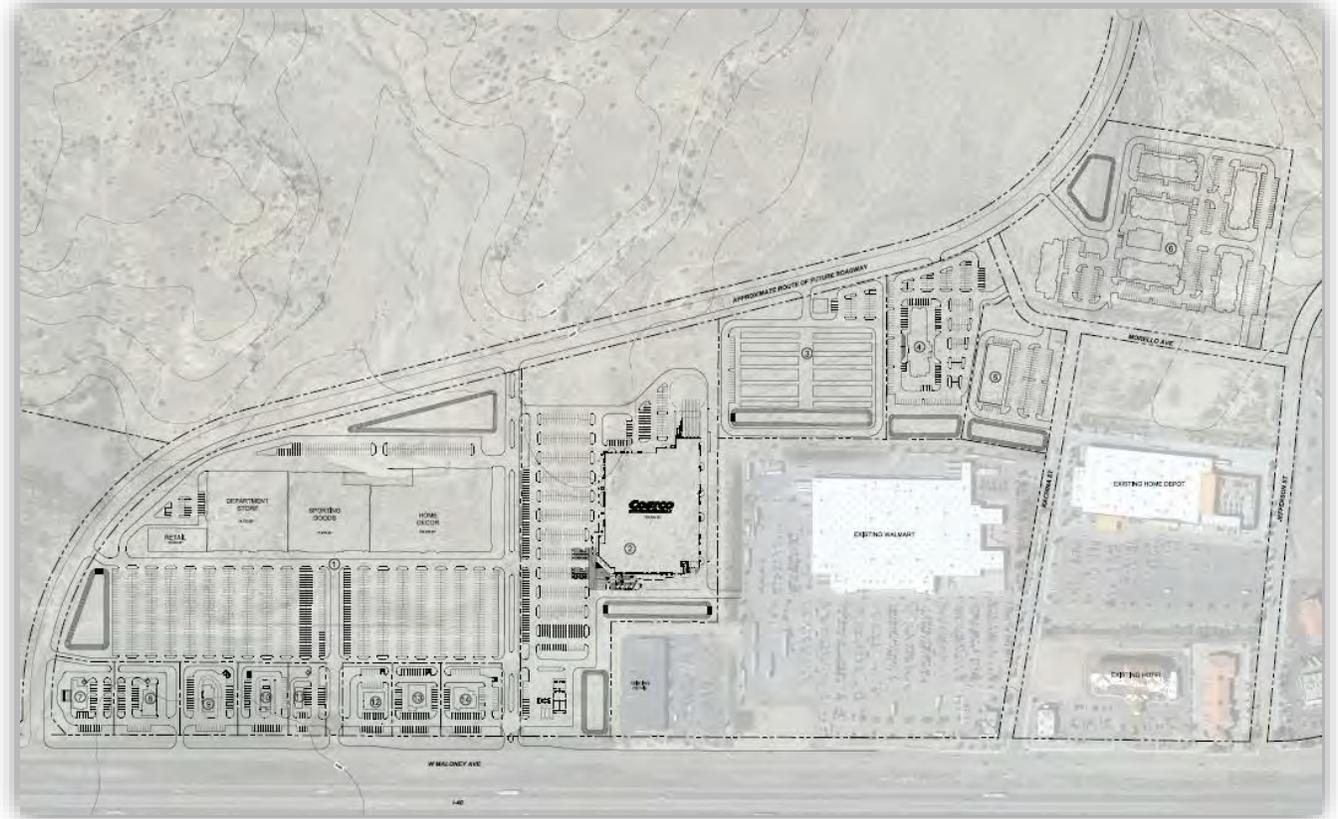
- Good Education
- Low Crime
- Good Jobs
- Low Unemployment



# What does a community need to do to grow retail?

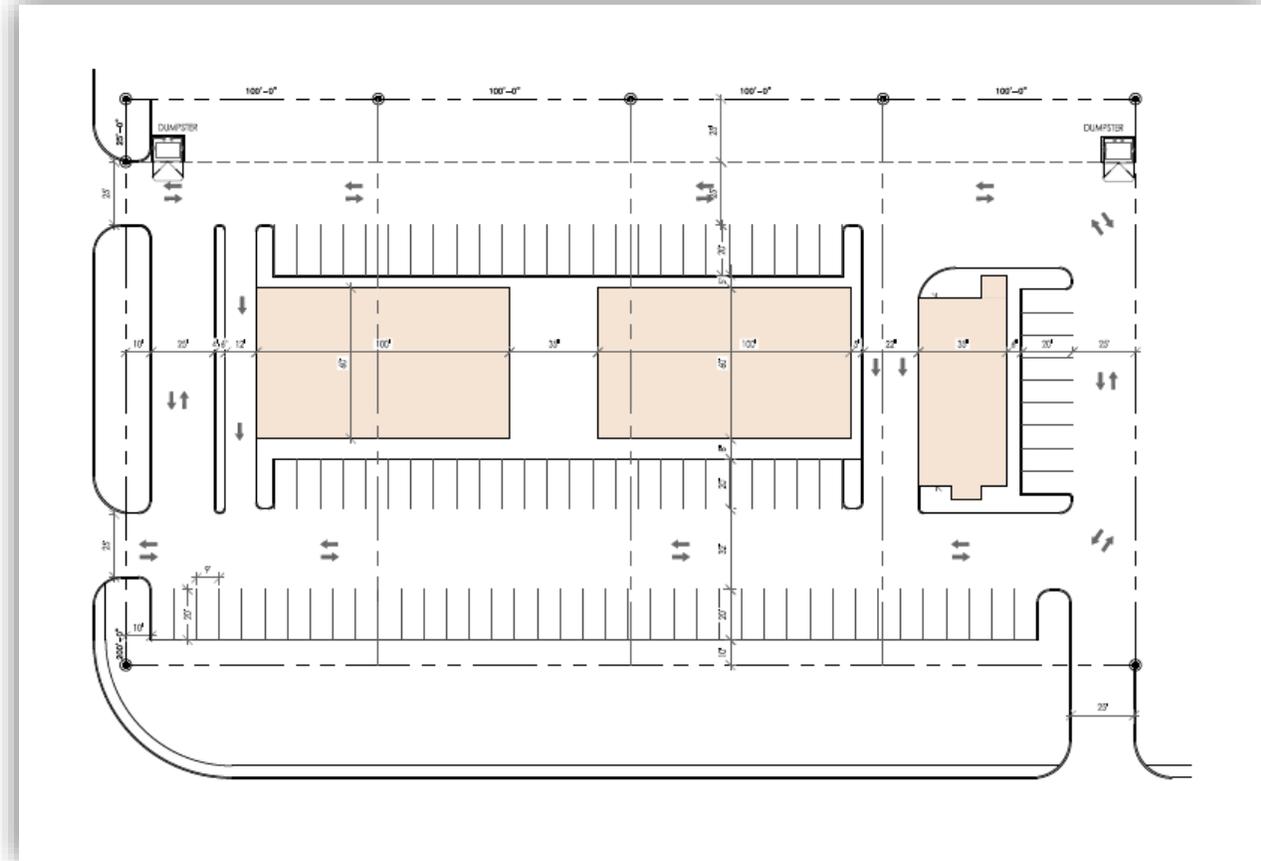
Jobs which will bring population  
which will bring retail

As GLP brings Industrial properties  
online that may end up translating  
to manufacturing jobs, that will spin  
off other jobs, construction, etc.  
which will result in the need for  
more and differing types of retail.



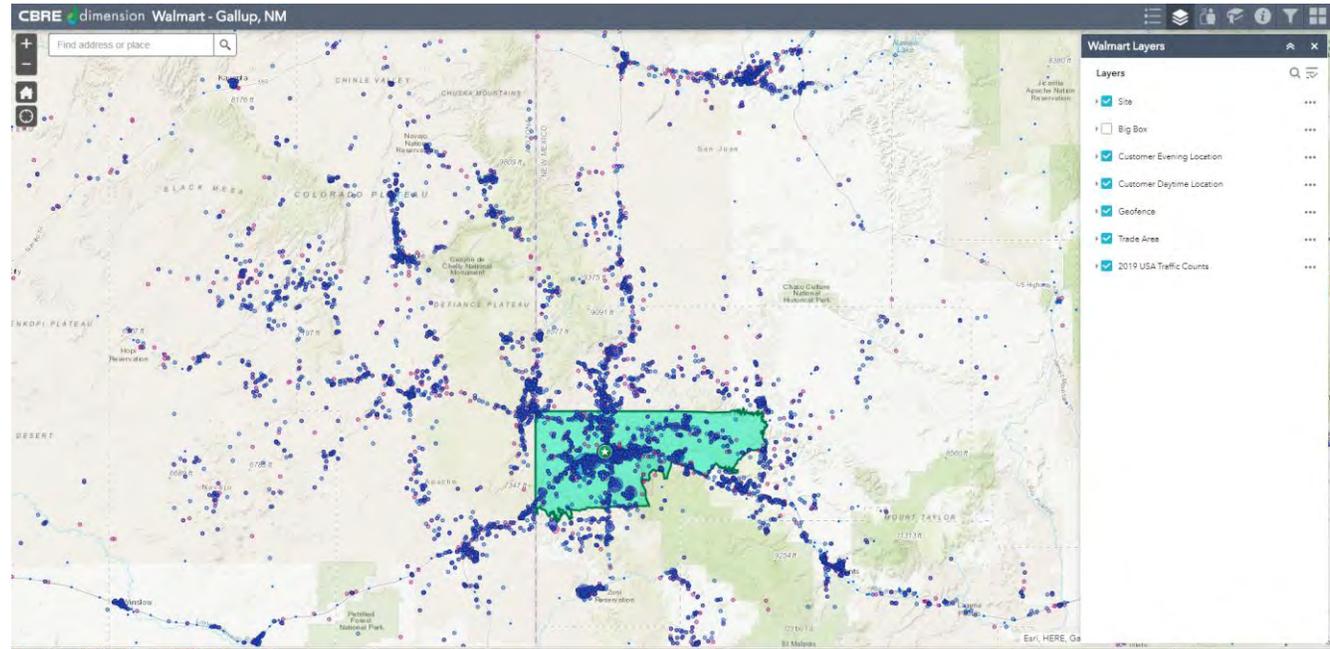
# What are we (LAH) doing in Gallup?

- A. Working with GLP on infrastructure expansion to push outward the boundaries of Gallup
- B. Retailers are telling us that the “world stops at Walmart.” With the new infrastructure in place we will open up new retail sites
- C. Identifying the easy “holes”
  - i. Retailers that should already be here but are not.



# Surrounding reservations and Native American culture impact?

- A. Huge impact, 350k population
- B. 150k of those do their shopping in Gallup. (How to illustrate in a tangible meaningful way?)
- C. Incomes may be low but when your biggest monthly expenditures are covered or subsidized that translates into a considerably higher expendable income.
- D. CBRE mobile study to show traffic to Gallup?

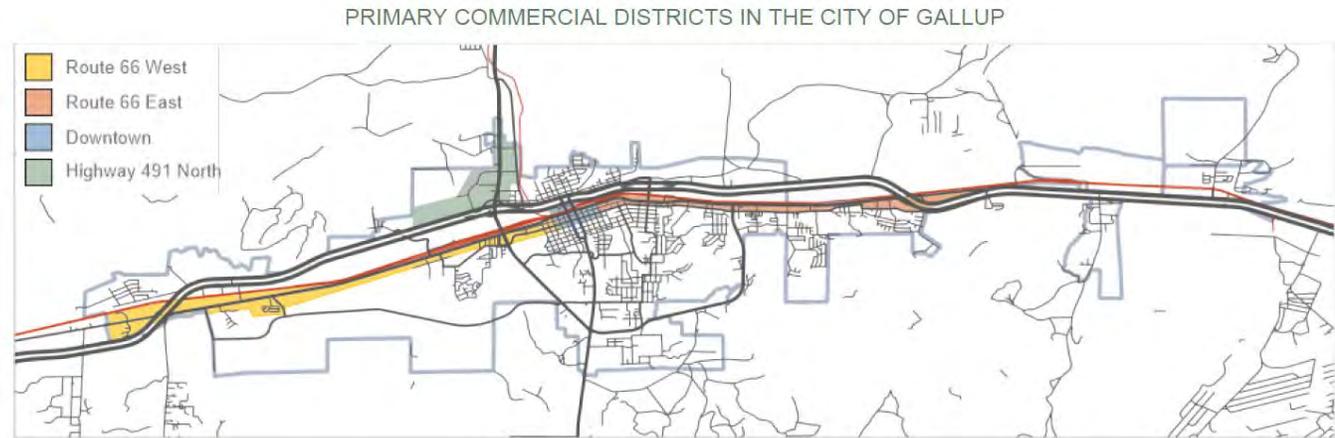


# Other Retail Opportunities

In the absence of job growth can anything be done to increase retail sales?

Tourism – Get them off the freeway!

- A. Bill boards – Within an hour of Gallup start rolling out the red carpet
- B. Route 66 – Gallup is the epitome of nostalgic “Route 66”....play it up in a cohesive and well executed manner!  
Overlay district? The Neon mile?  
Specialty shops appealing to travelers selling local goods.
- C. Force them to get off the freeway....and Stay! RV parks in immediate adjacency to attractions? Family focused attractions? Amusement? Water park?



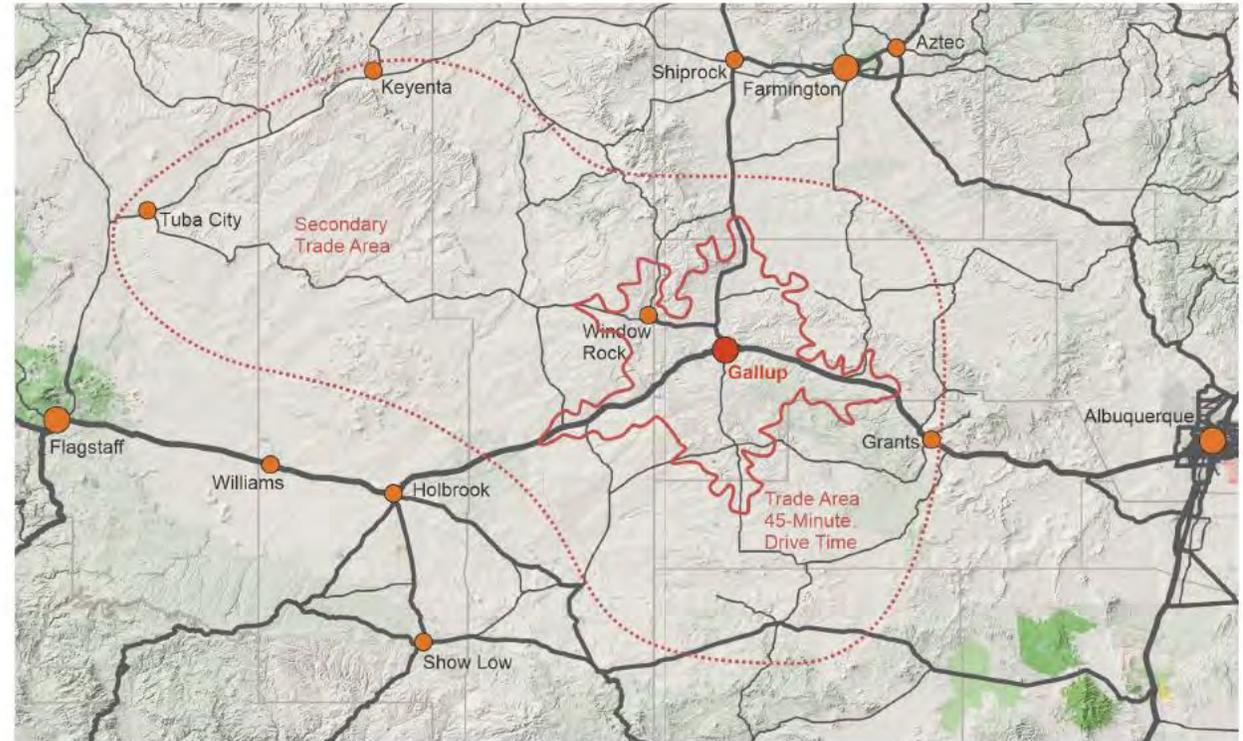
Gallup EDC Map

# How to “Reach” Retailers?

Data...Data...Data!!!

- A. The Gallup trade area is misunderstood. It needs to be drawn and adequately conveyed in a simple meaningful way.
- B. What is the translation in expendable income when health care and housing benefits are taken care of on the reservation?
- C. Obtain sales data of existing retailers. Data we have indicates that of the top 10 QSR's in Gallup they are 50-150% higher than Nat'l Avg Sales.

Gallup's Primary and Secondary Trade Areas



Gallup EDC Map

# Points to drive home

## It is currently difficult to talk retailers into the market

- i. Low income
- ii. Lack of people
- iii. Lack of available locations for retailers that are interested

## Problems

- i. Retailers are unable to prove up their sales until they get there, but they aren't likely to come otherwise
- ii. Retailers that have shown interest can't come up with good sales figures so they contend they can't afford much rent
- iii. Location, Location, Location - Retailers either want to be on 491 or adjacent to Walmart. 491 offers few opportunities and according to retailers the "world ends" west of Walmart

## How can the government help?

- i. Actual money is best of course
- ii. Tax benefits via abatement and/or refunding of Ad valorem taxes
- iii. Sales tax/Gross Receipts rebates
- iv. Bonds for Infrastructure
- v. The city or some other entity being willing to backstop a lease if a retailer "blows out" due to not hitting sales numbers.





RETAIL ROUNDTABLE  
2020  
January 31<sup>st</sup>

Brad DeYoung  
Fred Hopkins

[www.LAHCRE.com](http://www.LAHCRE.com)



Economic Roundtable:  
*Retail Attraction & Development*

Patricia Lundstrom  
GGEDC Executive Director

# Who We Are:

- Established in 2012
- 501(c)(3) Nonprofit Economic Development Organization
  - City of Gallup
  - McKinley County
- Member, International Economic Development Council (IEDC)
- Member, Transatlantic Business & Investment Council (TBIC)

# **GGEDC Economic Roundtables:** *Strategic Conversations on Urgent Economic Development Needs*

- *Downtown, Tourism, and Energy*
- *Site Selectors Forum*
- *Building a Workforce Pipeline in  
Construction, Logistics &  
Manufacturing*

# Special Thanks to:



**YOGASH KUMAR**



# Speakers:

Brad DeYoung

- Co-founder & managing member, Legacy Alliance Holdings, a Dallas-based real estate investment and development firm.
- Extensive expertise & experience in real estate investment and development, property management, and asset management.

Michael Stumpf, Principal, Place Dynamics, LLC

- Experienced community planner, economic development director, and market analyst for local governments.
- Hired by City of Gallup to conduct ongoing retail market analysis.

# *Importance of Retail Focus:*

- *Leakage\$ - Millions earned in Gallup spent elsewhere on retail, food and drink.*
- *Budget Impacts – **Escalante, “Hold Harmless”, etc.***
- ***“Quality of Life” Considerations***
- *Make Downtown a Prime Shopping Destination for Residents & Visitors*

## **Focus & Objectives:** *Move Forward on Both New & Existing Opportunities*

- Retail Attraction & Recruitment
- Retail Retention & Expansion
- Start-Ups, Entrepreneurs & Youth Enterprise



(505) 722-2980

[www.GallupEDC.com](http://www.GallupEDC.com)

**Greater Gallup Economic Development Corporation**  
**Economic Roundable: Gallup Retail Attraction & Development**  
**January 31, 2020 \*\*\*\*\* Hilton Santa Fe Historic Plaza Hotel**

**EVALUATION: *Scoresheet***

Evaluation Question	RATING SCALE				TOTAL	Comments
	0 (X 0) No Value	1-3 (X 2) Low Value	4-6 (X 6) Positive Value	7-10 (X 9) Great Value		
<b>1. CONTENT</b> <i>To what extent did you gain useful knowledge and insight from the overall Roundtable?</i>			XXXXX XXXX  9 X 6 = <b>54</b>	XXXXX XXXXX XXXXX X  16 X 9 = <b>144</b>	198/25 = <b>7.92</b>	*Other participants point of view *I learned a great deal during the roundtable. Super excited about young entrepreneurship participation. *Valuable information from data to get ideas. *Know the inside work of economic developers and business owners. *Very informative *Great information - honest feedback from multiple perspectives. *Insight to what people go through to open doors. Ideas as to help.
<b>2. EXPERT PRESENTERS</b> <i>To what extent did the Presenters provide you with useful insights and new perspectives on the Retail challenge in Gallup?</i>			XXXXX  5 X 6 = <b>30</b>	XXXXX XXXXX XXXXX XXXXX  20 X 9 = <b>180</b>	210/25 = <b>8.40</b>	*They added to what I know and some things that I didn't know *Presenters are very knowledgeable. *Gallup could be giving more opportunities for its people. *Great expertise. *Good resources/perspectives - presenters and community members had excellent input. *Clear and concise.
<b>3. WORKSHOP PROCESS</b> <i>To what extent did you find the table-by-table workshop process helpful in learning other people's ideas and issues?</i>		X	XXXXX XXXXX  10 X 6 = <b>60</b>	XXXXX XXXXX XXXX  14 X 9 = <b>126</b>	188/25 = <b>7.52</b>	*It was good but the room was too small and made it hard to hear everyone. *Seen different people's perspective on insight businesses locally and chain., *Great interaction *Hard to hear everyone - some of the conversations were re-directed or stopped due to "difficult" topics. *Interesting listening to other people, impression of our community.
<b>4. THE RETAIL PRIORITY</b> <i>To what extent did you gain more appreciation of the importance of Retail in the Gallup region, &amp; the need for the community to be proactive in developing new and stronger Retail?</i>	0	XX	XXXXX XXXX  9 X 6 = <b>54</b>	XXXXX XXXXX XXX  13 X 9 = <b>117</b>	175/25 = <b>7.00</b>	*Immensely. This roundtable has made me excited for Gallup's future. *Now understanding the challenges of starting and maintaining a strong business. *Who will pick up and run with this? *Excellent graphic on total business moving in. *My own thoughts were intensified by people around with the same idea.
<b>5. PERSONAL ENGAGEMENT</b> <i>To what extent were you inspired to actively support and/or participate in proactive Retail development in the Gallup region, going forward?</i>			XXXXX XXXXX X  11 X 6 = <b>66</b>	XXXXX XXXXX XXXX  14 X 9 = <b>126</b>	192/25 = <b>7.68</b>	*It was great. I wish I had more of a chance to hear who was in the room. *To spread the word of my personal experience to peers of what have learned and heard. *Yes - understand space was an issue - couldn't interact as much.

<b>TOTALS:</b>	<b><math>1 \times 0 =</math></b> <b>0</b>	<b><math>3 \times 2 =</math></b> <b>6</b>	<b><math>44 \times 6 =</math></b> <b>264</b>	<b><math>77 \times 9 =</math></b> <b>693</b>	<b><math>963/125 =</math></b> <b>7.70</b>	*This is just the beginning!
					<b><math>38.52/5 =</math></b> <b>7.70</b>	

**FINAL**

**ATTENDEE LIST**  
**GGEDC 2020 Retail Roundtable**  
**Hilton Santa Fe Historic Plaza - 100 Sandoval St., Santa Fe, NM**  
**January 31, 2020**

	<b>NAME</b>	<b>TITLE</b>	<b>ORGANIZATION</b>
1	Adam Archibald	<i>Reten &amp; Expan</i>	<i>Dickey's &amp; a Gallup Hospitality Group</i>
2	Ahsaki Baa Lafrance-Chachere	<i>Attrac&amp;Recruit/ Entrepreneur</i>	<i>Ah-Shi Beauty (skincare product line)</i>
3	Allison Johnson	<i>Youth Leadership</i>	<i>Community &amp; Regional Planning - UNM</i>
4	Angelina Grey	Planner	NWNMCOG
5	Anna Biava	<i>Entrepreneur</i>	<i>Kozeliski Ventures LLC</i>
6	Anthony Dimas Jr.	County Manager	McKinley County
7	Suzy Lawrence	Tourism Development	NM Tourism Dept
8	Bill Lee	CEO	Chamber of Commerce
9	Bill McCamley	Cabinet Secretary	NM Department of Workforce Solutions
10	Billy Moore	Commissioner	McKinley County
11	Brad DeYoung	Partner	Legacy Alliance Holdings
12	Brandon Howe	Planner	NWNMCOG
13	Bruce Armstrong	Econ. Dev. Manager	Greater Gallup EDC
14	Cecely Todacheenie	<i>Entrepreneur</i>	<i>Enchantment Skate Shop</i>
15	Charles Van Drunen	Mayoral Candidate	Gallup Journey
16	Cheyenne Capitan	Student-Participant	Gallup-McKinley County Schools
17	Cynthia Jarvison	Director	Small Business Development Center
18	Daniel Gutierrez	Director	NM Main Street
19	Eldred Lesansee for Lynn Trujillo	Policy Analyst	NM Indian Affairs Department
20	Ericka Ben	Student-Participant	Gallup-McKinley County Schools
21	Fern Spencer	Teacher	Gallup-McKinley County Schools
22	Fran Palochak	Councilor	City of Gallup
23	Francis Bee	Executive Director	Gallup BID
24	Frederick Hopkins	Partner	Legacy Alliance Holdings
25	Geo Bia	<i>Attrac&amp;Recruit</i>	<i>Coldwell Banker</i>
26	Ina Burmeister	Chief Development Officer	Rehoboth McKinley Christian Hospital
27	Jackie McKinney	Mayor	City of Gallup
28	James Malm	Executive Director	UNM - Gallup Branch Campus
29	Jeff Kiely	Consultant	JGK / Greater Gallup EDC

As of February 3, 2020

30	Jennifer Lazarz	Tourism & Marketing Manager	Gallup Real True/City of Gallup
31	Jenny Kline	<b><i>Reten &amp; Expan</i></b>	<i>Laughing Dog Kennel</i>
32	Jay Azua	Executive Director	Hozho Center for Personal Enhancement
33	John Dowling	President	Pinnacle Bank
34	Jvanna Hanks	CFO	Gallup-McKinley County Schools
35	Kate O'Neill	Cabinet Secretary	NM Higher Education Department
36	Kenny Starkovich	<b><i>Entrepreneur</i></b>	<i>Outfitter &amp; Tour operator</i>
37	Kory Kline	<b><i>Reten &amp; Expan</i></b>	<i>Laughing Dog Kennel</i>
38	Louie Bonaguidi	<b><i>Attrac&amp;Reten</i></b>	<i>City Electric Shoe Shop</i>
39	Marie Choida	Vice-Chair	Chamber of Commerce
40	Mario Suazo	Chieft of Staff	NM Higher Education Department
41	Martin O'Malley	<b><i>Attrac&amp;Reten</i></b>	<i>Gallup Land Partners</i>
42	Maryann Ustick	City Manager	City of Gallup
43	Matthew Long	Operations Manager	Murphy Builders
44	Michael Stumpf	Principal	Place Dynamics, LLC
45	Mike Hyatt	Superintendent	Gallup-McKinley County Schools
46	Patty Lundstrom	Executive Director	Greater Gallup EDC
47	Prativa Kumar	Yogash's wife	Red Roof Inn Gallup
48	Rick Murphy	Vice-President	Greater Gallup EDC
49	Rose Eason	Executive Director	gallupARTS
50	Sammy Chioda	Mayoral Candidate	Sammy C's
51	Justin Benson	<b><i>Reten &amp; Expan</i></b>	<i>Gallup Coffee Company</i>
52	Tommy Haws	President	Greater Gallup EDC
53	Tony Tanner	Director	Greater Gallup EDC
54	Yogash Kumar	Ex-Officio	Greater Gallup EDC
55	Yolanda Ahasteen-Azua	Mayoral Candidate	