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Progressive Urban Management Associates (P.U.M.A.) produces this publication to highlight innovations and trends in community development, downtown management and marketing.

DOWNTOWN VITALITY RELIES ON COMPETITION, NOT REGULATION

by Brad Segal
reprinted from *The Denver Post*

Recently, the Colorado cities of Boulder and Arvada joined an increasing number of communities across the country considering regulatory controls to guide a desirable mix of retail types and ownership. In Boulder, the "Community Vitality Act" aims to promote local independent businesses by banning new chains and "formula businesses". Arvada recently considered, then rejected, a moratorium on new professional service businesses in its Olde Town business district as it studies ways to recruit more retail. While well-intentioned, both proposals offer artificial and burdensome responses to challenges that are better addressed by market approaches that equip local independent businesses to compete and thrive.

Both Boulder and Arvada are struggling with an economic cycle that is affecting downtowns and Main Streets throughout the nation. As our older business districts are being rediscovered and revitalized, established local independent businesses are being displaced by chains and franchises. Ironically, many of these chains, such as Starbucks, The Gap and Banana Republic, were highly sought after by business districts in the beginning of the growth cycle. Now, as the districts prosper, these same businesses are vilified as creating a sameness that quashes the uniqueness of communities and threatens their long term economic vitality.

Despite the merits of its goals, the regulatory approach to controlling business types and ownership is problematic since it imposes artificial controls on the marketplace. Simply mandating a certain business type or ownership

will not ensure that the market will respond to the resulting mix. People like and recognize Starbucks and The Gap -- they might not respond to a locally-owned facsimile. In addition, while locally-owned businesses are generally more distinctive, they are not necessarily better. There is no way to legislate business management and merchandising, keys to retail success that could doom any businesses, regardless of the business type or ownership.

The best way to help local independent businesses is to make our traditional business districts more competitive. Here are four market-based methods to strengthen downtowns, Main Streets and locally-owned independent businesses that have been used in the Denver area:

- **Understand the Marketplace:** Successful business districts are identifying a niche strategy that differentiates their experience from others in the marketplace. For example, Main Street Louisville recently completed a downtown plan that redefines its market area to the 25,000 persons within the community and positions it as a "lifestyle business district". Its business development strategy is based upon recruiting new one-of-a-kind businesses that can be sustained by a limited market area and benefit from the quality of life offered by its Main Street ambiance. Louisville understands its market, and has developed a strategy to best take advantage of it.

(continued)

BIDs: Making Business Districts More Competitive, by P.U.M.A. president Brad Segal, was featured in the January 2000 edition of the American Planning Association's national newsletter *News and Views*. To request a copy of this article, please call 303-628-5558 or send an email to pumadame@ix.netcom.com.



DOWNTOWN VITALITY (continued from cover)

- **Form Business Improvement Districts:**

While much attention has been placed on Boulder's Community Vitality Act, a far more significant development has been the creation of a business improvement district (BID) in its downtown. Established at the end of last year, the Downtown Boulder BID generates more than \$600,000 in annual tax revenue to market and manage downtown Boulder. BIDs, which have been formed in more than 1,000 downtowns and Main Streets in North America, make a business district more competitive by allowing it to be promoted and managed as a destination attraction. BIDs help local independent businesses to compete with chains by leveraging resources, creating cross-marketing opportunities and being an integral part of the overall marketing strategy for the business district as a whole.

- **Manage Merchandising and Mix:**

Similar to the shopping mall, a downtown or Main Street should be managed with a clear retail merchandising and mix strategy. Compatible uses should be clustered and desirable uses should be targeted. Downtowns and Main Streets can recruit and incubate local independents to fill market gaps. Downtown Denver benefits from a retail merchandising study that was completed in 1998. The study identified a variety of business clusters that make sense along 16th Street. Through a voluntary collaborative approach, the merchandising plan was endorsed by multiple property owners along 16th Street that see its long term economic benefits.

- **Get Into the Real Estate Business:**

The displacement of independents by chains is a direct response to rising

rents in hot real estate markets. If a community wants to encourage local ownership, it can become an active player in the local real estate market. Community development corporations (CDCs), which are underutilized in downtowns and Main Streets, are effective community-based tools at acquiring property and supporting local independent businesses. Examples abound in Denver's neighborhoods, including the Five Points business district and the Santa Fe Drive corridor.

A business district will be far more successful if its development is guided by market-based tools, as opposed to restrictive legislation. By strengthening distinctive one-of-a-kind downtowns and Main Streets, we can successfully retain and grow local independent businesses that are part of the heart and soul of our communities.



CALIFORNIA BID NETWORK

PUMA has partnered with Kristin Lowell of Sacramento-based Lowell and Associates and Tom Webber of San Francisco-based Goldfarb and Lipman to form the CALIFORNIA BID NETWORK. This unique partnership brings expertise in property-based business improvement district (PBID) formation to California communities. Together, the team has been involved in creating nearly one-third of the PBIDs established in California during the past five years. Drawing upon their successes in California and other states, the California BID Network connects the most successful team of PBID consultants working in the state. For more information please call Brad at 303-628-5554 or Kristin at 916-786-0685.



P.U.M.A. is now on the web! Please visit our new website at pumaworldhq.com and let us know what you think.

ARTS DISTRICTS GET CREATIVE



Recently, while working with North Hollywood, CA, on a market-based plan for their arts district, P.U.M.A. conducted a comparative study on other arts districts around the nation. We discovered some innovative programs:

In **Escondido, CA**, a partnership between the city, business improvement district and arts commission was formed to create marketing programs to "brand" the area as an arts district. A business recruitment video was produced to highlight its arts uses and an "Arts and Business" seminar is held each year to tout the advantages of relocating downtown. **Providence, RI**, instated legislation (the first bill of its kind passed in the US) that offers tax incentives to individual artists, waving state income tax on any art product manufactured within the district. Center in the Square in **Roanoke, VA**, renovated a white elephant building downtown which now houses non-profit arts organizations including the region's arts council, three museums and three performing arts companies free of charge. One of the largest program areas for the center, is educational programming—approximately 250,000 students from area schools visit the Center each year to meet their arts education criteria. And **Pittsburgh, PA**, and **Pasadena, CA**, have built a secondary niche market of high-end home furnishings in their respective arts districts. In each of these arts districts, public/private partnerships emerged as the most successful method of bringing about economic development. The public sector tends to provide the infrastructure for development while the private sector tends to provide the less tangible services such as marketing and special events. For more information call Christian at 303-628-5558.



In February, the San Diego City Council voted unanimously to create a property-based business improvement district (BID) to serve the City's downtown business district. In one of California's more difficult BID formation efforts, the Partnership overcame a number of formidable challenges, including gaining petition support from a majority of more than 2,000 property owners and residents and overcoming a spirited protest from the City's employee union, in the midst of municipal elections, over the reassignment of existing maintenance workers and prevailing wage issues. The new \$2.2 million BID replaces a pre-existing City maintenance district and adds a new safety ambassador program. For more information contact Laurie Black, Downtown San Diego Partnership at 619-234-0201.

Albuquerque business leaders are advancing in efforts to form a downtown BID, a key step in achieving their goal of engineering the nation's fastest downtown turnaround. Through mobilization of the volunteer-based Downtown Action Team, petition support for the BID was secured from 60% of downtown property owners within an amazing 6-week time frame. An ordinance to create the BID will be considered by the Albuquerque City Council in late spring. The new BID will generate nearly \$700,000 annually to support safety ambassador and image enhancement programs. For more information, contact Luisa Lindsey, Downtown Action Team at 505-243-2230.

AIRPLANE READING

A pleasant by-product of our travel schedule is that we get to read a lot. Here we share the best...

Marketing Your Community for Economic Development, by Andrew Levine (November 1999 Public Management) Have you been targeting your investor marketing strategies to the right decision maker? You might be surprised at who makes the site location decisions for companies and how and why those decisions are made. This article highlights growing trends in economic development and provides sound advice on appropriate marketing tactics to take advantage of those trends.

BIDs' Growing Pains, by Lawrence O. Houstoun, Jr. (February 2000, Urban Land) Although largely effective in enhancing a business district, Business Improvement Districts (BIDs) are not without their "quirks". This article discusses governance, benchmarking, planning and other challenges confronting new and mature BIDs.

Enhancing Downtown's Sense of Place, by Kent Robertson (September 1999 Main Street News) What makes consumers choose downtown over the chain restaurants and discount stores? Town centers have a "sense of place" that doesn't exist in the big-box stores on the outskirts of town. This article analyzes what creates a "sense of place" and suggests ways in which you can enhance your Main Street.

Ten Steps to a Living Downtown, by Jennifer Moulton (October 1999, Brookings Institute discussion paper) This discussion paper, authored by the City of Denver's Director of Planning, details how City governments can facilitate residential growth downtown. Using Denver, CO, as an example, Moulton describes ten steps that community development professionals and City officials can take to create a "24 hour" downtown.

GRANT WILL FUND STATEWIDE DOWNTOWN PROGRAM IN COLORADO

The Colorado Community Revitalization Association has received a \$144,500 grant from the Colorado Historic Fund to create a statewide downtown assistance program providing staff and technical assistance to Colorado communities and serving as a single source for information on community development. The Colorado Historic Fund is capitalized by taxes on gaming revenue. The Fund will provide this amount each year to CCRA through 2002, provided the organization can procure matching funds for the second and third years of the program. This generous grant will allow CCRA to move quickly to hire a director, initiate the strategic planning process, produce promotional materials, plan workshops, conferences and technical assistance programs and create criteria for Main Street and Heritage Area programs. The organization is currently searching for an Executive Director to lead it and is hoping to have its office and director in place by June, 2000. For more information call Christian at 303-628-5558.

Be on the
lookout
for these
friendly
faces:



Brad Segal
(pumaman@ix.netcom.com)

Brad Segal, President of P.U.M.A., will lead a panel on downtown organizational development issues at the International Downtown Association (IDA) spring conference, May 6-8, in Austin, TX. Brad is also a member of the Board of Directors of IDA.



Christian Brixey Cherek
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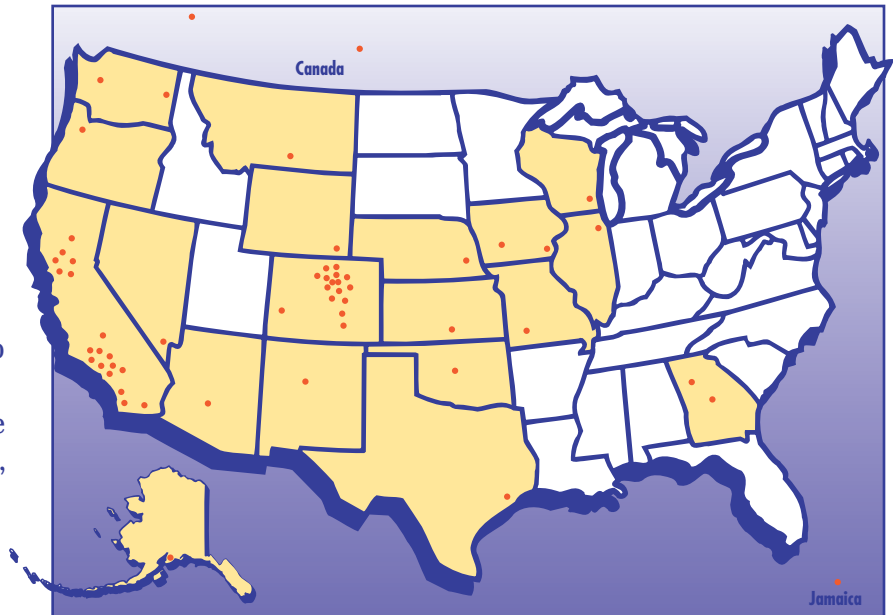
Christian Brixey Cherek, Senior Associate for P.U.M.A. will also be at the IDA Spring Conference in Austin. Christian is the Vice President of the Colorado Community Revitalization Association.

NEW PRODUCTS

■ MARKET-BASED PLANS

Developed as a cost-effective and results-oriented alternative to conventional design or land use-based downtown plans, P.U.M.A.'s market-based plan merges a keen understanding of the marketplace with organizational development to create a downtown niche strategy and the tools to implement it. These plans evaluate trends, demographics, community attitudes, stakeholder perspectives and competitive destinations to create a distinctive niche and positioning strategy for downtown. To capitalize on market opportunities, recommendations are developed for public/private partnerships, refining organizational mission, objectives and structure, creating effective programs and services, and mobilizing capital for implementation. P.U.M.A. has recently completed market-based downtown plans for Lincoln, NE, Regina, SK, Louisville, CO, North Hollywood, CA, and Colorado Springs, CO.

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ABOUT P.U.M.A.

Progressive Urban Management Associates (P.U.M.A.) is a consulting firm providing management, marketing and financial services to advance downtown and community development. The firm has provided services to more than 70 clients in 19 states, Canada and Jamaica. Clients include downtown management organizations, local governments, community development corporations and private firms. Specialties include:

- Forming, expanding or renewing business improvement districts
- Strategic planning for downtown management organizations
- Creating market-based downtown plans
- Undertaking market research, business planning and project feasibility analysis

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