

EXECUTIVE SUMMARY

A key principle of the Downtown Durango Vision Plan is to “keep downtown authentic, a place that belongs to locals while being attractive to visitors.” The manifestation of this vision for the downtown and its future is reflected in current research and data. The downtown population mix, economic diversity, and outlook for the downtown are aligned with this broad community vision. And, while there certainly are potential threats to the continued health and vibrancy of the downtown that should be monitored, the general direction of current policy, marketing, organizational structure, and strategies bodes well for the future of Durango’s downtown.

Downtown’s diversity is a key strength and should be viewed as a cornerstone of the existing vitality and economic health of the downtown.

Downtown naturally attracts a diverse mix of market segments – roughly 60 percent of the downtown population during the peak season (May through October) comes from residents, with the remaining 40 percent from tourists. Both markets are essential to maintaining the normalcy and vibrancy of the downtown: tourists provide significant sales and lodging tax revenues in the summer months and residents provide consistent, steady patronage in the summer as well as winter and shoulder season months.

Downtown Durango Vision Plan: Key Principles

- ❖ Keep downtown authentic, a place that belongs to locals while being attractive to visitors.
- ❖ Maintain continuous ground floor activity and interest along Main Avenue.
- ❖ Reinforce downtown’s role as the heart of the community, embodying its identity, values, and energy.
- ❖ Ensure that downtown remains economically and socially healthy as it faces competition from other centers around the community.
- ❖ Connect all parts of downtown so that its variety of activities can easily reinforce each other.
- ❖ Encourage walking, bicycling, and the use of transit to reduce vehicular traffic and parking needs.

GROWTH IN DURANGO AND ITS DOWNTOWN

Residents recognize that Durango’s desirability as a place to live and recreate means that there will be growth, and that development of an appropriate scale, type, and location can translate into a healthier economy for the community. Over half (54 percent) of residents felt that the availability of retail is too low (does not serve the shopping needs of residents) and, more specifically, were supportive of certain types of development in the greater Durango area (61 percent would like to see more big box retail in the community). When it comes to franchises, however, residents were more supportive of small, independently owned retail, both in greater Durango as well as downtown.

Residents were more restrained about growth in the downtown as compared to outlying areas of Durango, viewing the downtown as serving a unique and special function in the community. Residents were clear that they did not want to see more franchises downtown, and certainly not a big box. The only type of development that a majority of residents wanted to see more of in the downtown was small, independent retail. There was some support however (30-40 percent) for more cultural/galleries/museums, full-service sit-down restaurants, educational facilities, year-round residential units, and a conference center.

Residents were well aware of the potential threat to downtown posed by outlying commercial development (Three Springs, Wal-Mart, etc.), but were also cognizant of the delicate balance that must be maintained between growth and preserving the qualities of downtown that make it unique – historic character, architecture, small-town appeal, and diverse amenities that have appeal to locals and visitors alike. Responses that aren’t surprising are concerns for affordable housing downtown, traffic congestion/parking, maintaining a diversity of specialty retail, and

recognizing the importance of density without creating an urban atmosphere out of scale with the existing look and feel of downtown – as one person succinctly stated: *“Maintaining a focus and energy that brings the community together (vs. urban sprawl, 3 Springs, etc.).”*

DOWNTOWN ECONOMIC TRENDS

After Sliding In 1996 – 2002, Downtown Taxable Sales Rebounded In 2002 – 08: The CBD experienced a decline in real (inflation-adjusted) taxable sales in the 1996 – 2002 period due to a combination of increased competition from new retail options in South Durango and a slowdown in tourism and in the regional and national economy late in the period. Encouragingly, however, the downtown has since that time exhibited significant growth in aggregate taxable sales in real terms, an indicator of renewed health. A resurgent tourist economy is likely a key driver of that trend, in addition to the success of the downtown in evolving and adapting its focus, particularly increasing its role as a dining/entertainment center.

The Downtown Retail Mix Is Likely To Continue To Evolve To Reflect A Greater Emphasis On Dining/Entertainment And Specialty Retail: These trends have been observed for several years in the CBD’s sales tax data, and are further corroborated by resident shopping patterns (as documented in resident survey data). Among the factors driving these shifts are the trend towards suburbanization of retail development in Durango, the continued growth of Durango/downtown Durango as a tourist destination, a downtown development environment which favor smaller format stores, and the downtown’s existing critical mass of such uses. As part of these shifts, future demand for retail space may show less growth than demand for other uses such as residential. Enhancements to the pedestrian experience, parking and transit will help create a conducive environment for these types of downtown businesses. Additionally, an expansion of complementary cultural/entertainment offerings, special events/activities, and related programming could help to further cement the CBD’s ability to provide a vibrant experience for locals and visitors alike.

Tourism Is A Critical Economic Pillar Of The Downtown Economy: Visitors to La Plata County are estimated to account for as much as 70 percent of downtown retail/restaurant expenditures in the summer months along the Main Avenue / Second Avenue corridors, due both to their absolute volume and to their high per capita spending levels. Additionally, indirect indicators suggest that downtown hotels perform well on a revenue-per-room basis (as compared to the City overall). Moreover, evidence suggests that the downtown suffered more than the City as a whole during the tourism slowdown in 2001 – 02. Inherent in these findings is the importance of maintaining a healthy tourist economy in Durango, and recognizing the Durango visitor as a key part of any comprehensive downtown economic development strategy. Among the many factors which are important to fostering a strong tourism economy, expanding air service to the local airport represents a potential opportunity, including commuter flights from Denver and direct flights from regional hubs.

The Downtown Includes Different Retail Submarkets: Although not the primary focus of this study, it is noted that different portions of the downtown tend to have a varying customer mix. On Main Avenue, the more southerly blocks tend to be more tourism-oriented, while the more northerly blocks gradually become more resident-oriented. Additionally, establishments along Camino Del Rio (e.g. the supermarkets) tend to have a focus on resident needs for essential goods. This diversity of markets and offerings is in some ways a strength of downtown insofar as it enables it to serve the needs of multiple groups. At the same, creating strong pedestrian connections across the downtown (particularly where connections are currently less strong) will help to provide integration and coherence between these subareas.

The Downtown Has A Diverse Mix Of Uses: The CBD's roughly 2.7 million square feet is divided between a diverse mix of commercial uses (75 percent, itself a varied mix of retail, restaurants, office, lodging, banks, and other uses), residential uses (14 percent), and government/institutional uses (11 percent). The mixed-use character of the CBD can be viewed as a positive. The mix tends to be complementary (e.g. lodging, office, and residential uses help support retail), helps provide resilience by reducing the CBD's dependence on the health of any one sector, and adds to the overall variety, interest, vitality, and authenticity of downtown.

The Downtown Is An Important Employment Center: In 2004, an estimated 7,841 jobs were located in the CBD, representing approximately 37.6 percent of total jobs in the Durango IGA Area, a region encompassing Durango and nearby environs. The CBD's status as an employment center helps contribute to the vitality of the CBD, both directly, and indirectly through the activity of employees and clients. Both are contributors to downtown retail and restaurant spending, and add to the street-level vitality which is an important part of the downtown's appeal.

DOWNTOWN MARKET SEGMENTS AND TRENDS

Increasing Visitation from Local Segments Frequency of locals' visitation to the downtown can be segmented into three distinct categories: frequent (11 or more visits in the past two months); moderate (6-10 visits); and infrequent visitors (fewer than 6 visits). The loyal local patron of downtown has a unique profile distinct from the other two categories: as might be expected, this group is disproportionately comprised of downtown employees; tends to be younger; single or couples without children; college-educated; City resident; and feels that the downtown has been improving or, at a minimum, staying the same, over the last few years. The frequent patron tends to be more positive about their experience, not surprisingly, even regarding parking. This is borne out in the desired improvements, as frequent patrons of downtown are much more interested in improving the pedestrian orientation and public transit than they are in parking improvements. They would also very much like to see a pedestrian link to the river. There is alignment between the frequent patron of the downtown and the vision for the future of the downtown, a positive sign.

There is opportunity to increase visitation from "moderate" patrons of downtown, given their profile and proclivity toward visiting downtown (they are more affluent, highly educated, and positively predisposed toward downtown). The downtown improvements that this group would like to see are increased pedestrian orientation through enhanced linkage to the river and bicycle lanes. They would also like to see improved sidewalk treatment. Similar to frequent patrons, "moderate" patrons are less supportive of expanding parking options although it is still relatively important to this group.

We feel that developing incentives for increasing visitation from those who are currently infrequent patrons is a lower priority given this segment's profile, desired amenities/mix (franchises, etc.), and questionable alignment with the vision of downtown.

Converting the First-Time to Repeat Visitor: Just over one-third of tourists are on their first visit to downtown Durango. It is important that destinations maintain a balance of first-time/repeat visitation as first-timers represent an infusion of 'new blood' while repeat visitors are the mainstay foundation upon which future growth is built. Conversion of first-time to repeat visitation is a goal of marketing strategies for the downtown – previous (satisfied) visitors have strong word-of-mouth advertising and most importantly, stay longer in Durango (roughly two nights longer, on average; 3.9 for first-timers vs. 5.8 for repeat visitors).

The first-timers market, in and of itself, represents a valuable market in that they tend to be more affluent and spend more downtown, are from outside the region/staying overnight in downtown lodging, and are more likely to have flown into Durango. Note also that first-time visitors are more likely to consult websites, brochures, and travel agents for pre-trip planning information as compared to previous visitors therefore ensuring that the marketing and availability of these information sources to potential visitors are maximized is important. It should also be said that first-time visitors tended to give lower ratings to the downtown's directory information and signage, therefore the new proposed signage program, possibly expanding the kiosks hours of operation, and the provision of maps/information on the downtown and events would be welcome to this important segment. The data also suggest a moderate awareness of ads and consultation of websites for trip planning as well as the downtown, therefore looking at options for expanding exposure of the DATO and BID websites and reviewing advertising strategies may be helpful to expanded awareness of the downtown.

Increased Opportunity to Expand Family Market: Families represent an important market segment to monitor. They make up 27 percent of the current downtown population and are a powerful economic force in the downtown: 86 percent of all families spend money in downtown compared to 73-77 percent of other segments (singles, empty nesters, etc.), and they tend to spend more per capita (\$91/day/person). Families and the presence of children contribute to the diversity of the downtown and a healthy ambience. While the train is a primary attractor to families, there is also desire among families for more retail, restaurants, and recreation to serve their needs (arcades, kid-friendly affordable restaurants, etc). The events are also a key attractor of families, and it is important that event programming continue to present options for families in terms of schedule, venue, and content. While the various downtown markets currently appear to co-exist in a friendly manner, other communities have been challenged to balance the sometimes conflicting needs/desires of the various markets while at the same time embracing the inclusion and heterogeneity that diverse segments bring to the table.

Parking as Key Perceived Deterrent: Parking is the primary complaint among residents and visitors alike in terms of barriers to increased visitation of the downtown, with the City, BID and LEAD being well aware of the challenges associated with this problem. We recognize that there are no simple solutions, and the interplay between parking policies, revenues, parking requirements for development and redevelopment, and public transit are complex and can have unintended negative impacts on the ambience and economy of the downtown if not carefully studied. The research supports intensifying the exploration of policies and programs that can address this issue over the long term.

RRC presented a brief report on the driving and parking patterns of visitors and residents, and based on the driving patterns of visitors and employees of downtown, suggested educational and marketing efforts to encourage other modes of transportation to the downtown for these segments. We present these recommendations again at the end of this section* to provide data to help guide the discussion and, while obviously not an exhaustive study of the options or all of the implications, can hopefully assist the City, BID, and LEAD in arriving at solutions.

OTHER TRENDS AND OBSERVATIONS:

Fort Lewis College Is An Important Part Of The Local Market: Within the local resident market, the broader Fort Lewis College community (including students, faculty, staff, and visitors) represents an important submarket for the downtown. With approximately 4,000 students and significant employment, the College accounts for a significant share of Durango's overall population. In addition to student purchases (likely particularly significant in such sectors as restaurants/bars and sporting goods), the linkages between the College and downtown also encompass purchases by College employees; off-campus conferences and meetings that are/could be held downtown; a steady stream of visitors to the College for educational and/or social purposes; support/attendance at events and festivals; etc. Additionally, students represent a large potential part-time workforce for downtown businesses. The proximity of the College to downtown further enhances the potential for all of these linkages.

Seasonal Variations In The Downtown Economy Are Significant: In significant part due to its role as a tourist draw, summertime business is particularly important in downtown Durango. While this is not necessarily either positive or negative, it does create potential challenges with respect efficient capacity utilization, and suggests the opportunity to explore avenues for building counter-cyclical and/or year-round business. Increasing patronage by local residents on a year-round basis is perhaps the most obvious strategy for smoothing out seasonal variations.

Durango Appears Ripe For Lodging Expansion: As documented in the report, Durango has experienced several consecutive years of increasing occupancy rates (and rapidly escalating room rates), to the point that summer occupancy rates are beginning to approach full capacity. Moreover, future projections by the Colorado State Demographer anticipate strong growth in tourism in La Plata County for the foreseeable future. The proposed Grand Central Hotel at Railroad Square hotel appears well-positioned to capitalize on this opportunity, while also providing a new conference center amenity that should attract a more diverse and high-spending visitor base to the downtown. The project, and potentially other hotel projects downtown or in the broader area, should help to grow the overall tourism market, to the benefit of downtown.

The Downtown Residential Market Exhibits Growth: Fully 62 percent of the new square footage built downtown this decade has been residential, an indicator of the degree to which market conditions have favored residential development. Additionally, a significant share of Durango Community Survey respondents express potential interest in living downtown (25 percent of respondents who are not already downtown residents). Consistent with patterns observed in many other cities, interest in living close to downtown amenities (and/or having a vacation home/investment property in a downtown location) appears to be driving much of this demand. Should downtown residential demand continue to be strong, it will be important to consider what an appropriate balance of residential and traditional commercial uses might be, as well as appropriate design considerations, to maintain a desirable character downtown.

Substantial Long-Term Growth Is Anticipated In The Durango Area; Downtown Has Potential To Capture A Share Of This Growth; Downtown Will Nonetheless Account For A Smaller Share Of

A Much Bigger Pie: Long-term projections indicate that the Durango area is likely to triple in population and more than double in job growth over the next 50 or so years (assuming buildout of existing plans at recent rates of growth). Insofar as both the local resident and tourism markets are projected to grow significantly, the CBD should also experience significant growth opportunities. In particular, we believe that the CBD's potential to capture part of the growth that is projected in the immediate Durango area, including both residential and employment growth, is higher than some existing projections, and should continue to be evaluated. Although future growth should be in appropriate balance and scale, we believe that sustainable benefits would accrue to the CBD if it participates in this growth.

At the same time, the CBD, in part by virtue of its limited size and largely developed existing state, is projected to account for a relatively small share of this growth. This presents the risk that the CBD will face further increased competition, potentially from other, newer "main street" style developments. However, with its strong, unique identity, broad appeal and demonstrated ability to adapt to the growth and change which have already significantly altered the area's economic landscape, the CBD seems well positioned to be able to maintain and build upon its positioning as Durango's functional and symbolic downtown, as that might further evolve over the years, and as facilitated by the active efforts of downtown constituencies.

This study represents Phase I of the Downtown Market Assessment, which is the data collection and analysis phase. Phase II will focus on translating these findings into a strategic plan that integrates the research into a management plan designed to maintain the economic vitality of the downtown. Specific recommendations in the form of an implementation plan will comprise Phase II of this project.