



Strategy Retreat – Downtown Glendale

Friday, April 2, 2021





Agenda

- Overview of National Climate
- Downtown Glendale – Today
- Downtown Glendale Assessment
- The Current Downtown Strategy
- The Alternative Strategy
- Discussion
- Consensus and Next Steps



Overview of the National Climate

- National Trends

- Current trends in brick & mortar retail have only accelerated since the pandemic
- E-commerce has averaged 15.4% annually in the past five years vs 3% annually in brick & mortar
- In 2020, there were a record 12,200+ permanent store closings in the U.S. (just counting ONLY major store chains)
- Projected that 1/3 of all malls will be shuttered



Overview of the National Climate

- National Trends

- Nationally more than 159 million square feet of retail space became vacant in 2020 – the equivalent of 132 Arrowhead Towne Centers closing in just one year
 - According to Investopedia, 46% of retail participants reported closing at least some of their establishments in 2018
 - 37% of retail professionals claim they had to close their establishments due to poor location choice
- Average retail lease rates nationally dropped for the first time in recent memory
- Retail food purchases (dining out) has averaged 4% annual growth since 2015



Overview of the National Climate

- National Brick & Mortar Challenges
 - Addressing declining demand for existing brick & mortar generally requires significant public subsidy and investment
 - Prepare to be patient, reversing trends can be lengthy
 - Prepare for mixed responses and support from the community on proposed changes
 - Equity borrowing will be a major barrier for most independent and small business operators
 - Moving to experiential retail generally will be capital intensive, something small and independent retailers may be unable to finance



Overview of the National Climate

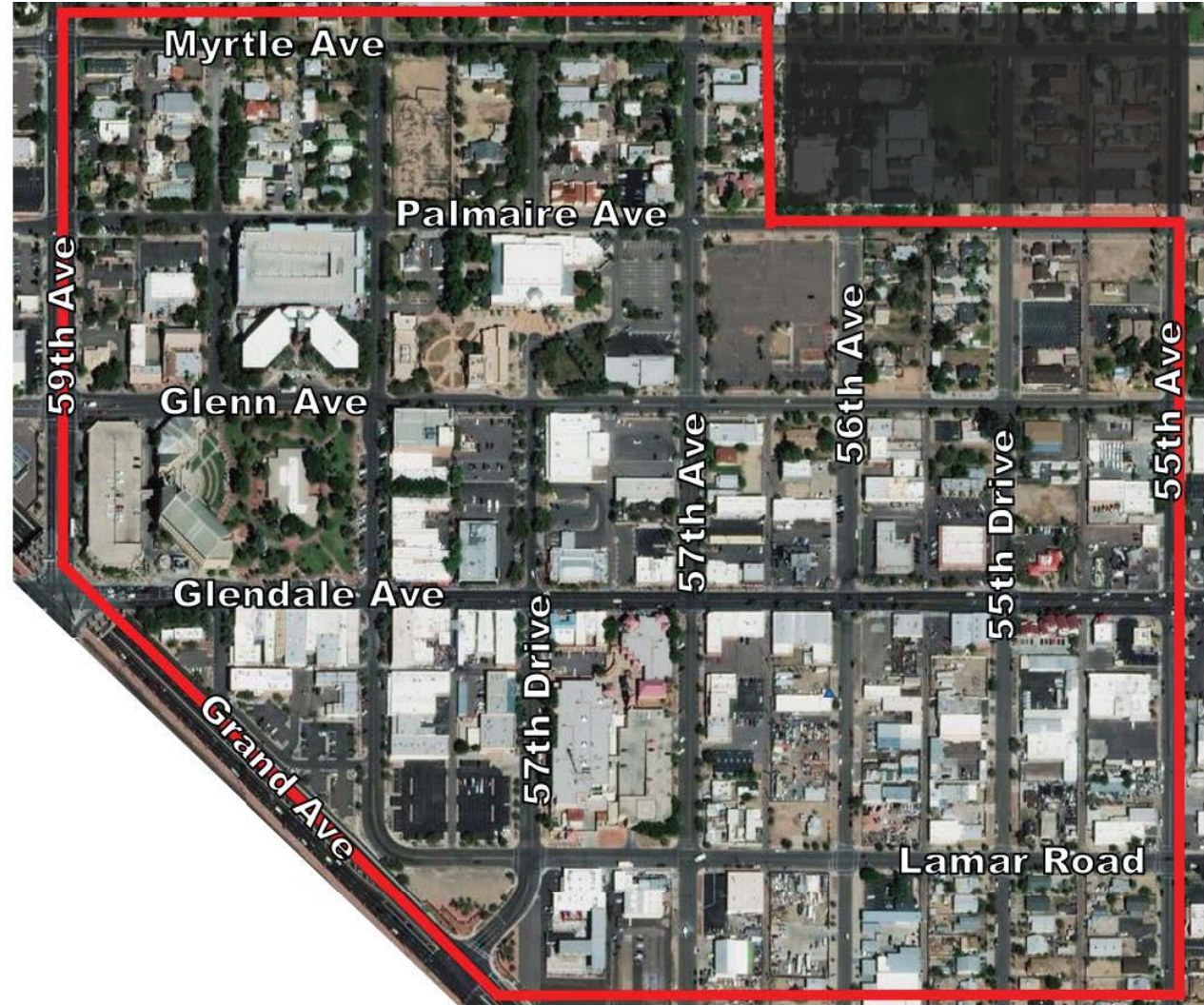
- National Brick & Mortar Challenges
 - Older retail areas (like historic downtowns) will require significant and often costly capital investments in addition to expensive public infrastructure investments
 - Crucial to make investments that actually have a measurable impact
 - City widens sidewalks / another city painted art in street intersections / Glendale invested \$\$\$ in alley improvements
 - Small and independent retail operators are slow to adopt to new trends, utilize technology platforms, omnishopping etc.
 - 81% of consumers indicate they do online research before committing to a purchase
 - 31% of shoppers indicate they conduct their shopping while flipping through their social media channels



Downtown Glendale – *Today*

Over 180 non-residential properties

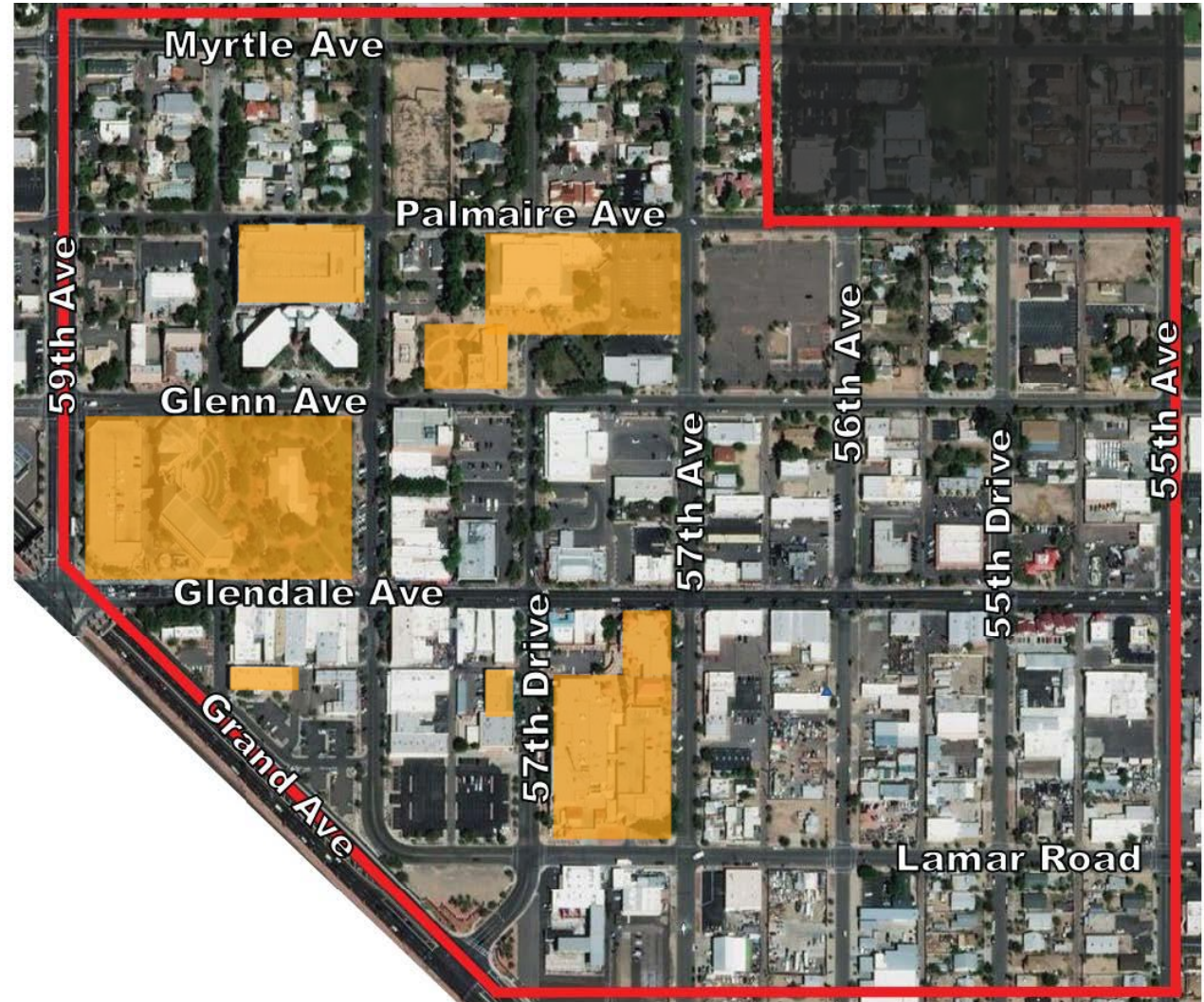
- 50% Retail/Restaurant
- 20% Office
- 10% Industrial
- 18% Government Facilities
- 1% Religious/Fraternal/Clubs
- 1% vacant land for development





Downtown Glendale – *Today*

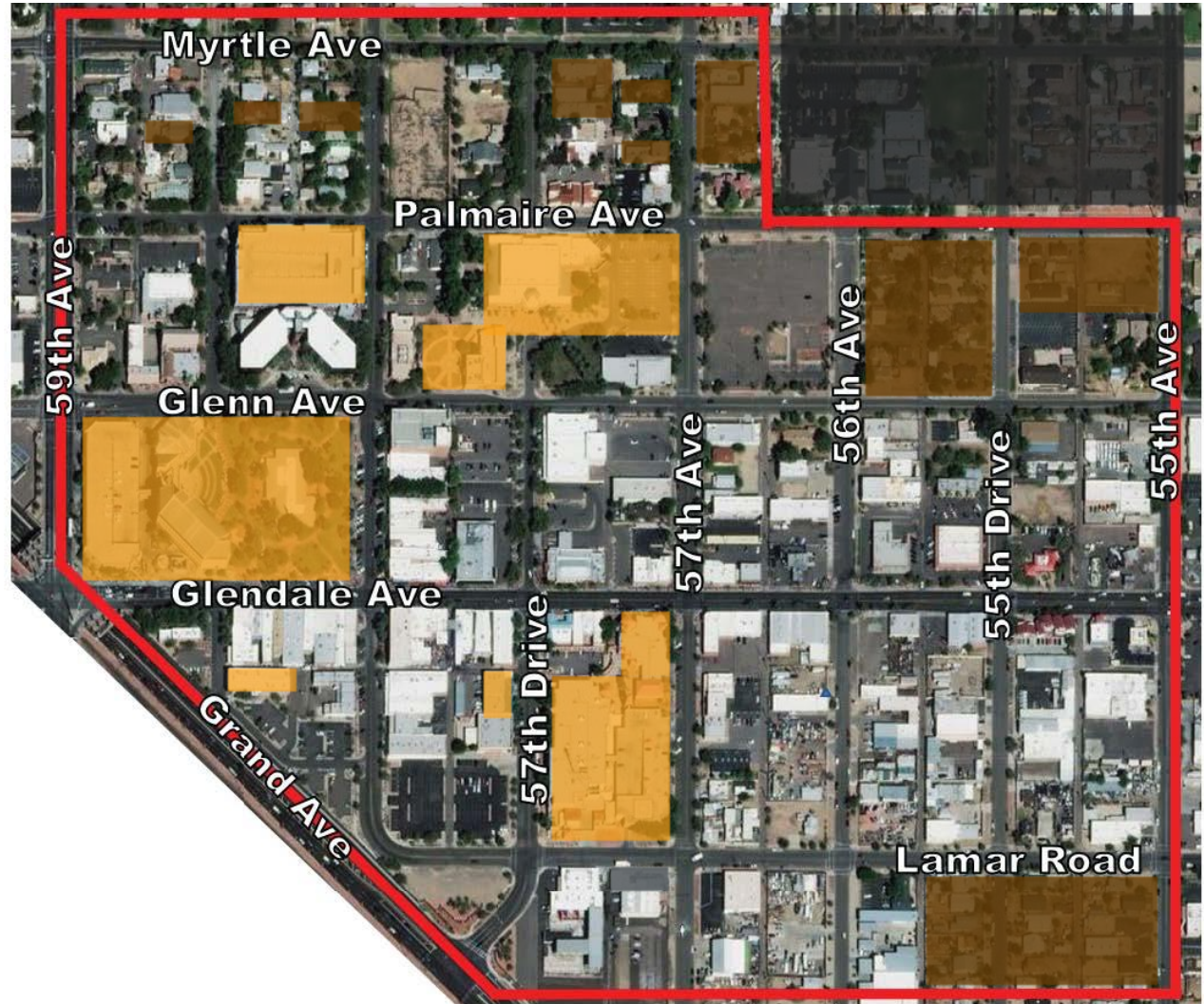
 City Facilities








Downtown Glendale – *Today*

-  City Facilities
-  Residential









Downtown Glendale – *Today*

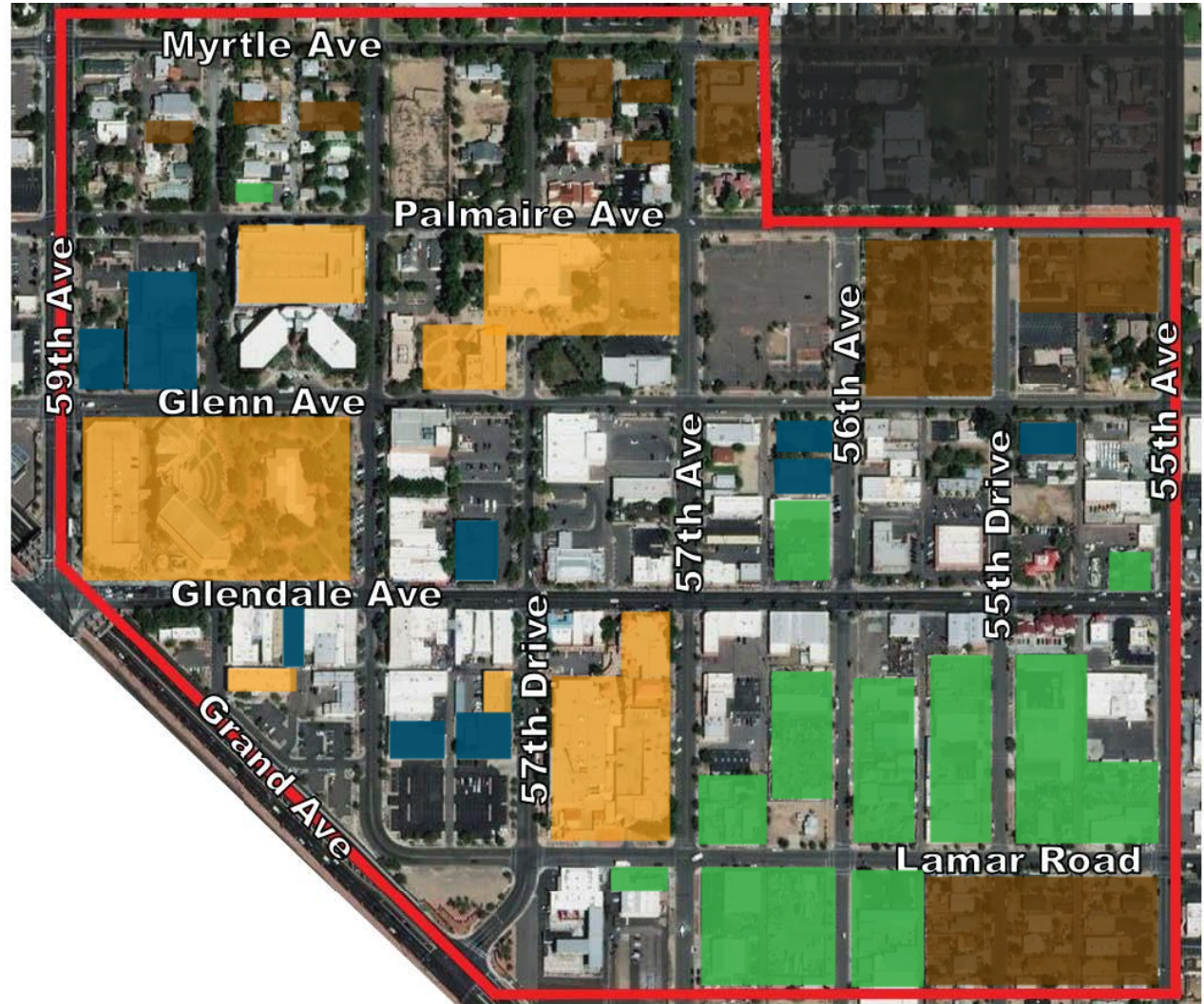
-  City Facilities
-  Residential
-  Religious/Fraternal/Clubs










Downtown Glendale – *Today*

-  City Facilities
-  Residential
-  Religious/Fraternal/Clubs
-  Industrial-based Commercial





Downtown Glendale – Today

-  City Facilities
-  Residential
-  Religious/Fraternal/Clubs
-  Industrial-based Commercial
-  Vacant

Over the last 5 years, the vacancy rate in Downtown has risen from approximately 18.5% (2017) to more than 22% (current).





Downtown Glendale Today in Photos



































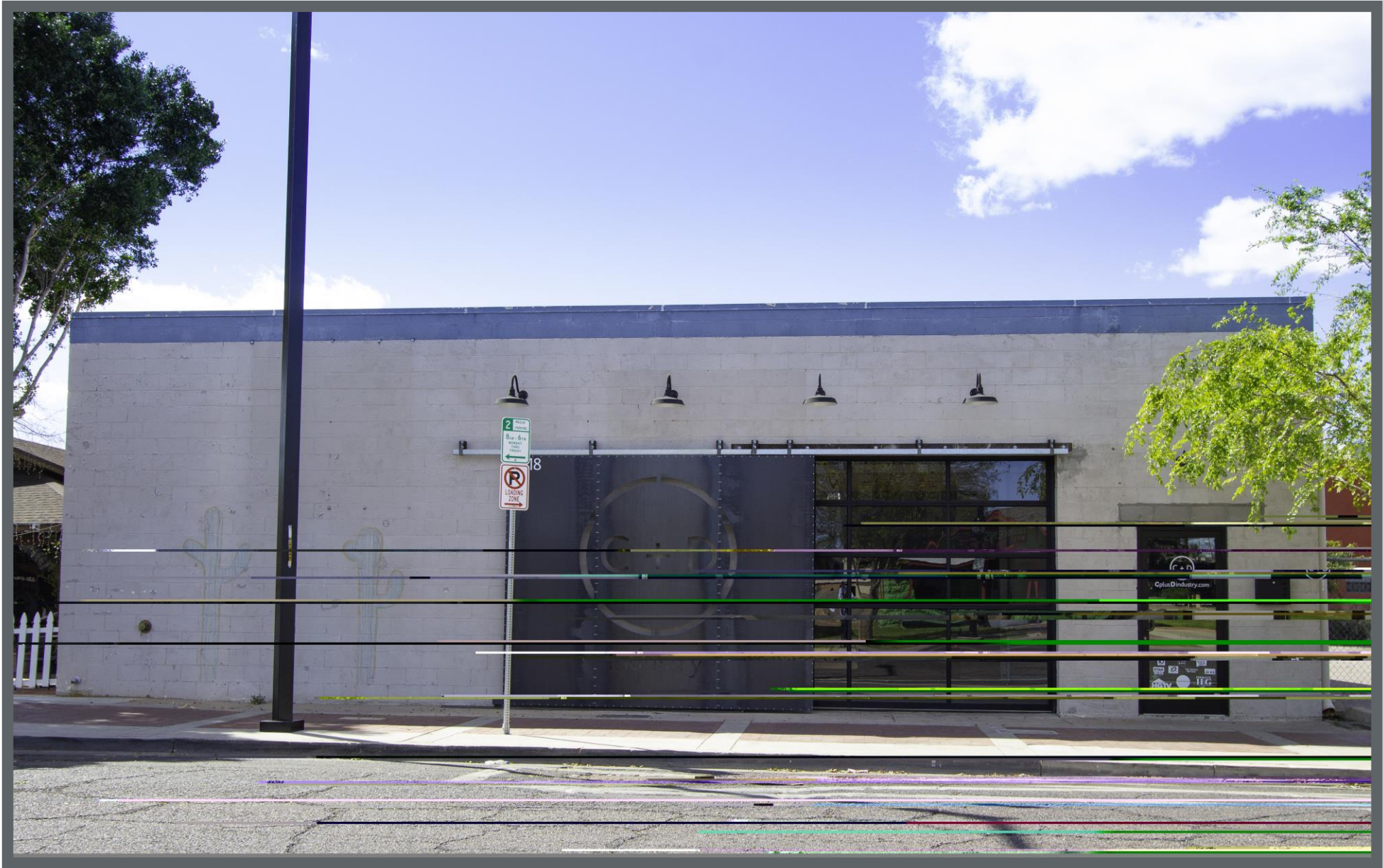




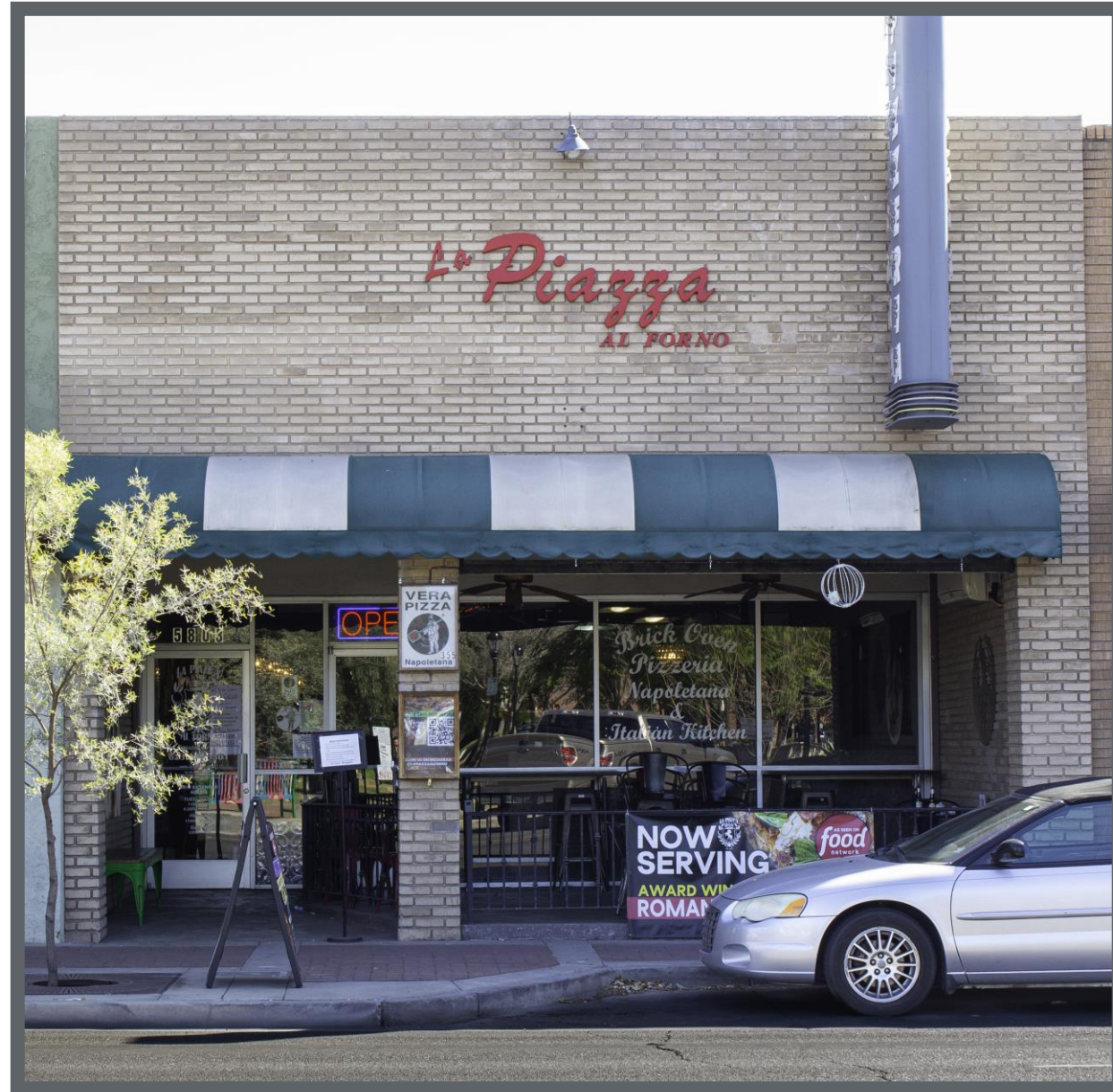


















Downtown Glendale Assessment

- Strengths

- Great connectivity (Grand Ave/59th Ave/Glendale Ave)
- Pedestrian-friendly design
- Available parking
- Sought-after authentic building stock with character
- Flexible zoning and permitting
- City-owned greenspace/assets

- Challenges

- High vacancy rates
- Dated infrastructure and aged building stock
- Limited business operations/entertainment after 5PM
- Lack of year-round events/attraction
- Perceived as a place where only holiday activity takes place



The Downtown Strategy

- Current Strategy
 - Large events during limited time each year
 - Total of 12 Event Nights in FY20
 - Events structured around winter holiday season when there is a high number of competing events in the Valley
 - Significant city staffing resources expended on limited number of large events produced by the city
 - Costs not recaptured for transportation, public safety, parks, etc.
 - Limited partnerships with private event producers
 - Downtown Manager Services Contract



Break





Pivot

A dramatic change in policy, position or strategy.



The Alternative Strategy – The Pivot

- Prioritize building frequent, repeat visits to downtown
 - Only high dollar, low volume, retailers can survive seeing a customer once a year
- Leverage a redeveloped amphitheater and adjacent parking garages to become a highly used performance venue
 - Must be designed to accommodate a variety of live entertainment
 - Reduce rental items such as trusses, lighting, sound, etc
 - Have protection from the heat in summer months
 - Accommodate a minimum of 1,200 attendees



The Alternative Strategy – The Pivot

- Use live entertainment to attract a consistent, diverse customer base
 - Consumer
 - Focus on live music, theatrical, dance, movies, etc.
 - Jazz, Blues, Country, Old-time Rock & Roll, Classical, Pop, Contemporary
 - Christmas productions / plays / recitals / ballets / talent shows
 - Comedy Shows
 - Cultural music / dance
- Create a family friendly and safe downtown utilizing permanent accent lighting
 - Lighting footprint to include Catlin Court
 - Trees, buildings, etc.



The Alternative Strategy – The Pivot

- Work with downtown property owners to build a business plan that justifies owner's investment and redevelopment
 - Redevelopment is most likely to occur only when property owners are willing to modify their buildings to adapt to a new retail environment
- Help recruit new businesses with focus on food and beverage, experiential retail and cultural activities
- Work with downtown merchants to create experiential opportunities
 - Vegan restaurant has live music
 - Work with eateries to also provide live entertainment



The Alternative Strategy – The Pivot

- Contract with Chamber to organize downtown merchants with a clear focus on marketing live events taking place in downtown
 - Digital marketing impacts almost 50% of consumer purchase decisions
 - Social media campaigns
 - Printed collateral



How Do We Accomplish the Strategy

- Breakdown Current Budget
 - Existing “status quo” budget
 - Current strategy remains – “business” as usual
- Alternative Strategy Budget – **The Pivot**
 - Anchored around recurring event programming/special events
 - New FTE structure for approaching special events
 - Grant program to encourage privately produced events
 - Marketing
 - Leverage Arts and Culture
 - Transitional year budget
 - Year-round Lighting
 - Amphitheater/City Hall



How Do We Accomplish the Strategy

Current FY21 Special Events Budget

Glendale Glitters Spectacular Weekend	\$124,914
Downtown in December	\$56,805
Holiday Lights	\$188,013
The Chocolate Experience	\$50,000
Glitter & Glow	\$106,001
Live! @ Murphy Park	\$90,000
City Wide Special Events – 4FTE	\$423,083
Total Special Event Division Budget*	\$1,038,816

* Does not include costs incurred by Transportation, Public Safety, Sanitation, Parks or EMS



How Do We Accomplish the Strategy

Alternative Strategy Budget for Special Events – The Pivot

Live Programs	\$312,000
Downtown Event Grant Program	\$120,000
The Chocolate Experience with Outside Promoter	\$20,000
Holiday Lighting	\$100,000
Audio/Visual Lighting package	\$100,000
City Wide Special Events	\$100,000
City Wide Special Event Administration – 2 FTE	\$215,000
City Wide Special Event Manager – 1 FTE	\$88,000
Total Special Event Division Budget*	\$1,055,000

* Does not include costs incurred by Transportation, Public Safety, Sanitation, Parks or EMS



How Do We Accomplish the Strategy

Transition Budget for Special Events – The Pivot

Downtown Events	\$200,000
Downtown Event Grant Program	\$120,000
The Chocolate Experience with Outside Promoter	\$20,000
Permanent Lighting	\$400,000
City Wide Special Event Administration	\$215,000
City Wide Special Events	\$100,000
Total Special Event Division Budget*	\$1,055,000

* Does not include costs incurred by Transportation, Public Safety, Sanitation, Parks or EMS



Discussion





Consensus and Next Steps

- Should Council provide consensus to move forward with the pivoted strategy for downtown:
 - the alternative strategy budget will be included in the final budget for Council approval
 - Staff will take the required steps to implement the outlined strategy