

**ISSUE: INCREASE RETAIL/ENTERTAINMENT POSSIBILITIES**

**WHY DOES THIS MATTER?**

A well rounded, high quality of life proposition includes the ability to meet expectations for shopping and entertainment where one lives. Although Los Alamos has tremendous attributes in a variety of other areas that are important to the quality of life equation, we fall short in regard to the availability of retail and entertainment amenities that our population desires.

Relative to both our population and our level of per capita personal income, Los Alamos captures a small amount of retail expenditures within the community and experiences severe leakage of retail expenditures to other parts of the State. Expenditure of per capita personal income in Los Alamos County is about 11% versus the State average of 44% and the national average in high income counties of 35%. In \$ terms, retail sales per capita in Los Alamos County is less than half of the average for New Mexico as a whole (\$4065 versus \$8697) and fares even poorer against national benchmarks.

Does this mean that people who live here have lesser needs than those that live in other places? The evidence says “no”. Retail “leakage” studies to ascertain the outflow of Los Alamos resident retail/entertainment dollars have determined that over 60% of Los Alamos retail expenditures are made outside of the County. Furthermore, surveys of County residents have consistently shown that increasing the variety of retail opportunities and adding discount type stores to our retail mix is a strong desire.

As we have argued in previous installments of this series, retaining LANL as our economic engine is a critical issue for our future economic prospects. LANL has stated it has a difficult time recruiting and retaining workers due to a variety of factors including the absence of community amenities such as shopping/entertainment.

**LACDC's Objective...**

■ LACDC's mission is *enabling viable community through a sustainable economy*. The objective of LACDC's efforts is to achieve a sustainable Los Alamos economy, without compromising the area's quality of life. Sustainability implies the means to weather the expansions and contractions of Los Alamos National Laboratory (LANL) operations, and in particular its core national security mission. For the foreseeable future, Los Alamos will, nonetheless, depend on LANL as the foundation for the local economy. The objective is therefore comprised of two goals: 1) Support LANL's ability to maintain its vitality: its general health, global competitiveness, and internal diversification; and 2) Promote economic diversification apart from LANL. If achieved, these goals will yield increased job opportunities and security; an enhanced tax base; and provide for needed County services. The net result will be a better quality of life and a more vital community.

■ LACDC's "Our Town: Local Economics 101" comprises a series of **Issue Snapshots** which survey a range of viewpoints on economic sustainability issues for the Los Alamos/White Rock communities and **Position Papers** which present the viewpoint of the LACDC/Chamber relating to the issues. A complete overview of the series is available on the web at [www.losalamos.org/lacdc](http://www.losalamos.org/lacdc)

POSITION

# RETAIL LOS ALAMOS COMMERCE AND DEVELOPMENT'S OUR TOWN: LOCAL ECONOMICS 101

Beyond the recruitment and retention problem created by the lack of sufficient retail/entertainment possibilities, increasing retail/entertainment expenditures within the County will have the added leverage of addressing another key issue in our local economy which is funding of local government. Gross Receipts Tax (GRT) revenue is the primary source of revenues funding local government and retail/entertainment expenditures generate GRT.

## WHAT ARE THE CHALLENGES?

The principal challenges to economic sustainability in Los Alamos are availability of land and/or adequate space, availability of qualified workforce, and the effects that these two factors have, in combination, on the cost of doing business in the community. These constraints limit the ability to keep successful businesses in Los Alamos as well as attract new businesses.

Limited land has constrained the potential for retail/entertainment uses to develop here in the same way these uses have developed in other similar markets. Comparing Los Alamos to national benchmarks shows that we have about 16 square feet of retail space in use per capita whereas nationally there is an average of 40 square feet for similar sized market areas. The approval of a new downtown development code last summer (enabling denser downtown development) and the upcoming initiative to market land for potential retail development in White Rock and at Trinity Site downtown is the first break in many years to provide significant space potential for retail development.

Having a place for retailers to locate, by itself, does not solve the problem of increasing opportunities. Although our market has high disposable income and is underserved by many measures, we do still have the problem of being a small (population) market and one that has shown no population growth potential. When developers are considering their alternatives for investment in retail development, our community competes with other communities that may also be underserved but have larger population and are exhibiting growth. The other communities may also exhibit a more diversified underlying base economy so appear less risky as a place to make investment. They also may be working more effectively to address the availability of workers for the retail establishments through “workforce” housing, transit, and other initiatives. These factors are challenges to overcome in effectively competing for interest in investment in retail/entertainment investment in our community.

There are other challenges as well. Through the approved Downtown Plan, we have adopted a vision of relatively dense, mixed-use development that is not generally a match to the typical development approach for modern-day retail in small communities. We will need to sell future retail developers and operators on the vision we seek to achieve, and it may be necessary to incent the vision we are after. We also have the challenge of how to assist and integrate our existing retail businesses to benefit from increased retail development. Our goal should be to provide every opportunity for existing businesses to benefit. Finally, if progress on downtown redevelopment is perceived as too slow, there may be a temptation to allow retail uses

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to sprawl onto undeveloped lands that the County possesses and is acquiring through the land transfer process. This could work against achieving the vision of the Downtown Plan and make integration of the existing retail businesses more difficult.

## HOW CAN THE COMMUNITY HELP?

The community is already helping by laying needed groundwork. The community has produced a downtown plan and code that have been enacted. A first rezoning of downtown property has been completed and there are multiple projects being conceived that would create investment in redevelopment that could include retail development. Our County Council has established goals for public investment in downtown redevelopment from the self-sufficiency fund that will greatly improve interest in redevelopment projects.

The recent decision by the County Council to begin marketing transfer lands for both reasonably priced housing and commercial use in a manner that is consistent with the recommendations that came from the Townhall process is also a positive development. This move signals willingness to allow for some population growth and addressing the need for “workforce” housing. This will help us make our case for attracting retail/entertainment businesses to develop here.

The County Council has also established vacating and redeveloping Trinity Site as a priority. Together with the adjacent land owned by the Los Alamos Public Schools, the availability of this property provides a prime opportunity for downtown redevelopment.

The Civic Center initiative is directly aimed at providing improved venues for entertainment oriented activities and increasing people traffic in the downtown that would support other retail/entertainment uses. The Council has earmarked significant land and capital resources to this project in the event that voters approve of incurring and paying for the debt required to enable the project to move forward. The election is anticipated to occur in September.

Finally, making the effort to shop locally is important to the retention of our existing retail base and contributes to the potential for the businesses you shop with to reinvest and improve their offerings.

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