ARAPAHOE ROAD RETAIL CORRIDOR STUDY

10/27/2015

City of Centennial

Analysis to quantify the impact of land use regulations, inform future zoning, land use and infrastructure planning within the corridor.

Arapahoe Road Retail Corridor Study

CITY OF CENTENNIAL

Executive Summary

Current Status The character of Arapahoe Road is that of an auto-centric strip commercial corridor.

The high-traffic auto focused perspective of the corridor coupled with strong daytime employment makes the corridor the perfect breeding ground for convenience retail. Whereas ideal for convenience related retail, larger scaled retailing has located on the periphery of this corridor seeking out locations that provided either stronger links to the broader trade area or more direct residential support. Their locations on the periphery of the corridor have eliminated larger retailing opportunities to develop on Arapahoe Road.

Convenience retail is the predominant retail genre on the corridor and will remain so. Future development opportunities on the Arapahoe corridor will be dominated by convenience retailing due to the size of the parcels, land competitive locations in and around the corridor.

The concept of convenience retailing is changing dramatically. Once reserved for gas stations and fast food the consumers focus on convenience is now opening the door for new concepts in retailing. Case in point, the quick-serve/fast casual dining explosion has dramatically impacted the outdated concept of convenience. Targeted towards younger generations whose primary concern is price, taste and ease of access – these new food retailers are changing the convenience retail market considerably. The new look of convenience retail is more modern and broadly represented and aimed at grapping the growing quick service food dollar.

The corridor also boasts 11 major auto sales/dealerships + several secondary dealerships. It is clear that auto sales will continue to be a large commercial component of the corridor for the foreseeable future. There are virtually no alternative locations for these dealers to relocate to in or outside of Centennial so for "better or worse" these dealers will be part of the community.

The City land use regulations put in place to control placement of restaurant drive-through, gasoline retailing and vehicle sales has a profound impact on the corridor serving to limit or eliminate development in those areas being restricted. The requirements are excessive in terms of the development options on the corridor where the lots are smaller and not as deep (north/south) resulting in the targeted uses not being able to comply with the regulations. Consequently, the regulations have the impact of dissuading these uses from locating, expanding or redeveloping on the corridor.

Opportunity Improvements to the corridor are available that would both increase the physical appeal of the corridor as well as change up the current development pattern.

Nationally, there is a considerable amount of focus on the topic of shifting from an outdated development pattern (strip commercial corridor) to one that is more sustainable. A common land use issue in almost every major metropolitan city, the number of "strip corridors" throughout the nation requiring envisioning is numerous. This has led to many organizations and land use professionals to study the inefficiencies of the "strip corridor" land use pattern and identify new land use patterns. Shifting to a new developed pattern that is more sustainable in today's environment is the ultimate goal and a necessity in revitalizing the "strip corridor".

Perhaps one of the most comprehensive guides for revitalization of "strip corridors" is the EPA's Smart Growth Program commissioned to evaluate ***"Restructuring the Commercial Strip – A Practical Guide for Planning the Revitalization of Deteriorating Strip Corridors"*** by the United States Environmental Protection Agency (updated October 2012).

Following is brief recap of the concepts this study evaluated (Edited):

Reorganizing Retail From Linear to Nodal – Encourage and accommodate the transformation from linear strip retail to clustered retail at crossroad locations – identifying the most favorable location along the corridor for retail clusters. Locating the retail on one or two quadrants is preferable to all corners of the intersection. Assuming that a cluster intersection will be a higher intensity traffic intersection – that vehicular traffic will be a detriment to creating the pedestrian connection.

Create "Real" Centers – A more sustainable development concept is "walkable urbanism" which is compact, mixed use, pedestrian-oriented districts served by transit.

Organize Buildings & The Spaces Between Them To Cultivate Street Life – Concentrate shops, residential and workplaces in such a way as to entice "us" out into the public spaces between the buildings. Creating spaces to linger and "human scaled" street elements add interest and assist to distinguish the area. Sidewalks need to be generous and have amenities. Parking needs to accommodate a park-once-and-walk experience.

Restore Value & Prominence To Segments – Corridor segments are typically several miles long and can be composed of hundreds of separately owned parcels of varying sizes. To provide an effective planning framework that will stimulate investment in the long corridor segmentsl, corridor plans must enable viable alternatives to strip retail. Reinforcing and building on value already in place is the first alternative – bolstering areas of the corridor where natural clusters have taken hold is preferable. Where there are segments of the corridor where commercial focus has been lost (disinvestment), residential investment should be considered as the most viable and predominant alternate use.

Design Public/Private Frontages As A Single – Cohesive Physical Element – It is critical that the area between the buildings and the moving lanes of traffic be used effectively. The private frontage includes the ground level of the building façade and the design of any setback areas. The public frontage includes the sidewalks, right-of-way landscaping and parking lanes. These two elements must mutually reinforce each other by working as a coherent visual and functional space. Introducing front stoops, canopies, porches, frontage plants, wider sidewalks and street trees are all aspects to consider.

Conclusion The retail makeup of the corridor will not dramatically change based on the retailers themselves. The market does not exist to transition the corridor with larger scaled retailing options. As the corridor dynamics are perfectly matched with convenience retail, the corridor will continue to be dominated by convenience retail. Efforts to limit those types of retailers along the corridor will only serve to stagnate the corridor by not allowing newer format convenience retailers into the market who can help transition the concept of convenience retail.

Stunting the ability of the auto dealerships in terms of their facilities places them in the position to not operate in the most current and modern facilities. This aspect could erode the corridor. Given the dealerships pronounced placement on the corridor, not allowing them the opportunity to remain a top tier dealership could have significant repercussions if those locations were to transfer to used/lower tier dealerships.

Answers to creating a more vibrant retailing environment in a strip corridor are not as simple or straight forward. The current built condition of the corridor is not in step with the direction retailing environments are trending to. To ensure retail vibrancy for the corridor will require a shift in thinking that places more emphasis on the key retailing intersections and initiating efforts to introduce high-density residential and other mixed use elements.

> **A well-designed mixed-use development of more than one building also lends itself to place making, the art of creating a real sense of place specific to a site or community.**
> Nancy Thompson, Useful Community Development Organization

The corridor has some very positive aspects to build off from including a well-established daytime population (office) that positively influences the corridor. Several key intersections along the corridor have already been established with retail that could provide the building blocks to integrating additional uses and retail into them.

Turning the focus towards creating stronger physical spaces along the length of the corridor and introduction of high density housing would support and help to expand the retailing opportunities.

Issue Summary

Arapahoe Road is a key retail corridor for Centennial. With competition from other jurisdictions in the corridor, changing trends in retail, existing zoning and development standards affecting development and redevelopment within the corridor, the City wanted to more fully understand the current conditions, challenges and future opportunities for this important corridor. Working with Staff, KP & Associates studied the history, dynamics and local conditions impacting the corridor.

This analysis evaluated –

- The impact of existing drive-through regulations and other restricted land uses.
- Current land use, future zoning and infrastructure planning within the corridor.
- Stakeholder views of the corridor.

The analysis will be used by the City to –

- Quantify impact of existing land use regulations and guide decisions to retain, modify or remove standards.
- Inform future zoning, land use or infrastructure planning within a key City corridor.
- Identify property owners and/or key sites to pursue for near-term retail development or redevelopment projects.

Introduction

Although the south metro region is fortunate to have diverse and significant transportation assets, east-west linkages connecting the workforce and business parks are limited. Arapahoe Road is the only major east-west connection that also functions as an arterial with direct, at-grade connections into the business parks. Arapahoe Road also serves as a connection between Parker Road and Interstate 25, providing the only direct east-west connection alternative between Interstate 225 and E-470 Tollway. *Arapahoe Road Market Capacity White Paper 2014*

The Arapahoe Road corridor retail analysis extends from Parker Road on the east to Quebec on the west. In the current configuration, Interstate 25 acts as a barrier for retailing in the corridor. The traffic associated with this interchange and the time it takes to move through it acts as a substantial barrier to the retail on either side of I-25. CDOT has planned 2016/2017 construction of a complete redesign of this interchange –

Planned Improvements (CDOT Website)

Summary of Improved Partial Cloverleaf Interchange Improvements

The planned improvements to the I-25 and Arapahoe Road (State Highway 88) interchange complex will reduce congestion and improve traffic operations and safety.

The existing partial cloverleaf interchange will be improved through implementation of the following project elements:

- Reconstruct the I-25 bridge over Arapahoe Road and provide three through lanes on Arapahoe Road under the I-25 bridge with a single barrier separating east/west traffic
- Realign the frontage road in the northeast quadrant of the interchange
- Construct an additional westbound lane on Arapahoe Road from Yosemite Street to Greenwood Plaza Boulevard
- Widen Yosemite Street north and south of Arapahoe Road
- Construct two noise walls: one along Yosemite Street south of Arapahoe Road to Xanthia Street, and another along the south side of Arapahoe Road from Uinta Street to Yosemite Street
- Provide triple left turns from the I-25 off ramps

The anticipated improvement may make a dramatic change to the corridor, evaluation of the improved traffic circulation and impact to the corridor cannot be assessed until the improvements are actually completed. Consequently, the current dynamic is that the retailing character is differentiated between the eastern portion that extends from Parker Road to Interstate 25 and the western portion that extends from Interstate 25 to Quebec. The analysis has been completed with that dynamic in place.

Arapahoe Road – West of Interstate 25

West of Interstate 25, the retail character of Arapahoe Road is described as conventional retail. In this section of the corridor, the retailing is centered on neighborhood, mid-tier regional and entertainment options with 2 grocery stores, sit down restaurants, convenience retailing, office supply and a movie theater. Proximity of residential neighborhoods feels more accessible to this section of the corridor with the office influence less visible.

Demographics for this portion of the corridor are –

Total Population	19,496
Households	8,635
Median HH Income	$84,093
Median Age	40

Retailing constraints in this area of the corridor are focused on several factors:

1. Portions of the retail are dated and not representative of new retailing trends. This dated perspective extends to some of the retailers themselves who are operating out of older format stores and have not improved the aesthetics of their facilities.
2. There is little to no cohesion between the main retailing areas. The area functions as 3 separate centers with no visual or physical connection between them.
3. Two of the key retailing areas are located in Greenwood Village which hinders the ability to influence the area as a whole.
4. There is no identity to the retailing either in visual terms or with the retailing itself. Regionally focused retailers are intertwined with neighborhood retail. Both genres of retail are most likely suffering from this lack of identity.

Arapahoe Road – East of Interstate 25

East of Interstate 25, the retail character of Arapahoe Road is best described as a retail strip corridor sharing the same "strip-corridor" factors associated nationally:

> **"Strip corridors are characterized as linear in arrangement, associated with high volume traffic, separate vehicular entrances and exits, undefined pedestrian path system, conflicts between pedestrian and vehicular movements and a cluttered appearance from inconsistent architecture and signage"** *EPA's Smart Growth Program*

The Arapahoe Road corridor is a long, undifferentiated corridor dominated by retail uses with other commercial activities and various special uses. A wide multilane roadway edged with monolithic curb-gutter-and sidewalk assemblies with narrow sidewalks and little to no curbside parking or pedestrian amenities.

Convenience oriented retail which thrives in an auto-centric environment has quickly filled in the corridor and is the predominant retailing genre along the corridor. Convenience oriented retail will likely always be a strong element of the corridor due to the vehicular aspect of this area of Arapahoe Road.

Located in this section of the corridor are fast food restaurants, sit-down restaurants, convenience retailing (banking, gasoline, quick-serve food, salons, dry cleaning, liquor, etc.) and retail automotive sales (car dealerships).

Demographics for this portion of the corridor are –

Total Population	34,396
Households	13,860
Median HH Income	$94,547
Median Age	39.3

Retailing constraints in this area of the corridor are focused on several factors:

1. Lack of residential in close proximity to the corridor. The lack of a stronger residential base limits the "needs based" retailers from locating in the corridor. This lack of residential hinders interest from those "needs based" retailers such as grocery stores, who cannot rely on daytime employment traffic to support them.

2. There is no identity to the retailing either in visual terms or with the retailing itself. The spread out nature of the eastern corridor does not lend itself to creating a sense of "place". Customers merely move through the corridor versus having opportunity to feel connected and desiring to spend time.

The following review sections examine the retailing dynamic by genre of retail. KP has included specific retail reviews of:

- Convenience
- Neighborhood Convenience/Grocery
- Mid-Range
- Super-Regional
- Main Street/Mixed Use
- Retail Automotive Sales (Car Dealerships)

Stakeholder Input

A portion of the analysis was influenced by the involvement of stakeholders in the corridor. KP conducted interviews with land owners, business owners and retail brokers operating in the Arapahoe corridor. The direct input KP received from the interviews provided different insights in how the corridor is perceived.

KP contacted 26 individual stakeholders *(list attached as* an *Appendix)*. Of those 26, 11 participated in a one-on-one interview or provided a written survey response (42% success rate). The respondents represented land/property owners, retailer businesses and retail brokerage.

Comments included:

Traffic on the corridor has become a large concern – difficult to navigate.
There is not enough residential to support sustainable retail in most of the corridor.
The City should embrace the automotive uses in the corridor – embrace what you have.
Development pattern is unidentifiable.
1500' setback/drive-through restriction is detrimental to pad development.
Daytime population is great.
Weekends and evenings are a "bust" with not enough customer traffic.
Would like to see integrated development with high density residential and ground floor retail.
The corridor is lacking great development sites.
More roof tops needed.
Parker Road overpass disrupts the flow and connectedness of the corridor.
Lack of residential hurts restaurant and retail.
City needs to consider incentives to assist in development/redevelopment.
Development along the corridor seems happenstance and lacking in an identity.

KP did not ask for comment on the stakeholder's working relationship with the City, but several stakeholders expressed unsolicited comments regarding their interaction with City staff –

The City is tough to work with – tend to have a "my way or the highway" perspective.
The City process and code are the biggest constraints in the corridor.
Too much "red tape" working with the City.
City needs to be a pro-active partner with the development community.
Staff needs to be more creative and open-minded about development in the corridor.

Responses

The City recently updated its Land Development Code (LDC) and legislative rezoning for commercial property throughout the City. Additionally, there are some zoning and development standards that target specific land uses and development types within the corridor. How have these code changes and/or standards affected the development potential for your property?

Only the respondents that had undeveloped land or are considering a redevelopment in the corridor understood what this question meant. Those that did understand all answered that the changes would have an impact on their projects and considered the changes to be a constraint. Given the high traffic nature of the corridor, the general sentiment was that Centennial did not fully understand the dynamics of the corridor and are now limiting the types of users that want to be in the corridor.

What are the retail market opportunities in the corridor?

The business owners and non-retail commercial property owners did not have insight into this question. Only the respondents with retail projects/development in the corridor answered. Of those respondents, most felt that the corridor is best suited for fast casual food and convenience focused retail.

What do you see as the retail market constraints in the corridor?

The majority of the respondents felt that the lack of residential population in proximity to the corridor is the biggest constraint. Opportunities to introduce more residential into the corridor was encouraged – including high density options.

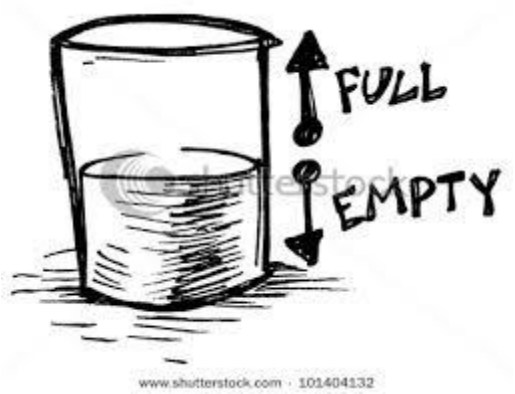
Other constraints noted was the proximity to larger retailing options at both ends of the corridor which siphons off interest from retailers to sites located in between those areas and spacing between "sister" locations.

Respondents also noted that there needs to be additional street connections built to aid circulation. Specifically noted was a left turn on Arapahoe Road to Joliet and a connection from Easter to Potomac.

What do you see as the future potential of the corridor as it pertains to your property?

A number of respondents did not answer this question – some citing that they just "didn't know". Responses were focused on opportunities they were pursuing for their project and were more general in the sense that they are considering specific uses such as more food and medical services rather than having broader perspective about the corridor itself.

Summary



The majority of the responding stakeholders had isolated views about the corridor – expressing views that were only specific to their business. Generally, they do not view the corridor as a whole and had little input into opportunities. All seem to be looking to the City of Centennial to provide the vision and framework for the corridor.

Many mentioned the existence of the automotive sales in the corridor as a defining use. They all noted that this land use was already defined prior to the existence of the City itself and in most cases before they made the decision to locate in the corridor. A few of those respondents feel that the City should embrace this use and not fight against it and perhaps even open the door to allow some of the luxury dealerships into the corridor. The sentiment that the City should "embrace what Arapahoe Road is" was fairly common – no respondent felt that wholesale changes to the corridor were warranted.

The most passionate responses came from those stakeholders that had had adversarial interaction with the City; their comments were almost entirely focused on the issues with the City Staff and/or Land Development Code restrictions.

Convenience Retail

Characteristics

Convenience retail is the most common of all retail with small trade areas of only 1-2 miles, these retailers are the ones we see in our everyday travels to work, school and home. Small in scale, these retailers rely on a "pass by" customer base and need visibility and ease of access. Generally stand alone and auto-centric, retailers in this genre are decidedly service focused and more recently, "food" focused. Retailers in this genre include quick serve restaurants, liquor, coffee, gasoline, etc.

The "auto-focus" associated with this scale of retailing has made it a target with many municipalities perceiving that this scale of retail is sub-par or even undesirable. Evolution of consumers post-recession has "today's customers" focused on value, service, personalized experiences and…….convenience. Many of the new retailing concepts expanding are embracing these demands and developing retail concepts that provide all of these aspects. Most notable of the new "convenience retailer" is the fast casual/quick service restaurant genre. In 2014, Americans spent over $21 billion in fast casual restaurants with many industry experts expecting the trend to only continue to grow.

Characteristics normally associated with convenience retail are:

- Smaller scale with store sizes between 1,000 to 3,000 square feet.
- 1-2 Mile Trade Area
- Stand-alone retailers requiring 1-2 acres.
- Auto-centric feeding off of "pass by" traffic.
- Need direct visibility and accessibility to the main traffic corridors.
- Typical locations are within high traffic corridors allowing the convenience factor to drive market interest.

Development Trends

The concept of convenience retailing is changing dramatically. Once reserved for gas stations and fast food the consumers focus on convenience is now opening the door for new concepts in retailing. Case in point, the quick-serve/fast casual dining explosion has dramatically impacted the outdated concept of convenience. Targeted towards younger generations whose primary concern is price, taste and ease of access – these new food retailers are changing the convenience retail market considerably. The new look of convenience retail is more modern and broadly represented and aimed at grapping the growing quick service food dollar.

Gasoline/Convenience Store

Getting good food at the same place you get gas seems like an oxymoron, but that perception appears to be changing. As more convenience-store chains focus on improving food and beverage quality, they are growing visits and posing a competitive threat to quick-service restaurants, according to officials at market research firm The NPD Group. "These food-forward retailers have moved forward in terms of quality and variety," NPD analyst Bonnie Riggs said. "They are a segment to watch … a retailer to take note of, put into your competitive set." Restaurant News

Quick Service Restaurants

" Fast food is commonly associated with greasy burgers and fries. Fast food is stigmatized as overly processed and generally unhealthy. And although many quick-serves do reflect traditional fast food concepts, it's not true across the board. Quick-serves like Subway, Jamba Juice and TCBY are examples, offering menu items like smoothies, toasted sub sandwiches and even fruit-laden frozen yogurt. Even fast-food giant McDonald's serves items like the_Fruit & Walnuts and Blueberry Banana Nut Oatmeal—a definite departure from typical fries and burgers. FSW season'd

Fast Casual Restaurants

Fast casual is relatively modern terminology for a restaurant that falls between full-service and quick-service. Also called quick-casual or limited-service, these types of restaurants are typically distinguished by service type and food quality. Fast-casual restaurants are often perceived to offer better quality food and a more upscale dining area than quick-service restaurants, but with less expensive menu items than full-service restaurants. FSW season'd

19% of U.S. adults dined at a Quick Service Restaurant 10 or more times in the past 30 days.

78% of 10+ QSR diners dined at a McDonald's in the past 30 days. Nielson

Opportunity

The high traffic auto-centric nature of the Arapahoe Road corridor makes it ideal for convenience retailers. Situated along all points of the corridor, there is a preponderance of this scale of retailing.

With numerous fast food operators, fast casual restaurants, gasoline retailing and service providers all operating in the corridor, convenience retail is well represented.

The *"2014 Arapahoe Road Market Capacity White Paper"* prepared by the City of Centennial Economic Development Division noted that there were several fast/quick serve restaurants not located in the corridor. Of those noted, 2 have located in the corridor since the study and the following are active in the Colorado market and remain as opportunities:

Panda Express (Drive-Through Required)
Chick Fil-A (Drive-through-Required)
Good Times (Drive-Through Required)
Café Rio

Opportunity Sites There are a several undeveloped sites along the corridor that are best suited for convenience retail both in terms of their size and ability to provide appropriate accessibility/visibility for this scale of retailing -

1. **NWC Arapahoe & Potomac** (7.4 Acres) - The scale of this property is large enough for a multi-tenant development accommodating several small-scale retailers. It is too small to accommodate any retail of size. Adjacent to the City Hall complex, this site provides the opportunity to cluster convenience retail in such a way that it establishes a more unique design for the corridor.
2. **NEC Arapahoe & Potomac** (7.2 Acres) - The scale of this property is large enough for a multi-tenant development accommodating several small-scale retailers. It is too small to accommodate any retail of size. The NWC and NEC should be developed in tandem to accomplish a more unique retail design that interplays with the City Hall complex.
3. **SWC Arapahoe & Potomac** (1.3 Acres) - The scale of this property relegates it to a free-standing convenience retailer similar to the Big O Tires and Wendy's adjacent to the pad. Drive-through restrictions are likely the limiting factor in this site being developed.
4. **NEC Arapahoe & Lima** (6.7 Acres) - This property is slated for development as an extended stay hotel. A portion of the site will remain available for small scale development which could accommodate a few small-scale retailers.

5. **SEC Havana & East Briarwood** (Topgolf) – The opening of Topgolf, a premier destination entertainment venue may make these sites attractive to the fast casual/quick service restaurants. Locating off of Arapahoe Road may be a challenge, as Topgolf has just opened with their first entry into Colorado – it will likely take time for the market to decide if the opportunity is desirable.
6. **Arapahoe & Havana (Burger King & Volcano Restaurant)** The restaurant located on the corner could be a redevelopment site if the drive-thru restrictions do not come into play. It is likely that a higher profile restaurant concept would be interesting in the corner without those setback and spacing restrictions. The closed Burger King building also has redevelopment opportunity with its profile along Arapahoe Road. *(At this time of this report, the Burger King is slated to be redeveloped as an auto parts store.)*

Areas that were not considered opportunity for retail development –

Peakview Avenue – Peakview is a minor arterial that parallels Arapahoe Road. As a secondary thoroughfare, it does not carry the same amount of traffic nor provide the same accessibility to the trade area that Arapahoe Road does. For this main reason, development opportunities along Peakview are not suitable for retail development.

Briarwood Avenue – Briarwood is also a minor arterial that parallels Arapahoe Road. Also a secondary thoroughfare, it does not carry the same amount of traffic nor provide the same accessibility to the trade area that Arapahoe Road does. For this main reason, development opportunities along Briarwood have not been realized, specifically the pads in front of the Super Walmart. Topgolf opening adjacent to Briarwood could have a positive impact for the proposed retail pads.

Constraints

The primary constraint for this scale of retailing is the spacing and area requirements adopted by the City. This criterion is especially cumbersome for convenience retail which is heavily represented by quick service restaurants and gas/convenience facilities. The setbacks and spacing criteria has a profound impact on location criteria of convenience retailing who rely predominately on their ability to be visible and accessible to the main thoroughfare. The very nature of "convenience" retail is their ability to be "convenient" – placing them farther back from the street and further apart from one another compromises the convenience factor.

As the quick serve/fast casual segment matures, some chains are evaluating the necessity of drive-throughs. If the trend continues, many of these restaurant chains would be prohibited form locating on the corridor with the current drive-through setbacks established in the code.

Can Fast Casual Chains Use Drive-throughs?

By Jonathan Maze

The drive-through window has become such a mainstay in the QSR space that a fast-food restaurant would be literally killing its business without one. About two-thirds of the orders at many QSRs come through that window now, because consumers can't be bothered to get out of their cars.

Fast-casual chains have eschewed those windows, adopting the Subway approach by using mostly leased, inline locations and relying on walk-in traffic. And it's been working. The sector is the only one in the restaurant business that is currently growing. Still, with some fast-casual concepts now struggling with sales slowdowns, particularly among to-go customers, we wonder whether these concepts have tossed sales out the window by ignoring the drive-by customer. They might be, at least in some cases.

Not surprisingly, a number of concepts are testing that very idea. Panera Bread, which has seen an erosion of sales, particularly in the to-go business, has retrofitted a number of its stores to include drive-through windows, with considerable success. Franchisees tell us these windows bring in business that would otherwise ignore the concept.

But adding a drive-through to a fast-casual concept isn't simply a matter of cutting in a window, throwing a speaker and a menu on the outside wall and handing a worker a headset. So we asked Don Fox, the CEO of Firehouse Subs, to discuss the challenges and benefits of adding a drive-through. His concept has 13 locations with drive-through windows, and franchisees are building two more. But they won't become the norm at Firehouse, either.

"I think all fast-casual brands, as they look at this, have to assess whether a drive-through format is compatible with their operation," he said. "For some, it's simply not."

The biggest challenge is speed. "We're not fast food," Fox said. But drive-through customers expect their food quickly. When Fox became CEO of Firehouse in 2003, the company had two locations with drive-through windows, but "I would not say they were well executed," he said. Speed was "very slow," even for a chain that heats its subs the way Firehouse does. Fox put a freeze on new locations with windows, until the idea could be studied further, and then the idea was shelved for a few years.

But as franchisees came across opportunities to acquire freestanding units with drive-through windows three years ago, Firehouse revisited the idea. The company worked to refine its equipment package, and getting operations in line to improve speed. The company opened in Sarasota, and Orlando, with drive-through windows, and then others.

One of the things the company learned is that customer expectations are important. If customers weren't familiar with the brand, but went through the drive-through, they would have been surprised at the slowness of the service, even after the company improved its speed with the new units. "Our speed of service standards are not, certainly, fast-food standards," Fox said. "We had to understand customer expectations."

And that's a key component. Diners need to be familiar with the brand to begin with, and to understand that the food takes a bit longer than it does at, say, Burger King. As such, he said he would not put a Firehouse Subs with a drive-through in a market that wasn't already familiar with the brand.

And, Fox noted, the percentage of business that fast-casual restaurants receive through the drive-through is lower than it is at QSR concepts. "One of the reasons people go to fast casual is for the better dining experience," Fox said. "The benefits they get from the drive-through experience aren't as important to them."

Still, Fox said, drive-through windows do add incremental sales to a location. They enable that restaurant to capture to-go business that would otherwise pass it by. A freestanding location with a drive-through window has higher volumes than an inline location.

As a side note, Fox said, many QSR brands can't exist in inline locations the way fast-casual brands can. Fox had been a Burger King veteran before he took the job at Firehouse, and he said the chain tried inline sites in the 1990s. They didn't work. But fast-casual burger chains can operate in such sites. It's all about customer expectations, he said.

Fox believes that brands considering drive-through locations should understand their own unit economics, and their own market, before venturing into such an idea. He said that Firehouse only considers drive-through locations in an opportunistic fashion—perhaps second or third generation freestanding sites that have lower up-front costs. That makes the investment more realistic.

"You really have to know and to understand your brand, and why they're using you," Fox said.

Conclusion

Convenience retail will continue to flourish in this corridor. The high-traffic auto focused perspective of the corridor coupled with strong daytime employment makes the corridor the perfect breeding ground for this scale of retail. The limited residential influence is not a factor for convenience retail and with the smaller trade area criteria of 1-2 miles, multiple retailer locations on the corridor are achievable.

With the definition of a "convenience retailer" expanding to segments of retail that are more attractive than the "old" convenience retailers of the past, this genre of retail is no longer a genre that should be ignored or overly restrained by restrictions. City regulations regarding drive-throughs and setbacks are likely going to be a significant limiting factor for this scale of retailing and will impact interest. Evaluating options to modify the restrictive language should be considered by the City.

Neighborhood Convenience/ Grocery Retail

Characteristics

Neighborhood retail is "needs based" retailing that provides for the sale of convenience goods (food, drugs, sundries) and personal services for the day-to-day living needs of the immediate neighborhood.

Grocery may be one of the most dynamic retail genres coming out of the market downturn in 2008. Capitalizing on the "food dollar" that is perceived to be "recession proof" the growth in the number of grocery retailers has never been higher. The birth of "destination stores" such as Sprouts and ethnic grocery stores such as Mi Pueblo have altered the grocery marketplace and in some cases have affected the stability of some long term conventional grocers.

<u>Conventional Grocers</u>

Site selection is fairly consistent between these grocers. They are less concerned with the specifics of the trade area as they are the depth of the trade area. Real estate decisions are based on the projected sales volumes and since these grocers are considered the "primary" shop they expect to be shopped by the broader trade area.

Characteristics normally associated with these conventional grocers are:

- Store sizes range from 40,000 SF to 123,000 SF.
- 2 Mile Trade Area
- 15-25 acre project size (includes ancillary retail).
- Prefer to have other convenience retail included in the development area.
- Development "style" defined - little variance in the "prototypical center".
- This is a destination oriented shopping trip for the customer base.
- Need to be highly accessible to the residential base.

Alternative Food Stores

Alternative food retailers, Whole Foods, Sprouts, and Natural Grocers are starting to make a more extensive mark in the grocery industry. Site selections for these grocers vary by retailer. Some, like Whole Foods are concerned about finding higher income and education levels for their target demographics (which may provide a customer base with higher disposable incomes) while others are looking for high traffic locations already in the shopping pattern of the trade area customers. Avid "healthy" consumers shop all the stores in the genre as no one "alternative grocer" carries the full gambit of healthy related products.

Characteristics normally associated with these alternative grocers are:

- Store sizes range from 13,000 SF to 50,000 SF.
- Trade areas are less defined in scale – much broader than the conventional grocer.
- Not considered a "primary" store for consumers.
- 5-10 acre project size (includes ancillary retail) .
- Prefer to have other retail included in the development area – some regional in aspect.
- Development "style" undefined – can vary in type of center.

Development Trends

Grocery Store trends have proven chaotic for the grocery industry. Grocery has turned into a highly competitive arena with a multitude of new grocery retailers making their presence felt. The days of doing nearly all your grocery shopping weekly at the same supermarket are fading into the past with some industry analysts estimating that less than half of grocery dollars spent will be in traditional grocery stores. Those changes in the industry have forced the long-time conventional grocers to re-evaluate how they do business – or in some cases, like Albertsons/Safeway to combine ownership, reduce their store chain and operate in fewer markets.

> The grocery industry in the U.S. is undergoing some of the most dramatic changes since supermarkets emerged in the 1940s, according to retail analysts. Whereas a single store once served all of shoppers' food and beverage needs, consumers are now buying groceries across more than a dozen retail channels.
>
> "In the 1990s and the beginning years of this century, the greatest threat to supermarkets and grocery stores came from supersized 'one-stop shopping' venues like supercenters and warehouse clubs," the market research firm Packaged Facts wrote in its most recent annual report on emerging grocery trends. "Today the threat is spread out among all retail channels, including drugstores, dollar stores, limited assortment chains, and — the elephant in the room — e-commerce."

Here are some of the top trends that are changing the grocery shopping landscape as noted by Business Insider:

Consumers are shopping for food and beverages across multiple channels. On average, consumers shop at five different types of stores to fulfill their grocery needs, according to Deloitte's 2013 American Pantry report. Examples of shopping channels include supermarkets (like Kroger and Safeway), supercenters (such as Wal-Mart), discount, convenience, club, and e-commerce stores. Consumers are not hitting multiple stores because they can't find everything they need in one place, according to Packaged Facts analysts. The trend is driven by the fact that few stores offer the precise mix of value, quality, and private label brands that consumers are looking for.

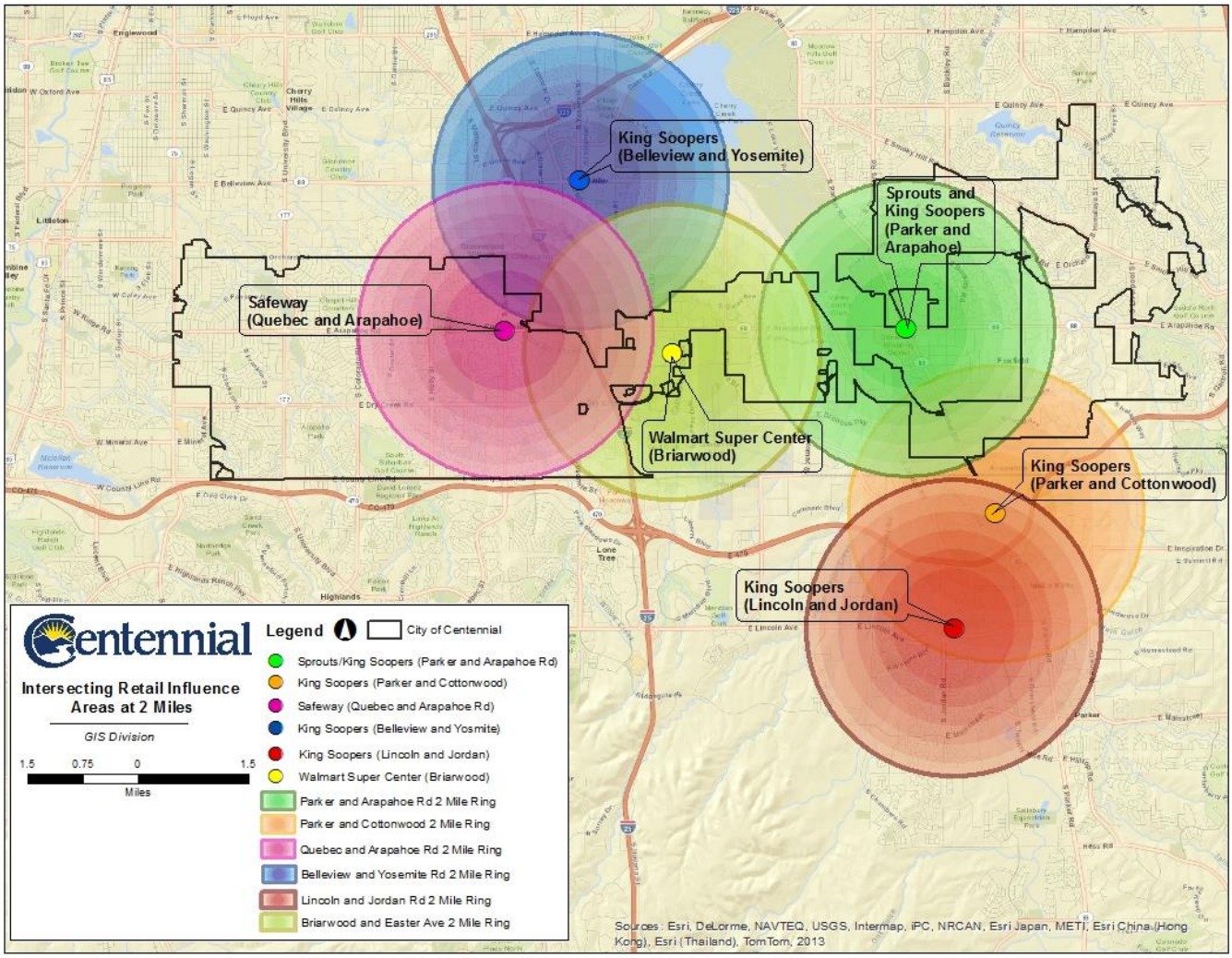
Shoppers want more product curation. "When a customer walks into a store of 40,000 items and only wants to buy 30 of them, that's a terrible customer experience," said Chad Arnold, president and CEO of the online grocery service Door to Door Organics. "Companies are now scaling back stores and getting them more focused to specific customers, instead of a one-store-fits-all approach." The average square footage of supermarkets in the U.S. has been falling since 2006, and is now roughly 46,000 square feet, according to Packaged Facts. "The pendulum definitely is swinging back to smaller store formats," analysts wrote, noting that Wal-Mart is expanding its smaller-format stores. Kroger also has a small-format store called Turkey Hill Market, which averages about 6,800 square feet. Online grocers, such as Door to Door Organics, have web tools to curate products for customers. The tools can recommend products based on previous purchases, recipes, or even food allergies.

Fresh produce is a main driver for consumers in deciding where to shop. Seventy-five percent of consumers say the produce department is the most important, followed by fresh meat, poultry, and seafood (60%); store brand products (36%); local farm foods/produce (35%); and the in-store bakery (29%), according to a Packaged Facts survey. Business Insider

Opportunity

There is sufficient grocery coverage along the length of the corridor. With 6 grocery retailers located directly on Arapahoe Road and 3 additional grocers on the periphery there is no significant gap in services to warrant additional grocery retailing on the corridor.

This map illustrates the basic trade area of each of the grocers operating in proximity to the Arapahoe corridor. Coverage of the corridor is extensive as noted by the multiple grocers serving the trade area. (*Explanation of trade area delineation included as an Appendix.)*



Safeway Center – Arapahoe Road & Quebec

Although the coverage is sufficient in the corridor, there is opportunity to improve the Safeway center at Arapahoe Road and Quebec (Centennial).

- All of the small scale retail is ill-placed within the center, either too far back from Arapahoe, hidden by other buildings or has it back turned to the street. This scale of retail needs to be as visibly accessible as the anchor store. The current configurations are less than ideal.
- The retail is visually cluttered with no real identify from an architectural perspective.
- There is no identity to the center rather it feels like a collection of independent pads and retailers with little to no synergy.
- The Safeway Store is somewhat outdated and not representative of the newer grocery retailing trends.

Working with the center ownership to modify the layout, improve its visual appeal and create a specific identity for the center is necessary for this center to maintain any position in the overall trade area. Without significant improvements, this center will continue to erode with lower tier retailing becoming predominant for the center.

Constraints

Arapahoe Road from I-25 to Quebec –

Focusing on redevelopment of the Safeway Center could prove challenging. Making a dynamic change within the Center will be costly which is likely to be a major concern with the current ownership who have not been aggressive in making changes to the center to date. Although the Center is currently well leased, retailers tend towards the lower tier and several vacancies are in the offing which potentially will put stress on the center. Economic pressure from more vacancies will hopefully prompt the ownership to feel motivated to address any of the concerns.

The entire retailing area from Quebec to Interstate 25 needs to have more cohesion. None of the 3 centers on the north side of Arapahoe Road work well together nor provide synergy between the retailers (Sprouts, Landmark Theaters, Safeway, etc.). Developed in a strip format, this area seems impossible to navigate from a consumer perspective and does not foster a sense of "place". With only the Safeway Center located within Centennial, it will be very difficult to impact this dynamic through planning efforts.

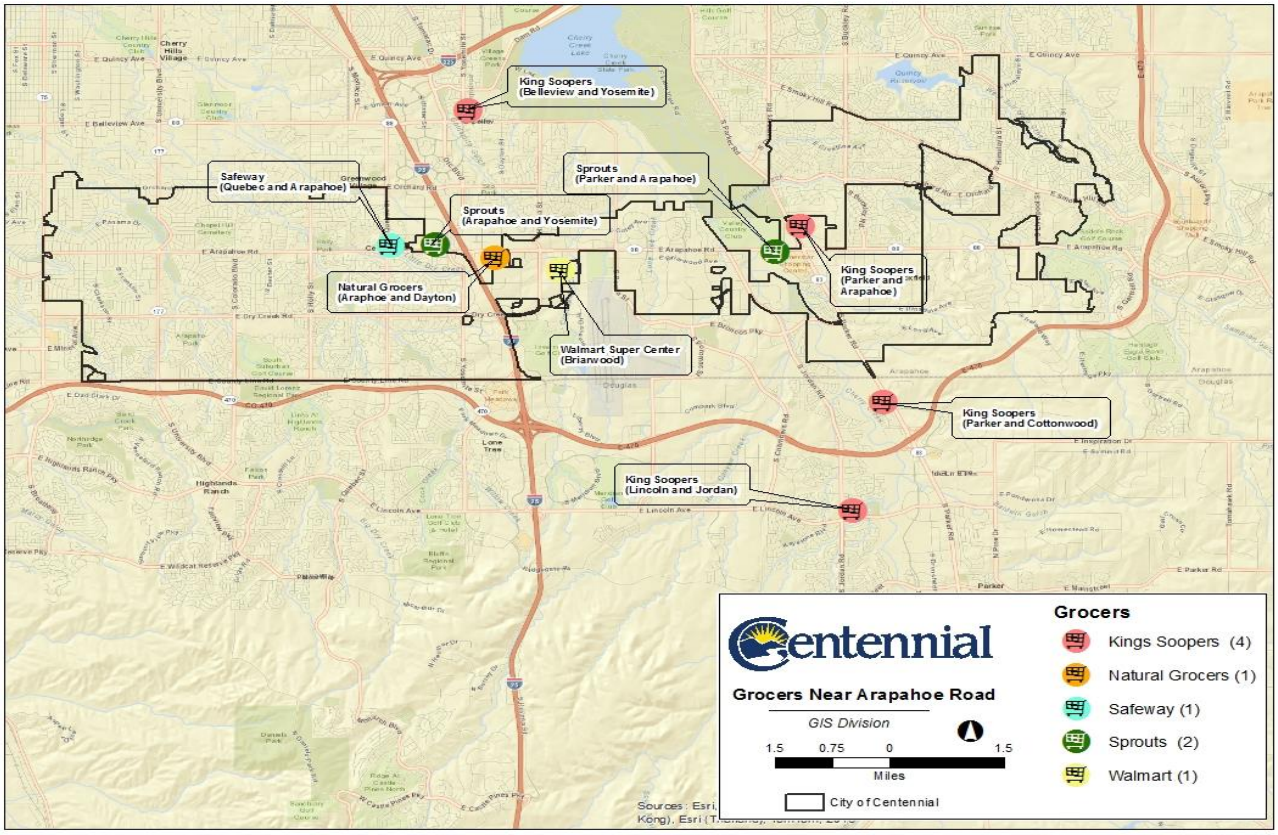
Arapahoe Road from I-25 to Parker Road – Three major factors impact the ability of additional grocery to locate along the corridor from Interstate 25 to Parker Road.

1. Existing grocery retailers serve this section of the corridor from multiple locations.
2. Lack of significant residential density in proximity to the corridor diminishes the need for additional grocery on the corridor.
3. Lack of development sites appropriate for grocery either in size or location.

These factors eliminate additional grocery from this section of the corridor.

Conclusion

Constraints are primarily based on the competitive aspect of the existing grocers Coverage of those centers swallows up any opportunity for this scale of retail to locate in the corridor.



With 6 grocery options located directly on the on the corridor and another 3 other grocery options on the periphery, grocery is not missing from the corridor (Safeway, Sprouts (2), Natural Grocers, Super Walmart, King Soopers (4)). Grocery has sought out sites that are more advantageous to serve the residential population from. Within the 9 grocery options, there is a variety of grocery retailing options with both Sprouts and Natural Grocers located in the corridor in addition to the traditional grocery options of King Soopers and Walmart. Expectations that additional grocery is supportable in the corridor are unrealistic.

Opportunity to update the Safeway Center at Arapahoe and Quebec would increase the quality of grocery retailing for the western portion of the corridor and ensure longevity for Safeway and the other retailers in the center.

Mid-Range Retail

Characteristics

Mid-range refers to the trade area associated with certain retailers. Generally named "junior anchors" due to their smaller store sizes in comparison to "anchor" type retailers, these retailers seek trade areas of 5-7 miles. In comparison, super-regional retail looks for trade areas 15 miles or larger.

Junior anchors can range in size from 15,000 to 50,000 square feet – their characterization as a junior anchor is less about store size and more about the type of retailer they are. Mid-range retail is generally comprised of specialty retailers that "specialize" in goods within a specific range such as hardware, books or electronics.

General merchandise retailers such as Walmart and Target also fit within this category of mid-range retail and are considered "anchors" versus "junior anchors".

Characteristics normally associated with mid-range retail are –

- Store sizes vary depending on the genre of the retailer.
- 5-7 Mile Trade Areas
- Population numbers between 30,000 to 100,000 depending on the retailer.
- High-profile locations with Interstate or major arterial visibility.
- Co-tenancy with other junior anchor retailers.
- Co-tenancy with general merchandise retailers.

Development Trends

There are a number of trends affecting retailers who rely on mid-range regional trade areas…….

E-Commerce The introduction of multiple platforms for e-commerce has certainly had an impact on the retail world. Comfort and confidence using these new forms of retailing are growing with consumers. The "Echo Boomers" or "Generation Y" who have been using technology as long as they have been around has produced a large shopping segment which are quite comfortable with internet shopping. Approximately 87% of US internet users over the age of 14 or 178.5 million people will browse or research products online this year. Of that group, 83% will make an internet purchase. Knowledge @ Wharton's.

Omni-channel retailing will become mainstream by the end of 2014. The line between online and brick-and-mortar retailers continues to blur, especially in terms of operations, sales, and footprint. Retailers that haven't adopted omni-channel retailing are racing to catch up to businesses such as Nordstrom, Apple, and Best Buy. RIS News' Omni-channel Readiness report, released in October 2013, found that retailers' top priority for the next 12 months is shifting to a single transaction platform that unifies point of sale, e-commerce, and m-commerce. Some of the bigger boxes, such as Macy's, are turning their stores into distribution centers, which has enabled them to more tightly integrate their online and physical presences. Some restaurants are increasingly offering online ordering. Showrooming is less of a threat as retailers have innovated ways to increase engagement in-store. We also expect more online businesses to open physical stores this year. The growth of omni-channel retailing demonstrates the relevancy of both community shopping centers and online retail to the industry overall. Kimco (Edited)

Self-Cannibalization So named "category killers" because they could "kill" all local competition, these retailers succeeded in saturating marketplaces and have now reached the point where their main competition is themselves. With their success in specific categories, they have come into the sight of mass-market merchandisers such as Walmart, Target, Costco, Amazon, etc. who are looking to add to their business by incorporating merchandise associated with the junior box retailers.

Precision Shopping Busy lifestyles have resulted in less time dedicated to shopping. Smaller format stores are becoming more popular for those customers interested in "precision" shopping. The trend seems to be "consumers shopping with a mission" and less time looking around for an item. Retailers are addressing this by focusing on the "experience" inside the store to help attract shoppers to linger and perhaps spend more than originally set out to. The concept of the "experience" is also translating into the retail mix and physical elements of the shopping center itself.

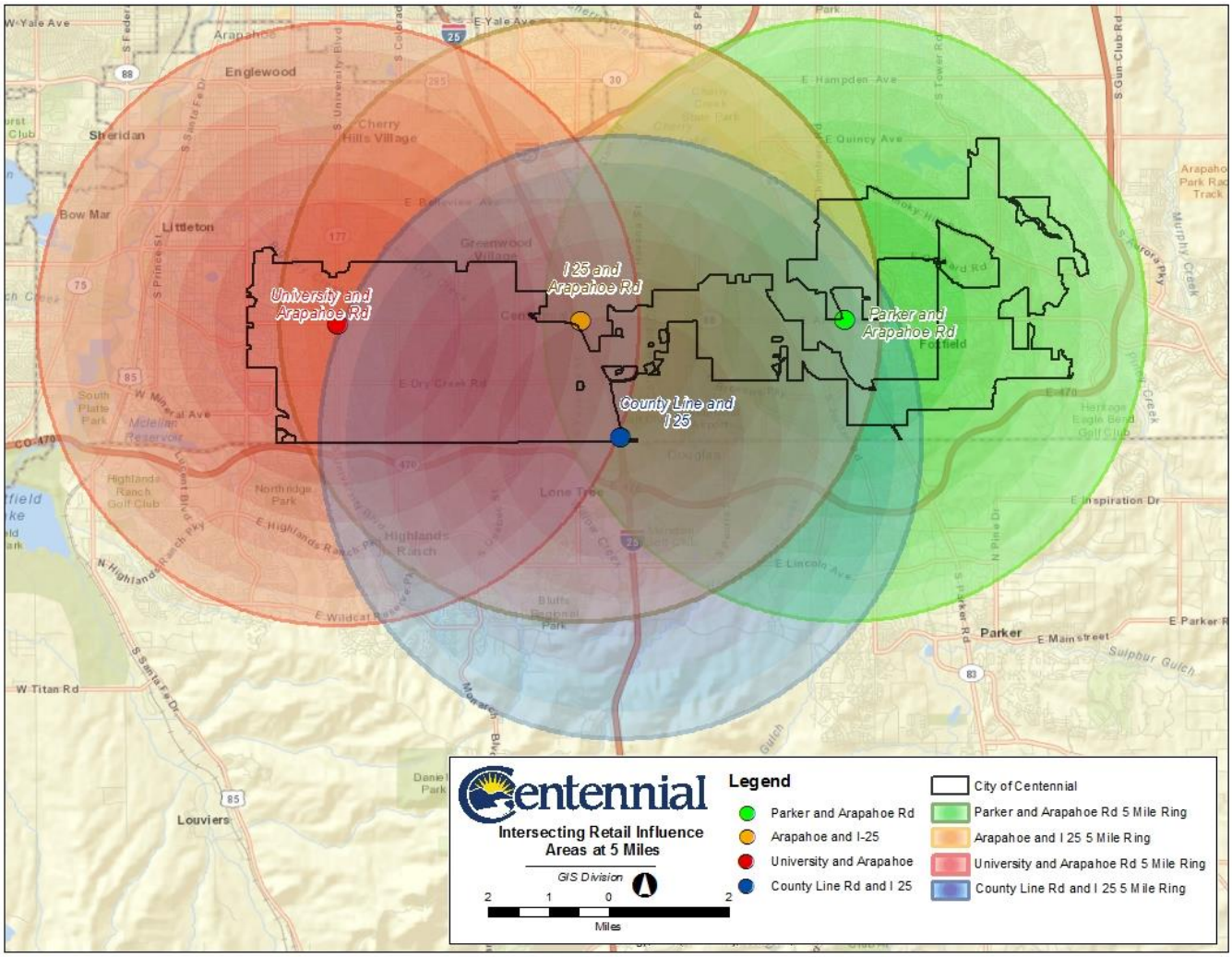
Shopping centers will become 24-hour hubs… Landlords are working harder to create complementary tenant mixes that keep shoppers coming to a shopping center all day long, weaving it more tightly into day-to-day living. As a result, new amenities, entertainment, Wi-Fi, wellness concepts, food purveyors, medical centers, and educational uses will become part of the fabric of retail lineups in 2014. Health-conscious consumers are driving the growth of health-oriented retailers, including fitness centers, organic food stores, and healthy restaurants. As demand for medical services grows, it will be commonplace to see a doctor or urgent care facility in nearly every retail shopping center — no different than a drug store or supermarket.

Kimco (Edited)

Opportunity

Mid- range retail surrounds the Arapahoe Road corridor. There is no gap in services to warrant additional mid-range development within the Arapahoe Road corridor.

This map illustrates the basic trade area of each of the grocers operating in proximity to the Arapahoe corridor. Coverage of the corridor is extensive as noted by the multiple grocers serving the trade area. (*Explanation of trade area delineation included as Appendix B.)*



Constraints

Three major factors impact the ability of mid-range retail to locate along the Arapahoe Road corridor.

1. Existing mid-regional centers, Cornerstar and Centennial Promenade serve the corridor from their locations. The Cornerstar project at Arapahoe and Parker Roads is the most direct "hit" to the area. Its area of influence is significant to the corridor and emphatically eliminates other opportunities for this scale of retail to establish itself in the corridor.
2. Lack of significant residential density in proximity to the corridor is a contributing factor in terms of location of services for mid-range retailing. One of Cornerstar's primary location criteria was the ability to easily pull customers from greater distances. The ability to extend significantly into the population pockets north and south of this center via Parker Road was a factor on determining location of the center.
3. Shopping centers of this size can exceed 40+ acres, with the built environment of Arapahoe Road, there is no site available for development of this scale.

These factors eliminate additional mid-range retail from the corridor.

Conclusion

Constraints are primarily based on the competitive aspect of the existing mid-range retail centers Cornerstar and Centennial Promenade. Coverage of those centers swallows up any opportunity for this scale of retail to locate in the corridor.

Mid-range retailing is not missing from the corridor. These retailers have sought out sites at high profile locations surrounding the corridor where they found advantageous trade area dynamics to serve the residential population from. Expectations that additional mid-range retailing is supportable in the corridor are unrealistic.

Super-Regional Retail

Characteristics

Super -regional refers to specifically to large scale "mall" type projects/developments. Typically thought of as a fully enclosed shopping area, the concept was first developed in the United States in the late 50's and 60's. Today, the largest enclosed mall ever is the South China Mall in Dongguan, China and is 9,600,000 square feet. Wikipedia

The concept of the mall started to evolve around 2000, when the retail development world started experimenting with the conventional mall approach by developing "lifestyle" centers that combined the traditional retail functions of a shopping mall with leisure amenities in an outdoor format. Considered the "incarnation of the traditional mall" for a period of time, "lifestyle" centers were the "darling" of retail development with numerous projects in planning and development. As the recession unfolded, regional malls - rather than being pushed to the brink, weathered the storm better than any of the new upstart lifestyle centers. Post-recession, neither enclosed malls or lifestyle centers are at the forefront of development but those that survived the recession are finding their way back to success.

Other types of retail that fit within the super-regional category include Outlet and club membership stores such as Costco and Sam's Club. (Club Membership population criteria is in the 250,000 range which is in between mid-range and super-regional. Additionally, they are "stand alone" retailers not needing the typical co-tenancy required in just about every other retail genre.)

Characteristics normally associated with this "type" of retail are -

- Retail focus is primarily soft goods (clothing).
- Store size of retailer does not dictate super-regional classification.
- Larger trade areas 15-20 mile trade areas.
- Population numbers around between 500,000 to 1,000,000.
- High-profile locations at Interstate cross sections.
- Co-tenancy or in the vicinity of other super-regional retailers.
- 65% of sales come from the primary trade area.

Development Trends

There are a number of trends affecting super-regional retail…….

Enclosed Malls The trend seems to be shifting back to traditional enclosed malls with traditional mall retailers expanding their occupancy in malls and newer concepts emerging in this area of retail. The recession has affected the viability of lower grade malls and the market can expect that there will be fewer regional malls than exist today (i.e. Westminster Mall). Top-tier malls seem to have escaped the challenge of alternative centers and are enjoying once again prominence in the markets they operate in.

Outlet seems poised for great expansion throughout the US with some estimating that 100 additional outlet malls could be added throughout the country in the next 10 years. Simon, Tanger, Taubman, AWE-Talisman, CBL have all started building and buying outlet centers in the last few years. Decades ago, outlet centers primarily were rundown shopping centers in small towns that sold retailer's excess inventory or admittedly flawed merchandise at a discount. Now, the format has evolved to include outlet centers in major cities and to include national retailers selling "value" merchandise specifically manufactured for the outlet store.

These developments are considerable in size accommodating over 300,000 square feet of development and requiring sites in the 40-50 acre range. Colorado currently has 4 outlet malls operating in the State (Castle Rock, Silverthorne, Lakewood, Loveland) – Simon has just announced the development of a 5th to be located at 136th & Interstate 25 in Thornton. Expected to open in 2017, this will be the first "state of the art" outlet mall in Colorado and is anticipated to have an impact on the current outlet malls, most impacted will be the Loveland outlet center which is expected to close.

The new center in Thornton along with The Mills in Lakewood and The Outlets at Castle Rock will serve the entirety of the metropolitan Denver area.

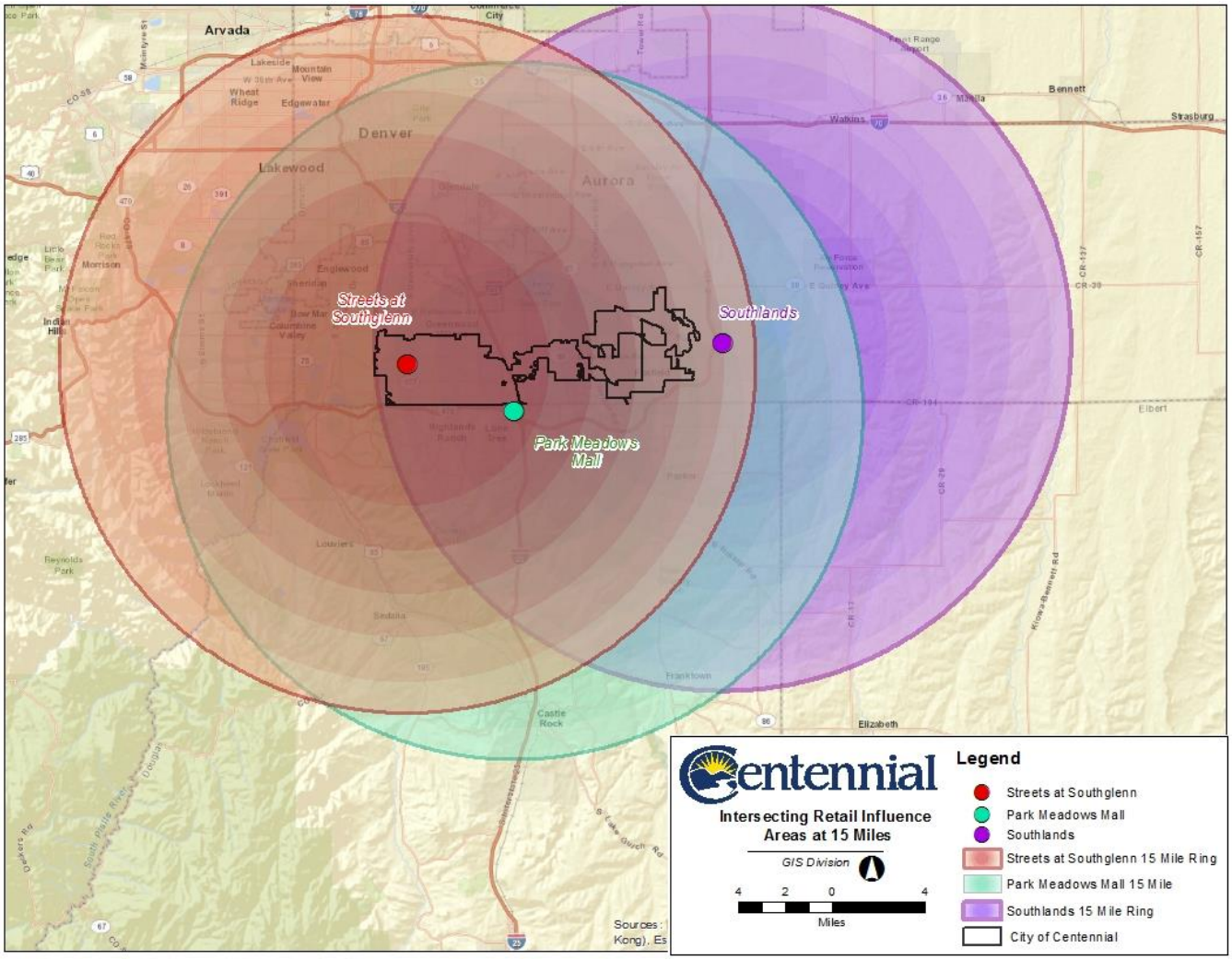
E-Commerce The introduction of multiple platforms for e-commerce has certainly had an impact on the retail world. Comfort and confidence using these new forms of retailing are growing with consumers. The "Echo Boomers" or "Generation Y" who have been using technology as long as they have been around has produced a large shopping segment which are quite comfortable with internet shopping. Approximately 87% of US internet users over the age of 14 or 178.5 million people will browse or research products online this year. Of that group, 83% will make an internet purchase. Knowledge @ Wharton's

> **Omni-channel retailing will become mainstream by the end of 2014. The line between online and brick-and-mortar retailers continues to blur, especially in terms of operations, sales, and footprint. Retailers that haven't adopted omni-channel retailing are racing to catch up to businesses such as Nordstrom, Apple, and Best Buy. RIS News' Omni-channel Readiness report, released in October 2013, found that retailers' top priority for the next 12 months is shifting to a single transaction platform that unifies point of sale, e-commerce, and m-commerce. Some of the bigger boxes, such as Macy's, are turning their stores into distribution centers, which has enabled them to more tightly integrate their online and physical presences. Some restaurants are increasingly offering online ordering. Showrooming is less of a threat as retailers have innovated ways to increase engagement in-store. We also expect more online businesses to open physical stores this year. The growth of omni-channel retailing demonstrates the relevancy of both community shopping centers and online retail to the industry overall.** Kimco (Edited)

Opportunity

Costco serves the trade area from their location at E470 & Parker Road and Park Meadows.
Sam's Club serves the trade area from their location at E470 & Park Meadows Drive.

This map illustrates the basic trade area of each of the super-regional centers operating in proximity to the Arapahoe corridor. (*Explanation of trade area delineation included as Appendix B.)* Super-regional retailing needs are met by Park Meadows Mall, Streets at Southglenn and Southlands. There is no gap in services to warrant additional super-regional retail development within the Arapahoe Road corridor.



Constraints

Two major factors impact the ability of super-regional retail to locate along the Arapahoe Road corridor.

1. Existing super-regional centers/retailers, serve the corridor from their locations. All 3 centers include the Arapahoe corridor within their influence area.
2. Shopping centers of this size can exceed 100+ acres, with the built environment of Arapahoe Road, there is no site available for development of this scale.

The lack of significant residential density in proximity to the corridor is not a contributing factor for this scale of retail. Trade areas for super-regional retail vary between 15-20 miles, with that size of a trade area, varying residential population density would be expected.

Constraints are entirely based on the competitive aspect of the surrounding super-regional retail locations/centers that influence this area. Coverage of those locations/centers swallows up any opportunity for this scale of retail to locate in the corridor.

Conclusion

Super-regional is not missing from the corridor. Developments located at high profile locations in close proximity to the corridor have provided this scale of retailing to the overall larger trade areas associated with this super-regional retail. Expectations that additional super-regional retailing is supportable in the corridor are unrealistic.

Main Street/ Mixed Use Retail

Characteristics

The lack of central spaces where people come together in suburban areas has led to communities searching for opportunities to create that sense of "community" through development. In the mid to late 2000's, the answer seemed to be creation of mixed use developments with a "main street" design focus. Many of these suburban "main streets" were incorporated into larger developments aptly

Characteristics normally associated with this "type" of retail are *(Congress for the New Urbanism)* **–**

- Short segments of arterial or collector streets –few blocks in length.
- Grid or interconnected system of local streets.
- Streets are walkable with minimal or no driveway access.
- Land uses are composed of compact, mixed use development with a strong emphasis on retail and entertainment and in some cases, residential.
- Buildings are low-scale and have storefront facades oriented to the street without setback.
- Parking lots and/or garages are located behind or to the side of buildings.
- Public parking consists of on-street parking.
- Street sides support active uses such as street cafes, social interactions.
- Architecture of the buildings is a unified urban design.

Development Trends

Main street retailing is evolving to mean mixed use development. Many of the aspects needed to have a thriving main street retail experience encompass the concept of mixed uses. Incorporation of housing and entertainment elements are necessary building blocks to ensure the complex "fabric" that makes for a successful creative retailing project.

Don't Get Mixed Up on Mixed-Use

Citizens, politicians, and planning officials have embraced the need to allow for walkable neighborhoods across North America and mixed-use is an essential component for achieving walkability. However, the term mixed-use *has held different meanings in different places over the past 40 years or so.*

For example, mixed-use zones have usually had to declare a primary *and* secondary *use with both use's development standards redundantly stacked together and the* primary use, *such as residential, controlling the building's configuration, orientation and disposition — thereby marginalizing the building's ability to effectively host other commercial or office uses. Also, a mixed-use zoning designation meant that a land owner had the right to 'choose' a specific use, such as either commercial or residential. While the zoning district had a mix of uses, the implementation was single-use.*

Today, the most common misunderstanding I find about mixed-use is that most people think it equates, on any street or in any context, to a shopfront with housing above.

In short, mixed-use makes for three-dimensional, pedestrian-oriented places that layer compatible land uses, public amenities, and utilities together at various scales and intensities. This variety of uses allows for people to live, work, play and shop in one place, which then becomes a destination for people from other neighborhoods. As defined by The Lexicon of the New Urbanism, *mixed-use is multiple functions within the same building or the same general area through superimposition or within the same area through adjacency… from which many of the benefits are… pedestrian activity and traffic capture.*

While mixed-use can take on many forms, it's typically categorized as either A) vertical mixed-use buildings; B) horizontal mixed-use blocks; or C) mixed-use walkable neighborhoods.

PLACEMAKERS 2013

Opportunity

There are a few primary opportunities along the Arapahoe Corridor that could be the focus of introducing main street/mixed use retailing to the corridor. So much of the corridor has developed in a strip format that changing that development perspective to allow more dense mixed use along the corridor would be a welcome change.

1. SEQ Arapahoe Road & Yosemite

The potential development area has strong building blocks already in place that would contribute to a successful redevelopment into a main street/mixed used project:

- Zoned Urban Center the area is already designated for urban redevelopment.
- Strong residential support in direct proximity to the development area.
- Adjacency to the Interstate system.
- Daytime population in proximity to the development area.
- Anchoring retail established at the intersection (Sprouts).
- High volume traffic counts on the main arterial.
- Secondary arterial (Yosemite) is a well-established north/south connector.

2. Arapahoe & Potomac

This intersection lacks the maturity of the Arapahoe & Yosemite area but over time could possess the same opportunity if the building blocks are able to be established. Currently, the intersection has:

- Zoned General Commercial which allows for mixed-use development.
- Daytime population in proximity to the development area.
- High volume traffic counts on the main arterial.
- Proximity to the City Hall development area.
- Undeveloped land at the intersection.

Constraints

The concept of creating "main street" retail has been and continues to be a highly discussed and debated topic in retailing circles. Retailers are especially sensitive to the design aspects associated with a non-traditional retailing opportunity like a "main street". The access and building orientations commonly found with a "main street" concept prevent the retailer from having visual connection with the major street and less than direct access to their buildings. Even in today's improving retailing environment, these aspects could be seen as limitations. National retailers tend to shy away from these opportunities preferring to grow their store bases in in less risky development opportunities.

NEW SUBURBANISM: REINVENTING INNER-RING SUBURBS (EDITED)

By D. Jamie Rusin, Sean Slater, and Ryan Call
July 8, 2013

As inner-ring suburbs in the United States become denser, demand for access to nearby walkable urban environments is rising. Residents are looking for shorter driving distances to commercial, cultural, leisure, and work opportunities. Municipalities are also interested in promoting compact development near transit. As a result, the next big wave of development will focus on creating nodes of mixed-use infill projects in these suburbs.

The challenge is to integrate these nodes into suburbs that were originally built to accommodate the automobile, with single-use zoning that often limited mixed-use development.

These kinds of developments have had success with the residential component; the challenge is getting commercial uses to thrive. It takes significant population density to support a retail center, especially a regional one. In addition, a new Main Street–style retail project may have difficulty competing with existing regional retail projects in the suburbs. The idea of "build it and they will come" may not pan out for developers unless the demographics are right, the population numbers support it, and individual uses are timed to market needs.

Whereas the revitalization of the core of cities was the siren call for previous generations of urban planners, the focus now should be on redeveloping the anonymous arterial roads, dispersed uses, and strip centers that dominate so much of the American landscape. It is possible to create vibrant, pedestrian-friendly environments that take cues from cities built before the age of the automobile, while also accommodating the automobile in ways that work for the 21st century. It is possible to combine national chain retailers with more local and regional uses in environments that convey a sense of authenticity and connection to the specific qualities of the community. It is possible to locate a variety of uses near each other in ways that allow for flexibility in the kinds of uses and enable each use to be added only when market demand exists. The result will be a radical reworking of the nation's suburbs—a new suburbanism.

Arapahoe & Yosemite

Transitioning this area into a retail main street/mixed use project will be difficult at best when considering the existing improvements. Given the specific design elements needed for this type of development, transitioning the existing buildings may not be feasible leading to a complicated redesign and development phasing. Although this area is well situated to support this type of development, the existing built conditions may prohibit the transition in a meaningful way.

Arapahoe & Potomac

The intersection of Arapahoe & Potomac has the advantage of not being fully developed yet and therefore has the opportunity to accommodate a different development scheme. The building blocks that come along with a more mature trade area such as Arapahoe & Yosemite are not in place yet and will hinder a main street/mixed use project from getting off the ground. Additionally, the inability to place anchor retail in proximity could also hinder interest in this type of development with developers choosing to go in a more traditional development route.

Conclusion

The inclusion of main street/mixed use retailing development should definitely be considered by the City. There is a significant amount of conventional retailing opportunities that could be re-energized by utilizing mixed use development on the corridor. Inclusion of all facets of mixed use (residential, commercial and community) design elements will be critical to the success of any project.

Automotive Retail Sales

Characteristics

The Right Site

Primary research performed from 2009 through mid-2014 reveals some common characteristics that determine if a site is suitable to support a successful new-car dealership in almost any market.

Intuitive as it may seem, exposure to traffic is the most important characteristic of a good site. An auto dealership site should be easily visible from a surface street with a traffic count from 10,000 to 50,000 vehicles per day. Suitable sites are almost always near a significant demand generator, such as a regional mall, and are convenient to commercial consumer amenities such as restaurants.

Proximity to other dealerships is also vital. Auto dealers prefer to be clustered, as they feed off each other's traffic — and franchise agreements protect them from the same brands being offered by competing dealers.

Even today, when car buyers increasingly research makes and models online, potential buyers who use smartphones while visiting a dealership are almost three times as likely to visit other dealerships, according to a Placed Inc. study. More than a third are attracted by online advertisements from a nearby competitor, underscoring the importance of remaining close to the competition.

The appropriate site size varies by market and anticipated sales and service volumes, but is typically at least eight times larger than the planned building area, with lower ratios in urban markets. Adequate frontage is critical to display new and used vehicles.

Overall, sites appealing to automobile dealership operators and developers are typically prime commercial sites but not top-tier sites. Auto dealership sites tend to be priced higher than sites marketed for traditional destination retail or mini-storage projects and lower than sites appropriate for power centers.

The cost of selecting the wrong site can be enormous. Historically, most real estate professionals regarded auto dealerships as prime candidates for alternative uses because they generally are large sites with good commercial locations. However, the large supply of dealerships that became vacant in the years following the Great Recession gave lenders and property owners a firsthand lesson on how few re-adaptive uses actually make financial sense for most failed dealerships. CCIM Institute

Development Trends

Major trends reshaping the automotive retail industry……

McKinsey has combined existing insights on global trends with research on customer preferences, its insights into the automotive industry, and lessons learned from other industries. As part of this analysis, we have identified three key trends that we expect to significantly change the automotive retail landscape as we know it today.

Changes in customer behavior call for improved touch point management -

Compared to a decade ago, customers today are experiencing new sales processes in many industries and categories, such as unique shopping experiences in branded electronics stores, online retail with advanced customer relationship management, including intelligent product suggestions, or seamless integration of online and offline business. Automotive OEMs and dealer networks are aware of these trends and have started piloting new concepts, accompanied by big public-relations moves.

Car buyers nowadays design their decision and experience journey individually from a multitude of different touch points. McKinsey's 2013 Retail Innovation Consumer Survey showed that over 80 percent of new-car and almost 100 percent of used-car customers now begin their journey online, meaning that dealers have lost their role as the primary source of information as well as their power over the information shared and their ability to influence the customer. As might be expected, the role of online sources is even more pronounced among customers between the ages of 18 and 34. Close to 90 percent of these customers use an extensive variety of online sources – OEM and dealer Web sites, social media, blogs, and forums – to gather information and compare offers, moving the purchasing decision towards the online world. The rise of mobile technologies, tablets, and social media is also redefining interaction and communication patterns, while technological innovations, such as mobile apps, multimedia walls, and 3D configurators, are opening up new opportunities to transform the in-store experience.

Consequently, the number of customer visits to a dealer before the purchasing decision is made has tumbled: dealers often get just one chance to strike lucky. McKinsey's research has shown that OEMs and dealers need to fight an online battle to earn the right to get that one chance. This includes optimizing their own Web presence, but also integrating traffic from third-party Web sites, such as Kelley Blue Book, Consumer Reports, or JD Power in the US. Many customers find these third-party Web sites very useful for comparing different models side by side, making it hard for OEMs and dealers to compete for attention in the online space. Customers are increasingly well informed and thus more demanding, while dealers are not yet sufficiently prepared for the new challenges ahead.

McKinsey & Company Innovating Automotive Retail

Opportunity

Automotive dealerships in the broadest sense could be similarly categorized along with retail. As noted in the article above, both seek locations that offer visibility and accessibility to a broader trade area.

In comparing auto dealerships to retail…..

Traditional Retail –

- Retail generates significant sales tax revenue.
- Retail generates consistent customer trips providing more synergy to the area beyond the actual development.
- Retail is evolving to develop projects that provide for a stronger "customer experience" which means limiting the impact of large parking fields.

Automotive Sales/Service –

- Sales tax revenue is limited with automotive sales due to the structuring of where that tax is distributed to.
- Customer base is limited due to the infrequency of which consumers buy cars (in comparison to retail) translating to a much lower trip count. Additionally, changing technology is allowing customers to utilize on-line options to evaluate cars. This technology has dropped the number of customer visits to a dealership before buying a car from 5 down to 1 further limiting the ability of auto dealerships to provide synergy with surrounding development.
- Development of an auto dealership is still predicated on showcasing the automobiles.

There is no evidence that as an activity generator, automotive sales/service dealerships provide great synergy with the surrounding area. Given their limited customer base and infrequency of customer trips it is unlikely that this scenario is correct. In the case of retail co-tenancy, retail is benign to auto dealerships as they do not factor into their assessment of a trade area.

There are 11 car dealerships on the eastern Arapahoe Road corridor. These dealerships were attracted to the high volume traffic on Arapahoe Road and their ability to cluster together creating that very important synergy to feed off of each other.

Constraints

The primary constraint for auto sales is the spacing and area requirements adopted by the City. The setbacks and spacing criteria has a profound impact on location criteria for auto sales basically having the impact of keeping additional dealerships off of the Arapahoe Road corridor.

For the existing dealerships, the regulations are potentially prohibitive for the dealers to improve their current locations. Many are experiencing a need to expand but do not have the opportunity through zoning/regulations to do so. Many of the dealerships do not feel that they are able to "be the best they can be" with the current restrictions in place.

Conclusions

Even with the Land Development Code restrictions, with 11 major dealerships on the corridor + several secondary dealerships, it seems clear that auto sales will continue to be a large commercial component of the corridor for the foreseeable future. There is virtually no alternative locations for these dealers to relocate to in or outside of Centennial so for "better or worse" these dealers will be part of the community.

Given the scarcity of zoning available for auto sales in the entire region, the restrictions are not likely to produce turnover of these dealerships to non-automotive uses. Understanding that the auto sales element will likely be a long term use on the corridor, the City should consider whether amending the restrictions to allow the dealers to conduct business with current and modern facilities would be a better scenario for the overall economic health of the corridor. Should these locations start to transition away from the top tier brands to lower tier/used car dealerships, the impact to the corridor would be negative.

Existing Land Use Regulations

The City has recently updated its Land Development Code (LDC) and legislative rezoning for commercial properties throughout the City. There are some zoning and development standards that target specific land uses and development types within the Arapahoe Road corridor.

Table 12-2-408

Spacing and Area Requirements for Selected Commercial Uses

(Full Table Attached As An Appendix)

Arapahoe Road ROW

Vehicle Sales, Rental & Service – 1,500 Feet

Convenience Stores & Gas Stations – 300 Feet*

Restaurant Drive-In or Drive-through – 300 Feet*

* From Yosemite to South Parker Road

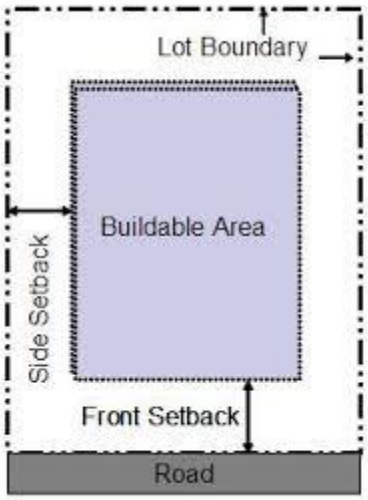
How do these regulations affect the development potential and direction of the corridor –

The regulations have a profound impact on the corridor serving to limit or eliminate development in those areas being restricted. The requirements are excessive in terms of the development options on the corridor where the lots are smaller and not as deep (north/south) resulting in the targeted uses not being able to comply with the regulations. Consequently, the regulations have the impact of dissuading these uses from locating on the corridor.

Looking at the City of Aurora, in their restricted areas, they have made a drive-through a conditional use subject to approval from the Planning Commission. Drive-throughs are allowed in other areas of the city without restrictions. The conditional use process is much more "developer friendly" as it allows a development to offset negatives with positives in order to develop. *i.e. if a parcel cannot accommodate a 300' setback, it may mitigate that issue by adding more landscape plantings or enhanced architecture.*

The Town of Parker does not restrict drive-throughs in their commercial district zoning.

Alternatives



Retention of the requirements will result in some desirable development/redevelopment not going forward in the corridor. Using setback/spacing criteria is too basic and results in a "one size fits all" perspective when the type of retail being considered does not. For the corridor to grow and remain healthy from a retailing perspective, the requirements are not nearly fluid enough to accommodate the changing perspective of retail. Retailing and retailers are dynamic and ever changing requiring the development criteria used by a municipality to have the same qualities.

Modification of the requirements will not alleviate the primary concern – the use of setback/spacing criteria to influence development/redevelopment on the corridor. A more comprehensive approach to development design for these retailers is necessary.

Alternate Requirements should be strongly considered. Utilizing a special zoning district directed at the specific uses (vehicle sales, convenience stores, restaurant drive-throughs) which encompasses additional design considerations that are not tied to setbacks/spacing would provide the fluidity necessary for these types of retailers to develop/redevelop on the corridor in a fashion acceptable to the City.

Sec. 12-3-701 Nonresidential and Mixed-Use Development Standards (Edited)

A. **Generally. The standards that are applicable to nonresidential and mixed-use development are provided in Table 12-3-701, *Nonresidential and Mixed-Use Standards*. The table includes provisions for minimum landscape surface ratio ("LSR"), maximum building height, minimum lot area and minimum street frontage. Where Division 2-4, *Limited and Conditional Use Standards*, sets out standards for the LSR, height, lot area, and/or frontage of a proposed use, the standards that are specified in Division 2-4 supersede the standards of this Section.**

B. **Standards. The LSR, minimum area of parcels proposed for development, minimum street frontage, and maximum building height shall be as set out in Table 12-3-701, *Nonresidential and Mixed-Use Development Standards*.**

Table 12-3-701
Nonresidential and Mixed-Use Development Standards

District	AG	RS	RA	RU	CG	AC	UC	BP	I	ED	OSR
Minimum LSR (%)	60	35	20	15	15	10	See Division 4-3, *Form Standards for UC District*	25	15	50	80
Minimum Area of Parcel Proposed for Development	5 ac.	50,000 sf.	20,000 sf.	10,000 sf.	1 ac.	NA		1 ac.	1 ac.	NA	NA
Minimum Street Frontage (ft.)	200	150	100	75	125	NA		125	125	NA	NA
Maximum Building Height (ft.)	30	30	30	30	50	50		See Division 2-2	50	30	20

Effective on: 1/12/2014

How do these regulations affect the development potential and direction of the corridor –

The opportunity parcels along the corridor are primarily zoned CG – the regulations as written are not prohibitive under that category and are similar with other municipal standards. Most if not all development would be able to accommodate those standards.

Sec. 12-4-202 Drive-In or Drive-Through Restaurants

A. **Design Requirements. The following requirements shall be met for all new or redeveloped drive-in or drive-through restaurants.**

B. **Access, Circulation and On-Site Parking.**

C. **Setback from Rights-of-Way.**

D. **Architectural Design.**

E. **Lighting Requirements.**

F. **Landscaping / Hardscaping.**

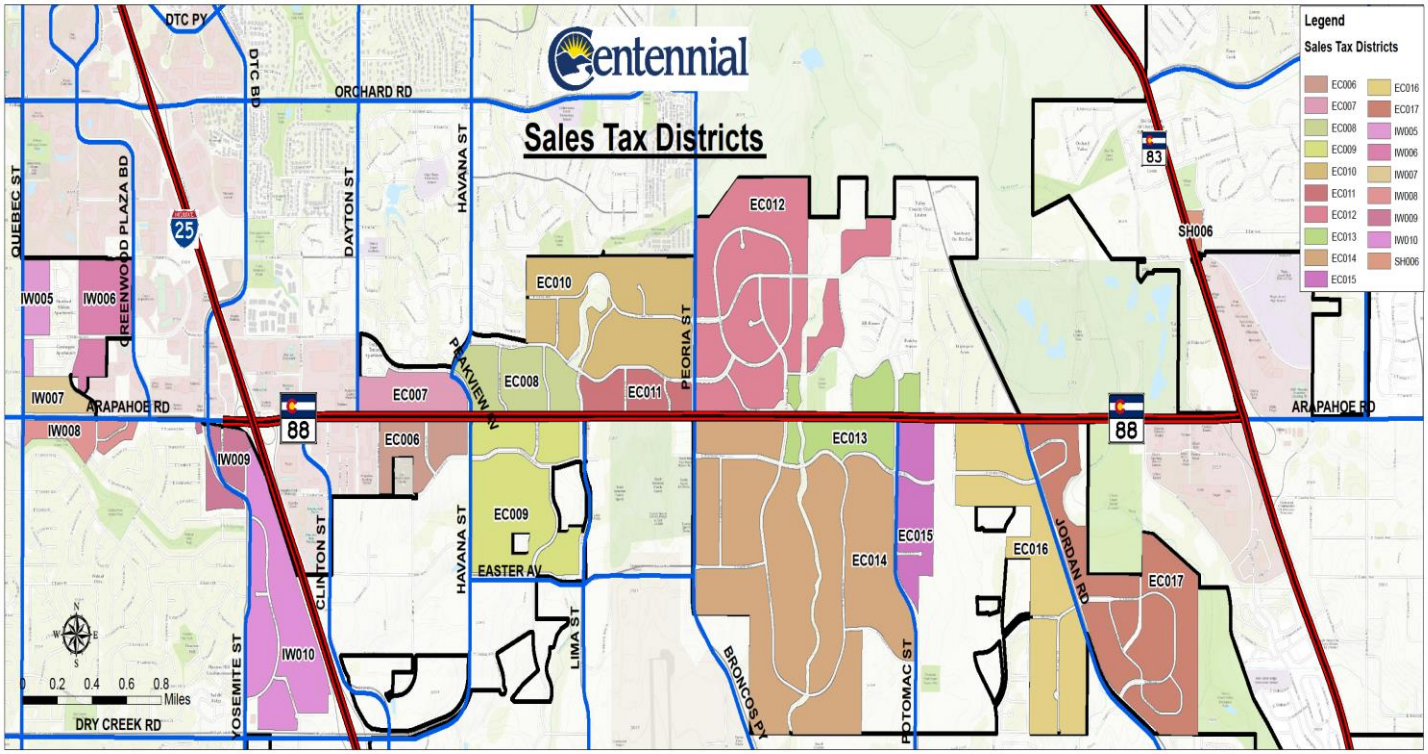
G. **Operational Requirements.**

(A complete copy of the requirements is attached as Appendix ___)

How do these regulations affect the development potential and direction of the corridor –

The design requirements as written are not prohibitive under that category and are similar with other municipal standards. Most if not all development would be able to accommodate the requirements.

Fiscal Impact



Arapahoe Road corridor generates approximately 1/5th of the City's overall sales tax revenue.

City of Centennial

Arapahoe Road Retail Study

Sales Tax Received from Adjacent Sales Tax Districts by Year

Year	Combined Sales Tax Districts' Sales Tax Collection *	% of Total City Sales Tax**
2012	$6,622,812	22.29%
2013	$7,708,359	22.19%
2014	$7,730,693	22.75%

* Sales Tax Districts adjacent to Arapahoe Road from Quebec to Parker Road.

** Total sales tax does not include sales tax from audit revenue.

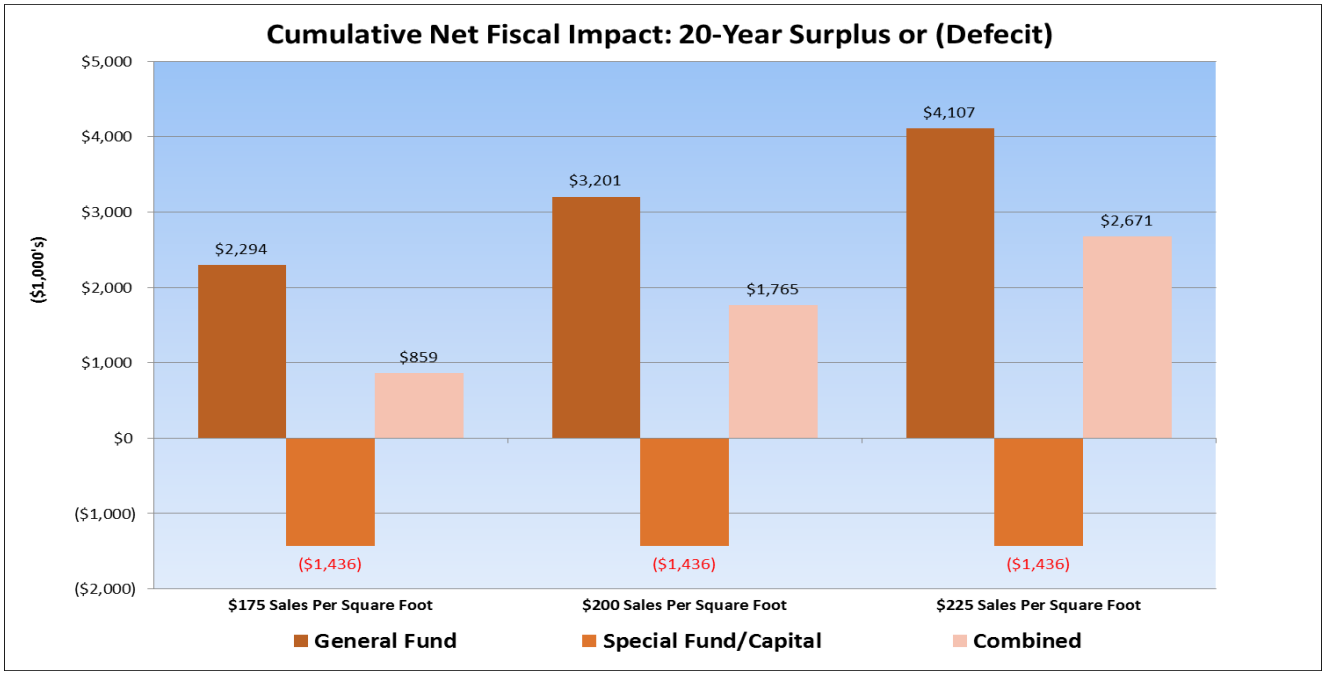
Demand vs Capacity

As this analysis has pointed out, convenience retail is the primary retailing genre for expansion within the corridor. With only a few opportunity sites available for convenience retailers, the capacity for this scale of retail to expand significantly is limited. Interest in the corridor for convenience retailing will always be strong given the corridors attributes of high traffic counts and good daytime demographics. Limited site opportunities coupled with the fastest growing retail segment with quick serve/fast casual retailers results in the demand being higher than the capacity to accommodate it.

Looking at the current opportunity sites –

19.0 +/- Developable Acres x 10.0 FAR* = 80,000 Buildable SF

*FAR - Floor area ratios are used as a measure of the density of the site being developed. The ratio is generated by dividing the building area by the parcel area, using the same units.



Absorption is calculated at 25% per annum.

General, Special and Capital funds are not impacted significantly.

Major expenses in the general fund include public works and safety.

Major expenses in the Special fund include capital improvements.

KP & Associates

Financial incentives are usually reserved for recruitment/retention of large scale retailers whose sales tax generation has a meaningful impact.

The Arapahoe corridor is decidedly focused on convenience retailing which by it's nature is predominately smaller in scale and consequently, has smaller impact on sales tax generation. For this reason, providing financial incentives to convenience retailing is generally not a significant tool in recruitment/retention of these retailers. The lower sales volumes do not generate enough sales tax to provide meaningful financial incentives to the retailer themselves.

Appendices

Stakeholder Contact List

Where do your Community's Customers Come From?

Centennial Land Use Regulations – Table 12-2-408

Spacing & Area Requirements for Selected Commercial Uses

Centennial Land Use Regulations – Section 12-4-202

Drive-In or Drive-Through Restaurants

Stakeholder Contact List

Bob Koontz	Kelmore Development
Brian Mott	IBC Holdings
Carolyn Martinez	Newmark Grubb Knight Frank
Dan Sisel	Marcus Investments
Jason Wedlick	Woodbury
John Liprando	Sullivan Hayes
Grant Maves	Sullivan Hayes
Matt Mendisco	Clifton Larson Anderson
Neil Goldblatt	Dikeou Realty
Ric Holderith	The Summit Group
Richard Abramson	Centennial Gun Club
Ryan Good	Etkin Johnson
Steve Tetrick	Glenbrook Capital Partners
Wally Maaliki	R&R Investments
Chris Wittenbrink	Jordan-Arapahoe LLP
Robert Adams Jr.	Adams Lumber Company
Natasha Felten	Colorado Commercial Companies
Eli Boymel	Crosbie Real Estate Group
Mark von Engeln	Moreland Properties
Linda Purdy	Richmond Homes
David Wilson	Enterprise Rent-A-Car
John Griffis	Buccaneer Development
Larry Krieger	Finn McCools
Matt Kennan	Solera Salon
John Gessner	Twin Peaks
Larry DePasquale	Epicurean Catering

Where do your community's customers come from?

Edited from the University of Minnesota Extension "Retail Analysis & Development" fact sheet.

A trade area is the geographic area from which a community or commercial district pulls a majority of its customers. Community trade areas often extend beyond city or neighborhood boundaries and come in a variety of shapes and sizes, depending on local geography and a community's pulling power – its ability to attract customers.

Important factors –

The 2 most important factors in determining trade area(s) are a community's population and its proximity to other competing business districts.

- **Population:** Generally, the larger your community's population, the bigger your trade area.
- **Proximity of other competing business districts:** Typically there is a cutoff point where more customers are drawn to a competing center instead of your community.
- **Business mix:** A diverse, critical mass of businesses pulls customers from a further distance than a more limited mix of businesses.
- **Destination attractions:** A significant destination business (large anchor retailer) or community attraction can expand your trade area for some retailers – drawing customers from a long distance.
- **Traffic patterns:** Distinct traffic patterns are established by its network of streets and highways as well as major land forma such as rivers, lakes and mountains.

Defining a trade area is more of an art than a science and no one method is the "correct" one. The main objective is to delineate an area that businesses and other interested parties would deem reasonable for the whole community or business district. If a trade area is too small or too large, expectations of the trade area would prove unrealistic.

Rings are the most simple trade area delineation and is based on distance from the center of the retailing area. Trade area rings have been used by retailers for decades and continue to be the basis for most trade area delineation.

Centennial Land Use Regulations

A. **Spacing and Area Requirements for Selected Commercial Uses.**

1. *General Spacing and Area Requirements*. The spacing and parcel area requirements for commercial uses that are specified in Table 12-2-408, *Spacing and Area Requirements for Selected Commercial Uses* shall be as set out in the table, unless the alternative standards of subsection L2 or L3 of this Section and the applicable design standards of Division 4-2, *Nonresidential Design Standards* are met.

Table 12-2-408
Spacing and Area Requirements for Selected Commercial Uses

	Vehicle Sales Rental, and Service[2]	Convenience Stores; Gas Stations[2]	Restaurant, Drive-In or Drive-Through	Vehicle Wash	Heavy Retail
Required Spacing from Rights of Way					
Arapahoe Road ROW	1,500 feet	300 feet[3]	300 feet[3]	300 feet[3]	-
Parker Road ROW	1,500 feet	300 feet	300 feet	300 feet	-
Broncos Parkway ROW	1,500 feet	300 feet	300 feet	300 feet	-
Jordan Road ROW (South of Hinsdale Drive)	1,500 feet	-	-	-	-
Required Spacing from Intersections					
Briarwood Avenue and Jordan Road	-	500 feet	500 feet	500 feet	-
Parker Road and Broncos Parkway	-	500 feet	500 feet	500 feet	-
Jordan Road and Broncos Parkway	-	500 feet	-	-	-
Easter Avenue and Havana Street	1,500 feet	500 feet	500 feet	500 feet	-
Easter Avenue and Peoria Street	-	500 feet	500 feet	500 feet	-
Potomac Street and Briarwood Avenue	-	-	500 feet	-	-
Other Spacing Requirements					
Spacing from Same Use	-	1,000 feet	-	1,000 feet	-
Spacing from Residential Use	-	300 feet	300 feet	300 feet	300 feet
Minimum and Maximum Parcel Size					
Minimum Area of Parcel Proposed for Development	5 acres[1]	1/2 acre	-	-	2 acres

[1] Minimum area does not apply to uses that are wholly enclosed within buildings or to car sharing, existing dealerships, or auto brokers as defined in Section 12-2-408(J).

[2] Use Does not include vehicle service or light automobile station.

[3] Required spacing from E. Arapahoe Road only applies to those areas of the City bounded on the west by S. Yosemite Street and on the east by S. Parker Road.

Centennial Land Use Regulations

Sec. 12-4-202 Drive-In or Drive-Through Restaurants

H. **Design Requirements.** The following requirements shall be met for all new or redeveloped drive-in or drive-through restaurants.

I. **Access, Circulation and On-Site Parking.**

1. Access points and driveways shall be planned and shared among abutting properties to the greatest extent possible, and appropriate access easements shall be recorded.
2. Sidewalks to accommodate pedestrian activity shall be provided. Pedestrian access shall be provided from the perimeter of the parcel proposed for development to the principal buildings. Sidewalks along the front façade and the sides of all principal buildings with public entrances shall be no less than seven feet in width.
3. Customer / employee parking shall be separated from driving activities and customer parking shall be located in the area with the highest accessibility to dining or sales areas.

J. **Setback from Rights-of-Way.** Principal buildings shall be set back at least 40 feet from rights-of-way. This requirement supersedes any conflicting setbacks of the underlying district regulations. All other setbacks of the underlying zoning district are unaffected by this requirement.

K. **Architectural Design.**

1. Drive-in and drive-through restaurants shall maintain a consistent style and architectural theme. Architectural design, building materials, colors, forms, roof style and detailing should all work together to express a harmonious and consistent design.
2. 360-degree architectural treatment is required. Building design shall incorporate variation in building height, building mass, roof forms and changes in wall planes so as to avoid large expanses of flat, uninterrupted building walls.
3. Building elements shall not function as signage. Incorporation of franchise or business design elements unique or symbolic of a particular business shall be secondary to the overall architectural design.
4. Drive-in displays, ordering areas and parking canopies are permitted, but shall not serve as the singularly dominant feature on the site or as a sign or an attention-getting device.
5. Site furnishings shall be provided, including: bicycle racks, outdoor eating areas, trash receptacles, and benches. The style of the site furniture shall complement the overall design of the principal building and be of high quality.

L. **Lighting Requirements.** In addition to general lighting requirements specified in Division 6-7, *Exterior Lighting Standards*, the following specific lighting requirements apply:

1. Lighting for drive-in and drive-through restaurants shall be adequate only to facilitate the activities taking place in such locations and shall not be used to attract attention to the business.
2. The maximum level of illumination shall not exceed 20 foot candles anywhere on the site;
3. Where a drive-in or drive-through restaurant abuts property zoned or used for residential purposes, lights illuminating drive-in lanes, vehicle stacking areas, or the order / pick-up windows shall be shielded from residences and extinguished at the close of business.

M. **Landscaping / Hardscaping.**

1. *Landscaping*. All landscaping shall comply with Article 8, *Development Landscaping and Tree Protection*, which shall be minimum requirements. Additional landscaping may be required by the City to achieve the following purposes:
   a. To buffer or enhance views;
   b. To create or enhance entryways and public street appearance; and / or
   c. To enhance the overall appearance of the drive-in or drive-through restaurant.
2. *Hardscaping*. Large expanses of concrete or asphalt are not permitted. The amount of unrelieved uninterrupted asphalt or pavement area shall be limited through the use of landscaping, contrasting colors and banding or pathways of alternative paving material. Points of vehicle and pedestrian conflict shall be clearly defined with textured and colored pavement or brick pavers or in another appropriate manner as determined by the City.

N. **Operational Requirements.**

1. *Trash Receptacles*. Trash receptacles shall be emptied on a regular basis so as to maintain a clean and orderly appearance.
2. *Ordering Systems / Speakers*. Drive-through ordering systems / speakers shall only be utilized for the purpose of communications between employees and customers and shall not negatively impact adjacent residential uses. Such systems shall be designed to direct the sound away from adjacent residential properties. No speaker shall be operated within 100 feet from an adjacent residentially zoned or used property.

Effective on: 4/19/2010