

**UNIVERSITY HILL COMMERCIAL AREA MANAGEMENT COMMISSION**  
REGULAR MEETING – February 11, 2015  
9 – 11 a.m.  
**13<sup>th</sup> Street Conference Room, 1720 13<sup>th</sup> Street**  
**AGENDA**

1. Roll Call
2. Approval of the January 21, 2014 Meeting Minutes
3. Police Update
4. Public Participation
5. CUSG Update
6. Hill Boulder Update – Rubino
7. UHNA Update – Nancy Blackwood
8. Public Hearing and Consideration of a Motion to Recommend to City Council the Staff Recommendations and Related Strategies for the Residential Use Moratorium
9. Parking Services Update – Matthews
10. Matters from the Commissioners
  - Grandview Site for Potential CU Future Conference Center –Rubino
11. Matters from Staff
  - Hill Reinvestment Strategy Update: Wiebenson
    - i. Feedback on Neighborhood Retail Preference Survey – Draft Questions
    - ii. Feedback on Hill Revitalization Strategy baseline conditions survey
  - AMPS Update – Joint Board Meeting January 21<sup>st</sup>
  - Commission/Council Liaison List
  - Update on the EcoPass Feasibility Study - Wiebenson

**Attachments**

- Sales and Use Tax Revenue Reports – November 2014
- Police Stats
- Public Hearing and Considerations of a Recommendation to City Council Regarding the University Hill Commercial District Moratorium Project Memo by Ruth McHeyser
- The Hill Boulder Support for Grandview Letter
- Draft Residential Retail Preference Survey Questions
- Uni Hill Baseline Survey Questions
- Council/Commissioner Liaison List

**Upcoming Meetings:**

February 11, 2015 UHCAMC Meeting and Moratorium Public Hearing (note 2<sup>nd</sup> Wednesday)

**Commissioner Terms:**

Soifer 2019 (business owner)  
Griffith 2015 (resident)  
Rubino 2018 (business owner)  
Raj 2016 (resident)  
Liguori 2017 (business/property owner)

**UHCAMC 2015 Priorities:**

- Establish baseline/benchmarks for Hill Reinvestment Strategy
- Determine feasibility of Hill employee Eco Pass program
- Extend Hill Community Development Coordinator funding
- Pursue anchor tenant and public-private partnerships on UHGID sites
- Pursue short-term incentive program for building improvements
- Enhance communication and coordination with CU
- Integrate arts into planning for 'Event Street'
- Evaluate liquor restriction impacts
- Greater engagement with Hill Commercial Area Community

**CITY OF BOULDER, COLORADO  
BOARDS AND COMMISSIONS MEETING MINUTES**

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**NAME OF BOARD/COMMISSION:** UNIVERSITY HILL COMMERCIAL AREA  
MANAGEMENT COMMISSION

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**NAME/TELEPHONE OF PERSON PREPARING SUMMARY:** Ruth Weiss – 303-413-7318  
**NAMES OF MEMBERS, STAFF, AND INVITED GUESTS PRESENT:**  
**BOARD MEMBERS:** RAJ, GRIFFITH (absent), SOIFER, RUBINO (absent), LIGUORI  
**STAFF:** WINTER, WIEBENSON, LANDRITH, McHEYSER, TRUJILLO, JOBERT  
**GUESTS:** NANCY BLACKWOOD

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**TYPE OF MEETING:** Regular January 21, 2015

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**AGENDA ITEM 1 – Roll Call:** Meeting called to order at 9:01 a.m.

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**AGENDA ITEM 2 – Approval of the December 10, 2014 Meeting Minutes (Action Item Below):**

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**AGENDA ITEM 3 – Police Update:** Trujillo said students are back and classes began January 12. There was light foot traffic, normal number of party registrations and one registered fraternity party was closed down. Code Enforcement is working with Everyday market regarding graffiti. There was a BPD meeting with the business community meeting regarding transient issues on the Hill and hope the new ‘squeaky wheel’ policy for calling the non-emergency police number with issues would be pursued. St. Patrick’s Day and 4/20 were mentioned.

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**AGENDA ITEM 4 – Public Participation:** None

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**AGENDA ITEM 5 – CUSG Update:** None

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**AGENDA ITEM 6 – Hill Boulder Update:** Liguori mentioned the Hill Boulder had its fourth meeting and had great attendance, next meeting is at the end of February. The focus is creating events; Herring is working on the Slide the City event and hopes to make it a large event. Liguori continued that Soifer is creating a coupon book for the Hill and hopes to get more businesses involved with a minimum of 25 to 50 businesses participating. Non Profit designation for the Hill Boulder paperwork is in the works. Go Boulder is looking to partner up with Parking for the coupon book. There was a CU breakfast last month, they would like a job board on the website, more movie events, and open the lines of communication. The transients were discussed, the smoking ban downtown, and cleanliness was discussed. Liguori said the hill need to be regularly scrubbed clean. Raj was in agreement. Liguori said she will see about bringing the Boulder International Film Festival to the hill in 2016. Jobert mentioned that some of the World Conference meetings were held on the hill years ago. Soifer mentioned that a high end coffee shop is going into the former Yeye’s Café space. YoYo’s and Budget Alterations are gone. Alpine Café is taking the former Co op location at 9<sup>th</sup> and College.

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**AGENDA ITEM 7 – UHNA Update:** Nancy Blackwood, UHNA, is excited with entities going in on the hill. Blackwood thanked the commission for all they are doing on the hill and in the neighborhood. Blackwood asked for support by the commission on the over occupancy issue and offered that another advantage to have office uses, would make a huge difference in the economic vitality when students are gone.

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**AGENDA ITEM 8 – Parking Services Update:** Winter said the steam cleaning is a budgetary issue. Examination of the budget and revenues will determine if funds are available for additional cleaning. Soifer suggested marijuana shops open on the hill for its sales revenue and obtain special zoning for a coffee shop to allow on-premise smoking. Jobert mentioned that the UHGID fund does not get sales tax. Winter said she is not familiar with marijuana regulations and find more information.

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**AGENDA ITEM 9 – Hill Moratorium Update and Feedback for Study Session Memo:** McHeyser said that next Tuesday at City Council Meeting the Hill Moratorium will be presented at Study Session and it will be televised. Materials are being sent out for the Planning Board’s Public Hearing and Consideration of a Recommendation to City Council on February 5th. Both packets go out today. Staff recommendation is some ordinance changes, a number of strategies that will be incorporated into the Uni Hill Reinvestment Strategy work plan and changes to the CP&S work

plan. Raj asked what kinds of ordinances are being considered. McHeyser said it will relate to the BMS zoning district. Winter will send to commissioners the Study Session memo for the council meeting when it is public. There is no public comment at the Study Session and the commissioners were invited to attend. Notice to property owners and stakeholders will go out today. Final decision will take place in March. Soifer queried McHeyser on the Daily Camera Grenadier blurb. McHeyser replied that they were happy that they were highlighted, office uses are viable and the challenge is that there are no other spaces for them to move to. McHeyser said that at the Planning Board meeting, they discussed the office situation on the hill in a more robust way. Soifer mentioned the number of people supporting the businesses on the Hill; they need to rely on the students/residents currently and not business support. Winter offered that it's a matter of getting people up to the Hill to understand the dynamics. SPARK was discussed and Wiebenson mentioned that they are doing well, student focused, and looking at shared work space for an older group. Dakota mentioned Jen Lewin and event space on the Hill. Raj questioned the parking garage and the building above it, is it just housing for professionals or will it be office space. Winter said that nothing is decided. Raj said that it's a good idea to look for communal space for other events on the hill and to get buy in from CU. Wiebenson said that one of the strategies is that the UHGID sites are catalyst sites, and two sites under UHGID control are opportunities for partnerships. Wiebenson mention incentives and programs for businesses.

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**AGENDA ITEM 10 – Matters from the Commissioners:** None

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**AGENDA ITEM 11 – Matters from the Staff:** Winter said there was a meeting last week regarding 2A projects, will be working with Event Street, irrigation and lightning; there is a February 20<sup>th</sup> deadline to get these schedules in. The event street design will be examined while students are in and construction when the students are gone. Soifer suggested that construction while students are in would be more desirable from a business viewpoint and using the student down time for hill events in the summer.

The contract with the RSD coordinator is being finalized, there are two components to the Residential Service District with one being the Ready to Work crews and the other to have a part time coordinator to supervise the Ready to Work Crew, and to work with Wiebenson, CU, and Code Enforcement on litter and graffiti in areas adjacent to the commercial district. There were two responses to the RFP. The Parking Utilization study is looking at revenue analysis, and parking enforcement officers are doing car counts in the lots and on the streets. Hope to have some initial feedback by the council Study Session.

Wiebenson gave an update on progress with the UHCAMC and Council priorities, including the contract with RRC to put together a focus group of hill stakeholders to establish a baseline public perception of the Hill at the start of the Hill Reinvestment Strategy (HRS). Baseline information is anticipated to be available after the first quarter of this year. Liguori questioned the criteria. Wiebenson replied that they are trying to identify a broad range of people. Soifer suggested including people with no current connection to the Hill. Wiebenson replied that RRC is examining this direction. Soifer requested a copy of the questions to be used.

Wiebenson provided an update on the Hill EcoPass feasibility study, an intercept survey was created and they would need a minimum \$10,000 contract to pursue the pass. Fox, Tuttle, Hernandez are doing a survey to collect data. There are approximately 90 businesses and 14 vacancies.

Both the baseline perception study and the Eco Pass feasibility study are components of the HRS. An HRS work plan continues to be developed; numerous existing programs in the residential areas and new programs being developed for the Hill Commercial Area. Raj questioned what UHNA is looking at. Wiebenson replied that UHNA will be partnering with the City and CU on welcome bags, student orientation and beautifying the Hill in partnership with CU and The Hill Boulder. Messaging and branding of the district will happen later. The focus now is the moratorium, uses in the district and how to attract users next. The work plan spread sheet will be available shortly.

Winter said that the 1/27 council Study Session will focus on the moratorium, conference center and an update on the Revitalization Strategies. It will be a head's up for council and another formal study session will occur in May for additional council feedback on policy. Wiebenson said the newly established partnership with CU volunteer organizations will provide dozens of people per month to help clean up the hill, alternating between projects in the residential and commercial areas. Projects will include painting of the bicycle racks, railings and other streetscape elements in need of beautification. There will be a student contest to name the partnership but for now it is the Volunteer Partnership. Liguori asked if the commission has areas in the revitalization that are not being addressed. Winter suggested linking the board to council members to chat over coffee as a liaison to UHCAMC.

Liguori questioned roles and deadlines for the new commissioner. Winter replied that Griffith's term is up, deadline is 2/12, needs to be a Boulder resident and Citizen at Large, will be appointed by city council, staff's role is to get the word out, and interviews are in March.

Tonight is the AMPS Joint Board Workshop, will be with EAB, Planning Board, DMC, BJAD and UHCAMC, for an update on priorities for 2015 with a primary focus to provide some tools to discuss the sticky issues of 2015 such as adding more parking, parking pricing, and other uses for parking. Heidi Brinkman, facilitator, will discuss tools to use when discussing these topics. The goal is not to solve the issue, but to have everyone open and listen to different points of view. Most of the parking management is within the three districts and looking to create city wide policies. The meeting is to identify issues and open one's perspective.

Televising board meetings was discussed. If a board that isn't televised, has an issue that would benefit by exposing to the community, council can review for approval to be televised.

Date for the 2015 UHCAMC retreat, thinking about what month to hold it, have before the city council study session on May 26<sup>th</sup>. The retreat is usually at the Academy

Landrith said the Smoking Ban hearing will be on 2/3.

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**Meeting adjourned at 10:38 a.m.**

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**ACTION ITEMS:**

**MOTION:** Liguori motioned to approve the December 10, 2014 meeting minutes. Raj seconded. Motion passed 3 -0, with Rubino and Raj absent.

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<b>February 11, 2015</b>	<b>FUTURE MEETINGS: 13<sup>th</sup> Street Conference Room</b>	<b>Off Site Meeting</b>
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APPROVED BY:

UNIVERSITY HILL COMMERCIAL AREA  
MANAGEMENT COMMISSION

Attest:

Ruth Weiss, Secretary

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Dakota Soifer, Vice Chair

# City of Boulder

## Sales & Use Tax Revenue Report

### November, 2014

Issued January 15, 2015

This report provides information and analysis related to November 2014 year-to-date sales and use tax collections. Results are for actual sales activity through the month of November, the tax on which is received by the city in the subsequent month. For clarification of any information in this report, please contact Cheryl Pattelli, Director of Finance, at (303)441-3246 or pattellic@bouldercolorado.gov.

PLEASE NOTE: Pursuant to a vote in November of 2013, the sales and use tax rate changed on January 1, 2014 from 3.41% to 3.56%. Therefore, actual dollars collected in the report may show as being higher in 2014 solely because of the tax rate increase. However, the actual percentages changes included in this report have been normalized to be able to compare the actual increase or decrease for this year compared to the same period in 2013 as if the rates were the same. This normalized percentage better reflects the underlying economic activity in the city and enables city staff to readily determine if revenue targets are being met.

#### REVENUE COMPARISONS TO COMPARABLE PERIOD IN PRIOR YEAR

As reflected in Table 1, YTD “normalized” Sales and Use Tax has increased from the 2013 base by 7.75%.

**TABLE 1**

#### ACTUAL SALES AND USE TAX REVENUE

TAX CATEGORY	% CHANGE IN REVENUE Increase/(Decrease)	% OF TOTAL
Sales Tax	7.09%	78.67%
Business/Consumer Use Tax	30.73%	10.77%
Construction Use Tax	(10.52%)	7.69%
Motor Vehicle Use Tax	13.92%	2.88%
<b>Total Sales &amp; Use Tax</b>	<b>7.75%</b>	<b>100.00%</b>

Retail sales tax from recreational marijuana is a new revenue source in 2014. Therefore, adjusted numbers are provided in Table 2 to better illustrate underlying retail sales and related tax, excluding revenue from recreational marijuana. Further, due to a number of uncertainties in costs related to the sale of this new commodity, a portion of this revenue is being dedicated to pay for costs associated with this new business segment, and is not available for other purposes in 2014.

**TABLE 2**

#### SALES AND USE TAX REVENUE ADJUSTED TO EXCLUDE RECREATIONAL MARIJUANA

TAX CATEGORY	% CHANGE IN REVENUE Increase/(Decrease)	% OF TOTAL
Sales Tax	5.53%	78.43%
Business/Consumer Use Tax	30.59%	10.88%
Construction Use Tax	(10.52%)	7.78%
Motor Vehicle Use Tax	13.92%	2.91%
<b>Total Sales &amp; Use Tax</b>	<b>6.50%</b>	<b>100.00%</b>

## MACRO ISSUES TO CONSIDER

November YTD Sales and Use Tax revenue continues to be encouraging. The next question, when considering committing revenue to on-going expenditures might be, what do the 2014 trends portend for the future?

Although total Sales and Use Tax revenue is up in total by 7.75%, some of this revenue is for newly taxable retail commodities and may not show similar rates of increase in the future. Excluding revenues from sales of both medical and recreational marijuana for both 2014 and 2013 reflects that our traditional retail sales tax revenue source from brick and mortar stores in the city is up by a more modest 6.33%.

Other tax components (Business Use Tax and Motor Vehicle Use Tax) are currently trending upward and may continue to be strong for the short term as we recover from the recession, but they will ultimately settle back down to lower rates of increase or even decrease somewhat from current levels.

Although difficult to quantify, other trends impacting spending on taxable goods in the city follow:

- Unemployment continues to decline, increasing earned income and consumer confidence.
- Housing prices continue to increase. The U.S. stock market is also up significantly. These factors contribute to what is often called "the wealth effect" where people with increased assets feel more comfortable spending money on both taxable and non-taxable items and services.
- Recent declines in the cost of gasoline should increase disposable income, at least until next spring and summer when gasoline prices are expected to rise again.
- Housing prices for new purchasers (with associated higher mortgage payments) and rents continue to increase, possibly decreasing disposal income available for the type of retail purchases that we rely on as our retail sales tax revenue base.
- Paying off large student loans may reduce disposable income for a relatively large segment of our population.
- Increasing internet sales (those upon which retail sales tax is not collected by the vendor) will continue to divert some of the disposable income that was previously a part of the retail sales tax base for the City of Boulder. For 2014 this amount is estimated to be four million dollars in lost tax collections.
- Business spending on new capital equipment tends to occur in cycles and the end of the recession may have triggered a high point in this cycle.
- Auto purchases were relatively slow during the recession with the average age of the vehicle fleet in the country approaching eleven years. When new purchases decrease the age of the fleet, replacements may slow.

## DETAILED ANALYSIS OF MAJOR CATEGORIES

The following monthly information is provided to identify trends in the various categories. While this information is useful, it is important to remember that relatively small aberrations (like the timing of remittances by certain vendors) can make relatively large monthly variances.

**Retail Sales Tax** – November YTD retail sales tax revenue was up by 7.09% from that received in 2013. Without the tax revenue from the sale of recreational marijuana (which was not in the comparative 2013 base) the YTD increase would have been 5.53%. Also, beginning in April, the sale of recreational marijuana has improved the variance as there is no comparative revenue in the prior year. The negative percentage change in June is due primarily to revenue from a very large business computer provider in 2013 that was not duplicated in 2014.

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
2.83%	5.87%	2.92%	11.09%	8.05%	(0.19%)	9.16%	8.87%	9.64%	8.30%	13.50%

**Food Stores** - Retail sales tax revenue for food stores is up 8.47% YTD. A portion of the variable performance in this category is due to timing issues where the vendor files 13 tax returns per year and the extra return does not occur in the same month each year.

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
3.70%	(11.10%)	8.47%	12.32%	13.68%	0.83%	8.76%	10.08%	15.65%	5.44%	28.40%

Sales at **Eating Places** are both an important revenue source (Eating Places comprise approximately 13.00% of sales/use tax) and are often an indicator of the health of the economy in the city. This discretionary category is often correlated with disposable income and consumer confidence. Total November YTD retail tax at Eating Places is up by 5.17%.

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
1.47%	7.57%	(1.30%)	6.34%	10.01%	0.13%	4.71%	4.52%	16.72%	4.44%	2.57%

**Apparel Store** retail sales are up by 7.61% YTD. A portion of the monthly fluctuations is due to the timing of receipt of certain remittances.

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
(1.35%)	13.85%	15.64%	(18.70%)	(0.60%)	9.12%	8.99%	36.31%	4.42%	(1.14%)	17.33%

**General Retail** is down by 1.11% YTD. This downward trend appears to be consistent with retail trends on the national level, timing also impacts the results in October because certain remittances did not make the cut-off for the prior month.

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
(16.62%)	6.07%	3.91%	4.62%	(2.89%)	(4.09%)	3.83%	(7.83%)	(6.28%)	16.30%	(14.18%)

**Public Utilities** (primarily retail sales tax on natural gas and electricity) are up by 2.09% YTD. Tax on Public Utilities comprises approximately 5.00% of total sales and use tax revenue. Even as natural gas prices and rates increase, the direction for this category may be uncertain if conservation strategies are successful and businesses significantly cut their energy use. According to a 2006 study by the City of Boulder, commercial and industrial sector energy use makes up 83% of Boulder's energy use.

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
5.63%	9.85%	9.89%	(0.98%)	(0.31%)	9.27%	4.59%	0.13%	5.82%	(0.77%)	2.71%

## TOTAL MARIJUANA REVENUE

The sale of both medical and recreational marijuana has become a fairly significant revenue source for the City of Boulder. YTD 2014 recreational marijuana revenue represents 1.52% of the total Sales/Use Tax collected.

The sale of medical marijuana generates:

- 3.56% base sales tax on product sales paid by the purchaser.
- 3.56% base use tax on cost of any construction materials and the purchase of furniture, fixtures, or equipment paid by the business.

The sale of recreational marijuana generates:

- 3.56% base sales tax on product sales paid by the purchaser.
- 3.56% base use tax on the cost of any construction materials and the purchase of furniture, fixtures, or equipment paid by the business.
- An additional 3.50% in sales tax on product sales paid by the purchaser
- An additional 3.50% in use tax on the cost of any construction materials and the purchase of furniture, fixtures, or equipment paid by the business.

- A 5.00% excise tax paid by the grow facility when shipping product to dispensaries and/or marijuana infused product facilities.
- A "share-back" of certain State of Colorado revenue. The State collects a 10.00% tax on recreational marijuana sales and "shares back" 15.00% of that 10.00% to each city where such revenue is generated.

A summary of all year-to-date 2014 marijuana related revenue follows:

<b>Total November YTD Marijuana Related Revenue</b>		
Medical marijuana:		
3.56% Base Sales/Use Tax	\$1,102,081	
Sub-total Medical marijuana revenue		1,102,081
Recreational marijuana		
3.56% Base Sales/Use Tax	594,553	
3.50% Additional Sales/Use Tax	584,532	
5.00% Excise Tax	375,760	
State Share-back	256,009	
Sub-total Recreational Marijuana revenue		1,810,854
<b>TOTAL MARIJUANA RELATED REVENUE</b>		<b>\$2,912,935</b>

While the City's base 3.56% sales/use tax is distributed to City funds based upon various past voter decisions, certain other revenue has been dedicated to cover incremental costs related to the sale and use of marijuana in the City of Boulder. Year-to-date collections for these dedicated revenue sources follow:

<b>Total November YTD "Incremental" Recreational Marijuana Related Revenue</b>		
3.50% Additional Sales/Use Tax	\$584,532	
5.00% Excise Tax	375,760	
State "Share-back"	256,009	
<b>TOTAL "INCREMENTAL" RECREATIONAL MARIJUANA REVENUE</b>		<b>\$1,216,301</b>

#### **Medical Marijuana Retail Sales Tax**

Total YTD retail sales tax revenue collected in this category is \$1,077,808 up by 21.30% from the same period in 2013. Monthly sales tax revenue and the percentage change by month, is presented below. This industry segment represents approximately one percent of total sales/use tax collections.

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
\$86,993	\$110,174	\$75,274	\$63,256	\$79,663	\$85,190	\$91,897	\$144,791	\$112,625	\$123,069	\$104,876
25.13%	50.58%	(11.38%)	(17.65%)	9.92%	10.70%	17.22%	60.98%	32.64%	26.93%	24.16%

#### **Recreational Marijuana Retail Sales Tax**

The first remittances related to sales of recreational marijuana were received in the month of February. The Municipal Code prohibits providing any information that would identify sales by individual vendors. Beginning with April data, enough vendors have reported to obscure individual data. Therefore, we will begin to report year-to-date revenue related to the sale of recreational marijuana. November YTD retail sales tax collections for the sale of recreational marijuana were \$1,167,539.

Significant YTD increases / decreases by sales/use tax category are summarized in Table 3.

**TABLE 3**

<b>2014 YTD RETAIL SALES TAX (% Change in Comparable YTD Collections)</b>	
<b>STRENGTHS:</b> <ul style="list-style-type: none"> <li>▪ Food stores up by 8.56%</li> <li>▪ Eating Places up by 5.17%</li> <li>▪ Apparel Stores up by 7.61%</li> <li>▪ Home Furnishings up by 10.38%</li> <li>▪ Transportation/Utilities up by 6.00%</li> <li>▪ Automotive Trade up by 5.47%</li> <li>▪ Building Material Retail up by 3.03%</li> <li>▪ Consumer Electronics up by 17.89%</li> <li>▪ All Other (including marijuana sales) up by 37.48%</li> <li>▪ Downtown up by 10.72%</li> <li>▪ Basemar up by 2.11%</li> <li>▪ UHGID up by 10.38%</li> <li>▪ N. 28<sup>th</sup> St. Commercial up by 12.93%</li> <li>▪ BVRC (excl 29<sup>th</sup> St) up by 14.79%</li> <li>▪ Table Mesa up by 4.35%</li> <li>▪ The Meadows up by 18.89%</li> <li>▪ All Other Boulder up by 9.95%</li> <li>▪ Metro Denver up by 17.05%</li> <li>▪ Pearl Street Mall up by 10.98%</li> <li>▪ Boulder Industrial up by 10.73%</li> <li>▪ Public Utilities up by 2.09%</li> <li>▪ Out of State up by 1.23%</li> </ul>	<b>WEAKNESSES:</b> <ul style="list-style-type: none"> <li>▪ General Retail down by 1.11%</li> <li>▪ Computer Related Business down by 28.41% (Use Tax in this category up by 13.77%)</li> <li>▪ University of Colorado down by 7.07%</li> <li>▪ Twenty-Ninth St down by 1.59%</li> <li>▪ Gunbarrel Industrial down by 17.17%</li> <li>▪ Gunbarrel Commercial down by 1.67%</li> </ul>

<b>2014 USE TAX (% Change in YTD Comparable Collections)</b>	
<b>STRENGTHS:</b> <ul style="list-style-type: none"> <li>▪ Business Use Tax up by 30.73%</li> <li>▪ Motor Vehicle Use Tax up by 13.92%</li> </ul>	<b>WEAKNESSES:</b> <ul style="list-style-type: none"> <li>▪ Construction Use Tax down by 10.52% (when adjusted to exclude dedicated Boulder Junction tax, down by 9.62%)</li> </ul>

**BUSINESS USE TAX**

YTD Business Use Tax is up significantly (30.73%) through the month of November. This tax category can be very volatile as it is associated primarily with the amount and timing of purchase of capital assets by businesses in the city and the amount and timing of audit revenue. November 2014 YTD audit revenue was approximately \$2 million. While we expect this revenue category to be up for the year due to increasing business confidence and related spending, it may be unrealistic to expect this high rate of increase to continue.

**MOTOR VEHICLE USE TAX**

November YTD Motor Vehicle Use Tax is up by 13.92%. This tax category applies to the purchase of vehicles registered in the city. As individuals and businesses become more confident about jobs and the economy, they are replacing their vehicles and thus reducing the average age of their fleet. It appears that 2014 will be a strong year for motor vehicle sales, but at some point the rate of increase will slow as the average age of the total vehicle fleet in the city declines and the comparative numbers from the prior year become more difficult to meet or exceed.

## ACCOMMODATION TAX

YTD 2014 Accommodation Tax revenue is up by 14.41% from the same period in 2013. The hotel industry in Boulder is in a state of flux. The Hampton Inn in Gunbarrel opened in June of 2013 so increases from the comparative 2013 revenue base will be more difficult to achieve in November and December of 2014. It is uncertain if/when other new properties in the pipeline will open. Some upward adjustment in room and occupancy rates may be possible during the transition when the total number of rooms available in the City is down slightly. While we expect this revenue category to be flat or up slightly in 2014, many unknowns will define the actual collections. Some of the changes follow:

- America Best Value – closed March 2014 (to be converted to student housing)
- Golden Buff – closed October 2014 (to be redeveloped into two hotels)
- Boulder Outlook – proposed to close November 2014
- Hampton Inn, Gunbarrel – opened June 2013
- Hyatt Place Depot Square – broke ground, projected opening January, 2015
- Other Planned Properties – in concept or site review

## ADMISSIONS TAX

Year-to-date 2014 Admission Tax revenue is down by 7.20% from the same period in 2013. Admissions Tax collections are dependent on the number of taxable productions and events held in the City and the level of attendance at such events.

## TRASH TAX

Year-to-date 2014 Trash Tax receipts are up by 2.04%. Trash Tax remittances are due on a quarterly basis. Occasionally, smaller vendors or trash haulers will remit outside that quarterly cycle, resulting in variances.

## REVIEW OF VARIOUS ECONOMIC DATA & PREDICTIONS FOR THE FUTURE

**Colorado business leaders bullish on 2015** according to a report published in BizWest on January 5, 2015:

BOULDER – The confidence of Colorado business leaders has increased slightly entering the New Year according to the latest index released Monday by the University of Colorado Boulder's Leeds School of Business. The Leeds School releases the index each quarter, with expectations measuring positive at 50 or higher.

Entering the first quarter of 2015, the Leeds Business Confidence Index registered an overall mark of 60.8, up from 59.5 last quarter. Expectations were positive for all of the metrics measured, including national economy, state economy, industry profits, capital expenditures and hiring plans. The state's business leaders were most enthusiastic about the state's economy, with that metric coming in at 66.2, up from 63.9 last quarter. But optimism about the national economy also rose from 56.4 to 60. Their outlook on hiring also improved slightly, from 57.9 to 58.2.

### **The Conference Board Consumer Confidence Index Trends Bounces Back (issued December 30, 2014)**

The Conference Board *Consumer Confidence Index*<sup>®</sup>, which had declined in November, improved in December. The Index now stands at 92.6 (1985=100), up from 91.0 in November. The Present Situation Index rose to 98.6 from 93.7, while the Expectations Index decreased to 88.5 from 89.3 in November.

Says Lynn Franco, Director of Economic Indicators at The Conference Board, "Consumer confidence rebounded modestly in December, propelled by a considerably more favorable

assessment of current economic and labor market conditions. As a result, the Present Situation Index is now at its highest level since February 2008 (Index, 104.0). Consumers were moderately less optimistic about the short-term outlook in December, but even so, they are more confident at year-end than they were at the beginning of the year.”

Consumers’ appraisal of current conditions was considerably more favorable in December. Those saying business conditions are “good” was unchanged at 24.8 percent, while those claiming business conditions are “bad” decreased from 21.8 percent to 19.6 percent. Consumers were also more positive in their assessment of the job market, with the proportion stating jobs are “plentiful” increasing from 16.2 percent to 17.1 percent, and those claiming jobs are “hard to get” decreasing from 28.7 percent to 27.7 percent.

**A December 8, 2014 article in *BizWest* titled "CU Report: Local economy to keep growing in 2015, but speed bumps could loom" discusses economic outlook for Boulder Valley and Northern Colorado:**

The Boulder Valley and Northern Colorado, Business Research Division executive director Richard Wobbekind said in a phone interview, are the hottest areas in a hot state. In Weld County, it’s sectors like energy, agriculture and construction driving the growth. Larimer and Boulder counties, meanwhile, have been much more diversified, with growth coming from high tech to professional and business services to medical device companies to cloud computing and app development to Internet support.

Of course, there could be a couple of potential speed bumps to keep an eye out for in 2015, Wobbekind said.

The first is the price of oil. Weld could be significantly impacted negatively if oil prices were to drop below \$60 per barrel for any extended period of time, he said. But he also noted that there are myriad companies that support the oil and gas industry that are spread out throughout Larimer and Boulder counties and down into the Denver area that could feel the impacts of such a price drop. “We don’t think that’s going to happen but we’ll certainly keep our eyes open,” Wobbekind said. Wobbekind said his team thinks oil prices will be more in the \$75 to \$80 range next year, with the oil and gas industry continuing to grow but not as quickly as the last two years.

One area in which the state could use a slowdown is the growth of housing prices, Wobbekind said. According to Federal Housing Finance Agency figures cited by the CU report, second-quarter housing prices in 2014 were 9.6 percent higher than a year earlier in Boulder County, and they were up 9 percent in both Larimer and Weld counties. State housing prices were up 9.5 percent overall. If the rate of appreciation doesn’t slow down a bit – and he expects it will – it could be a drain on the economy. Wobbekind expects a 4 or 5 percent rise in housing in the coming year, not quite as hefty but still ahead of wage growth. “We have become a relatively expensive place housing-wise,” Wobbekind said. “It just makes us a little less competitive in the economic development game.”

Speaking of wage growth, Wobbekind said there should be some upward pressure on wages in the coming year after several years in a row of wages growing merely at about the rate of inflation. That growth will be driven by a growing labor shortage in the state as the unemployment rate continues to dip. The report projects the state to add 61,300 jobs in 2015. That’s down a bit from the 72,900 added this year, though this year’s growth was the greatest for Colorado since the start of the 21<sup>st</sup> Century. All sectors aside from the information industry are expected to grow in 2015, while the information industry will remain flat. The strongest sector for job growth is predicted to be the professional and business services sector, which is expected to add 12,800 jobs (3.3 percent growth).

Total Net Sales/Use Tax Receipts by Tax Category	NOVEMBER YTD Actual			
	2013	2014	% Change	% of Total
Sales Tax	71,559,515	80,006,569	7.09%	78.67%
Business Use Tax	8,022,924	10,949,954	30.73%	10.77%
Construction Sales/Use Tax	8,367,625	7,816,737	-10.52%	7.69%
Motor Vehicle Use Tax	2,463,312	2,929,725	13.92%	2.88%
<b>Total Sales and Use Tax</b>	<b>90,413,376</b>	<b>101,702,985</b>	<b>7.75%</b>	<b>100.00%</b>

Total Net Sales/Use Tax Receipts by Industry Type	NOVEMBER YTD Actual			
	2013	2014	% Change	% of Total
Food Stores	11,735,499	13,289,624	8.47%	13.07%
Eating Places	12,082,796	13,244,798	5.00%	13.02%
Apparel Stores	3,349,154	3,729,876	6.68%	3.67%
Home Furnishings	2,316,544	2,682,010	10.90%	2.64%
General Retail	18,071,102	19,706,163	4.45%	19.38%
Transportation/Utilities	6,902,842	7,735,504	7.34%	7.61%
Automotive Trade	6,309,259	7,137,967	8.37%	7.02%
Building Material-Retail	3,370,984	3,617,639	2.80%	3.56%
Construction Firms Sales/Use Tax	7,462,592	7,277,014	-6.60%	7.16%
Consumer Electronics	1,799,024	2,150,263	14.49%	2.11%
Computer Related Business Sector	5,941,390	6,057,728	-2.34%	5.96%
All Other	11,072,191	15,074,399	30.41%	14.82%
<b>Total Sales and Use Tax</b>	<b>90,413,376</b>	<b>101,702,985</b>	<b>7.75%</b>	<b>100.00%</b>

Total Net Sales/Use Tax Receipts by Geographic Area	NOVEMBER YTD Actual			
	2013	2014	% Change	% of Total
North Broadway	1,240,248	1,246,635	-3.72%	1.23%
Downtown	5,903,713	7,895,541	28.10%	7.76%
Downtown Extension	628,598	703,293	7.17%	0.69%
UHGID (the "hill")	959,452	1,121,269	11.94%	1.10%
East Downtown	609,327	830,499	30.55%	0.82%
N. 28th St. Commercial	4,276,791	4,709,437	5.48%	4.63%
N. Broadway Annex	646,857	422,047	-37.50%	0.41%
University of Colorado	919,837	1,032,076	7.47%	1.01%
Basemar	2,412,307	2,470,251	-1.91%	2.43%
BVRC-Boulder Valley Regional Center	17,040,524	20,401,304	14.68%	20.06%
29th Street	7,399,415	7,515,687	-2.71%	7.39%
Table Mesa	2,211,948	2,400,183	3.94%	2.36%
The Meadows	732,698	939,107	22.77%	0.92%
All Other Boulder	5,447,127	6,216,602	9.32%	6.11%
Boulder County	1,033,545	1,078,167	-0.08%	1.06%
Metro Denver	3,190,346	3,311,209	-0.58%	3.26%
Colorado All Other	278,851	327,521	12.50%	0.32%
Out of State	8,704,600	9,276,256	2.08%	9.12%
Airport	79,571	46,700	-43.78%	0.05%
Gunbarrel Industrial	5,565,302	7,315,012	25.90%	7.19%
Gunbarrel Commercial	1,101,423	1,095,514	-4.73%	1.08%
Pearl Street Mall	2,552,778	2,955,341	10.89%	2.91%
Boulder Industrial	8,816,528	9,566,218	3.93%	9.41%
Unlicensed Receipts	1,843,766	1,243,201	-35.41%	1.22%
County Clerk	2,463,312	2,929,725	13.92%	2.88%
Public Utilities	4,354,513	4,654,191	2.38%	4.58%
<b>Total Sales and Use Tax</b>	<b>90,413,376</b>	<b>101,702,985</b>	<b>7.75%</b>	<b>100.00%</b>

Miscellaneous Tax Statistics	NOVEMBER YTD Actual		
	2013	2014	% Change in Taxable Sales
Total Food Service Tax	557,375	581,319	4.30%
Accommodations Tax	4,905,937	5,612,698	14.41%
Admissions Tax	530,427	492,246	-7.20%
Trash Tax	1,331,342	1,358,536	2.04%
Disposable Bag Fee	67,613	207,603	207.05%
Rec Marijuana Excise Tax	0	375,760	#DIV/0!

USE >> SALES

COMPARISON OF YEAR-TO-DATE ACTUAL REVENUE FOR THE YEAR 2014 TO COMPARABLE PERIOD IN 2013

USE TAX BY CATEGORY			SALES TAX BY CATEGORY			
NOVEMBER YTD Actual			NOVEMBER YTD Actual			
2013	2014	% Change	Standard Industrial Code	2013	2014	% Change
143,234	151,368	1.23%	Food Stores	11,592,265	13,138,255	8.56%
160,992	154,573	-8.03%	Eating Places	11,921,804	13,090,225	5.17%
42,406	15,025	-66.06%	Apparel Stores	3,306,747	3,714,851	7.61%
15,601	30,490	87.20%	Home Furnishings	2,300,944	2,651,520	10.38%
1,297,858	2,389,886	76.38%	General Retail	16,773,244	17,316,277	-1.11%
209,148	328,425	50.41%	Transportation/Utilities	6,693,693	7,407,079	6.00%
2,553,274	3,002,109	12.62%	Automotive Trade	3,755,985	4,135,858	5.47%
19,074	12,343	-38.02%	Building Material-Retail	3,351,910	3,605,296	3.03%
7,113,349	6,945,392	-6.48%	Construction Sales/ Use Tax	349,243	331,622	-9.05%
92,517	49,892	-48.34%	Consumer Electronics	1,706,507	2,100,371	17.89%
3,672,454	4,361,958	13.77%	Computer Related Business	2,268,936	1,695,769	-28.41%
3,533,954	4,254,955	15.33%	All Other	7,538,237	10,819,445	37.48%
<b>18,853,861</b>	<b>21,696,416</b>	<b>10.23%</b>	<b>Total Sales and Use Tax</b>	<b>71,559,515</b>	<b>80,006,569</b>	<b>7.09%</b>

USE TAX BY CATEGORY			SALES TAX BY CATEGORY			
NOVEMBER YTD Actual			NOVEMBER YTD Actual			
2013	2014	% Change	Geographic Code	2013	2014	% Change
61,658	60,067	-6.69%	North Broadway	1,178,589	1,186,568	-3.57%
462,875	1,606,595	232.47%	Downtown	5,440,839	6,288,946	10.72%
38,649	48,661	20.60%	Downtown Extension	589,949	654,632	6.29%
16,947	35,121	98.51%	UHGD (the "hill")	942,505	1,086,148	10.38%
67,099	202,973	189.75%	East Downtown	542,227	627,526	10.85%
354,909	85,538	-76.91%	N. 28th St. Commercial	3,921,882	4,623,899	12.93%
242,674	12,516	-95.06%	N. Broadway Annex	404,183	409,531	-2.95%
503	140,166	26591.87%	University of Colorado	919,334	891,910	-7.07%
630,285	570,517	-13.30%	Basemar	1,782,022	1,899,735	2.11%
318,180	362,047	8.99%	BVRC	16,722,344	20,039,257	14.79%
160,408	78,735	-52.98%	29th Street	7,239,008	7,436,953	-1.59%
37,710	31,480	-20.04%	Table Mesa	2,174,238	2,368,703	4.35%
35,879	74,204	98.10%	The Meadows	696,819	864,904	18.89%
2,507,181	2,841,982	8.58%	All Other Boulder	2,939,946	3,374,620	9.95%
128,002	197,295	47.64%	Boulder County	905,543	880,872	-6.82%
940,373	561,788	-42.78%	Metro Denver	2,249,973	2,749,421	17.05%
10,446	104,704	860.10%	Colorado All Other	268,406	222,818	-20.48%
882,036	1,009,220	9.60%	Out of State	7,822,564	8,267,037	1.23%
54,608	21,080	-63.02%	Airport	24,962	25,620	-1.69%
4,418,709	6,323,471	37.08%	Gunbarrel Industrial	1,146,594	991,541	-17.17%
64,775	31,290	-53.73%	Gunbarrel Commercial	1,036,648	1,064,225	-1.67%
32,364	35,267	4.38%	Pearl Street Mall	2,520,414	2,920,074	10.98%
3,391,853	3,295,454	-6.94%	Boulder Industrial	5,424,675	6,270,764	10.73%
1,410,563	893,473	-39.33%	Unlicensed Receipts	433,203	349,727	-22.67%
2,463,312	2,929,725	13.92%	County Clerk	0	0	0.00%
121,863	143,050	12.44%	Public Utilities	4,232,650	4,511,141	2.09%
<b>18,853,861</b>	<b>21,696,416</b>	<b>10.23%</b>	<b>Total Sales and Use Tax</b>	<b>71,559,515</b>	<b>80,006,569</b>	<b>7.09%</b>

Tax by Mo & Category

TOTAL CITY SALES AND USE TAX COLLECTIONS

REVENUE CATEGORY	YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	% Change in Taxable Sales
<b>RETAIL SALES TAX</b>	2007	5,116,353	5,014,615	6,918,421	4,965,981	5,500,701	6,172,841	5,565,371	6,393,028	6,954,377	5,747,963	5,695,703	8,411,484	72,998,838	9.34%
Rate Chg 3.56% > 3.41%	2008	5,197,400	5,105,109	6,005,946	5,331,447	5,488,450	5,572,335	5,508,796	6,256,640	6,620,535	5,382,779	5,255,155	7,443,455	70,170,045	0.35%
Rate 3.41%	2009	4,919,570	4,653,632	5,850,038	5,077,648	5,131,444	6,428,943	5,206,770	5,790,533	6,093,314	5,170,325	4,735,769	7,814,230	66,877,613	-4.69%
	2010	4,576,034	5,386,190	6,196,697	5,320,225	5,470,595	6,895,283	5,522,077	5,943,315	5,652,938	5,240,211	5,414,157	8,414,157	71,473,106	4.88%
	2011	5,394,367	5,132,437	6,692,597	5,630,200	5,708,600	7,016,928	6,333,593	6,531,707	7,265,645	5,890,545	5,830,145	8,390,145	74,960,833	4.81%
	2012	5,363,541	5,129,096	6,754,740	5,599,150	5,988,770	7,304,270	5,551,489	7,062,958	7,502,227	6,188,194	5,693,025	9,604,529	77,741,989	3.71%
	2013	5,557,163	5,824,808	7,171,949	5,707,649	6,197,302	7,968,604	6,161,076	6,944,797	7,500,133	6,591,707	6,120,225	9,739,609	81,465,022	4.81%
Rate 3.56%	2014	5,965,991	6,438,048	7,706,036	6,619,759	6,990,528	8,303,288	7,020,977	8,056,199	9,167,166	7,536,311	7,020,977	10,000,000	49,044,726	-42.35%
Change from prior year (Month)		2.83%	5.87%	11.06%	9.10%	8.05%	-0.19%	9.16%	-10.00%	-10.00%	-20.42%	-10.00%	-10.00%		
Change from prior year (YTD)		2.83%	4.39%	3.82%	5.53%	6.04%	4.75%	5.36%	-8.84%	-20.42%	-28.41%	-34.52%	-42.35%		

REVENUE CATEGORY	YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	% Change in Taxable Sales
<b>CONSUMER USE TAX</b> (includes Motor Vehicle)	2007	763,650	574,006	975,178	888,726	733,196	858,072	975,456	652,501	923,667	732,463	716,317	1,575,908	10,369,140	-6.63%
Rate 3.41%	2008	818,034	991,472	1,109,160	669,214	736,901	1,067,769	732,334	596,399	899,934	989,663	599,876	1,253,267	10,464,043	5.35%
	2009	909,558	657,250	1,062,387	997,891	531,724	790,819	858,325	1,299,787	909,089	741,578	698,452	1,600,457	11,137,497	6.44%
	2010	687,502	778,796	913,223	701,931	662,382	945,800	620,328	633,593	909,313	752,143	618,493	1,366,131	9,589,636	-13.90%
	2011	1,247,135	650,595	1,034,670	727,395	850,561	1,166,185	958,724	771,357	1,044,032	703,092	903,665	1,410,783	11,468,205	19.59%
	2012	763,425	768,580	859,971	976,451	1,212,071	1,033,899	729,829	940,127	957,894	1,417,816	737,310	1,469,940	11,867,314	3.48%
	2013	1,132,015	762,369	979,120	866,143	911,993	963,938	835,063	768,003	1,338,726	1,121,736	807,130	1,522,486	12,008,722	1.19%
Rate 3.56%	2014	924,895	901,234	1,328,607	1,277,986	666,706	2,541,647	1,056,846	100,000	100,000	100,000	100,000	100,000	9,148,121	-27.03%
Change from prior year (Month)		-21.74%	13.23%	29.98%	91.10%	-29.98%	152.58%	21.23%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%		
Change from prior year (YTD)		-21.74%	-7.66%	5.16%	25.06%	14.27%	38.02%	35.84%	21.39%	2.40%	-9.47%	-16.44%	-27.03%		

REVENUE CATEGORY	YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	% Change in Taxable Sales
<b>CONSTRUCTION USE TAX</b>	2007	293,078	347,860	112,016	293,061	621,413	430,207	1,119,425	259,226	421,376	266,524	376,978	259,590	4,814,755	-13.02%
Rate Chg 3.56% > 3.41%	2008	330,080	347,219	746,549	454,797	327,855	241,649	100,759	442,652	347,954	217,885	107,831	381,753	4,048,982	-12.21%
Rate 3.41%	2009	944,905	1,117,907	425,028	762,511	279,761	995,132	721,029	676,301	235,485	223,169	1,467,798	531,670	7,449,176	83.96%
	2010	591,599	242,591	245,829	362,619	226,230	1,921,675	1,075,078	467,423	245,361	234,021	406,868	531,670	6,550,964	-12.06%
	2011	622,872	281,210	274,661	240,970	2,150,036	352,336	352,846	455,211	478,988	314,958	177,137	471,157	6,172,383	-5.78%
	2012	385,392	1,697,323	315,856	503,719	342,448	735,499	595,354	214,896	422,666	473,523	799,552	371,254	6,497,662	5.27%
	2013	732,539	941,380	298,613	577,351	366,959	728,141	845,123	1,182,131	1,196,147	876,749	622,491	1,511,632	9,879,257	52.04%
Rate 3.56%	2014	716,119	1,110,714	600,580	430,524	571,269	1,688,472	373,129	100,000	100,000	100,000	100,000	100,000	5,490,808	-46.76%
Change from prior year (Month)		-6.36%	13.02%	92.65%	-28.57%	49.12%	122.12%	-57.71%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%		
Change from prior year (YTD)		-6.36%	4.54%	17.88%	7.36%	12.61%	34.49%	17.13%	-7.28%	-23.43%	-32.09%	-37.15%	-46.76%		

REVENUE CATEGORY	YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL	% Change in Taxable Sales
<b>TOTAL FOR MONTH &amp; CHANGE FROM PREVIOUS YEAR (MONTH &amp; YTD)</b>	2007	6,175,081	5,936,481	8,005,615	6,147,768	6,855,311	8,001,120	7,660,252	7,304,754	8,299,420	6,766,951	6,788,999	10,240,982	88,182,732	5.73%
Rate Chg 3.41% > 3.56%	2008	6,345,513	6,443,800	7,663,654	6,455,459	6,553,206	7,881,753	6,341,889	7,297,691	7,868,423	6,590,347	5,962,862	9,078,475	84,683,070	0.26%
Rate Chg 3.56% > 3.41%	2009	6,774,033	5,428,789	7,337,653	6,852,049	5,942,929	8,214,294	6,786,304	7,766,601	7,317,887	6,135,072	6,026,191	10,882,465	85,464,286	0.92%
Rate 3.41%	2010	5,855,134	6,407,577	7,355,749	6,384,774	6,359,207	9,762,758	7,217,482	7,044,332	8,010,061	6,639,102	6,265,572	10,311,957	87,613,706	2.51%
	2011	7,264,374	6,064,242	8,001,928	6,598,565	8,709,205	8,535,347	6,892,523	7,758,275	8,809,664	6,783,855	6,911,348	10,272,096	92,601,421	5.69%
	2012	6,512,359	7,594,989	7,930,567	7,079,320	7,543,289	8,713,668	6,876,652	8,217,981	8,882,987	8,079,535	7,229,887	11,445,723	96,106,966	3.79%
	2013	7,421,717	7,528,557	8,449,682	7,151,142	7,476,254	9,660,683	7,841,262	8,894,931	10,035,006	8,590,192	7,549,846	12,773,727	103,373,001	7.56%
Rate 3.56%	2014	7,607,004	8,449,996	9,635,223	8,778,269	8,228,603	12,533,607	8,450,951	0	0	0	0	0	63,683,655	-40.99%
Change from prior year (Month)		-40.302	-5.272	-22.761	-363	-5,099	12.533	0	-7,568	-806	-5,947	-406	-16,773	-105,286	
Change from prior year (YTD)		-36.291	-36.291	-2,013	-729	-9,326	-14,547	-14,440	-677	-1,440	-5,963	0	-5,015	-91,001	
	2008	-978	0	-46,974	-1,409	-445	-2,375	-445	-9,493	-1,429	-48,521	-500	-112,123	-283,770	
	2009	-3,335	0	-1,111	-602	-692	-967	-967	-3,520	-2,747	-179,087	-65,331	-26,376	-183,234	
	2010	-3,469	-68,130	-35,924	-1,444	-43,920	-3,832	-1,648	-4,204	-7,969	0	-12,480	-214	-183,234	
	2011	-8,569	-2,479	-1,188	-2,918	0	0	-7,175	0	-162	0	-140,199	-162,690	-183,234	
	2012	6,175,081	5,998,190	8,003,602	6,147,039	6,845,984	7,986,572	7,304,077	8,299,420	7,866,985	6,590,347	5,914,341	9,077,975	88,091,731	5.76%
<b>Adjusted total</b>	2008	6,344,536	6,443,800	7,816,880	6,454,050	6,553,206	7,879,378	6,341,444	7,288,198	7,866,985	6,590,347	5,914,341	9,077,975	84,570,947	0.23%
Rate 3.41%	2009	6,770,698	5,428,789	7,337,653	6,850,938	5,942,929	8,214,294	6,786,304	7,766,601	7,317,887	6,135,072	6,026,191	10,882,465	85,180,517	0.72%
	2010	5,851,665	6,339,447	7,319,826	6,383,330	6,315,288	9,758,926	7,215,834	7,040,127	8,002,092	6,639,102	6,253,092	10,311,744	87,430,472	2.64%
	2011	7,265,806	6,061,763	8,000,739	6,595,647	8,709,205	8,535,347	6,885,348	7,758,275	8,809,664	6,783,855	6,911,348	10,131,897	92,438,731	5.73%
	2012	6,512,359	7,594,989	7,930,567	7,079,320	7,543,289	8,713,668	6,876,652	8,217,981	8,882,987	8,079,535	7,229,887	11,445,723	96,106,966	3.97%
	2013	7,421,717	7,528,557	8,449,682	7,151,142	7,476,254	9,660,683	7,841,262	8,894,931	10,035,006	8,590,192	7,549,846	12,773,727	103,373,001	7.56%
Rate 3.56%	2014	7,607,004	8,449,996	9,635,223	8,778,269	8,228,603	12,533,607	8,450,951	0	0	0	0	0	63,683,655	-40.99%
Change from prior year (Month)		-1.82%	7.51%	9.23%	17.56%	5.43%	24.27%	3.23%	-100.00%	-100.00%	-100.00%	-100.00%	-100.00%		
Change from prior year (YTD)		-1.82%	2.88%	5.17%	8.07%	7.55%	10.94%	9.85%	-5.31%	-18.08%	-26.55%	-32.67%	-40.99%		

**Sales Tax Revenues Generated in the UHGID Area by Standard Industrial Classification**

	Food Stores	Eating Places	Apparel Stores	Home Furnish.	Gen. Merchandise	All Others	GRAND TOTAL
<b>2011 (sales tax rate of 3.41%)</b>							
January	4,508	50,434	1,204	2,400	41,573	607	100,726
February	4,634	46,429	973	2,297	14,543	671	69,547
March	4,870	51,312	1,994	2,249	16,370	668	77,463
April	5,438	63,130	1,834	2,458	18,769	(1,169)	90,460
May	4,175	54,496	1,611	1,950	23,499	529	86,261
June	4,024	50,581	2,424	2,264	15,386	619	75,299
July	4,386	49,870	2,253	2,261	17,955	532	77,257
August	5,529	54,031	2,960	2,839	55,422	777	121,559
September	6,123	66,479	5,588	2,264	28,218	997	109,669
October	5,946	63,727	3,410	3,019	19,015	(5,330)	89,788
November	4,833	50,013	3,257	2,699	14,365	548	75,716
December	3,754	45,248	3,688	2,629	16,701	797	72,817
<b>2011 TOTAL</b>	<b>58,221</b>	<b>645,750</b>	<b>31,199</b>	<b>29,330</b>	<b>281,816</b>	<b>246</b>	<b>1,046,562</b>
<b>2012 (sales tax rate of 3.41%)</b>							
January-December	74,972	630,882	28,068	30,800	254,698	8,615	1,028,035
<b>2012 TOTAL</b>	<b>74,972</b>	<b>630,882</b>	<b>28,068</b>	<b>30,800</b>	<b>254,698</b>	<b>8,615</b>	<b>1,028,035</b>
<b>2013 (sales tax rate of 3.41%)</b>							
January	5,943	42,419	683	1,897	31,839	663	83,444
February	6,733	46,945	793	2,316	14,240	494	71,521
March	7,356	58,210	2,599	2,239	14,365	933	85,702
April	8,177	60,898	1,098	2,254	14,133	566	87,126
May	7,428	44,535	1,141	1,945	17,979	502	73,530
June	6,202	49,128	2,797	1,675	15,800	1,084	76,686
July	6,773	43,431	1,410	1,929	14,014	506	68,063
August	7,880	58,942	2,478	2,320	30,225	655	102,500
September	9,034	58,301	2,276	1,593	33,190	1,032	105,426
October	9,092	75,153	1,588	2,109	20,452	622	109,016
November	7,239	54,518	1,589	1,854	14,389	473	79,492
December	6,413	41,556	1,692	1,783	27,202	3,852	82,498
<b>2013 TOTAL</b>	<b>88,270</b>	<b>634,036</b>	<b>19,574</b>	<b>23,914</b>	<b>247,828</b>	<b>11,382</b>	<b>1,025,004</b>
<b>2014 (sales tax rate of 3.56%)</b>							
January	6,674	44,572	549	1,698	29,308	617	83,418
February	7,481	57,318	527	1,677	18,003	548	85,554
March	7,999	57,635	280	1,754	25,675	4,941	98,284
April	9,253	73,736	335	2,261	19,985	516	106,086
May	7,947	58,322	299	1,603	22,326	557	91,054
June	6,859	49,148	1,533	1,411	18,654	3,806	81,411
July	7,169	54,921	500	1,870	19,801	522	84,783
August	10,246	63,974	389	2,090	43,631	707	121,037
September	10,859	89,597	2,127	1,858	28,775	4,106	137,322
October	10,302	74,379	327	2,709	21,704	654	110,075
November	7,552	59,538	219	1,880	17,441	493	87,123
December	-	-	-	-	-	-	-
<b>2014 TOTAL</b>	<b>92,341</b>	<b>683,140</b>	<b>7,085</b>	<b>20,811</b>	<b>265,303</b>	<b>17,467</b>	<b>1,086,147</b>
					(192,317)		
<b>% Change from 2011-2012</b>	<b>28.77%</b>	<b>-2.30%</b>	<b>-10.03%</b>	<b>5.01%</b>	<b>-9.62%</b>	<b>3405.74%</b>	<b>-1.77%</b>
<b>% Change from 2012-2013</b>	<b>17.74%</b>	<b>0.50%</b>	<b>-30.26%</b>	<b>-22.36%</b>	<b>-2.70%</b>	<b>32.12%</b>	<b>-0.29%</b>
<b>% Change from 2013-2014</b>	<b>8.05%</b>	<b>10.44%</b>	<b>-62.05%</b>	<b>-9.93%</b>	<b>15.18%</b>	<b>122.19%</b>	<b>10.38%</b>
<b>% Change from previous year month</b>	<b>-0.07%</b>	<b>4.61%</b>	<b>-79.41%</b>	<b>-2.87%</b>	<b>16.10%</b>	<b>-0.16%</b>	<b>4.98%</b>

**Sales and Use Tax Revenues Generated in the UHGID Area by Standard Industrial Classification**

	Food Stores	Eating Places	Apparel Stores	Home Furnish.	Gen. Merchandise	Construction	All Others	GRAND TOTAL
<b>2011 (sales tax rate of 3.41%)</b>								
January	4,508	50,460	1,204	2,400	41,579	900	607	101,659
February	4,634	46,447	973	2,297	14,556	3,724	741	73,373
March	4,870	51,591	1,994	2,249	16,375	9,059	963	87,101
April	5,438	66,217	1,834	2,458	18,772	298	(1,084)	93,933
May	4,175	54,508	1,611	1,950	23,506	25,023	711	111,486
June	4,024	50,603	2,424	2,264	15,395	1,257	1,133	77,100
July	4,386	49,952	2,253	2,261	17,963	2,280	557	79,652
August	5,529	54,052	2,960	2,839	55,427	478	787	122,071
September	6,123	66,496	5,588	2,264	28,241	638	1,602	110,953
October	4,833	50,027	3,257	2,699	19,015	43	(5,330)	90,904
November	3,754	45,380	3,688	2,629	14,365	3,215	573	78,970
December	58,221	650,532	31,199	29,330	281,896	47,416	2,286	1,100,879
<b>2011 TOTAL</b>								
<b>2012 (sales tax rate of 3.41%)</b>								
January-December	74,987	637,659	28,068	30,800	257,134	21,390	10,190	1,060,228
<b>2012 TOTAL</b>								
<b>2013 (sales tax rate of 3.41%)</b>								
January	5,943	42,867	692	1,897	31,839	307	1,769	85,314
February	6,733	47,024	793	2,316	14,252	233	494	71,845
March	7,356	58,287	2,599	2,239	14,377	9	1,150	86,017
April	8,177	60,975	1,098	2,254	14,143	1,364	574	88,585
May	7,428	44,596	1,141	1,945	17,981	51	502	73,644
June	6,202	49,221	2,797	1,675	15,803	1,783	1,316	78,797
July	6,778	45,052	1,410	1,929	14,021	223	506	69,919
August	7,880	59,050	2,478	2,320	30,234	826	655	103,443
September	9,034	58,377	2,276	1,593	33,195	342	1,355	106,172
October	9,092	75,238	1,588	2,109	20,456	296	628	109,407
November	7,239	55,042	1,019	1,854	14,400	6,281	473	86,308
December	6,413	41,638	1,692	1,783	27,202	115	4,075	82,918
<b>2013 TOTAL</b>								
<b>2014 (sales tax rate of 3.56%)</b>								
January	6,674	44,901	549	1,698	29,309	14,291	617	98,039
February	7,481	60,702	527	1,677	18,003	268	548	89,206
March	7,999	57,709	280	1,754	25,677	2,691	5,161	101,271
April	9,253	74,888	335	2,261	19,990	3,118	516	110,361
May	7,951	58,390	299	1,603	22,328	1,008	557	92,136
June	6,859	49,694	1,533	1,411	18,656	56	4,114	82,323
July	7,189	55,013	500	1,870	19,805	134	522	85,033
August	10,246	64,092	389	2,090	43,632	3,089	719	124,257
September	10,861	91,142	2,127	1,858	28,778	51	4,420	139,237
October	10,302	74,466	327	2,709	21,707	1,661	654	111,826
November	7,552	59,692	219	1,880	17,482	117	640	87,582
December	-	-	-	-	-	-	-	-
<b>2014 TOTAL</b>								
<b>2014 TOTAL</b>								
<b>2014 TOTAL</b>								

<b>% Change from 2011-2012</b>	28.80%	-1.96%	-10.03%	5.01%	-8.78%	-54.89%	345.85%	-3.69%
<b>% Change from 2012-2013</b>	17.72%	-0.05%	-30.23%	-2.93%	-3.59%	-44.69%	32.45%	-1.68%
<b>% Change from 2013-2014</b>	8.08%	11.06%	-62.07%	-9.93%	15.17%	116.54%	87.75%	11.94%
<b>% Change from previous year month</b>	-0.07%	3.88%	-79.41%	-2.87%	16.29%	-98.22%	29.61%	-2.80%

UHGID Sales Tax Revenues (NO use tax)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
January	100,032	99,422	98,853	118,058	120,247	113,123	110,986	112,825	100,726	85,100	83,445	83,418
February	63,769	64,521	72,140	79,436	78,684	81,957	76,043	73,913	69,547	84,232	71,520	85,554
March	69,760	72,985	72,060	75,944	75,112	72,996	78,172	83,309	77,463	93,790	85,702	98,284
April	62,055	66,129	74,662	82,378	79,016	91,281	80,517	84,060	90,460	84,564	87,124	106,086
May	62,078	65,583	61,131	68,638	90,603	74,823	71,299	74,711	86,261	84,923	73,530	91,055
June	69,726	73,693	69,085	72,486	71,063	66,754	62,685	74,080	75,299	69,958	76,685	81,411
July	48,079	53,263	65,768	56,168	67,097	65,755	62,034	71,846	77,257	67,462	68,064	84,783
August	125,801	124,050	144,466	109,263	118,556	145,179	149,212	138,971	121,559	96,703	102,501	121,037
September	104,739	108,698	99,702	147,416	149,898	117,567	118,373	121,834	109,669	121,503	105,425	134,954
October	81,351	82,562	93,865	89,472	101,034	93,772	82,191	89,506	89,788	90,290	109,016	111,074
November	67,097	64,189	65,915	60,321	71,082	65,404	70,564	71,343	75,716	74,312	79,492	87,123
December	74,835	72,674	62,359	72,197	79,696	64,029	83,085	77,446	72,817	75,198	82,497	

Totals	929,322	947,770	980,005	1,031,777	1,102,088	1,052,642	1,045,162	1,073,843	1,046,562	1,028,035	1,025,001	1,084,779
Tax Rate	3.26	3.41	3.41	3.41	3.56	3.41	3.41	3.41	3.41	3.41	3.41	3.56
\$ change from f	22,438	18,448	32,235	51,772	70,311	-49,446	-7,480	28,681	-27,281	-18,527	-3,034	
% change from	2.5%	2.0%	3.4%	5.3%	6.8%	-4.5%	-0.7%	2.7%	-2.5%	-1.8%	-0.3%	
3 year avg chan	0.3%	1.3%	2.6%	3.6%	5.2%	2.5%	0.5%	-0.8%	-0.2%	-0.5%	-1.5%	

**City Wide Yearly Summary**  
**UHGID Sales and Use Tax as a Percent of Total City Wide Sales and Use Tax**

	Food Stores	Eating Places	Apparel Stores	Home Furnishings	General Merch	All Other	Total
2014	\$13,289,624	\$13,244,798	\$3,729,876	\$4,832,273	\$19,706,163	\$46,900,251	\$101,702,985
	1%	5%	0%	0%	1%	0%	1.1%
2013	\$13,454,838	\$13,174,730	\$3,774,426	\$4,692,270	\$20,776,166	\$47,500,571	\$103,373,001
	1%	5%	1%	1%	1%	0%	1.0%
2012	\$13,060,743	\$12,937,276	\$3,717,039	\$4,650,986	\$20,402,962	\$41,137,961	\$96,106,967
	1%	5%	1%	1%	1%	0%	1.1%
2011	\$12,241,084	\$11,838,300	\$3,426,738	\$5,259,120	\$19,948,416	\$39,725,073	\$92,438,731
	0%	5%	1%	1%	1%	0%	1.2%
2010	\$11,130,533	\$10,930,482	\$2,690,372	\$4,459,406	\$19,279,577	\$38,940,102	\$87,430,472
	0%	6%	1%	1%	2%	0%	1.3%
2009	\$11,160,109	\$10,572,840	\$2,626,020	\$4,304,383	\$17,515,062	\$39,002,103	\$85,180,517
	0%	5%	2%	1%	2%	0%	1.2%
2008	\$11,204,475	\$10,910,035	\$2,819,260	\$4,827,635	\$18,101,297	\$36,708,245	\$84,570,947
	1%	5%	2%	1%	2%	0%	1.3%
2007	\$11,205,584	\$10,888,135	\$2,804,311	\$5,522,090	\$18,040,152	\$39,631,459	\$88,091,731
	1%	5%	3%	1%	2%	0%	1.3%
2006	\$10,392,069	\$9,582,212	\$2,424,694	\$4,611,056	\$15,402,540	\$37,371,060	\$79,783,631
	1%	5%	4%	1%	2%	0%	1.3%
2005	\$10,046,723	\$8,995,846	\$2,362,366	\$4,465,788	\$14,587,419	\$35,882,350	\$76,340,492
	1%	5%	4%	1%	2%	0%	1.3%
2004	\$10,148,861	\$8,637,718	\$2,232,147	\$3,118,312	\$14,123,007	\$32,171,342	\$70,431,387
	1%	5%	4%	1%	2%	0%	1.5%
2003	\$9,052,658	\$7,847,285	\$2,046,951	\$3,922,549	\$13,185,423	\$31,552,637	\$67,607,503
	0%	5%	5%	1%	2%	0%	1.4%
2002	\$9,294,397	\$8,133,237	\$2,346,305	\$4,164,992	\$13,572,651	\$33,815,600	\$71,327,182
	0%	5%	4%	1%	2%	0%	1.3%

**UHGID Yearly Summary**  
**Sales and Use Tax Breakdown by Industry Category**

	Food Stores	Eating Places	Apparel Stores	Home Furnishings	General Merch	All Other	Total
2014	\$92,367	\$690,689	\$7,085	\$20,811	\$265,367	\$44,952	\$1,121,271
	8%	62%	1%	2%	24%	4%	100%
2013	\$88,275	\$637,367	\$19,583	\$23,914	\$247,903	\$25,327	\$1,042,369
	8%	61%	2%	2%	24%	2%	100%
2012	\$74,987	\$637,659	\$28,068	\$30,800	\$257,134	\$31,580	\$1,060,228
	7%	60%	3%	3%	24%	3%	100%
2011	\$58,221	\$650,532	\$31,199	\$29,330	\$281,896	\$49,701	\$1,100,879
	5%	59%	3%	3%	26%	5%	100%
2010	\$40,028	\$604,913	\$37,852	\$30,571	\$355,637	\$81,746	\$1,150,748
	3%	53%	3%	3%	31%	7%	100%
2009	\$49,066	\$576,900	\$44,712	\$24,213	\$326,839	\$34,018	\$1,057,749
	5%	55%	4%	2%	31%	3%	100%
2008	\$60,686	\$568,892	\$63,307	\$24,768	\$333,780	\$12,073	\$1,063,507
	6%	53%	6%	2%	31%	1%	100%
2007	\$56,250	\$588,610	\$72,142	\$30,921	\$353,173	\$19,270	\$1,120,367
	5%	53%	6%	3%	32%	2%	100%
2006	\$56,511	\$525,911	\$86,527	\$33,045	\$321,897	\$19,261	\$1,043,152
	5%	50%	8%	3%	31%	2%	100%
2005	\$58,421	\$493,955	\$98,605	\$28,891	\$288,004	\$29,024	\$996,900
	6%	50%	10%	3%	29%	3%	100%
2004	\$47,446	\$461,253	\$87,695	\$25,958	\$301,938	\$124,607	\$1,048,897
	5%	44%	8%	2%	29%	12%	100%
2003	\$43,618	\$417,782	\$94,036	\$35,450	\$304,099	\$46,965	\$941,951
	5%	44%	10%	4%	32%	5%	100%
2002	\$42,268	\$407,606	\$89,454	\$34,104	\$313,795	\$41,419	\$928,646
	5%	44%	10%	4%	34%	4%	100%



## MEMORANDUM

To: University Hill Commercial Area Management Commission

From: Ruth McHeyser, University Hill Moratorium Project Manager

Date: February 11, 2015

Subject: Public Hearing and considerations of a recommendation to City Council regarding the University Hill Commercial District Moratorium Project

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### I. Executive Summary

The purpose of this agenda item is to provide recommendations to City Council regarding the Uni Hill commercial district moratorium project.

The Hill commercial district, along with the university, is designated as one of Boulder's three major activity centers. The Hill has a rich historic past as a shopping and music center for the area, but in recent history, it has been widely acknowledged that it faces challenges and is in need of revitalization. Last year, City Council adopted University Hill as one of its top priorities, and staff began work on the Hill Reinvestment Strategy, which provides a framework for improving the quality of life on the Hill for residents, visitors and businesses, with the city acting as a catalyst for sustained public/ private partnerships and private investment over the long term. The Reinvestment Strategy acknowledges that there is no single solution to resolving issues for the Hill, and the city recently hired a fixed-term Hill community development coordinator, Sarah Wiebenson, to coordinate the inter-departmental Hill staff team, strengthen stakeholder relationships and develop and implement the Hill Reinvestment Strategy work program.

The moratorium project was initiated by City Council to address a specific concern that the current economic environment strongly favors student rental housing in the Hill commercial district, making it difficult for other more diverse uses to compete in the market place. Over-concentration of any single use in this small commercial district would conflict with the community's vision for the Hill, defined in the Boulder Valley Comprehensive Plan (BVCP) as *"a safe, comfortable, and attractive place to shop, work, visit and live,"* and *"an activity center that serves a variety of commercial, entertainment, educational and civic functions,"* and *"also serves as a neighborhood center for the surrounding area [and] drawing people from the entire city as well as the region."*

In August, 2014, Council passed a temporary moratorium on new residential uses in the Business Main Street (BMS) zoning district on the Hill to allow time to analyze and present options to address community concerns. The moratorium expires on March 18, 2015.

**The project was designed to address this narrow issue in the following five phases:**

- Information gathering, issue identification, and analysis *Sept and Oct 2014*
- Public outreach on preliminary findings and possible strategies *Nov 2014*
- Refine findings and strategies and develop staff recommendations *Dec 2014 and Jan '15*
- Planning Board & UHCAMC hearings and recommendations *Feb 2015*
- City Council public hearing(s) and decision *Feb and March 2015*

**Findings from the analysis and public outreach are generally that:**

1. The proximity of the University provides significant economic, intellectual and cultural benefits to the city, and has influenced the Hill’s unique, student-centric and bohemian character. While it is neither desired nor necessary to change the student-focus of the Hill, diversifying the users and uses on the Hill will make it more lively year-round and attractive to the community at large as envisioned in the city’s long-term vision for the Hill.
2. There is already an over-concentration of housing in this small commercial district and adding more units will limit opportunities for non-residential uses that would attract more diverse users.
3. There are very few offices on the Hill, yet office uses could potentially play a crucial role in adding a year-round diversity of ages and professions, and benefit from the proximity to both CU and downtown.
4. Among the barriers to expanding the diversity of uses and users on the Hill are:
  - The current market favors student rental housing over all other uses allowed, and it is difficult for more diverse uses to compete.
  - Insufficient parking (or the perception of a lack), particularly for office uses and city-wide-serving retail uses;
  - Lack of another attraction or anchor that could attract a broader visitor mix;
  - Lack of other office uses and “comps” (i.e., lack of comparable sales figures), which makes attracting other office uses and financing offices difficult; and
  - The inherent student-centric market, which has resulted a somewhat run-down aesthetic in portions of the Hill, because property upkeep is not essential to stay competitive.

## II. Staff Recommendation

Staff analyzed eleven potential strategies to address the findings and recommends:

- revising the BMS zone district standards for the Uni Hill commercial area to limit new residential uses, except for permanently affordable units or housing for persons 62 years or older.; and
- implementation of the strategies listed below, to be incorporated into the Hill Revitalization Strategy and Community Planning and Sustainability Work Plan:

Near Term Actions:

- The city, working with the city, the university and private sector partners, including Hill property owners, to attract an anchor use on the Hill that could change current market dynamics and entice non-residential uses that would add diverse users to the Hill.
- As part of the Uni Hill Reinvestment Strategy Work Plan and the city’s Access Management and Parking Strategy (AMPS), move forward on several fronts to improve multimodal access and address concerns about lack of public parking on the Hill
  - a. Study the utilization of existing public parking to determine whether there is an insufficient supply of parking to meet the needs of existing demand on the Hill, and the extent to which the two UHGID lots are under-utilized due to their locations and/or lack of visibility.
  - b. Continue to explore public/ private partnerships to redevelop existing surface parking lots with desired uses and add more parking in the district.
  - c. Continue efforts to shift Single Occupant Vehicle travel to other modes.
- Develop a public education and outreach process to explore National Register Historic District designation for the commercial district to allow property owners to receive

Federal and State rehabilitation tax credits (for up to 50% of rehabilitation costs).

#### Longer Term Actions

- Depending on the success of the above actions in attracting office uses, determine whether to consider revisions to portions of the RH-5 zoning district adjacent to the Hill commercial district to encourage office uses in existing residential structures. If so, design an appropriate public outreach and analysis process before moving forward.
- Consider other strategies as part of the on-going Uni Hill Reinvestment Strategy, including:
  - Creation of Innovation/ Creative/ Arts District.
  - Creation of a Façade Improvement Program

### **III. Public Input**

*The Phase Two Public Input Report* is provided at the project website - <https://bouldercolorado.gov/planning/uh-moratorium>. It contains a compilation of all public comments received to date and a chart summarizing the outreach efforts in each of the project phases. The report includes about 50 public comment forms that were submitted during an Open House and during drop-in “staff open hours” on the Hill November 19<sup>th</sup> and 20<sup>th</sup> and from a survey that was posted on the moratorium project website. The comments were in response to questions about the preliminary findings and potential strategies to address the findings that were presented at the Open House/ Open Hours and available on-line.

Although the comments and surveys are not scientifically representative of the community, they were from a cross-section of Hill stakeholders, including property owners, business owners, CU students, long-time Hill residents and nearby homeowners.

In discussions with various Hill stakeholders during this project, areas where there seemed to be the most agreement were about:

- the desire to improve the diversity of uses to make the Hill more attractive to diverse ages and professions;
- the need for an anchor use to attract and make other types of uses more viable;
- the need to improve access, particularly access to public parking for a broad range of users;
- the importance of the relationship with the University and of coordinating on Hill-related issues; and
- the importance of making students feel welcome to the Hill and ensuring that any action that limits future student housing does not mean that students aren’t welcome or important to the Hill. The Hill came into being to address the needs of students, faculty and staff, and they will continue to be important to the health and vitality of the commercial district.

### **IV. Background**

On July 29, 2014, City Council approved an emergency ordinance temporarily suspending the acceptance of building permits and site review applications that would result in adding any floor area to properties within the University Hill commercial district (specifically, properties within the BMS zoning district as shown in Attachment A, appendix 1). That ordinance expired at 8:00 a.m. August 20, 2014, and affected all proposed additions of floor area in the area. On August 19<sup>th</sup>, City Council approved a substitute ordinance that more narrowly suspends applications on the Hill for residential floor area, while also allowing submittal of applications for concept plan review (a non-binding process). That ordinance expires on March 18, 2015.

The temporary moratorium was necessary to address a current economic environment that strongly favors student rental housing in the University Hill commercial district, making it difficult for more diverse uses that could revitalize and meet the city's adopted vision for the area to compete in the market place. The moratorium "hit the pause button," providing time to analyze whether this trend is likely to continue and to consider whether it is appropriate for student rental housing to dominate the area. The purpose of the moratorium is not to create a new vision for the Hill or to change the allowed density (i.e., the maximum Floor Area Ratio of 1.85).

The larger vision for the area, as described in the 1996 University Hill Area Plan, is of a commercial area that is "a safe, comfortable, and attractive place to shop, work, visit, and live," and its role in the community, as defined in the Boulder Valley Comprehensive Plan (BVCP), is as both a place to "entertain the daily activities of a large portion of Boulder's population" and "a neighborhood center for the surrounding neighborhood." (2010 BVCP, p 75-76). An over-concentration of student housing in this area would run counter to these community aspirations and could weaken the long-term economic health and vitality of the Hill commercial district.

The [\*Uni Hill Moratorium Project Phase One Report\*](#), summarizes the results of the first phase analysis of the Hill's history, existing use composition, demographics, zoning and comprehensive plan designations, future growth potential, past parking and access studies, as well as recent market and economic analysis prepared by consultants hired by the city for this project.

## V. Analysis

### A. Economics and Market conditions- EPS reports

The city hired Economic Planning Systems Inc. (EPS) to provide updated market information about the Hill and to analyze various development scenarios to understand the economic factors affecting recent development and current trends on the Hill. Their [two reports](#) are provided in summarized below.

#### Demand and Perception (from EPS' Preliminary Market Assessment, Nov 18, 2014)

- **Housing:** Demand for multifamily housing is almost completely for student oriented housing. Units in the Market Area and near the University Hill area rent for higher rates on average than the city as a whole meaning renters pay a premium to be located on the Hill.
- **Retail:** The analysis for retail on the Hill found that students constitute the majority of demand for retail. The potential demand from area residents that are non-students is not sizeable enough to drive retail demand on the Hill. Parking is another barrier to non-student oriented retail, because the district is not well suited for a larger number of customers to come in cars. To increase demand for non-student oriented retail, the City can explore ways to grow the market potential from groups that are not students and address ways to make the area more accessible and attractive.
- **Office:** Several factors were cited as barriers to office users being attracted to the Hill including; lack of a professional environment, lack of parking, difficult and limited traffic access, the perception of the area as only a student area and a lack of interest from employers in the area. Despite current perceptions, some brokers identified the potential for niche office space for smaller businesses needing small or flexible spaces of less than 3,000 square feet. Creative, start-up, computer oriented, and technology firms may seek out the Hill if space is less expensive than the Pearl Street area and if their business had a nexus or benefited from locating next to campus. A market anchor or destination was cited as a way to potentially

change the culture and dynamic of the Hill enough to attract some office spaces. A hotel was cited as a potential use that could be developed in concert with office space to help catalyze the market.

#### Development Feasibility (from EPS' Uni Hill Development Scenarios, Jan 19, 2015)

Under current market conditions, EPS analyzed the potential “feasibility” of several programs for new construction, assuming current trends and current land prices. The major findings from the feasibility analysis are that:

#### **1. Student housing development produces a significant return and is highly profitable.**

Student oriented rental housing on the Hill and particularly newer student oriented projects have been able to achieve higher rental rates than more conventional rental units. Typical, new student oriented housing projects include 3- to 4-bedroom units sharing a larger living space. Leases are per bedroom, not per unit, and command rents of \$1,000 per bedroom per month or higher. Within this structure, units rent for approximately \$2.50 per square foot per month. The overall average rent for apartments in the University Area is \$1.97 per square foot per month.

#### **2. Building student housing units with multiple bedrooms per unit (i.e., three or four bedrooms per unit) reduces the required amount of parking by zoning (1 space per unit) of a project compared to a conventional apartment project with a mixture of (unit sizes).**

This type of building program reduces parking required and therefore the cost of development. However, a developer/project owner may need to provide more spaces than required by zoning to make the units marketable. It may be helpful to modify the parking requirement to be based on a per bedroom factor instead of a per unit factor if there is a fear the projects are being under-parked and causing parking issues elsewhere on the Hill.

#### **3. The residential redevelopment programs (student and market) tested were found to be feasible based on the assumptions made.**

EPS modeled two housing programs to test feasibility of redevelopment on the Hill. The student-oriented housing program (ground floor retail with 2 stories of student oriented units) was found to be a feasible development program with estimated value of the program exceeding project costs by more than 10 percent. A non-student orient program (market), which includes ground floor retail with two stories of small, one and two bedroom units, was also found to be marginally feasible with average rental rates found in the area. Estimated project value for this program was approximately equal to project development costs.

#### **4. The office development programs tested were found to be infeasible with or without on-site parking.**

Two office development programs were tested with ground floor retail and two stories of office space above. One program had parking built on site and one with parking provided within UGHID lots. The office programs generated development values that are approximately 25 to 30 percent less than development value generated by the housing programs.

Parking was cited in the market study as a major requirement for attracting office space users to the Hill. Parking is also a major development costs that has large impact on development feasibility if it needs to be built on-site. Assuming parking spaces can be dedicated to office users within UGHID lots the development cost for building office space reduces greatly. The office program without parking was still found to be infeasible. Development value generated by the program was approximately 6 percent less than the cost of development. The gap under the program tested was approximately \$392,000. If parking is provided on site, the gap increased to \$818,000 million and the development value was 11 percent less than development cost.

**5. A hybrid residential and office development program was found to be financially feasible based on the assumptions used but is not deemed to be a marketable development project due to an incompatible mixture of uses.**

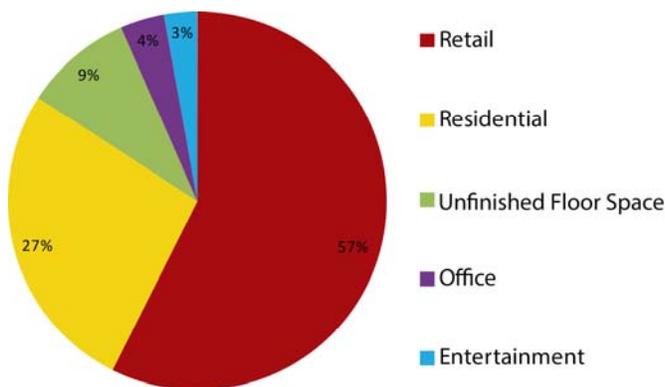
A mixed office and residential program was tested which included ground floor retail, one story of office space and one story of student oriented residential units. This program was deemed to be feasible, as development value 5 percent more than estimated development costs. However, we expect that developers would not build this type of building due to the logistics and costs of maintaining three uses within a small building and the difficulty of renting office space within a building that also includes student housing.

**6. The feasibility analysis for programs based on the Scenario 2 renovation of existing building space and the addition of new space generated similar results; the residential programs are feasible while the office programs are not feasible.**

EPS found similar findings related to renovation and expansion of existing buildings on the Hill to the redevelopment scenario. Adding additional residential units was found to provide a return to building owners large enough to support costs associated with renovating their existing building and constructing additional space. Office uses were found to not generate enough project value to cover costs of renovation and expansion.

Given the gap between what the current market would attract on the Hill and the city’s long term vision for more diverse uses, EPS also provided an analysis and description of potential approaches to achieve the vision that are incorporated into Section VIII.

**B. Existing Land Uses**



**DRAFT: 12/18/2014**

Staff’s analysis in the Phase One report supports EPS’ assertion that the current uses on the Hill are very student-centric. As illustrated in Figure 1, retail uses occupy the largest amount of square feet, followed by residential at over 25% of occupied floor space. Office uses occupy less than 3% or less of occupied floor space. Retail in the district is student-centric – a reflection of market conditions created by the user groups who are present.

**Figure 1: Existing land uses on the Hill by percent of total building square footage**

*The total building square footage in the district is as follows: Retail -173,633 sq ft, 57%; Residential - 76,428 sq ft, 25%; Unfinished Floor Space - 36,131 sq ft, 12%; Office - 9,149 sq ft, 3%; Entertainment - 8,500 sq ft, 3%.*

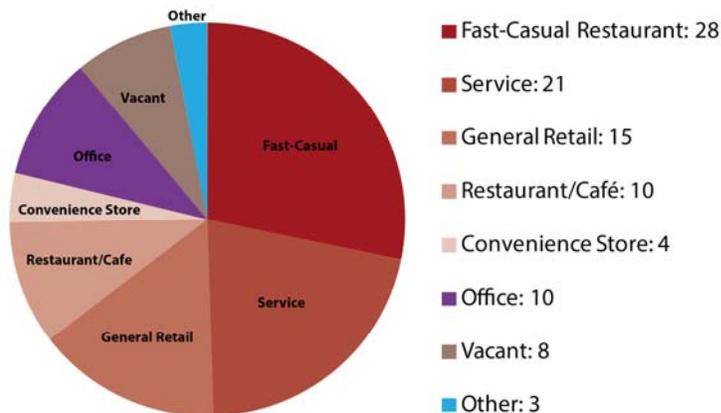
Housing

University Hill has long been known as Boulder’s primary student housing neighborhood and today, just over 6,000 university students live within the west-of-Broadway market area of the Hill commercial district.

The university places significant demand on the Boulder rental housing market. CU requires that freshman live on campus and the university currently houses approximately 27 – 30% of its roughly 30,000 students. Although CU’s Flagship 2030 Plan establishes a goal of increasing the proportion of upperclassmen living on campus from 5 to 20% through the introduction of living-

learning environments, the majority of students will continue to be housed in the private market off-campus. Today, approximately 67% of CU students live in Boulder, while 6,000 live outside the city limits. Some of these in-commuters do so by choice, while others are likely being priced out of town by the housing market.

Within the 11.5 acre commercial district alone, there are already more than 100 rental units, most if not all of which are for students. This compares to approximately 130 residences in the 100+ acre downtown commercial district.



**Figure 2: Commercial uses on the Hill by total number**

As can be seen in Figure 2, the majority of these businesses are Fast-Casual Restaurants and Services such as tanning salons, dry cleaners, etc. There are a total of 10 office businesses on the Hill. This pie chart is based on a door-to-door survey of current retailers, with each business given a classification.

### Non residential uses

Student-centric retailers such as fast-casual restaurants and coffee shops dominate in the Hill commercial district due to the built-in customer base of students nearby; making them the most predictably profitable of potential uses. The larger income potential of these student-focused retailers has, over time, increased their numbers relative to other retail uses.

There are a total of 91 businesses on the Hill, and 8 vacant retail units.

### Potential Role of Office Uses

Office uses have the potential to create a year-round vitality to support business retention and attract new businesses. The nature of office uses is changing and there could be a strong synergy with the university. According to Prof Richard Florida<sup>1</sup>, the “creative class” is a key driving force for economic development of post-industrial cities in the United States. Boulder, with its culture of innovation and track record of federal research labs and major technology firms like Ball Aerospace and Google, is a community that has already seen the benefits of just such a creative class. Uni Hill, with walkable proximity to campus and a vibrant mixed-use environment, could make a good home for the kind of startup companies that drive an innovation economy.

Although office uses are currently under-represented on the Hill, two relatively recent additions are examples of the types of uses that fit well in this location. Spark<sup>2</sup>, a co-working space that caters to student entrepreneurs and others looking for inexpensive office space is located on 13<sup>th</sup> Street near the university. Here, workers join as “members” and have access to desk space and telecommunications technology 24 hours a day at a low price. Also on the Hill is Grenadier Advertising that, in contrast, is in the professional services industry and does not cater exclusively to younger workers. In spite of the perception of the Hill as being exclusively for students, Grenadier indicated in a recent letter to City Council that they are very happy with their location and would like to expand.

<sup>1</sup> *The Rise of the Creative Class* (2002), *Cities and the Creative Class* (2004), and *The Flight of the Creative Class* (2007), by Richard Florida

<sup>2</sup> Spark is located in the basement of the Hilltop Building at 1310 College. The Uni Hill moratorium project public open house and staff open hours were held at this location.

An additional idea suggested by Planning Board is that the city locate some of its own office space on the Hill. Staff has proposed that this idea be considered as part of the Civic Area office space planning and implementation. It should be noted that the city leases 814 square feet of office space on the Hill in the form of the Police Hill Annex.

It has also been suggested that the city evaluate the extent to which city services and programs currently located across the Boulder community, including those on the city's Municipal Campus, could be a potential fit for the current Boulder Community Health facility on Broadway. An update on Civic Area implementation is scheduled to be provided under Matters at the March 17 City Council meeting. A recent update on city office space was provided in the January 20 Information Packet: [https://www-static.bouldercolorado.gov/docs/20150120\\_IP-1-201501151359.pdf](https://www-static.bouldercolorado.gov/docs/20150120_IP-1-201501151359.pdf)

### **C. Potential Future Growth at “Build-out”**

A recent build-out study of the BMS zone<sup>3</sup> reveals that the district is only around 52% built out at total 304,238 square feet. An 80% buildout of the district would result in approximately 162,000 new square feet of usable floor space, not including basements. This is based on a theoretical buildout to the maximum 1.85 FAR of 582,742 square feet –278,504 more square feet than the present day. 80% of the maximum is approximately 466,200 total square feet, a difference of around 162,000 from the existing.

The following estimates are based on the above figures and extrapolated based on the building program of the recently constructed 1350 College – assumed to be the most likely building form under current zoning and economic conditions.

#### 2nd and 3rd Floor Student Rentals (“current trends”)

Under these parameters, staff estimates that approximately 113,000 new square feet of development are possible on the 2<sup>nd</sup> and 3<sup>rd</sup> floors alone. If the current trend of residential dominating the 2<sup>nd</sup> and 3<sup>rd</sup> floors were to continue, there could ultimately be over 190,000 sf of residential space – potentially enough to rival even retail as the predominant land use in the district (today there is around 176,000 sf of retail, with a modest amount more possible in the future). Given the current trend for new residential construction of around four bedrooms per unit (or about 1,200 sf per unit), this could represent approximately 90 new three to four bedroom units, or around 300 new residents.

#### 2nd and 3rd Story as Office Use

If residential uses were prohibited and the additional 113,000 developable square feet on the 2nd and 3rd floors were developed as office space, it would equate to approximately 300-400 new year-round workers on the Hill.

### **D. Role of “Catalyst” Sites, Access Management and Parking Strategy**

From as early as the 1996 Hill Plan, the role of “catalyst” sites has been a primary strategy for Hill revitalization. Catalyst sites are defined as key properties that are sufficiently substantial in size to accommodate redevelopment projects that can contribute to implementing the city's vision for a greater diversity of uses. Catalyst sites also provide the opportunity to achieve other Hill priorities such as creating public gathering areas, increasing public art and increasing parking, which has been identified as a key foundation to attracting more office use, city-wide entertainment and retail.

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<sup>3</sup> 2013 UHGID Development Projections study by RRC Associates.

As in many historic areas, the existing surface parking lots present the greatest opportunity for redevelopment efforts. On the Hill, there are three surface parking lots – two are owned by the parking district (UHGID) and one by the University of Colorado. These sites and the gas station at the corner of Pleasant and 13th Street have been repeatedly identified over time as the four opportunity catalyst sites. Larger private sector sites with larger footprints, such as the former Colorado Bookstore site at Broadway and College, could also play a role as catalyst sites.

Partnerships play an essential role in the redevelopment of Hill catalyst sites for a variety of reasons. First, the size of the Hill commercial district parcels are relatively small and do not provide the economic feasibility and scale of redevelopment to accommodate underground parking. Combining multiple parcels and/or utilizing the UHGID sites enables a scale of development with the highest likelihood of economic feasibility.

Second, the need for replacing and accommodating parking, along with other multi-modal strategies, is fundamental to providing the infrastructure to create more diverse uses such as office, retail and entertainment that attracts a citywide or regional audience. Due to the confined space on the Hill and basic urban design principles, the majority of parking provided within these redevelopments would be underground which is very expensive to build and operate. Creating a large enough building footprint affords a greater efficiencies of scale and parking layout. Should the Hill remain a commercial district primarily catering to the basic needs of CU students as they travel between home and classes, then the need for additional parking would be questionable.

Thirdly, UHGID lacks the financial resources and ability to finance the construction of structured and/or underground parking, and must explore innovative public/private partnerships with other entities, including private developers. New incentives may also be needed to make such parking development financially feasible.

The Hill Revitalization Strategy work plan first pursues improved transit/bike/pedestrian access, and then investigates how to address current and projected parking demands to achieve the Council goal of Business/Residential Diversity, as follows:

#### Improve Access Options

- a. Install B-Cycle bike sharing station on College Avenue (COMPLETE)
- b. Fund an eGo car sharing space in the 14<sup>th</sup> Street UHGID parking lot (COMPLETE)
- c. Feasibility of a Hill employer master contract for an Ecompass program (IN PROCESS)
- d. Introduce a taxi stand on 13<sup>th</sup> Street
- e. Work with RTD to re-route bus lines down 13<sup>th</sup> Street

#### Introduce Structured Parking to Attract a Diversity of Uses and Users

- f. Pursue partnership for structured parking on the 14<sup>th</sup> Street UHGID lot (IN PROCESS)
- g. Pursue partnership for structured parking on the Pleasant Street UHGID lot
- h. Consider incentives to achieve public underground or structured parking on redevelopment sites

#### **F. Existing Zoning**

The Hill commercial district is zoned BMS (Business Main Street), a commercial mixed-use zoning district patterned after the character of historic Main Street business districts. BMS is designed as a mixed-use zone encouraging development in a pedestrian-oriented pattern, with buildings built up to the street, retail uses on the first floor, and residential and office uses above the first floor. It also allows complementary uses. It is applied to three areas of the city, including West Pearl, North Boulder and within the Boulder Junction area by Steel Yards. Zoning

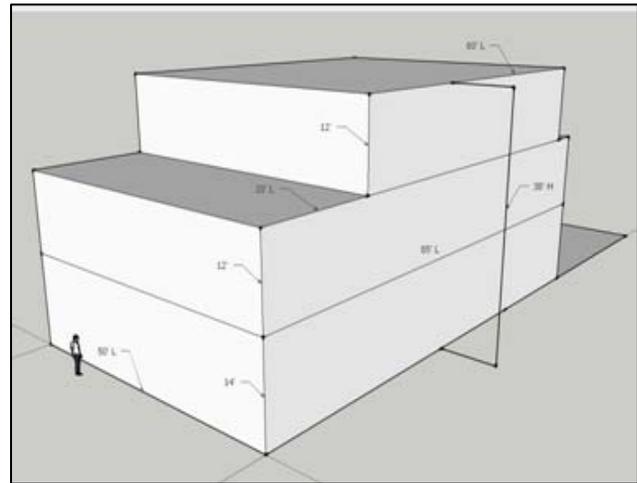
immediately adjacent to the Hill commercial district is RH-5 (Residential High – 5).

### Recent Development on the Hill

All recent development on the Hill has occurred “by-right<sup>4</sup>” with the exception of some proposed changes of use that required Use Review. Some recent redevelopment examples are the Lofts on the Hill at 1143 and 1155 13<sup>th</sup> Street in 2009 and 1350 College in 2010, both of which include residential uses on the 2<sup>nd</sup> and 3<sup>rd</sup> floors above commercial uses within buildings up to the permitted 38-foot building height limit.

### Bulk and Massing

City Council stipulated that the moratorium project would not change the vision for the Hill or the underlying maximum floor area ratio (FAR). BMS on the Hill is different from other areas zoned BMS, because it is within a general improvement district where parking for commercial uses do not rely on on-site parking, but rather managed on- and off-street parking (see “Parking District” on page 5). In the Hill BMS zone, the allowable FAR is 1.85. A representation of the total mass possible on a site within the Hill BMS zone considering the 1.85 FAR is shown in Figure 3.



**Figure 3 Typical building massing based on existing BMS zoning standards for Uni Hill**

This example shows the expected form and massing of a by-right building on a 6,250 square foot lot that meets that required setbacks of BMS. Notice the first two levels are built to the street while the upper story is set back 20 feet reducing its apparent mass and height.

As many of the issues that prompted the moratorium are more “use” related, staff is not proposing any changes at this time that would impact the form and bulk standards within the BMS zoning district. Rather, possible changes that were analyzed as part of this project relate to uses allowed on the Hill.

### Allowed Uses

Although current BMS zoning on the Hill allows a high diversity of uses, the predominate uses are student-serving retail and student rental housing, as discussed earlier. Further, residential units with multiple bedrooms within the Hill commercial district continue to be highly marketable on the Hill given its close proximity to the university and shifts in student demographics. These characteristics and the BMS zone’s relatively low on-site parking requirement of one parking space per dwelling unit effectively create an incentive for a concentration of bedrooms within units. The character of the Hill commercial district as a student-oriented district is also heavily influenced by the surrounding residential neighborhood where high density residential of 14 or more dwelling units per acre (i.e., RH-5) exists.

Although the BMS zoning allows a high diversity of uses, it cannot specifically mandate any one use. Considering the current over-concentration and strong market demand for residential on the Hill and the desire for more diverse commercial uses, staff identified a range of strategies that would limit, to varying degrees, additional housing on the Hill within the BMS zone. These and

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<sup>4</sup> By-right means those projects that meet all the zoning district standards and can be approved by submitting a building permit application (i.e., they do not require a discretionary review process such as Site or Use Review).

other strategies, including one that provides an incentive to add office uses in the adjacent RH-5 zone, are discussed in Section VIII.

## VI. Findings

From the analysis summarized above, staff reached the following conclusions:

1. **The proximity of the University provides significant economic, intellectual and cultural benefits** and has influenced the Hill's unique, student-centric and bohemian character. While it is neither desired nor necessary to change the student-focus of the Hill, **diversifying the users and uses will make it more lively year-round and attractive to the community at large--** a more comfortable and attractive place to shop, work, visit and live.
2. **There is already an over-concentration of housing in this small commercial district and adding more units will limit opportunities for non-residential uses that would attract more diverse users to the Hill.** There are 103 dwelling units within the Hill Commercial District. This compares with approximately 130 units Downtown, yet the Hill is only 11.5 acres in size whereas the Downtown encompasses approximately 108 acres. While the presence of housing close to or within any commercial district adds vitality and built-in shoppers, the Hill commercial area has an abundance of high density residences on three sides already and residences account for a higher share of square footage than is traditionally expected in a commercial district. Furthermore, the recent economic analysis done by EPS concludes that the demand for residences located in the hill commercial area "is almost completely for student oriented housing." More student rentals clustered in this small area could create a party-like atmosphere that conflicts with the Hill vision as *an attractive place to shop, work, visit, and live*. Moreover, unlike commercial spaces that adapt easily to a variety of uses over time, once residential spaces are built, they are unlikely to convert to other uses, thus reducing options for diversifying uses and attracting other users to the Hill.
3. **There are very few offices on the Hill, yet office uses could potentially play a crucial role in adding a year-round diversity of ages and professions, and benefit from the proximity to the University.** There are only 10 office uses housed in only 3% of the total building square footage on the hill, and few more in the immediate neighborhood. Although the EPS report indicates a strong market for office uses in the core area of the city, few offices have located on the Hill in recent years, despite its proximity to CU and Downtown and its location in one of the most transit-rich locations in the region.
4. **Among the barriers to expanding the diversity of uses and users on the Hill are:**
  - a. **The current market favors student rental housing over all other uses allowed, making it difficult for other uses to compete.** Student housing outperforms other uses from a cash flow perspective, with current rates at more than \$1000/ month per bedroom. Multi-bedroom units are the most attractive investments, because of the cost-savings of shared spaces such as kitchens and living rooms and because the zoning district requires one parking space per unit, irrespective of number of bedrooms.
  - b. **Insufficient public parking (or the perception of a lack of parking),** particularly for professional office uses and city-wide-serving retail uses;
  - c. **Lack of another attraction or anchor** that could change the current market perception of being just for students and change the market demand to attract a broader visitor mix;
  - d. **Lack of other office uses and office "comps" needed for financing,** making it difficult to attract other office uses; and
  - e. **The built in student-centric market, which has resulted in a low retail vacancy rate and a somewhat run-down aesthetic in portions of the Hill,** because property upkeep is not essential to stay competitive and many properties have no debt, such that the

buildings are sources of steady profit.

## VIII. Potential Strategies to Address the Findings

Staff identified a variety of possible strategies, described below, that could address the findings above. Some of the strategies involve city regulations; others would be new programs or financial incentives. Some can be combined with other strategies, or components of other strategies. Staff's recommended strategies are summarized in Section IX.

### Use-Related Strategies

#### A. Residential Uses (Zoning Strategies)

##### A-1) Prohibit all new residential uses

This strategy addresses findings 1, 2 and 4a regarding the over-concentration of housing and current market dynamics. It would revise the BMS zoning district standards to list all residential uses as “prohibited” for the Uni Hill commercial district only. It would mean that all existing residential uses in the BMS zone in Uni Hill would become non-conforming uses. As described on page 13, existing residences would be subject to the city's fairly flexible non-conforming use standards that allow expansion up to 10% of existing floor area. This strategy would likely change the current market condition and make office uses more attractive; however, it is also likely to affect property values in the short-term, which are currently based largely on the cash-flow assumptions related to the student rental market. If the market for office uses on the Hill changes over time, however, particularly for Class A office uses, property values might improve. Over time, future 2<sup>nd</sup> and 3<sup>rd</sup> story uses would add year-round diverse users on the Hill, such as office workers (an estimated 300-400 workers at “buildout”).

##### A-2) Prohibit new residential uses, except Permanently Affordable or Senior Housing

This strategy also addresses findings 1, 2, and 4a, and has similar benefits and impacts to Strategy A-1 above, but would allow permanently affordable or deed-restricted senior units within the BMS zone. Encouraging permanently affordable and senior housing units would be consistent with city policies to add more of these types of housing in the community, and would contribute to diversifying the residential mix of the Uni Hill commercial district. The strategy would similarly shift the current market dynamic that is driven by the economics of market-rate student rentals, but not prohibit housing all together as a use. This strategy would be accomplished by making residential uses conditional uses on the Hill, requiring staff level review to determine compliance with specific criteria, which would include deed restrictions on the units to ensure permanent affordability and/or occupancy by residents who are 62 years of age or older. While it may be unlikely that a senior-oriented housing development would occur in the near term, there have been recent trends in many university communities of housing that is marketed specifically to alumni who wish to live in close proximity to campus and its many cultural offerings. Development of permanently affordable housing, particularly if it is targeted to groups such as CU faculty and staff, may be more likely, but may require the active participation of the city and/or university in addition to private or nonprofit development partners.

##### A-3) Prohibit new residential uses, except on the 3<sup>rd</sup> floor if in conjunction with a use or “public benefit” that helps implement the Hill vision.

This strategy addresses findings 1, 2 and 4a, but to a lesser extent than Strategies A-1 and A-2. It would allow some market rate units on the third story which would have less

financial impact on property owners than Strategies A-1 and A-2 by allowing some space for market-rate units. It could also incentivize more upkeep of buildings on the Hill if requirements to “improve the appearance” of buildings is added as a criterion of approval. While this strategy may afford property owners more flexibility, it conflicts somewhat with finding 2 as it would likely result in a high number of additional housing units – units which would likely be developed as student rental housing given the market demand. As EPS notes in their Development Scenarios analysis in Attachment I- B, it is “unlikely that a developer would build a program like this considering the high maintenance costs related with three different uses, the risk associated with having to lease three different uses within one small building, and the difficulty with attracting office users to a building with student housing within it.”

## **B. Office Uses**

### **B-1** Create a density bonus for office uses.

City Council direction at the outset was that the moratorium project will not increase the allowed floor area ratio (FAR) above the current cap of 1.85 FAR within the Hill commercial district. Therefore, if a “bonus” for offices uses were created, a new lower base would need to be established, so that 1.85 FAR would remain as the maximum. This strategy addresses finding no. 1, as reducing the base FAR would limit the amount of future housing; however, it would add more likely result in more student rental house and Strategy A-3 would have about the same result, but would be regulated in a more straightforward manner without reducing the by-right FAR.

### **B-2** Create an overlay zone in the adjacent RH-5 residential zone to encourage office uses in existing residential structures.

Currently, office uses within the RH-5 zone require Planning Board approval of a use review application and are subject to a specific review criterion that discourages residential to non-residential conversions. Changing these requirements by, for instance, not requiring Planning Board review and creating an exception to allow conversions to office in the areas immediately adjacent to the commercial district, would help encourage office uses. This strategy, if successful, would meet findings no. 2 and 3 in that it increases the potential for more offices near the Hill to increase use diversity as intended by the BVCP vision for the area. While potentially a good idea to address the findings, it is expected that market conditions, which strongly favor student residential, would continue and the likelihood of such conversions would be low. Further, such a change would require significant public outreach and analysis to determine the boundaries, how to address impacts such as parking, and criteria for review and approval. The time invested may outweigh the results, but may be a strategy to consider in the future.

## **C. Parking**

### **C-1** Promote public/private redevelopment of surface parking lots for projects that provide uses that address the city’s vision and include additional parking.

This strategy addresses multiple findings from the Phase One Report: 4a insufficient parking, 2 lack of office uses, and 4b lack of an anchor use. There are three surface parking lots in the Hill commercial district: two owned by UHGID and one owned by the University of Colorado. Surface parking lots provide excellent opportunities for mixed use developments either as a stand-alone parcel or in combination with adjacent properties by creating the opportunity for a “blank slate” project of desired uses and placing parking underground. The facility can also accommodate infrastructure that supports other modes of transportation such as car and bike share. The urban design

character of the Hill is improved by adding active ground floor uses. The larger site area provides the flexibility for creating a diversity of uses that could include office and/ or other anchor uses that achieve the Hill vision. A challenge of such projects is the cost of underground parking. UHGID lacks the fiscal capacity to finance underground parking on its own. The small size of the district limits its revenue generation as well as bonding capacity. Partnerships with other entities and/ or other strategies would be needed to financially implement this approach.

## Financial Incentives

- D. Explore tax policies to encourage and facilitate development of projects that address desired uses that are difficult to attract or that provide a public benefit and implement the Hill vision.

This could include a catalytic anchor use, office uses, public infrastructure and balanced multi-modal options including parking. The tax policies could include allocation of some portion of taxes (sales, construction use, or property) from Hill projects to cover a “gap” in project financing or to invest in Hill public infrastructure; instituting a Public Improvement Fee to Hill sales tax; creating other redevelopment or revitalization district concepts such as Downtown Development Authority, Community Development Corporation and/ or business improvement district.

The proposed strategy could address findings 1, 3, and 4, by seeking to attract desired uses, including potentially office uses, and breaking down various barriers to expanding the diversity of uses on the Hill. Consideration of these policies would need to be integrated into the Hill Reinvestment Strategy priority to explore sustainable, long term governance and funding for the Hill. A pilot approach could be incorporated into some of the policies, or they could be time-limited.

- E. Consider National Register Historic District designation, for portions of the Hill that are potentially eligible, allowing eligible properties to take advantage of up to 50% income tax credits.

This strategy addresses finding 4 e, federal and state income tax credits for rehabilitation can be used for everything from routine maintenance to major interior and/ or exterior rehabilitation, and could provide the needed financial incentive for property owners to rehabilitate their buildings and improve the appearance of the area. Additionally, it could be a way to highlight and celebrate the rich history of the Hill, which could make the area more meaningful to new students and residents. It could promote heritage tourism. In conjunction with other strategies, it could also address finding 4c. It would require significant public outreach and education about the benefits and responsibilities associated with historic district designation, but National Register designation can be particularly attractive to property owners given its largely honorary and does not restrict property changes unless they are in association with the tax credits.

## Programs

- F. Have the city take a lead role in working with the university and property owners in attracting one or more ‘anchor’ uses to the Hill Commercial District with the potential in turn to attract a greater diversity of uses and customers to the area.

This strategy directly addresses three out of the four findings. Pursuing an anchor office, retail or hotel use has the potential to attract additional and more diverse users to the district to help achieve the vision for vibrant, year-round commercial activity. It would address the EPS finding that one or more anchors (and parking) are needed to attract the desired mix of uses and users to the district. A revitalized district would benefit the

existing businesses and property owners. The fiscal impact to the city would depend on what strategy is used to attract the anchor uses. If an anchor retail use is attracted, it could reduce trips traveled by neighboring residents to meet their shopping, dining and entertainment uses. Positive social impacts would include a greater diversity of customers and visitors to the district.

- G. Continue to explore the creation of Innovation/Creative District.** Build on the essential, innate qualities of the Hill including creativity, youthfulness, and energy, and expand it to foster creativity in the broadest sense for a diversity of users.

This strategy addresses findings 3 and 4 e. An innovation or creative district could stimulate the office market and bring in new users, re-define the district's image and ties to CU as being rooted in innovation, or potentially revitalize interest in the history and function of the Hill as an entertainment district. Depending on the district's focus, it could also help to address findings 1, 2, and 4c. Bringing in new uses, be they cultural or economic in focus, would help balance out the high concentration of student housing that already exists and could help attract additional office space. Additionally, an innovation district could directly address the finding that the area lacks a strong anchor attraction and is limited by the market perception of being just for students.

- H. Explore the creation of a Façade Improvement Program.**

A façade improvement program could facilitate the achievement of numerous goals for the Hill such as enhancing the urban character by addressing the run down appearance of numerous buildings and supporting history district designation. The program could be a catalyst for and a component of a hill property and business owner initiative to create a district development authority, improvement district, Main Street program, or community development corporation to support the long term hill revitalization and improvement. The program could include incentives such as low interest loans, rebates, design assistance or subsidies that would encourage property owners to make an investment in their properties and enhance the historic character of the Hill. Tying the façade improvement program to National Register Historic District designation could provide an added incentive to property owners to support the creation of an historic district.

## **IX. Recommended Strategies**

As described in the staff recommendation in Section II, staff recommends BMS zoning change per Strategy A-2 above. Staff is also recommending additional strategies below, to be incorporated into the Hill Revitalization Strategy and Community Planning and Sustainability Work Plan. Staff is seeking feedback on these recommended strategies:

### Near Term Actions:

- The city, working with the city, the university and private sector partners, including Hill property owners, to attract an anchor use on the Hill that could change current market dynamics and entice non-residential uses that would add diverse users to the Hill.
- As part of the Uni Hill Reinvestment Strategy Work Plan and the city's Access Management and Parking Strategy (AMPS), move forward on several fronts to improve multimodal access and address concerns about lack of public parking on the Hill
  - d. Study the utilization of existing public parking to determine whether there is an insufficient supply of parking to meet the needs of existing demand on the Hill, and the extent to which the two UHGID lots are under-utilized due to their locations and/or lack of visibility.
  - e. Continue to explore public/ private partnerships to redevelop existing surface parking lots with desired uses and add more parking in the district.

- f. Continue efforts to shift Single Occupant Vehicle travel to other modes.
- Develop a public education and outreach process to explore National Register Historic District designation for the commercial district to allow property owners to receive Federal and State rehabilitation tax credits (for up to 50% of rehabilitation costs).

#### Longer Term Actions

- Depending on the success of the above actions in attracting office uses, determine whether to consider revisions to portions of the RH-5 zoning district adjacent to the Hill commercial district to encourage office uses in existing residential structures. If so, design an appropriate public outreach and analysis process before moving forward.
- Consider other strategies as part of the on-going Uni Hill Reinvestment Strategy, including:
  - Creation of Innovation/ Creative/ Arts District.
  - Creation of a Façade Improvement Program

**At the January 27th City Council study session, staff will also be asking City Council to provide policy direction** on whether staff should spend time in 2015 on a proposal for council consideration that explores tax policies to encourage and facilitate development of projects that address desired uses that are difficult to attract or that provide a public benefit and implement the Hill vision. This could include a catalytic anchor use, office uses, public infrastructure and balanced multi-modal options including parking. The tax policies could include allocation of some portion of taxes (sales, construction use, or property) from Hill projects to cover a “gap” in project financing or to invest in Hill public infrastructure; instituting a Public Improvement Fee to Hill sales tax; creating other redevelopment or revitalization district concepts such as Downtown Development Authority, Community Development Corporation or business improvement district. Consideration of these policies would need to be integrated into the Hill Reinvestment Strategy priority to explore sustainable, long term governance and funding for the Hill. A pilot approach could be incorporated into some of the policies, or they could be time-limited.

## **X. Next Steps**

City Council’s first reading of the proposed zoning ordinance will occur on February 17. Second reading of the ordinance and public hearing on the overall project is scheduled for March 3. If needed, a third reading of the ordinance and City Council final decision will occur on March 17. The moratorium expires on March 18.

*The University Hill Moratorium Phase One Report and The University Hill Moratorium Project Phase Two Public Outreach Report*, as well as the Economic Consultant’s (EPS) reports are available at the project website - <https://bouldercolorado.gov/planning/uh-moratorium>)



February 4, 2015

University of Colorado Board of Regents  
1800 Grant Street  
Denver, CO 80203

Dear University of Colorado Board of Regents,

As business owners in the University Hill Commercial district, we are writing in support of the Grandview location for the potential CU Hotel/ Conference Center project. The Hill Boulder is the collaborative effort of long time Hill business and property owners to represent University Hill businesses through events, marketing and branding throughout the community.

The history of University Hill reaches well into Boulder as a whole. From longtime permanent residents to students, nearly everyone holds a memory of time spent shopping, dining or seeing a show in our neighborhood. Literally the physical gateway from the university to the greater community, this unique destination is often first thought of when envisioning the Boulder “brand” with the iconic view of the Flatirons. The potential Grandview location provides a mutually beneficial relationship for both the business district and visitors to Boulder.

The Hill is home to many unique and locally owned businesses and the economic impact of the conference center would be substantial. The Grandview location is firmly aligned with the city’s efforts to revitalize the district. This development could prove to be the catalyst for diversifying business interests on The Hill—a top goal identified by Boulder City Council. From the increase in traffic, we would likely see a new mix of the potential businesses opening on The Hill, as well as greater success and retention of current businesses. This diversity would be beneficial to CU as well; picture walking across Broadway with university professors and academics to our bustling commercial district. With Westbound buses from Denver International Airport dropping off a mere few blocks away on Euclid Avenue, this location would create a portal of pedestrian traffic running parallel (or through, depending on route) the 13th Street commercial district. Multiple bus lines, both local and regional, have stops on The Hill making transit access easy.

A common objective of many Hill business owners is to create a greater diversity of businesses that are sustained twelve months out of the year, not just the nine months CU is in session. While we generally have a large influx of students throughout the school year, we often look for ways to bring the greater population of both tourists and

permanent residents to The Hill. This type of development within walk-able distance to the commercial district would create such a positive and vast impact on businesses that would no doubt change the future and dynamic of The Hill.

Many of our businesses and amenities are nationally recognized and locally loved, and we know The Hill would be a favorite destination to visitors of all ages. We are excited for the potential opportunity for the CU Hotel/ Conference Center project in our neighborhood, and thankful for the inclusion of Grandview in the university's study. Additionally, thank you for your consideration of our letter.

Sincerely,

Amanda Rubino, Frisk Jewelry, Co-Owner

Dakota Soifer, Café Aion, Owner

Cheryl Liguori, CEO Z2 Entertainment- Fox and Boulder Theatres

The Hill Boulder  
2032 14th Street  
Boulder, CO 80302  
[www.thehillboulder.com](http://www.thehillboulder.com)

cc: Philip P. Distefano, Chancellor, University of Colorado Boulder  
Bruce D. Benson, President, University of Colorado Boulder  
Frances Draper, Vice Chancellor for Strategic Relations, University of Colorado Boulder

UNIVERSITY HILL RESIDENT  
RETAIL PREFERENCE SURVEY

**DRAFT**

February 11, 2015

1. How long have you lived on University Hill?
  - a. 0-3 years
  - b. 4-10 years
  - c. 10+ years
2. How much time does it take you to walk from your home to reach the Hill Commercial Area?
  - a. 0-5 minutes
  - b. 6-10 minutes
  - c. 10+ minutes
3. If you DO currently patronize Hill Commercial Area establishments, how frequently do you visit?
  - a. Daily
  - b. Weekly
  - c. Less than once/week
4. Which businesses do you patronize most frequently? \_\_\_\_\_
5. If you do NOT currently patronize Hill Commercial Area establishments, why not? \_\_\_\_\_
6. What types of businesses would bring you to the Hill Commercial Area more frequently?  
\_\_\_\_\_
7. What else would encourage you to visit the Hill Commercial Area more often? \_\_\_\_\_
8. Do you ever use the public parking lot on Broadway & Pleasant Street? Y/N/Didn't know it was there.
9. Do you ever use the public parking lot on 14<sup>th</sup> Street & College? Y/N/Didn't know it was there.
10. How do you typically get to the Hill Commercial Area? Walk/Bike/Drive/Other



Uni Hill perception survey questions  
 January 2015  
 DRAFT #1

The University Hill Management Commission of the City of Boulder is conducting a brief survey with a very small and selected group of individuals who are involved in The Hill. We would like your opinions about a variety of issues on The Hill so that we can know where to focus attention.

We would appreciate your candid feedback on this brief survey, and would also like to invite you to participate in a more in-depth focus group discussion about these and other topics.

Please see the end of the survey for the focus group dates and times.

Thanks again for your honest feedback!

1. Which best describes your relationship with The Hill?
  - I'm a resident of The Hill
  - I'm a business/property owner on The Hill
  - I'm a broker with properties on The Hill
  - I'm a CU staff/faculty
  - I'm a CU student
  - Other: \_\_\_\_\_
  
2. How many times in the past two months have you visited The Hill area for shopping, eating, errands, hanging out, etc.? \_\_\_\_\_ (enter 0 if none)
  
3. The last time you visited The Hill, how much did you spend on the following?
  - a. \$\_\_\_\_\_ Restaurants/bars/eating and drinking
  - b. \$\_\_\_\_\_ Retail stores/shopping
  - c. \$\_\_\_\_\_ Services
  - d. \$\_\_\_\_\_ Other: \_\_\_\_\_

Agree/Disagree (1 to 5).

*Please rate your level of agreement or disagreement with the following statements, using a scale from 1 to 5, where 1 means, "Strongly Disagree" and 5 means, "Strongly Agree."*

	Strongly Agree					Strongly Disagree	Don't Know
	1	2	3	4	5	X	
I've noticed improvements on The Hill since September 2014	1	2	3	4	5	X	
There is enough parking on The Hill	1	2	3	4	5	X	
There is too much Code Enforcement on The Hill	1	2	3	4	5	X	
The Hill has the right mix of stores	1	2	3	4	5	X	
<i>Other options to add here.....</i>	1	2	3	4	5	X	

1	2	3	4	5	X
1	2	3	4	5	X

**Satisfaction (1 to 5)**

*Please rate your level of satisfaction with the following attributes of The Hill, using a scale from 1 to 5, where 1 means, "Poor" and 5 means, "Excellent."*

	Poor				Excellent	Don't Know
Overall cleanliness of The Hill area	1	2	3	4	5	X
Overall feeling of safety and security during the day	1	2	3	4	5	X
Overall feeling of safety and security at night	1	2	3	4	5	X
Variety/Mix of retail stores	1	2	3	4	5	X
Variety/Mix of restaurants	1	2	3	4	5	X
Variety/Mix of businesses	1	2	3	4	5	X
Family-friendly atmosphere	1	2	3	4	5	X
Directory Information & Signs	1	2	3	4	5	X

What are the greatest strengths of The Hill area?

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What are the greatest challenges facing The Hill area?

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What are the greatest opportunities for The Hill area?

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What words would you use to describe the character of The Hill area?

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Other questions here: age?

2015 City Council Members  
Liaison List

Matt Appelbaum  
Macon Cowles  
Suzanne Jones  
George Karakehian  
Lisa Morzel  
Tim Plass  
Andrew Shoemaker  
Sam Weaver  
Mary Young