



**CITY OF  
BOULDER**

**To:** Mayor McGrath and Members of City Council

**From:** Frank Bruno, City Manager  
Stephanie Grainger, Deputy City Manager  
Lynne Reynolds, Acting Deputy City Manager  
Bob Eiche, Finance Director  
Kathy McGuire, Budget Officer  
Jim Reasor, Budget Analysis Manager

**Date:** May 8, 2008

**Subject:** Study Session on May 13, 2008

**PURPOSE**

The purpose of the May 13<sup>th</sup> study session is to provide follow-up information from the April 22<sup>nd</sup> study session and additional information regarding the city's Economic Vitality Program. In addition, staff will provide City Council with an update on development of the City Manager's 2009 Recommended Budget. The update will include information on current revenue forecasts, expenditure forecasts and the next steps in the budget process.

**BUDGET STUDY SESSION OVERVIEW**

**A. ADDITIONAL INFORMATION ON THE CITY'S ECONOMIC VITALITY PROGRAM**

This presentation will be broader than the April 22, 2008 session which focused on a portion of the city's economic vitality (EV) program, namely the business incentives program and the analysis completed by the Boulder Economic Council (BEC) to assess its effectiveness. Please refer to Attachments A thru A-7 for information on the EV program.

**B. FOLLOW-UP ITEMS FROM THE APRIL 22<sup>ND</sup> BUDGET STUDY SESSION**

The following are the specific questions council raised at the April 22<sup>nd</sup> budget study session and the corresponding responses:

- 1.) How do we compare on our "family friendly policies" to others?

Please see Attachment B for a summary of the city's "family friendly policies" and how the organization compares to other public and private sector employers in relation to these.

2.) How do we measure changes in productivity from year to year?

At the May 13<sup>th</sup> study session, staff will provide an overview of the approaches currently used in the city to evaluate productivity and performance.

3.) Where are departments located on the funding pyramid?

As part of the budget process, departments will identify where they are currently located on the funding pyramid. Based on their master and/or strategic plan, departments will indicate to what degree their action plans have been implemented and if their essential services are being provided at an acceptable level. This information will be compiled and provided to City Council later in the budget process.

4.) What is the city organization doing to promote energy efficiency and how is this illustrated in the budget?

A May 1, 2008 Weekly Information Packet (WIP) item provides information about energy use in city operations, a brief summary of past and recent initiatives and outlines the actions being taken by the city organization to manage energy use and reduce its greenhouse gas (GHG) emissions. A link to that WIP is provided:

[http://www.bouldercolorado.gov/files/City\\_Council/WIPS/2008/05-01-08/2b.pdf](http://www.bouldercolorado.gov/files/City_Council/WIPS/2008/05-01-08/2b.pdf)

In response to the WIP, Council member Osborne outlined several questions as follows:

- *How much energy has been saved by building and project?*
- *Have predicted energy savings been realized?*
- *What are the success stories/ positive case studies and what are the conservation improvements that have generated the most savings?*
- *Can they be replicated in other city buildings?*
- *Does it make the most sense to focus on improving the efficiency of a couple of buildings, tracking and publicizing the energy savings or spreading each year's investments over many buildings?*
- *How can we most effectively report these efforts to our citizens?*

The data, related to these questions and issues, is currently being compiled by staff. A supplemental WIP is expected to be issued by the end of May with responses to these questions.

5.) What are some examples of non-personnel expenses?

The city of Boulder has two primary types of expenditures – personnel (standard and seasonal staff salaries and benefits) and non-personnel expenditures. The non-personnel expense (NPE) budget provides funding that departments use in daily city operations. Examples of non-personnel expenses include:

- Electricity and natural gas costs for city facilities
- Operating (fuel & repairs) and replacement costs for city vehicles and equipment
- Concrete and asphalt for repairs, renovations and capital projects

- Computers, telephones and general office supplies
- Engineering, financial and legal consulting services
- Custodial, printing and other purchased services

6.) Why do we need to budget for the flexible rebate program? In other words, aren't program expenses offset by program revenues?

Finance Director Bob Eichem will address this issue further at the May 13<sup>th</sup> study session.

### **C. UPDATE ON DEVELOPMENT OF THE CITY MANAGER'S 2009 RECOMMENDED BUDGET**

As mentioned above, this session builds on the April 22, 2008 budget study session and an update on development 2009 Recommended Budget will be provided.

#### **Revenue Forecasts**

As discussed at the April 22<sup>nd</sup> budget study session, total sales/use tax collections for 2007 ended on a slightly positive note relative to projections. Sales/use tax projections represent approximately 38% of total revenue collections across the city and 47% of total revenues for the General Fund.

2007 sales and use tax was up 5.76% from 2006 actual collections. As a result of exceeding the 5.18% forecast, an additional \$465,000 was collected city-wide in 2007. Based on 2007 results and current trends, staff reviewed and subsequently revised 2008 and 2009 sales/use tax projections. These revised projections will be discussed with City Council at the May 13<sup>th</sup> study session.

#### **Expenditure Forecasts**

As part of the study session, staff will be presenting the initial allocation of funding to meet the budget strategy requirements for the 2009 budget. These include an overview of the following budget strategy items:

##### **"Must Do"**

- salary & medical/dental benefits for Police (per contracts)
- increase in PERA retirement contribution (state mandated)

##### **"Should Do"**

- increase in non-personnel budgets (to address inflation)

Staff will also discuss the amount of remaining funding available in the General Fund after these items are built into the recommended budget.

**D. CONCLUSION/NEXT STEPS**

The next budget study session is scheduled for May 27<sup>th</sup> and it is anticipated that an update on the City Council Budget Action Plan, a discussion of potential ballot issues and a discussion of tax policy issues will be on the agenda.

The remaining dates for formation, review and approval of the 2009 Budget with City Council are as follows:

7/29	Study Session (CIP overview; check-in on 2009 budget)
8/26	Study Session (present Manager's Recommended Budget)
9/23	Study Session (continue discussion from 8/26)
10/21	1 <sup>st</sup> Reading of 2009 Budget
11/12	2 <sup>nd</sup> Reading of 2009 Budget

**ATTACHMENT A**

**MEMORANDUM**

**TO:** Mayor and Members of City Council

**FROM:** Frank Bruno, City Manager  
Stephanie Grainger, Deputy City Manager  
Brad Power, Redevelopment Director  
Liz Hanson, Business Liaison  
Frances Draper, Director, Boulder Economic Council  
Bob Eichen, Finance Director  
Jessica Franco, Economic Vitality Intern  
Donna Gartenmann, Arts Commission Liaison  
Mary Huron Hunter, Communication Manager  
Ruth McHeyser, Acting Planning Director  
Maureen Rait, Executive Director of Public Works  
Molly Winter, Director, Downtown and University Hill  
Management Division /Parking Services

**DATE:** **MAY 8, 2008**

**SUBJECT:** **Study Session – May 13, 2008**  
**Economic Vitality: 2008 Work Plan Update**

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**I. PURPOSE**

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The intent of the May 13 meeting is to update and summarize the continuing work that is being done to promote economic vitality (EV) in the city of Boulder, to discuss the results of the 2007 business incentives pilot program, the status of 2008 business incentives, and to discuss 2009 and ongoing funding of an EV Program and business incentives.

A comprehensive overview and update of the EV Program was provided to the City Council for an August 14, 2007 study session. This memorandum will build upon that overview with new information updated to May 2008, including:

- A. Updates on the program's work in these core areas:
1. **business assistance;**
  2. **business retention and outreach program;**
  3. **redevelopment program; and**
  4. **partnerships and sponsorships.**

- B. Updated information on the 2007 and 2008 business incentives programs.**
- C. Status report on new 2008 industry clusters.**
- D. Identification of two questions staff has identified for City Council discussion.**
- E. Reference documents.** Updates on EV initiatives and programs, budget summaries, and customer service improvements in Planning and Development Services.

The staff memorandum for the August 14, 2007 City Council study session is included as Attachment A-7. The 2007 memorandum provides detailed information about the EV Program, including:

- F. A history and overview of the EV Program.** This includes a review of its six-year history, a list of program highlights, a metrics and measurement analysis. Also, Attachment C is an overview graphic of the program.
- G. Background information on business assistance, business retention, business incentives programs, partnerships and sponsorships, and redevelopment programs.** These sections provide 2007 updates on these core areas.
- H. Discussion of the four key issues staff identified for City Council discussion in August 2007.**
- I. Attachments which include detailed reference documents.** These include 2007 updates on EV initiatives and programs, budget summaries, customer service improvements in Planning and Development Services, a 2007 client care report, and an overview of the economic impacts of the arts in Boulder.

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## II. QUESTIONS FOR COUNCIL

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- 1. What questions does City Council have regarding the EV Program or the business incentives program?**
- 2. What additional information does City Council need regarding the EV Program or the business incentives program for 2009 budget decisions?**

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### III. BACKGROUND

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#### A. HIGHLIGHTS IN ECONOMIC VITALITY: APRIL 2006 – MAY 2008

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Here are some highlights of the EV Program over the past two years:

1. 2007 Business Incentive Pilot Program approved and implemented
2. Crispin Porter + Bogusky Ad Agency opens Boulder office; expansion begins
3. City EV Program sponsors Sparks Small Business Award Luncheon at Boulder County Business EXPO
4. City Business Liaison Liz Hanson featured in *Daily Camera* Web chat and podcast interview
5. Twenty Ninth Street opens and initial sales exceed city budget projections
6. City sponsors and supports BIBA (Boulder Independent Business Alliance) programs to support local businesses
7. Eight Boulder businesses apply for city flexible rebate incentive program
8. Two Shopping Centers – The Village and Crossroad Commons - gain approval to complete major redevelopments
9. City sponsors Naturally Boulder trade mission to London and 2007 Naturally Boulder Days Conference
10. Key Boulder businesses open new, expanded offices -- Solekai Systems, Rally Software, LeftHand Networks, Mountain Sports Media
11. City spreads word of EV Programs through Web site, community presentations, brochure
12. The city is represented at the 50,000-person International Council of Shopping Centers Convention, which represents the major annual gathering for developers and tenants within the retail industry
13. The arts in Boulder paint a \$27.5 million pretty picture

14. IBM announces \$89.5 million expanded "green" data center in Boulder
15. City Council approves 2008 flexible rebate incentive program
16. WishGarden Herbs approved as first owner-occupied loan pool recipient
17. Redevelopment Director Brad Power and Business Liaison Liz Hanson prepare an office market analysis for the Planning Department and Planning Board, as reference Golden Buff -Eads Concept Plan proposal
18. EV Program featured on Municipal Channel 8's Update Boulder program in January 2008; Council Member Ken Wilson and business liaison provide overviews of EV efforts
19. Boulder business outreach program grows to include 59 primary employers
20. EV Program hosts the February 2008 Boulder Independent Business Alliance's (BIBA's) "Local Flavor" Breakfast Meeting, co-sponsored with the Small Business Development Center (SBDC) and Boulder County Going Local to present the resources and services available to independent businesses
21. The Union Pacific/Jaycees Depot will be relocated to enable the Crossroad Commons Shopping Center to be redeveloped and to provide a permanent home and opportunity for the restoration of the building at the Transit Village site
22. Redevelopment Director Brad Power nominated to serve as Chair of the Public/Private Partnership Council of the Urban Land Institute
23. EV, BEC, and Chamber of Commerce staff welcome Tajik Delegation and discuss public-private partnerships in economic vitality
24. prAna and Patagonia open new stores on Pearl Street Mall
25. Boulder Economic Council provides report to EV staff and City Council on the return on investment of the 2007 flexible rebate program
26. Chamber of Commerce hosts city/chamber reception for "Active Living" businesses to kick-off new industry cluster

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## **B. BUSINESS ASSISTANCE**

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The EV Program's business assistance programs have expanded over the past three years. In January 2006, the city's EV Program hired Liz Hanson, a 20-year Planning

Department employee, into a new business liaison position for a two-year contract (extended in the 2008 budget until December 31, 2008). This full-time position supports existing and prospective Boulder businesses with general business and development assistance and implements the business incentives pilot program. A sample quarterly summary report of these services is attached to the August 2007 memorandum in Attachment A-7. Redevelopment facilitation provided by Brad Power (fixed term until December 31, 2008), maintains close and ongoing contact with commercial property owners and developers who are considering redevelopment projects.

Community awareness of the city's expanded business assistance services has increased significantly over the past three years due to increased visits to the EV Web site, outreach visits to businesses and community organizations, and regular press coverage in several publications. EV staff is routinely contacted by prospective and current Boulder business owners and employees each business day.

It is important to note that the business assistance portion of the EV program serves a wide variety of business clients, not just "primary employers" or established businesses. EV staff's business assistance has evolved into a type of "ombudsman" service, especially for small businesses, minority-owned businesses, and people from all over the country who are considering moving to Boulder to start or operate an existing business. Staff regularly receives direct positive feedback from clients of these services.

Clicking the word BUSINESS at the top of the city's home page ([www.bouldercolorado.gov](http://www.bouldercolorado.gov)) leads users directly to the EV Web pages. This guides a variety of business-related inquiries to EV staff. A Spanish-speaking resident calling for help with starting an office custodial services business was assisted by the business liaison and Spanish-speaking city staff. Even if a question from a prospective new business owner is best referred to another city department or government agency, a call or e-mail to the business liaison may result in assistance with other related topics. For example, someone who has just started to explore opening a restaurant in Boulder will be directed to contact the Boulder County Health Department and to contact Planning and Development Services to check zoning, with a "heads up" that a restaurant on University Hill or in areas near downtown may require use review approval. Referrals are regularly made to the Small Business Development Center, a great resource for new small business owners.

EV staff, with the assistance of business partners, is providing the following business assistance programs, as part of EV work plan implementation:

**1. General Business Assistance**

- a. Referral for business start ups and growing businesses to city departments and other community resources
- b. Information on permits and development review requirements
- c. Web-site based resources for the city and business partners
- d. Assistance to community business groups and their members (Boulder Independent Business Alliance, Naturally Boulder)

- e. Presentations and visits to community organizations about the EV Program and doing business in Boulder
- f. Assistance with a wide variety of business related inquiries and requests, including new business proposals and relocations to Boulder
- g. In an effort to enhance pre-existing services provided by the Downtown and University Hill Management Division and Parking Services, the business assistance coordinator position (new in 2007) offers a point of contact to the city for new and existing businesses. This “portal” simplifies contact between the city and customers in the downtown and University Hill business districts when starting or expanding a business venture.

## 2. Development and Redevelopment Assistance

- a. Analysis of conceptual development plan and use feasibility
- b. Identification of Boulder areas that match business needs
- c. Assistance with processing development review applications, in coordination with Planning and Development Services (2007 examples: Crispin Porter + Bogusky, etown, Snarf’s, Valleylab / Covidien, Café Gondolier, Crossroad Commons)
- d. Customer service improvements in permit and project review (see Attachment A-4 for an update on customer service improvements in Planning and Development Services)

## C. BUSINESS RETENTION AND EXPANSION PROGRAM

### 1. Business Retention and Expansion 101

One of the primary goals of the EV work program is the retention and expansion of existing Boulder businesses. The redevelopment program, general business assistance, and the business incentive pilot program all work toward supporting our local businesses. These programs help them do business in Boulder, assist them to relocate within Boulder, and/or expand when their company’s growth demands it. Here are some of the reasons why business retention is so important:

- a. **The “urgent” tends to force out the “important.”** While business retention should be priority #1 in most economic development efforts, it often slips to #2 in the work program or lower in day to day work. For Boulder’s EV Program, it takes a proactive business outreach program – discussed below – to keep business retention efforts as a top priority.
- b. **The most important jobs in Boulder are the ones we already have.** In other words, retention of Boulder employees is our most cost-effective EV strategy. We need to know everything we can about our businesses.
- c. **Customer retention connects our business customers to the EV team in Boulder.** Business outreach and business assistance efforts help to create a single point of

contact for a business – for “seamless” EV service delivery. Then, businesses know who to contact when a concern or need comes up and they have an advocate who is their point of contact for all EV resources.

**2. Business Retention and Expansion - The Boulder Way**

- a. **Customized services** - EV staff provides customized services to businesses to evaluate properties and projects, including evaluation of their expansion options in Boulder. Assistance also is provided to business clients who have questions about permitting or development review processing.
- b. **EV Program awareness** - The business retention program is expanding, with a steady increase of businesses contacting EV staff for assistance with relocation and/or expansion. Businesses learn about the program from their commercial broker, other businesses, and the city Web site. One indication of the program’s increasing success are the regular “tips” that EV staff receive from businesses or commercial brokers about businesses that staff should contact. Immediate meetings with the EV staff team follow.
- c. **Incentive program awareness** - In some cases, Boulder companies that contact EV staff (or that are contacted by EV staff) because they are evaluating their relocation or expansion options may be eligible to apply for a business incentive program. Business retention and expansion activities help to increase primary employers’ awareness of the city’s incentive programs.
- d. **Impact of city projects** - Business Liaison Liz Hanson provides assistance with city projects that may impact local businesses. Current projects include Broadway (Pine-Iris) Reconstruction Project and Civic Center Master Plan Improvements. A previous project was the Public-Private Partnership Task Force process by the Parks and Recreation Department.
- e. **EV Program clients** - Examples of the businesses and organizations EV staff has worked with over the past three years include:

**EV Program Business Retention and Expansion Clients**

Air Comm	Millennium Harvest House
Array Biopharma	Mountain Sports Media
Ball Aerospace	New Hope Communications
Boulder University Inn	Patience Montessori Day Care
Café Gondolier	Playfair Toys
Celestial Seasonings	Rally Software
Congregation Bonai Shalom	Robb’s Music
Congregation Har Hashem	Rocky Mountain Tennis Center
Covidien (formerly Valleylab)	Sacred Heart of Jesus

Crispin Porter + Bogusky etown IBM InfoPrint Landmark Theatres LeftHand Networks Lightning Eliminators	Seth Ellis Chocolatier Smartwool Snarf's Solekai Systems Spice of Life Twenty Ninth Street Unpainted Furniture Whole Foods
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## 2. Boulder's Business Outreach Program

- a. Business retention is a team sport!** Boulder's business outreach program is a key component of the EV Program. Boulder's outreach team currently includes the city's Redevelopment Director Brad Power, Business Liaison Liz Hanson, EV Intern Jessica Franco, Boulder Chamber of Commerce CEO/President Susan Graf, Downtown Boulder Inc. Executive Director Jane Jenkins, and the BEC's Frances Draper and Jennifer Pinnoneault. The make-up of this team has evolved over the past two years and likely will be expanded in 2008. In 2008, City Council Members have attended many of the meetings. Compared to several other communities, Boulder is fortunate to have an outreach team made up of skilled professionals with common goals and a commitment to the program.

The outreach team meets monthly to build the list of companies to be contacted, to check on the status of scheduled meetings, and to report on meetings held in the last month (including follow up items). The team generally focuses on primary employers, with priority given to at-risk companies and new or fast-growing companies. Each company is assigned to an outreach team member who schedules a meeting directly with the CEO and/or other management staff and invites one or two other members of the team.

- b. The focus is building relationships with businesses – show the love!** The CEO should feel like "they get me." Our outreach meetings are a chance for companies to show off what they do; facility tours are often included. It is key for the team to listen carefully to what the company managers are saying. Topics covered include workforce needs, expansion plans, strengths and weaknesses of doing business in Boulder, and whatever issues are important for that company. The other important part of the conversation is to tell the company about the EV resources available to them. The message of the outreach team: we represent a vast wealth of resources that are available to you.
- c. Tell the company's story.** In 2006, the city of Boulder and its business partners purchased the Synchronist program, an Internet software tool and survey instrument for business retention, used extensively by communities throughout the state. The survey allows for consistent collection of data, but more importantly, to collect notes by the outreach team. Good notes will tell the company's story – what does the CEO

say is the company's greatest achievement? Are they going to further expand? Is being in Boulder is good for the business? Sometimes the discussion or tour is going so well that after two hours we don't get to the survey questions; in that case, we follow up with the questions at a later time. Following the meeting, outreach team staff will follow-up with the businesses to address any questions, comments and concerns reported in the meeting.

Overall, Synchronist is a tool used by the outreach team to guide the discussion and, with the database, to later evaluate and assess risks to Boulder businesses on an ongoing and proactive basis. The city's EV intern (currently CU student Jessica Franco) uses Synchronist to document background information for each company and to enter survey results and meeting notes into the software.

**d. The more, the better.** Since the fourth quarter of 2006, the management, process, and team of the outreach program have been regularly revised to maximize the program's productivity and increase the number of outreach interviews conducted each year. This increase is critical to proactively identifying businesses' concerns when they can be addressed and to spreading the word about the EV Program and its services. The program is still fairly new, but it is gaining momentum.

- (1) 33 outreach meetings have been held with primary employers.
- (2) The outreach team is currently in contact with 26 additional companies to schedule meetings.
- (3) These companies are listed below.

Meetings Held	Contacts Made/Meetings Scheduled
505 Design Air Comm Analytical Spectral Devices, Inc. Array BioPharma Ball Aerospace Celestial Seasonings Communication Arts Covidien (Valleylab) Crispin Porter + Bogusky Eco-Products / Ellie's Freewave Technologies Global Energy Decisions Gold Systems Google, Inc. (@ Last Software) IBM Leanin' Tree Lockheed Martin Montbell America	Action Marketing Group AeroGrow Alion Science & Technology AT Films BI, Inc. Carrier Access Chocolove Ellora Energy Fuser GE Analytical Instruments Infoprint Solutions (Ricoh) Johnson Printing Lightning Eliminators McGraw Hill-Platts MicroMotion Mix1 MocaPay MSI (Monolithic Sculptures)

Namaste Solar Electric New Hope Natural Media OZ Architecture Rally Software Research Electro-Optics Roche Colorado Spectra Logic Spyder Starsys Research Tendrill Networks The Ranch House Vexel Corp (Microsoft) Wall Street On Demand Webroot WishGarden Herbs	Net Library Pharmaca Pharmion Corp. Polycom (SpectraLink) Sterling-Rice Groups Simplified Tandberg Data (Exabyte) Texture Media
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**e. How are we doing?**

With the clear understanding that feedback from interviewed primary employer executives is not a scientific survey, some samples of the types of feedback collected at outreach visits are below:

- i. Top areas of satisfaction:**
  1. Police/fire/ambulance
  2. Health care
  3. Schools
- ii. Top concerns on public services:**
  1. Transportation issues (primarily commute time, public transportation, and highway traffic between Denver and Boulder)
  2. Child care (availability)
  3. Property tax assessment (too high, not fair or equitable)
- iii. Views on Boulder's strengths as a place to do business**
  1. Location, location, location (great quality of life, environment, effect on recruiting and retaining employees, "outdoor" image)
  2. Positive business climate (many locally owned businesses, attitude of sustainability)
  3. Strong educational system (CU, educated workforce)
- iv. Views on Boulder's weaknesses as a place to do business**
  1. Housing costs
  2. Commute times
  3. Suitable and affordable office space

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## D. REDEVELOPMENT PROGRAM

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The redevelopment program, which is staffed on a fixed-term basis by Brad Power focuses on initiating and facilitating significant real estate redevelopment opportunities, with an emphasis on new investment within Boulder's commercial districts. Future retail development options also are pursued through the redevelopment work program. Close and ongoing contact with property owners and developers who are considering redevelopment projects is a key component of the daily efforts of staff. Due to the fact that most of this activity takes place during the due-diligence stage of real estate investment decision making by private parties, much of this work is required to be confidential, with the goal of positioning projects to enter and successfully complete the public development review process.

The redevelopment program is currently focused on the following initiatives:

- 1. Crossroad Commons Redevelopment / Union Pacific-Jaycees Depot Relocation**
  - a. The Whole Foods and Barnes & Noble-anchored shopping center is scheduled to begin a significant redevelopment in 2008.
  - b. Redevelopment staff is working with the owner of the center to coordinate the relocation of the Union Pacific-Jaycees Depot through a public/private partnership, in accordance with the direction for the relocation initially provided by the City Council on June 6, 2006, as well as the follow-up discussions and communication with the council in 2007 and 2008.
  - c. The depot is scheduled to be moved to the city-owned portion of the Transit Village site in the spring of 2008.
  
- 2. Golden Buff/Eads Redevelopment**
  - a. Redevelopment staff initiated and facilitated early discussions with the owners of the motel property regarding redevelopment options for the site. Staff also worked with the option holders of the motel property and the owner of the Eads site to encourage the simultaneous redevelopment of both sites.
  - b. The owners of these sites have entered into an agreement to work in a coordinated manner to redevelop the property at 28<sup>th</sup>/Canyon as a mixed use development.
  - c. The Planning Board reviewed concept plans for the properties in late 2007 and early 2008. A site review application is anticipated to be filed in 2008.
  
- 3. North Boulder Armory Redevelopment**
  - a. Redevelopment staff is continuing to work with the state of Colorado and their selected developer to pursue the sale and redevelopment of the Armory site.
  - b. Outreach to neighborhood and community organizations to identify a conceptual plan that may be economically feasible and appropriately scaled in relation to surrounding developments is ongoing.

- c. The goal will be the resumption of the site review process, which was suspended following the withdrawal of an initial concept plan in 2006.

**4. The Village Shopping Center**

- a. Redevelopment staff and the owner of the shopping center cooperatively initiated a series of discussions regarding the future of the center two years ago.
- b. After further refinement with redevelopment staff participation, the center's owner embarked on a plan to construct new retail uses on the site (including Sunflower Market, which opened in April 2008).
- c. Redevelopment staff will continue to work with the owner of the center to assess future redevelopment phases that may include housing and hotel uses.

**5. Boulder Valley Regional Center Redevelopment Sites**

- a. Redevelopment staff is working with property owners and developers to advance the consideration of redevelopment of several sites in the Boulder Valley Regional Center (BVRC), which is anchored by Twenty Ninth Street.
- b. The goal of this effort will be to enable these sites to enter into the public development review process.

**6. Other Potential Redevelopment Sites**

- a. In addition to sites in the BVRC, redevelopment staff is facilitating private developer considerations for the redevelopment of several other commercial sites, including mixed use and retail properties in central Boulder.

**7. University Hill Commercial District Redevelopment**

- a. The redevelopment work program is supporting the efforts of the Downtown/University Hill Management Division to encourage the redevelopment of the University Hill commercial district.
- b. Staff has provided input to the consultants who are working with University Hill commercial property owners to formulate a redevelopment concept plan for the area.
- c. Redevelopment staff and the senior urban designer will complete an effort to identify potential redevelopment scenarios.

**8. Diagonal Plaza Redevelopment**

- a. Redevelopment staff has met with several local, regional and national developers to assess development options at this strategically located commercial site. Two anchor stores were recently vacated and replaced with a use that does not produce significant sales tax revenue.
- b. The timely redevelopment of the 23-acre site is complicated by the fact that it has ten separate ownership interests, and several retailers have long term ground leases. Relationships have been established with key owners, and discussions about options for the future are ongoing.
- c. The developer discussions will continue, but it very unlikely that a private redevelopment plan will be proposed within the foreseeable future. On May 6, City Council indicated that consideration of urban renewal is not warranted at this time.

## **9. Retail Strategy Implementation**

- a. The redevelopment work program includes an effort to identify retail development options in the Transit Village Area Plan that would be compatible with the transit, housing and other land use goals for the area. Redevelopment staff is participating as a member of the city staff group that is coordinating the master and site planning for the 11-acre Transit Village site.
- b. Retail industry trends are evolving and are becoming increasingly unpredictable. Store closings, mergers, consolidations, regional competition and the national economy may impact the number and breadth of national chain stores that are in Boulder in the coming years. Redevelopment staff monitors these trends through industry contacts and trade associations.
- c. Redevelopment staff regularly attends the 50,000-person International Council of Shopping Centers (ICSC) Convention each May. Meetings scheduled in advance by staff are conducted with retail developers and retail industry service providers. Post-convention follow-up meetings and exchanges of information also are completed in order to enhance the value of the convention.

## **10. Real Estate Development Industry Outreach**

- a. Denver hosted the fall meeting of the Urban Land Institute (ULI) in October 2006. Redevelopment staff and members of Boulder's real estate community developed and conducted an all-day, mixed-use development mobile workshop in Boulder for 40 people, in association with the conference. Staff received several inquiries regarding potential redevelopment opportunities in Boulder as a result of the workshop, and inquiries are expected to continue to be received as future industry outreach efforts are conducted.
- b. Former Mayor Mark Ruzzin hosted the ULI Colorado series, "Meet the Mayor" in 2007, an informal meeting of ULI members to discuss Boulder's development opportunities and projects.

## **11. Boulder Urban Renewal Authority**

- a. The Boulder Urban Renewal Authority (BURA) is the city's redevelopment agency. BURA administered two redevelopment projects: the Boulder Valley Regional Center (BVRC) and Ninth and Canyon, both of which are completed. The five-member BURA Board of Commissioners currently meets on an as-needed basis. Brad Power serves as the executive director of BURA, in addition to serving as the city's redevelopment director.

## **12. Urban Land Institute Activities**

- a. Brad Power is a member of the Urban Land Institute (ULI), the real estate industry's primary leadership and professional development association of 35,000 members worldwide. He has served on the leadership group of the national Public/Private Partnership Council (PPPC) for the last four years and will become the chair of the PPPC in June of 2008—the first time a person employed by a municipality will serve as chair of one of ULI's 45 councils in the fifty year history of the council program.

### 13. Observations and Analysis

- a. The ongoing recovery of the commercial real estate market in Boulder, as demonstrated by major investments such as Twenty Ninth Street, is expected to generate interest in the redevelopment of key commercial properties in the coming years. Redevelopment will soon be the only type of commercial real estate transaction available in Boulder based on the fact that nearly all incorporated land has been developed. Redevelopment staff will continue the proactive effort to work with property owners and developers to successfully position commercial properties for the public development application and review process, and a new and productive future.
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## E. BUSINESS INCENTIVES PROGRAM

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### 1. 2007 PILOT FLEXIBLE REBATE PROGRAM - REPORT

- a. **2007 Pilot Program Intent** - On September 5, 2006, City Council approved a pilot program of business incentives aimed primarily at encouraging the growth and retention of homegrown companies in Boulder. The incentives encourage primary employers to invest in Boulder by upgrading their facilities, equipment or the skills of their people.
- b. **Primary Employers** - Primary employers, as defined in the ordinance, come from a variety of sectors including manufacturing, natural products, software, advertising, consulting and many others. *The key characteristic of a primary employer is that at least 75 percent of revenues are derived from outside Boulder County.* They can be large companies with many employees or small firms with just two staff members.
- c. **2007 Incentives Funding** - Funding for the 2007 pilot program was from the EV Program and totals \$850,000. The four pilot incentives were a flexible rebate program (\$500,000), an employee training assistance program (\$50,000), an owner-occupied loan pool (\$300,000), and a Parks and Recreation employee discount.
- d. **April 22 Study Session Report** - A staff memorandum dated April 15, 2008 was prepared for the April 22, 2008 City Council study session. Attachment A of this memorandum includes a list of the companies approved for a flexible rebate. Attachment B of this memorandum is the BEC report on the return on investment of the 2007 flexible rebate program. BEC Executive Director Frances Draper presented the results of this report to the City Council on April 22.
- e. **BEC Follow-up Analysis** - In response to City Council questions regarding the BEC report and the economic analysis, BEC Executive Director Frances Draper has prepared an addendum to the return on investment analysis (see Attachment A-3).

### 2. 2008 FLEXIBLE REBATE PROGRAM - STATUS

- a. **New 2008 Flexible Rebate Guidelines** - City Council asked EV staff to develop a business incentives program for 2008 with refined criteria. In response to Council

comments, EV staff worked with city staff from Transportation, the Office of Environmental Affairs, Housing and Human Services, and the City Manager's Office to draft new 2008 flexible rebate program guidelines. The substantive changes from the 2007 pilot program are expanding the 2007 social sustainability guidelines to include community and environmental sustainability guidelines.

- b. **2008 Community Sustainability Guidelines** – During the development of the 2008 community sustainability guidelines, areas related to environmental sustainability such as energy conservation, pollution reduction, recycling, and alternative transportation rose to the top as good candidates for new incentive guidelines. City staff focused on areas that were considered to have potential for additional encouragement or incentives to the business community. Because each company is different and has differing abilities to meet certain guidelines, the 2008 program continues to allow companies to choose the guidelines that fit best. Companies will be required to choose six points from the list of guidelines, with a new option of providing Eco Passes being worth three points, given the cost and commitment of compliance with this guideline. Attachment A-2 is the 2008 flexible rebate application, requirements, and guidelines.
- c. **2008 Flexible Rebate Funding** – An estimated \$240,000 was identified as carry-over funds from EV reserves. The city manager identified an additional \$123,000 in his 2008 recommended budget for a total of \$363,000. The \$123,000 in additional funding from the general fund was included in the first budget supplemental appropriations of 2008 and was considered by City Council for first reading on May 6.
- d. **2008 Flexible Rebate Applications** – On May 6, EV staff received the first 2008 flexible rebate application from Advanced Thin Films. In addition, EV staff is currently working with four other companies on their rebate applications. These companies are generally smaller in size (in number of employees) than the 2007 rebate recipients.

### 3. 2007 EMPLOYEE TRAINING ASSISTANCE - REPORT

- a. **Description** - This pilot program, with a \$50,000 budget in 2007, provided up to \$1,000 in matching funds per primary employer for qualified workforce improvement training. It covered training which includes classes and programs provided by institutions and organizations such as the University of Colorado, Naropa University, and the Small Business Development Center.
- b. **Marketing** – EV staff received many inquiries from local businesses interested in training assistance. Staff also worked with area training providers in an effort to co-promote the program (e.g. adding links to the city's incentive program Web site to the trainers' Web sites). These partnerships supplemented direct mailings to over 700 primary employers, media coverage, the city Web site, and community presentations to spread the word about the program.
- c. **2007 Applications** - In 2007, six employee training applications for matching funds were received and approved. (See list of approvals in the Attachment A of the April 22, 2008 study session memorandum.) Of the \$50,000 budget, a total of \$4,787 in training assistance funds was approved by the city manager.

- d. **Program Analysis** - EV staff anticipated a higher level of interest for this part of the program. Many companies that have inquired about the program had the need for training assistance, but they did not meet the definition of "primary employer" (e.g. they had less than 75 percent of their revenues coming from outside Boulder County). EV staff discussed several options for 2008, including changing the primary employer requirement for training assistance (e.g., expand to include secondary employers) and/or allowing a higher level of matching funds (more than \$1,000) to be considered for each employer. These options may be difficult to implement, given the current available levels of funding. For example, extending training assistance to secondary and primary employers may make the program available to thousands of businesses. Additional outreach and communication could increase the number of applications.
- e. **2008 Program Recommendation** - Based on the level of company inquiries, feedback from the business community, and comments by City Council at the August 14, 2007 study session, staff recommended implementation of the program through 2007 and then carry-over of the remaining funds from the original \$50,000 to the 2008 flexible rebate program. While adjusting the employee training assistance program in 2008 may have resulted in more applications, EV staff found that flexible rebates have more overall impact on business retention than training assistance. Therefore, staff did not recommend employee training assistance as part of the 2008 incentives and it was not included in the 2008 incentive program. Depending on future fund availability, it could be considered for a future incentive program.

#### 4. OWNER-OCCUPIED LOAN POOL - STATUS

- a. **Description** - The owner-occupied loan pool was created to make it easier for primary employers to buy commercial buildings and land in the city. The program lowers the down payment to five percent for business owner-occupied real estate for buildings purchased in the city of Boulder.
- b. **Funding** - The loan pool is funded with \$300,000 from the city's EV Program and \$400,000 from the following local participating banks -- First Community Banks, First National Bank of Colorado, US Bank, United Western Bank and Wells Fargo.
- c. **Loan Requirements** - The pool requires that the borrowers be primary employers (deriving more than 75 percent of their revenue from outside Boulder County), purchase a property within the city limits, have a net worth under \$7.5 million and an average after-tax income of less than \$2.5 million for the past two years. The property financing combines a bank loan with a SBA 504 loan and a loan from the city loan pool to enable the borrower to finance up to 95 percent of the purchase price. Colorado Enterprise Fund, a non-profit community development financial institution founded to help small businesses, administers the loan pool.
- d. **Program Set-up** - It took longer than expected to obtain commitments from participating banks for the loan pool and to complete the business process and agreements with Colorado Enterprise Fund, the loan pool administrator. Initial loans became available and marketing began in May 2007.
- e. **Loan Pool Recipient** - While many Boulder businesses have inquired about the loan pool, to date, the loan pool has been used by one Boulder company. On December 4, 2007, the city of Boulder announced that the first loan from the loan pool had been

granted to WishGarden Herbs, Inc., a locally owned and operated organic apothecary of herbal remedies. WishGarden Herbs purchased Suite 206 at 3100 Carbon Place in the Steel Yards development to allow for expansion of the company's facility.

- f. **Program Analysis** - The city and the loan pool committee is meeting to determine how the program can be better communicated to the primary employers in the city and to determine if the lack of applications is due to a lack of knowledge or if the program is not effectively meeting the needs of the community as it is currently designed.
- g. **2008 Program Recommendation** - Staff recommends that the loan pool be evaluated at mid-year 2008 for its efficacy at assisting business to remain or locate in Boulder. If there is increased interest and applicants, staff would recommend continuing the program through 2008, using the remaining loan pool funds. If there is little interest, staff would recommend that City Council consider using the remaining loan pool funds for other more effective incentive programs, such as the flexible rebate program.

## 5. PARKS AND RECREATION EMPLOYEE DISCOUNT PROGRAM - STATUS

- a. **Description** - Under this program, all employees of businesses located within the city of Boulder receive the resident pricing on annual and multi-use passes at city recreation centers, the Boulder Reservoir, and outdoor pools. This program is implemented under Section 4-20-41(g), B.R.C. 1981 which states that the "City Manager may set different fees for parks and recreation special promotional pricing."
- b. **Program Analysis** - This has been one of the most popular incentive programs. Beginning in October 2006 through April 2008, over 1,934 multi-use and annual passes were purchased with the Boulder business employee pricing. This includes new and renewing pass holders. The program has generated \$290,435. To date, 320 annual passes have been purchased through the program. Of these, one-fourth were purchased by patrons that had not purchased passes previously.
- c. **Program Recommendation** - The Parks and Recreation Department's customer service team indicate that the patrons who qualify for the resident rate are very pleased. It has created a business friendly rapport with these employees and their employers. The Parks and Recreation Department is happy with the interest in the program and the positive relationship which has resulted and continued the program into 2009.

## 6. INCENTIVE PROGRAM MATRIX

A matrix that evaluates the 2007 and 2008 business incentive options and how they match the EV Program goals is below. This matrix compares the effectiveness of the incentive options.

## BUSINESS INCENTIVE PROGRAM MATRIX

BUSINESS INCENTIVE ELEMENTS	Retain Primary Employers	Selectively Recruit Primary Employers	Reverse Anti-Business Perception of Boulder	Encourage Entrepreneurship	Encourage Sustainable Business Policies
Flexible Fee & Tax Rebate Program	Yes. Powerful tool for key employers	Yes, but will be used infrequently for recruitment	Yes. Meaningful incentives will impact perception	Generally not applicable to entrepreneurial companies	Yes. Sustainability guidelines will dictate applicant companies
Training & Education Assistance	No, caps have limited appeal to larger firms	No, not a major factor in recruitment	Yes, has the potential but has not generated a high level of interest	Yes, start-ups eligible but only if primary employers	Not applicable to sustainability goals
Owner Occupied Loan Pool	Yes. Ownership is greatest incentive to stay in Boulder	Yes for small - mid size firms with interest in real estate	Yes. This program has generated interest, too early to determine effect	Not applicable to start-ups	Not applicable to sustainability goals
Parks & Recreation Employee Discounts	Limited impact, but has received positive feedback and high level of interest	Limited impact	Providing a practical benefit to local employers has been perceived well	Limited impact	Not applicable

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### F. INDUSTRY CLUSTERS

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A growing part of the city's EV Program is the identification and development of "industry clusters" for businesses of similar or related industries. The concept of an industry cluster may involve networking, joint marketing, business retention and attraction, tourism and other activities that could benefit businesses in related industries and the community itself.

1. **Naturally Boulder** - Boulder's first industry cluster for natural and organic products has successfully grown into the organization Naturally Boulder. Naturally Boulder began as a task force of the city's EV Advisory Board and developed a vision and plan to support the economic growth of the natural products industry in Boulder. Their mission: to solidify Boulder as the epicenter of the natural products industry and support nascent natural businesses to launch and stay in Boulder, Colorado; and, to promote natural products created in Boulder through various activities. Naturally Boulder has a virtual support center, a Web site, networking activities, and holds annual events for natural products businesses.

**The EV Program is working with the Boulder Chamber of Commerce, the city's GO Boulder program, and the University of Colorado to develop two new industry clusters in 2008:**

2. **Active Living** – This cluster is being developed for industries ranging from bicycle and exercise equipment to active/athletic clothing to industry publications and trade associations. City staff assessed initial interest in development of this cluster at the October 2007 Bicycle Summit. Since then, preliminary work has been done to assemble lists of Active Living businesses, to broadly define the types of companies

and organizations to include in an initial list of businesses, and identify contact information. On April 28, 2008, the Boulder Chamber of Commerce hosted a reception and meeting for Active Living businesses and city staff.

3. **Green Technologies** – Boulder is the home to a wide range of businesses and organizations focused on the cutting edge of renewable energies and green building. Several early meetings have been held with representatives of these companies, industry consultants, and trade organizations (e.g., Boulder Green Building Guild) to discuss the scope of the industry cluster and identify next steps. Focus group discussions with industry businesses are being scheduled, and a list of Boulder businesses in this cluster is being built.

The EV Program's staff resources have limited time available to devote to industry clusters, including the development of two new clusters in 2008. Coordination with other agencies like the Boulder Chamber of Commerce and other city offices, such as GO Boulder, may allow more resources to be devoted to research and business outreach. Also, a key to successful development of an industry cluster is the active involvement and leadership of the businesses. The level of private sector interest and involvement will directly affect the amount of city resources needed.

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## G. PARTNERSHIPS AND SPONSORSHIPS

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Partnering with and sponsoring other agencies and organizations has been key to accomplishing the EV work program and to build a broader EV community effort.

1. The BEC-city collaboration through a new contract and work program enables the provision of a wider range of business services, including business retention, implementation of the incentives program (in particular, the owner-occupied loan pool), and developing economic metrics and measurement of the EV Program.
2. City and BEC sponsorship of the Boulder Innovation Center (BIC) has been critical to the start up of this important virtual business incubator (see more detail in Attachment A-1). Support of the BIC encourages entrepreneurship and builds Boulder's reputation as a "creative center."
3. Sponsorships of organizations that support the EV work program extend the reach of the EV Program to areas of the community beyond what could be reached with current EV staffing and provide more business support services. 2007 and 2008 sponsorships include:
  - a. Small Business Development Center (SBDC) and its Minority Business Assistance Program
  - b. Naturally Boulder
  - c. Boulder Independent Business Alliance (BIBA)
4. Coordination with these groups allows for creative approaches for implementation of more work plans items, in addition to the direct services of the EV staff.

Desired levels of sponsorship and partnership funding are considerations when determining future EV Program funding and must be balanced within overall available funds.

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## **H. METRICS AND MEASUREMENT**

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While it is sometimes a challenge to measure economic growth at the municipal level, it is possible to chart the relative health of the local economy. To do this, EV staff monitors trends in tax collections, business licenses issued as well as several other important yardsticks of economic progress. The August 2007 staff memorandum in Attachment A-7 includes some basic metrics. Since it has been less than a year, these particular metrics have not yet been updated. As part of its contract with the EV Program, the BEC compiled the economic data, including city of Boulder data, presented in Attachment A-5.

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## **I. ASSOCIATED ISSUES RELATED TO ECONOMIC VITALITY**

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### **A. PERFORMANCE ASSESSMENT**

The City Manager's Office and the Finance Department are coordinating a performance assessment of the EV Program. This action follows the recommendation from the Blue Ribbon Commission that annual performance assessments of all city departments be completed in conjunction with the annual budget development process. In addition to the EV Program, assessments will be completed this year for the Information Technology Department and the Utilities funds. The EV assessment will be conducted by outside consultants and will include a review of the inputs and outputs associated with the program, and an assessment of the efficiency and effectiveness of the program. In addition to reviewing work products, the consultants also will interview clients of the EV Program.

### **B. REORGANIZATION**

As part of City Council's 2008 retreat in January, City Manager Frank Bruno announced that he would be making changes to the organizational structure. He said that the changes are needed to take advantage of the shift that is taking place in many communities toward an overall sustainable community model to ensure that systems and departments are collaborating and integrating their work. The community sustainability process integrates economic vitality, social equity and responsibility, and environmental quality goals and prioritizes work and resources based on these goals and the values of the community.

Part of the reorganization would integrate community sustainability work groups and planning work programs into one department and establish an executive director position to oversee this department. The goal is to enhance the collaboration and integration of work. Implemented as a “pilot” program, the reorganization would include the EV Program. Early implementation in the first quarter of 2008 has included increased communication between the management and staff of the community sustainability work groups. Phase One involves having the work groups of environmental affairs, economic vitality, and the community sustainability coordinator report to the executive director of “Integrated Planning.”

### **C. ECONOMIC VITALITY ADVISORY BOARD**

The EV Advisory Board (EVAB) – comprised of about 50 members – was appointed by City Manager Frank Bruno in August 2004 to serve as advisory to him, both in meetings and individually. EVAB was not set up as a formal city “board;” many of its members reside outside of the city limits. Its members include local economic experts like Dr. Rich Wobbekind of the University of Colorado; representatives from a wide variety of community groups (e.g. Plan Boulder and Chautauqua Association); representatives of the business, development and legal professions; and Boulder residents interested in economic issues. EVAB and its task forces (e.g., real estate, retail, natural products) met as a group more frequently in its early years and in recent years, as the EV Program has been implementing its work program, EVAB has met for updates on the EV Program and the business incentive program. Other communication with EV staff has been by e-mail.

At its August 1, 2007 meeting, several EVAB members indicated that they were interested in exploring changing EVAB to a more formal city board status. It was noted that the city does not have an economic body that advises its leadership. Pros and cons of a smaller board (five to seven people) vs. a larger group were briefly discussed, as was the city residency requirement of most boards. The city manager indicated that the issue would be explored at a later date. Also, this year, several city council members have recently expressed an interest in looking at a different economic board format.

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## **IV. ISSUES**

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### **1. What questions does City Council have regarding the EV Program or the business incentives program?**

City staff is asking City Council to identify questions it has regarding the EV Program or the business incentives program (and any additional questions regarding the results of the BEC study on the 2007 flexible rebate program). Staff will have an opportunity to respond to these questions at the May 13 study session or in follow up materials to council.

**2. What additional information does City Council need regarding the EV Program or the business incentives program for 2009 budget decisions?**

The May 13 study session follows the April 22 study session in an ongoing conversation during the 2009 budget process about the future of the EV Program. City Council will be requested to make two budget decisions for 2009 related to economic vitality – funding for the EV Program (staff, non-personnel expenses, sponsorships) and funding for a business incentives program. Preliminary EV Program budget information – for economic vitality and the redevelopment program - is included in Attachment A-5. Identifying at the May 13 study session additional information that City Council may need to consider EV funding options will allow staff to prepare additional budget materials.

## ATTACHMENTS

### ATTACHMENT A-1

Economic Vitality Work Plan Initiatives and Programs

**Boulder Innovation Center**

**Communication Efforts**

**Conference Center**

**Downtown Boulder**

**Retail Strategy**

**Tourism and the Arts**

**University Hill Redevelopment**

### ATTACHMENT A-2

2008 Flexible Rebate Application and Requirements / Guidelines

### ATTACHMENT A-3

Addendum to the April 22, 2008 Study Session Staff Memorandum; Boulder Economic Report on the return on investment of the 2007 Flexible Rebate Program

### ATTACHMENT A-4

Planning & Development Services Customer Service Improvements

### ATTACHMENT A-5

Economic Vitality Budget Summaries

### ATTACHMENT A-6

Economic Data

### ATTACHMENT A-7

August 14, 2007 City Council Study Session Staff Memorandum



## ATTACHMENT A-1

### ECONOMIC VITALITY WORK PLAN INITIATIVES AND PROGRAMS

#### **Boulder Innovation Center** *(Boulder's Entrepreneurial Hub)*

The Boulder Innovation Center was founded in 2004 with seed investment from a partnership of the city, Boulder Economic Council, and the State of Colorado Office of Economic Development and International Trade.

#### **Mission**

The Boulder Innovation Center (BIC) combines entrepreneurs and business owners with the resources of sponsors and volunteer advisors to create a climate for success for high potential companies in Boulder County. We work intensely with our clients to understand their challenges and formulate a plan to achieve their goals. We then match our clients with the appropriate resources from the community to execute the plan. We actively manage regularly scheduled meetings (about every two weeks) between our clients and advisors using BIC Program Managers. We currently support 14 clients in five market segments with Program Managers: Natural and Organic, Energy, Bioscience, Software and Nano/Optical Engineering. We are considering expanding our supported segments to include Active Living and Space Technology Commercialization.

The BIC supports economic development in the Boulder area by encouraging and catalyzing entrepreneurship. We are the primary resource for support and expert advice on a variety of topics, including attracting investment capital, critical to the success of entrepreneurs, early stage companies and growing businesses.

Additionally, the BIC provides a conduit for Sponsors and Advisors to contribute to the success of new companies and the commercialization of exciting new technology being developed at the University of Colorado. Our goal is to assist in the formation of about four new businesses per year based on CU inventions.

By bringing the power and experience of Boulder's entrepreneurial community to bear on the challenge of launching and growing successful businesses, we achieve unsurpassed results for our clients and their companies. The BIC currently has a network of approximately 1000 Boulder area individuals made up of advisors, clients, sponsors, CU faculty, and entrepreneurs.

#### **BIC Goals**

- Increase and accelerate the growth of Boulder's high potential businesses
- Centralize resources and networking for the entrepreneurial community in Boulder

- Commercialize state-of-the-art technology developed at CU

### First Three Years

During its first three years of operation, the Center's staff/board and advisors have:

- Established a legal structure, by-laws, and a board.
- Established funding sources – Public and Private
  - State EDC start-up funding - \$175K over 3 years
  - City funding - \$50K per year, years 1-2, \$30K in year 3
  - Boulder Economic Council - \$35K per year, years 1-2, \$30K in year 3
  - Corporate Sponsorship Program - \$2K-\$5K
  - Governor's Energy Office Grant for Renewable Energy Program- \$50K. Feedback from GEO staff: "this is one of the best programs of this type we have seen".
  - Two staff members actively soliciting public & private funds to support BIC activities
- Established Scalable Consulting Process using serving five industries vital to Boulder; Natural & Organic, Software, Renewable Energy/Cleantech, Bioscience & Nano/Optical/Engineered products (currently investigating adding Active Living/outdoor and Space Technology Commercialization as served industries)
- Recruited 5 industry experts to serve as Program Managers in each industry
- Established a process with the Technology Transfer Office at CU to commercialize CU technology and form start-up companies based on CU intellectual property.
- Employed CU MBA students as interns and facilitated interaction with BIC client companies
- BIC networking event held in December attracted 200 people and another is planned for June
- Ongoing 2008 BIC Metrics;

Potential Clients receiving some assistance	77
Boulder Area Business Program (BABP) Active Clients	7
University of Colorado Technology Transfer (TTO) Active Clients	7
BABP & TTO 2008 Graduates	6

- 2007 BIC Metrics

Boulder Area Business Program & TTO Clients	17
Jobs Created by Clients	38
Total Full Time Employment by Clients	87
Total Revenue Generated by Clients	\$6.7M
Capital Raised by Clients	\$2.6M
Commercial Real Estate Leased by Clients FT	42,800

## **BIC Technology Transfer Program**

The BIC works closely with the CU Technology Transfer Office to launch new businesses based on University technologies and intellectual property. The BIC Technology Transfer Program is designed to serve the specialized process of moving inventions and ideas from the academic setting to the commercial world. To accomplish the goal of University technology commercialization, the BIC carries out a broad range of activities:

- Community portal to university innovation
- Commercial feasibility assessment
- Recruiting new company founders and others with critical expertise
- CU student interaction

## **Communication Efforts**

### **Communication Focus Areas**

The following areas are the focus of the city's EV Program communication efforts:

- Sponsorships of programs like Naturally Boulder Days enables the city to promote its efforts, network with business constituents and participate in program events.
- Exhibits at the Boulder Chamber's Boulder County Business EXPO where staff featured the city's business assistance and incentive programs, distributed EV Program brochures and promoted resources to hundreds of EXPO attendees.
- Consistent marketing and promotions of initiatives and programs, including news releases, story pitches, news articles, advertisements, brochures, direct mailings, and other communication pieces.
- The city's home page ([www.bouldercolorado.gov](http://www.bouldercolorado.gov)) and the corresponding business Web pages provide a prominent presence the city's message that Boulder is business friendly. These Web pages house important information for business people to access the resources and contacts they need to make decisions, learn about what's available for starting or expanding their businesses, and navigate the city's available business services. The EV site has received an average of 4,000 unique views each month in 2008 so far.

### **Communication Partners and Approach**

- City staff regularly works with local media and civic organizations to increase the visibility and effectiveness of the EV Program, particularly with the pilot business incentive program. Collaborative meetings are held monthly.
- The EV Program leverages communication opportunities with our business partners like the Boulder Chamber and CVB, the BEC, downtown Boulder and

the Boulder Small Business Development Center by sharing advertising and marketing costs when possible, teaming up on mailings and other print materials, and linking through our various Web pages, newsletters and promotional programs.

- These efforts have garnered positive media coverage and regular presence our of economic vitality messages. Our communication infrastructure enables us to reach multiple audiences in multiple ways and continues create awareness for the city's important investment in our local economy.

### **Conference Center**

- After the August 14, 2007 City Council Study Session, additional studies and analyses were recommended as next steps in considering a potential citywide conference center in downtown Boulder - including a flood analysis and a context study evaluating impacts of such a facility on the surrounding area. As directed by City Council Resolution 968 and throughout all city efforts, coordination and collaboration with the University of Colorado has been a high priority. At the beginning of 2008, CU initiated an evaluation of the University's conference, meeting and performance space needs. A local company, RRC, will be conducting a feasibility report including a survey of university needs as well as focus groups. In addition, CU will be working with Urban Land Institute to evaluate appropriate sites for such a facility. The work by the University is anticipated to be completed this summer. The city staff is in full support of this effort by CU. The city and the Convention and Visitors Bureau will suspend any further work on the downtown site until such time that there is a better understanding of what the University's needs may be and what may be possible through a partnership between the city of the University of Colorado. The city has offered its assistance and any information assembled to day to facilitate the effort.

### **Downtown Boulder**

Key activity areas related to Downtown Boulder are:

- Involved in coordinating activities between Downtown Boulder, the city, the Boulder Economic Council, the Chamber of Commerce and the Convention and Visitors Bureau.
- Participates in the citywide business outreach meetings.
- Employing a continual effort to promote downtown as the heart of the community and the economic engine for revenue and employment. Recently inaugurated a Downtown Boulder magazine.

- Providing support to both existing and new businesses through DBI/BID and Downtown and University Hill Management Division/Parking Services programs.
- Through online communication programs and Downtown Community Exchanges, Downtown Boulder is providing platforms for businesses to communicate and network.

### Retail Strategy

#### **Focus of the Retail Strategy**

- The Boulder Retail Strategy was completed in 2005 and 2006 to provide direction pertaining to future retail development options as part of the five-year update of the Boulder Valley Comprehensive Plan. The strategy focused on assessing the market in Boulder for mid-box retailers of 20,000 to 40,000 square feet in size, and large format or big-box retailers that typically occupy stores of at least 100,000 square feet.
- The strategy focused on: identifying existing mid and big-box retailers in Boulder; assessing current and anticipated retail market demand; examining possible locations for future mid and big-box retail development; and reaching out to major retailers regarding their interest in placing a store in Boulder in the future.

#### **Review of Results**

- The strategy was reviewed by the Planning Board and the City Council. The development of the retail strategy was a major initiative in the EV Work Plan, and staff sought participation from several parties, including the EV Advisory Board (EVAB) Retail Subcommittee.

#### **Subsequent and Ongoing Retail Development/Retention Activities**

- Staff was directed to monitor trends in the development of large stores and to return to Council if a change in conditions merits further consideration of big-box development.
- Mid-box store development options continue to be explored for key commercial properties, including the Boulder Valley Regional Center (BVRC), and as part of the Transit Village Area Plan (TVAP) process.
- Major new or expanded retail tenants in Boulder in 2008 include Sunflower Market, the soon-to-expand Whole Foods Market and Barnes & Noble, and recent store and restaurant openings at Twenty Ninth Street.

- Staff is working with developers and property owners to ensure that as mixed use development continues to gather momentum in Boulder, key retail opportunities are preserved and expanded, especially in highly visible commercial locations, and within the ground floor of new developments.
- Contacts with potential retailers have been established and new contacts are routinely being initiated as new retail concepts are identified and input is received from the community regarding favored stores.
- The implementation of the retail strategy also centers on promoting the notion that Boulder is “open for business” to retailers that would effectively serve our established market. The key element of this strategy is the city’s ongoing participation in major regional and national retail industry events, such as the annual International Council of Shopping Centers (ICSC) Convention, which attracts over 50,000 attendees.

### **Tourism and the Arts**

#### **Program Development and Additional Funding Revenue**

- The Boulder Arts Commission (BAC) received a planning grant from the Colorado Council for the Arts to research the logistics of a New Arts Challenge grant. The intent of the grant is to issue a challenge initiative to the local arts organizations to develop an arts event that would have an economic impact, reach beyond regional recognition for innovation, create a Boulder/Colorado theme and have substantial community impact. The research is in collaboration with the Boulder Convention and Visitors Bureau and the Boulder County Arts Alliance.

#### **Program for Democratic National Convention (DNC) - Media and Attendee Outreach**

- Develop a media strategy to collect all of the top stories and experts regarding global warming, renewable energies, smart growth and climate action to engage the 15,000 media attendees in late August. The information gathered for the media kit will be translated into a *Boulder Leading the Way in Green* brochure that will be distributed through out the summer to encourage more DNC attendee day trips to Boulder.

#### **Unified Boulder Brand**

- Continue to refine the Boulder Brand efforts to promote the intellectually sophisticated community to enhance the marketing efforts. This effort assists in translation to describe what Boulder ‘is’ with consistency.

### University Hill Redevelopment

On October 1, 2007, the Hill Commercial Context Study (HCCS), developed by the New Hill Company representing a number of Hill property owners, was presented for review by the city of Boulder. The urban design study was created to guide and inform the long term redevelopment of the Hill by providing a vision of possible uses, mass/scale, and design themes consistent with the overall vision of the Hill. Planning staff reviewed the Context Study and submitted comments to the property owners and New Hill Company in February of 2008. Subsequently, planning staff and others have met with the New Hill Company representatives and property owners to identify specific projects in order to discuss redevelopment possibilities and issues. To date, no projects have come forward. The question remains if additional density is required to incentivize redevelopment.

Staff will be conducting a build out analysis to identify specific areas where there is remaining square footage for development under current zoning, creating three-dimensional urban design drawings and evaluating impacts of the recently updated historic survey of buildings on the Hill. The potential of partnering with UHGID on a mixed use project remains. Initial discussions have been conducted with property owners adjacent to the UHGID surface parking lots.



# ATTACHMENT A-2



## CITY OF BOULDER FLEXIBLE REBATE PROGRAM BUSINESS INCENTIVE PROGRAM 2008

City Use Only 12/5/07	
Date Rec'd:	
By:	

Company Information	
Company Name: _____	Phone: (____) ____ - ____
Contact Person: _____	Fax: (____) ____ - ____
Title: _____	E-mail: _____
Address: _____	Web site: _____
_____	

Parent Company Information (If different from Company Information)	
Company Name: _____	Phone: (____) ____ - ____
Title: _____	Fax: (____) ____ - ____
Address: _____	E-mail: _____
_____	Web site: _____

General Company Information	
Type of Industry: _____	Number of Employees:
_____	In Boulder: _____
_____	Total: _____
City of Boulder Business License No.: _____	
_____	

Flexible Rebate Request		
Type of Tax or Fee: (e.g., Building Permit Fee, Construction Use Tax)	Amount: (include total rebate requested)	Date Paid or Expected:
(1) _____	(1) _____	(1) _____
(2) _____	(2) _____	(2) _____
(3) _____	(3) _____	(3) _____



**CITY OF BOULDER  
FLEXIBLE REBATE PROGRAM  
BUSINESS INCENTIVE PROGRAM  
2008**

**Requirements and Guidelines**

Please submit a written statement addressing how your company meets the city of Boulder's requirements and guidelines for the flexible rebate program (attached). Please be as specific as possible and provide supporting documentation as needed.

**CERTIFICATION**

(This certification must be completed by a company representative)

I certify that the information and exhibits herewith submitted are true and correct to the best of my knowledge. I understand that city staff may request additional information to complete the application process and that all application materials are public record and subject to public inspection. By signing I also give permission to the city of Boulder to use this company's name and any rebate granted to illustrate the success of this incentive program.

- Name: \_\_\_\_\_ Title: \_\_\_\_\_
- Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**OFFICIAL USE ONLY**

Date Received: \_\_\_\_\_  
Referral to Sales Tax: \_\_\_\_\_  
Information Requested: \_\_\_\_\_

Decision Letter Sent: \_\_\_\_\_  
Rebate Dispersed: \_\_\_\_\_



**CITY OF BOULDER  
FLEXIBLE REBATE PROGRAM  
2008 BUSINESS INCENTIVE PROGRAM  
ELIGIBILITY REQUIREMENTS AND GUIDELINES**

12/5/07

To maximize the positive economic and social impacts of the city of Boulder's 2008 business incentive program, certain requirements and guidelines have been established. **All applications must include a detailed written statement which specifically addresses how these requirements and guidelines are met.**

**GENERAL ELIGIBILITY REQUIREMENTS**

In order to be eligible for the 2008 business incentive program, the company applying must:

- Be a **licensed business entity** operating within the city limits of **Boulder, Colorado**;
- Verify the company's status as a "**primary employer**." (The 2008 business incentive ordinance defines a "primary employer" as a business entity consisting of any number of employees which generates **at least 75 percent of revenues from outside of Boulder County**);
- Be **current on all fees and taxes** owed to the city of Boulder;
- Agree to make its **internal records available** for audit by the city of Boulder to verify compliance with the above requirements;
- Agree to **maintain a business presence in Boulder for a minimum of three years from receipt of incentive**. If the business moves out of Boulder within that period, the applicant agrees to reimburse the city for the total amount of the incentive received; and
- Agree to **comply with the Community Sustainability Guidelines that served as a basis for the 2008 business incentive program for a period of three years**. Compliance may be demonstrated with an existing company policy or program or by those to be implemented. If the business fails to meet the Community Sustainability Guidelines during this time period, the applicant agrees to reimburse the city for the total amount of the incentive received.

**FLEXIBLE REBATE PROGRAM - COMMUNITY SUSTAINABILITY GUIDELINES**

**Applicants for the Flexible Rebate Program must be able to verify compliance with the following guidelines, as noted below.** Companies may choose the guidelines that best fit their company, but must identify **at least six points**. As part of the application, please submit a written statement addressing how their company meets the following community sustainability guidelines. Please be as specific as possible. Additional documentation may be requested.

City of Boulder Economic Vitality 1777 Broadway PO Box 791 Boulder, CO 803060791  
tel: (303) 441-3287 fax: (303) 441-4478  
[www.bouldercolorado.gov/economic\\_vitality](http://www.bouldercolorado.gov/economic_vitality)



**CITY OF BOULDER  
FLEXIBLE REBATE PROGRAM  
2008 BUSINESS INCENTIVE PROGRAM  
ELIGIBILITY REQUIREMENTS AND GUIDELINES**

12/5/07

**Social Sustainability**

**Choose at least 3 points from this section**

Companies must verify compliance with a minimum of three of the five following social sustainability guidelines.

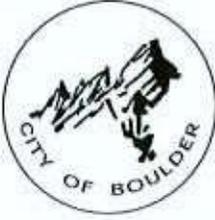
1. **Median Wage Requirement (1 point):** Eligible applicant companies will pay a median annual wage that is equal to or more than the Boulder County median annual wage. This is the most recent average median wage as defined by the state of Colorado. The current requirement is \$50,960.
2. **Health Insurance (1 point):** The company will offer and pay for at least 50 percent of the cost of health insurance premiums for all full-time employees. This coverage must, at a minimum, include major medical coverage for full-time employees and their dependents.
3. **Diversity Support (1 point):** The company will be an equal opportunity employer and encourage diversity in the workforce through proactive hiring practices or through diversity training programs. These programs can include certified diversity programs, English as a Second Language (ESL) classes and Spanish classes.
4. **Non-profit Support (1 point):** The company will actively support the non-profit sector in Boulder by:
  - a. A commitment to donating \$25 or more per year on average for each full-time employee. For example, a firm with 100 employees (as of the end of the previous year) can document at least \$2,500 donated (or to be donated) to Boulder County based non-profit entities over a 12-month period; and/or
  - b. Encouraging volunteerism by granting the equivalent of at least one paid day off per year to each employee who utilizes the time to provide support to a Boulder County based non-profit entity.
5. **Dependent Care (1 point):** The company will offer at least \$50 per month in dependent care assistance to employees who utilize daycare or eldercare for a dependent child or other immediate family member. This may be offered as an option in a flexible benefit cafeteria plan.

**Community and Environmental Sustainability**

**Choose at least 3 points from this section**

Companies must identify which of the following community and environmental sustainability guidelines apply.

**Energy: Option 1-A (1 point) – Energy and Water Audit:**



**CITY OF BOULDER**  
**FLEXIBLE REBATE PROGRAM**  
**2008 BUSINESS INCENTIVE PROGRAM**  
**ELIGIBILITY REQUIREMENTS AND GUIDELINES**

12/5/07

The company will request a free energy and water audit (\$2,500 value) through the city of Boulder Office of Environmental Affairs (OEA). Companies or facilities that have recently implemented energy performance improvements may be exempt. (Exemption requests are reviewed by OEA staff. Contact OEA at 303-441-4191.)

**Option 1-B (1 point) - Clean Air / Pollution Reduction:**

The company implements a clean air or pollution reduction program for transportation options which may include using fleet vehicles that use alternative clean fuels such as electricity, bio diesel, natural gas, e85 fuel or hybrid vehicle technology.

1. **Recycling (1 point):** The company will implement an office and/or facility recycling program to collect mixed beverage containers and paper products including cardboard. (For information on how to get the first three months' service free, contact OEA at 303-441-4204.)
2. **Transportation:** The company will develop, implement and monitor an employee commute trip reduction (CTR) program with the assistance of the city of Boulder's GO Boulder staff. The purpose of the CTR program is to reduce vehicle trips by employees to mitigate the impacts on congestion, air quality, and energy. Other benefits for employers include freeing up parking for customers and improving employee recruitment and retention. In developing their CTR program, companies are encouraged to work with GO Boulder staff (303-441-3266) to choose from three program options.

**Option 3-A (3 points) - Eco Pass Program:**

The company enrolls in RTD's Eco Pass program, appoints an employee transportation coordinator to serve as a liaison with the city of Boulder's GO Boulder program, and conducts periodic employee travel behavior surveys. This option is especially encouraged for companies that are within a quarter of a mile of high frequency transit service. Contact GO Boulder at 303-441-3266 for more information.

**Option 3-B (1 point) – Financial Incentives and Benefits:**

Financial incentives or pre-tax benefits for employees that take transit, carpool, vanpool, bicycle or walk to work. Financial incentives could include companies paying all or a portion of employees' transit pass costs or subsidies of carpool or vanpool costs. Pre-tax benefits to employees that vanpool or use transit according to IRS Code 132(f), "Qualified Transportation Fringe Benefits" allows employees to pay for certain transit costs with pre-tax dollars.

**Option 3-C (1 point) – Commute Trip Reduction Program:**

A combination of transportation demand management strategies that provide additional travel choice opportunities for employees, such as:

- alternative work schedules, such as telecommuting and compressed work week program
- showers and changing facilities
- bicycle parking
- preferential parking for carpools and vanpools

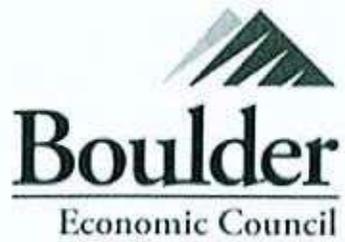
- increased parking costs for drive alone commuters
  - financial incentives or pre-tax benefits for employees that take transit, carpool, vanpool, bicycle or walk to work
4. **Community Sustainability (1 point):** The company demonstrates through its business practices that it furthers the city's policies related to environmental, social, and economic sustainability. The city seeks to maintain and enhance the livability, health and vitality of Boulder and its current and future natural systems.

#### **FLEXIBLE REBATE PROGRAM –PROGRAM INTENT**

**Applicants for the Flexible Rebate Program must be able to demonstrate that the company fulfills the intent of the city ordinance which established the 2008 business incentive program.** As part of the application, applicants must submit a written statement addressing how one or more of the following statements specifically applies to the company. Please tell us about your company and any proposed or ongoing construction projects or equipment replacement. Describe the tax or fee rebate(s) that are requested and how they will benefit the city of Boulder and the company. Please be as specific as possible.

- How will the requested rebate serve the economic interests of the city of Boulder by helping to **attract or retain** a primary employer which contributes to a socially sustainable community?
- Describe how the requested rebate would provide a **positive impact on the company**.
- Describe the company's **benefits (including economic benefits) to the community** and how the requested rebate would maximize those benefits.
- What are the **current and/or proposed numbers of employees** at the company's city of Boulder location(s)?
- **Also include the following estimated data for 2008, 2009 and 2010 if available:**
  - Total number of employees; total full-time and part-time employees, as well as how many of these employees reside in the city of Boulder.
  - Total sales within the city of Boulder, as well as any other sales figures that would help us evaluate your company.
  - Estimated value of facility improvements or new construction.
  - Estimated value of new capital expenditures (e.g. equipment, furnishings, machinery).
  - Estimated indirect business spending within the city of Boulder, such as hospitality expenditures and entertainment expenses. This would include hotel accommodations, food/beverage spending, as well as the number of room-nights in Boulder your business expects to generate.
  - Estimated direct employee spending within the city of Boulder (e.g. housing, entertainment, household spending, food and services).

Flexible rebates are granted in the City Manager's discretion. Since there is a finite funding source, the City Manager may weigh the value to the community of different applications. The City Manager is not required to spend such funds and may consider such issues as appropriate timing and future economic development opportunities. Nothing contained in this program is intended to create any type of an entitlement or right to a flexible rebate. The City Manager's decision on flexible rebates is final and there is no appeal from such decision.



*Addendum to*  
**Report to the City of Boulder**  
**2007 Business Incentive Program**  
**Flexible Rebate Return Analysis**

May 5<sup>th</sup>, 2008

## Financial Analysis Addendum

May 5<sup>th</sup>, 2008

### Objective:

At the City Council study session on April 22<sup>nd</sup>, 2008, Council Member Macon Cowles asked for further refinement of the financial analysis of the City Rebate Incentives awarded in 2007.

Two questions arose:

1. What is the source of the revenues for the benefits measured?

The benefits shown by the analysis are solely from city taxes and fees generated. Those city taxes and fees are paid directly by:

- the companies on projects and general local spending,
- their employees when purchasing in Boulder, and,
- the incremental employees that the company generates by being here –when purchasing in Boulder

2. What benefits can be directly tied to the incentives?

We feel that all of the benefits in the analysis can be tied to the incentive program. If you wish to count only the benefits for which the incentive provided a tipping point in the decision to do a project or remain/locate in Boulder, those would include:

- Incremental projects won through the incentive – IBM's Green Data Center – just the project taxes and fees
- The full benefit of the companies that were looking at leaving town:
  - LeftHand Networks, Inc.
  - Mountain Sports Media
  - Solekai Systems, Inc.

Benefits from all of the companies' related taxes paid (company spending plus employee spending), estimated conservatively are:

- Net Present Value of the outflows (rebates) and inflows (tax revenue): \$6.1 Million
- Or, for every \$1.00 invested, \$14.41 in return

Benefits from a limited analysis of the incremental projects/companies related taxes are:

- Net Present Value of the outflows (rebates) and inflows (tax revenue): \$1.9 Million
- Or, for every \$1.00 invested, \$9.29 in return

**Overall Benefit: Original Analysis**

**5% Cost of Capital**

City Rate – Return Earned over the Long Term

<u>Company</u>	<u>Rebate</u>	<u>Rebate Outflow PV</u>	<u>Taxes Inflow PV</u>	<u>Net Present Value</u>	<u>Return/\$ Invested</u>
Ball Aerospace	\$100,000	(\$90,703)	\$2,219,704	\$2,129,001	\$24.47
Crispin Porter + Bogusky	\$100,000	(\$90,971)	\$1,109,089	\$1,018,117	\$12.19
IBM	\$100,000	(\$90,703)	\$2,511,545	\$2,420,842	\$27.69
LeftHand Networks	\$80,698	(\$74,073)	\$144,840	\$70,769	\$1.96
Mountain Sports Media	\$44,917	(\$40,741)	\$224,678	\$183,937	\$5.51
OZ Architecture	\$49,578	(\$44,969)	\$234,202	\$189,234	\$5.21
Solekai Systems	\$24,807	(\$22,501)	\$106,876	\$84,376	\$4.75
<b>Total</b>	<b>\$500,000</b>	<b>(\$454,661)</b>	<b>\$6,550,935</b>	<b>\$6,096,276*</b>	<b>\$14.41*</b>

PV = Present Value of future cash flows discounted at 5%, NPV = Net of the PV of the outflow and inflow

\* Correction to prior analysis

**Incremental Business:**

IBM Green Data Center Project +

Companies who considered leaving Boulder

<u>Company</u>	<u>Rebate</u>	<u>Rebate Outflow PV</u>	<u>Taxes Inflow PV</u>	<u>Net Present Value</u>	<u>Return/\$ Invested</u>
IBM	\$100,000	(\$90,703)	\$1,642,936	\$1,552,233	\$18.11
LeftHand Networks	\$80,698	(\$74,073)	\$144,840	\$70,767	\$1.96
Mountain Sports Media	\$44,917	(\$40,741)	\$224,678	\$183,937	\$5.51
Solekai Sytems, Inc.	\$24,807	(\$22,501)	\$106,876	\$84,376	\$4.75
Total:	<b>\$250,422</b>	<b>(\$228,018)</b>	<b>\$2,119,331</b>	<b>\$1,891,313</b>	<b>\$9.29</b>

**Conclusion:**

The companies all provide broad benefits to the community, not only economically, but socially and environmentally as well. The full benefits analysis provides a conservative assessment of their economic impact at a \$6.1 Million return over three years on the investment made by the city in the form of incentives. However, even when taking a very limited incremental view of the benefits derived from the rebates, the city management can feel confident that a good return is still being earned on this investment.



## ATTACHMENT A-4

### PLANNING AND DEVELOPMENT SERVICES CUSTOMER SERVICE IMPROVEMENTS

#### Background

- Planning and Development Services is a service area and a special revenue fund that includes all of the development related activities in the Planning and Public Works Departments. In recent years, P&DS reduced its operating budget by \$995,000 and eliminated nine standard and seven temporary positions. Since that time, the focus has been on minimizing impacts to services central to the P&DS mission and improving the service standards where possible while leveraging resources.
- Following the business assessment prepared by Raymond Wilson in 2005, the Planning Director and Director of Public Works for Development & Support Services met with the Boulder Economic Council (BEC) to discuss the assessment findings, improvements recently implemented in P&DS and upcoming business process changes. The BEC found the information helpful and suggested that a cross-section of customers be convened periodically to encourage the exchange of such information. Several BEC members asked to be included in this group.
- A P&DS Advisors' Group was convened in April 2006. The charge for this group is to advise the Planning and Development Services management team on administrative improvements to the development review, technical document, building permit and inspection processes. Meetings provide opportunities for customers to offer suggestions about improvements and provide feedback on changes proposed by staff. Four meetings were conducted in 2006 and three meetings were held in 2007. The second meeting for 2008 will be conducted in June. Improvements and work items discussed at these meetings are noted below.

#### 2008 Focus Areas

In 2008, P&DS continued to focus on improving essential services identified as below standard in the areas of development review, building permit and inspection, and environmental and zoning enforcement; and on developing detailed implementation measures for long range plans that involve redevelopment incentives for areas within the city. Efforts have included:

- Using consultant and temporary employees in the areas of Engineering Review and Building Permit Review in order to minimize disruption to customers due to staff turnover and retirements.
- In 2008, began accepting credit card payments over the telephone to further assist customers in reducing trips.

- The Technical Document Review Process pilot project initiated in 2007 will continue in 2008. The combined Technical Document/Building Permit review approach tested in 2007 resulted in identification of a number of potential refinements which require further evaluation prior to broader implementation. Additional testing will occur in 2008 with potential implementation of initial changes by year end.
- A fixed term Urban Designer position and a Landscape Architect position were added in order to provide additional expertise and resources to improve service standards.
- The automated telephone system is difficult for customers to navigate. The system is being updated to more clearly identify service areas and how to obtain assistance.
- The current interactive voice response system used to schedule inspections has a number of limitations. The current system is being updated to meet customer needs. This work will be completed in 2009.
- In support of council's 2008 community planning initiatives, the Planning Department will work with other city departments and the community to complete three area plans/ studies, six land use code changes, the pops and scrape project, and the DET study.
- The Transit Village Area Plan is expected to provide significant redevelopment incentives for properties in the area near 30<sup>th</sup> and Pearl streets. Implementation of the plan continues for 2008.
- In support of the city's Business Plan, P&DS drafted a strategic plan as part of the 2008 budget process. In the 4<sup>th</sup> quarter of 2007 and the 1<sup>st</sup> quarter of 2008, the P&DS Advisors, Advisory Boards and general public were invited to comment on the staff plan which reflects staff's commitment to financial stewardship, continuous improvement, enhanced public accountability and community sustainability.
- Service standards have been identified for many P&DS services and other standards are being developed. For example, 60% of building permit applications are processed "over the counter" and contractor licenses are issued in 24 hours. In 2008, we are working to achieve a three day turn around for rental license applications. A peer city survey has recently been conducted. An analysis and documentation of outcomes will be available soon and will inform the evaluation of service standards.

**Contacts:** Ruth McHeyser, Acting Planning Director and Maureen Rait, Executive Director of Public Works

# ECONOMIC VITALITY PROGRAM

(as of 05/08/08)

	2003	2004	2005	2006	2007	2008	2009
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL OR COMMITTED	REVISED	PROJECTED
<b>UNAPPROPRIATED FUND BALANCE</b>							
Beginning of Year	3,496,971	2,905,701	2,675,400	2,318,786	1,814,360	593,966	0
2008 Budget Supplemental	0	0	0	0	0	123,000	0
<b>TOTAL SOURCES OF FUNDS</b>	<b>3,496,971</b>	<b>2,905,701</b>	<b>2,675,400</b>	<b>2,318,786</b>	<b>1,814,360</b>	<b>716,966</b>	<b>0</b>
<b>USES OF FUNDS</b>							
Economic Vitality Administration & Partnerships (1)	120,800	128,773	235,660	374,766	298,964	229,148	0
Urban Redevelopment (2)	0	101,528	101,877	110,583	116,643	124,818	0
Economic Vitality Program - Cost Allocation (3)	0	0	19,077	19,077	0	0	0
Loan for 10th and Walnut	357,970	0	0	0	0	0	0
2003 Broadway Delay Costs	112,500	0	0	0	0	0	0
Business Incentive Pilot Program	0	0	0	0	500,000	0	0
Owner-occupied Loan Pool	0	0	0	0	300,000	0	0
Employee Training Assistance	0	0	0	0	4,787	0	0
2008 Business Incentive Program	0	0	0	0	0	240,000	0
Supplemental for Business Incentive Program	0	0	0	0	0	123,000	0
<b>TOTAL USES OF FUNDS</b>	<b>591,270</b>	<b>230,301</b>	<b>356,614</b>	<b>504,426</b>	<b>1,220,394</b>	<b>716,966</b>	<b>0</b>
<b>ENDING FUND BALANCE</b>	<b>2,905,701</b>	<b>2,675,400</b>	<b>2,318,786</b>	<b>1,814,360</b>	<b>593,966</b>	<b>0</b>	<b>0</b>

**NOTES:**

(1) The funding for the Business Liaison is covered from this line item

(2) The funding for the Urban Redevelopment Director is covered from this line item

(3) As part of the 2005 cost allocation plan, it was decided that a portion of the real estate services costs incurred as a result of the Transit Village would be covered by Economic Vitality Program; the costs will be reflected in the plan for the 2005 and 2006 budgets only at this time.

ATTACHMENT A-5

**ECONOMIC VITALITY (EV) BUDGET 5-8-08**

Economic Vitality and Urban Redevelopment Accounts

	2007 Actual / Committed	2008 Revised Budget
<b>BEGINNING EV FUND BALANCE</b>	1,814,360	593,966
<b>Economic Vitality</b>		
1 Salaries & Benefits	120,268	135,000
2 BEC Consulting Contract(1) BIC Funding	52,036	24,000
	50,000	30,000
3 EV Sponsorships/partnerships Consultant Servies	58,260	16,660
	8,638	7,000
4 Miscellaneous Expenses	9,763	16,488
<b>TOTAL EV BUDGET SUBTOTAL</b>	<b>298,964</b>	<b>229,148</b>
<b>Urban Redevelopment</b>		
Salaries & Benefits	109,711	111,032
5 Non-Personnel Expenses	6,932	13,786
<b>TOTAL UR BUDGET SUBTOTAL</b>	<b>116,643</b>	<b>124,818</b>
<b>EV AND UR SUBTOTAL</b>	<b>415,607</b>	<b>353,966</b>
<b>Business Incentives Program</b>		
<b>Flexible Rebate Program</b>		
6 EV Reserves	500,000	240,000
2008 Supplemental	0	123,000
7 Owner-Occupied Loan Pool	300,000	0
Employee Training Assistance	4,787	0
<b>TOTAL INCENTIVES SUBTOTAL</b>	<b>804,787</b>	<b>363,000</b>
<b>TOTAL USES OF FUNDS</b>	<b>1,220,394</b>	<b>716,966</b>

- (1) EV Salaries & Benefits includes Business Liaison and Half-time Temp. EV Intern
- (2) 2008 BEC Contract work items focus: metrics/measurement, loan pool, BIC communication
- (3) Sponsorships include: Naturally Boulder BIBA, Film Festival, SBDC, AVP costs (\$40,000 in 2007)
- (4) EV Miscellaneous expenses include supplies, printing, IT/phone services, training, business travel, memberships
- (5) UR Non-personnel expenses include supplies, IT/phone services, ULI activities, business travel, memberships, 2007 carryover
- (6) 2008 EV reserves for incentives include carryover of 2007 funds and \$45,213 of unused 2007 employee training assistance funds
- (7) Loan pool funds have been invested with Colorado Enterprise Fund; loan pool to be evaluated mid-2008
- (8) Employee training assistance as a specific incentive program was not continued into 2008

## ATTACHMENT A-6

### ECONOMIC DATA

#### 1. Employment

According to Denver Regional Council of Government (DRCOG) and city of Boulder estimates, there are approximately 97,750 individuals employed in the city of Boulder. Since 2005, net employment in the city has increased 1.9 percent or an average of .6 percent a year.

Year	Employment
2005	95,952
2006	96,453
2007	96,977
2008	97,750

Source: DRCOG (includes self-employed and contract labor)

#### 2. Retail Growth

The city of Boulder collected \$73.1 million in retail sales tax in 2007, representing an increase of 1.44 percent from 2006 to 2007. Sales taxes have increased every year since 2004. The significant increases in 2006 and 2007 reflect the opening of Twenty Ninth Street in late 2006.

Year	Retail Sales Tax
2000	\$66,696,700
2001	\$62,669,900
2002	\$57,725,100
2003	\$54,871,500
2004	\$58,229,800
2005	\$59,708,700
2006	\$63,949,500
2007	\$73,164,906

Source: City of Boulder

#### 3. Venture Capital Investment

The high concentration of software development and biotechnology in Boulder has helped fuel increasing levels of venture capital investment in firms located in the city. Boulder companies have received a significant percentage of the venture capital investment recently made in Colorado. According to the PricewaterhouseCooper/Venture Economics/NVCA MoneyTree™ Report, Colorado companies received nearly \$298 million of venture capital investment in first quarter 2008. Of that amount, \$109 million or 37 percent was invested in companies located in the city of Boulder.

#### 4. Tourism

Tourism is the second biggest industry in the state and a significant contributor to the Boulder economy. According to the Boulder Convention and Visitors Bureau, tourism in the city has grown at a steady pace over the past three years and the trend is expected to continue. In the past year, hotel occupancy in the city of Boulder

increased 2 percent, average hotel room rates increased 8.7 percent and accommodations tax collections increased 12 percent. When compared to hotels across the state, Boulder hotels had a higher occupancy rate and higher average daily rates.

Between 2006 and 2007, restaurant and food service tax collections grew by nearly 9 percent and accommodations taxes increased more than 12 percent. Admissions taxes also showed a healthy increase of 6 percent.

<b>Net Sales Tax Receipts: Boulder, Colorado</b>			
<b>Category</b>	<b>2006</b>	<b>2007</b>	<b>Change 2006-07</b>
Food Service Tax	\$442,570	\$481,902	8.89%
Accommodations Tax	\$3,064,738	\$3,447,335	12.48%
Admissions Tax	\$406,030	\$430,397	6.00%

Source: City of Boulder Sales & use Tax Revenue Report, December 2007

Sales tax revenues increased in the historically high tourist traffic areas of Downtown Boulder (2 percent) and the Pearl Street Mall (3 percent), as well as in the new Twenty Ninth Street Shopping District (140 percent) completed in late 2006.

<b>Net Tax Receipts by Shopping Area: Boulder, Colorado</b>			
<b>Location</b>	<b>2006</b>	<b>2007</b>	<b>Change 2006-07</b>
Downtown	\$5,353,439	\$5,705,896	2.09%
Twenty Ninth Street	\$2,089,097	\$5,241,661	140.33%
Pearl Street Mall	\$2,396,087	\$2,475,085	3.29%
University of Colorado	\$799,404	\$943,484	13.05%
UHGID ("the Hill")	\$1,031,777	\$1,102,088	2.31%

Source: City of Boulder Sales & Use Tax Revenue Report, December 2007

**ATTACHMENT A-7**

**Boulder City Council  
STUDY SESSION**

**AUGUST 14, 2007**

**Economic Vitality**

**Click on the link below to view the materials.**

[http://www.bouldercolorado.gov/index.php?option=com\\_content&task=view&id=7555&Itemid=399](http://www.bouldercolorado.gov/index.php?option=com_content&task=view&id=7555&Itemid=399)

## ATTACHMENT B

### 1.) How do we compare on our “family friendly policies” to others?

In 2007, a review of the city’s time off practices was conducted. As part of this review, Human Resources (HR) staff contacted seventeen other municipalities. HR staff also compared the city to the private sector.

The city of Boulder has had a practice of family friendly policies, many which rank highly when compared to other public sector employers in the market. The city organization may not compare as favorably with the private sector, which typically gives a bank of time off for their employees to use without question and also has a short-term disability policy.

However, the city’s vacation and sick leave carry over practices have been more generous than those in the private sector and in our public sector comparators. Annually, staff review our benefits and policies to ensure we are providing employees with the best benefit options available for the dollars spent. To support our family friendly work environment, the city offers the following benefits to employees. The major source of our position relative to our comparators is the Mountain States Employers’ Council Miscellaneous Benefits & Pay Practices Survey for the Government industry.

1) Medical, dental, vision, life insurance plans, Long Term Disability, supplemental. (The city is matching the market with an average cost sharing contribution of 80% city paid for medical and dental insurances) The city offers the following insurance plans:

- A. A high deductible, no cost health plan option to standard full-time employees
- B. Benefits for domestic and common-law partners
- C. Ability to remain on benefits while on unpaid leave
- D. Benefits eligibility sooner upon hire than most competitors

2) Compensation Philosophy (In order to retain and attract talent that performs better than average, pay is targeted to be more favorable than the market average; for Fire and Police, the target is the top 3 comparison agencies; for BMEA and Management/Non-union, the target is to pay at the 75th percentile; in addition, for the lower paying jobs, the city exceeds the guidelines for the Living Wage)

3) Retirement plans (Due to legislated increases in PERA, the two groups who have PERA, namely BMEA and Management/Non-union, are at the top of the comparators) The city contributes to, or offers as an elective to employees the following related to retirement plans:

- A. Pension plan
- B. Defined contribution plans
- C. Retiree health insurance
- D. Retiree wellness passes

4) Federally mandated legislation (The city offers above what is required in our practices around federally mandated legislation, and has declined to claim exemption as a home-rule city; currently, direct comparisons in this area are not available) The city provides the following in this category:

- A. Domestic Abuse Victim’s Leave Policy
- B. Ability to use paid time for Family Medical Leave Act
- C. A more generous paid allowance for Military Leave

5) Leave policies. The city is at the 75th percentile or better for most of the following:

- A. Broader definitions of “family members” for sick leave and emergency leave usage
- B. Emergency leave
- C. Paid holidays
- D. Paid vacation
- E. Allow unpaid leave
- F. Sick leave matching
- G. Leave donation
- H. Provide pay during city-declared emergency closures
- I. Ability to sell back vacation

6) Flexible work environment and commuting assistance. (The city is in the top 10% of employers who provide a full bus pass and top 10% of employers who offer frequent casual dress; twenty-five percent have a telework policy) The city offers the following programs to provide a flexible work environment:

- A. Telework policy
- B. Flexible schedules
- C. Ecopass
- D. Pool bikes/cars
- E. Casual dress

7) Family friendly assistance (The city is in the top 25% of employers who offer wellness passes; most employers have Employee Assistance Programs (75%); the city lacks a city-wide tuition program):

- A. Child care referral and family care giver resources to residents
- B. Housing assistance for residents
- C. Employee Assistance Program
- D. Employee and Family wellness passes
- E. College Invest program
- F. Saving Bonds