



## INFORMATION PACKET MEMORANDUM

To: Members of City Council

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**Subject: Information Item: Economic Sustainability Strategy**

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### EXECUTIVE SUMMARY

The purpose of this memo is to provide an update on the proposed framework and work plan for the Economic Sustainability Strategy (ESS).

The City of Boulder is fortunate to have a strong economic climate with a healthy mix of industries and services. Businesses establish themselves in Boulder to take advantage of the physical and social environment and the talented workforce that the city offers. Innovative ideas are fueled by local resources - research facilities, higher education institutions and a spirit of entrepreneurialism - and are cultivated in a unique way that encourages economic success. People want to do business in Boulder because the culture and physical environment provide unique opportunities that cannot be replicated elsewhere.

Looking forward, it is critical for Boulder to maintain its competitive edge. The community has ways in which it can foster the growth of its primary employers and maintain the economic vitality for which the city is widely known.

## **FISCAL IMPACT**

The development of an ESS work plan was accounted for in the 2012 planning budget. Funding is sufficient to complete the work plan and the near-term action items described in this memo.

## **COMMUNITY SUSTAINABILITY ASSESSMENTS AND IMPACTS**

Economic: The purpose of the ESS is to coordinate and leverage internal and external resources to support Boulder's economic vitality, with an emphasis on promoting the community's primary employers. Initially, the ESS will respond to the four key issues identified in the Primary Employer Study.

Environmental: The ESS will integrate with other city policies and programs, including those that advance the community's environmental goals. Action items will require coordination and collaboration among a variety of city departments such as the Local Environmental Action Division and Energy Future team.

Social: The intent of the strategy is to advance all three areas of community sustainability, including social sustainability. The strategy's place-based approach is designed to create a built environment that supports the community's workforce and residents alike.

## **BACKGROUND**

In November 2011, City Council held a study session on the City's Economic Vitality Program and expressed support for conducting a Primary Employer Study to analyze the needs of primary employers in relation to the city's industrial and commercial areas. The Primary Employer Study revealed four key issues that could potentially slow the ability of companies to be successful contributors to the city's economic vitality:

1. Limited availability of suitable space for primary employer expansion
2. Lack of flexibility in allowed uses
3. Cost of land/cost of doing business is high
4. Lack of amenities in some parts of the city

During the August 28, 2012 Study Session, City Council supported the exploration of near-term actions to improve codes and processes that affect primary employers and the development of an ESS.

## **ECONOMIC SUSTAINABILITY WORKPLAN**

### Economic Sustainability Strategy Framework

The ESS will define the city's vision and action items for Boulder's continued economic vitality in a manner that is consistent with the community's environmental and social values. It will initially outline the city's process and plan for responding to the issues identified in the Primary Employer Study, but will continually be evaluated and evolve so that the city can manage change by responding to both internal and external circumstances that arise. The ESS will be a flexible document, one that is intended to be modified regularly based on needs and local capacities.

The proposed framework is based on the “place-based” approach to economic vitality discussed at the August 28 study session. The place-based approach seeks to create vibrant, amenity-rich business districts that vary in their focus and intensity but offer environments that support key industry clusters, retain talented workers and enhance a unique and sustainable “Boulder” quality of life. The ESS will include action items that will be organized into three categories:

- People – social and workforce amenities (addresses arts, culture, etc.)
- Place – physical environment (addresses public realm infrastructure/amenities, buildings, etc.)
- Process – ease of doing businesses (addresses city processes and procedures)

The ESS is envisioned as a compact document that will have a one- to two-page chart that will be a “roadmap” that identifies issues facing primary employers, and the proposed strategies and actions to remedy those issues. It will consider the goals and priorities of other City of Boulder policies and programs, including the Boulder Valley Comprehensive Plan, Transportation Master Plan, Climate Commitment and other city plans and policies to ensure that the strategy supports the community’s social and environmental sustainability goals.

### Vision

The ESS action items and framework will support an overall vision for Boulder’s economic sustainability that is also supportive of the community’s social and environmental sustainability goals. The draft working vision for the ESS is:

*Boulder will be recognized and respected throughout the world as a city where companies thrive and people are constantly creating innovative businesses and products.*

To support this vision, the city, its partner organizations (such as the Boulder Chamber of Commerce, Boulder Economic Council, University of Colorado, job development organizations, etc.) and Boulder’s primary employers will have distinguished yet complementary roles. The proposed ESS mission builds upon the economic goals of the Boulder Valley Comprehensive Plan while acknowledging and supporting the efforts of external organizations. The proposed ESS mission is:

*The city will support a healthy, adaptable economy that reinforces and enhances our community’s economic, social and environmental sustainability goals through:*

- 1 - Strategic redevelopment and sustainable employment*
- 2 - A diverse economic base*
- 3 - A superb quality of life*
- 4 - Sustainable business practices*
- 5 - Job opportunities, education, and training.*

### Action Items

The main objective of developing the ESS is to generate a menu of action items to address issues and challenges. These action items are intended to be analytical measures to determine how the

city can best respond to the issues at hand. Some action items will result in immediate improvements to city processes and procedures. Other action items will call for deeper analysis of an issue, particularly when the issue may lead to policy changes or major program additions or enhancements.

### Prioritization Criteria

The ESS will include information to assist in prioritizing the implementation of each project. Examples of questions included in this section are as follows:

- What is the expected duration?
- What are the desired start/end dates?
- What is the anticipated cost?
- What is the estimated impact?
- Is funding available?
- Is this action included in the current work plan?
- Are staff resources available?
- Is the sequencing logical with other projects/programs?

### Regular Evaluation

A key component of the proposed ESS includes regular, recurring evaluation to ensure the actions underway are achieving their desired results.

### Stakeholder Involvement

The city will present a draft ESS to a variety of stakeholders to get feedback and input. Representatives from the Boulder Chamber of Commerce and Boulder Economic Council participated in the development of the ESS work plan outlined above.

## **Near-Term Targeted Improvements to Codes and Processes**

### Code Improvements

Lack of flexibility of uses in Boulder's commercial and industrial zone districts was identified as a key issue in the Primary Employer Study. Since the August 28 study session, several improvements are being considered to respond to the issue. In 1st and 2nd Quarter 2013, the following items will be considered:

- Technical/Professional Offices –Update code to reflect more contemporary business models and provide a better distinction between technical and professional office uses based on operational characteristics;
- Manufacturing uses with *potential* for off-site impact – Update code to reflect more contemporary business models and allow certain manufacturing uses in the Industrial zones where they are currently prohibited, through the Use Review process.
- Medical office uses - Evaluate potential zoning changes to support medical office uses in proximity to the Boulder Community Hospital Foothills campus. These will be limited in scope to address short-term needs.

### Tenant Finish Permitting Process

The Primary Employer Study revealed that remaining price-competitive is becoming more and more challenging due to the high cost of doing business in Boulder. In particular, the unpredictable development review and tenant finish permitting process were cited as city processes that increase project costs. This unpredictability increases project risk, which impacts the ability to redevelop or upgrade commercial space for primary employers. Additionally, as cited in the Primary Employer Study, the unpredictability dissuades primary employers from moving into spaces that require significant tenant improvements.

The city is currently modifying the tenant finish permit process to make the process shorter and more predictable. In 1<sup>st</sup> quarter 2013, the city will pilot a streamlined tenant finish permit process that will be initiated by Project Specialists. This streamlined process would shorten the projected review time for qualified applicants from the current average timeline of 14 days to a maximum timeline of 7 days.

### **NEXT STEPS**

Staff will present a draft ESS to council at a study session in 1<sup>st</sup> Quarter 2013 for feedback. A final ESS will be considered for acceptance by council in the 2<sup>nd</sup> Quarter 2013.