



**CITY OF BOULDER
CITY COUNCIL AGENDA ITEM
MEETING DATE: APRIL 7, 2020**

AGENDA TITLE

Citywide Retail Strategy Update

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RETAIL RESILIENCY & COVID-19 DISASTER RESPONSE

While the strategy is intended to provide a long-term approach to enhancing and sustaining the vitality of the Boulder retail base, staff recognizes that the retail industry has been especially hard-hit by the recent COVID-19 pandemic emergency. In an effort to mitigate the virus' impact on small businesses including retailers, the city is taking several immediate steps, with an eye toward the economic recovery and economic resilience in the long-term.

- **Business resources webpage.** A dedicated webpage within the city's online coronavirus web response was created to connect businesses with resources at the local, state and federal level. A link to this page was emailed to all licensed businesses within the Boulder city limits on March 26. The page is updated frequently as new information becomes available.
- **Business impact surveys.** In early March, the Boulder Chamber issued a [preliminary survey](#) to Boulder businesses with open-ended questions to assess the immediate impact of the necessary public health measures on their businesses. A summary of the responses, as coordinated with city staff and other economic vitality partner organizations, was

provided to the City Council in a memorandum, dated March 19, 2020 (**Attachment E - Boulder Business Needs and Coordinated Response**). The city and its partners drafted a follow-up survey that is designed to collect information on specific impacts to each businesses' revenue, their workforce and how their needs may evolve as the duration of the public health emergency continues. The response deadline is timed so that the results may be presented as part of the April 28, 2020 City Council budget-related update.

- **Recovery and resilience.** The pandemic crisis reinforces the city's focus on resiliency as a component of a strong economic and retail environment. Referencing the city's [2016 Resilience Strategy](#), the Citywide Retail Strategy components have been updated to add an update to the [2013 Economic Sustainability Strategy](#) to the Community Vitality 2020 work plan. These updates reflect input from the city's Community Vitality, Finance, and Planning departments.

After the results of the follow-up survey are received, more will be known about specific impacts of recent events on Boulder businesses. In preparation for drafting a policy response, staff has been tracking government relief approaches to-date, which are taking a variety of forms:

- **Loans** – the federal government, through the Small Business Administration (SBA) is offering low interest loans to qualifying businesses of up to \$2 million with a 30-year repayment term. The Boulder Small Business Development Center (SBDC) is available to assist Boulder County businesses with the application process.
- **Microloans** – some cities are offering no interest loans of varying amounts to help small businesses cover their working capital needs in the short-term.
- **Policy moratoria** – governors are waiving portions of state eviction policies to prohibit eviction for non-payment of rent while a state of emergency is in effect. Public utilities are offering a moratorium on eviction for non-payment of utility fees.
- **Grants** – some cities are providing one-time cash grants to businesses impacted by the new coronavirus, with varying eligibility requirements.
- **Penalty & interest waivers** – of 16 Denver metro area cities surveyed, four cities are waiving late fees and interest for non-payment of city sales and use taxes during the next two months.
- **Impacted worker relief** – unemployment extension and other assistance provided through varied programs.

Staff is also tracking creative approaches for maintaining business operations and retaining local workers, in some cases redeploying these workers to help serve the needs of emergency operations and vulnerable community members. Many lessons will be learned during this health and safety disaster and the community's ultimate recovery, which will help inform and evolve the recommendations and implementation of Boulder's economic recovery and resilience strategy.

EXECUTIVE SUMMARY

The Citywide Retail Project was initiated in 2018 to pursue the retail-related goals of the most recent update to the [Boulder Valley Comprehensive Plan](#) (BVCP) and to expand upon the [2018 Downtown Retail/Vibrancy Study](#) by examining Boulder's retail base citywide. The project's first phase was a three-part study that collected data on Boulder's retail base; benchmarked local retail

industry performance; and solicited input from Boulder retailers and shoppers. The findings of the [citywide retail study](#) were presented to the City Council in July 2018 for discussion and input on primary objectives for developing a citywide retail strategy. Council’s primary objectives were to:

- **Address retailer challenges.** The top priority should be to respond to retailer concerns with the ease and cost of permitting and licensing. Also promote commercial affordability and address talent retention challenges related to housing costs and worker transportation/access.
- **Respond to unmet shopper needs.** Expand walkable retail access through infrastructure, zoning and incentives. Respond to shopper requests for more affordable and inclusive retail.
- **Continue to monitor Boulder’s retail base performance.** Keep an eye toward the impact of an evolving retail industry on Boulder’s sales tax revenues; understand whether Boulder’s currently strong “pull factor” in most retail categories is a recent phenomenon; and explore whether the study finding of declining food store sales is unique to Boulder or reflective of broader shifts in consumer behavior.

Following up on council’s suggestions, staff spent the next seven months conducting broad outreach as summarized in **Attachment B - Outreach and Engagement Summary**. The strategy development outreach was both internal among city departments and external among community stakeholders, to assess whether existing city programs and policies can achieve council’s objectives; what additional efforts may be required; and the timing and resources needed to pursue any enhancements. Staff also worked with an economic consultant and the Boulder Small Business Development Center (SBDC) to collect additional data to support the analysis of the strategy development. A summary of the analysis is provided in **Attachment C – Strategy Development Analysis Summary**.

The basis for the resulting recommendations is explained in greater detail in the analysis; highlighted as:

1. **Improve small business experience with permitting and licensing.** Building upon the recent improvements completed and underway with Planning & Development Services and the Finance Department, continue to improve the customer experience for small businesses in the permitting and licensing processes to provide efficient, consistent and predictable service.
2. **Reduce small business costs.** Enhance the viability of small and independent retailers:
 - a. Support existing city programs and pilots that promote the creation of permanently affordable commercial space and tenant relocation assistance to retain small and independent retailers.
 - b. Maintain and enhance programs to reduce small business operating costs, such as PACE (PACEpartners.com), advisor services and financial rebates for efficiency upgrades.
 - c. Remove or reduce regulatory barriers to “right-sizing” retail to promote the private creation of affordable commercial spaces.

- d. Conduct economic impact studies when new policies are being considered that may increase small business costs and explore possible tools to offset these costs.
3. **Streamline online support for small businesses.** Respond to council’s suggestion to create a “one-stop shop” for Boulder businesses by creating a single portal on the city’s website for retail employers to find step-by-step information on how to start a business in Boulder, local regulatory requirements, and programs that support small businesses. Include information to support worker retention, i.e. existing affordable housing and worker access products.
4. **Expand geographic access to retail.** Complete the East Boulder Subcommunity Plan pilot engagement effort to establish a process for expanding walkable access to retail and bring the recommendations to the Planning Board Use Table Update subcommittee for further refinement and codification.
5. **Expand access to affordable/inclusive retail.** Pilot a tenant recruitment program to bring affordable/inclusive retailers to Boulder, including a community engagement process to establish priority businesses or business types.
6. **Ongoing monitoring.** Continue to monitor the performance of the city’s retail base, and periodically revisit the goals of the Citywide Retail Project.
 - a. Maintain the existing retail base financial reporting on the city’s website.
 - b. Revisit key benchmarks of the citywide retail study in five years to assess progress toward goal achievement.

The strategy components suggest a phased implementation plan (i.e. the Citywide Retail Strategy) in **Attachment D – Phased Implementation Plan**. The ability to accomplish each strategy component within existing 2020 Council Action Guide (CAG) and departmental work plans is noted. Strategy components that do not align with current work plan items are placed in the “2021 and Beyond” column.

NEXT STEPS

1. Immediately coordinate among city departments to develop options for short-term assistance to Boulder businesses and employees impacted by the COVID-19 pandemic emergency.
2. Initiate coordination among city departments to determine how best to integrate the objectives of the Citywide Retail Strategy into the 2020 CAG and departmental work plan items as outlined in **Attachment D – Phased Implementation Plan**.
3. Update to council on progress with implementation of the COVID-19 response and next steps with the Citywide Retail Strategy.

ATTACHMENTS

Attachment A - City of Boulder Citywide Retail Strategy (March 2020)

Attachment B - Outreach and Engagement Summary (March 2020)

Attachment C - Strategy Development Analysis Summary (March 2020)

Attachment D - Phased Implementation Plan (March 2020)

Attachment E – Memo to City Council Regarding Boulder Business Needs and Coordinated Response (March 19, 2020)

Citywide Retail Project Retail Strategy



City of Boulder
March 2020



BACKGROUND

The city of Boulder is located 35 miles northwest of Denver, with a population just over 100,000 residents. The city is approximately 25 square miles in size, surrounded by nearly 65 square miles of city-owned open space. Boulder is home to the University of Colorado Boulder and its 44,000 students, faculty and staff. The city enjoys a vibrant local economy with businesses in a diverse mix of industries and a high concentration of aerospace, bioscience, “clean tech,” information technology, natural and organic foods, and active living/recreation companies. Boulder is also home to seventeen federal laboratories including the National Center for Atmospheric Research (NCAR), National Institute of Standards and Technology (NIST) and the National Oceanic and Atmospheric Administration (NOAA).

In 2018, in response to multiple factors such as slowing growth in retail sales tax revenues; retail-related comprehensive plan goals; and retail-related recommendations of the 2018 Downtown Retail/Vibrancy Study, the city council authorized \$150,000 to pursue a [Citywide Retail Project](#) with three phases: a study, followed by development of a strategy and, ultimately, strategy implementation. *For the purposes of this project, staff defined “retail” as bricks and mortar sales tax-generating businesses (including restaurants) that offer goods and services directly to consumers.*

The year-long [retail study](#) phase included data collection and analysis by a retail consultant, as well as three surveys: an electronic survey for current Boulder retail operators; in-person interviews with retailers who had closed their Boulder locations in the past two years; and an electronic survey of Boulder shoppers (both residents and workers). In July 2019, the [city council review and discussion of the study findings](#) identified three priority areas (with suggested approaches) for developing the retail strategy, with an emphasis on actionable recommendations:

- **Address retailer challenges.** The top priority should be to respond to retailer concerns with the ease and cost of permitting and licensing. Also promote commercial affordability and address talent retention challenges related to housing costs and worker transportation/access.
- **Respond to unmet shopper needs.** Examine unmet retail needs from both a geographic and inclusivity standpoint and examine a potential role for the city in addressing these needs. Reduce geographic deserts through infrastructure, zoning and incentives.
- **Continue to monitor Boulder’s retail base performance.** Keep an eye toward the impact of an evolving retail industry on Boulder’s sales tax revenues; understand whether Boulder’s currently strong “pull factor” in most retail categories is a recent phenomenon; and appreciate whether declining food store sales are unique to Boulder or reflective of broader shifts in consumer behavior.

To date, council has received the following updates and/or provided input on the project:

- **July 10, 2018** – [Study session](#) on the proposed scope of work for the study.

- **August 9, 2018** – [Information Packet Item](#) (IP) outlining a final scope of work and which project components would be completed by staff as supported by a competitively selected retail consulting firm.
- **February 1, 2019** – *Heads Up* providing an update on the consultant selection process and identifying community partners that would support the data collection phase. The update also provided a link to a newly created project page on the city’s website where members of the public can go for updates.
- **February 4, 2019** – Council members were provided with the opportunity to meet one-on-one with the retail consultants during the firm’s Boulder site visit; to confirm their objectives for the study with the consultants; and to provide input on the proposed study process.
- **March 8, 2019** – *Heads Up* detailing the community engagement plan for the data collection phase.
- **May 21, 2019** – [Presentation](#) at mid-project to provide detailed information on the retail study community engagement efforts and preliminary outcomes.
- **July 9, 2019** – [Presentation](#) of the study findings and council input on priority areas for the Citywide Retail Strategy.
- **January 16, 2020** – *Heads Up* with the results of the [additional research](#) requested by council
- **January 21, 2020** – [Information Packet Item](#) (IP) on City Provided Small Business Support
- **March 19 2020** – Memo to City Council Regarding Boulder Business Needs and Coordinated Response (**Attachment E - Boulder Business Needs and Coordinated Response**)

Over the past seven months, the strategy development phase of the project has included additional research in response to council requests; community engagement, with both internal and external stakeholders; and analysis to develop a draft Citywide Retail Strategy for council review and input. The strategy has six main components as summarized in further detail below.

Staff has provided additional information in the executive summary to update council on short-term strategy options to support businesses impacted by the COVID-19 pandemic emergency.

On April 7, 2020, staff will present for council input and consideration the Citywide Retail Strategy and next steps for strategy implementation.

OVERVIEW

Following council’s direction at the July 2019 presentation of the Citywide Retail Study, staff conducted a strategy development process that included broad community engagement as summarized in **Attachment A – City of Boulder Citywide Retail Strategy**. The strategy development outreach was both internal among city departments and external among community stakeholders, to assess whether existing city programs and policies are sufficient to achieve council’s objectives; what additional efforts may be required; and the timing and resources needed to pursue these enhancements.

Staff also worked with an economic consultant and the Boulder Small Business Development Center (SBDC) to collect additional data requested by council. The [additional data](#) collected by the SBDC and the economic consultant’s [additional research](#) provided to council in January 2020 are both posted on the [Citywide Retail Project web page](#).

Using the three priority areas outlined by the City Council in its review of the study findings in July 2019, the framework for the analysis was the following questions:

Are existing city programs and policies in place to achieve this goal?

What gaps exist (including additional education and outreach) that need to be addressed?

Are additional resources and/or funding needed to address the gaps?

Do these enhancements align with existing Council Action Guide and work plan items?

A detailed summary of the analysis is provided in **Attachment C – Strategy Development Analysis Summary**. The basis for the Citywide Retail Strategy components is summarized in the analysis. The six main components of the strategy – and their actionable next steps – are:

1. **Improve small business experience with permitting and licensing.** Building upon the recent improvements completed and underway with Planning & Development Services and the Finance Department, continue to improve the customer experience for small businesses in the permitting and licensing processes to provide efficient, consistent and predictable service.
2. **Reduce small business costs.** Enhance the viability of small and independent retailers:
 - a. Support existing city programs and pilots that promote the creation of permanently affordable commercial space and tenant relocation assistance to retain small and independent retailers.
 - b. Maintain and enhance programs to reduce small business operating costs, such as PACE (PACEpartners.com), advisor services and financial rebates for efficiency upgrades.
 - c. Remove or reduce regulatory barriers to “right-sizing” retail to promote the private creation of affordable commercial spaces.
 - d. Conduct economic impact studies when new policies are being considered that may increase small business costs and explore possible tools to offset these costs.
3. **Streamline online support for small businesses.** Respond to council’s suggestion to create a “one-stop shop” for Boulder businesses by creating a single portal on the city’s website for retail employers to find step-by-step information on how to start a business in Boulder, local regulatory requirements, and programs that support small businesses. Include information to support worker retention, i.e. existing affordable housing and worker access products.
4. **Expand geographic access to retail.** Complete the East Boulder Subcommunity Plan pilot engagement effort to establish a process for expanding walkable access to retail and bring the recommendations to the Planning Board Use Table Update subcommittee for further refinement and codification.
5. **Expand access to affordable/inclusive retail.** Pilot a tenant recruitment program to bring affordable/inclusive retailers to Boulder, including a community engagement process to establish priority businesses or business types.
6. **Ongoing monitoring.** Continue to monitor the performance of the city’s retail base, and periodically revisit the goals of the Citywide Retail Project.

- a. Maintain the existing retail base financial reporting on the city’s website
- b. Revisit key benchmarks of the citywide retail study in another five years to assess progress with achieving council’s goals.

The strategy components are aligned with 2020 Council Action Guide and department work plans in **Attachment D – Phased Implementation Plan**. Items that do not currently align with 2020 work plan items are scheduled for 2021 and beyond.

CITYWIDE RETAIL STRATEGY COMPONENTS

Research, outreach and planning conducted during the development of the Citywide Retail Strategy resulted in five primary strategy components. The first three respond to challenges cited by retailers, one relates to the issue of unmet shopper needs, and the last relates to monitoring progress with council’s goals for the Citywide Retail Project. The latter will ensure that the city continues to evaluate the health of the Boulder retail base as a component of local economic trends, and to measure progress on meeting council’s objectives to maintain a balanced retail base in which small and independent businesses may thrive, that reflects Boulder’s core value of being “welcoming and inclusive.”

I. ADDRESS RETAILER CHALLENGES

A majority of respondents to the Citywide Retail Study retailer survey (62%) indicated they feel it is becoming more challenging to do business in Boulder. Specific challenges cited were rising costs, a labor market strained by limited affordable housing and transportation/access, and a need for support with the city’s permitting and licensing processes. Council prioritized responding to the latter challenge, suggesting three possible approaches: applicant support roles within city departments; the use of third-party support; and the creation of an online “one-stop shop” with information to assist with the permitting and licensing processes. Council also requested that staff follow up with additional research on survey respondents’ concerns with rising costs, especially when the study noted comparable base rents between Boulder and its neighbors.

Based on the analysis of council’s suggested approaches as summarized in **Attachment C – Strategy Development Analysis Summary**, staff developed three primary strategies to address the retailer challenges cited in the Citywide Retail Study.

1. **Improve small business experience with permitting and licensing.** Building upon the recent improvements completed and underway with Planning & Development Services and the Finance Department, continue to improve the customer experience for small businesses in the permitting and licensing processes to provide efficient, consistent and predictable service.
2. **Reduce small business costs.** Enhance the viability of small and independent retailers:
 - a. Support existing city programs and pilots that promote the creation of permanently affordable commercial space and tenant relocation assistance to retain small and independent retailers.
 - b. Maintain and enhance programs to reduce small business operating costs, such as the PACE energy smart rebate programs.

- c. Remove or reduce regulatory barriers to “right-sizing” retail to promote the private creation of affordable commercial spaces.
 - d. Conduct economic impact studies when new policies are being considered that may increase small business costs and explore possible tools to offset these costs.
3. **Streamline online support for small businesses.** Respond to council’s suggestion to create a “one-stop shop” for Boulder businesses by creating a single portal on the city’s website for retail employers to find step-by-step information on how to start a business in Boulder; local regulatory requirements; and programs that support small businesses. Include information to support worker retention, i.e. existing affordable housing and transportation/access products.

In exploring strategies related to the above-described retailer challenges, staff consulted across departments to assess to what degree the city already has programs and policies in place that respond to council’s suggested approaches; whether additional resources and approaches might yield greater support for small and local retailers; and to what degree efforts are already under way to achieve these outcomes as part of the 2020 Council Action Guide and departmental work plans.

An implementation strategy for each of the recommendations is provided below, followed by a brief summary of the analysis and outreach conducted to support the strategy component.

Continuous Improvement to Business Permitting and Licensing Process

Strategy 1 – Implementation Plan: Align the goal of improving permitting and licensing processes with the 2020 departmental work plan item Planning - Design for the Future Team 2.0 and add performance measurement of the process improvements one year after implementation.

Attachment C – Strategy Development Analysis Summary identifies four city departments that regulate retail businesses (Climate Initiatives, Finance, Fire/Rescue, and Planning & Development Services) and provides an overview of existing internal functions that support business applicants.

In the last year, significant improvements in several of these areas have been initiated, and progress has been made.

On Feb. 10, 2020, the Sales Tax and Business Licensing division launched a new Tax and Revenue Management System. The system includes enhanced workflows that will decrease the time needed to review and approve business license applications. It also features a robust and user-friendly online portal, which includes a suite of features, including the ability to file and pay online, amend tax returns, request refunds, add/cease a location, and much more.

In early 2019, the Public Works Department (PW) and Planning & Development Services (P&DS) initiated a comprehensive self-assessment. Team Tipton, a consulting firm specializing in change management, facilitated the process. The inclusive process involved extensive staff participation to ensure recommended improvements to create a culture of efficient and effective service delivery based on a foundation of trust, teamwork and support at all staff levels. The initial recommendations have resulted in establishing Planning & Development Services (P&DS) as a city department, merging the Planning Department and the Public Works development services division. The next phase of the work includes the following:

1. Create a business model for P&DS that addresses services from initial question to case close-out and archiving (A-Z) that:
 - Defines core services.
 - Develops mission and goals.
 - Defines customer service in the context of operational excellence.
 - Establishes a teaming structure to streamline service delivery from submittal to completion.
2. Implement the new business model and redesign the business processes that:
 - Standardizes and streamlines processes and procedures.
 - Clarifies roles, responsibilities and decision-making authority for each position.
 - Establishes key performance indicators.
 - Adopts decision-making models.
 - Increases rigor and discipline in records management, meeting efficiency and the ability to create capacity in workload planning.

This work includes significant improvements to the software tools utilized by P&DS and will include moving towards most applications having an online, electronic submittal process.

Reduce Small Business Costs

Strategy 2 – Implementation Plan: The 2020 Council Action Guide and departmental work plans include several items that align with the retail strategy components and [Small Business Support information packet \(IP\)](#) to reduce small business costs. Further scoping will be necessary to clarify the staff and funding resources needed to fully pursue each component beyond the following work plan items.

- Strategy 2.a & Planning – Community Benefits Phase II. Align the goal of supporting city programs and policies that create permanently affordable commercial space with the development of Site Review criteria for permanently affordable as a community benefit.
- Strategy 2.a & Community Vitality – Reinvestment/Redevelopment. Pilot city-supported tenant relocation assistance for small and independent businesses if/when the Hill hotel or Alpine-Balsam projects enter the construction stage.
- Strategy 2.b & Climate Initiatives- PACE. Continue to support a small business equity program that provides PACE advisor service and sizeable rebates to local, minority-owned small businesses. Full implementation of the program will reside within the PACE offerings.

One item that is not aligned with existing work plan items is the strategy to conduct an economic impact assessment of the potential financial impact of proposed policies on the occupancy costs of retail businesses (Strategy 2.d). This effort should be aligned with other proposals to assess impacts of policies on other segments of the community, and should include an exploration of financial tools for offsetting these costs to reduce the impact on businesses below a certain size threshold.

The analysis summarized in **Attachment C – Strategy Development Analysis Summary** began with responding to council’s request to engage an economic consultant to provide additional data on what additional costs Boulder retailers typically pay in addition to gross rent; how these “gross rents” or occupancy costs measure against neighboring communities; and how they impact the ability to retain small and independent retailers in Boulder.

The [additional research](#) found that Boulder retailers’ costs averaged levels beyond what is sustainable for most small and independent businesses, especially within general improvement districts (GIDs) where an additional tax is levied on commercial properties to fund enhancements to parking/access, streetscape and marketing programs. To bring current cost/revenue ratios in line with neighboring communities, Boulder would need to implement strategies to decrease retailer occupancy costs or increase their percentage revenues. The additional research discovered Boulder retailers anticipate occupancy costs to continue to increase over the next five years, with no likelihood of corresponding revenue increases.

Acknowledging that the city has limited influence on several factors that contribute to occupancy costs (e.g. county property taxes, utilities), the strategy suggests a dual approach of reducing operations costs (e.g. [PACE high efficiency food service equipment rebate programs](#)) and creating an “eco-system” of affordable commercial spaces through city pilots and the private creation of right-sized commercial spaces. This strategy includes supporting the creation of shared spaces and spaces smaller than 2,000 square feet by evaluating barriers cited by commercial landlords, brokers and retailers. These included existing sign code regulations and the complexity of dividing heating and cooling systems and utilities. The strategy also recommends helping small and independent retailers find affordable options for remaining in Boulder when they are at risk of displacement.

Lastly, the strategy recommends conducting economic impact assessments of new policies under consideration that could contribute to the operations costs of small businesses (e.g. introduction of a library district tax, sales tax increases or minimum wage increases) and exploring options for city-funded offsets, grants or fee waivers to reduce the impacts on businesses below a certain threshold.

Enhance Online Small Business Support

Strategy 3 – Implementation Plan: The 2020 Council Action Guide and departmental work plans include two items that align with the retail strategy components to respond to council’s suggestion for an online “one-stop shop” for businesses.

- [Strategy 3 & Communications – Website Improvement Project](#). Integrate creation of a streamlined business/employee portal and ongoing retail base monitoring into the usability research for a new website launch in 2021.
- [Strategy 3 & Housing and Human Services – Regional Housing Strategy Implementation](#). Monitor products aimed at 50% area median income (AMI) to promote to retail employers/workers in a new online business portal.

In the strategy development analysis summarized in **Attachment C – Strategy Development Analysis Summary**, staff assessed the existing business customer interface on the city’s website and explored best practices from neighboring communities to see if the city was meeting the goal of an online “one-stop shop” to support businesses. Staff recognized that enhancing business resources online also presented an opportunity to improve employee education and outreach on existing affordable housing and worker access programs to simultaneously address retailer concerns with talent retention. Staff has confirmed that the city’s economic vitality partners do not currently actively promote these resources to their members, although they may be more willing to do so if there was a more streamlined customer interface.

The assessment of existing online resources found that there are five “doing business in Boulder”-type portals; four on the city’s website and one on the Boulder Economic Council website, respectively. The

five portals contain generally the same information, although none indicate that new businesses are required to comply with sustainability regulations such as the Universal Zero Waste Ordinance, suggesting that it may be proving difficult to keep five portals up-to-date as new city policies are introduced.

This segment of the strategy development also focused on evaluating to what degree existing affordable housing and worker access programs and policies are being promoted to retail operators and their employees. Staff explored online accessibility to retail worker (i.e. minimum wage) level affordable rental housing through the city’s website and the Boulder Housing Partner’s website, as well as online accessibility to information on city parking and transit programs for employees. All three pages would benefit from modest enhancements and linking directly to a streamlined business portal for greater likelihood of engagement with Boulder retail employers and their staff.

II. RESPOND TO UNMET SHOPPER NEEDS

Responses to the Citywide Retail Study shopper survey indicated that Boulder’s existing retail base is not meeting residents’ and workers’ needs in terms of walkable access in all parts of the city and in terms of providing goods that are affordable and inclusive.

Based on the analysis of council’s suggested approaches as summarized in **Attachment C – Strategy Development Analysis Summary**, staff proposes two strategies to address the unmet shopper needs:

4. **Expand geographic access to retail.** Complete the East Boulder Subcommunity Plan pilot engagement effort to establish a process for expanding walkable access to retail and bring the recommendations to the Planning Board Use Table Update subcommittee for further refinement and codification.
5. **Expand access to affordable/inclusive retail.** Pilot a tenant recruitment program to bring affordable/inclusive retailers to Boulder, including a community engagement process to establish priority businesses or business types.

The engagement to develop strategies related to unmet retail needs included city staff, food truck operators, commercial brokers/owners and various community organizations and community leaders. Staff’s analysis included an assessment of existing city programs and policies; whether additional resources and approaches might yield better outcomes as far as customer access and the attraction of more affordable and inclusive retailers; and to what degree efforts are already under way to achieve these outcomes as part of the 2020 Council Action Guide and departmental work plans.

An implementation strategy for each of the recommendations is provided below, followed by a brief summary of the analysis and outreach conducted to support the strategy component.

Expand Geographic Access to Retail

Strategy 4 – Implementation Plan: The 2020 Council Action Guide and departmental work plans include two items that align with the retail strategy to expand geographic access to retail.

- Strategy 4 & 2020 CAG – East Boulder Subcommunity Plan. Continue the pilot approach to integrating 15-minute retail access into the Alternative Futures Study and Preferred Alternative.
- Strategy 4 & 2020 CAG – Use Table and Standards Phase II. Continue the pilot approach to integrating policies and procedures for enhancing 15-minute retail access into potential code changes.

In the analysis stage of the strategy development summarized in **Attachment C – Strategy Development Analysis Summary**, staff identified three current city projects that aligned with council’s suggestions for improving geographic retail access through infrastructure, zoning and incentives. These were:

- Implementation of Transportation Master Plan (TMP) Update
- Use Table and Standards Phase II
- East Boulder Subcommunity Plan

Staff from Community Vitality, Planning & Development Services and Transportation met to discuss a collaborative approach to pursuing the goal of walkable retail access. It was decided that the subcommunity planning process was the most natural framework for engaging the community in determining the optimal locations for walkable retail, using the data and objectives of the TMP update, and bringing the findings from this process to the Use Table Subcommittee of the Planning Board to codify the recommendations of the group into their update.

This pilot approach is in the process of being tested. The recommended strategy is to continue to pursue the pilot and to make any needed refinements prior to the next subcommunity planning process.

Expand Access to Affordable/Inclusive Retail

Strategy 5 – Implementation Plan: The 2020 Council Action Guide and departmental work plans include one item that aligns with the retail strategy to expand access to affordable/inclusive retail.

- Strategy 5 & 2020 CAG - Advancing Racial Equity. Align inclusive retail recruitment prioritization with the community engagement process of the Racial Equity Plan.

In the analysis stage of the strategy development (summarized in **Attachment C - Strategy Development Analysis Summary**), staff reached out to several community organizations in response to the shopper survey comments that Boulder retail was not meeting the needs of its lower income residents, Spanish-language residents and other community members including older adults, children, men, and plus size shoppers. Staff then reached out to commercial brokers to gauge the degree of interest among affordable retail concepts in a Boulder location. Lastly, staff responded to City Council’s request for information on municipal tenant recruitment programs to determine if the city could play a role in recruiting these types

of retailers to Boulder. The [retail recruitment program research](#) is posted on the Citywide Retail Project web page.

The recommended strategy suggests that a pilot recruitment program focus on engaging retailers that meet Boulder’s need for affordable and inclusive retail, i.e. to meet current needs that market forces are not achieving on their own. The pilot would follow the framework of other tenant recruitment programs across the country, but with the added benefit of extensive community engagement to gain a better understanding of the types of retail needed to achieve the affordable and inclusive objectives. The engagement would be designed to align with existing efforts to advance racial equity in Boulder.

III. CONTINUE TO MONITOR BOULDER’S RETAIL PERFORMANCE

Strategy 6 – Implementation Plan: The 2020 Council Action Guide and departmental work plans include one item that aligns with the retail strategy to continue monitoring the city’s retail base.

- Strategy 6 & Communications – Website Improvement Project. Integrate ongoing retail base monitoring into the usability research for a new website launch in 2021.

The strategy to repeat the benchmarking provided in the Citywide Retail Project for the purpose of assessing the city’s progress with the goals of the strategy is identified in **Attachment D – Phased Implementation Strategy** as a work item for “2021 and Beyond.”

The findings of the [Citywide Retail Study](#) demonstrated the value of periodically gathering data to confirm/refute industry perceptions and to assess how well current priorities align with existing programs and policies. Staff recommends repeating a portion of the Citywide Retail Study data collection and analysis in five years, in addition to continuing the work of the Finance Department to provide ongoing monitoring of the city’s sales tax revenues by district and category.

OUTREACH

From August 2019 to February 2020, staff conducted extensive outreach to identify possible gaps in the ability of existing programs and policies to achieve the goals of the Citywide Retail Strategy; to test out potential strategies with community stakeholders; and to narrow the recommendations down to actionable tasks. Outreach included engagement throughout the City of Boulder organization; to third party economic vitality, transportation and housing partners; to commercial real estate property owners, brokers and retail operators; and with a variety of community stakeholder groups to obtain additional perspective on inclusive and affordable retail recruitment efforts.

A table of the strategy development interviews is provided below.

Address Retailer Challenges
<p>Small Business Support</p> <ul style="list-style-type: none"> • Identified four departments that directly regulate retail businesses and reviewed their online customer support • Contacted each department for an overview of how they support business applicants • Researched history of economic vitality support for permitting and approvals, including interviews with current and past economic vitality staff members • Contacted economic vitality community partners to understand the degree to which they support business applicants with permitting and licensing • Catalogued city webpages that offer “Doing Business in Boulder” resources • Researched “Doing Business” customer interfaces on neighboring municipality websites to compare with the city’s website and identify best practices
<p>Worker Retention</p> <ul style="list-style-type: none"> • Catalogued affordable housing and worker access products available to retail employees • Engaged with transportation planners at the state, regional and local levels to identify future worker access improvements that could assist with talent retention • Engaged with Boulder Housing Partners to catalog existing affordable housing products available to retail wage earners • Contacted economic vitality partners to determine whether existing housing/access products are currently marketed to retail businesses and workers • Researched the current online customer interface for finding affordable housing and worker access products on the city’s website and provided feedback on possible improvements
<p>Small Business Retention</p> <ul style="list-style-type: none"> • Catalogued city-operated affordable commercial programs and policies • Engaged an economic consultant to conduct interviews with commercial property owners, brokers and retailers to establish gross rents and other cost factors for retail businesses • Presented the findings of the economic study to business groups for questions and feedback • Met with commercial landholders and commercial developers to assess the feasibility of demising large-plate retail spaces to offer lower cost options for small businesses • Met with operators of shared retail concepts in Boulder to understand their business models, lessons learned and best practices

<ul style="list-style-type: none"> • Explored alternative approaches to reducing retailer operating costs, i.e. energy savings • Catalogued policy proposals currently under consideration that could contribute to future operating cost increases • Contacted advocates on both sides of each policy proposal to understand their objectives
<p>Respond to Unmet Retail Needs</p>
<p>Expand Geographic Retail Access</p>
<ul style="list-style-type: none"> • Researched current food truck policies, interviewed food truck operators, food preparation facility operators and met with food truck licensing staff • Engaged an SBDC cultural broker to conduct interviews with current neighborhood-scale grocery and convenience store operators to understand their operations and locations needs • Identified three current city projects that are looking at expanding “15-minute neighborhoods” • Worked with city project managers to develop a pilot for engaging community members in locating additional neighborhood-scale grocery access • Worked with geographic information system (GIS) and Transportation staff to identify areas with high population or employment densities without comfortable pedestrian access to retail • Presented the pilot approach and GIS mapping to the Planning Board Use Table subcommittee for review and feedback • Developed an interactive tool with P&DS to help the East Boulder Subcommunity Planning group identify preferred locations for neighborhood-scale retail (scheduled for April)
<p>Expand Access to Affordable/Inclusive Goods</p>
<ul style="list-style-type: none"> • Reviewed the 2017 Community Perception Assessment for input on inclusivity goals • Catalogued the top requested types of affordable and inclusive retail in the shopper survey • Interviewed commercial brokers to assess the feasibility of attracting affordable retailers • Researched retail recruitment programs across the U.S. to identify any municipally operated programs and catalog lessons learned and best practices • Met with University of Colorado (CU) student leaders to understand student perceptions of Boulder retail and to obtain input on an approach to student input on recruiting inclusive retail concepts • Presented the retail strategy objectives to the Boulder Leadership Academy for staff input on how to approach inclusive retail attraction using the city’s high performance organization (HPO) leadership model • Developed a pilot approach for attracting inclusive retail concepts and tested the process on three potential operators for feedback
<p>Ongoing Monitoring</p>
<ul style="list-style-type: none"> • Researched online dashboards of neighboring communities with information on progress with economic vitality and social equity goals

STRATEGY DEVELOPMENT ANALYSIS

In July 2019, the Boulder City Council asked staff to focus on three priority areas for developing the strategy recommendations: address challenges cited in the retailer survey, respond to unmet retail needs cited in the shopper survey, and provide ongoing monitoring of the city's retail base and progress with the strategy objectives. Within each priority area, council suggested possible approaches, with an emphasis on crafting actionable recommendations. Over a seven-month period, staff explored each of the suggested approaches for each priority area, engaging with community stakeholders as summarized in **Attachment B – Outreach and Engagement Summary**.

The framework for analyzing the suggested approaches was four questions:

Are existing city programs and policies in place to achieve this goal?

What gaps exist (including additional education and outreach) that need to be addressed?

Are additional resources and/or funding needed to address the gaps?

Do these enhancements align with existing Council Action Guide and work plan items?

The findings of staff's analysis are summarized below and organized in the following manner:

Address retailer challenges

- Small business support (internal, external and online resources)
- Small business retention (commercial affordability, opportunities to reduce operating costs)
- Worker retention (affordable housing and worker access products)

Respond to unmet retail needs

- Geographic accessibility (food trucks, 15-minute neighborhood planning)
- Affordable/inclusive accessibility (retail recruitment, inclusive retail priorities)

Monitor Boulder's retail base performance

- Continue existing monitoring
- Establish dashboard/benchmarking approach

The outcome of the analysis was a set of six strategies as summarized in **Attachment A – City of Boulder Citywide Retail Strategy** which has been provided to City Council for discussion and next steps on April 7, 2020.

ADDRESS RETAILER CHALLENGES

In response to the City Council's suggestions in July 2019, staff's analysis of retailer challenges included possible approaches to enhancing small business support; reducing retailer costs; and promoting worker retention through enhancing access to affordable housing and transportation/parking products.

Small Business Support

Comments from the retailer survey indicated that a majority of respondents feel it is becoming more challenging to do business in Boulder. The 2018 Downtown Retail/Vibrancy Study recommended appointing a "local start-up business" specialist within the Community Vitality (CV) and Planning and Development Services (P&DS) departments to assist in navigating the city's procedures and regulations. In July 2019, the City Council suggested three possible approaches to enhancing permitting and licensing support:

- an appointed staffer within each city division or department,
- offering additional support to business applicants, especially those below a certain size threshold, and
- a digital "one-stop shop."

Four city departments directly regulate retail businesses: Climate Initiatives, Finance, Fire/Rescue, and P&DS. An overview of existing support for business applicants is provided below.

Direct Staff Support. The following summarizes direct city staff support within the four city divisions and departments that regulate retailers in Boulder.

Climate Initiatives. The Climate Initiatives Department regulates business compliance within four areas of its work plans: Building Performance Ordinance (i.e. commercial energy efficiency rating and reporting program); 2020 City of Boulder Energy Conservation Code (COBECC) (i.e. building energy code compliance; compliance with demolition projects' deconstruction deposit program; deconstruction and recycling requirements); the Universal Zero Waste Ordinance (i.e. waste collection service requirements, waste separation, properly signed containers, employee training and self-reporting); and Marijuana Ordinances (i.e. energy reporting and electricity offset requirements). Although retail tenants may be involved in sharing the cost of the first two requirements to some extent, the Universal Zero Waste Ordinance requirements are the most directly applicable to a new retail business seeking to open a Boulder location.

Finance. The Tax and Licensing Division of the city's Finance Department provides tax collection, reporting, education and enforcement functions for the city's sales and use taxes, accommodation taxes, admission taxes and trash taxes. The division is also responsible for reviewing and issuing all liquor licenses, marijuana business licenses, and other city miscellaneous licenses, including mobile food vehicle (MFV) licenses.

Direct staff support for small businesses includes application clinics with regulatory licensing staff for marijuana, liquor, mobile food, and all other city license licensees/applicants each Wednesday morning for two hours. At these walk-in or call-in sessions, regulatory licensing staff direct business owners and license applicants to the proper application packet on the city's website and answer any questions that applicants may have about the application checklists and requirements. Additionally, the regulatory licensing staff, as part of the marijuana enforcement team, holds quarterly presentation and question & answer meetings for marijuana businesses and their employees.

The Tax and Licensing Division also provides education and online resources in the form of tax seminars, guides, frequently asked questions (FAQs), applications, returns, and written regulations at <https://bouldercolorado.gov/tax-license/sales-and-use-tax>. Sales tax and business licensing staff is available to answer questions and provide guidance by phone, email and in-person at 1136 Alpine Ave. from 8 a.m. to 5 p.m. Mondays through Fridays.

Additionally, on Feb. 10, 2020, the Tax and Licensing Division launched a new Tax and Revenue Management System. The system includes enhanced workflows that will decrease the time needed to review and approve business license applications. It also features a robust and user-friendly online portal, which includes a suite of features, including the ability to file and pay online, amend tax returns, request refunds, add/cease a location, and much more.

Fire/Rescue. Direct staff support for small businesses by the Fire/Rescue Department includes inspection and enforcement services to ensure existing buildings and new construction meet fire and safety code requirements as part of the business permitting process. New retail businesses are only inspected if they apply for a building permit. The [Community Risk Reduction webpage](#) includes an FAQ and links to checklists for application submittals.

The Fire/Rescue Department is also responsible for inspecting all Mobile Food Vehicle license holder facilities prior to the Finance Department license approval. A [recently adopted City Manager's rule](#) helped to streamline the approval process by allowing the Boulder Fire/Rescue Department to accept inspections from neighboring jurisdictions.

Planning & Development Services. Direct staff support for small businesses include:

- Building permit review and inspection staff ensure existing buildings and new construction meet Boulder Revised Code requirements as part of the permitting process.
- Case managers coordinate the internal city review of large and small-scale development projects. Case managers serve as a single point of contact and take projects through the development review process from concept through permitting. Case managers work directly with applicants, consulting teams, and the city's internal review team to ensure that projects are consistent with the city's adopted regulations, goals, and policies and makes recommendations to boards and commissions when necessary.
- Project specialists answer questions from the business community in person or via email or phone related to all business-related services provided by P&DS: building and right-of-way permits and inspections, administrative, land use and technical document reviews (including by-right and conditional use criteria, concept plans, rezoning, site and use reviews, landscaping and transportation plans), revocable permits and leases for

encroachments into the public right-of-way, pre-application reviews, and historic preservation requirements and processes.

- Plan reviewers with specific technical expertise in design and engineering including energy efficiency, flood mitigation, infrastructure, and building codes are accessible to the business community via email.
- Online and phone support staff direct calls or emails from the business community related to all services provided by P&DS (*see above*).

The [P&DS Applications and Forms](#) webpage includes FAQs, building guides, and links to checklists for application submittals.

Planning & Development Services Design the Future Process and Next Steps

In early 2019, the Public Works Department (PW) and Planning & Development Services (P&DS) initiated a comprehensive self-assessment. Team Tipton, a consulting firm specializing in change management, facilitated the process. The inclusive process involved extensive staff participation to ensure recommended improvements create a culture of efficient and effective service delivery based on a foundation of trust, teamwork and support at all staff levels.

Recommended improvements related to customer service include clarifying priorities and expectations in order to efficiently deliver services to customers; increasing predictability, consistency and reliability in P&DS processes and approaches; and integrating various technology systems to increase efficiencies and move towards online submittal processes.

The next phase of the work includes: creating a business model for P&DS that first addresses services from submittal to completion that defines core services, develops mission and goals, defines customer service in the context of operational excellence, and establishes a teaming structure to streamline service delivery. Then, the new business model will be implemented to standardize and streamline processes and procedures, clarify roles, responsibilities and decision-making authority, and increase rigor and discipline in records management, meeting efficiency and workload capacity planning.

External Support. The city has contracts with local economic vitality partners that provide direct support to small business owners: Boulder Small Business Development Center (SBDC) and Boulder Chamber. These organizations provide small business support in a variety of forms, but do not have the capacity to directly assist with permitting and licensing submittals.

Boulder Chamber. The city contracts with the chamber to, among other things, “assist new businesses considering relocating a company to Boulder or starting a new business here with information about doing business locally, city licensing and other business support programs...” The contract specifies outreach to “non-primary” businesses (i.e. those that generate more than 50 percent of their revenue locally), which would include generalized permitting and licensing guidance based on the organization’s familiarity with city processes, and referrals to third party support services if and when any permit and licensing issues arise.

Boulder Small Business Development Center. The city contracts with the Boulder SBDC to provide consulting, training, workshops and courses to small business owners throughout Boulder county. The city's most recent contract with the SBDC includes "specialized workshops," which could be designed to educate small businesses on the permitting and licensing approval processes, if that was a priority on balance with other contract needs.

Online Resources. The analysis phase of the strategy development included an assessment of existing city web resources to determine whether the current website and/or those of its economic vitality partners meets the council's suggestion for a digital "one-stop shop." The analysis found there are multiple portals for new businesses to obtain information about permitting and licensing. Additionally, mandatory business requirements such as the Universal Zero Waste Ordinance are not listed on any of these pages, suggesting possible difficulties with updating multiple portals with new regulations as they are adopted.

Existing city website. The City of Boulder home page has a series of scrolling tabs at the top, including one labeled "Doing Business." By clicking on this, another set of rolling tabs appears, offering one labeled "New Business." Clicking on this tab reveals a page with links to information on business licensing, permits and taxes.

Home Page → Services → Business in Boulder → [Apply for a Business License](#)

Aside from this intuitive path from the city's home page, the assessment found multiple additional city pages that a new retail business might visit as a starting point, including:

<https://bouldercolorado.gov/business/business>
<https://bouldercolorado.gov/business/business-portal-new-businesses>
<https://bouldercolorado.gov/business/doing-business>

There is also a tab marked "Business Questions" that brings you to an [Inquire Boulder response](#) with links to licensing, permits and tax information.

Economic vitality partner sites. One of the city's economic vitality partners – the Boulder Economic Council – also offers a "Doing Business" portal:
<http://bouldereconomiccouncil.org/doing-business-boulder/getting-established/>

Beyond these intake sites, the current department sites already provide useful resources for business licensing and permitting. For example, the [Regulatory Licensing office webpage](#) provides information on 10 license types and links to 34 application packets, including checklists of required documents and fees for each such application. The existing [Zero Waste webpage](#) includes helpful resources for business compliance. A one-stop portal should continue to link to these resources, which can be updated and maintained by the individual departments as regulations and requirements change over time.

Lastly, staff's analysis looked at the "Doing Business" portals of neighboring communities to identify any best practices that could be integrated into a one-stop portal for the City of Boulder website. The [Lafayette "Business Resources" page](#) does a good job of acknowledging that opening or operating a business will likely require contact with multiple departments, followed by a list of department resources. The [Denver "Start Your Business" page](#) offers a good example of a page that is friendly and welcoming (including offering the information in multiple languages), with a helpful step-by-step drop-down menu

of related resources. [Longmont's "Business Licenses" page](#) offers a simplified version of the same step-by-step instructions with links to other departments. Fort Collins takes an interesting approach with a [printable welcome kit](#) that provides an overview of the city's economy, as well as contact information for city resources. This does not help with permitting and approvals but might have a longer life as a resource that businesses may keep on hand as questions arise in the future.

Conclusion: while maintaining individual departmental resource pages as-is, the analysis suggests it would benefit customers if the five existing business portals are consolidated into a "one-stop shop" as suggested by council. This effort should be aligned with the 2020 Communications – Website Improvement Project work plan item, and coordinated among the four departments that regulate businesses, the Community Vitality Department and the city's external economic vitality partners. The design of the portal should consider offering (like Denver) a step-by-step process for starting up a business with links to the departmental resources.

Small Business Retention

In Boulder's high land value real estate market, retaining small and independent businesses appears to come down to one thing: cost. In its review of the retail study findings, City Council suggested three areas for additional exploration in the retail strategy:

- Pass-through costs of so-called "triple-net" leases, i.e. occupancy expenses in addition to base rent, which are passed through to the tenant and may be contributing to the retailer perception that base rents are significantly higher in Boulder than in nearby communities.
- "Right-sizing" larger retail spaces to be more affordable to smaller retailers
- Ways to encourage "mom and pop" merchants such as Etsy makers to occupy retail locations

In response to council's suggestions, staff engaged a local economic consultant to conduct additional research on occupancy costs and other data requested by council. The strategy development also included outreach to commercial property owners, brokers and developers to gauge market interest in – and any barriers to creating - smaller or "right-sized" retail spaces. Staff also interviewed owners/operators of shared retail concepts and other approaches to retail leasing that could provide entrepreneurs and online retailers lower risk "bricks and mortar" opportunities. Lastly, staff documented existing city efforts to reduce retail operator costs and flagged current policy proposals that could impact retailer costs.

Occupancy Costs. The 2015 update to the Boulder Valley Comprehensive Plan identified maintaining affordable commercial space in Boulder as an economic goal, and the 2018 Downtown Retail/Vibrancy report pointed to the same need, stating:

Downtown Boulder lease rates are escalating rapidly, and the highest now approach those of Class A malls. Existing spaces tend to be oversized for today's shopkeepers, and shops are less able to pay these than restaurants. Yet both are needed to continue a healthy mix.

In October 2019, staff engaged a local economic consultant to understand cost factors that might be contributing to the perception among retailers that it is becoming more challenging to do business in Boulder. The findings of the additional research were forwarded to council and posted online in January 2020.

As part of its research, the consultant looked at four commercial districts in Boulder: those with high and low vacancy, and those with a general improvement district (GID) mill levy that contributes to occupancy

costs and without a GID. The report also calculated “triple-net” occupancy costs as a percentage of sales: a key factor for a retailer’s ability to sustain their business. An industry rule of thumb is to keep this figure at or below 10 percent. All four of Boulder commercial areas exceeded this target.

District	Vacancy Rate	Average Asking Rent/Sq. Ft.	Total Occupancy Cost/Sq. Ft.	Occupancy Cost as % of Sales
*CAGID	3%	\$31.25	\$43.25	11%
*BVRC/29 th St.	8%	\$45.75	\$63.75	15%
*UHGID	10%	\$27.50	\$40.50	18%
Basemar Center	13%	\$30.25	\$39.50	15%

**Central Area General Improvement District, Boulder Valley Regional Center, University Hill General Improvement District*

Key take-aways from the report:

- Boulder retailers anticipate that occupancy and payroll costs will go up in the next five years while sales will not, making it harder for small and independent retailers to sustain themselves
- Asking rents in Denver are starting to approach those in Boulder, with Denver landlords offering more in terms of tenant improvement (TI) assistance
- Asking rents for new construction in Louisville and Lafayette are roughly the same as those in Boulder for older and smaller spaces in UHGID and Basemar
- Areas with greater than 15% occupancy costs as a percentage of sales/square foot will continue to see high closure/turnover rates and be less attractive to small and independent retailers.

Conclusion: the consultant’s data supports the goals of the BVCP, the recommendations of the downtown report and council’s direction to expand affordable commercial opportunities to retain small and independent retail in Boulder by decreasing the share of revenues that must go toward occupancy costs.

Right-sizing Retail. One way to decrease the share of retailer revenues that go toward occupancy costs is by reducing the size of a retailer’s lease, either through relocation to a smaller retail space or through co-locating in a larger retail space with other business operators. Staff found examples of the latter already functioning well in Boulder and spoke with commercial landlords and brokers to understand the logistics of creating smaller or shared spaces.

Shared spaces. Boulder retailers and commercial property owners are already leading the way in developing new best practices for creating affordable spaces. Three examples of shared retail spaces already exist in downtown Boulder, with a fourth scheduled to open in 2020. These spaces allow individual merchants to enter a market without taking on the risk of a lease on a large space. These shared space concepts also offer an opportunity to meet council’s suggestion of providing affordable options for “mom and pop” entrepreneurs:

- [Boxcar/Cured](#) at 1825 Pearl St. Since 2011, the two retailers have shared equally the 3,600 square foot retail space. Each business owner was having a hard time finding space in Boulder that was smaller than 2,000 square feet. They decided to pursue a shared approach to create equal spaces of 1,800 square feet, reducing their initial exposure as entrepreneurs and their individual occupancy costs. Both operators say they have enjoyed

this approach and the co-location benefits of marketing their product offerings to others' customer base.

- [Rosetta Hall](#) at 1109 Walnut Ave. Since October 2019, a local real estate family has operated the food hall with eight different chefs, a bar and a coffee shop. The business model was developed after touring numerous food hall concepts in Europe, and eventually settling on a single business with the chef/operators as employees who are paid a salary from the business revenues. The chefs have no financial commitment to the operator; they do not need to purchase their own kitchen equipment; they have no “back of house” responsibilities.
- [Farmstand Co-op](#) at 1201 Arapahoe Ave. In the fall of 2019, the partnership that bought the Riverside Café 10 years ago opened a cooperative market in the adjacent former gas station, which now offers baked goods, breakfast tacos and fresh flowers. The participating vendors are given a share of the proceeds and have no financial commitment to the operator.
- [Avanti Food & Beverage](#) at 1401 Pearl St. (coming soon). The Avanti shared space model is a more traditional approach to shared space, with a master lease holder who offers sub-leases to the food vendors within the hall. Each vendor is responsible for their own costs, which are less than if they were operating their own free-standing business.

The challenge to pursuing shared concepts is finding one business willing to take on the risk of the larger lease. Only in the Cured/Boxcar model is the risk shared equally.

Creating smaller spaces. Following up on council's suggestion to explore options for creating smaller retail spaces, staff met with commercial landlords and brokers to understand the market demand for smaller spaces and whether there are any obstacles to creating smaller spaces. The consensus was that the market demand is strong, and that having multiple smaller leases rather than one large lease helps to spread the landlord's risk. Landlords appear willing to divide larger spaces if there is an interested tenant, but they will not speculatively invest in creating smaller spaces. They also cited three technical/cost obstacles:

- **Sign code.** Retail operators stress the importance of signage to their viability. Current sign code regulations calculate the allowable sign area by looking at the square footage of all sides of a building. If a large tenant moves out, and three smaller tenants move in, dividing up the large tenant's sign area equally may result in letter heights that are unreadable from a distance. Similarly, a building may have used all of its allowable sign area on the front of a building, and when a new space is created at the rear of a building (which could be offered at a lower rent than the front space), there is no additional sign area to create a sign for the alley-facing tenant. These challenges are especially prohibitive in large shopping centers with numerous frontages.

Staff has identified that it will be difficult to modify one aspect of the sign area calculation without taking a more comprehensive look at the entire sign code. The sign code received its last wholesale update in the 1970s.

- Heating, ventilation, and air conditioning (HVAC) costs. One cost that is avoided in shared retail concepts is dividing utilities and heating and cooling equipment to serve multiple tenants instead of one. Landlords indicate this may come at a considerable cost of time and money (e.g. adding bathrooms, electrical meters, etc.).
- Code-related upgrades. Another potential obstacle cited by commercial landlords was the unknown cost of bringing large, multi-tenant buildings up to new code requirements (e.g. energy efficiency, outdoor lighting, landscaping, and dumpster enclosures) when seeking a building permit to create one small space. One suggestion was to set a timetable for the improvements so that the costs could be spread out over a longer time period. It was also suggested that landlords and applicants be informed at the business license/planning review stage that any required code-related upgrades will be identified in the permit review process (after the business license and planning review processes are complete), so that the applicant is aware there may be additional costs.

Conclusion: the city's role in promoting shared and smaller spaces may be to simply let the market drive the private creation of these spaces, while assessing current city regulations that may unintentionally be preventing (from a practical and financial perspective) landlords from creating these opportunities for smaller retailers. An enhanced online business portal that clearly lays out the review and approval processes will help applicants anticipate that code-related upgrades may be required during the permitting process.

Cost reduction. Another way to decrease the share of revenues that retailers put toward occupancy costs is to increase the amount of revenue that they are able to retain through other means.

City-supported cost reductions. The city is promoting the retention of small and independent businesses in four ways. First, as part of the community benefit policy discussion, which would allow developers seeking a 55-foot height limit to provide below-market space for businesses, nonprofits and the arts as the project's community benefit. The other three approaches are in the pilot stage and will inform the community benefit model:

- 30Pearl Project. In response to the Boulder Valley Comprehensive Plan (BVCP) goal to “maintain commercial affordability,” the city negotiated a public-private partnership to construct permanently below-market rent commercial space as part of the 30Pearl project in Boulder Junction. Under a covenant negotiated with the city, the developer/property owner is responsible for constructing 9,300 square feet of ground floor commercial space and implementing permanent affordability restrictions. Among other considerations, the covenant specifies:
 - Initial rents shall be set at no more than 75% of market rate on a triple net basis, and base rent may not increase at a rate greater than inflation (established as the Consumer Price Index for All Urban Consumers (CPI-U), Denver-Boulder-Greeley Average);

- To be eligible to rent or purchase the below-market rent commercial space, applicants must be one of three defined types of businesses (small, local or independent, minority- or women-owned, or a nonprofit);
- If the below-market rent commercial space is sold as a commercial condominium (at 75% of market rate price), the affordability restrictions remain in place and the city has the right of first refusal.

The 30Pearl project has broken ground, and the below-market rent commercial space will likely be available for occupancy in 2021.

- CAGID-owned commercial spaces. In response to the downtown report's suggested next steps, the Community Vitality Department began exploring opportunities for accommodating local and independent retail in the 11,758 square feet of ground floor retail space located across the five parking garages constructed and owned by the Central Area General Improvement District (CAGID). In the resulting pilot approach to renting these spaces, the city is balancing the financial interests of CAGID with broader citywide goals, while taking special interest in the types of businesses locating within these spaces. Currently, the CAGID-owned retail spaces are renting from \$19 to \$36 per square foot triple net, which is at the low-end of market rate in the downtown area (as shown in the occupancy costs section above). This approach could be modified or formally adopted in a below-market commercial space program at the end of the two pilot periods. Such a program could also specify eligibility criteria for the CAGID commercial spaces, as is provided in the covenant for 30 Pearl.
- Tenant relocation support. Two anticipated redevelopment projects currently in the planning stages (i.e. Hill hotel project and Alpine-Balsam) would displace small and independent retailers currently on the project sites if the projects move forward. This would be counterproductive to the city's goals of supporting the retention of small and independent businesses, so the city has already taken on the role of working with the retailers on the Hill hotel site to identify their relocation needs, and could extend this same model to the retailers on the Alpine-Balsam site and elsewhere as needed.
- *PACE program*. Last year, with our PACE partners, the city launched a small business equity pilot that worked with 13 small, minority-owned business owners to upgrade 33 freezers, refrigerators, ice machines, and other equipment to save the businesses nearly \$20,000 in electricity costs per year. Small- to medium-sized businesses have access to PACE advisors, who assist them in implementing energy efficiency projects that will save money on utility bills and/or come into compliance with climate initiative-related ordinances. Knowing business owners have limited times and resources, PACE advisors navigate energy efficiency upgrades and renewable energy project implementation for businesses. The city prioritizes working with local, small, minority-owned businesses, assisting them to replace old, inefficient equipment so they can lower their operational overhead, by reducing annual utility and equipment maintenance costs.

Additional cost considerations. During the strategy development period, three policy proposals arose that could potentially impact the financial sustainability of smaller retailers, namely: creating an

additional property tax to fund a library district, increasing the minimum wage, and imposing a sales tax increase to fund transportation and affordable housing. Based on their outreach to commercial property owners, brokers and retailers, the city's economic consultant recommended two possible approaches to offsetting increased retailer costs as part of their work on the Citywide Retail Strategy:

Property tax rebates – Property tax escalations were cited as an important contributor to high or unsustainable occupancy costs. While the city's portion of the property tax (and additional GID mill levies) are not the majority of businesses' property tax burden, the city may wish to explore rebating some or all of its revenue above a certain threshold.

Tip credit – Limited labor availability, the need to import labor and escalating wages are of particular concern. The city should carefully consider the impact on small and independent retailers (especially full-service restaurants) of any future minimum wage increases higher than the statewide requirement. Product or service price increases to offset additional payroll expenses would likely decrease customer demand; however, providing a "localized tip credit" to reflect higher tipping rates at full-service restaurants in Boulder would help to reduce this burden.

Staff's analysis suggests that both the policy proposals and any potential offsets should be studied further to understand their financial impacts and their ability to support the goal of retaining small and independent retailers.

Conclusion: The solution to cost concerns for retail operators will likely come down to the creation of an affordable commercial "eco-system," i.e. creating a variety of leasing options for small and independent businesses, including city-supported permanently affordable spaces, shared retail spaces and spaces that are "right-sized" to require less risk. To do this, the city will need to assess what existing regulations may unintentionally be impeding the creation of smaller spaces, and whether new policy proposals may unintentionally increase the share of revenues that small businesses will have to put toward their occupancy and operating costs. Existing cost reduction programs that focus on small and minority-owned businesses such as the PACE small business equity pilot should continue to be supported.

Worker Retention

The retailer survey revealed that businesses find it difficult to retain talented employees because of challenges related to affordable housing and transportation/access. Based on 2018 data from the Colorado Department of Labor and Employment (CDLE) compiled by the Leeds School of Business at the University of Colorado - Boulder, there are approximately 8,100 retail workers in Boulder, earning an average wage of \$35,064 or 47% of the average wage for all employees working in the city.

The strategy development analysis related to worker retention examined existing programs and products for affordable housing and transportation/access to determine if additional efforts are needed to meet the needs of retail workers specifically, and whether these programs and products are being promoted to retail employers and their employees.

Affordable housing. For the single retail worker earning the average wage of \$35,064, that income level falls within the [Colorado Housing and Finance Authority's Income Table](#) for 50% of Area Median Income (AMI), qualifying for Section 8 public housing. Staff's analysis looked at existing affordable housing resources available through both the city's affordable housing programs and through its partners.

The online customer interface was also explored, to determine if improvements could be made to make this information more accessible to retail employees.

Boulder affordable housing resources. The [Rental Information and Resources page](#) on the city's website provides links to existing rental housing products available to retail wage earners (50% AMI) in Boulder. Staff's analysis focused on the currently available rental housing units in this wage range that are not restricted to seniors or families with children. Boulder Housing Partners (BHP) reported 608 housing units (out of 1,403 total) available to those earning 50% AMI that are not restricted to seniors or families. An additional 93 units for this same demographic are currently under construction. According to city data, the total supply of affordable housing available to those earning 50% AMI (including units owned by other affordable housing organizations in addition to BHP) is 1,163 units, or enough to house 14% of Boulder's retail workforce. The city's overall goal is to have 15% of all housing units in Boulder be affordable to low- and middle-income workers. According to the [Affordable Housing Data Dashboard](#), the city's affordable housing inventory as of June 2019 is 7.8%. Based on a review of the current programs and initiatives on the dashboard, there are multiple programs and policies in place that are making progress toward this goal.

Online resources. The strategy development analysis found multiple affordable units (10-14) currently listed on the BHP website that are available to those earning 50% AMI, and even more if one counts the units currently available through all of the housing providers listed on the city's [Rental Information & Resources](#) website). Staff's outreach to retail employers found evidence that existing affordable housing resources are not routinely provided to retail workers, although this could be something the city could promote through its economic vitality partners.

Conclusion: Although there is a shortage of affordable housing units in Boulder available to those earning 50% AMI relative to the number of retail employees, there are already many programs in place to make progress on the city's affordable housing goals. Minor modifications to the city's webpages as part of the 2020 website refresh would make it easier for retail employers to promote existing affordable housing opportunities to their employees. A link to these resources should be included in an enhanced "one-stop shop" for Boulder businesses and their employees.

Worker transportation/access. Approximately 60% of individuals who work in the city of Boulder live in other communities, according to city estimates in the 2019 Community Profile. If the same percentage applies in the retail industry, we estimate that approximately 4,860 retail workers commute to Boulder. The strategy development analysis began with assessing current commuter options, followed by an exploration of local, regional and state transportation initiatives. As with the analysis of affordable housing accessibility above, staff looked at the degree to which information about existing programs is promoted to Boulder retail employers and their workers.

City parking and access products. The city's [Parking and Access division](#) and [GO Boulder program](#) offer a variety of products to enhance worker access. These include:

- [EcoPass](#) – Employers within any of the city's three general improvement districts (GIDs) are eligible to provide free regional bus passes to full-time employees (calculated as >25 hours per week) that are paid for by the GID mill levy. GO Boulder offers employers outside of the GIDs passes for their employees at a rate of \$141 to \$582 per year per employee (assuming fewer than 25 employees), with rates dependent on where in the city

their business is located. New businesses may receive a rebate of 50% in their first year and 25% in their second year. This product may not be available to many retail workers, who may not meet the full-time worker requirement, although 25 hours per week is less restrictive than a typical 40-hour work week.

- [Downtown/University Hill Garage and Lot Permits](#) – The Central Area General Improvement District (CAGID) owns five garages (St. Julien, Randolph, RTD, 1500 Pearl and 1100 Spruce) comprising approximately 2,000 parking spaces. The University Hill General Improvement District (UHGID) owns two surface lots with 110 spaces. The Community Vitality Department offers permits for \$465/quarter in the CAGID garages as well as reduced rate permits in the Trinity Lutheran Garage (\$300/quarter) and Alpine-Broadway Garage (\$25/20 days). Downtown surface lot permits are \$270/quarter and University Hill surface lots are \$210 per quarter. Workers can also purchase 20 day passes for \$10/day or a cash pass for a 10% discount on standard parking rates. These products likely only meet the needs of workers within these districts, and cost more than most retail workers are likely to pay on a daily basis.
- [Commuter Permits](#) – Since 1994, Boulder workers have had two permit options for parking at a reduced rate on [designated blocks](#) adjacent to the downtown and University Hill commercial districts. A limited number of permits are available to any non-resident commuter at \$100/quarter, as well as permits available to commuters who work at businesses located within the designated parking zone for \$75/quarter. This product is more affordable to retail wage earners, although the location of the spaces may be farther from employees' work location than is desirable, especially for those working late shifts.
- Late shift worker pilots – At the suggestion of City Council, two pilot programs were created to serve downtown employees who may not be able to afford other downtown parking products, and/or may not wish (for safety reasons) to apply for neighborhood parking permits outside the district. Any member of the public may currently purchase a [night-time garage permit](#) (Monday-Friday, 4 p.m. to 2 a.m.) for \$16 per month. A second program that does not require a permit application was introduced in 2019 to allow any member of the public to enter the garage after 3 p.m. and exit before 3 a.m. for \$3 flat fee. Both allow access to any of the five CAGID-owned parking garages. The pilot programs run through December 2020.

State/regional access efforts. The city and its economic vitality partners recognize that worker transportation/access challenges need to be addressed on a regional level. There are a number of initiatives already underway in partnership with Boulder County, RTD, CU, Boulder Valley School District (BVSD) and others to enhance regional travel and reduce traffic congestion. An example of this is the city's [Regional Travel Action Plan](#), adopted as part of the recent Transportation Master Plan update, which focuses on improving regional connections to “support the growing population of employees working in Boulder but living elsewhere.” The Boulder Chamber has also recently launched an initiative called [Boulder Together](#), which includes an effort to improve workforce mobility.

- [US 36 Mayors & Commissioners Coalition](#) – The regional priorities include a focus on improvements to [State Highway 7](#) (Arapahoe) and [State Highway 119](#) (Diagonal Highway) as having the highest potential for increasing transit ridership. These initiatives are already in the design stages, with implementation anticipated to begin in 2022/2023.
- [Boulder Together Workforce Mobility](#) – In addition to supporting the SH 7 and SH 119 planning efforts, the Chamber is working with GO Boulder’s Boulder Transportation Connections staff to develop “customized transportation solutions for local businesses and their workforce.”

Conclusion: As with the affordable housing resources, the city has many programs in place to pursue the regional transportation access needs of retail workers. Minor modifications to the city’s webpages would make it easier for retail employees to find information on transportation/access products, and these resources should be included in an enhanced “one-stop shop” for Boulder small businesses and their employees. Support should continue for the regional efforts to implement the SH7 and SH119 upgrades.

RESPOND TO UNMET RETAIL NEEDS

In the strategy development analysis, staff explored council’s suggestions for expanding access to more affordable and inclusive goods (i.e. retail recruitment programs and prioritizing affordable/inclusive retail concepts) and expanding retail access geographically (i.e. expansion of food truck activity and 15-minute neighborhood access). The city engaged the Boulder Small Business Development Center (SBDC) to gather additional data to inform the strategy.

Retail Recruitment

In reviewing the retail study findings, council suggested looking into potential roles for the city in supporting the recruitment of retailers that directly respond to the unmet needs identified in the shopper survey responses. Council requested that staff pay particular attention to the 18 responses received in Spanish, which frequently indicated a desire for a Walmart and more options for fresh produce.

Staff began by researching retail recruitment programs nationwide to identify a model for a municipally operated program and found that the programs are primarily operated by business improvement districts (BIDs), although some are supported by city funding. The results of the research are posted to the Citywide Retail Project page as the [Retail Recruitment Program Research](#). The strategy development analysis also looked at how this approach could include a community engagement process to refine the types of retail needed to serve the city’s affordable/inclusive goals.

Retail advocates. Staff’s research found that recruitment programs are typically operated by a district management organization, with a single person (sometimes called a “retail advocate”) who reports to the organization board. Some best practices identified in the research were:

- Retail advocates are often former retail business operators
- Relationships (with both property owners and retail prospects) are key, and these take time to develop, i.e. program funding needs to be patient

- Advocates must be agnostic (tenant prospects are provided contact information for brokers who represent all locations that suit their needs, rather than directed to any particular space)
- Energy spent on the *retention* of existing businesses is equally worthwhile (avoid harming the city's reputation as a successful place to do business)

To test out whether it was possible to pursue these best practices using existing resources, city staff crafted a minimalist approach to recruit business operators that could address unmet needs identified in the shopper survey. This involved:

- Intern outreach to potential business operators in the region that could meet the needs identified in the shopper survey
- Follow-up to determine the location requirements of operators who expressed interest
- Data pull of available spaces that meet these criteria from the city's real estate subscription
- In-person meetings with the interested operators to review available spaces and provide contact information for brokers representing the spaces
- Follow up to assess ongoing interest

Although this approach was only tested out on a minimal basis, it proved effective at engaging potential retail operators. It took about 30 hours to engage three potential operators who would serve an unmet need and connect them to available spaces.

Affordable/inclusive. Staff's analysis of potential approaches to community engagement for a more targeted affordable/inclusive retail recruitment list included reviewing the findings of the city's [Community Perception Assessment](#) (CPA) completed in 2017 and an exploration of potential synergies with 2020 work plan items.

One of the key findings of the CPA aligned with the findings of the retail study: that Boulder can do more to be inclusive from an affordability standpoint, including the affordability of "basic living supplies." One of the comments from the CPA was:

"Affordability is a big concern. Lack of affordable housing and access to basic living supplies is generating a more homogenous, wealthy community. Consequently, the lack of diversity has a negative impact on perceptions of belonging and general awareness of inequalities present within the community."

Multiple recommendations of the CPA align with potential retail strategy efforts to engage community members in creating the list of retailers to target for recruitment:

- Organizing a community forum for discussions on discrimination, diverse experiences of the Boulder community, and strategies for reconciliation
- Making an active effort to increase people's exposure to diverse cultures, with a focus on promoting exposure starting at a young age
- Leverage resources. The Boulder community is well endowed with compassion, ingenuity, and wealth. The city may wish to explore opportunities to leverage these resources.
- Partner with the private sector to explore innovative options that would promote affordability and diversity. Because affordability has been attributed to the increase in affluence brought in

with financial development, the city could challenge the tech community to develop innovative solutions to promote affordability in the community.

The strategy development analysis also included outreach to student organizations at CU, including CU Student Government and the Black Student Alliance, to discuss a possible approach to engaging students in an affordable/inclusive retail recruitment approach. The student leaders expressed an interest in being involved when the city moves forward with this effort, and staff recommends that any engagement process include their perspectives.

Additional outreach provided the recommendation that the engagement process include input from the [Youth Opportunities Advisory Board](#) (YOAB) and [Growing Up Boulder](#) (GUB), to ensure that the needs of Boulder's youngest residents are also included. Given comments in the shopper survey that the closure of Macy's will directly impact the ability of older adults and others in Boulder to meet their clothing needs, it is recommended that the engagement also include a voice for the elderly.

Conclusion: Staff's recommendation is to align a community engagement process related to meeting the affordable/inclusive goals of the retail strategy with the city's Racial Equity Instrument, and to pursue the priorities identified in this process in a longer-term retail recruitment pilot.

Expand Geographic Access

The retail study found that there were several areas in Boulder (most notably in east Boulder) with little to no walkable access to grocery stores and other retail options. In its review of the study findings in July 2019, council suggested that staff explore opportunities to expand food truck and pushcart offerings; assess what it would take to introduce corner stores in areas that are underserved by retail toward the goal of "15-minute neighborhoods;" and engage with current corner store operators to understand how the city can support their viability.

Food truck/push cart expansion. Food trucks are currently allowed throughout the city, limited to non-residential districts. Push carts are not currently permitted, other than where specifically allowed on the Pearl Street Mall and on University Hill, out of concern for storage requirements during off hours.

Staff's analysis began with reviewing existing food truck regulations for any barriers to serving unmet food access needs in east Boulder, and speaking with food truck operators to understand any barriers to operating in Boulder from their perspective.

Food truck regulations. The city adopted its "Mobile Food Vehicle" (MFV) licensing program in 2011. MFVs are licensed by the Revenue and Licensing division of the Finance Department, and allowed primarily where they will not compete with existing restaurants. To help explain this restriction to potential applicants, the city maintains a [map of permitted locations](#) and a [detailed explanation of the location restrictions](#). Given this information, staff's analysis found that there are currently no regulatory barriers to expanding food truck operations in east Boulder. A site visit also confirmed a popular food truck location in Flatirons Office Park with several operators that provide lunch options (beyond those that would have appeared in the Citywide Retail Study business search) for nearby employees.

It should be noted that the MFV definition does not include pushcarts. MFVs are defined as: "readily movable, motorized-wheeled vehicle, a towed vehicle, or a vehicle propelled solely by human power applied to pedals upon which any person may ride having two tandem wheels; two parallel wheels and one forward wheel; or two parallel wheels and one rear wheel which are more

than 14 inches in diameter.” Pushcarts are defined as Mobile Vending Carts (MVCs), which are permitted on a limited basis on the Pearl Street Mall and within the University Hill General Improvement District (UHGD). It is not known if there is demand by potential operators to expand the current limitations.

Food truck expansion. When food truck operators outside of Boulder were asked if they were interested in operating in Boulder, some said they already had a Boulder license while others pointed to the time and cost to get a Boulder license. The cost for an MFV license in 2020 is \$262, based on the administrative time to review the permits. The only requirement in Boulder that goes beyond those of neighboring jurisdictions is to have the Fire/Rescue Department review all applications for fire safety. Since the interviews with food truck operators, however, a [City Manager rule](#) simplified the additional requirement by allowing the Boulder Fire/Rescue reviewer to accept an inspection from another municipality.

Conclusion: There are no policy barriers to food truck expansion in east Boulder. The strategy for retail recruitment engagement could include an exploration of whether there is customer demand for pushcarts (possibly in residential locations identified as retail deserts) and whether there is sufficient interest among potential pushcart business operators to justify this policy direction.

15-minute neighborhood planning. Another suggestion from council to enhance retail access in east Boulder and elsewhere throughout the city was to look at ways to facilitate the introduction of retail on a neighborhood scale. Staff’s analysis found that this suggestion aligned well with existing city efforts to:

- Achieve the [Transportation Master Plan update](#) goal of 85% walkability in Boulder, including the expansion of “15-minute neighborhoods” through the introduction of neighborhood scale retail amenities;
- Pursue the [East Boulder Subcommunity Planning process](#), including identifying where retail uses should be located in this area in the future;
- Pursue a [Use Table and Standards Update](#), to codify a policy approach to achieving the goals of subcommunity planning priorities and other future-planning in the city, including how to introduce small-scale retail in a neighborhood setting.

As part of the strategy development, a meeting was held between staff involved in the three initiatives and a pilot approach was developed to achieving the alignment and community engagement process described above. Staff brought the idea to the Planning Board Use Table & Standards subcommittee for review, and the pilot approach will begin with the East Boulder Subcommunity Planning (EBSCP) working group.

According to the pilot approach, community members participating in the working group will make recommendations for where to introduce walkable neighborhood scale retail within their subcommunity area; their recommendations will then be reviewed by the Planning Board as part of the Use Table & Standards update. As part of this effort, recalibration of potential barriers or restrictions in the Land Use Code may also need to be considered (i.e. parking requirements, outdoor dining and landscaping provision).

Conclusion: The pilot approach to pursuing 15-minute neighborhood goals should continue throughout 2020 and into 2021, and be refined after the EBSCP has been adopted, with specific recommendations being incorporated into the Use Table & Standards project.

Corner grocery support. In discussing the retail study findings, council suggested reaching out to the operators of existing Boulder fruiterias, carnicerias, panaderias and other small-scale independently

operated grocers to respond to Spanish-language requests in the shopper survey for more options for fresh produce and other household goods that are not currently available at existing Boulder markets. It was suggested that staff engage the Boulder Small Business Development Center (SBDC) to conduct the outreach, which would provide an opportunity to inform the market operators of existing SBDC programs to support their business.

As a starting point, the city's provided the SBDC with a list of 12 licensed independent corner markets, half of which are located along 28th Street. The outreach focused on four questions:

- General information about the business, how long it has been in operation, etc.
- Whether or not they sell fresh produce, and if not, why not
- If they have any concerns about their ability to continue to operate in Boulder
- If they were to expand to under-served areas of the city, what would be key considerations

The SBDC's consultant interviewed 11 of the market operators (in both English and Spanish), often revisiting the businesses multiple times to complete the interviews. A summary of the interview findings is provided as the [SBDC Corner Grocer Outreach](#) on the [Citywide Retail Project webpage](#).

Interviews found that a majority of the stores (64%) sell fresh produce, and those that did not cited lack of customer interest. As far as the support they need to continue to operate in Boulder, a majority (54%) cited the need for refrigeration upgrades, and many of them had signed up to participate in the [PACE equipment rebate programs](#) and were waiting on next steps. Lastly, a majority (64%) responded that their top requirement for expanding was finding the right square footage, followed by proximity to other businesses (27%), financing (27%) and visibility (27%). The consultant reported that the market operators were glad to hear that the city was interested in their businesses, and glad to hear of the SBDC programs.

Conclusion: The city should continue to support programs like PACE rebates and SBDC small business support programs, and explore other ways to reduce the operating costs of small and independent retailers. Existing market operators could be included in a pilot tenant recruitment program to address unmet needs, informing them of potential opportunities as the 15-minute neighborhood planning pilot proceeds in east Boulder.

ONGOING MONITORING

The strategy development analysis included a look at various online dashboards and other approaches to inform community members of progress with the retail strategy goals. Given Boulder's strong position in the regional retail market, and the city's already robust reporting of sales tax revenues by category and geographic area, staff felt that enhancing the ongoing monitoring did not require significant changes.

Existing online reporting. The city currently provides monthly updates online to report its [Sales/Use Tax Revenue Reports](#). The level of detail and caliber of information exceed what is offered to the public by neighboring communities and is highly informative.

Five-year retail study update. To assess the city's progress with the goals of the Citywide Retail Project, the retail study's data collection provides useful benchmarks such as annual retail sales,

total commercial square footage dedicated to retail, total retail employment and Boulder's "pull factor" (i.e. sales exceeding resident spending capacity) in various retail categories.

A periodic update could include additional benchmarks to reflect specific targets of the retail strategy, such as:

- Occupancy costs as a percent of revenues
- Number of affordable housing units available to retail wage earners (50% AMI)
- Progress with the Transportation Master Plan target of 85% walkable retail access
- Number of women- and minority-owned retail businesses

Conclusion: Staff's recommendation is to maintain current reporting on the economic strength of the city's retail base, while providing a five-year check in on support for small businesses and the affordable/inclusive goals of the retail strategy. The next update would be in 2024.

2020 CAG	2020 Department Work Plans	2021 and Beyond
<p>Responsibly Governed - Advancing Racial Equity. Identify affordable and inclusive retail recruitment priorities using the racial equity instrument of the Racial Equity Plan (<i>Strategy 5</i>)</p>	<p>Climate Initiatives – PACE. Continue to enhance and prioritize offerings to small, minority owned local business owners to help them be energy efficient and in compliance with city sustainability ordinances (<i>Strategy 2.b</i>)</p>	<p>Continue to implement the new business model to improve processes and the customer experience in P&DS (<i>Strategy 1</i>)</p>
<p>Livable - Community Benefits Phase II. Align goal of city programs and policies that create permanently affordable commercial space with the development of Site Review criteria for permanently affordable as a community benefit (<i>Strategy 2.a and 2.c</i>)</p>	<p>Communications – Website Improvement Project. Integrate creation of a streamlined business/employee portal and ongoing retail base monitoring into the usability research for a new website launch in 2021 (<i>Strategies 3 and 5.a</i>)</p>	<p>Align the proposal for an economic impact assessment of policies on the occupancy costs of retail businesses with efforts to measure policy impacts on other segments of the community (<i>Strategy 2.d</i>)</p>
<p>Livable - East Boulder Subcommunity Plan. Continue pilot approach to integrating 15-minute retail access into the Alternative Futures Study and Preferred Alternative (<i>Strategy 4</i>)</p>	<p>Community Vitality – Economic Sustainability Strategy Update/COVID-19 Response. Revisit the economic components of the 2017 resilience strategy and incorporate these into the ESS update and the city’s economic recovery planning.</p>	<p>Revisit benchmarks of the Citywide Retail Project in five years to assess progress with the goals of the retail strategy (<i>Strategy 5.b</i>)</p>
<p>Livable - Use Table and Standards Phase II. Continue pilot approach to integrating 15-minute retail access into potential code changes (<i>Strategy 4</i>)</p>	<p>Community Vitality – Reinvestment/Redevelopment. Pilot city-supported tenant relocation assistance for small and independent businesses if/when the Hill hotel or Alpine-Balsam projects enter the construction stage (<i>Strategy 2.a</i>)</p>	
	<p>Finance – Enhance Taxpayer Education Materials and Trainings. Develop comprehensive taxpayer guides, videos, and trainings to educate taxpayers on the city’s tax code. Collaborate with partner organizations to more proactively engage with businesses to meet their needs (<i>Strategy 1</i>)</p>	
	<p>Transportation – Implementation of TMP Update. Continue pilot approach to integrating 15-minute retail access into TMP implementation (<i>Strategy 4.a</i>)</p>	
	<p>Planning – Planning/Public Works Assessment/Strategic Planning. Align the goal of improving permitting and licensing processes with Design for the Future Team 2.0 (<i>Strategy 1</i>)</p>	

Strategy Components:

1. **Improve the small business experience with permitting and licensing.** Building upon the recent improvements completed and underway with Planning & Development Services and the Finance Department, continue to improve the customer experience for small businesses in the permitting and licensing processes to provide efficient, consistent and predictable service.
2. **Reduce small business costs.** Enhance the viability of small and independent retailers:
 - a. Support existing city programs and pilots that promote the creation of permanently affordable commercial space and tenant relocation assistance to retain small and independent retailers.
 - b. Maintain and enhance programs to reduce small business operating costs, such as PACE (PACEpartners.com), advisor services and financial rebates for efficiency upgrades.
 - c. Remove or reduce regulatory barriers to “right-sizing” retail to promote the private creation of affordable commercial spaces.
 - d. Conduct economic impact studies when new policies are being considered that may increase small business costs and explore possible tools to offset these costs.
3. **Streamline online support for small businesses.** Respond to council’s suggestion to create a “one-stop shop” for Boulder businesses by creating a single portal on the city’s website for retail employers to find step-by-step information on how to start a business in Boulder, local regulatory requirements, and programs that support small businesses. Include information to support worker retention, i.e. existing affordable housing and worker access products.
4. **Expand geographic access to retail.** Complete the East Boulder Subcommunity Plan pilot engagement effort to establish a process for expanding walkable access to retail and bring the recommendations to the Planning Board Use Table Update subcommittee for further refinement and codification.
5. **Expand access to affordable/inclusive retail.** Pilot a tenant recruitment program to bring affordable/inclusive retailers to Boulder, including a community engagement process to establish priority businesses or business types.
6. **Ongoing monitoring.** Continue to monitor the performance of the city’s retail base, and periodically revisit the goals of the Citywide Retail Project.
 - a. Support existing retail base financial reporting on the city’s website
 - b. Revisit key benchmarks of the citywide retail study in another five years to assess progress with achieving council’s goals.



TO: Mayor and Members of Council
Jane Brautigam, City Manager

Cc: Jill, Grano, The Office of Congressman Joe Neguse
Summer Laws, Boulder County
John Tayer, Cliff Herald and Lori Call, Boulder Chamber
Pete Salas, Latino Chamber
Sharon King, Suzi Bahnsen, Small Business Development Center
Mary Ann Mahoney, Boulder Convention & Visitors Bureau
Chip, Downtown Boulder Partnership
Jeff Hirota, Boulder County Community Foundation
Matt Chasansky, City of Boulder Arts & Culture/Boulder Funders Council

From: Yvette Bowden, Assistant City Manager and Director, Community Vitality
Cris Jones, Community Vitality Deputy Director

DATE: March 19, 2020

RE: **Update - Boulder Business Needs and Coordinated Response**

I. BACKGROUND

The City of Boulder is home to more than 7,000 businesses, the vast majority of which are small businesses who lease commercial property on a triple-net lease basis resulting in tight margins and less than ideal commercial expense ratios per square foot. Staff recently issued a memorandum to Council concerning current City of Boulder small business support programs, vacancy rates and benchmarked occupancy costs of Boulder retailers. These materials

supplement a forthcoming Citywide Retail Strategy which is tentatively scheduled for Council consideration in April 2020.

Recently, Council Members have inquired as to the extent and impact of COVID-19 pandemic on Boulder businesses and the local economy. Staff offers this update concerning expressed needs and suggestions of the business community.

II. EXPRESSED BUSINESS NEEDS

Anticipating great need and rising concerns, the Boulder Chamber issued an on-line survey seeking business owner/operator input concerning challenges on Thursday, March 12, 2020. This swift action was appreciated by both the businesses and the City as much of Boulder's municipal staff was concentrating on coordination emergency response and essential services.

Following the initial round of responses, the Boulder Chamber was joined by City Community Vitality staff members and representatives of Congressman Neguse's office, Boulder County, the Boulder County Community Foundation, the Boulder Small Business Development Center, the Boulder Convention and Visitors Bureau, the Boulder Economic Council, the Latino Chamber of Commerce and Downtown Boulder Partnership to ***review and prioritize collaborative work plan items responding to the most pressing local business needs and to otherwise support the stability and vibrancy of Boulder's local economy.*** This report summarizes received business owner/operator input and outlines next steps.

More than 308 survey responses were received by March 16, 2020 representing a cross section of office, retail and nonprofit organizations operating in Boulder. Expressed needs can most easily be categorized as:

1. Direct resources for the businesses/access to financial support/operating funds
 - a. Businesses expressed an immediate need for operating capital to support payroll, supplies, rent, utilities, and other operating expenses
 - b. There is significant interest in any information concerning available federal dollars and when an application for support might be available. Businesses have interest in any support which might be offered in preparing for or navigating that process or other applications [*responsive information posted today on city webpage*]
 - c. Businesses desire support in marketing for those businesses that remain open and in navigating insurance requirements should their business have closed (temporarily or permanently)
 - d. Assistance in discussing landlord relations (addressing concern for possible eviction)
 - e. Updates concerning utilities provision (electric, gas, water) and coordination of waste collection services
 - f. Continued support in dealing with transient behavior and security issues
 - g. Voluntary professional services and mentoring support for small businesses

2. Resources for their employees
 - a. Access to information on handling their employees’ payroll, sick leaves and the like
 - b. Information on how displaced employees might receive financial or other assistance in meeting their expenses, getting tested or covering childcare, food and other living expenses [*city related information provided*]
3. Taxes and Fees
 - a. Requests for tax and/or fee abatement, absent any penalties, in order to help them hold onto available cash for business operations
 - b. Delay/reconsideration of new or expanded taxes or initiatives
4. Information on compliance, safety and ways to support the community
 - a. Guidance on how they can operate safely and in support of the social distancing suggestions
 - b. Ways to accommodate curbside pick-up and delivery services [*responsive city action implemented*]
 - c. Suggested coordination of ways to support the community by providing meals or discounts for those most in needs (including displaced workers and faculty, students, seniors, first responders, healthcare workers and the underserved)
 - d. Clarity of whether they are allowed to operate (salons, food trucks, etc.)
 - e. Access to sanitary and PPE supplies
5. Other
 - a. A plan for the future – Marketing and promotion support (and potential coordination of) currently operating business specials, gift certificate/card purchase opportunities and the like
 - b. Several responses offered ideas for other types of support desired by local for profit and nonprofit businesses (emphasis on arts organizations, artists and community serving nonprofits). Requests for support of donations, grants and purchases of gift cards and gift certificates.

Though pressures are being experienced by businesses of all sizes and across all sectors, there is particular impact affecting restaurants/cafes and small and independent service organizations. Many express concerns for the length of any closures or business declines. Tracking of business responses (temporary or permanent reductions in staff or closures) is proving difficult.

A table aligning the above-referenced needs and responsive team actions (or, as they might exist, gaps) is in development.

III. The Role of the City and Partner Organizations

Just as is the case in Boulder, municipalities and partners across the country are attempting to respond to business concerns and to address current and likely economic impacts of the current

health crisis presented by the COVID-19 virus. Though communities are deploying different strategies based on local needs, Boulder’s economic vitality collaborative efforts seek to:

- **Support direction and guidance prioritizing public health and safety;**
- **Adapt local practices toward accommodating necessary emergency provision of essential services (by government or partner organizations);**
- **Anticipate and respond to the needs of impacted residents, businesses and their staffs; and**
- **Appreciate the difficult decisions currently faced by business (including slowed and relocated operations, considered staff level adjustments, hours of operation, revised operations and/ or temporary/permanent closure) while planning for Boulder’s local economic resilience.**

In Boulder, the City (through the Community Vitality department) and its economic development partners are assuming the following generally worded roles:

Organization	Role	City-supported organization
City of Boulder – Community Vitality Department	coordination and monitoring of local economic impact, provision of Council updates and maintenance of City “Business Resources” dedicated webpage; alignment of recovery initiatives with CU, coordination with other City departments, BJAD and University Hill Business District); Management of city funding supporting city business programs (rebates, micro-loans, consultations, etc.); Coordination efforts with State and County offices of economic development	Y- staff
Boulder Chamber	Business Impacts Survey (remaining open to continue to assess needs and suggested responses), communications link to area businesses, capacity to convene industry sectors, work to convene volunteer professional services and mentor support resources for small businesses, advocacy and regional chamber updates on resources provided, participation in economic recovery initiatives (for community, businesses and workers), link to larger commercial leasing organizations, primary employers, Restaurant Association and many industry groups; continued monitoring of economic impacts through the Boulder Economic Council	Y - contracted

Small Business Development Center	link to fed and state resources/updates, provision of FREE webinars and information series, consultation (in English and Spanish)	Y – host organization agreement
Latino Chamber	outreach to minority small businesses to appreciate any unique customer or small business needs	Y – contracted
Downtown Business Partnership	In partnership with the city, Boulder operator of premier tourist destination (Pearl Street Mall), monitoring and responding to downtown business needs, recovery initiatives and outreach for BID and district businesses; Benchmarking and coordination with the International Downtown Association	Y – funded through BID taxing district
Convention & Visitors Bureau	Monitoring and consideration of hospitality industry needs and impacts, Point of contact for marketing initiatives in the reduced restaurant service level and in the recovery phase, link to any created tourism-industry funding, supplemental support exploration of arts and cultural organizations. Developing social messaging about getting outside for recreation to connect with nature and great picnics to pick up from participating restaurants.	Y – Tax allocation

City staff (Community Vitality) will maintain close contact with County, State and peer city economic development offices in the weeks to come. The Community Foundation will continue to partner with the City in all aspects of the response but, as it relates to local business and non-profit needs, will participate in sourcing funds focused on “safety-net” non-profit organizations serving the community.

Of course, the City benefits from the work and commitment of many other organizations which contribute to the local economy (Boulder Commercial Realtors, the Colorado Restaurateurs Association, the Colorado Hospitality Association to name a few). These and many other organizations have and will contribute to collaborated work planning, implementation and recovery efforts.

IV. Actions to date

- The team held its first meeting on March 17 and plans to meet regularly to continue collaborative efforts and share information.
- A city webpage for business resources has been established as have partner organization dedicated webpages (see listing – attachment A). These webpages (and supplemental

social media and print materials) will be regularly refreshed and distributed across the organizations

- SBDC webinar series development (see below)
- City (Community Vitality) will ensure provision of “resources for your employees” information – linking to provided Humans Services programs and partner resources already available for Boulder residents
- City (Community Vitality) conducted outreach to local grocery businesses and updated information concerning hours of operation and dedicated “safe senior shopping” hours (if any) available for Boulder seniors and immune compromised individuals . (updating regularly)
- Publication of webpages related to Federal relief resources (Congressional office, SBDC, Chamber, City, County).
- Virtual roundtable held for Boulder Restaurateurs (Chamber)
- On-going participation in Funders Roundtable phone calls (City, Community Foundation)
- Outreach to nonprofits (City, Community Foundation, County)

V. Next Steps

1. A three-series set of FREE webinars will be provided by the Small Business Development Center and that organization will continue to offer consultation services for small businesses in English and Spanish (SBDC)
2. Early GO-LIVE of “Boulder for Me” service eligibility calculator (Google Fellowship provided application) focused on service industry impacted persons. (City)
3. Development and participation/support of “To Go Boulder”/”To Go Denver” promotional effort in coordination with the Colorado Restaurant Association (CVB)
4. Continued coordination and consultations with commercial property owners and tenants (Chamber, City)
5. Council consideration of the Citywide Retail Strategy (City)
6. Coordinated communications (all)
7. Early outline for recovery initiatives (DBP, Boulder Chamber, BCVB)
8. Outline for coordinated corporate outreach and/or volunteerism (all)in

More response-specific information on the coordinated response can be found on the following websites:

City of Boulder - <https://bouldercolorado.gov/coronavirus-business-resources>

UPDATED to include news release on federal assistance –
<https://www.colorado.gov/governor/news/gov-polis-secures-federal-loan-assistance-colorados-small-businesses>

Boulder County COVID-19 Information: <https://www.bouldercounty.org/families/disease/covid-19/>

Boulder County COVID-19 Info for Restaurants:
<https://www.bouldercounty.org/records/licenses/covid-19-for-restaurants/>

Colorado COVID-19 info, including for businesses: <https://covid19.colorado.gov/>

Colorado COVID-19 Emergency childcare: <https://covidchildcarecolorado.com/>

DBP - list of what downtown businesses are offering/deliveries, gift cards, etc. - LoveTheLocal.com

*Questions regarding the response to Boulder business needs, please contact
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