

DOWNTOWN BOULDER BUSINESS IMPROVEMENT DISTRICT ECONOMIC DEVELOPMENT INITIATIVE

Findings and Recommendations *January 2003*

submitted by the
Downtown Boulder BID Economic Vitality Committee
and
Progressive Urban Management Associates, Inc.

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Downtown Boulder Business Improvement District Economic Development Initiative

Findings and Recommendations

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I. Background

In the fall of 2002, the Downtown Boulder BID's Economic Vitality Committee retained the services of Denver-based Progressive Urban Management Associates (P.U.M.A.) to help develop an economic development initiative for the BID. The initiative was developed to determine an appropriate response from the BID to an increasingly uncertain marketplace and growing concern about softening real estate occupancies. The economic development initiative aimed to meet the following objectives for the Downtown Boulder BID:

- Provide meaningful, tangible and cost-effective services that can help to retain, grow, incubate and attract businesses to downtown Boulder.
- Develop innovative services that complement and do not duplicate economic development efforts sponsored by other agencies.
- Create marketing materials and services that add value to downtown property owners and real estate brokers in their efforts to retain, grow and attract commercial tenants.

To develop economic development strategies for downtown, P.U.M.A. worked under the general direction of the BID's economic vitality committee. A roster of the economic vitality committee is attached as *Exhibit 1*. The initiative included the following steps:

- Undertake a **Needs Assessment** that identifies vulnerabilities in the downtown marketplace, determine BID stakeholder priorities for business development services and survey existing business development programs from comparable markets.
- Develop **Program Recommendations** that include program goals and objectives, suggested services and products, budgets and sources of funds, relationship to existing economic development programs and management implications for the BID.

II. Needs Assessment

A. Economic Vulnerabilities

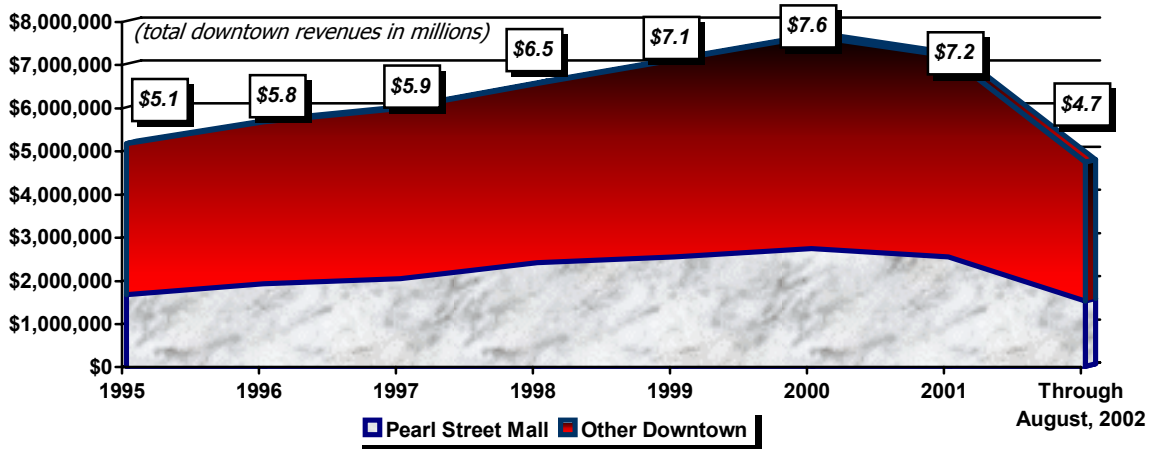
At its September 2002 meeting, the Economic Vitality Committee identified key economic vulnerabilities in downtown Boulder. The committee also developed priorities for addressing these challenges through the BID. Key vulnerabilities and priority “votes” from the committee members follow.

Economic Vulnerabilities	Priority “Votes”
Office Market: Vacancies are up, rents are falling, challenges include erosion of consumer base and parking constraints for both employees and customers.	12
Retail Leakage: Concern with increasing regional competition, lack of movies and entertainment options, declining rents and continued uncertainty at Crossroads.	9
Anti-Growth Reputation/Perception	3
Tourism Market: Erosion in state tourism funding, decreasing tourist volume	2
Aggressive Panhandling: Intimidating to consumers and workers	2
Parking/Transportation: Lack of parking a challenge to business recruitment	2
Construction Disruption	0
Housing: Lack of affordability problematic to businesses	0

The Committee’s perception of key areas of vulnerability, office and retail, is verified by recent market trends in Boulder.

Downtown Retail: *As illustrated by the table on the following page, combined sales and use tax for year-to-date August, 2002 were down by 9.91% for the Pearl Street Mall from the previous period. During the same period, overall Downtown sales and use tax collections increased by 8.82%, following a 6.11% decrease in annual revenues collected from 2000 to 2001. According to the City, core consumer retail (apparel, home furnishings and general retail) suffered from competition from Flatiron Crossing Mall and new retail in surrounding communities, and the current recessionary environment.*

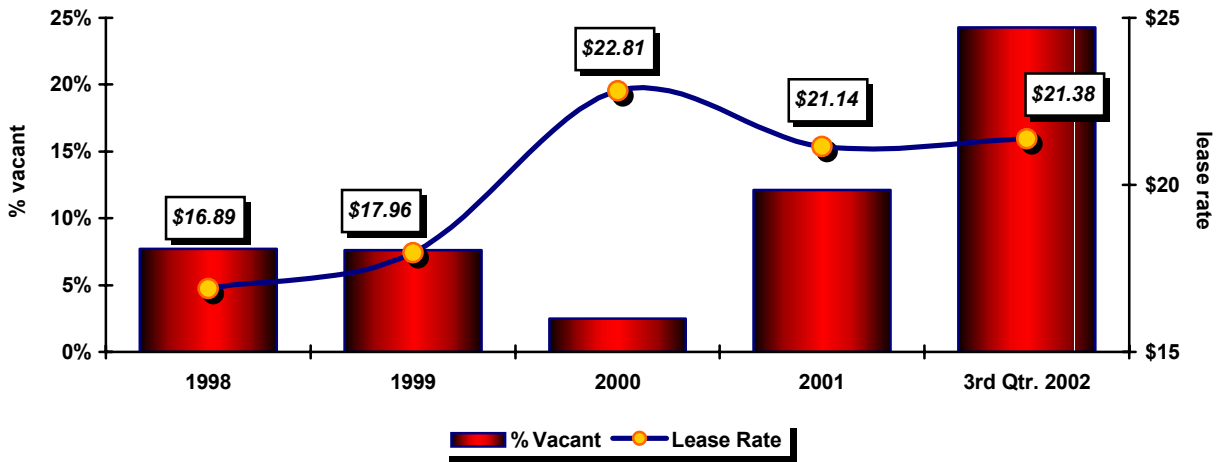
**Downtown Boulder Sales and Use Tax Revenues:
1995 – August, 2002**



source: City of Boulder

Downtown Office: A softening office market initiated a slow decrease in lease rates. Year-end 2002 lease rates will most likely reflect a drop in price per square foot from third quarter numbers.

**Downtown Boulder Office Vacancy and Lease Rates:
1998 – 3rd Quarter, 2002**



source: Andrew Freeman Property Advisors

B. Retention Survey

To determine the overall satisfaction of existing businesses with Downtown Boulder, Economic Vitality Committee members interviewed owners and managers from about 20 existing businesses. Questions included:

- What do owners and employees like/dislike about downtown?
- Identify ways that downtown could be improved.

A copy of the survey instrument and a summary of responses is provided in *Exhibit 2*.

Predominate strengths and weaknesses of downtown, as voiced by this sampling of existing businesses, included the following (**boldface** responses are consistent themes among most interview respondents):

Strengths	Weaknesses
Proximity to amenities , including restaurants, retail, outdoor environment and mountains	Parking , including availability, cost, lack of employee parking and maintenance of public garages.
Aesthetics of the Pearl St Mall , including fountains and kid-friendly amenities	City Attitude Toward Growth
Business-to-business opportunities	Aggressive panhandling , intimidating employees and visitors
Eco-Pass/Transit	Want More Office Users
Safety	Lease Rates
Image – Clients like it here	Construction & Access Disruption
Relative stability	Eco-Pass as edict?
Center of activity/vibrancy	Lack of convenience retail
History	Housing affordability
New restrooms	
BID	

C. Survey of Comparable Markets

Throughout the country, BIDs are creating business recruitment and retention programs to promote the economic development of downtowns. To understand “best practices” in comparable downtown markets, P.U.M.A. surveyed nine cities that were identified by the Economic Vitality Committee and BID staff. Four downtown BIDs were found to have economic development programs and focus on office and retail growth, including:

- Denver
- Austin, Texas
- Ithaca, New York
- Lincoln, Nebraska

The comparable market survey instrument, individual market profiles and a summary of survey results is provided in *Exhibit 3*.

The preceding economic development programs have several characteristics in common, including:

- BID staff allocated to the economic development function.
- Marketing materials that package downtown-specific market and lifestyle information.
- A general orientation to assist property owners and real estate brokers in their ongoing efforts to attract and retain tenants.
- Several programs are guided by formal market-based economic development plans.

Other program commonalities included:

- BIDs have formed close relationships with academic institutions.
- Local governments have a significant role in downtown business development efforts, ranging from program funding, designated city staff support and joint business recruitment efforts.
- Formal economic development strategies are proving useful through changes in the economic climate.
- Future efforts include retail recruitment and office retention.

Samples of marketing tools and descriptions of program services were obtained from the survey respondents.

D. Stakeholder Focus Groups

Two focus groups of selected downtown property owners and real estate brokers were convened to seek ways that the BID could most help business recruitment and retention efforts. A roster of focus group participants is provided in *Exhibit 4*.

Focus group participants were asked to evaluate the utility of a variety of BID business development services and tools that are employed by comparable downtown markets. Following the focus groups, the Economic Vitality Committee was also asked to respond. The following services and programs were most frequently endorsed by the focus groups and committee:

	Broker Focus Group	Property Owner Focus Group	Economic Vitality Committee
BID as One-Stop Shop for business & marketing support – live person, portal of market info	XX	XX	XX
Need to bolster efforts to market office in niche downtown		XX	XX
Create maps; Compile market information	XX		XX
Employee-oriented products; develop retention tools	XX		XX
Inventory/map parking	XX		XX
Present unified front/brand identity/positive image for downtown	XX	XX	
Market downtown's amenities		XX	
Build alliance with University		XX	
Take a leadership role in economic development			XX
Create a business plan/vision for economic development			XX

III. Recommendations for the Downtown Boulder BID

A. BID Products and Services

Market Information and Business Support Portal:

The BID should launch an ongoing economic development initiative that would position the BID as a portal of entry for new businesses and an information clearinghouse serving the downtown real estate community. To meet this objective, the BID would employ an economic development manager that would coordinate the following services and products:

- Develop and maintain a downtown economic profile with a variety of downtown-specific market information including real estate vacancies, property and retail sales trends, pedestrian counts, parking inventory, major employers, etc.
- Support property owner and broker efforts to recruit new business by disseminating market information, serving as a development process liaison and general trouble-shooting.
- Support efforts by small independent businesses to locate in downtown, including identifying location options and business financing options, obtaining permits, etc.
- Establish regular and ongoing communications with existing office and retail businesses to encourage growth and retention and improve the overall business climate.
- Undertake community relations activities to advance downtown's economic development agenda and project a positive business image.
- Work with regional economic development entities to elevate the business profile of downtown and leverage downtown marketing resources.

The economic development manager should possess an educational and occupational background in business, marketing, communications and/or real estate, and demonstrate a strong passion for downtown. Work of the economic development manager could be augmented by interns from the University of Colorado.

Downtown Economic Development Marketing Materials:

Several cost-effective marketing materials that would be closely integrated with the BID's existing consumer marketing products are recommended to facilitate the packaging and distribution of downtown market information, including:

- General economic development information pocket-folder that depicts downtown's differential advantages.
- Economic profile with periodic updates.
- Downtown parking inventory and map.

- Investor information maps, including identification of building footprints, land uses, parking and major amenities.
- Employee retention materials, including a downtown directory and guide and periodic employee updates on events and activities.

Budget: Economic Development Products and Services

	Part-Time Manager Option	Full-Time Manager Option
Economic Development Manager	\$24,000 (\$20,000 x 20%)	\$ 42,000 (\$35,000 x 20%)
Equipment, Start-Up Expenses	5,000	5,000
Marketing Materials	15,000	15,000
Interns	5,000	5,000
TOTAL	\$ 49,000	\$ 67,000

B. Downtown Economic Vitality Policy Agenda

In addition to BID services and products, the economic development initiative process revealed several policy issues that must be addressed to improve downtown’s business climate and overall position in the marketplace. These issues will require continued vigilance by the entire downtown community with leadership from the BID board of directors and the Economic Vitality Committee. Key downtown economic development issues include:

Promote Downtown Economic Vitality as a Community

Value: Virtually all of the participants in the economic development initiative process, including retention interviewees, focus group participants and members of the Economic Vitality Committee, voiced concern about the perception that Boulder is not business-friendly and the overall lack of support for business development efforts from the Boulder City Council. In all comparable communities that were surveyed, local government played a strong partner role in promoting downtown economic development.

The Economic Vitality Committee will develop position statements, publish editorial opinions and meet with city officials to promote downtown economic vitality as a community value that should be embraced. In addition to generating sales tax revenue that is critical for maintaining essential city services, downtown is the economic and cultural hub for the community. Downtown business development is consistent with the community’s strong environmental values, capitalizing on existing infrastructure and resources and offering clear alternative to sprawl.

Parking: Downtown Boulder enjoys an enviable and well managed parking and transportation system, anchored by the Central Area General Improvement District and wide use of public transportation; however, the economic development initiative process revealed that parking is still an impediment to both retail and office growth in downtown Boulder. The Economic Vitality Committee will continue to pursue policy options to increase the downtown parking supply. Options discussed in this process included building additional parking structures and more efficient parking management to encourage the use of the upper levels of existing garages.

Panhandling: Aggressive panhandling emerged as a key issue that not only affects the downtown environment, but is impeding office and retail growth. Many business owners reported that employees and visitors are increasingly intimidated by aggressive panhandlers. Several employers indicated that panhandling would dissuade them from locating on or near the Pearl Street Mall. Aggressive panhandling is intimidating to visitors, an increasing concern with the development of new retail shopping centers with controlled environments.

Solutions are multi-faceted and include a combination of enforcement, social service and educational tools. The Economic Vitality Committee will continue to work on all fronts to help engineer long-term solutions to this complex problem.