



**CITY OF BOULDER  
CITY COUNCIL MEETING  
Community & Council Forum**

**MEETING DATE: September 26, 2024**

**AGENDA TITLE**

Community & Council Forum: *Economic Development Plan & Program Enhancements*

**EXECUTIVE SUMMARY**

As a part of City Council's work to improve public meeting experiences, the City Council is piloting a new type of engagement called a *Community & Council Forum*. This forum is taking place of a normally scheduled "study session" where council would typically hear an update and overview of a topic from staff that would require a future council decision. Through the use of a *Community & Council Forum*, Council is seeking a more informal environment to engage in two-way discussion on a specific topic prior to any formal decision-making.

The format of the forum is to invite several specific stakeholders that are associated with the topic in addition to several randomly selected community members that have an interest and/or relevant lived experience with the topic. After a short presentation on the topic, participants will engage in small group discussions based on specific questions designed to prompt conversations about the topic. After the discussions, key takeaways from the small groups will be shared and the entire group will discuss major themes and next steps.

The topic selected for this initial forum is Economic Development Plan & Program Enhancements and includes economic and market conditions, the current approach to economic development and programs to support economic vitality, and goals and themes for updates the [Economic Sustainability Strategy](#) and [Boulder Valley Comprehensive Plan \(BVCP\)](#). The topic was selected based on the lead time before a future Council decision point (Council may formally weigh in on an Economic Vitality Strategy to replace the Economic Sustainability Strategy in the future) and its selection one of the priorities for 2024-25 identified in the City Council Retreat.

While the topic of economic vitality is broad and extensive, this memo provides a brief, high-level overview of current economic conditions, existing programming and partnerships, and goals and priorities for an updated Economic Vitality Strategy. The goal of the memo is to provide adequate baseline information so that forum participants can reasonably learn about current activities and participate effectively without excessive research and preparation. The memo concludes with several prompting questions that will be discussed during discussions in small groups and with the entire group on September 26. The presentation and discussions with the entire group will be recorded and made available to the broader public.

## **QUESTIONS FOR COMMUNITY AND COUNCIL**

Staff has identified the following key questions to help guide the community and Council's discussion:

- 1. Based on your experience, are there additional economic conditions, issues or opportunities that should be considered or given greater emphasis in an updated Economic Vitality Strategy?*
- 2. Based on your experience, what suggestions do you have to strengthen the draft focus areas identified for the updated Economic Vitality Strategy?*

## **BACKGROUND**

### *Better Public Meetings*

The City of Boulder recognizes that local government makes better decisions and creates more responsive programs and services when the community it serves has a meaningful voice. To support this approach, the city is building a culture of meaningful engagement that is inclusive, consistent and transparent for our community.

As the city continues on our journey in strengthening our culture of engagement, as detailed in the city's [Engagement Strategic Framework](#), the city announced its partnership with the National Civic League (NCL) Center for Democracy Innovation and their "Better Public Meetings" project, with the goal of improving public meeting experiences and outcomes in local government. Boulder is one of three pilot communities the NCL chose to partner with on this effort.

Aligning with recommendations within the [NCL Center for Democracy Innovation report](#), and seeking to improve council and community dialogue, the *Community & Council Forum* is intended to allow for small group discussion and greater stakeholder engagement outside of a more traditional study session setting.

Feedback from the community and City Council will help inform the development of an updated approach to economic development, including an Economic Vitality Strategy and new or enhanced programs and tools for supporting business formation, retention, growth, and attraction; addressing pandemic-related challenges such as commercial vacancy rates; and leveraging emerging opportunities.

Participants in the forum discussion will include economic vitality staff, representatives from local nonprofit organizations that receive funding from the city to support different sectors of the economy, local small business owners, and community members who are randomly selected from those who apply to share their experiences and perspective on the topic. More information about participating organizations can be found in the Current Support for Economic Vitality section of this memo.

One of the priorities identified in Council's semi-annual retreat on April 3-4, 2024, was the creation of an economic development plan and related program and tool enhancements to support a more robust city role in overall economic vitality. This priority included several aspects including, but not limited to, addressing commercial vacancies through incentives, permitting and other measures; updating the Economic Sustainability Strategy (adopted by Council in 2013) – to be renamed “Economic Vitality Strategy”; continuing and broadening small business support; and business recruitment.

While an updated Economic Vitality Strategy will help align and focus specific economic vitality tactics, it is only one complementary piece of a broader work that contributes to an equitable, resilient, and sustainable city. An updated strategy for supporting local economic vitality will continue to take a collaborative approach that builds on Boulder's economic assets and strengths while preserving community character and quality of life; reflect current economic conditions and emerging trends; and align with the Boulder Valley Comprehensive Plan (BVCP), Sustainability, Equity and Resilience Framework, and the Citywide Strategic Plan.

It is also important to note the Economic Vitality Strategy is intended to reflect, rather than duplicate, work being done by Housing and Human Services, Transportation, and other city departments on housing, transportation and other areas that impact the local economy.

## **ANALYSIS**

### **Current Market and Economic Conditions**

Although there have been changes in the local economy over the past several years, fundamental economic strengths and drivers have remained relatively unchanged. These include the presence of a world-class research university, more than a dozen federal research labs, a broad mix of businesses including a high concentration in advanced industries, one of the nation's best educated workforces, and award-winning quality of life that makes the city an attractive place to live, work, and visit continue to be important factors in the city's economic health and resilience.

The following summary provides a profile of the local business community, indication of how the local economy has performed over the past several years, and a summary of local resident and business perceptions related to Boulder's economic vitality.

**Profile of Local Businesses** – Information compiled by the University of Colorado Boulder from Colorado Department of Labor and Employment (CDLE) data provides an overview of Boulder's local business community. The most recent information available shows that in 2022, the city has approximately 8,400 employers with over 100,000 employees that paid annual wages totaling more than \$10 billion. The majority of these employers are businesses.

Although Boulder employers represent a broad mix of industries, one-half of Boulder's employment is concentrated in three industries: Professional and Technical Services (21%), Government (17%) and Manufacturing (12%). Other industries representing more than five percent of the city's employment include Health Care and Social Assistance (8%), Retail (8%), Accommodations and Food Services (8%) and Information (8%).

The majority of the city's employers (90%) have fewer than 20 employees, and 97% have fewer than 50 employees. While only 1.5 of the city's employers have more than 100 employees, they provide 54% of the jobs in the city. Between 2017 to 2022, small employers experienced the highest rate of growth in employment and larger employers added the most jobs.

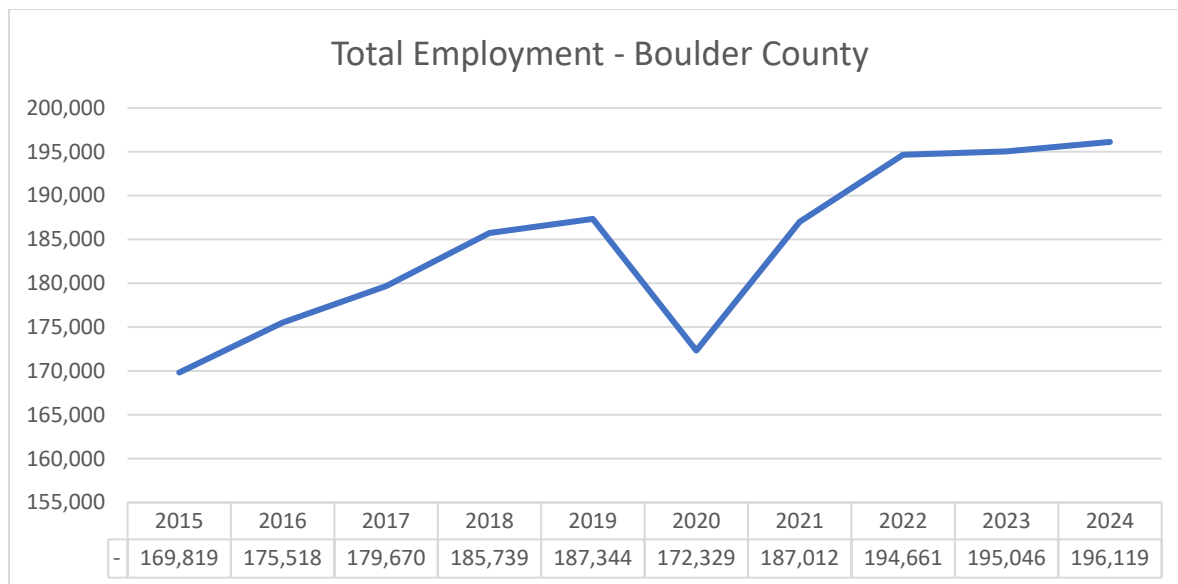
The CDLE data indicates employment in the city of Boulder recovered to pre-pandemic levels in 2022. Industries that saw the largest gains from 2019 to 2022 included Professional and Technical Services, Information, and Manufacturing. Those that experienced the greatest job losses were Accommodation and Food Services, Health Care and Social Assistance, and Government. Other industries experiencing significant job losses included Retail and Arts, Entertainment and Recreation.

Industry sectors where the Boulder area has a high concentration of employment include Aerospace, Bioscience/Life Science, IT-Software, Investments, Beverage Production, and Broadband and Digital Communications. In each of these sectors, employment in Boulder County is more than twice the national average.

**Post-Pandemic Changes to Local Economy** – While many sectors of the local economy have shown significant recovery from the pandemic, lingering impacts continue to have an impact in other sectors including, but not limited to, retail, restaurants, and personal services. Additional factors, such as the rising cost of doing business, labor force shortages, supply chain issues, and rising interest rates, are affecting a broad range of Boulder businesses.

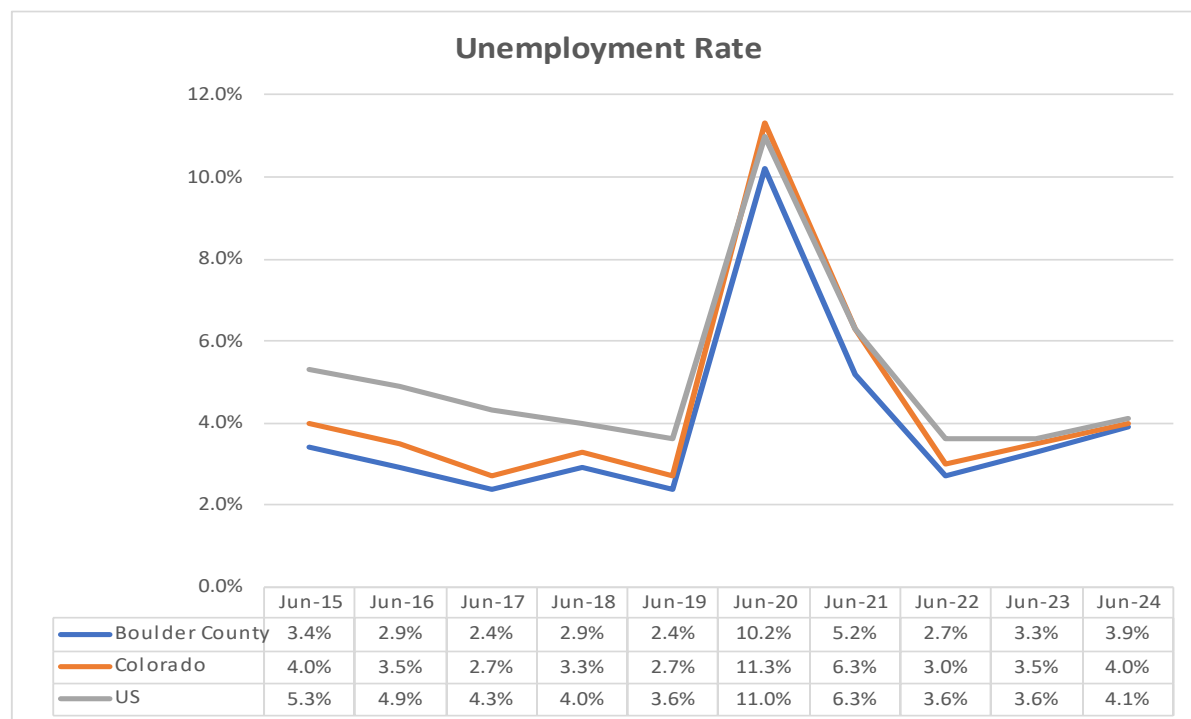
An analysis of employment growth, unemployment rates, retail sales tax revenue, commercial vacancy rates, and perceptions of the local economy among residents and businesses indicate several areas of vulnerability.

**Employment growth** in Boulder County over the past ten years has increased by 15.5% for an average of 1.5% a year, a rate that is similar to employment growth for the state. As the following chart shows, employment increased between 2015 and 2019, dropped significantly in 2022 due to the pandemic, and recovered in 2021. Between June 2021 and 2022, total employment in the county increased by 4%. Since then, employment growth has tapered off to less than 1% a year.



Source: Colorado Department of Labor and Employment

**Unemployment rates** in Boulder County have continued to be generally below state and national rates. Between 2015 and 2019, the local unemployment rate remained under 5%. By mid-2020, the rate increased to over 10%. By 2022, it had decreased to 2.7%. Over the past two years, the unemployment rate has increased to 3.9% as the table below shows.



Source: Colorado Department of Labor and Employment, Bureau of Labor Statistics

**Retail sales tax revenues** in 2023, as described in the recent [2025 Recommended Budget](#), indicated evidence of an economic slowdown. In particular, the December year-over-year decline in local retail sales suggested a particularly tough retail environment for local businesses.

Total sales tax collections for the city were up by 2.4% between 2022 and 2023 and comparing June YTD retail sales tax figures for 2023 and 2024 shows an overall increase of 2.6%. As the table below shows, there were differences by category and areas within the city.

<b>Retail Sales Tax Revenue</b>	<b>Increase/Decrease December YTD 2022 to 2023</b>	<b>Increase/Decrease June YTD 2023-2024</b>
General Retail	-9.3%	-10.1%
Food Stores	1.4%	5.6%
Eating Places	7.5%	2.7%
Boulder Valley Regional Center (BVRC)	-2.4%	1.1%
Downtown*	2.8%	1.4%

*\*Includes Pearl Street Mall, Downtown, Downtown Extension, and East Downtown*

In the most current forecast, CU's Leeds School of Business continues to project slowing economic growth through 2024. This is primarily attributed to local retail activity slowing, statewide and local population growth slowing, remote work practices, high commercial vacancy rates, and high housing costs. The forecast points to slightly stronger growth of sales and use tax in 2025 and outyears.

**Commercial vacancy rates** for office space in Boulder have increased over the past several years while vacancy rates for industrial space have remained relatively constant, reflecting differences in type of work generally done in those spaces. Prior to the pandemic, the office vacancy rate in downtown Boulder was similar to the citywide rate. Since 2022, the downtown office vacancy rate has been higher.

<b>Boulder Commercial Space Vacancy Rates</b>	<b>Q2 2018</b>	<b>Q2 2019</b>	<b>Q2 2020</b>	<b>Q2 2021</b>	<b>Q2 2022</b>	<b>Q2 2023</b>	<b>Q2 2024</b>
Office Space	11%	8%	10%	17%	15%	20%	22%
Downtown Office	9%	8%	10%	19%	22%	29%	29%
Industrial Space	5%	5%	7%	9%	8%	5%	6%

*Source: 2018-2022 Newmark Boulder Market Reports; 2023-2024 CBRE Research*

In the 2021 Boulder Business Survey commissioned by the city, 77% of Boulder businesses reported an increase in the number of their employees working remotely as a result of the COVID-19 pandemic. When asked about their plans after pandemic-related restrictions were lifted, 52% expected to allow more flexibility and remote working than before and 13% planned to operate with most or all work done remotely. (Note: these figures will be updated with a 2024 business survey to be released later this year.)

**Resident perceptions related to local economy** – While residents who participated in the City of Boulder 2023 Community Survey generally indicated satisfaction with most aspects of the economy, more than 90% expressed concern with Boulder's cost of living.

<b>Economy-related ratings of Boulder</b> <i>(2023 Community Survey – all residents surveyed)</i>	<b>Rated as “excellent or good”</b>
Overall economic health of Boulder	75%
Boulder as a place to visit	91%
Overall quality of life in Boulder	85%
Overall quality of business and service establishments in Boulder	84%
Boulder as a place to work	75%
Vibrancy of downtown/commercial area in Boulder	75%
Shopping opportunities in Boulder	74%
City as place for innovation, creativity, entrepreneurship	70%
Variety of business and service establishments in Boulder	67%
Employment opportunities in Boulder	57%
Cost of living in Boulder	6%

There were notable differences among subgroups of survey participants in their rating of vibrancy, shopping opportunities, quality and variety of business and service establishments, and employment opportunities, especially by race, ethnicity, income and other factors. These differences will be further explored and inform the development of the strategy.

**Business perceptions related to local economy** – A 2021 survey of Boulder businesses indicated over 80% of were generally optimistic about the city’s economic future and nearly three-fourths were satisfied with Boulder as a place to do business. Roughly half the businesses felt that Boulder is better for other cities for businesses like theirs, and just over one-third indicated having a Boulder address helps their business (significant decreases from past surveys). While many gave favorable ratings to the availability of restaurants, shopping and services and the city’s reputation for innovation and entrepreneurship, many of the businesses indicated dissatisfaction with other aspects of doing business in Boulder such as the cost and availability of space for businesses, diversity and availability of workforce, cost and ease of doing business, and access to business resources.

<b>Economy-related ratings of Boulder</b> <i>(2021 Boulder Business Survey – total surveyed*)</i>	<b>Rating as excellent or very good</b>
Availability of restaurants, shopping and services	84%
Reputation for innovation & entrepreneurship	77%
Availability of qualified employees	37%
Access to business resources	23%
Employee wage rates	22%
Ability to find and retain employees	19%
Ease of doing business	16%
Diversity of local workforce	9%
Availability of suitable space for businesses	8%
Cost of space for businesses	4%
Cost of doing business	1%

The pandemic likely weighed heavily on the 2021 Boulder Business Survey results. Nearly three-fourths (72%) of businesses surveyed, many of which represented the professional and technical services, manufacturing, IT, and information industries, indicated the pandemic had a negative impact on their business. Findings of a 2024 business survey, currently in progress, will be used to inform the Economic Vitality Strategy.

### **Current Support for Economic Vitality**

Much of the City of Boulder's support for an inclusive, healthy, sustainable, and resilient local economy is focused on providing a collaborative and resource-rich environment for businesses. The city works in partnership with many local nonprofit organizations that provide services and programming to businesses across our community.

The city and its core economic vitality partners have worked together for many years to support a strong local economy. During the pandemic, these organizations came together to more proactively respond to and coordinate on economic recovery and issues facing the local business community. Those organizations include, but are not limited to, the Boulder Chamber, Boulder Small Business Development Center, Downtown Boulder Partnership, Latino Chamber of Commerce of Boulder County, University of Colorado, and Visit Boulder. This collaborative approach helps avoid unnecessary duplication while maximizing and leveraging resources.

Below is a brief and incomplete overview of the primary role and responsibility the city and local economic vitality partners have in supporting Boulder's economic vitality efforts. Representatives of these organizations have been invited to participate in the Community & Council Forum discussion on September 26 to share their insights about the local economy and business community.

### ***City of Boulder***

In addition to monitoring economic trends, participating in local and regional economic initiatives, and providing information and general assistance to businesses, the City of Boulder provides funding to partner organizations for specific programs and services to promote economic vitality and support small businesses. In addition, the city provides funding for financial incentives to encourage business retention and expansion, and a microloan program to help businesses that may not be able to obtain financing through traditional sources. A short description of these direct funding programs is included in Attachment A. In addition, the city used a portion of federal CARES Act and American Rescue Plan Act (ARPA) funding to provide small grants to help businesses recover from the COVID-19 pandemic.

### ***Boulder Chamber***

The Boulder Chamber provides programs and services to support business formation, retention, expansion and recruitment. In addition to providing information and connections to resources to businesses of all sizes, the nonprofit conducts economic research and publishes local market and economic information, partners with educational institutions and others to build a pipeline of skilled workers that meet employer needs, works with industry associations, hosts community events focused on timely economic issues, participates in local and regional economic initiatives, and participates in efforts to help businesses plan for, respond to, and recover from disasters.



### ***Boulder Small Business Development Center***

The Boulder Small Business Development Center (SBDC) works with aspiring entrepreneurs and small businesses in a wide range of industries. The SBDC offers free confidential business consulting, no- or low-cost workshops, connections to financing and other resources, and disaster preparedness, response and recovery assistance. The center provides core programming for “Main Street” businesses such as restaurants and retailers, a Path to Entrepreneurship program as a bridge to economic sustainability for entrepreneurs and small business owners from underserved communities, and specialized programs for science and technology businesses and other highly scalable ventures.

### ***CO-LABS***

A nonprofit consortium of federal labs, research universities, economic development organizations, local government, and businesses, CO-LABS promotes Colorado as a global leader in research and technology, educates the public about the labs’ impact and importance of sustained funding for research, and connects the labs, universities, and businesses to facilitate partnerships and technology transfer.

### ***Downtown Boulder Partnership***

The Downtown Business Partnership (DBP) is a nonprofit that promotes the civic, economic, and commercial vitality of downtown Boulder while helping to preserve its historic and cultural character. DBP provides support to downtown businesses, works to cultivate a clean, safe and vibrant downtown community, hosts events, and generates business for the area through its marketing and communication programs.

### ***Latino Chamber of Commerce of Boulder County***

The Latino Chamber of Commerce of Boulder County (LCC) is committed to building, strengthening, and promoting the interests of Latino and BIPOC businesses. The LCC works to foster awareness and preservation of Latino heritage while also supporting the cultural identities of BIPOC communities. The Latino Chamber aims to bridge the gap between Latino, BIPOC, and other business sectors; address environmental, economic, social, and educational needs; and facilitate the creation of wealth in these communities. The Chamber also focuses on workforce development, equipping individuals with skills to thrive in the evolving marketplace and explores international opportunities to expand the global reach of Latino and BIPOC businesses. Additionally, it represents the business interests of these communities in economic and public policy discussions.

### ***University of Colorado Boulder***

The city and its partners work closely with the University of Colorado’s Office of Government & Community Engagement and the Business Research Division of the Leeds School of Business on local economic policies and initiatives, including economic planning and strategies, and economic research studies.

### ***Visit Boulder***

Visit Boulder, the Convention and Visitor’s Bureau, is the city’s official destination marketing organization. The nonprofit helps strengthen the local economy by providing information and services to visitors, meeting planners, and tourism businesses to promote safe and sustainable visitation by leisure, group, and business travelers. In addition to targeted promotional campaigns to encourage visitation during off-peak months, the organization offers an Events,

Arts & Cultural Grant Program to support local events that enhance Boulder for both visitors and residents. Visit Boulder also participates in local and state economic initiatives.

The following table provides a sample of specific programs and services the organizations provide to support economic vitality through business retention, attraction, and expansion; economic and market research; education and training; financial support; and workforce development. Collaboration and coordination between the organizations helps leverage efforts and stretch resources to provide support to more businesses.

<b>Economic Vitality Support</b>	City of Boulder	Boulder Chamber	Boulder SBDC	CO-LABS	Downtown Boulder	Latino Chamber	CU Boulder	Visit Boulder
<b>Business retention, attraction, expansion</b>								
Business outreach and assistance	X	X	X		X	X		
Business resources	X	X	X	X	X	X	X	X
Disaster assistance	X	X	X			X		
Diversity and equity programs	X	X	X	X	X	X	X	X
Information on doing business in area	X	X			X	X		
Local business listings		X			X	X		
Marketing and promotional campaigns		X		X	X	X		X
Networking and connections	X	X	X	X	X	X		X
Site selection assistance		X			X			
<b>Economic and market research</b>								
Economic and market studies	X	X		X	X		X	X
Economic reports and publications	X	X		X	X	X	X	X
<b>Education and training</b>								
Business events		X	X	X	X	X		X
Business incubator/accelerator			X					
Business workshops		X	X		X			
Consulting and mentoring			X		X	X		
<b>Financial support</b>								
Connections to financial resources	X	X	X			X	X	
Financial Incentives	X							
Grants to businesses						X		X
Microloan Program	X							
<b>Workforce development</b>								
Industry partnerships	X	X	X					
Training, apprenticeship programs		X				X	X	

The city also works with a number of other local, regional, and state organizations including, but not limited to, the Colorado Office of Economic Development, International Trade and Metro Denver Economic Development Corporation.

### **Emerging Trends, Issues, and Opportunities**

Past research, including recent discussions with local business leaders and other community stakeholders, indicates that while Boulder continues to have many strengths that help support a healthy economy and business environment there are also weaknesses and emerging trends, issues and opportunities to consider when updating the city’s strategy for supporting economic vitality.

**Economic Strengths** – Among the city’s economic strengths are an award-winning quality of life, transportation infrastructure which includes multimodal options with connections to other communities and a municipal airport, a reputation as center for innovation supported by world-class research institutions, a diverse mix of businesses and industries, one of the nation’s highest educated workforces, and a collaborative, resource-rich business climate.

<b>Economic Strengths</b>	
<ul style="list-style-type: none"> <li>• Quality of life and natural environment</li> <li>• Attractiveness of Boulder as a destination</li> <li>• Multimodal transportation options</li> <li>• Range of housing options (regional)</li> <li>• Excellent public schools</li> <li>• High quality healthcare</li> <li>• Research university and federal labs</li> </ul>	<ul style="list-style-type: none"> <li>• High concentration of advanced industries</li> <li>• Reputation for strong entrepreneurial ecosystem</li> <li>• Collaborative business environment</li> <li>• Reputation as innovation hub</li> <li>• Broad mix of industries</li> <li>• Well-educated, highly skilled workforce</li> <li>• Business support services and resources</li> </ul>

**Economic Weaknesses** – Areas of vulnerability for the city include the costs associated with living or operating a business in Boulder; availability of business space, restaurants and other services in employment areas, and workforce housing and transportation options; a lack of diversity in the community; the city’s reputation for a challenging regulatory environment; fewer larger businesses to support businesses and the community; and areas where the availability of services and aspects of the city’s infrastructure could be improved.

<b>Economic Weaknesses</b>	
<ul style="list-style-type: none"> <li>• Cost of living (including housing)</li> <li>• Cost of doing business (including space)</li> <li>• Availability of industrial/warehouse space</li> <li>• Lack of services in some employment areas</li> <li>• Limited workforce housing</li> <li>• Commuter traffic and connections</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of diversity in community</li> <li>• Lack of diversity in workforce</li> <li>• Lack of awareness of available resources</li> <li>• Reputation for challenging regulatory environment</li> <li>• Relatively few larger businesses</li> <li>• Availability of broadband service options</li> </ul>

**Emerging Trends** – Some of the national, state, and local trends that have the potential to impact the city’s businesses and economic vitality include those related to climate change, demographic shifts, changing consumer shopping habits and other behavior, changes in where and how people work, and increasing costs and regulations for businesses.

Emerging Trends	
<ul style="list-style-type: none"> <li>• More frequent natural disasters</li> <li>• Aging population and workforce</li> <li>• Decreased birth rate</li> <li>• Higher incidence of online shopping</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in remote working</li> <li>• Employment decline in retail, restaurants and other industries that generate tax revenue</li> <li>• Increased business costs/regulations at all levels</li> </ul>

**Emerging Issues** – Locally, a number of issues have been emerging over the past few years, including several that are related to or were exacerbated by the pandemic. Current issues include high commercial vacancy rates and related loss of activity and business in commercial areas; increases in the business operations costs including occupancy and payroll; continued labor force, supply chain, and credit challenges; increased competition for businesses and workers from other communities and shifts in Boulder’s reputation for innovation and startup support and as a place to work or spend time; activity that impacts perceptions about personal safety in the city. In addition, the end of federal ARPA funding is likely to have an impact available resources and programs.

Emerging Issues	
<ul style="list-style-type: none"> <li>• High commercial vacancy rates</li> <li>• Decreased activity in commercial districts</li> <li>• Increased cost of leading commercial space</li> <li>• Workforce availability and retention</li> <li>• Supply chain issues</li> <li>• Potential impact of minimum wage increase</li> <li>• Less access to capital and financial resources</li> <li>• Less recognition as innovation and startup hub</li> </ul>	<ul style="list-style-type: none"> <li>• Increased competition for businesses and workers from other communities</li> <li>• Attracting fewer residents and workers</li> <li>• Reputation as less welcoming</li> <li>• Increased crime</li> <li>• More frequent power outages</li> <li>• Increased homelessness</li> <li>• End of federal ARPA funding</li> </ul>

**Emerging Opportunities** – The introduction of new programs and developments, including some that come with significant multi-year funding from the federal government to encourage the development of innovative new technologies, represent opportunities for local economic and job growth. These include a U.S. Economic Development Administration (EDA) grant to develop a technology hub to encourage the development of the Quantum Industry, a National Science Foundation (NSF) grant to support new advancements in technology to support climate resilience, federal and state incentives to expand semiconductor manufacturing in the U.S., and growth in the life sciences industry. Other opportunities include the opening of the University of Colorado Boulder’s conference center and hotel, a new hotel and other redevelopment activity in the University Hill area, the potential for hosting the Sundance Film Festival, additional support for diversity, equity, inclusion, and accessibility, and opportunities to expand workforce skills and create more job opportunities through partnerships among educational institutions, businesses, local governments, and nonprofit organizations.

Emerging Opportunities	
<ul style="list-style-type: none"> <li>• Quantum Technology Hub</li> <li>• NSF CO-WY Climate Resilience Engine</li> <li>• CHIPS Zone and federal incentive programs</li> <li>• Life Sciences industry growth</li> <li>• Sundance Film Festival bid</li> </ul>	<ul style="list-style-type: none"> <li>• CU Conference Center and Hotel</li> <li>• University Hill redevelopment</li> <li>• Diversity, equity, inclusion, accessibility</li> <li>• Industry sector workforce partnerships</li> <li>• Educational institution and business partnerships</li> </ul>

## **Draft Focus Areas for Economic Vitality Strategy**

As previously mentioned, ongoing research and analysis will continue to update known current conditions and emerging trends to inform the update to the Economic Vitality Strategy and BVCP. Based on the best current information and for discussion purposes, staff and partners have drafted potential pillars or focus areas for the updated strategy. The following summary provides the four draft (and not mutually exclusive) Economic Vitality Strategy pillars, a short description of potential activities under each pillar, and examples of actions they may include.

### **Equity**

Equity is an essential element of the city's Economic Vitality Strategy, and will include work to address disparity in city procurement practices and increase access to city procurement opportunities; provide support and technical assistance, including information about and access to certification programs and corporate and government contracting opportunities, for minority and women-owned and other historically disadvantaged businesses; and workforce development initiatives to increase employment opportunities through on-the-job and other training programs, apprenticeships, internships and recruiting strategies.

Examples of actions to support Equity:

- Development of city contracting and supplier diversity programs and policies
- Expansion of BIPOC/women-owned business support
- Workforce development initiatives

### **Innovation**

Much of the city's past and current economic success is related to research, innovation and creativity. This pillar would include work to support the development and commercialization of new technologies, emerging and creative industries, entrepreneurship and startup support, [CHIPS zones](#) and other financing tools, and city process improvement and navigation.

Examples of actions to support Innovation:

- Support industry-specific small business support including co-working spaces and accelerator/incubator programs
- Leverage CHIPS zones and other grant or financial incentive programs to support emerging industries
- Develop strategies to help grow emerging industries

### **Resilience**

To advance climate action and help lessen the impact of natural disasters and other disruptions that have the potential to impact the local economy, this pillar includes work to support businesses in efforts to increase climate conscious practices and prepare for, respond to and recovery from disasters. In addition, it includes work to promote a diverse mix of industries and businesses, including a wide range of retail options to meet the needs of residents, businesses, employees, students, and visitors.

Examples of actions to support Resilience:

- Develop business disaster preparedness and recovery programs
- Enhance small business support programs

- Update Citywide Retail Strategy

### **Vibrancy**

In addition to amenities, infrastructure, and activities that supports a valued and attractive quality of life, this pillar includes complementary work in commercial districts to confirm and ensure commercial area vibrancy, i.e., safe, active, connected, and to support vibrancy through collaborative economic development activities such as tourism support and business retention, expansion, and attraction programming. Work will also include researching and developing new financing tools to support economic goals.

Examples of actions to support Vibrancy:

- Exploration of a downtown development authority
- Explore and support a Lodging Business Assessment Area
- Develop and implement programs to attract businesses to occupy vacant spaces

### **NEXT STEPS**

The next steps and estimated timeline for addressing the council priority of an Economic Development Plan and Program Enhancements are outlined below. Work on the plan would be aligned with commercial district analysis and BVCP efforts. The next specific Council touchpoint on the updated strategy is anticipated in Q2 2025.

#### **Economic Vitality Strategy – Anticipated Timeline**

Complete current conditions analysis	Q4 2024
Strengths, weaknesses, opportunities, threats (SWOT) analysis	Q4 2024
Explore economic development program enhancements	Q1 2025
Draft strategy and evaluate using racial equity instrument	Q1 2025
City Council update	Q2 2025

### **ATTACHMENTS**

ATTACHMENT A – Description of City of Boulder Flexible Rebate Incentive and Microloan Programs

## **ATTACHMENT A**

### **Description of City of Boulder Flexible Rebate Incentive and Microloan Programs**

#### **Flexible Rebate Incentive Program**

**Program Description and Goals** - To encourage the growth and retention of businesses in Boulder, the city offers rebates of a portion of fees and sales or use taxes paid to the city related to facility improvements and investments in equipment and other fixed assets. The program is open to primary employers (*defined by ordinance as a business or nonprofit of any size that generates more than half its revenue from outside Boulder County, excluding businesses in the food services or hospitality industry*) that are required to be committed to environmental and community sustainability and meet other criteria. Incentives are approved by the city manager who considers factors such as the estimated economic impact of the applicant's organization and planned investment, demonstration of sustainable business practices, and available city funding for the program.

**Program Outcomes** - Since the program was introduced in 2007, 85 rebates totaling \$3.9 million have been approved for Boulder employers. Rebates are approved based on estimated investments and paid based on actual fees and taxes paid to the city by incentive recipients. Of the total rebates approved over the past 17 years of the program, 85% of the total or \$3.3 million, has been paid by the city.

Several of the businesses were approved for more than one rebate incentive to encourage continued retention and expansion in the city. The 72 employers that received a rebate represented more than 13,000 local jobs at the time they applied for an incentive, and most planned to add more jobs.

An independent evaluation of the program by the Boulder Economic Council indicated that through 2022, the estimated return on investment (net present value) on the program was \$10.26 on every \$1 invested in the program by the city.

**Program Participants** - Flexible rebate program incentives have ranged from \$5,000 to \$100,000 with an average of roughly \$46,000. Rebates were approved for employers in a range of industries and sizes. Forty percent (40%) had fewer than 50 employees, 21% had 50 to 100 employees, 27% had 100 to 240 employees and 12% had 250 or more employees.

Nearly half (46%) of the rebate incentives were approved for businesses that considered moving out of Boulder, and indicated the rebate entered into their decision to remain in the city. Interest and use of the program has varied over the years, reflecting economic downturns, recovery, and other market conditions, as well as business outreach and retention efforts.

**Program Budget** – The total budget approved for Flexible Rebate Program incentives for 2007 through 2024 has totaled \$4.8 million. Over the years, the annual budget for the incentives has declined from \$500,000 in 2007 to \$350,000 (2008-2018) to \$150,000 (2019-2024).

## **Boulder Microloan Program**

**Program Description and Goals** – The Boulder Microloan Program is a partnership of the City of Boulder, local financial institutions, and Colorado Enterprise Fund (CEF), a nonprofit community financial institution that administers the program. The program offers loans up to \$50,000 to small businesses, including nonprofits and women- and minority-owned businesses, located in Boulder. Although applicants must meet basic credit qualifications, the program is designed to meet the needs of borrowers who may not be able to obtain financing from traditional sources.

Goals of the program include:

- Bridging the gap for businesses or nonprofits that may not currently qualify for bank financing and prepare them for traditional banking relationships
- Promoting entrepreneurship and innovation to harness the creative potential of individuals and invest in the economic success of the community
- Encouraging business ownership and self-employment as a means for economic self-sufficiency
- Helping to create and retain jobs for residents including those with low or moderate incomes
- Fostering diversity in the business community by encouraging business ownership among ethnic minorities, women, and individuals with disabilities
- Encouraging the development and growth of small businesses and nonprofit organizations that serve the community

In addition to providing loans at competitive interest rates that reflect the risk associated with individual loans, CEF offers flexible loan terms and business coaching to help borrowers manage their operations and cash flow.

To help fund the program, the City of Boulder provides annual grants to help fund loans to borrowers. As loans are repaid, city funding is returned to the loan pool to make loans to other borrowers. Colorado Enterprise Fund leverages funding from the city to obtain additional grants and funding, increasing the amount of money available to lend through the program.

**Program Outcomes** - Since the program was launched in 2009, the city has contributed \$850,000 to fund loans through the Boulder Microloan Program which CEF has matched to provide total funding of \$1.7 million. Those funds were used to make 157 loans totaling \$6.7 million with an average loan amount of \$43,033 and borrowers received over 1,300 hours of business coaching through the program. Businesses and nonprofits who received a loan through the program were able to retain or create 1,389 local jobs.

Currently there are 47 active loans in the program with an outstanding balance of \$1.5 million. Of those, 26 were made to startups, 12 to minority-owned businesses, 20 to women-owned businesses, and 26 to low-income borrowers.