



INFORMATION PACKET MEMORANDUM

To: Mayor and Members of Council

From: Jane S. Brautigam, City Manager
Mary Ann Weideman, Deputy City Manager
Molly Winter, Executive Director, Community Vitality
Susan Connelly, Deputy Director, Community Vitality
Jennifer Pinsonneault, Business Liaison, Community Vitality

Date: August 3, 2017

**Subject: Information Item: Downtown Boulder Retail/Vibrancy Study:
Proposed Scope of Work**

EXECUTIVE SUMMARY

This memorandum provides the background and proposed scope of work for a downtown Boulder retail/vibrancy study to be completed by end of 2017. The study is intended to provide recommended actions to maintain and enhance the appeal and economic vitality of Boulder's downtown in the face of a rapidly changing retail environment.

FISCAL IMPACT

The project budget of \$50,000 was approved as a first adjustment to the 2017 budget. Implementation of recommendations that will emerge from the retail study may require additional funding. There are no funds proposed to be budgeted for implementation in 2018 at this time.

COMMUNITY SUSTAINABILITY ASSESSMENTS AND IMPACTS

- **Economic:** A vital and productive retail base is important to the local economy. The proposed study will provide essential information for developing and implementing a retail strategy that 1) takes into account emerging trends, such as shifting demographics and changing consumer behavior; 2) addresses market opportunities, the shopping needs of all segments of the community and affordable retail options; and 3) helps ensure an appropriate mix of merchants and offerings to improve the city's retail base and sales tax revenues.
- **Environmental:** Improvements to the city's retail base may encourage residents to do more of their shopping in Boulder, helping to reduce shopping trips and vehicle miles traveled outside the city. A strong retail base will help maintain sales tax revenues which support the city's multimodal transportation, waste reduction, water conservation and energy efficiency programs.
- **Social:** The proposed scope of work includes an analysis of affordable options for consumers and retail businesses, as well as potential programs for supporting economic mobility through retail entrepreneurship.

BACKGROUND

(Summarized from the Downtown Boulder Strategic Plan, February 2005) Downtown Boulder has evolved by choice and by necessity over the last half-century. The opening of the “modern retail” Crossroads Mall in 1963 initiated an exodus of key downtown retailers and more than one-third of downtown retail space was vacant by the mid-1960s. The Central Area General Improvement District (CAGID) was formed in 1970 to provide parking and related improvements in downtown. The Pearl Street Mall was constructed in 1977, in part to better compete with the expanding Crossroads Mall. Part of a nationwide trend, Pearl Street became one of a handful of successful pedestrian malls. Its success is deemed to be due to multiple factors including its exceptional design, youthful and recreation-oriented markets, Boulder’s natural setting, great climate and the public/private partnership that manages the Mall. Even when Crossroads Mall doubled in size in the 1980s, Downtown Boulder thrived, with development moving beyond the Pearl Street Mall at its east and west ends. By the 1990s, downtown Boulder had become one of the metro area’s premier visitor attractions and a multi-dimensional environment for shopping, dining, working and living. The Downtown Boulder Business Improvement District (BID) was formed in 1999 to generate funds for more aggressive marketing and maintenance in anticipation of the Flatiron Crossing shopping mall development in Broomfield. In 2004, as Crossroads Mall was being demolished and construction set to begin on the Twenty Ninth Street new retail “lifestyle” center, the City of Boulder, in partnership with CAGID and the BID, authorized preparation of a Downtown Boulder Strategic Plan to protect downtown’s strengths and identify ways the two projects could work together to benefit Boulder.

The 2005 Strategic Plan made recommendations to “take care of business” for the next several years in five activity areas:

1. Support small businesses
2. Simplify parking
3. Refresh downtown’s image and positioning strategies
4. Build a downtown conference center
5. Strategically connect with Twenty Ninth Street

In fact, over the last dozen years substantial progress has been made in almost all action areas identified in the 2005 Downtown Strategic Plan. Various kinds of music, food and beverage, art and other events draw residents and visitors downtown year-round. Looking ahead, the Downtown area will be impacted by the evolution of the Civic Area and the Central Broadway Corridor and by the new University of Colorado-Boulder conference center.

Now downtown – and all retail environments – face new challenges as traditional approaches are disrupted and consumer behavior shifts. Earlier this year, in response to financial institutions replacing retail establishments on or near the Pearl Street Mall and other concerns, Council approved an ordinance requiring use review for new financial institutions on the ground floor in all of the DT-2, DT-4 and DT-5 zones (all of downtown). The ordinance also adds a criterion to use review specifically for financial institutions on ground floor in regard to whether the proposed financial institution on the ground floor contributes to an active and vibrant pedestrian streetscape. During the discussions of financial institutions in retail areas, the Downtown Management Commission (DMC) and Downtown Boulder Partnership (DBP) called for a comprehensive and strategic review of downtown retail. In the

first adjustment to the 2017 budget, Council approved \$50,000 for a Downtown Retail Study to support development of a downtown retail/vibrancy strategy.

ANALYSIS

Over the past 40 years, Downtown Boulder has emerged as one of the most successful central business districts in the nation. Downtown Boulder's success has been the product of a series of major public policy decisions and private sector resolve that have adjusted to new realities in the Boulder marketplace.

Downtown Boulder Strategic Plan Final Report
(Progressive Urban Management Associates, Inc.
February 2005)

Downtown Boulder Retail/Vibrancy Study Purpose - Maintaining downtown's retail sales tax base and competitive position requires a strategic approach based on a deeper understanding of the strengths and weaknesses of the current retail mix, competitive environment, emerging trends, community needs and market potential.

Study Goals - The study results will inform development of a retail strategy that identifies, and prioritizes for implementation, proactive steps to preserve and protect what makes downtown Boulder vibrant and appealing to residents and visitors alike. The strategy will also position downtown to continue to serve as one of Boulder's main commercial centers and an important generator of sales tax revenues. The results of the study also will be used to help inform potential changes to zoning within the downtown area to ensure the appropriate mix of uses and potential changes to other ordinances or regulations (e.g., regarding mobile vendors).

Study Design - The study will be undertaken in collaboration with the Downtown Boulder Partnership. The study will be designed to gain a deeper understanding of: the current downtown use base; emerging trends in retail; regional, community and visitor shopping trends and needs; emerging demographic trends; impacts of the Internet and e-commerce; and to identify other threats and opportunities. The study is expected to be completed by the end of 2017. Staff is forwarding the scope of the study for council to review in advance of soliciting requests for proposals from qualified consultants (see Attachment A).

Question for Council:

1. Is the study scope of work an appropriate approach to achieve the project purpose and goals?

NEXT STEPS

If Council answers the questions above in the affirmative, staff will proceed to issue an RFP, evaluate responses, select and contract with a consultant, and coordinate with the consultant and DBP to complete the study. Any recommended changes resulting from the consultant's final report and recommendations will go through appropriate city process, including community engagement, boards and commissions review and return to City Council. It is anticipated that a community-wide retail strategy will be developed in 2018 based, in part, on trend and other information gleaned from the Downtown Retail/Vibrancy Study.

Please address any questions or concerns on the proposed scope of work to Susan Connelly, Deputy Director of Community Vitality, at ConnellyS@bouldercolorado.gov or 303-413-7302 no later than August 10, 2017.

ATTACHMENT

A: Downtown Boulder Retail/Vibrancy Study Scope of Work

Downtown Boulder Retail/Vibrancy Study Scope of Work

- Evaluation of Downtown Boulder (observed and analysis of existing data)
 - Vibrancy (activity, mix of users, etc.)
 - Current tenant mix (retail, dining, arts/entertainment, services, office, etc.)
 - Current retail mix (merchandise categories, price ranges, local/national, etc.)
 - Retail sales, visitor survey and real estate data
 - Relationship/connection to Civic Area, CU Conference Center/Hotel Site, Broadway Corridor/Alpine-Balsam, Boulder Junction and other attractions
- Trends Analysis
 - Retail industry trends
 - Changing demographics of the Boulder area impacting retail sales
 - Consumer purchasing behavior and other emerging trends affecting retail sales
 - Best practices in comparable market areas
- Market Potential
 - Trade area definition
 - Resident spending patterns and estimated “leakage” amount and, if possible, location – other parts of city or out of city
 - Demographic groups we may be missing
- Stakeholder Input
 - Qualities that contribute to area’s success
 - Barriers and challenges, i.e., cost of retail space, regulations, perceptions, etc.
 - Opportunities for improvement
 - Willingness of property owners to partner on optimal tenant mix (rather than leasing to whoever will pay the highest rent)
- Future-oriented Analysis and Recommendations
 - Strengths, weaknesses, opportunities and threats
 - Review of affordable retail options and potential programs
 - Recommendations actions/enhancements including specific retailers to pursue
 - Input/recommendations for addressing difference in size of available retail spaces (3,000+ SF) vs. retailer demand for smaller spaces (1,000 – 1,500 SF)
 - Input/recommendations on developing a retail incubator
 - Identification of data and/or analysis that would provide a foundation for a potential 2018 citywide retail strategy project
- Deliverables
 - Meetings with city and Downtown Boulder Partnership (DBP) staff to set scope and review progress

ATTACHMENT A

- Presentation and discussion of results with city and DBP staff; additional presentations to Downtown Management Commission, Downtown Boulder Partnership board, Downtown Business Improvement District board, and possibly Planning Board and City Council
- Written final report

- Timeline
 - Scope of Work presented to and discussed with Downtown Management Commission – July 27, 2017 (completed)
 - IP to City Council – August 3
 - Request for Proposals available/distributed – mid August
 - Select consultant – September
 - Project work starts – October
 - Final report – December 2017

- Study Funding
 - \$50,000 from City of Boulder to fund study, with anticipated additional contribution from Downtown Boulder Partnership