



**Item #09-8-4
Information**

Land Use & Housing Committee

July 30, 2009

Urban to Rural Connection Study Mission

Issue: El Dorado County & Folsom Chambers of Commerce hosted a study mission to greater Boulder, Colorado from July 11 to July 13. Land Use & Housing Committee Chair Linda Budge represented SACOG on the trip and provided a brief summary as it relates to economic development as well as Urban to Rural Connections.

Recommendation: This item is for information only.

Discussion: The study mission explored the Boulder regional model that promotes sustainable future through influencing decisions related to purchasing, use of resources and waste, and design of buildings, neighborhoods and communities.

The mission centered on the greater Boulder region. Participants were introduced to how the rural and urban areas are connected through transportation, land use policies and sustainable living practices. Other topics include waterfront development, integration of transportation and land use in both urban and rural settings. The study mission also included Boulder's growing agriculture and the local field to table marketing efforts.

Director Budge's summary of the study mission is attached. Photos and Power Point presentation will be made available up request.

Approved by:

Mike McKeever
Executive Director

MM:RS:ts

Attachment

Key Staff: Rebecca Sloan, Director of External Affairs & Member Services, (916) 340-6224

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El Dorado/Folsom Chambers of Commerce Study Mission to Boulder, Colorado

Context and Arrival

This is the third year that the two Chambers have partnered on a Study Mission similar to the Metro Chamber's Study Missions. However, a specific theme is chosen, and the schedule is designed to stay as close to the topic as possible. This year's theme was entitled "Urban to Rural connection" and was intended to examine the work done toward creating a sustainable region. With the Chair and Vice-Chair of SACOG unavailable, I was invited to attend as Chair of the Land Use Committee.

Upon landing at Denver International Airport, we were bussed to Denver's Lower Downtown, or LODO, for lunch in the historic Oxford Hotel. Professor Kevin Rucker, Denver's historian and coordinator of the LODO walking tours, spoke to us on the colorful history of Denver. We then took a walking tour of the area. In addition to seeing a variety of renovation and adaptive re-use of the wonderful historic brick buildings, we also toured Union Station. As the only one on this trip who came to the Metro Chamber's Denver Study Mission in 2001, it was very interesting to see the changes in the last eight years. Significant public and private investment in this part of town, which really only began in 1998, has created a vibrant and popular place in which people live, work, shop, and recreate.

Welcome to City of Boulder

Mayor Matt Applebaum

The Mayor is serving his second tour of duty on the Boulder City Council. Following an initial stint from 1987 to 1995, he was elected again in 2007 and is serving as Mayor this year. Getting ready to celebrate their 150th anniversary, Boulder's population is 103,000. Boulder has 25 square miles of developed urban area surrounded by a ring of 70 miles of City owned open space which they began to purchase from the Federal government and a variety of other entities beginning in the 1800's. As early as the 1950's and '60's voters passed a series of growth limit and height limit measures that control the pattern of the City's development. Today the City is generally built out, and any added growth would have to come in the form of demolition and replacement. Their height limit measures prevent them from growing upward.

They also have a growth limit line called the Blue Line which limits growth to below a certain elevation up the mountains by mandating that no urban services, such as sewer and water, will be provided above the Blue Line. In 1970, a compact between Boulder County and its cities mandated that urban growth will take place within the cities, not within the unincorporated County. (This is common in Colorado. A similar compact exists in Jefferson County to the south of Boulder and east of Denver, where Golden is the county seat.)

The physical beauty of the area is remarkable. Boulder sits up against a portion of the front range of the Rocky Mountains called the Flatirons. Boulder Creek winds through town and provides water sport opportunities, including rafting and tubing, within the downtown area. A bike trail parallels the creek. It also provides a lengthy connection within the City. The Municipal Building and the Main Branch of the Boulder Library sit on opposite ends of a City Park along the Creek adjacent to Downtown.

One of the first settlements in Boulder was Mt. Sanitas built some 11 years ago by Battle Creek, Michigan fame. In the late 1800's, the City campaigned to win either a prison or a university. They were successful in getting the flagship campus of the University of Colorado, and it has become a major employer as well as an incubator of ideas, innovation, and new business. The University shapes the culture of the area, and the Mayor felt that there is a constant tension to the relationship with the city. If their relationship were stronger, it would strengthen the whole area.

In Colorado, the citizenry has the right to vote on all tax increases, and to pass them with a simple majority. Many of the civic facilities in the Denver Metroplex have been developed in that manner, including three sports arenas, transportation facilities, and history and cultural institutions. The purchase

of the open space around Boulder was first paid for with such a sales tax initiative.

Colorado cities, similar to jurisdictions in California, are very dependent on sales tax generation. In a major difference, however, the state does very little for local government. State income tax is very low. The state funds only K-12 education, roads, and prisons. They do not fund higher education. Local jurisdictions provide all other services. Even the property tax is quite low, at approximately ½ percent of the market value (not necessarily the assessed value). Their cities are home rule cities, and some perceive that it leads to a lack of coordination and equity of service.

Remember also, that Denver is a region similar to the SACOG region, consisting of six counties and about 30 cities long united by the Denver Compact. They call their council of governments DRCOG. They were the subject of a Metro Chamber Study Mission in 2001.

In addition to the University of Colorado, the major employers are a variety of Federal Labs generally connected to the Department of Commerce. They include CIRES, NIST, NOAA, NTIA, NCAR, JILA, and LASP. They have the largest concentration of atmospheric research and oceanic/atmospheric research in the United States.

The University has 30,000 students and 8,000 staff. Out of state tuition is quite high, but the location continues to draw many students from out of state. Their parents come and spend tourist dollars. Many parents return to start or relocate companies.

It is a challenge for the City of Boulder that 50,000 people come to work in Boulder every day, but don't live there. Boulder is losing its middle class due to the price of homes. Fifty percent of the housing stock is rental. While much of this housing is occupied, logically, by university students, much is occupied by the young service workers of retail Boulder. The other 50 percent of housing stock in Boulder costs well over \$600,000. While the CEO's of Boulder's companies and corporations live in town, the vast majority of their employees live in surrounding towns and commute up to 45 minutes to work each day. There is almost no foreclosure problem in Boulder.

The City has a very aggressive affordable housing program, but it does not build affordable housing to address the loss of the middle income wage earner.

The Mayor presented a very specific picture of a city that has chosen to limit growth, primarily through ballot box zoning, and is generally pleased with the results.

Boulder Convention and Visitors Bureau

Mary Ann Mahoney, Executive Director

Mary Ann described their annual budget as \$756,000 and declining in this economy. She presented a picture of very smart, targeted, and aggressive marketing. They have a bonus driven telemarketing sales staff that knows the characteristics of their clients and their city visitors. For instance, they know that a visit for a three hour hike will generally bring them one meal. If an additional activity is added to that visit, it will result in two meals and perhaps an overnight stay.

They do not do 'discount' packages; they encourage partnerships. They have organized over 48 packages of trips to the Boulder area that contain a variety of experiences in each package. They do not advertise in traditional media markets. Travel writers love to write about the unique aspects of Boulder. Unique stories create a great buzz about the area. They produce a quarterly newsletter and believe in the 'CC Bounce' - constant contact. They do not use national models or modifiers. They count statistical information only in direct numbers.

A conference or convention center is a major need for the city and the university. They measure

themselves against 15 cities that they consider to be competitors in order to remain competitive. Those cities include College Park, Austin, Madison, Stillwater, Santa Barbara, Colorado Springs, Denver, and Grand Junction. Every event pays its way, and the Boulder Police Department charges them 100 percent of their overtime costs. They have 2,200 rooms in 24 properties and 300 restaurants.

Commarts/Communication Arts Design Group
Boulder Business Improvement District

Richard Foy, Founder and Co-Chair
Sean Maher, Executive Director

Commarts was founded in 1973 by Richard Foy, and is today owned by Foy and Janet Martin. The company mission is “to provide a sense of place through environmental graphic design”, and the firm produces creative site plans expressed through very high quality graphics. Their office was included in the trip because their creative site planning for commercial and residential projects always incorporates green technologies and innovations in building construction and building systems. They also include these technologies in the form of wind turbines and solar, and a creative mix of land uses in both vertical and horizontal forms.

The firm was one of the early supporters of using Farmers Markets to create downtown activity. They were a leader of the campaign to create the original Pearl Street Pedestrian Mall and its latest remodel in 2002. In 1974, the original improvements cost \$1.8 million in funds from an assessment district, CDBG, and HUD. The 2002 improvements were needed to enable them to accommodate the 10,000 visitors per day. Today, the mall remains a true central business district with ground floor retail and second floor small service businesses including architects, engineers, attorneys, public relations firms, and many other two and three people offices. Companies will locate an office in Boulder, because it gives them a business reason to come. They like the excitement, downtown ambiance, and activity. And Boulder businesses are hired by other corporations outside the State, because it gives them a legitimate reason to make a trip to Boulder. A continuous theme we heard was the ability of all of the business organizations to turn their rich tourist mecca into an equally viable business destination.

We were given a handout describing the three organizations that focus specifically on Downtown Boulder: Downtown Management Division and Parking Service, which handles construction and management of parking and transit facilities; Downtown Boulder Business Improvement District, a property based improvement district responsible for marketing and maintenance of a 49 square block downtown area including a portion of the mall (four of the blocks are designated City Park and maintained by City Parks); and Downtown Boulder, Inc., a non-profit created to organize downtown festivals, concerts, parades, etc.

All these organizations grew from a Downtown Men’s Business Association that hired noted architect Victor Gruen in 1971 to create a plan to arrest the steady death of the downtown area. His plan for 14 newly constructed blocks would have demolished the existing downtown and was deemed not practical. The pedestrian mall and this variety of management associations was the result of those early efforts.

Boulder’s market area is only a half circle due to the mountains. Combined with the historic no-growth policies and height limits, which limit new construction and restrict the housing markets, there have been times when neighboring cities have taken large amounts of retail trade away from Boulder, such as a recent mall construction in Broomfield. Again, being dependent on sales tax, they are currently projecting a \$5 million shortfall and are reducing services and closing libraries.

Condos have been built in several downtown locations, and the average price is currently \$900,000 for a 1,200 square foot unit. Construction cost is \$600 - \$1,000/SF. Many of the downtown units function as a second or third home for business people. Again, there was mention of the fact that many of Boulder’s residents could live anywhere, but they chose Boulder. Construction has recently slowed and sales rates are stagnant, with one new project of 40 units selling only 2 units. That information led to revisiting the

Mayor's comments about the lack of housing for middle class in Boulder. Workforce housing cannot be built on land valued at \$200-\$250/SF. Even office uses do not pencil at that cost of land. City requires that 20 percent of every residential project needs to be affordable and deed restricted permanently. Even the University is limited in its ability to construct additional student housing.

After describing some of the Commarts projects in Colorado and all over the world, we were given a Downtown Boulder Snapshot fact sheet and took a walking tour.

A Walking Tour of Pearl Street Mall

The mix of retail, office, and housing creates people 24 hours a day, and it's easy to believe that there are 10,000 visitors each day. The original improvements are 32 years old and beginning to need significant replacement. Richard Foy said that if he were to do it all again, he would construct a central underground corridor running the entire length of the mall into which he would put all the wet and dry utilities with ease of access. All sprinkler, conduit, and utility lines would run off the central core similar to utility laterals running perpendicular from a central street location to adjacent properties. The minimal upgrades in 2002 cost \$2 million, so the entire amount needed for significant replacement would be quite large.

The retail mix is 75 percent local business and 25 percent national tenants. Some of the locals are so renowned that they frequently refuse offers to be taken nationally.

Blocks are designed as outdoor rooms with no grass and lots of hardscape for both activities as well as seating. The design also minimizes the presence of people on the mall who might be perceived as undesirable. The use of local materials such as granite and flagstone was emphasized. There are historic interpretive panels in each block. There are street performers. For the sections that are maintained by City Parks, the annual planting and maintenance budget is \$300,000.

There are 1,300 businesses, 12,000 employees, 79 eateries, 159 retail stores, festivals and special events in almost every month, and the 49 square block area generates 11.5 percent of Boulder's sale tax revenue. The Pearl Street Mall definitely contributes to Boulder's brand of balance, beauty, and brains.

Tour of Celestial Seasonings Manufacturing Plant

This was a fun tour, but we all agreed that this is a business that could have been located anywhere. They use no local products. All the teas, seasonings, and flavorings are imported from other states and from other countries. The emphasis of the plant is on sanitary processes and isolating ingredients to prohibit cross contamination from other ingredients. Richard Foy tried to link the presence of the food industry in Boulder to Kellogg's original sanitarium, but, in reality, the original "flower children" founders of Celestial Seasonings loved the area and chose to stay there. Celestial Seasonings is an excellent contributor to the Boulder economy.

On the return to the hotel, we stopped to visit...

Ellie's Eco HomeStore

This is a unique "one stop shop" for all products that could be said to be environmentally friendly. Designed to be a department store, the selection ranged from clothes to housewares to cleaning products to gifts, cards, and wrapping paper to building materials for the home. They also have a line of scooters for sale, and may have been a dealer for the new ZIP cars (there was a ZIP truck parked out front).

Located in a shopping center, next door was the...

SunFlower Market

A full service grocery store with a beautiful produce section reminiscent of Nuggett Markets, it was most similar to the Sacramento Grocery Co-op. While there were many unique products, there were, nevertheless, very routine national brands such as Tropicana Orange Juice, Kashi boxed products, and Lactaid brand milk.

Boulder Economic Council

Frances Draper, Executive Director

For several of us, these last three lectures were the heart of the economic development portion of the trip. Power Point presentations are available by email. In terms of organizational structure, the Council, Chamber, and SBDC all share the same umbrella 501c6. The Economic Council members are all Chamber members. Their revenue sources are 61 percent member dues, 20 percent event revenue, 8 percent contracts with the City, and 11 percent contracts with the County.

The mission is “Economic Sustainability through Collaboration”, and their four focus areas are:

- business retention & expansion
- information, support, and connections
- a unified voice through public/private partnerships
- regional and statewide economic initiatives.

Every year there is an Annual Economic Summit with participation by the university, the city, the County, and the private sector, hosted by the university. They work in close cooperation with the rest of the Denver Metro Area. Everyone is committed to the principle that you cannot have Environmental Sustainability without a healthy economic climate.

There were very detailed statistics on the demographics of the city’s 103,000 residents, their income levels, major sources of employment, the amount of local contract employees hired by the private sector, the number of hi tech start ups, and the importance of the federal labs and their average employee salaries, joint projects, and numbers of spin off companies.

There are four basic business clusters in Boulder:

- Advanced Technology including:
 - aerospace (CU based)
 - bioscience (CU based)
 - information technology
 - renewable energy
 - nanotechnology
 - photonics
 - natural and organic production
 - outdoor active living
 - tourism

The University of Colorado is the economic engine for Boulder. There are 12,685 employees (6902 are non-student employees). The students spend \$272 million annually. The University brings in \$266 million in sponsored research awards (especially from NASA). When they developed their 2023 Strategic Plan, they worked with the city and residents to develop a plan that would keep them competitive with the profile of the future students. This was a presentation of more unity, and was in contrast to the Mayor’s perspective on the “town and gown relationship”.

Recently, the Colorado Renewable Energy Collaborative was founded. In 2005, the Boulder Innovation center was established. In 2007, the Council and the Chamber brought all the Federal Labs together in

Co-Labs Inc, in order to provide better support for them. They recognized the need to communicate the impact of the labs to the State Legislature and the Congressional Delegation.

So...what is it about Boulder? It's a common question, and the answers are:

- Quality of Life
- Education Levels
- Community Recognition of Entrepreneurs
- Concentration of Entrepreneurs (they've been called "the perfect petri dish")
- Concentration of Venture Capital
- Support Mechanisms

University of Colorado Technology Transfer Office

Katie Tallman, Director

As the Director talked, some of us realized that we had seen the results of the office that she was describing, but did not realize that it was a formal effort. In the past, the federal government owned the rights to all of the products of government research grants. Realizing that the process was not bringing a good return on investment, the ownership was given to the major universities to own and market. UC Davis would be our most local Technology Transfer Office. In 2002, the University of Colorado made the decision to have a well-funded technology transfer office, and the results are paying off in many ways.

Very specific performance measures are tracked, including:

- Invention Disclosures
- US Patent applications filed
- options and licenses
- exclusive deals
- revenue generated
- number of start-up companies.

She presented a list of five start up companies for just 2008-2009 alone. The third leg of this economic development for environmentally sustainability stool was presented by the...

Boulder Innovation Center

Tom Bour, Executive Director

This is an incubator unlike most others - no physical incubator space is provided. Instead, they take the inventions of the faculty and students and the inventor/s and introduce them to a team of specially selected advisors and other entrepreneurs in their own or similar fields, who then provide guidance and counsel in getting a company formed around the original idea. In the end, they may also help to find their first professional investors. The Power Point will can be made available to show the diagram of the actual process. There are now over 700 specialized advisors in their list of 2000 contacts and sources of information.

Their target markets include:

- energy
- bio science
- nano and optical engineering
- space commercialization
- natural and organic products
- information technology

The Center's budget is minimal at \$375,000 and there is only the one employee. Public sources of funding include the university, the state and city, the chamber, and the Boulder Economic Council. Private funding comes from third party service providers such as patent attorneys, banks, etc. who are

charged \$5,000 each to be on a preferred list of service providers. Additional funding comes from corporations and individuals with an affinity for either the program or the various industry categories being supported. Lastly, a nominal \$750 is charged each month to the active clients. It assures the center that the clients are serious.

This was a very different perspective of business life in Boulder that was important to hear in order to add balance to other presentations. In wrapping up the business and political challenges for Boulder, they cited some of the unproductive discussions being pursued, such as the idea of an employee head tax that the Mayor wants to impose, similar to Denver and San Francisco. And, unfortunately, while there are 50,000 registered voters in Boulder, only 16,000 of them actually vote. Business people ignore the political climate. While some of the business owners live in Boulder, as we heard, the majority of the employees do not live there, and so, they are not invested in the politics of the City.

Northern Colorado Clean Energy Cluster

Mike Freeman, Finance Director, City of Fort Collins

We traveled north to Fort Collins, a town of about 150,000 people sitting at the 4,979 elevation. It's an old railroading town with a multiple block historic downtown reminiscent of Woodland. Multiple rail lines run through town - including down one of the main streets. Amongst the regularly scheduled freight runs are five or six lengthy coal trains coming from Wyoming through the middle of town every day. It was acknowledged that traffic patterns are interesting. One wonders whether they have any of the long term idling problems that Roseville has had.

The balance of the parts of Fort Collins which we saw were characterized by very spread out patterns of development, reminding some of us of Boise, Idaho, with commercial buildings spread along very long thoroughfares. Sidewalks are not common outside the downtown. City buildings are adjacent to downtown on the west. Colorado State University(CSU), while we did not tour the campus, is adjacent to downtown on the south side.

Mike Freeman gave us a very valuable presentation on the Northern Colorado Clean Energy Cluster. A copy of the Power Point is available. The idea is relatively new, forming from a meeting of the Chamber of Commerce Environmental Committee in 2005 and 2006. Participants in that discussion included the chamber, the Northern Colorado Economic Development Corporation, CSU, the city, and key private sector businesses.

The mission of the Cluster is to grow jobs and the highly prized "primary employment". A Primary Employer is one that brings in 50 percent of their revenue from outside the region, generates additional companies that need to sell to them, employs local people, and creates national or international recognition for the company and the region. The accompanying local trades people and those who employ and sell just within the region are the secondary employers.

Since a Clean Energy Cluster could be huge and difficult to comprehend, it was broken into four categories: bio fuels, renewable energy, engines and emissions, and work with the 'smart grid'. These four categories also supported programs at CSU. They can be further defined into two sub-cluster categories. The Smart Grid Initiatives category includes Engines and Emissions along with Renewables, while the Transportation Initiatives includes Engine Controls and Bio-Fuels.

He talked about their initial projects, research grants, and program awards such as the FortZED5. This is a major project that will create a "Zero Energy District" clustered around City Hall that will not just consume zero energy, but will also create a measurable amount of energy that can be returned to the grid.

The Cluster has a Board of Directors combining public and private sectors, and is partly funded by board member contributions. They have rigid criteria for scoring the projects that apply to them for assistance

including:

- creates primary jobs
- eliminates gaps in the workforce
- a ground breaking effort that is exciting, and involves innovative or intellectual property
- involves an innovative clean technology
- provides a research role for educational institutions
- there must be a clear role for the Clean Energy Cluster
- overall perceived strength of the initiative

Within this context, they are working on three types of projects: Economic Development Projects, Workforce Projects, and Communications/Marketing Projects. Each initiative that they accept is broken down into five categories and a responsibility is assigned to each so that each partner has a clearly defined role in the project.

The Cluster had an \$80,000 budget for 2008-2009, and the City contribution was only \$25,000. It is anticipated that the budget will increase next year due to specific private sector member contribution increases. This Cluster model is a job incubator for them, and the Workforce Investment Board plans to reorganize around the Energy Cluster. Mike Freeman is the link between the two organizations.

Tour of Engines and Energy Conversion Laboratory, CSU

Dr. Morgan DeFoort

The next stop in Fort Collins was an old hydro-electric plant which housed this CSU research laboratory. It's located adjacent to the Cache la Poudre River, the last wild and scenic river in Colorado, and at that particular location, there is an old, small dam. So, similar to power plants on the east coast, the power plant was located next to falling water that could power the turbines. It was an ideal building for housing this kind of facility and many of us remarked at its similarity to the old PG&E power plant downtown.

Within this lab, they are doing cutting edge research into reducing engine emissions and remaking engines to run with dramatically enhanced fuel efficiency. There is also a significant project to create a new source of fuel. We had a lively discussion of traditional diesel engines and modern diesel engines. The research is based on the premise that we will continue to need a liquid fuel with which to power earth bound vehicles. Using existing engines: very large multiple cylinder Caterpillar engines, John Deere industrial and tractor engines of various types, the two stroke engines that power pedi-bikes in Asia, and others, they have developed adaptations that result in valuable improvements.

Beyond reducing emission, they have increased the efficiency to enable some of the engines to lower their fuel consumption. The pedi-cabs have a carburetor adaptation that eliminates the prevalent pollution in countries where the vehicles are common. The lab is even conducting research on small cooks stoves commonly found in houses and huts all over the world. Lead and other heavy metal poisoning is common in these countries due to the emissions from their simple home cook fires. This work will help to reduce that problem.

Outside in large open troughs, they are growing algae that produces a high amount of oil that can be collected and refined as an alternate fuel source. Since it's not an algae that grows in nature, there is no danger of it becoming a non-renewable resource. The only facility requirements are water (which is cleaned and re-used) and lots of sun.

The creativity of this laboratory impressed us all. The final stop in Fort Collins was...a

Tour of New Belgium Brewery

Again, this was a fun manufacturing tour. But, this plant was one that needed to be in this location to

have access to the high quality water of the Cache la Poudre River. If it were not for that important principle, this was also a manufacturing facility that could be located somewhere else. None of the ingredients, hops, malt, barley, flavorings or spices grows or is purchased locally.

A very energetic young woman who was a former bicycle racer conducted the tour and spoke at length about the environmental sustainability of every aspect of their operation - including that fact that the company is employee owned.

Impressions

- remarkable information gathering and statistical analysis. They know what makes their regional economically successful and why.
- supported by a unanimity of goals and purpose. Each organization, while it brings a slightly different perspective or role within the community is committed to the same things - again, because they know what is making them successful and why.
- aggressive marketing and packaging of the brand and image of the region. Because they know why they are a destination for employment, for tourism, for outdoor experience, and for business in general, they work to insure that each message that goes out externally highlights some aspect of their attraction
- the growth and height limits approved in the past by voters have resulted in two basic problems. One is an inability to provide space for rapidly growing start up companies to expand. The other is the lack of ability to house the people who work in Boulder. While the first problem is perceived by many as having positive effects, there is no question that the second problem has resulted in traffic congestion, air pollution, high home prices, and to a certain extent, contributed to the percentage of disengaged electorate.
- business practices are focused on being environmentally friendly to create a long term sustainable economy and way of life, but have not yet found themselves into the local development patterns. The 2008 Directory of the New Urbanism lists half a dozen “new urbanist” projects in Boulder, but only one in Fort Collins. Again, the development pattern in Fort Collins is very much typical of “plains states spread” where unlimited land has allowed buildings to be built quite far apart. This pattern of large homes on large lots spread as far as could be seen to the east toward Nebraska. Land in active agricultural production still seems to be 50 percent of the mix of land use, but we could have done another whole day on urban and rural interface.