

City of Golden

Memorandum



To: City Council
From: Mayor Jacob Smith and Planning and Development Director Steve Glueck
Date: April 8, 2010
Re: Report and Recommendations on Sustaining Golden's Primary Job Base

Golden's long-term economic vitality has three pillars: 1) our retail economy, including our restaurants, bars, and merchants; 2) our primary job base; and 3) the small-town historic character of our community and our quality of life, which underlie both of the first two.

Obviously we invest a great deal of time and resources in sustaining our quality of life. We also have a number of ongoing efforts to support Golden's retail employers and retail economy. These efforts include the community marketing fund, GURA's investments in downtown aesthetics, and numerous city code and policy changes aimed at supporting our retailers, including significantly reducing the fee-in-lieu for parking requirements downtown and eliminating the "tavern tax." Another effort was the Retail Summit we hosted last year, which itself produced two ongoing pilot projects: the Golden Street Fair project (street fairs in downtown Golden tied to First Fridays) and the "X" Prize program to select the best business plan for a new or expanded retail business. And between the two of us, other members of City Council, GURA, EdComm, and other city staff, we engage in numerous conversations with Golden's retailers to stay on top of needs, problems, and new ideas (including meetings last year with the managers of our two largest retailers, Home Depot and Kohls). It is worth noting that a major focus in coming years will probably be the long term health and vitality of our other retail concentrations, including South Golden Road and the West Colfax corridor. The manner in which these areas continue to serve community needs and fund municipal services is critical to many other areas of economic development and community life.

The effort described in this report was focused on the second pillar: our primary job base. Primary employers are those that produce goods and services in excess of what can be consumed locally (and primary jobs are those hired by primary employers). In other words, Golden's primary jobs result in product exports from Golden to elsewhere, thus bringing dollars from outside Golden into our local community (i.e., creating wealth in Golden). Why do they matter? Most fundamentally, primary jobs have an enormous multiplier effect, themselves creating and sustaining a significant number of additional jobs in retail, services, and suppliers, and in other sectors. These benefits accrue whether they are within the city limits or simply nearby; primary employers in the Golden area play a sizable role in sustaining the health of Golden's economy. When these jobs are within Golden, they also result in substantial use tax contributions to the city, in turn enabling community investments in the quality of life we so heavily value and on which our economic vitality also depends. While the tourist sector is an important part of our regional and local economies that also tends to bring in outside dollars, it is typically considered with other retail sectors for purposes of this discussion, since the multiplier effect for such economic activity is less robust.

Primary jobs in the Golden area have other benefits as well. For instance, commercial property typically produces more in tax revenues than the city spends to provide direct services (unlike lower density residential property, which typically costs more than it produces). The more jobs there are in Golden, the easier it is for people to live and work here, reducing commute times, enabling parents to spend more time with their families and engaged in community and civic life, and reducing the environmental impacts of commuting across town.

Finally, our economic fate in Golden is closely tied to that of Jefferson County and of the Denver Metro region. If the region is sustaining and attracting primary jobs, we are much more likely to be able to do the same in Golden (and vice versa). And many of the factors that drive job growth are beyond our control. We do have some influence over some of these factors, and this report identifies what we believe are the most important and promising opportunities for strategic investment in our job retention and attraction efforts.

Project Background: This report is drawn largely from a series of visits to local businesses over much of 2009 and into 2010 by Mayor Smith, frequently with Planning and Development Director Steve Glueck. Chris Ball, the chair of our Economic Development Commission, also participated in some visits, and occasionally other members of the City Council joined for visits as well. The visits were extremely informative and quite a positive experience for the City representatives. Time and again the City representatives marveled at the unique and innovative business activities flourishing in the community, and the broad range of contributors to our local economic vitality. In this report we offer some observations and reflections about our visits and make some suggestions and recommendations about making strategic investments in Golden's long-term economic vitality.

Summary of Visits:

To date, the visits included the following companies and organizations:

- 8th Continent Project, CSM Center for Space Resources www.8cproject.com
- Aardex, Denver West, www.aardex.com
- Biochar Engineering, Canyon View Business Park, www.biochar.com
- BioVision Technologies, Corporate Center Business Park www.biovisiontech.com
- Broad Reach Engineering, Downtown Golden, www.broadreachengineering.com
- Colorado Cleantech Industry Association (Chris Shaperd), www.coloradocleantech.com
- Colorado Office of Economic Development and International Trade (Don Elliman, now Chief Operating Officer for the State of Colorado), www.colorado.gov/cs/Satellite/OEDIT/OEDIT/1162927366334
- CoorsTek Ceramic Armor, Coors Tech Business Park, www.coorstek.com/products/ceramic-armor.asp
- Denver Metro Chamber of Commerce (Tom Clark), www.metrodenver.org
- Echoserve (now Unisyn Medical Technologies), Canyon View Business Park, www.unisynmedical.com
- Luca Technologies, Corporate Center Business Park www.lucatechnologies.com
- Nuclear Filter Technologies, Corporate Center Business Park www.nuclearfilter.com
- Pentax Imaging Company, Downtown Golden www.pentaximaging.com

- PMC Hydraulics, Coors Tech Business Park, www.pmctechnology.dk
- Proterra, Coors Tech Center Business Park www.proterraonline.com
- Red Rocks Community College (Michelle Haney, President), www.rccc.edu
- Rocky Mountain Reagents Inc, Coors Tech Business Park, www.rmreagents.com
- Unisyn (Echoserve), Canyon View Business Park Area www.unisyn.com
- Vitro Biopharma, Coors Tech Business Park www.vitrodiag.com
- Yeti Cycles, Corporate Center Business Park, www.yeticycles.com

These companies span the spectrum of business sizes and types from several business sectors, including energy, transportation, health care, intricate instrument design and production, space exploration, environmental remediation, and imaging. To a one, they are unique, interesting, and innovative, and we encourage you at a minimum to visit their web sites to learn a bit more about them. You'll also notice several visits with economic development professionals, which provided some very helpful broader context and expertise. Other major employers are also critical to the community health and primary job retention and attraction. Two major employers that have been the focus of substantial communication efforts are CSM and NREL, especially in the context of the new MOU that Councilor Vermeulen is coordinating.

Summary of Input: During our business visits we typically met with the principals, toured their facilities, and learned about what they do, how they do it, and why they do it in the way they do. We also asked several key questions: a) why is the company in Golden (why did they chose Golden and why do they remain here); and b) what will they need as they grow (what can the city do to help them flourish)? While there was some variety in responses, there was great unanimity in the following points:

- Companies locate in Golden to a large degree based upon the following:
 - Convenient west side location with close proximity to Denver, regional highways and the mountains.
 - Collaboration with and proximity to Colorado School of Mines and NREL.
 - Quality of life for residents and workers in Golden.
 - Community amenities.
 - Appropriately priced available commercial space.
- The companies we visited typically did not have specific needs or “asks” of Golden but highlighted a number of areas they believed were important for keeping primary jobs here:
 - Continued emphasis on downtown.
 - Continued emphasis on maintaining current community and neighborhood character.
 - Continued emphasis on open space, trails, and amenities.
 - Continued emphasis on maintaining infrastructure.
 - Continued reasonable cooperation of city building, planning and fire department staff.

Some of the other important points that emerged in our visits and meetings:

- ***Cool stuff happening here.*** Golden has an amazing number of amazingly cool businesses doing amazingly cool things.

- **Key factors.** Some of the factors that drive a thriving entrepreneurial community and primary job base include:
 - *Creatives (people who create intellectual property).* Golden does very well through CSM, NREL, and the clusters of organizations and people these institutions attract.
 - *Entrepreneurs.* This is growing, but our weakness is evident in the relatively small number of VC-funded startups.
 - *Investment community.* This community isn't as well-developed in Colorado yet but seems to be growing as well.
 - *Workforce.* Golden benefits from a high quality workforce, in part resulting from our two research institutions and from our high quality of life. Colorado is likely to face serious long-term workforce problems, however, if higher education funding isn't restored.
 - *Transportation.* Golden does well in terms of local and regional connectivity, but we need to continue making significant investments over time and ensure that Golden is well connected to new regional and national transportation infrastructures (e.g., high-speed rail). Denver does well on national connectivity but needs to improve its international connectivity.
 - *Commercial space.* Golden doesn't have a great deal of available commercial space, and while Jefferson County isn't as limited it doesn't have much greenfield space available (which is, incidentally, one of the key drivers behind their Candelas development scheme). One particular concern is startup lab space. It is important that we maximize the utility of the space we have left as well as support efforts to create new space (especially startup and incubation space).

- **Feeling valued.** Another consistent theme was the importance of feeling valued by the community and the city. Our visits clearly helped convey this. Community recognition, fair and efficient treatment by city inspectors, continued personal contact, and encouraging a network of local companies all present additional opportunities.

- **Support for startups.** Startups face enormous challenges by virtue of being new businesses, but those challenges are exacerbated in communities that lack mature investor and entrepreneur communities and mature venture capital environments. It's important to provide support for startups either by providing resources directly to startups or by helping them find those resources elsewhere. Examples include help identifying and applying for grant and incentive programs, fostering entrepreneurial communities and support networks (e.g., helping new entrepreneurs connect with experienced entrepreneurs), enhancing hiring/recruitment programs, and supporting workforce development efforts targeting identified workforce needs.

- **Business visitors.** Most of the primary employers draw a substantial number of out-of-town visitors, many of whom stay in Golden hotels, eat in Golden restaurants, and spend additional dollars in between meetings. While we don't have an estimate of the magnitude of the economic impact, it appears to be sizable.

- **Bandwidth.** Some of the businesses we met with identified the importance of sustaining high bandwidth internet connections. We suspect the importance of remaining at least in the middle of the bandwidth curve, if not closer to the front, will grow over time as applications

and data are increasingly hosted off-site, as Golden's technology sectors continue to grow, and as disparities grow between communities in the capacity of their underlying networks, as they are at risk of doing (e.g., next generation infrastructure between providers may vary by a hundred-fold, meaning our competitiveness will have much to do with ensuring the right providers build out internet pipe upgrades in Golden).

- ***Statewide funding gaps.*** Among folks that offered a perspective on the most pressing statewide funding gaps, higher education was consistently tagged as the most critical challenge. Funding higher education at adequate levels maintains the quality of academic departments, which in turn attracts high quality faculty, which helps attract research dollars (with substantial spinoff effects, as we know well here in Golden), which contributes to a high quality workforce. The two key secondary funding gaps identified in these conversations were transportation and K-12 education, but there seemed to be a clear sense that our severe higher education funding gaps were the most pressing of the three.
- ***The growing importance of the cluster of energy and sustainability related companies.*** Another conclusion from the visits was that the number and variety of companies directly or indirectly working in the fields of alternative and renewable energy, and newly emerging sustainability based businesses is impressive and growing quickly. Golden and central Jefferson County are leading this growth for the metro area, and creating more critical mass of innovation and activity.

Recommendations and Ideas for Further Consideration: These suggestions and recommendations vary widely in terms of responsibility, scope, and expense. Some would require action only by staff while others would require formal decisions by City Council. The resources required range from minimal to significant. Some of these are already occurring or the initial stages are in motion, while others would constitute entirely new efforts that would have to be scheduled and prioritized. All are worth some consideration.

- ***Outreach and resources.*** The importance of the city providing support and encouragement was a key theme in many of our conversations. Some suggestions:
 - Continue local business visits by the mayor and planning director, including the Economic Development chair and City Council members on a rotating basis (in order to keep the group size for each visit small).
 - Send a letter of welcome from the mayor to all new businesses and a letter of congratulations to all businesses undertaking significant expansions.
 - Support efforts to make local businesses aware of existing business support resources.
 - Continue finding ways to recognize local businesses for their entrepreneurial and community contributions.
 - Invite a representative group of the businesses we've met with over the past year to join City Council for an informal discussion (either during a study session or over dinner before a City Council meeting) to give them a chance to share with us their perspective on sustaining a healthy economy and a strong job base in Golden.
 - Create a host committee function for businesses considering locating in Golden. This type of group is often known as a "Response Team" of business and community leaders that can be assembled with little notice to provide a personal introduction to

the community. Although the use of such a committee has decreased with the amount of site and community investigation that occurs on-line, it can still be valuable on occasion.

- Create an informal organization designed to foster relationships among primary employers and between the employers and the city. This may be useful as a way to help connect serial entrepreneurs with novice entrepreneurs, help the city identify problems or strategic issues in need of attention, and help employers feel valued by the community. Some potential names included Golden Incubator Club, Golden Angel Forum, Golden Business Council, Mayor's Business Council, and Prosperity Partnership.
 - Provide support to businesses considering expansion, helping them identify expansion opportunities and negotiating expansion challenges.
 - Consider tapping into the small business training and business internship programs at Red Rocks Community College.
 - Consider opportunities for workforce development collaboration with Red Rocks Community College.
- ***Staffing and structure.*** City Council should continue with its plans to reevaluate the structure of our economic development efforts and make appropriate adjustments. The four key elements include community marketing and retail support, primary job retention and attraction, business district improvements, and redevelopment. City Council should also consider increasing the staffing for the city's economic development efforts.
 - ***Branding the business parks.*** We recommend that City Council consider renaming and rebranding our three business parks. Another effort could involve promoting them without necessarily renaming. Either of these efforts would be directed to highlighting the benefits of each park and highlighting Golden as a hub of cutting-edge energy-related businesses.
 - ***Land use review.*** We recommend that City Council direct that a careful review of current zoning in the three business parks be conducted to identify changes that may eliminate unintended job growth obstacles while meeting other community goals.
 - ***Incubation and support for startups.*** We recommend that the City Council continue exploring either the creation of an incubator space or supporting the creation of such a space by CSM and/or NREL.
 - ***City services and amenities.*** We recommend that the City Council continue making investments in Golden's transportation infrastructure and its quality of life, including improving access between CSM and NREL (e.g., new second main access, improved bike routes). We also recommend that the City Council explore coordinating or expanding the community bus to provide service between NREL and downtown Golden (or integrating it with a companion service that meets this need).
 - ***Capitalize on the new MOU among Golden, NREL, DOE, and CSM.*** City Council and future economic development structures and staff should place a high priority on the potentially significant benefits of the collaboration among the affected parties formalized in

the 2009 Memorandum of Understanding. Council should be briefed on the progress of economic development efforts through the MOU at least annually.

- **Long-term issues.** We recommend that the City Council remain attentive to and supportive of efforts to tackle long-term economic vitality issues:
 - We should consider supporting statewide efforts to improve funding for transportation, K-12 education, and especially higher education.
 - We should consider supporting regional efforts, typically coordinated through the Metro Denver Chamber, to improve national and international transportation (e.g., support direct air routes between Denver and key international destinations, support high-speed regional rail, support economic development delegation visits to Denver). Long-term job growth is heavily shaped by the effectiveness of the regional, intranational, and international transportation systems.
 - We should remain engaged with the Metro Denver Chamber of Commerce and the Metro Denver Economic Development Council and continue participating in regional economic development efforts.
 - We should help educate our constituents about the link between primary jobs and Golden's long-term economic vitality.
 - We should ensure that Golden sustains a high level of high bandwidth internet access. Because decisions about capital investment in bandwidth upgrades are driven much more by the service providers' long-term capital strategies, by federal investment priorities, and by state and federal policy decisions, it will be important that Golden track these issues long-term and communicate their importance to our state legislators and federal Congressional delegation.

- **Blue Ribbon Panel.** City Council might consider creating a Blue Ribbon Panel of local and regional economic development experts to provide more detailed and more clearly prioritized recommendations for our primary job efforts. While we have some internal expertise on staff, Council, and our boards, it is limited, and an ad-hoc task force approach might provide a pulse of that expertise for the purpose of developing a clear strategy.

Next Steps: City Council should review and discuss this report and provide any immediate direction as it sees fit. Later this year the joint GURA/EdComm task force on the city's broader economic development structure and programs will present their recommendations to City Council. That will probably be the appropriate time to make broader decisions about the city's economic development structure and strategy. Given City Council's commitment to prioritizing economic vitality issues in 2010, we should aim to have adopted a strategy and incorporated that strategy into our 2011 budget by the time we adopt the 2011 budget in the autumn or early winter.