

The Economics of Land Use



Final Report

Economic Development Strategic Plan

Prepared for:

Castle Rock Economic Development Council

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1. INTRODUCTION/PURPOSE

Purpose of the Study

The Town of Castle Rock and the Castle Rock Economic Development Council (EDC) have been successful in growing the economic base of the community. To help ensure continued success, this strategic plan articulates a proactive **vision** followed by a set of **guiding principles** based on Castle Rock's economic strengths and weaknesses. Within each of these guiding principles, the plan identifies the most promising opportunities for strengthening existing market segments and for economic diversification. In addition, it identifies the desired and/or needed assets, infrastructure, and amenities that can help Castle Rock achieve its vision. Finally, based on these identified opportunities and desired/needed assets, the plan creates a menu of **implementation strategies** that can be used to guide economic growth in the town over the next 15 to 20 years.

The strategic plan is organized into three sections:

- The first section summarizes the results a SWOT Analysis, identifying the Town's strengths, weaknesses, opportunities, and threats.
- The second section summarizes the findings from a review of aspirational communities.
- The final section describes the vision and guiding principles for the economic development strategy. Implementation and action items for the Town are included within each guiding principle.

Additional Resources and Supporting Documentation

Conclusions and strategies in the Strategic Plan were based on analysis from five supporting documents:

- **Economic Base Assessment:** An analysis of demographic, employment, and development trends and conditions of Castle Rock and the surrounding region.
- **SWOT Analysis:** An analysis of strengths, weaknesses, opportunities, and threats related to the economic health of the community.
- **Aspirational Communities:** Research on the economic development strategies and priorities of a set of selected communities, including peer communities in Colorado and aspirational communities around the United States.
- **Development Feasibility and Barrier Analysis:** An analysis of the feasibility of development types that support primary employment including office, medical office, and industrial/flex space.

Findings from these reports are called-out throughout this document. Full versions of these reports are also available on the Castle Rock EDC's website.

2. SWOT ANALYSIS

A Strength, Weaknesses, Opportunities, and Threats (SWOT) analysis was developed through interviews with community stakeholders as well as informed by the economic and demographic trends. Within the context of an economic development strategy, a SWOT creates focus around specific attributes of Castle Rock. The SWOT analysis was used to identify topics that are of importance to the community and to guide additional analysis. The findings were also used to inform the interviews and data analysis completed for the aspirational communities component of the project. The strengths, weaknesses, opportunities and threats that were cited by stakeholders and identified within the data analysis are listed below in **Table 1**.

Table 1
SWOT Analysis Summary

STRENGTHS	OPPORTUNITIES
<ul style="list-style-type: none">• Small Town Feel• Active Downtown• Natural and Recreation Opportunities• Central Location• Attractive Place to Live• Collaboration Campus	<ul style="list-style-type: none">• Expanded Recreation and Open Space• Mixed-Use Development• Public Transit• Targeted Attraction vs. "Grow Your Own"• Communication and Educational Opportunities• Diversity of Development Opportunity Areas
WEAKNESSES	THREATS
<ul style="list-style-type: none">• Cost of Housing/Housing Diversity• Breadth and Depth of Labor Force• Water Rights• Lack of Public Transit Options• Lack of Primary Employment• Lack of Office Inventory• High Development Costs and Fees	<ul style="list-style-type: none">• Over-Reliance on I-25• Growth Backlash• Role of Governing Agencies• DDA Debt Limit• Water Supply and Entitlements• Evolution of Retail• Keep Pace with Peer Communities• Lack of Resident Diversity

3. ASPIRATIONAL COMMUNITIES

Economic & Planning Systems (EPS), working closely with the EDC and its board, selected 10 comparable communities on which to conduct a survey of economic development assets and strategies, as shown **Table 2**. Two categories of communities were selected:

- **Aspirational Communities:** Six of the chosen communities are outside of Colorado and selected as aspirations for Castle Rock as they exist in similar markets to the town and have desirable economic and employment attributes that Castle Rock could strive to achieve. The goal of this analysis is to uncover the methods that have been successful in these communities to elevate their status.
- **Competitor Communities:** In addition to these aspirational communities, the study reviewed four Colorado communities that are more representative of a competitive set with the town. Some of these communities also contain desirable economic attributes. The analysis is meant to better understand what neighboring communities are doing to gain a competitive edge within the region.

Table 2
Aspirational Cities Defined

Cities	CBSA	Primary City
Aspirational		
Round Rock, TX	Austin	Austin, TX
Woodlands, TX	Houston-The Woodlands-Sugar Land	Houston, TX
Overland Park, KS	Kansas City	Kansas City, KS
Cary, NC	Raleigh	Raleigh, NC
Ogden, UT	Ogden-Clearfield	Salt Lake City, UT
Murfreesboro, TN	Nashville-Davidson-Murfreesboro	Nashville, TN
Competitor		
Loveland, CO	Fort Collins	Denver, CO
Longmont, CO	Boulder	Denver, CO
Parker, CO	Denver-Aurora-Lakewood	Denver, CO
Golden, CO	Denver-Aurora-Lakewood	Denver, CO

Source: Economic & Planning Systems

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Assets and Actions/Strategies

To gain insight into these communities, EPS conducted interviews with members of staff in key economic development organizations. The organizations targeted were the community economic development departments, chambers of commerce, or economic development councils/partnerships. In cases where representatives were not available, EPS researched the community's economic development strategies through publicly available documents and other data as available.

The aspirational community analysis revealed assets and strategies that Castle Rock can invest in and employ to improve its economic condition. While each of these communities are advantageously situated in large and successful metro areas, these key assets and strategies have helped distinguish them within their region.

- **Target Industries** help to identify the types of employment the community wants to attract. Round Rock's target industries provide clarity and direction for community investments and branding. The Chamber of Commerce and the City Council worked with a variety of agencies and stakeholders to develop a cohesive vision.
- **Infrastructure and Facilities** provide a foundation for the economic base and workforce to grow based on community aspirations. Murfreesboro Chamber of Commerce identified available properties and building space as the first consideration from potential businesses looking to locate in the community.
- **Public Transportation** is a major asset in transporting workforce in the region to primary industry clusters. Rutherford County Chamber of Commerce stated that a lack of good regional public transportation has been a deal breaker in the past for businesses considering Murfreesboro.
- **Workforce Development** creates a diverse labor pool that prospective businesses can depend upon. Parker, Colorado identified housing mix, public transportation, and workforce attraction as having the most potential for impact on economic development in the community.
- **Regionalism** promotes collaboration and cohesion in regional economic development efforts. Round Rock Chamber of Commerce actively participates in regional initiatives to help guide discussion and policy development to benefit the region and in turn the community.
- **Placemaking and Branding** were identified as a good way to showcase a community's unique assets and competitive advantage. Longmont, Colorado is using branding and marketing to share the community's distinctive characteristics to a variety of audiences. The Advance Longmont Economic Development Strategy identifies marketing and branding as one of the top four immediate priorities.
- **Arts and Culture** help to improve quality of life, attract workforce, and create a sense of place throughout communities. For example, the success of the Cynthia Woods Mitchell Pavilion in The Woodlands is driving the community to develop a Culture and Arts District to receive grant funding and further other arts initiatives.

4. VISION AND GUIDING PRINCIPLES

Economic Vision

Castle Rock is the premier stand-alone front-range community with an energetic business climate, diverse economy built on Castle Rock's unique assets, and vibrant set of employment destinations.

The vision for economic development described in this plan was developed working with the EDC and Town and in concert with the Town's vision as described in its *Comprehensive Master Plan*. The four cornerstones of Castle Rock's comprehensive master plan are; distinct town identity, responsible growth, community services, and thriving economy. The vision was also informed by the *Economic Base Assessment* and *SWOT Analysis*. The former provided an understanding of the Town's current economic base and future opportunities gained through data collection and analysis of demographic and employment trends in Castle Rock and the surrounding region. These data helped to create a shared understanding of Castle Rock's strength and weaknesses and grounded the vision in economic reality. The latter also provided insights into the strengths and opportunities of the Town. In addition, the SWOT helped to articulate goals and priorities of the community, which were incorporated into the vision.

Guiding Principles

Guiding principles and implementation strategies were developed to achieve the vision. The Guiding Principles were first based on an understanding of the Town's economic base and future trends as well as the SWOT Analysis. In addition, to help identify and prioritize strategies within each guiding principle, the study analyzed the economic development initiatives of the 10 aspirational communities:

- **Unique to Castle Rock**
- **Grow Your Own**
- **Places to Grow**
- **Connected but Distinct**
- **All in it Together**

Envisioning Castle Rock

2030 Comprehensive Master Plan

Vision Statement

The Town of Castle Rock is a world-class community that embraces its history and heritage and small-town character. The Town will:

- Be physically freestanding, maintaining open spaces with mountain and prairie views
- Preserve and enhance history and heritage through a vibrant Downtown
- Diversify the local economy through job creation and economic development
- Encourage retail and employment-based business at the interchange overlay districts along the Interstate 25 corridor and in other activity centers throughout the Town
- Maintain a high quality of life as a safe, family-friendly community with a variety of recreational opportunities and community events
- Plan for responsible growth that balances housing, services, and employment while preserving and enhancing surface transportation, open space, water and other natural resources
- Ensure a safe community through outstanding community services including police, fire, emergency medical, parks, recreation, water and transportation
- Continue to serve as the County seat and the center for governmental services

Four Cornerstones

The building blocks of our Vision are embodied in the Four Cornerstones:

- Distinct Town Identity
- Responsible Growth
- Community Services
- Thriving Economy

The Four Cornerstones reflect Castle Rock's key focus areas and serve as the organizing framework for the Comprehensive Master Plan. To effectively support the community's vision, the principles and policies noted in the Four Cornerstones should be held in balance as part of day-to-day decision-making.

Castle Rock Economic Development Council (EDC)

The EDC's mission is to attract, grow and retain new jobs and expand the tax base in the Town of Castle Rock. The three fundamental functions of the EDC include.

- New prospect development (primary and retail)
- Business retention and expansion (primary and retail)
- Creation of a business-friendly environment

Unique to Castle Rock

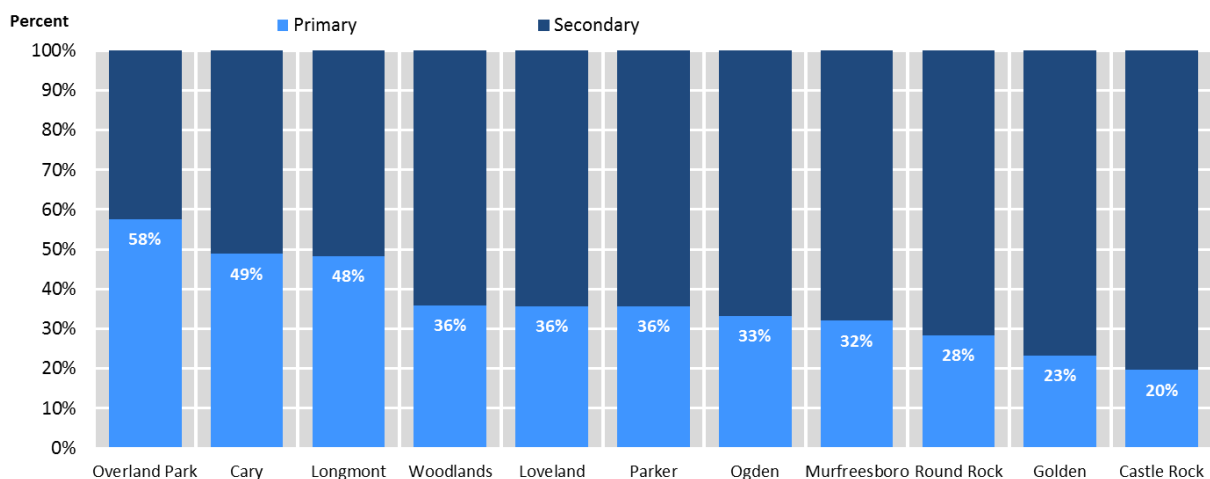
The future economic health and opportunities in Castle Rock are tied to the attributes that make Castle Rock special. These attributes include a vibrant downtown, educated workforce, superior outdoor access and recreational opportunities, and an attractive community in which to live. Building on these attributes will continue to generate economic opportunities for the community. Strategic initiatives that will grow an economic base that is *Unique to Castle Rock* are provided below.

Priority Goal: Diversify the economic base through growth in primary employment

Why is it important? One of the main principles to support a thriving economy, as identified in the Town's Comprehensive Master Plan, is diversification of the local economy through proactive business attraction and retention. Building on this core principle is the objective to gain diversity through a focus on primary employment. Primary employment often provides a higher paying wage than service-oriented sectors. Increasing primary employment will also help better align the skills and education levels of existing residents with job opportunities in Castle Rock. The Castle Rock EDC defines primary businesses as ones that provide 50 percent or more of goods and/or services outside of Douglas County.

Compared to the aspirational communities, Castle Rock has the lowest percent of employment in a primary industry, as shown in Figure 1. In this analysis, primary employment is a business that provides a service or product that is sold to consumers outside of the community. This is a broad definition but illustrates the need for employment within Castle Rock that is not driven by the demands of residents.

Figure 1
Primary vs. Secondary Employment



Source: LEHD; Economic & Planning Systems

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Goal: Make Castle Rock known for employers within its target industries

Why is it important? The Metro Denver Economic Development Corporation is the largest economic group active in the state and Castle Rock EDC is a member. The Metro Denver EDC has developed a set of target industry clusters that the Denver metro area is well-positioned nationally and internationally to be competitive in. Building on the support that the Metro Denver EDC provides—and aligning the Town’s attraction efforts with the Metro Denver EDC’s target industries—can help both Castle Rock and the Metro Denver EDC sell the community as a superior place to locate for businesses moving to or growing in the region.

The Castle Rock EDC has developed its own set of target industries that guide the use of its economic development incentive program. The target industries are IT/High Tech, National Finance/Insurance, Professional and Scientific Services, and Manufacturing. The EDC also employs a broader application for economic catalyst projects that can bring primary jobs to Castle Rock including highly desired retailers, hospitals, higher education facilities, cultural facilities, Downtown wedding district, recreational facilities and sports facilities.

Goal: Continue to invest in and focus on the development of Downtown as a live-work-play environment while maintaining the look and feel of a traditional western downtown.

Why is it important? During interviews, stakeholders frequently identified Downtown as an important strength for the community. In recent years, the Downtown Development Authority (DDA) and Town have been important champions for improving and investing in the area, including providing incentives for mixed-use office and residential developments as well as the creation of Festival Commons. Those interviewed were enthusiastic about these recent investments, and generally were excited about the direction that the area is going.

It will be important to continue to expand on these recent improvements and to continue to add amenities like restaurants and smaller pocket parks. Additional housing downtown will help support new amenities and add vibrancy. Denser product types will also help support office development in and outside of downtown by providing more workforce and attainable housing. Finally, it will be important to program Festival Park with community and cultural events to best leverage the investment and make sure that it serves as a community gathering place—drawing people downtown.

Goal: Support the growth of Castle Rock as a destination for outdoor recreation and outdoor oriented employers.

Why is it important? Many stakeholders interviewed mentioned nature and recreation as one of the biggest comparative advantages that Castle Rock has and expressed a desire for the Town to continue to improve and expand upon its nature and recreation options. Ideas included expanding the recreation center to include a snow facility or simply to continue to invest in the open space and trail networks in the town. One interviewee suggested that Castle Rock should have a goal to have the best mountain bike trail system in the state.

Interviewees were very enthusiastic about recent investment in Phillip S. Mill Park and Festival Park and felt that the Town had succeeded in creating amenities that could help attract development. Additional opportunities exist related to programming to ensure the parks become

places of civic pride and community gathering. Programming could include arts and music to add culture to the town while leveraging existing investments. In other communities, quasi-public agencies or non-profits have been created to help fund and plan for this type of programming as well as raise money for additional investment. Interviewees felt that the Town could not compete with the arts amenities in adjacent communities like Lone Tree's symphony and Parker's performing art programming. However, strong arts programming and events in places like Festival Park could help raise visibility for Castle Rock and perhaps provide different kinds of arts and entertainment compared to Lone Tree and Parker.

Goal: Develop a consistent brand and marketing approach.

Why is it important? Local placemaking and branding initiatives help set each community within a region apart from one another. Each community has unique assets that create a sense of place, but in order to capitalize on these assets there needs to be intent and vision in developing a brand. Communities also use branding and marketing to highlight their competitive advantages to attract target industries to the area.

Many of the aspirational communities brand themselves in different ways either through their EDC, a downtown corridor, overall quality of life, and/or educational and career opportunities. For example, Overland Park places a focus on creative place-making and art in its downtown area while Longmont focuses on highlighting competitive advantages in doing business in Longmont. The key is creating a cohesive community vision that can weave together all of the unique assets of that particular community to attract businesses and workforce to the area.

Example Implementation

Round Rock, Texas Shop Local Campaign

Shop the Rock in Round Rock, Texas partners with the City and the Round Rock Chamber to form a unique shop local campaign. The tag line of the initiative, "Improving the City one Purchase at a time," highlights the impact that sales tax can have on community funding.

According to Shop the Rock, a half-cent in sales tax translates to \$430 million in transportation improvements, reduced property taxes, and a better quality of life for the community. The webpage Shoptherock.com also profiles specific community investments that are funded by this sales tax including headlines such as:

- City breaks ground on public safety training facility
- Phase 2 of La Frontera Street reconstruction is complete
- City breaks ground on two new fire stations

Longmont, Colorado Marketing Strategy

The Advance Longmont strategic plan identifies four immediate economic development priorities including marketing and brand, building inventory, redevelopment, and entrepreneurship. Advance Longmont outlines a suggested economic development marketing toolkit that includes:

Branding

- Develop brand guidelines for applying the City's "You Belong in Longmont Colorado" to economic development audiences.
- Adopt the slogan as the Longmont Area Economic Council's (LAEC) tagline and incorporate design elements into the LAEC's logo.
- Incorporate the slogan and logo into economic development marketing tools.

Digital Media

- The LAEC website needs to reflect Advance Longmont's target industries. Change "Key Industries" to "Target Industries" and adjust the list accordingly.
- Increase interactivity on the LAEC website, particularly in the Data + Demographics section.
- The LAEC's Facebook and LinkedIn pages are current. Consider adding a Twitter account that connects to LinkedIn. Consistently use a hashtag such as @LongmontBusiness to reinforce the economic development message.
- Invest in original photography and video footage that can be incorporated into LAEC marketing. Focus photos and videos on subjects that reinforce the community's target industry strengths. Showcase the community as an intersection of manufacturing and technology.

Print

- Create a brochure and/or flyers that highlight Longmont's strengths for each of its target industries.

Public Relations

- Create a media kit that provides story ideas and community information for use when meeting with local and regional media. Also include information on Longmont's entrepreneurship assets.

Sales

- Develop an annual calendar of marketing missions and target industry events to attend in conjunction with Metro Denver.
- Develop a PowerPoint design template and PowerPoint presentations for use when presenting Longmont's assets to target industry companies and site consultants.

Unique to Castle Rock Strategies:

1. Continue to focus primary employment efforts around the EDC's target industries

Focus efforts on industries that Castle Rock has a current strength or potential opportunity. Target industries/businesses include:

- Health Care/Healthy Living
- Outdoor Recreation
- Professional and Creative Services
- Financial/Insurance Services including back office support
- High Tech/IT-Software
- Destination Retailers

Action: Develop a marketing approach to attract businesses within the Metro Denver Economic Development Corporation's target industries. The target industry clusters that align with Castle Rock's market position including;

- Financial Services
- Health Care/Healthy Living
- IT-Software

Action: Create a list of target industries, businesses, and projects that can be provided EDC incentives without Town Council approval.

Action: Develop an inventory of outdoor recreation assets and outdoor oriented employers and produce promotional materials to highlight the town's assets to a variety of audiences.

2. Continue to invest in and focus on the development of Downtown as a live-work-play environment while maintaining the look and feel of a traditional western downtown.

Action: Continue to partner with the Town and Downtown Development Authority to support redevelopment and investment into the downtown area.

Grow Your Own

The success of economic development in Castle Rock will be tied to the community's ability to *grow its own* opportunities. The workforce that lives in Castle Rock is more educated than many Front Range Communities. As well, Castle Rock has attracted a set of investors looking to fund new ideas and businesses growing within the community.

Priority Goal: Increase the percentage of residents that work in Castle Rock.

Why is it important? Many stakeholder interviewees emphasized the threat posed by traffic on I-25. With additional growth along the corridor, the higher traffic volumes will reduce speed, and could in turn make the town less attractive for residents commuting north. If congestion reaches a certain threshold, it would reduce overall residential demand.

The insight provided by stakeholders aligns with the analysis presented in Chapter Two of the *Economic Base Assessment & SWOT Analysis*. The analysis finds that the vast majority of employed residents work in locations outside of the town. From 2010 to 2015, the percentage of residents commuting outside of Castle Rock for work ranged between 81 percent and 85 percent. While Castle Rock is the top work and home destination, as a percentage, the town still only represents 19 percent and 25 percent of the total respective work and home totals. For the Town's labor force, this means that 81 percent of employed Castle Rock residents commute outside of the town for work with, for example, 18 percent of these residents traveling to Denver, 7 percent of these residents traveling to Centennial, and 6 percent traveling to Aurora. For the Town's workers, this means that 75 percent of those employed in Castle Rock commute from outside of the town. Because of this percentage of commuting and a lack of public transportation options, residents and workers have a high degree of reliance on road networks generally and I-25 specifically to commute to work and home.

Table 3
Work Locations of Town Residents and Home Locations of Town Workers

Where Castle Rock residents are employed			Where Castle Rock workers live		
Work Destination	Amount	Percent	Home Destination	Amount	Percent
Castle Rock	5,224	19%	Castle Rock	5,224	25%
Denver	4,997	18%	Highlands Ranch	2,259	11%
Centennial City	1,956	7%	Parker	1,458	7%
Aurora	1,542	6%	Denver	1,323	6%
Greenwood Village	1,482	5%	Aurora	1,067	5%
Lakewood	871	3%	Centennial City	776	4%
Littleton	798	3%	Colorado Springs	643	3%
Colorado Spring	786	3%	The Pinery	437	2%
Highlands Ranch	723	3%	Lakewood	306	1%
Parker	653	2%	Castle Pines	293	1%
Lone Tree	541	2%	Stonegate	240	1%
Other	7,861	29%	Other	7,223	34%
Total	27,434	100%	Total	21,249	100%

Source: LEHD; Economic & Planning Systems

Goal: Develop programs, assets, and amenities needed to support small business creation and entrepreneurship in Castle Rock.

Why is it important? Targeted Attraction vs. “Grow your Own”: Stakeholders identified two primary strategies for increasing employment in Castle Rock. In the first, interviewees believed that Castle Rock needed to establish a strong niche or brand to attract office employment, and that the Town should target specific employment industries or clusters, which is included in Unique to Castle Rock. In the second strategy, stakeholders suggested that the Town focus on growing local business and fostering an entrepreneurial spirit. Some suggested that co-working spaces and incubator spaces in town are a potential option to foster such a spirit. Many also viewed telecommuting as a predominate pattern for many current residents and an asset to be leveraged regarding ways to increase employment presence in town, which could support co-working environments.

Ogden, Utah Investment Strategy

Ogden City Business Development identifies investment as one of the top four focus areas for the local business community. The Ogden Business Development website states:

INVESTMENT: *Ensuring capital availability when private financial markets fail to supply capital to firms and projects that can productively use it. We cooperate with private financial institutions to reduce market imperfections and regulatory barriers, as well as the creation of alternative institutions and programs to directly supply capital to markets, projects, and firms that private institutions cannot otherwise serve. We do not substitute private market capital; instead we strive to fill financial gaps to promote NEW economic activity.*

In an effort to invest in local business development, the City of Ogden offers the following incentive programs:

- Tax increment financing for projects in targeted redevelopment areas
- New Market Tax Credits (NMTC) and NMTC-backed financing
- EB-5 Foreign Investor Program
- Loans through the Business Information Center
- Connections to community-based financing, such as the Utah Small Business Growth Initiative, with sizable loan participations and guarantees
- Relocation resources and housing programs such as down payment assistance and low-interest home improvement loans

Goal: Continue to grow a community-wide network of entrepreneurs and investors.

Why is it important? A group of investors have formed in Castle Rock that are looking for new businesses to support and grow. This type of investor group is a unique asset that should be capitalized on. The Castle Rock EDC and other economic partners should develop approaches to increase interaction between business owners, entrepreneurs, and potential investors in formal and informal settings to build the social and network capital.

Grown Your Own Strategies:

1. Build on the culture of entrepreneurship being developed in Castle Rock by increasing connections between entrepreneurs, investors, and the Castle Rock business community.

Action: Work with the angel investor group formed in Castle Rock to develop a formal process for businesses and entrepreneurs to seek funding.

Action: Develop an entrepreneur, small business, and active professionals networking group by organizing monthly or quarterly networking events connected with support spaces (e.g. Connection Spot, The Move, Collaboration Campus).

Action: Track and report annually on the number and types of new and small businesses that are provided support through the EDC to promote entrepreneurship in Castle Rock.

2. Provide the bridge between local businesses and the Collaborative Campus to ensure alignment of job training educational offerings with business community workforce needs through tailored class offerings and potential on-job training through internships.

Action: Create a working group comprised of local business leaders and representatives of CSU, ACC, and DCSD focused on the implementation and monitoring of curriculum at the Collaboration Campus.

Action: Explore the creation of a formal internship and/or mentoring program for students at the Collaboration Campus and local businesses.

3. Continue to facilitate the creation and growth of new businesses

Action: Continue efforts to create a business incubator program and space. Incubator facilities are most often partnerships between the private and public sectors. The efforts are connections of educational institutions, public sector entities, private businesses, and investors. Incubator spaces can be formed in a wide range of formats and formality from simple, low rent spaces for new businesses to rent on temporary basis to coordinated facilities and programs with multiple partners. Examples in peer local communities include the Innosphere in Fort Collins—which is a more robust effort, and Tinkermill in Longmont—which is a more grass roots and non-profit driven model. Castle Rock EDC is currently working with Innosphere to create a Castle Rock location. The new partnership with Arapahoe Community College, Colorado State University and Douglas County is good opportunity to align education activities at that facility with new business creation and connect to the Innosphere concept.

Places to Grow

An ever-important component of economic development is the places where economic growth can occur and places to attract workers, employers, and residents. Ensuring that Castle Rock has attractive *places to grow* should be a major focus of economic development efforts.

Priority Goal: Continue to support the growth of the office market within Castle Rock to build scale of inventory to where office developments are supportable with achievable rental rates.

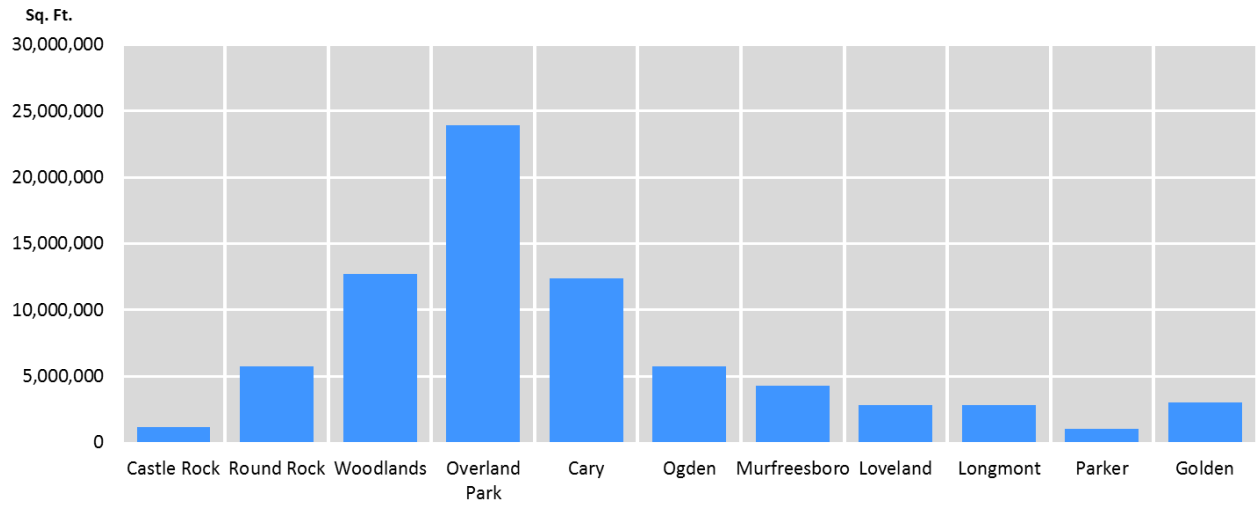
Why is it important? The lack of Class A office space of scale was cited as an issue for attracting employers. Much of the office product in Castle Rock has smaller floorplates, which matches with the composition of existing employers. A lack mid-sized spaces both for office and flex-industrial that are in the 7,000 to 15,000 square feet range was specifically cited as a weakness. As well, shovel ready development sites for employment uses (office, flex, industrial) was cited as a barrier to being more successful in attracting businesses to Castle Rock.

Having the infrastructure and facilities to support businesses as well as workforce within the community simplifies the decision-making process. When firms are deciding where to locate, providing a clear inventory of properties, facilities, and resources goes a long way according to the aspirational communities interviewed.

The importance of quality office space was emphasized by multiple sources when speaking with community representatives. For example, a representative from the Rutherford Chamber of Commerce, speaking about Murfreesboro, indicated that having a building or property available is the first step in attracting businesses to the community. As part of its economic development efforts, The Woodlands, Texas has clearly defined, themed office parks for different users. The Woodlands Town Center hosts mixed-use facilities while Research Forest is a secluded development intended for campus-like office parks. Allowing for and defining unique facilities and assets within the community can go a long way toward attracting different businesses.

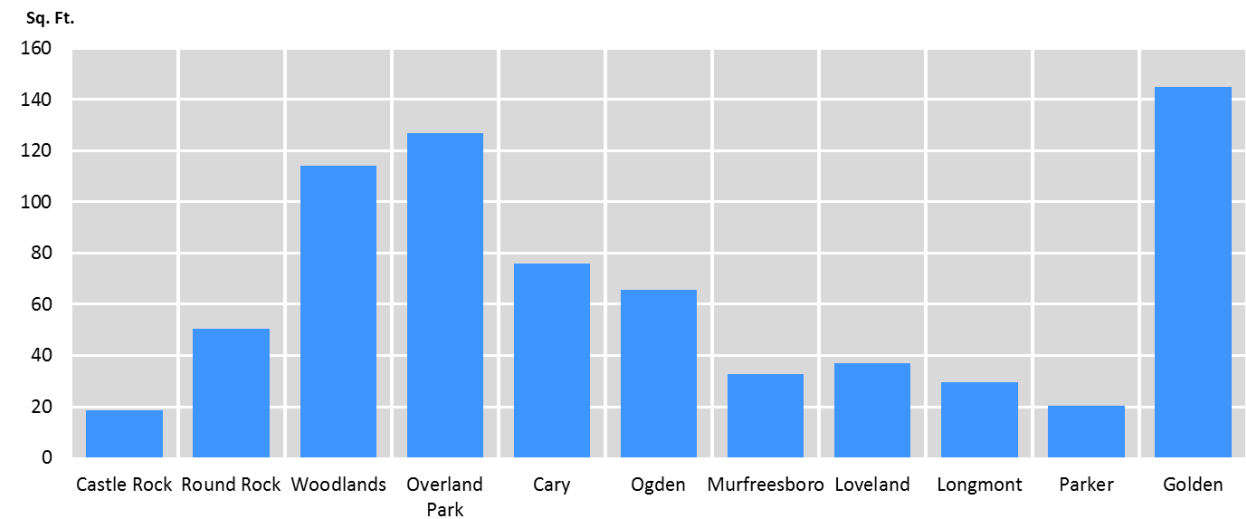
Figure 2 presents the total office inventory for each of the selected communities, and **Figure 3** normalizes office inventory, calculating office inventory per capita. **Castle Rock has the lowest amount of office space per capita of the communities analyzed.** Office inventory is a major asset that Castle Rock is lacking and that the community should continue to invest in expanding its inventory.

Figure 2
Office Inventory (sq. ft.)



Source: CoStar; Economic & Planning Systems
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Figure 3
Office Square Feet per Capita



Source: CoStar; Economic & Planning Systems
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Woodlands, Texas Says...

A representative of The Woodlands Area Economic Development Partnership stated that in terms of business recruitment the number one asset it possesses is Class A office buildings.

Parker, Colorado Says...

The Town of Parker Economic Development Department stated that office growth is nowhere near the robust growth it has seen in the retail market, but not for lack of trying. The Town believes that the demand is there because vacancy rates are low. The Town theorized that cost of construction has eliminated spec building and created a deficit of office inventory.

Murfreesboro, Tennessee Says...

A representative from the Rutherford County Chamber of Commerce outlined the general thought process of businesses and developers looking to locate in Murfreesboro. After a business or developer is interested in a community, this means they have already considered the regions quality of life characteristics, they ask two questions before a discussion of tools in the community: (1) Do you have a building or property? (2) Do you have the workforce I need? The last question is what are your incentive deals?

Aspirational Communities Strategies

- **Invest strategically when the private market is not producing the capital to promote new economic activity.**

Ogden City Business Development will help fill financial gaps in instances where private financial institutions cannot. It does not seek to replace or compete with the private market, but instead helps fill gaps where private funding is not available.

- **Maintain or develop an inventory of infrastructure and facilities for businesses.**

Longmont recognized that the community did not have a competitive inventory of office, retail, or industrial space to meet the needs of prospective tenants. As a result, it developed a strategy to identify opportunities and begin to construct that inventory.

Longmont, Colorado Infrastructure Strategy

The Advance Longmont strategic plan identifies four immediate economic development priorities including marketing and brand, building inventory, redevelopment, and entrepreneurship. Goal 5 of Advance Longmont provides a vision for building inventory in the community. Key strategies and tactics identified in the Advance Longmont Strategic Plan include:

5.1 Evaluate Longmont's current supply and condition of office and industrial buildings. Contrast findings against needs of targets.

5.2 Encourage the redevelopment and beautification of downtown, the river corridor, and other targeted areas such as the Butterball facility and sugar mill.

5.3 Continue City investment in capital improvements in public buildings and facilities, transportation, parks and recreation, telecommunications, and water.

Goal: Facilitate the future growth of the employment base by proactively investing in infrastructure and amenities that support the target industries and align with the Comprehensive Master Plan.

Why is it important? By financing and investing in infrastructure improvements like roadway interchanges, the Town can help to improve the marketability of specific areas in Castle Rock and, at the same time, potentially reduce development costs for future projects.

Goal: Increase the diversity of housing to increase the number of people who live and work in Castle Rock.

Why is it important? Attainable housing and a diversity of housing stock were cited frequently during stakeholder interviews. The town currently has a lack of housing diversity, and many of those interviewed argued that denser housing stock would help attract a labor force needed to attract larger types of primary employment types. The town also seems to have demographics that would be supportive of denser products, including an aging population that may be looking to downsize after their children have left for college as well as millennials looking for entry-level ownership product. As part of the evidence for a high level of demand for denser products, property owners noted extremely low vacancy rates in existing multifamily development in the town.

Public officials and other community members often stated a preference for condominiums as being more integrative to the community, and, in general, there was a negative perception against rental product. While most developers were optimistic about building condominiums—especially given the recent changes to state legislation—one developer suggested that an additional Town level ordinance—like one recently passed in Lakewood—would help further spur development. Interviewees also noted that the current impact fee structure is a disincentive for denser products like condominiums and apartments, noting that fees are a per unit charge with little discount for their smaller size as compared to single family detached product.

Castle Rock's housing stock is primarily single family detached homes. This housing stock is desirable but only to certain households, such as larger households, those with children, and those seeking a conventional product. Younger and older households without kids are showing preference for other types of housing products, particularly those in walkable areas, which Castle Rock has a minimal amount of. Furthermore, the ability to afford buying a home in Castle Rock is difficult for some of the workforce. Attracting residents at a diversity of ages and skills sets may be difficult given this lack of options, which makes Castle Rock less desirable to employers.

To attract an array of businesses and different industries, the workforce in the area should be diverse. In turn, to house a diverse workforce, a community needs a diverse housing mix. This means that there should be adequate rental housing for young professionals, starter-homes for families, and an array of everything in between. Representatives from The Woodlands, Texas and Parker, Colorado both rated housing mix as being more important or on par in economic development than the other assets discussed in this analysis.

Figure 4 highlights that Castle Rock has the most uneven distribution of housing options among the aspirational communities between owner-occupied and renter-occupied units. This is problematic because younger and more diverse populations make up a large portion of the rental market. In many ways, the population is a reflection of the housing opportunities in the community; therefore, a lack of rental units may result in a lack of diversity and young professionals.

Figure 4
Housing Tenure, 2017

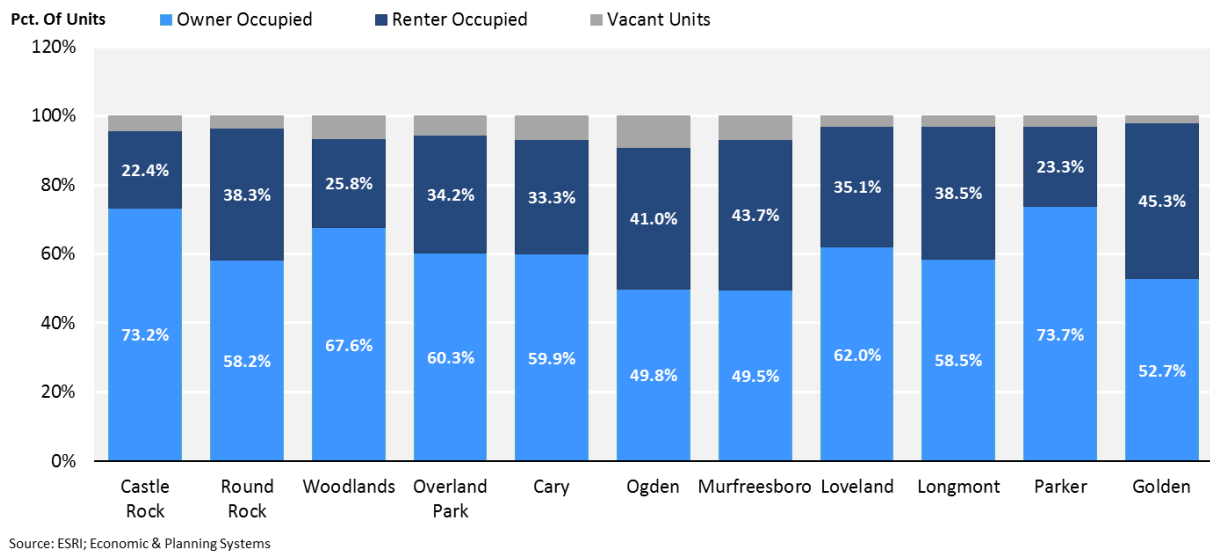
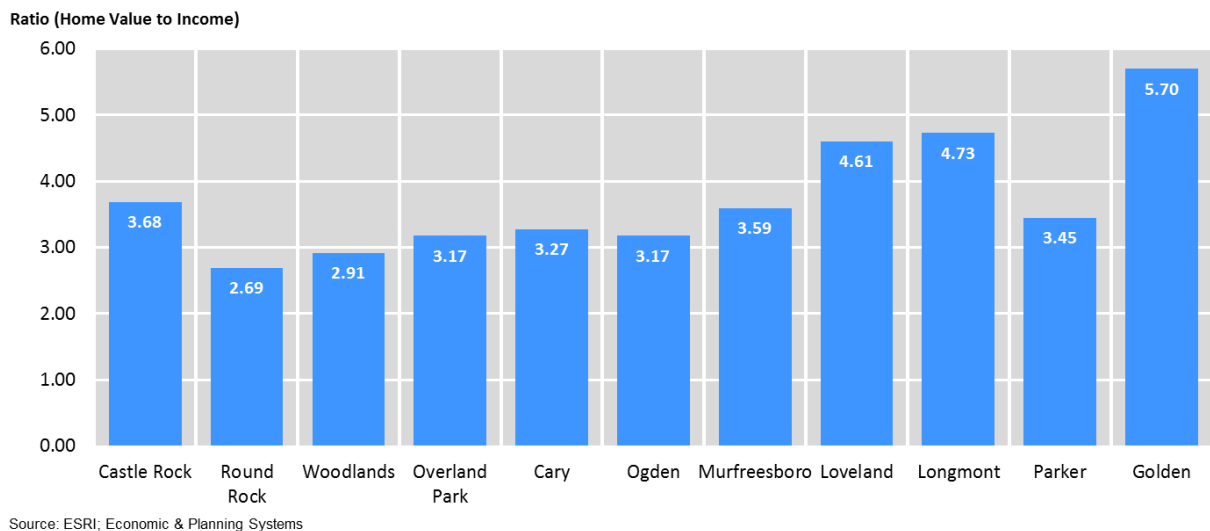


Figure 5 shows the median home value to median household income ratio of all of the communities. This ratio is intended to evaluate the affordability of owner-occupied housing within the community. A smaller ratio means the housing in that community is more affordable and there is a smaller gap between the median income and the median home value. Castle Rock's ratio of 3.68 falls just under the average of 3.73 among the communities.

Figure 5
Median Home Value to Median Household Income Ratio, 2017



Woodlands, Texas Says...

A representative of The Woodlands Area Economic Development Partnership spoke about the lack of mid-level trade skills in the region. To help build this workforce, Lone Star College—the largest community college in the state—receives grants to run workforce development programs for trade skills.

When asked about housing mix, the representative explained when attracting businesses you have to be able to say that your community can house the CEO of the company as well as the administration. The representative described different housing typologies that meet different price ranges as well as affordable housing options within the community.

Parker, Colorado Says...

The Town of Parker Economic Development Department indicated that advances in affordable housing, public transit, and workforce would have the highest impact on economic development in that community. However, it recognizes that these assets go hand-in-hand. The Town was specifically concerned about the relationship between affordable housing and workforce and how all of the moving parts work together to improve community vitality.

Goal: Continue to invest in existing outdoor amenities and gathering places by increasing programming, incorporation of arts and entertainment, and coordination of events associated with these places and amenities.

Why is it important? The use of community events, gathering spaces, and arts and culture was a common theme among all entities interviewed for the aspirational communities analysis. Community gathering places are a key component of building a vibrant town, but just having spaces to gather isn't sufficient. The aspirational communities analysis identified that there are other needed elements to make these gathering places work. Three key types of strategies were identified based on the analysis. See the *Aspirational Communities Analysis* for more detail on efforts in other communities.

- **Organized groups** put the muscle behind cultural/arts initiatives and bring vision into reality by facilitating the actualization of the arts and cultural vision in the community. Organized groups vary from private, non-profit organizations to municipal departments. Organized groups are often responsible for programming spaces and for fundraising arts and cultural initiatives.
- **Ongoing initiatives** keep the momentum and visibility of arts and culture in the forefront of the community and bring people together. Ongoing initiatives help build and maintain momentum and interest in arts and culture. Hosting large scale events and growing the local scene can have an impact on tourism and regional recognition.
- **Programmed facilities** provide usable space and opportunities for different groups and initiatives to connect with the community. Facilities dedicated to the arts and entertainment are catalytic to fostering a presence of arts and culture in the community and improving overall quality of life. Although some facilities require a large investment, there are grants and other funding sources available to alleviate the weight of an upfront capital investment.

Places to Grow Strategies:

1. *Improve the market position of office development in Castle Rock and continue to incentivize office development in the town.*

The financial feasibility analysis revealed that the infeasibility of office development in Castle Rock is due to several factors including higher land prices, higher development fees, smaller average tenant sizes and longer lease up periods, and higher lease rates compared to areas with more desirable inventory. Many of these issues are attributed to the small size and boutique nature of the office market in Castle Rock. The result is that office development is riskier and results in high hurdle rates to support new development. Castle Rock has higher cap rates compared to developments in Lone Tree and Centennial. Cap rates are based on market transactions, with lower cap rates signifying a higher estimation of value and a reflection of lower risk in a project. Drivers of risk include uncertainty of the achievable rental rates and rate of absorption. Many of the office users in Castle Rock are smaller and require smaller spaces less than 2,000 square feet. Having to lease more tenants to fill a building adds to the risk of the project, which drives up cap rates. To improve the desirability and feasibility of developing office space in the Castle Rock, the Town should take a holistic approach to improving the market position and attractiveness of Castle Rock or specific submarkets of the town.

Time may also play an important role in improving the market position of the Town as available land for new development in other towns closer to the center of the metro area become built out. Moreover, ancillary office development surrounding the hospital and Collaboration Campus could help to create a critical mass in Castle Rock, which will provide more market stability and comparable projects to prove the market factors (rental rates, absorption) that make development of office riskier in Castle Rock. For a detailed analysis into the feasibility of office development in Castle Rock see the *Development Feasibility and Barriers* report.

Action: Continue to be aggressive in providing development incentives to office projects through DDA and URAs in Downtown and Miller's Landing.

Action: Expand EDC Incentive Program to offer Permits and Development and Impact Fee rebates to office developers.

Action: Expand EDC Incentive Program to offer capital funds and other incentives to office developers.

Action: Encourage the creation of office space through mixed-use projects and by supporting the inclusion of additional office space in build-to-suit/owner-occupied projects and mixed-use projects.

Action: Explore with the Town the use of regulatory incentives such as density or height bonuses for projects that include office space.

2. *Focus on the development of office/employment districts within Castle Rock through tailored approaches to development of new spaces and marketing of the district's attributes and opportunities.*

The Promenade provides a nice example of how a submarket or district within the town can succeed and create value by attracting national tenants and filling unmet demand. While office development is driven less by proximity to households than retail development, there

is opportunity to invest in specific office submarkets in the town to increase their value and recognition to investors. Continue to invest in Downtown, Miller's Landing and the Meadows, by adding amenities to attract employers and labor force like pocket parks, workforce housing, and transit access.

- **Downtown Actions:** Downtown is already an area with momentum for growth in employment with recent projects. The area is ideally suited for fostering small, new business creation and creative services businesses. Work with property owners to promote workspaces in downtown and address issues with existing spaces that may prevent prospective businesses from leasing/buying.
- **The Meadows Actions:** The area has the opportunity to present attractive locations for employers near retail and housing. Promoting development site opportunities using EDC tools and incentives for potential developers and employers will help market these sites.
- **Miller's Landing Actions:** Miller's Landing also presents an exciting opportunity to create a unique office district in the town. The financial and land use incentives in place are an important first step to creating such a district. Continue to support the developer's efforts to locate anchor tenants for the development.

Action: Finance and invest in targeted infrastructure improvements in the town's primary office areas. By financing and investing in infrastructure improvements like roadway interchanges, the Town can help to improve the marketability of specific areas in Castle Rock and, at the same time, potentially reduce development costs for future projects. The areas around the town's interstate interchanges have been identified as the locations for higher density and to focus office and employment uses. Continue the use of value capture mechanisms (urban renewal, general improvement districts, special assessment districts, metro districts, etc.) to leverage the value of the new development over the long term to help finance and pay for the upfront costs both to the Town and developers.

3. Promote housing diversity in the town's mixed-use areas by ensuring a variety of housing development types are allowed by zoning and reducing barriers to housing development.

Action: Work with the Town to ensure that denser housing products are allowed by zoning the town's mixed-use areas. Consider proactive rezoning of areas suitable for higher density housing that are currently in zone districts that don't allow multifamily housing.

Action: Revisit development fees structure for multifamily housing to modify approach to fee application to ensure multifamily housing doesn't have a proportionally higher fee compared to single family housing.

4. Support the use of events and festivals to increase visitation and awareness to Castle Rock and Downtown.

Action: Support the establishment of a community group tasked with aiding the Town in programming Festival Commons and supporting events. Many communities create festival commissions to aid in the planning, programming, and execution of community events. These committees help to develop community buy-in, increase Town and EDC capacity for events and festivals, and are able to expand social networks to help enhance events.

Connected but Distinct

As the economic world becomes more global, connectivity in all forms is an essential attribute to vibrant economies. Ensuring Castle Rock is *connected to the world but maintaining its distinct appeal* is an aspiration needed to achieve the community's goals.

5. Priority Goal: Create rapid transit connections to both the Denver Metro Area and Colorado Springs Metro Area to ensure a variety of workers can access—and be attracted to—Castle Rock.

Why is it important? While there was recognition of potential difficulties in providing public transit options in the town, a surprising number of interviewees expressed a desire and a belief in the necessity of public transit in Castle Rock. Public transit would help the Town import a labor force and, as a corollary, attract primary employers. Suggested options ranged from a Bustang stop to a fixed bus route between Castle Rock and RidgeGate to extending the light rail or bus rapid transit (BRT) connections.

The peripheral locations of Castle Rock and the other communities makes regional connectivity vital. In order for both workforce and businesses to locate or work within the community, regional accessibility is needed. All of the communities interviewed ranked public transportation as having a significant impact on economic development. Businesses look at regional public transportation as a way to tap into workforce that is located elsewhere. Residents look at public transit as a cheaper, potentially more efficient and more environmentally friendly way to commute. In addition, public transit can provide an important alternative mode of transportation in regions with traffic congestions.

Out of the communities reviewed in this analysis, Castle Rock is the only one without a public transportation system. Castle Rock is not part of RTD in Denver and is not connected via CDOT's Bustang Bus like Loveland and Longmont are. Over 80 percent of Castle Rock residents commute elsewhere in the Metro Area for work and 75 percent of jobs in Castle Rock are held by commuters who live elsewhere. Therefore, a lack of transit options may be a major obstacle for commuters as population and employment continues to grow. Although the levels of service differ, all of the aspirational communities have some kind of both regional and local public transportation. Castle Rock should explore public transportation options of different scales and find a solution that suits the unique community and Metro Area. The next section provides examples of different public transportation options provided by these communities.

Examples of Transit Options

Regional Transit

Examples of well-established regional public transportation include:

Cary, North Carolina. GoCary is integrated into a group of regional public transportation entities including GoTriangle and GoRaleigh. As a result, transit systems provide both local travel in downtown Cary and in a loop following Maynard Road, as well as, regional connectivity in all directions, directly connecting to the Research Triangle system and Raleigh.

Ogden, Utah. Ogden is connected to the regional bus system via the Utah Transit Authority (UTA). Additionally, Ogden has local bus services that primarily serve the Applied Technology Colleges, Ogden Regional Medical Center, and other centers of employment and recreation. The bus system also connects to FrontRunner commuter rail which connects Ogden to Roy, Davis County, Salt Lake City, and Provo.

Local Transit

Examples of well-established local public transportation include:

Round Rock, Texas. Round Rock presently has five bus routes, four park and ride stations, and bus connections to the CapMetro Red Light Rail Line to Austin, Texas. The bus routes provide vital connections between points of interest, education, and employment centers in the city. According to google maps, it would take an hour and eight minutes to reach downtown Austin from the center of Round Rock. This includes a twenty-minute bus ride to the light rail station and a thirty-minute ride on CapMetro Red Line into Austin.

Overland Park, Kansas. RideKC transit service, offered by Johnson County, has recently expanded services in Overland Park. The new transit network allows local access to Oak Park Mall, Johnson County Community College, Prairiefire, Corbin Park and the University of Kansas-Edwards campus, as well as, regional access to downtown Kansas City and the Country Club Plaza.

Goal: Increase connectivity within Castle Rock for a variety of modes through better connecting the town's interchange overlay districts and activity centers.

Why is it important? The Town has multiple nodes of employment activity (Downtown, Promenade, Meadows, Miller's Landing) and has focused its growth around its interstate interchanges with the Interchange Overlay Districts. Increasing connectivity between these centers of activity will aid in the appeal of these areas and addressing congestion and access issues.

Goal: Ensure all portions of the community have access to high-speed internet.

Why is it important? A number of the stakeholders interviewed as part of this study mentioned that a significant number of residents work from home. For example, one of the interviewees that EPS spoke to worked in the IT profession, where working remotely can be relatively common. While this information is qualitative, if true, one of the ways the Town could help facilitate less commuting and increase its primary employment is to help provide amenities and infrastructure to support this workforce.

Connected but Distinct Strategies

1. *Bring transit options to Castle Rock.*

Action: Reach out to CDOT to explore the possibility of creating a Bustang stop in Castle Rock. Work with the Town to develop data that illustrates support for a stop.

Action: Develop a long-term strategy to connect Castle Rock to the Denver metro area transit system. Continue to work with Douglas County in the implementation of its transportation and transit master plan efforts.

Action: Explore the creation of a transportation management association (TMA) to create an entity that is solely focused on increasing mobility options and implementation of transportation demand management programs and services for workers and residents. TMA's are often funded through contributions from area businesses through business organizations, business improvement districts, metro districts, and other organizations. TMA's develop a cohesive and consolidated effort from multiple public and private entities to address transportation issues. TMA's focus on mobility issues—often commute issues for area businesses—by promoting alternative commute options, providing commute and roadway issue awareness, providing support to workers who use alternative modes, and identifying and advocating projects and funding that will increase mobility. There are variety of TMA structures and approaches. Examples in the Denver Metro area include the Denver South TMA, US-36 Commute Solutions, Downtown Denver Partnership, and Northeast Transportation Connections (Stapleton area). CDOT offers support for areas looking to form a TMA and a tool kit with TDM strategies.

All in it Together

Economic development projects most often require a partnership with several partners both public and private. Ensuring that all entities in Castle Rock are working towards the same objectives and *all in it together* is a major need and essential to affectively communicating opportunities to new businesses and other regional economic development partners.

Goal: Develop a coordinated effort among all entities active in economic development to achieve the goals of the economic development strategic plan.

Why is it important? Regionalism here is defined as having a regional outlook of central systems such as administration, the economy, or culture. The communities interviewed expressed a need for regional collaboration in order to be successful in both business and workforce attraction. On one hand, regional participation helps to promote the community and develop competitive advantages. On the other hand, working together as a region also means that the community benefits when other communities in the region are succeeding. Many of the aspirational communities adopted a mentality that the region is in it together.

Round Rock, Texas Says...

A representative of the Round Rock Chamber of Commerce said that they actively take leadership roles in the region and work closely with the Austin Chamber of Commerce to help steer conversations and policy to benefit the community. They also emphasized the importance of unity among different agencies in accomplishing the community's goals (e.g. City Council and the Planning Department).

All in it Together Strategies

- 1. Grow Castle Rock's presence with Denver Metro Area, Colorado Springs Metro Area, and Colorado economic development activities and entities to provide a broad awareness of Castle Rock's opportunities.***
- 2. Convene quarterly or bi-annual meetings with local economic development partners—Town Staff, Chamber of Commerce, DDA—to discuss issues and coordinate on bigger projects and initiatives.***