

Executive Summary

Boulder has a rich collection of small businesses, including a downtown corridor—the Pearl Street Mall—beloved for its one-of-a-kind mix of locally owned shops, restaurants, street performers, and pedestrian-friendly public space that anchors much of the city’s civic and commercial life. As the city grows and prepares to host the Sundance Film Festival in 2027, it is imperative to find ways to ensure that regulatory barriers do not prevent small businesses from quickly opening, expanding, or adapting to meet new demand. The following is an analysis of common and costly barriers to starting a small business in Boulder as well as recommended reforms to reduce unnecessary regulatory friction, streamline permitting and approvals, and create a more predictable and accessible environment for entrepreneurs to launch and grow new ventures. The following research was compiled thanks to the joint efforts of the Cities Work team, Boulder’s Office of Economic Vitality, and city partners including the Boulder Chamber, the Small Business Development Center, Downtown Boulder Partnership and the Latino Chamber of Commerce of Boulder County.

REGULATORY ANALYSIS

In February 2022, Cities Work published *Barriers to Business: How Cities Can Pave a Cheaper, Faster, and Simpler Path to Entrepreneurship*.¹ That study outlined the costs, delays, and complexity associated with starting a small business in 20 cities across the country and formed the basis of the work that Cities Work continues to do in partnership with cities nationwide. It also allows us to compare metrics across various cities and recommend policy solutions built on national best practices.

A complicated regulatory environment can be a large barrier to entrepreneurship as the time, money, and resources required to navigate the permitting and licensing processes are often prohibitively high for individuals of modest means. The cost and process to obtain one individual license might not appear to be a prohibitive obstacle; however, starting a business requires multiple permits and licenses to operate in compliance with city code, and the cost of obtaining necessary approvals quickly adds up.

Notably, the permitting and licensing processes are particularly difficult for lower-income and historically disadvantaged entrepreneurs to navigate, as they often cannot afford to hire an agent to navigate this process for them or to spend the many hours (and make multiple trips to and from city offices) to comply with the necessary requirements. Burdensome regulatory requirements make starting a business difficult for even the most experienced entrepreneurs as well—and make entrepreneurship even less accessible to individuals who are not wealthy, native English speakers, or highly educated.

The Cities Work team conducted in-depth research into the process required to start several common business types in Boulder. We mapped out the specific permitting and licensing processes to open a restaurant, retail store, food truck, and home-based business, as well as to add a liquor license to a restaurant. We employed the same methodology we used to analyze regulations in *Barriers to Business* so that we could compare apples to apples and offer best practice solutions based on what other cities do well. See the appendix for full research results.

As part of our study of Boulder, we also interviewed or surveyed 25 local entrepreneurs to learn first-hand about the barriers they faced in starting or operating their small business. Their feedback was invaluable in understanding from the entrepreneur's point of view what it is like to operate a small business in Boulder. Our interviews with city staff helped us understand the difficulties they faced in working with entrepreneurs as well as their vision for the future of the city.

¹ Meleta, A., & Montgomery, A. (2022). *Barriers to business: How cities can pave a cheaper, faster, and simpler path to entrepreneurship*. The Institute for Justice. <https://ij.org/report/barriers-to-business/>.

Barriers to Business in Boulder



Our research demonstrates how individual compliance steps might feel simple or insignificant on their own, but pose a steep barrier to entry when viewed in the full context of navigating the entire permitting and licensing process. As is common in cities across the country, we found that Boulder's process can be complex and time-consuming for entrepreneurs just starting out.

Opening a Restaurant in Boulder

| CITY | Boulder | Phoenix | Austin | Boise | <i>Barriers to Business Average</i> |
|---------------------------------------|---------|---------|---------|---------|-------------------------------------|
| Total Cost | \$6,282 | \$4,546 | \$8,962 | \$2,946 | \$5,358 |
| Number of Fees | 12 | 11 | 31 | 10 | 13 |
| Number of Agencies Involved | 6 | 7 | 15 | 9 | 9 |
| Number of In-Person Activities | 4 | 7 | 24 | 7 | 9 |
| Number of Forms | 22 | 10 | 38 | 14 | 16 |
| Number of Steps | 49 | 58 | 105 | 59 | 61 |

While the regulatory burden for opening a restaurant in Boulder is largely in line with the average requirements in other cities we’ve studied, the process is a time-consuming and expensive endeavor – especially for first-time entrepreneurs. Our study found that it can cost roughly \$6,282 and involves 49 different steps, working with seven agencies and filling out 22 forms. Of the \$6,282 in fees, \$5,080.55 comes from fees paid to the city, while the remainder consists of fees paid to federal, state, and county governments. The building permit carries the highest price-tag, costing entrepreneurs \$1,535 based on the assumptions in our model.² The process can be lengthy, often taking several months, even as entrepreneurs are already paying rent on their chosen space.

Although there are multiple steps that require entrepreneurs to complete in-person, most of the process can be conducted online. However, that online process requires entrepreneurs to have five separate online accounts, two of which—MyBizColorado and MyFAML+ Employer—are maintained by the State of Colorado. Another is an Accela account used by the County Health Department. The remaining two operate at the municipal level: the Customer Self-Service Portal for building permits and land use, and the Boulder Online Tax System for business licensing. This multiplicity of logins can be a source of frustration for business owners who are already busy working to open their doors.

² See the appendix for a full explanation of our methodology.

Boulder does make available a number of online resources for guiding new entrepreneurs, including guides to help entrepreneurs applying for building permits³ and development review.⁴ While these online guides are helpful for entrepreneurs trying to navigate the startup process, they do not mitigate the high permit costs entrepreneurs must pay. At a time when rising commercial real estate prices make opening a brick-and-mortar space harder than ever, Boulder should prioritize policies that enable small-scale entrepreneurs to launch their ventures affordably.

LIQUOR LICENSE

By the Numbers:

- Total Steps: 25
- Number of Fees: 4
- Total Cost: \$3,813.50
- Number of In-Person Activities: 6
- Agencies Involved: 4
- Number of Forms: 18

Boulder's liquor licensing process is exceptionally time-consuming and expensive, costing entrepreneurs \$3,813.50, and requiring 25 discrete steps and 18 additional forms.

Entrepreneurs must also work with four agencies: the Colorado Department of Revenue, Secretary of State, the City of Boulder Regulatory Licensing Division, and the City of Boulder Beverage Licensing Authority. Although much of this burden is dictated by state mandates, there are some processes the city could reconsider. For instance, having to petition neighbors to demonstrate the need for a liquor license in the area is an especially time-consuming task and may disproportionately burden some groups of entrepreneurs more than others. Many entrepreneurs often resort to hiring attorneys or other experts to help them conduct petitioning. The petitioning system adds a layer of expense and complexity that puts a liquor license out of reach for many first-time and lower income entrepreneurs, and the inability to obtain a liquor license dramatically lowers a restaurant's profitability.

³ See: <https://bouldercolorado.gov/permit-application-guide>.

⁴ See: <https://bouldercolorado.gov/development-review-application-guide>.

RETAIL

By the Numbers:

- Total Steps: 21
- Number of Fees: 5
- Total Cost: \$1,409
- Number of In-Person Activities: 0
- Agencies Involved: 5
- Number of Forms: 15

Our analysis for starting a retail location is designed to analyze the change of use process, even though we recognize that not all spaces would require such a process in every circumstance. Applying for a change of use through the Self-Service portal is straightforward, online resources are easily available, and all city processes are housed under Boulder Planning and Development Services. However, as will be covered in our Entrepreneur Insights, certain portions of city code related to change of use have proven to be a barrier to entrepreneurs.

MOBILE AND TRANSIENT VENDORS

By the Numbers:

- Total Steps: 32
- Number of Fees: 8
- Total Cost: \$1,543
- Number of In-Person Activities: 1
- Agencies Involved: 7
- Number of Forms: 22

Starting a food truck can be especially difficult and time-consuming in Boulder. Even a small, single-truck operation with no employees and no alcohol sales incurs over \$1,500 in compliance costs. Entrepreneurs must also work with three city agencies—Planning and Development Services, Regulatory Licensing Division, and the Fire Department—along with federal, state, and county agencies. Although most steps at the city level can be completed through the Self-Service Portal, the fire inspection must be scheduled by emailing the department directly and inspections can only be scheduled on Wednesdays.

HOME-BASED BUSINESSES

By the Numbers:

- Total Steps: 7
- Number of Fees: 3
- Total Cost: \$141
- Number of In-Person Activities: 0
- Agencies Involved: 3
- Number of Forms: 4

Starting a home-based business is relatively straight-forward in Boulder, with easy-to-use resources available online with all city processes handled by Planning and Development Services. The “Starting a Business in Boulder” webpage has a tab for “Can I operate a business out of my home?” which informs potential business owners of the rules for home-based businesses. This page could be improved by adding additional information about whether home-based businesses must apply for any of the same permits as brick-and-mortar businesses (like development review) as well as connecting to the state’s cottage food rules. Further, as will be covered later in this report, Boulder home-based businesses are very limited in the types of services and goods they can provide.

ONE-STOP SHOP ANALYSIS (2/5)

Boulder’s web presence has many useful resources for entrepreneurs but ultimately fails to act as a true one-stop shop. The city’s website satisfies just two of our five criteria for one-stop shop best practices.

- Connecting city requirements with processes from other levels of government
 - No: The “Starting a Business in Boulder” webpage connects city requirements to county and state requirements but is missing federal requirements.⁵
- Completing forms and registrations through the portal, not through each agency’s own website
 - No: While most forms and registrations can be completed through the Customer Self Service portal, the business license is obtained through the

⁵ See: <https://bouldercolorado.gov/starting-business-boulder>.

Taxpayer Access Portal and food truck entrepreneurs must schedule their fire inspection by emailing the fire-rescue department.

- Covering all city requirements, not just requirements for getting a business license
 - Yes: The city website provides links to other requirements that might be relevant to opening a business.
- Providing a single log-in opportunity so entrepreneurs can organize information and track progress in one location
 - No: The business license is obtained through the Taxpayer Access Portal, but permits, zoning, and other requirements are obtained through the Customer Self Service Portal.
- Guiding entrepreneurs effectively through the process
 - Yes: The city provides useful step-by-step guides for applying for building permits, development review, and other processes.

ENTREPRENEUR INSIGHTS

Lack of Upfront Information and Communication: Many entrepreneurs felt that they did not know where to start when trying to open their business. The lack of upfront information made it difficult for many to comply with rules. For instance, several entrepreneurs wished that the city made it easier for them to fill out paperwork and pay application fees, with one saying, “make it easier for me to give you money” and another voicing a similar sentiment “make what you want from me easy to find.” Many of the confused entrepreneurs would reach out to the city for answers but found that the lack of communication among different departments made it difficult to find reliable information.

Food Truck Regulations: Food truck owners cited several regulations that made it difficult for them to operate and comply. For instance, proximity and zoning restrictions made it difficult for them to know where they can operate. One food truck owner complained that the uncertainty about where to locate made it difficult for them to comply: “We don’t want to break the rules but we might be.” Additionally, food truck owners noted that a rule prohibiting trucks from staying in the same spot for longer than four hours was rarely complied with and introduced a needless complication. Others cited that the limited number of permits to operate near Pearl Street Mall made it challenging for them to locate

in a lucrative area with abundant foot traffic. Many food truck owners did cite the Parks Department as being exceptionally accommodating in helping them locate places to vend.

Liquor Licensing: Entrepreneurs in Boulder felt that liquor licensing was a cumbersome and expensive process, with some paying attorneys thousands of dollars to help them go through the process, which could take several months. Among the frustrations entrepreneurs noted in acquiring their liquor license was the difficulty of the petitioning system, which requires entrepreneurs to collect signatures within a half-mile radius to demonstrate the need for an establishment serving liquor in the neighborhood.⁶

Many also felt that the liquor authority was difficult to work with. One entrepreneur complained, “It often feels as if there is no accountability within that office. They make mistakes that cost the applicant time and money with regularity.”

Building Permits: Entrepreneurs seeking building permits often face long delays and uncertainty, sometimes waiting nine months or more for permits to come through. Applications may be returned late in the process with questions that the application already addressed, and new issues are sometimes raised in later review rounds that could have been identified earlier—prolonging timelines and creating avoidable rework. Additional review cycles can take months, making it difficult to coordinate with contractors or set reliable opening dates. Without predictable sequencing of feedback, business owners are left in limbo—and at times feel pressured to submit artificial layouts simply to satisfy technical requirements.

Restrictive Zoning Classifications: The city’s restrictive zoning classifications do not always account for the variety of different entrepreneurs’ business models. Some businesses do not fit neatly into the zoning categories, forcing them to make awkward choices that do not adequately fit their model. One entrepreneur noted having to close a location entirely and relocate to a neighboring municipality after he discovered his business was not allowed in the zone he was located in. Another entrepreneur complained that seemingly arbitrary classifications significantly diminished the spaces they could locate in and forced them to pay significantly higher rent. Their business combined two different uses related to physical therapy and wellness, but those uses were treated differently by the zoning code, restricting the commercial spaces they could locate in.

Sign Code: Many entrepreneurs noted that the restrictiveness of the sign code made it difficult to comply. For instance, one architect observed that the sign code is exceptionally

⁶ See: <https://bouldercolorado.gov/liquor-license-needs-and-desires-petitioning>

complex and detailed, making it difficult for non-experts to comply without hiring professional help.

For example, the code generally requires a permit before a business can “display, construct, erect, alter, or relocate” a sign, meaning even relatively minor changes can trigger a formal application process. It also ties allowable sign size to factors like building frontage, zoning district, and sign type, requiring applicants to perform detailed calculations to determine what is permitted. In addition, the code includes highly specific design restrictions—such as limits on illumination, movement, and even signs that create an “optical illusion of motion”—which can be difficult to interpret without experience navigating the regulations.⁷

Use Review: Many entrepreneurs complained that the Use Review process can be expensive and time-consuming. A longtime business owner noted that “The current land use code and review process are rife with recurring inefficiencies that consume significant time and expense, often without improving outcomes.” Of special concern is the “Criteria for Review” section in the code which requires entrepreneurs to meet stringent standards to demonstrate that the impacts of their business will be minimal. For instance, the code states that “There shall be a presumption against approving the conversion of dwelling units in the residential zoning districts to nonresidential uses that are allowed pursuant to a use review, or through the substitution of one nonconforming use with another nonconforming use.” This presumption against converting residential units into commercial limits the potential spaces entrepreneurs can make use of.⁸

Historic Preservation: Historic preservation requirements can introduce additional complexity, often increasing timelines and costs. Notably, Boulder’s “demolition review” applies to all buildings over 50 years old, meaning that an expanding share of the building stock in town is subject to review over time.

Under these rules, property owners and entrepreneurs must undergo review if proposed work involves removing more than 50% of the roof, more than 50% of the exterior walls, or any portion of a street-facing wall.⁹ This process requires submitting an application, paying

⁷ See: https://library.municode.com/co/boulder/codes/municipal_code?nodeId=TIT9LAUSCO_CH9DEST_9-9-21SI

⁸ See: https://library.municode.com/co/boulder/codes/municipal_code?nodeId=TIT9LAUSCO_CH2REPR_9-2-15USRE

⁹ See: https://bouldercolorado.gov/services/historic-preservation-demolition-review-buildings-older-50-years?_ga=2.79464535.254079311.1776029642-656864138.1767384490.

additional fees, and obtaining approval from the Landmarks Board. Stakeholders report that these requirements can significantly increase costs and create uncertainty.

Rising Commercial Real Estate Prices: Many entrepreneurs struggled to find affordable commercial real estate. Several mobile vendors expressed a desire to find brick-and-mortar spaces, but most were simply beyond their price point. Although the reasons for rising commercial real estate prices are complex, entrepreneurs felt that the property tax rate as well as the zoning code could be adjusted to help ease costs.

REFORM RECOMMENDATIONS

Improve Online One-Stop Shop

Boulder's web presence has many useful resources for first-time entrepreneurs. Although it might not be possible in the short-run to consolidate all web portals into one, the city should review its websites, especially the "Starting Business in Boulder" page, which is a common first-stop for entrepreneurs, to ensure that it connects entrepreneurs to federal requirements as well as information for home-based businesses. Longer term, the city should consider investing in an all-in-one system with a single login that allows entrepreneurs to track and submit all applications in one place.

Implement a "No New Surprises" Rule for Building Permits

Many entrepreneurs expressed frustration that new issues were raised in subsequent building and development reviews that could have been identified earlier. The city should implement a "no new surprises" rule in which, after initial review, no new comments may be introduced in subsequent rounds unless they are directly responsive to applicant revisions or based on newly submitted information. This should be paired with a single, coordinated comment letter to applicants, ensuring predictable, comprehensive feedback and reducing unnecessary review cycles.

Simplify Sign Code

The city should simplify its sign code by allowing most on-premises signs to be approved by right, eliminating the need for permits except in limited cases involving clear safety risks. It should replace the current detailed and formula-driven standards with a short, user-friendly set of rules focused on a few objective criteria, such as maximum size,

height, and placement, that can be easily understood without professional assistance. Finally, the city should streamline or eliminate subjective design restrictions—such as those governing illumination or “visual compatibility”—to reduce uncertainty and ensure that businesses can communicate with customers without unnecessary regulatory barriers. The Institute for Justice model sign code can provide a useful starting place for reform.¹⁰

Update Liquor License Process

The State of Colorado requires that local liquor licensing authorities grant licenses based on “the reasonable requirements of the neighborhood, the desires of the adult inhabitants as evidenced by petitions, remonstrances, or otherwise...”¹¹ Currently, Boulder asks liquor license applicants to petition neighbors to demonstrate the desires of adult inhabitants and post a publicly visible notice on their storefront. Boulder acknowledges that petitioning is not legally required, but many entrepreneurs view it as necessary for approval. Boulder should consider alternative and less costly pathways for entrepreneurs to demonstrate the desires of adult inhabitants in the neighborhood, especially since the Beverage Licensing Authority holds public hearings where the public can express their concerns. Doing so would be in line with national best practices: In 2024, St. Louis significantly reformed its liquor licensing process. Now, the city grants temporary licenses while the application process for the full license is pending and offers community members the opportunity to express their opinion on the proposed license without requiring the entrepreneur to solicit signatures door-to-door.¹²

Update Historic Preservation Rules

Boulder should review Historic Preservation Rules to ensure that they are not overly burdensome. Of important note is that buildings older than 50 years are subject to historic review, a rule that has existed since 1974.¹³ As a result, buildings are constantly added to Historic Review despite their actual historic significance. Boulder should consider Historic Preservation Rules that are common in many other cities in which only buildings that have been specifically designated as historically significant are subject to historic review. For instance, in Washington, D.C., only buildings in certain zones, like historic Georgetown, or

¹⁰ See: <https://ij.org/wp-content/uploads/2017/09/model-sign-code.pdf>. The Cities Work team would be happy to modify this model to fit Boulder’s specific needs.

¹¹ See: <https://bouldercolorado.gov/liquor-license-needs-and-desires-petitioning>

¹² Jorgensen, R. (2024, Oct. 16). *Mayor Jones Launches Modernized Process for Small Business Owners to Obtain Liquor Licenses*. [Press Release]. <https://www.stlouis-mo.gov/government/departments/mayor/news/new-excise-license.cfm>.

¹³ See: <https://bouldercolorado.gov/services/historic-preservation-ordinance-regulations>

that have been specifically designated by a commission, are subject to historic review.¹⁴ Further, although Boulder is not the only city in Colorado with a 50-year rule, Durango—known for its strong sense of historic character and robust preservation program—does not impose one.¹⁵ This shows that Colorado cities can preserve historic landmarks and local character without tying historic designation to the business startup process or placing additional cost burdens on entrepreneurs.

Refine Use Review Process

Currently, the Use Review process has a strong presumption against entrepreneurs seeking to repurpose residences into commercial uses or expand nonconforming uses. Boulder should remove these presumptions considering rising commercial real estate prices as well as out of the recognition that commercial uses nestled among residential areas is paramount to maintaining Boulder’s “Gold-level Walk Friendly Community” distinction.¹⁶

Continue to Promote Flexible Zoning

As the city updates its zoning code, it should ensure that businesses with similar neighborhood impacts can operate in the same zones.¹⁷ Overly precise classifications can exclude entrepreneurs for reasons that appear arbitrary. For example, one medical practice offering two complementary services was restricted in the zones it could locate in industrial zones because each service fell into a different regulatory category. Yet in terms of neighborhood impact—traffic, noise, and hours of operation—there is very little difference between the services offered. Zoning should focus on actual impacts rather than rigid classifications.

Boulder’s forthcoming zoning code updates are a promising step toward increasing flexibility, supporting neighborhood-serving businesses, and reducing arbitrary use distinctions. To build on this progress, the city should continue consolidating use categories and allow a broader range of low-impact commercial activities by right.

Food Truck Regulation Overhaul

¹⁴See:

<https://planning.dc.gov/sites/default/files/dc/sites/op/publication/attachments/DC%20Preservation%20Law%20UPDATED%20Mar%202020.pdf>.

¹⁵ See: <https://www.durangoco.gov/474/Historic-Preservation>

¹⁶ See: <https://bouldercolorado.gov/services/walk>

¹⁷ See: <https://a-boulder-future-boulder.hub.arcgis.com/>

Boulder should reconsider proximity restrictions that can appear arbitrary and anti-competitive. For example, prohibiting food trucks from being located within 150 feet of an existing restaurant can place them at a clear competitive disadvantage and are arguably unconstitutional. The city could also revisit its time limits, which currently restrict food trucks from operating in one location for more than four hours. Finally, Boulder should consider allowing more food trucks near Pearl Street Mall so that small entrepreneurs can access one of the city's most valuable and high-traffic commercial areas.

Expand Flexibility for Home-Based Businesses

Current regulations prohibit home-based businesses from employing individuals who do not reside in the home and from displaying signage. Boulder should consider allowing non-resident employees so that home-based businesses have a clearer path to grow and scale. The city should also reconsider the blanket prohibition on signage for home-based businesses, allowing modest signs that are compatible with and preserve the residential character of neighborhoods. Most importantly, the city should allow retail sales from home-based businesses, subject to reasonable restrictions on nuisances. Bismarck's recent home-based business reform can provide a useful template.¹⁸

Waive the Plan Approval Process if Projects Utilize Pre-Approved Plans

Many projects involve common building plans, such as basic cafes and restaurants. Boulder should offer a library of pre-approved plans for developers to choose from that allow them to bypass the plan approval process, as has been successfully done for residential buildings in other cities such as South Bend, Indiana.¹⁹

Emerging Business Fee Reduction Act

Boulder should adopt the Emerging Business Fee Reduction Act to support small businesses getting started. This act would reduce certain regulatory fees for eligible small businesses across a five-year period.

The Fee Waiver Timeline could work accordingly:

- Year one – 100% of fees waived.
- Year two – 75% of fees waived.
- Year three – 50% of fees waived.
- Year four – 25% of fees waived.

¹⁸See: <https://www.bismarcknd.gov/DocumentCenter/View/48067/Home-Occupations>.

¹⁹ See: https://southbendin.gov/wp-content/uploads/2023/06/SBBT_Catalog_23-0506-lowres.pdf.

- Year five and later – 0% of fees waived.

Eligibility requirements could be designed to ensure that only qualifying businesses located within the city limits and demonstrating genuine financial need are eligible for the program.

CONCLUSION

Taken together, these findings suggest that while Boulder offers a vibrant environment for small businesses, its regulatory framework often imposes unnecessary costs, delays, and uncertainty that can deter entrepreneurship—particularly for first-time and lower-income business owners. By streamlining processes, reducing duplicative requirements, and aligning regulations with actual public health and safety needs, Boulder has a clear opportunity to foster a more inclusive and dynamic local economy. Implementing the recommended reforms would not only lower barriers to entry but also better position the city to support innovation, accommodate future growth, and ensure that its small business community continues to thrive in the years ahead. The Cities Work team stands ready to help the City of Boulder do just that.