



April 14, 2020

The Honorable Jared Polis
Governor's Office
State Capitol Building
200 E. Colfax Avenue, Rm. 136
Denver, CO 80023

Re: City of Boulder Appeal for CARES Act Funding – A Catalyst for Colorado Recovery

Dear Governor Polis:

On behalf of the Boulder City Council and the Boulder Chamber, we would like to share our perspective on how COVID-19 has uniquely impacted our city and the role we envision Boulder playing in our state's recovery efforts. While initial federal funding allocation has been based on population size, we respectfully ask that you weigh potential economic impact when deciding how to allocate federal funds the State of Colorado may receive, including those coming through the CARES Act's Coronavirus Relief Fund. We believe that with investment, Boulder's role as a regional economic driver can help accelerate recovery efforts in the north metro region as well as throughout the state. While our city was disproportionately impacted by the suspension of tourism and University closure, we can be looked toward as a catalyst for the innovation and ingenuity required for the state's turnaround efforts.

Outsized Economic Shock:

Municipal Budget

The city is suffering a major shock to its budget. This is due most significantly to the massive decreases in current and projected tax revenue as well as new expenses necessitated by our response to COVID-19 and the economic crisis facing our residents and small businesses. For 2020, the city expects revenues to decline by \$28 million at a minimum. This amount could be substantially greater should the duration of current business closures be significantly prolonged.

Key Government Institutions

Much of our economy is directly centered in our major institutions, like CU Boulder and our federal labs, who are facing similar challenges, intensifying the impact on the city's budgetary shortfalls. Helping reimburse a meaningful portion of the city's losses, and those of these institutions, is both consistent with the purpose of the CARES Act federal funds and in the broader interest of the state. It is because Boulder is a regional economic engine and a national hub for research and innovation that it is uniquely positioned to help kickstart the recovery. Investments here will propel Colorado's entrepreneurial spirit during a time when we as a nation must think creatively to get our economy back on track. While factors like population might be considered when determining how funding should be apportioned, we encourage you to weigh the special challenges and opportunities presented by communities like Boulder when adopting criteria for how federal funds should be allocated.

Regional Human Services Hub

As a regional hub, the city is also incurring new expenses to meet the dire needs of our community. To care for some of the Boulder County's most vulnerable members, we funded an emergency shelter for the unhoused exhibiting symptoms of the virus. We are also providing funding for county and regional organizations aiding in relief for safety-net nonprofit organizations and small businesses (e.g., the Community Foundation Boulder County, the Emergency Family Assistance Association, the Latino Chamber of Boulder County and the Small Business Development Center). For example, this alliance of organizations has already established a small business recovery fund and continues to collaborate in all business and economic resource and information provision.

Statewide Visitor and Tourism Center

At the same time, the city is experiencing steep declines in revenue from special events that historically attract visitors from across the state and the nation. This includes decreases in our accommodations tax revenue and related sales tax revenue as a direct result of cancellation, postponement, or a move to remote offering of events like CU's graduation, the Conference on World Affairs, the Colorado Shakespeare Festival, Boulder Boulder, Boulder County Farmers Market, and the Boulder Creek Festival. Since the beginning of the pandemic response, three hotels located in the city have closed. These closures have impacted hundreds of workers and undoubtedly signal what will be significant if not a total cancellation of expected accommodations tax funding services in the community. Boulder was experiencing an increase of rooms sold and a slight increased room rate until the first week in March, when the industry started to crash. Estimated occupancy for March year-over-year dropped from 67 percent to just above 10 percent. Projections are dismal for the rest of the year, and not expected to rise above 20 percent even if the state's stay at home order is lifted to allow travel during the summer - historically the peak of our tourist season.

University of Colorado Boulder

As home to Colorado's flagship research institution, Boulder's innovation economy and the economic benefits it delivers beyond its borders are closely tied to CU. CU Boulder students, faculty, and staff make up about 25 percent of the city's population. How this pandemic ultimately affects enrollment and jobs at CU Boulder is still uncertain, but we anticipate and have already seen significant impacts to our local economy. The campus relies heavily on tuition and fees to fulfill its academic and research missions. International and out-of-state students – who may prove more difficult to recruit this year – contribute more than 60 percent of these funds.

Local businesses and the city felt an immediate economic impact when CU Boulder moved to remote learning, encouraged students to move home, and canceled large campus events such as theater productions, public lectures, and conferences. As reported, the university is working to refund millions of dollars to students for prorated housing and dining fees, all while continuing to meet substantial financial obligations. Notably, too, the loss of this university activity further exacerbates the impact that the COVID-19 response is having on Boulder's restaurants, hotels and retail establishments.

Further, the university's extensive research activity has slowed significantly, even while faculty researchers have responded to the call to conduct research on the virus and to use 3D printers to create facial masks and shields to fill the PPE gap. In addition, CU Boulder is faced with emergency paid leave obligations for grant personnel, and the costs of winding down, and eventually ramping up, research operations. The financial impacts of COVID-19 will be far reaching for the university. Additional funding

support could help mitigate the long-term impacts to this institution, which provides significant economic benefits to the entire state. State support for CU Boulder would play a substantial role in determining the campus' sustainability and ensuring the recovery of the local and state economy. Our local campus, in particular, has always relied heavily on other revenue sources allowing for the system to devote greater resources elsewhere. Anticipated reductions in the number of students coming from other locales will undoubtedly lead to greater reliance on state funding taxing the entire system. The sooner Boulder recovers, the better it will be for the entire state-supported higher education system. Recovery for CU Boulder also supports the continued strength of Boulder's qualified workforce enabling the state's continued reputation as a center for commerce and business success across all industries.

Statewide Economic Catalyst:

Regional Economic Activity Driver


The impacts to the Boulder economy are profound and will cause a ripple effect for surrounding communities and throughout Colorado. The city is a state and regional employment hub and has a unique jobs-to-population ratio - about 1 job in the city per resident - with a 60 percent in-commuting employment base. This means that Boulder employs workers who live in communities throughout the state. The stability of this workforce feeds other local businesses and stabilizes the incomes of residents commuting in from neighboring towns and cities. To put in terms of raw dollars, an estimated \$5.25 billion in wages or salaries leaves the City of Boulder annually. This estimate reflects U.S. Census 2017 data that accounts for the 70,445 in-commuters that are paid average annual wages of \$74,600.

Primary Business and Entrepreneurship Center

In 2019 alone, Boulder's hotels contributed more than \$25M to the city's general fund revenue (accommodation tax and retail sales revenues). In 2020, due to the pandemic, we will see just a fraction of this revenue. Boulder's historically high performing economy has been cited as one of the most productive—and a catalyst for the entire region. The city economy accounts for approximately 50 percent of the total Boulder MSA/County economic activity (measured by jobs and businesses). It has a high degree of export business activity (aka primary or traded sector) for a medium-sized city. It is noteworthy, that Boulder hosts 700 primary employers (with 29,400 primary jobs) among a total local business presence of 7,000 employers. Further, Boulder's startup community produces more than 650 new businesses annually and hundreds of millions of dollars in venture capital and small business loans. Investment in Boulder drives the entire region's economy and can help reignite our state as we dig out of this financial devastation.

Thank you for your consideration of this request, and for your steadfast and inspiring leadership as Colorado tackles this unprecedented public health and economic crisis.

Regards,



Bob Yates
Mayor Pro Tem, City of Boulder



John Tayer
President, The Boulder Chamber