



Colorado Economic Development Post COVID-19

Luis Núñez, HdL Director of Economic Development, and Kimberly Konczak, HdL Strategic Account Executive, have helped local governments throughout the United States plan for and weather disasters and financial setbacks. Here they share opportunities, perspectives and resources that will enable Colorado communities to recover their economies from the pandemic.



Luis Nunez, Director of Economic Development

Colorado Governor Jared Polis has stated, “This is a challenging budgetary environment and everyone is working hard to ensure Colorado remains on the right path. We are all in this together and we will get through it together.” Is hard

work going to be enough? What other strategies will help?

KONCZAK: Because of our strong tourist industry, Colorado was unfortunately one of the first states to see clusters of Coronavirus; at the same time, the governor was one of the first to step up and respond. The state government’s response has been heavily data- driven and I’ve been amazed at the ability our local governments have shown to respond to this crisis.

The Colorado Tourism Office initiated a “#WaitingtoCO” campaign to inspire travelers to keep thinking of Colorado as a tourist destination. The campaign has four phases to match the timing of recovery, including inspiring Colorado residents to vacation within the state. These are all great strategies.



Kimberly Konczak, Strategic Account Executive

NÚÑEZ: Yes, strategy is the definitely the key word for economic recovery. Local governments know they cannot rely solely on the state and federal government for aid. Many of them are operating under home rule and have their own reserves to draw on. But all local governments need to

continue their focus on building their credit rating and financial standing so they have their own funds and can expand their borrowing capacity, especially during a crisis like this pandemic.

An economic downturn or recession is actually a good time to create or update a strategic plan that helps local governments and their economic development organizations prioritize their projects with renewed attention to fiscal responsibility. The projects they pour funds into must be fiscally responsible and even generate a return on investment. Strategic planning and ROI go hand-in-hand. Now is also a good time for local governments and redevelopment agencies in Colorado to continue support for tools like urban renewal, especially as state-enabling legislation like urban renewal can certainly expedite the recovery process.

Strategic plans take up resources—time, money, people. Are they really worth the effort?

NÚÑEZ: Any local government or economic development organization applying for a grant from the U.S. Economic Development Administration [see side bar] has to follow very specific guidelines for strategic plans. Getting a grant is one possible way to optimize limited local government dollars.

The EDA is concerned with creating and retaining jobs, developing work forces, increasing manufacturing capacities and supporting communities on multiple fronts. The challenge for many local governments is to develop a strategic plan, either by themselves or with a consultant, that fits their budget, whether or not the EDA comes through.

KONCZAK: We all realize that it will be a while before traditional sources of revenue, including sales, lodging and property taxes and assorted fees, are going to recover. So the strategy of local governments right now should be three-pronged: maximize traditional revenue streams, leverage outside resources and think more broadly or strategically.

What are some ways that local governments can think broadly?

NÚÑEZ: First, by emphasizing *adaptability*. If they foster a local economy that can adapt quickly to disruptive forces, the entire community is more likely to stay financially healthy before, during and after the next crisis. In the past, we've focused on sustainability and resiliency as the lens for thinking strategically, but it's time to shift the lens to adaptability—how will this project help us if the pandemic returns or another disaster occurs? We have to start thinking that way.

Can you give us a specific example of new ways of thinking broadly or strategically?

NÚÑEZ: Infrastructure is always a priority. The pandemic has only increased recognition of the need. The reliance on foreign and out-of-state imports caused great disruption throughout the country.

it's time
more  to think
about
manufacturing locally

Local governments need to bring the last mile closer through better economic development and strategic planning. People know the significance of buying local; it's time to think more about manufacturing locally. Now that it's clear how badly the market can be disrupted by reliance on non-local supply chains, we have an opportunity to improve and innovate.

LINKS TO SELECT NATIONAL & STATE RESOURCES

 U.S. ECONOMIC DEVELOPMENT ADMINISTRATION: STRATEGIC/ACTION PLAN

 NATIONAL LEAGUE OF CITIES (NLC): CITIES ARE ESSENTIAL

 COLORADO PUBLIC HEALTH AND EXECUTIVE ORDERS

 COLORADO STATE ASSISTANCE AND SUSTAINMENT

 COLORADO OFFICE OF ECONOMIC DEVELOPMENT & INTERNATIONAL TRADE

 COLORADO DEPARTMENT OF LOCAL AFFAIRS: CORONAVIRUS RELIEF FUND (CVRF)

 COLORADO DEPARTMENT OF LOCAL AFFAIRS: COLORADO RESILIENCY OFFICE

 COLORADO CITY AND COUNTY MANAGEMENT ASSOCIATION

KONCZAK: Before the pandemic, one of the top concerns of Colorado business leaders was traffic congestion. Bringing the last mile closer is one way to relieve that problem.

In addition, many Colorado manufacturers have gained experience during this pandemic with retooling quickly. Local governments and their economic development organizations can encourage local manufacturers to provide what people need most, and the pandemic is a catalyst to rethink how a community can survive a future emergency.

So, we're looking at more hand sanitizer plants?

NÚÑEZ: That could seriously be one result. It was a shocking discovery for many Colorado residents that we could not produce enough personal protective equipment and sanitizing supplies to keep frontline health workers secure during the pandemic. Economic developers know that re-shoring jobs from other countries back to the U.S. could bring thousands and thousands of jobs and current imports back home.

KONCZAK: Again, even before the pandemic, local Colorado governments were attracting medical device companies and large healthcare facilities and demonstrating their willingness to work with them. In addition, the University of Colorado continues to expand their medical campus. We are definitely aware of the importance of encouraging medical education, research and development, and manufacturing.

NÚÑEZ: However, I have to urge communities to look for unintended consequences. Bringing jobs back to the U.S. could reduce unemployment, but employers will also seek new ways to cut costs and automation will certainly be one of those emerging disruptive forces. Increased automation may make re-shoring less promising than it seems at first.

The challenge for local governments and their economic development organizations will be to recover their local economies while being mindful of possible consequences five to ten years down the road, such as an increase in unemployment based on automation.

What about retail and restaurants, which were two of the hardest hit areas in the economy?

KONCZAK: Retail and restaurants are the biggest source of sales tax revenue for local governments. Closed stores and restaurants are devastated, but they also give entrepreneurs an opportunity to work their way into a market that might have been closed to them before. Since Colorado voters were among the first nationally to legalize cannabis for adults in 2012, more states are following our lead.



LINKS TO SELECT STATE & LOCAL RESOURCES



COLORADO MUNICIPAL LEAGUE: INCLUDES BUSINESS RELIEF PROGRAMS BY CITY



COUNCIL ON GOVERNMENTAL RELATIONS: INSTITUTIONAL AND AGENCY RESPONSES TO COVID-19 AND ADDITIONAL RESOURCES



COLORADO ECONOMIC DEVELOPMENT COUNCIL: COVID-19 RESOURCES



COLORADO RESTAURANT ASSOCIATION CORONAVIRUS INFO AND RESOURCES



COLORADO HOTEL AND LODGING ASSOCIATION CORONAVIRUS INFO AND RESOURCES



CITY OF DENVER COVID-19 INFO



CITY OF BOULDER COVID-19 INFO



CITY OF DURANGO COVID-19 INFO

Recognition that cannabis legalization can play a role in job creation and ailing economies might prove beneficial to other states. Again, more ailing local economies might be looking to Colorado's economic recovery and the role that cannabis plays in particular.



CANNABIS SALES REACHED \$7.79 BILLION IN 6 YEARS

NÚÑEZ: According to the Colorado Department of Revenue, since recreational marijuana was legalized, cannabis sales reached a total of \$7.79 billion in just 6 years. That's why one of the first steps in closing the last mile is to look at local market opportunities from the perspective of "what is missing?" In economic development, we call that a void analysis.

in Colorado? How can we help our local merchants to diversify their merchandise to fill those voids, especially merchants on our Main Streets or principal commercial corridors?

Now that national retailers are failing, can we repurpose those brick and mortar stores to create a local supply chain? I certainly think we'll see a renewed focus on redevelopment and repurposing of shuttered retail and restaurant brick and mortar. Again, Colorado's already strong urban renewal legislation and associated redevelopment tools will help it stand out in the economic recovery process.

What are some other disruptive forces that might impact a local government or redevelopment agency's ability to recover their economy?

NÚÑEZ: With more people working from home permanently and the gig economy taking off, communities will face an accelerated digital disruption. Local governments and economic development organizations will need to determine a

strategy for meeting increasing digital demands. Does a community need to increase available office space—or are co-working spaces and perhaps more coffee shops with great internet access a better fit, particularly for people with limited work space at home?

KONCZAK: I think one of the most important consequences of the pandemic will be that local governments will

focus on closing the "digital divide." The larger local governments considered that a primary objective before the pandemic; they were adjusting their budget priorities to establish fiber throughout the community.

Trade Area: 15 Min Drive

	Supply	Demand	Surplus / Gap	Gap Chart
BUILDING MATERIALS AND HOME IMPROVEMENT				
Building material & supplies stores	\$138,750,869	\$124,048,331	\$14,702,538	
Lumber & other building/structural materials & supplies	\$55,791,304	\$49,260,122	\$6,531,182	
Hardware, tools, & plumbing & electrical supplies	\$40,848,660	\$32,337,272	\$8,511,388	
Household fuels, including oil, LP gas, wood, coal	\$7,908,406	\$5,063,171	\$2,845,236	
Flooring & floor coverings	\$14,899,242	\$15,756,508	(\$857,266)	-5%
Paint & sundries / wallpaper & other flexible wallcoverings	\$10,080,163	\$8,849,130	\$1,231,033	
LAWN & GARDEN EQUIPMENT				
Lawn & garden equipment & supplies stores	\$12,558,654	\$14,718,807	(\$2,160,153)	-15%
Lawn, garden, & farm equipment & supplies	\$40,429,175	\$29,634,882	\$10,794,293	
FURNITURE AND HOME FURNISHINGS				
Furniture stores	\$18,031,491	\$39,350,055	(\$21,318,564)	-54%
Home furnishings stores	\$16,480,786	\$20,287,222	(\$3,806,436)	-19%
Furniture, sleep equipment & outdoor/patio furniture	\$32,399,278	\$49,362,071	(\$16,962,793)	-34%
Curtains, draperies, blinds, slipcovers, bed & table coverings	\$11,598,188	\$7,224,935	\$4,373,253	
Kitchenware & home furnishings	\$39,104,065	\$19,355,555	\$19,748,511	

An HdL Void Analysis details supply and demand "gap" conditions for a Colorado community among three different retail categories within a 15-minute drive time.

Once we know what is missing, we can ask: What can we provide locally that is currently arriving from a distance, or how can we better capitalize on flourishing industries, such as the cannabis industry

How can local governments recover their economies when they are already financially strapped?

NÚÑEZ: That's another aspect of adaptability. Local governments and communities have to start moving beyond private/public partnerships to think about public/public partnerships. They have to collaborate more effectively and challenge each other to take a regional approach to economic recovery. Being a good neighbor pays off in the long-run.

Local governments also need to better (and more strategically) integrate their own policies, especially as they pertain to health, equity, land use, transportation, infrastructure and economic development. When local governments are looking for new market opportunities and ways to increase the flow of revenue, they will have greater success both in attracting opportunities and in encouraging state and federal assistance if they find authentic ways to complement their existing economies.

KONCZAK: The National League of Cities, Colorado Municipal League, Colorado City and County Management Association and the Economic Development Council of Colorado [see sidebar] are good resources to launch a comprehensive and integrated economic recovery process. It's very important for local governments to improve their ability to understand their own baseline data, especially as they move forward with forecasting and future scenario planning when making critical policy and budget decisions.

Being a good neighbor pays off in the long run

In surviving this crisis, we need to look ahead to the next one and the next one and the one after that, whether it's

a stronger strain of the Coronavirus or a natural disaster. It's good to know that the tools and resources—the resiliency, the strategic thinking, the adaptability, the local opportunities and the potential partnerships—are all there and ready to be harnessed.

HdL Companies

HdL Companies is here to support you during the COVID-19 crisis. We have many resources available to help Local Government during this time. Please click the link below to go directly to our COVID-19 Resources Page.

As always, thank you for your leadership and service to your community. HdL Companies is prepared to provide uninterrupted service to our clients across all service lines and geographies, and this includes helping our clients persevere and remain strong for all those who depend on you.

[COVID-19 Resources](#)

For more information on HdL Companies Colorado Economic Development Services, please [email Kimberly Konczak](#).



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