

REIGNITE our ECONOMY

AN ECONOMIC RECOVERY AND REBUILDING PLAN

For Larimer and Weld Counties

Working Draft
June 12, 2020

PURPOSE

Regional economic development stakeholders share this document to communicate our thinking and proposed strategic approach to ‘reignite’ the regional economy.

BOTTOM-LINE

National, state and local governments took several public health actions intended to slow the spread of the COVID-19 virus and reduce the impact on our public health infrastructure and institutions. These actions led to steep economic decline impacting our entire economy, including restaurants, entertainment, hospitality, retail, higher education, oil and gas, agriculture, food processing, beer production, manufacturing, hospitals, non-COVID 19 related health care, and personal services. Reigniting the economy will take a concerted effort of private sector, public sector, non-profits, and membership-based associations.

A coordinated and organized recovery plan must be developed quickly to address the short-term and long-term economic challenges facing our community, businesses, institutions, and local governments. This plan will serve as a guiding document for the region and can be adapted to meet local goals and objectives. Economic development partners and chambers of commerce in Larimer and Weld County together propose to develop a plan to ***Reignite Our Economy***.

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BACKGROUND & CONTEXT

History of Collaboration

Northern Colorado benefits from years of regional collaboration amongst economic development professionals and planning staff in Larimer and Weld counties. In 2019, the two counties formalized the relationship by executing a Memorandum of Understanding recognizing that significant benefit can result from collaboration on economic development activities that promote positive business attributes and amenities in Northern Colorado. As a result, the regional economic development professionals (formally organized through the Northern Colorado Regional Economic Development Initiative, REDI) responded rapidly as the impacts of the COVID-19 pandemic began to spread across both counties.

Economic Context

National, state and local governments took several public health actions intended to slow the spread of the COVID-19 virus and reduce the impact on our public health infrastructure and institutions. These actions led to steep economic decline impacting our entire economy. The short-term economic results have been devastating. In March and April, 36 million unemployment claims have been filed in the country.

In the two-county region, over 42,000 individuals filed initial unemployment claims between March 7 and May 16, 2020 compared to about 2,300 claims during the same period in 2019. This resulted in an unemployment rate of approximately 11.0% for Larimer County and 9.8% for Weld County as of April 2021 (May numbers are not yet available). By comparison, the highest unemployment rate during the 2008 recession was 8.3% for Larimer County and 9.8% for Weld County. The loss of income and economic activity associated with the Stay at Home and Safer at Home public health actions have resulted in significant loss of productivity and tax revenue.

Based on unemployment claims the hardest hit economic sectors include tourism and dining (Accommodation and Food Service and Arts, Entertainment, and Recreation), retail trade, non-COVID-19 Health Care (and Social Assistance), construction, and numerous support services (Other Services and Administrative and Waste Services).

The decline in economic activity not only harms businesses and employees and includes the following:

- Sharply reduced revenues for state and local government, schools, public colleges and universities, and special taxing districts. These institutions provide both economic activity and services that support the economic health of Northern Colorado.
- Charitable not-for-profits and membership-based associations like downtown business associations, tourism bureaus, trade associations, and chambers of commerce are also adversely impacted when business declines.

Regional Solution

Public health restrictions will ease enabling the re-opening of businesses and slow wind up of economic activity. Nobody knows how quickly the economy will rebound. A consensus of

economists indicates a slow recovery taking years or even a decade¹. Consumer, employee and patient confidence will dictate economic activity. In the near term that is determined by perceptions of safety then by an effective means of controlling the spread of the virus, such as a vaccine.

On the positive side, Northern Colorado is resilient, smart, economically diverse, and entrepreneurial. In the long run the region will recover. That recovery will largely be done business by business, organization by organization based on a multitude of individual decisions. It will be grassroots and organic.

A coordinated, collaborative regional recovery plan can provide the framework for local recovery enabling cooperation between the public and private sectors. Understanding and removing functional barriers to consumer, employee, and business re-engagement will be essential to success. It will be important for the recovery plan to focus on reducing disincentives and barriers to economic activity and to avoid creating new ones.

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“U.S. Economy Faces Long Recovery From Coronavirus Effects, Experts Say,” WSJ, June 1, 2020

PRINCIPLES FOR SUCCESS

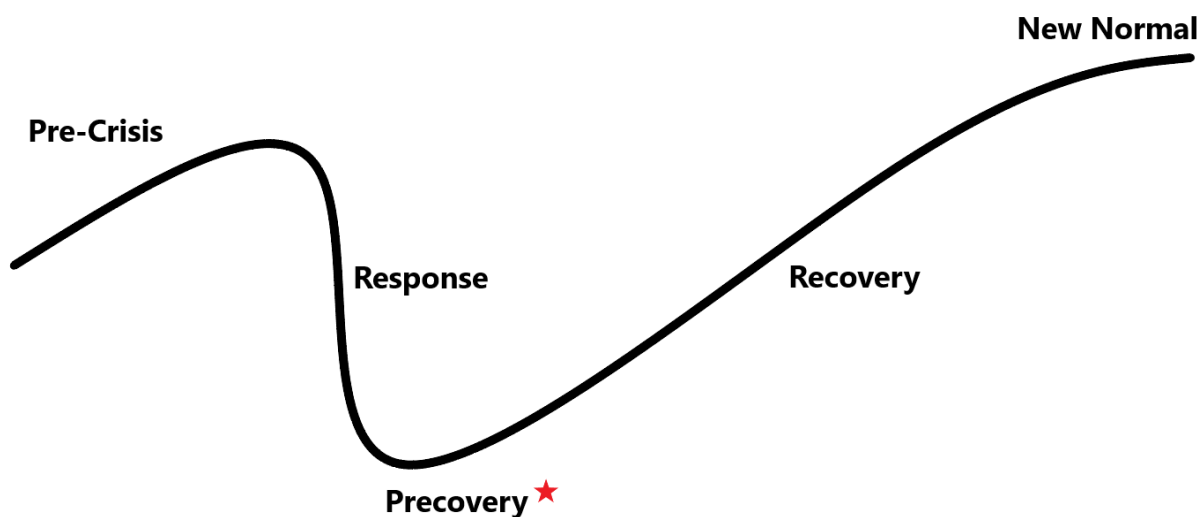
1. **Re-instill confidence.** Commerce will regain its footing as the public regains its confidence. Re-instilling confidence for both the customer and workforce comes with the removal of functional barriers to re-engage. Everyone shares responsibility in developing confidence – citizens, businesses, government, institutions, and associations.
2. **This work is both *practical and symbolic*.** The symbolic nature of this work is equally powerful because it ensures the public and business know a coordinated, concerted effort is underway to help business, the economy and workers.
3. **We all have a vested interest.** Local governments benefit from a strong economy and rapid recovery, which generates tax revenue that funds quality government services and public sector quality of life amenities. Private business benefits from quality government services. This is a symbiotic relationship that recovery can reinforce.
4. **Be data and experience driven.** Do not lead with ‘solutions.’ Seek to gather and understand the data to drive strategies and tactics. Search and scour for best practices (regionally, nationally, internationally) to identify solutions, lessons learned as implementing, and pitfalls to avoid.
5. **Focus on Economic Recovery.** Keep recovery work focused on economic recovery; avoid mission creep. Focus on the economy and the rest will follow. Non-profits deliver services not provided by government and business. Their recovery is important to the quality of life of our region.
6. **Focus on resilience.** Resilience is the ability for the economy to bounce back from, weather, and/or avoid shocks. The nature of this shock means that recovery may be uneven with setbacks. Businesses that have quickly adopted new approaches and models – the disrupters – seem to be avoiding the worst of the downturn. These new approaches should be understood and translated to support businesses throughout the economy. Existing inequities will be exacerbated by the pandemic and economic recession – inequities are barriers to economic resilience. Northern Colorado has a pioneering and entrepreneurial history that will aid businesses rebound through innovative adaptation.
7. **Re-open Economic Drivers.** The key to economic recovery of the region rests primarily on reopening our vital regional economic drivers, such as higher education, primary employers, federal labs and offices, and key sectors (tourism, agriculture, manufacturing, etc.).
8. **Do no harm.** Businesses have suffered to support public health goals. The recovery plan should focus on actions that support the survival and revival of businesses while avoiding actions and words that cause further economic harm. The watch phrase for public policy should be “*primum non nocere*”, first do no harm. Every attempt should be made to avoid new regulatory and financial burdens on businesses.
9. **Avoid being short-sighted.** While addressing short-term needs keep long-term economic goals in mind. Focus on balancing the interest of both main street businesses and primary employers in order to maintain economic resilience.
10. **Let form follow function.** The pursuit of perfect information and data should not become the enemy of forward motion. The structure for engaging in recovery planning should develop from the goals of the recovery process not vice versa.

PHASES OF RECOVERY

The timeline for recovering from the current economic recession remains unclear. Even so, identifying and naming the stages of recovery provides the foundation of clarity necessary to gauge progress and implement a coordinated response across our region. **Figure 1** below provides common nomenclature for phases of the economic recession and recovery process:

1. Pre-crisis – previous normal
2. Response – mitigating the decline
3. Precovery – awkward phase of shifting from response to rebuilding
4. Recovery – focus on rebuilding economic activity
5. New normal – arriving at a new and established foundation of economic activity

Figure 1: Phases of Recovery



The final three phases focus on reigniting and rebuilding the economy. The pace of growth in these phases will parallel the public health actions taken to respond to virus activity in our community. In addition, the recovery framework must recognize that its very likely a second wave of activity in the fall may force the economy back into a mode of crisis response.

Below is more detail on the steps. Our regional planning must recognize that timing is uncertain, and the virus may force the community to move between the various stages outlined below:

1) **Precovery: The 80% Economy** (May 2020 – Q4 2020)

As Colorado moves into *Safer-at-Home* and in the *Vast Great Outdoors* with more businesses able to reopen, they do so in a pre-vaccine world. History indicates it will take time to develop a vaccine; 18 months may be optimistic, which means mid-to late-2021. National and international coordination may advance the development of a vaccine significantly. However, until a vaccine is developed and in wide use, things are likely to settle into what some are calling the “80% economy.”

The State's orders offer business processes and workplace practices that accommodate getting back to work in ways that keep people physically distant. These preventative public health measures will impact economic activity.

During the coming months, recovery activities should focus on *Reopening Strong and Safe*. The following list of actions may support that goal (not an exhaustive list):

- Encourage reopening approaches that recognize the on-going public health crisis and enable businesses to open confidently and quickly.
 - Support businesses and public health officials educate customers and citizens on their role in supporting the strong and safe reopening of the economy.
- Refocus engagement with key employers, cluster businesses, and key institutions.
 - Consult regularly with Colorado State University and University of Northern Colorado about their plans to reopen for in-person classes this fall.
 - Elevate business retention and expansion contacts with key employers to understand needs, obstacles, and opportunities.
 - Identify clusters and prospects to recruit into the region.
- Understand the data. What happened to the region's employment, Regional Gross Product, per capital income, per capita expenditures, etc.
 - Analyze the economic impact of the universities (CSU & UNC) operating at various levels below their 2018-19 levels.
- Engage with elected officials and public policy to support recovery efforts.
 - Engage in the distribution of CARES Act funds and other forms of Federal Aid to local government and businesses.
 - Identify potential public policy actions that could facilitate recovery.
 - Be prepared to proactively engage public health and elected officials to advise a restrained approach to business if cases of the virus spike again.
- Develop an economic recovery strategy and plan.

2) **Recovery: Re-igniting and Rebuilding** (Q4 2020 & Beyond)

Economic damage has been caused by the two-month shutdown. Many small companies will not survive the shutdown. Others will not make it through an economy operating at 80%. The basic model of some industries will change. While avoiding the contention that 'everything has changed,' a great deal has changed. Communities and regions will need to be deliberate in assessing the economic changes and translating those changes into potential opportunities and threats.

During the fall and winter of 2020-21:

- Begin implementing the economic strategy.
- Regularly revisit and refine the plan throughout 2021.

3) **New Normal: Return to Organic Growth**

At some point, the economy will normalize the influence of the COVID 19 virus either through a vaccine, better treatments, or herd immunity. Economic activity will return to nearly pre-crisis levels. At this point, recovery will transfer into a new normal set of conditions. The recovery plan should anticipate this transition and focus on positioning our region well for the opportunities and threats that will be a part of the new economic system.

PLANNING PROCESS

The development of a regional recovery plan will occur in three phases – organizing, development, and implementation. These phases as currently conceived are defined further below.

ORGANIZING PHASE

Objective: Determine how and who needs to be engaged in developing the recovery plan.

Deliverable: Organizational structure that addresses the principles for success.

- **Convene regional economic development partners** (May/June 2020) – Discuss structure, decide on options for a planning process (e.g., scenario planning, use of StratOps approach, etc.), define roles, determine how and who to engage during planning process, set a schedule.
 - Develop and confirm approach to integrating with and supporting the Larimer and Weld County recovery planning efforts.
- **Convene technical advisory sub-group** (May/June 2020) – Refine structure, set research plan, set work schedule, develop planning process and schedule, decide on deliverables and elements of a plan, finalize guiding principles, plan the stakeholder meetings.

DEVELOPMENT PHASE

Objective: Develop a regional recovery plan that can be adapted to local conditions by individual communities.

Deliverable: Recovery Plan.

Task 1 – Analyze and Understand

- Do in-depth group conversations with vertical business sectors
- Study national / international trends in key business sectors relevant to our economy – chip fabrication, software development, higher education, aviation, heavy construction equipment, pharmaceuticals, oil and gas, ag, food production, etc. (start with Regional Economic Development Initiative – REDI’s cluster study). Consider augmenting local data staff of city and county with outside consulting help. How has the health crisis and subsequent economic downturn impacted their industries in general and how have their models changed? What are the implications for local employment and the economy?
- Analyze regional data – employment, regional gross product, capital investments, tax collections, etc.

Task 2 – Strategy Development

- Use information, data, and practices from task 1 to complete a planning process defined during the organizing phase

Other tasks will be developed during the organizing phase to deliver a complete regional recovery plan.

IMPLEMENTATION PHASE

Objective: Adapt the regional recovery plan strategies to local implementation and coordinate regional solutions where they provide efficiency and effectiveness.

Deliverable: Individual implementation actions plans – community or strategy specific.

KEY QUESTIONS

Several key questions need to be answered before and during our regional recovery planning. These questions include:

- **How has the pandemic impacted the regional economy?** Regional domestic product? Job losses overall and by sector? Unemployment claims? Bankruptcies? Business closures? Business formations? Capital equipment purchases?
- **How have key economic drivers been impacted by the pandemic?** Higher education, health care, construction, manufacturing, oil and gas, agriculture, and food processing.
- **What is the economic outlook overall and what is the outlook for key business sectors?** How have various sectors changed their models? Are these changes short-term or permanent? How will those changes impact the economy? How long will it take the area to replace the lost jobs and regrow the regional domestic product?
- **What are the key obstacles to economic recovery?** Are there unique opportunities and constraints to recovery within Northern Colorado? How do Disadvantage Business Entities (DBEs) fit into the economic recovery? Are there short-term public policy changes that could facilitate business restarts and rehiring? Long-term?
- **How has the pandemic impacted our regional economic strategy?** What new opportunities exist because of the pandemic disruption? Has this disruption made us vulnerable to losses? What industry clusters do we need to focus on? What is our strategy for each? How should the strategy respond to the impact on primary businesses versus main street businesses?

NEXT STEPS

In order to deliver on this strategic framework and regional recovery plan the regional partnership will begin the following steps immediately:

1. ANALYZE AVAILABLE DATA:

- **Goal:** Evaluate impacts to the regional economy, economic drivers, and forecast an outlook for the short- and mid-term economy in Northern Colorado
- **Lead:** Regional Data Working Group
- **Approach:** Leverage regional staff and data sources augmented by third-party experts and data sources as needed
- **Potential Third Party Resources:**
 - i. Impact Data Source
 - ii. EMSI Data (Fort Collins & Larimer County) and analysis consultants
 - iii. Previous consultants – Alexander Research & Consulting, TIP Strategies, others

2. DEVELOP A WORK PLAN & CALENDAR:

- **Goal:** Develop a working scope and planning calendar for the Recovery Plan process
- **Lead:** David May, Fort Collins Area Chamber of Commerce, and SeonAh Kendall, City of Fort Collins Recovery Manager
- **Approach:** Create a working document to guide specific work streams and create deadlines to ensure swift development
- **Key Questions:**
 - i. How does the steering committee fit into this activity?
 - ii. How does this activity coordinate/compliment the Larimer County plan?

3. DEVELOP A BUDGET (If Necessary):

- **Goal:** Outline funding requirements of the proposed planning process
- **Lead:** David May, Fort Collins Area Chamber of Commerce, and SeonAh Kendall, City of Fort Collins Recovery Manager
- **Potential Funding Sources:**
 - i. Regional EDA grant
 - ii. CARES funds (from County funds)

4. FRAME IMPLEMENTATION STRUCTURE:

- **Goal:** Develop initial implementation structure
- **Lead:** TBD
- **Approach:** Develop workstream teams to lead various aspects of implementation

Appendix

GEOGRAPHIC AREA OF THE PLANNING PROCESS

While many think regionally, there are some practical issues when developing a regional plan. The organizers of ‘Reignite Our Economy’ will need to determine if this is a two-county plan, a Larimer County plan, or a Larimer plan and a Weld plan coordinated through groups like Regional Economic Development Initiative (REDI) and Northern Colorado Legislative Alliance (NCLA) or the North Front Range Metropolitan Planning Organization (NFRMPO) or some other regional entity.

PARTNERING AND COLLABORATING

Partnership and collaboration require two ingredients – communication and organization. Both aspects of a regional planning process will need to be developed further and should be an early deliverable of the process.

Communication:

An outline describing how information will flow during the planning process should be an early task of the regional economic development partners. Regular updates should occur between the regional economic development partners and the steering committee. Additionally, information about the plan should be shared with the industry sectors, businesses, and communities. NoCoRecovers.com may provide a platform for updates and communication more broadly.

Organization:

There are numerous potential partners and collaborators. It may be worthwhile to encourage the formation of a steering committee to guide the plan. Convening this group does not need to be the purview of the regional economic development partners. The steering committee could be convened by one or both counties. Larimer County has already begun to develop a structure for convening stakeholders. The regional economic development partners should engage in the structuring of this process to ensure alignment.

STAKEHOLDERS

Numerous partners and collaborators could participate in the process. Below is an initial and incomplete list:

Local Partners:

- Elected officials (steering committee, both phases)
- Executive staff representative for towns, cities, county (steering committee, both phases)
- Tourism bureaus (steering committee and technical advisory committee, both phases)
- Industry sectors and business associations and business sectors – Northern Colorado Manufacturers Sector Partnership, Health Sector Partnership, Trades Sector Partnership, Talent 2.0, Innosphere, downtown associations, CO-LABS, etc. (steering committee), SBDC
- Economic development organizations / chambers of commerce (technical advisory committee)

- Higher education: Colorado State University, University of Northern Colorado, Aims Community College, Front Range Community College (steering committee)
- Education K-12: Poudre School District (PSD), Thompson, Greeley-Evans
- United Ways, Community Foundations, and other nonprofits that support workers, childcare, etc.
- North Front Range Metropolitan Planning Organization (NFRMPO)
- Public health (technical advisory committee, first phase)
- Unions

Regional Partners

- Northern Colorado Legislative Alliance
- Northern Colorado Regional Economic Development Initiative (NoCo REDI)

State Partners

- Colorado Office of Economic Development and International Trade (OEDIT)
- Metro Denver Economic Development Corporation (MDEDC)
- Colorado Restaurant Association

METRICS

1. Consumer Confidence
2. Business Confidence
3. Net promoter score
4. Tax Payment Rate
5. Unemployment Rate
6. Jobless claims
7. Business closure
8. Business formation
9. Student enrollment

POTENTIAL DATA SOURCES

1. Sales Tax collections: total and industry specific
2. Use Tax collections: construction materials and capital equipment; total and industry specific
3. Business Personal Property Tax valuation
4. Real Estate Conditions: vacancy rate, evictions, rents, sales, foreclosures
5. Building Permits: Planning activity, building permits, construction starts
6. Oil & Gas Activity: Permits, rig count
7. Public Infrastructure Spending
8. Essential vs. Non-essential Employment
9. Economic Productivity: regional, state, national
10. Business Model Shift: businesses that pivoted in response to the pandemic; businesses that pivoted and returned to previous model on re-opening (data does not exist would need to be collected)
11. Business metrics: formation, closure; by size, ownership (e.g., DBE), industry, location
12. Higher Education: student enrollment; tuition; graduation rates; placement of graduates