



March 29, 2016

Dear City Council Members,

Over the past year, the Boulder Chamber has been involved in the conversation about the impacts, benefits and costs of development in Boulder with a diverse range of community members representing a variety of interests. The community dialogue and results of last year's Ballot Initiatives 300/301 sent a very clear message that this issue is important to Boulder and as a Council we urge you to consider it very carefully.

The Boulder Chamber has been actively participating in the City's Development Impact Fees and Excise Tax Study and Working Group. While we respect the need to analyze the fees required to address the impacts that additional commercial and residential development put on the community infrastructure and services, it must be in the context of additionally understanding the balance of the contribution new development makes to the overall economy while off-setting costs that otherwise would be borne by residents.

Comprehensively understanding the benefits that development brings to our community will provide the City with a better rationale for adjusting fees appropriately and the associated effects that those adjustments will consequently have upon the community and our economy.

It is in keeping with the above principles, we believe the Development Impact Fees and Excise Tax Study should include the following elements so that City Council, City staff and the Boulder public, has a more complete understanding of the benefits of development as well as the impacts.

- 1. We need to understand the cumulative effect of development upon the community, and our local economy, and thoroughly define the problem we are trying to solve. Is Boulder at a surplus or deficit per the current development fee and excise tax structure given current and projected needs?**
 - Identifying the appropriate level of fees and taxes should be understood in the context of also having a thorough understanding of whether the current fee and tax structure is sufficient to manage the community's anticipated needs based on growth projections or if we are/will be at a deficit? The study is deficient in defining the problem or issue that needs to be solved.
 - How does the amount that new development pays in fees, and also contributes in the form of additional taxes paid by new residents, employees and businesses, off-set the anticipated costs? Can we quantify what development fees and taxes have contributed to each of the study categories over the last five years to cover infrastructure and service costs; has this revenue covered our costs and met our growth-related needs over this time?

2. There needs to be some scenario modeling on impact fee and excise tax adjustments. We recommend understanding the cumulative effects that increasing fees and taxes on new development will have on the community and local economy.

- As costs increase on new development, then those cost increases proportionally get passed on to businesses and residents who occupy the commercial and residential spaces being built. Higher impact fees will simply make Boulder a more expensive place to do business and to live.
- If a high, medium or low adjustment is made, it is essential to understand what other economic elements within our community will be effected. What will these adjustments do to the pace of introducing diverse housing stock? If impact fees and excise taxes increase, what will that do to the community's overall level of affordability? What are the alternatives to raising these fees? What fees can be absorbed before thresholds become too high? What are the proportionate pass-through costs that become too high for residents, businesses or consumers to bear? How will that affect sales tax and use tax contributions?

3. A benefits analysis is necessary to provide a complete understanding for how to determine the rationale for the appropriate level of fees. A rigorous analysis of economic benefits and off-set costs to the community should be a priority.

- Let's better understand how much businesses and residents pay now for impact fees and taxes. This is the analysis of how high Boulder's fees are currently compared to other communities, and should include a description of what the city does with those fees, i.e. how the current fees benefit the community and enable the city to afford programs and services that other cities can't provide.
- The most important part of the benefit analysis should examine all of the cumulative costs borne by businesses. In addition to paying for amenities like open space and other programs and services, fees and taxes levied on businesses or collected by them substantially reduce the fee/tax burden on residents (who arguably benefit the most from city services). Looking beyond impact fees and taxes, businesses pay substantial amounts - in many cases equal to or greater than residents - in:
 - Property taxes
 - Sales/use taxes
 - Utility fees
 - Energy/climate action fees/taxes, including existing CAP tax, utility occupation tax, commercial energy efficiency investments.
- The analysis of the cumulative costs borne by business should also include planned, new or increased fees/taxes, such as transportation operations and maintenance fees, the impacts of a head tax or how municipalization fees would affect this.
- Finally, the city's benefits analysis should acknowledge one of the biggest benefits of all - jobs and employment opportunities for local residents and those in the region. Employment opportunities created by businesses enable almost half (40,000) of Boulder residents to own homes, recreate and work locally, which means they pay city



taxes and fees without regional commutes, negating the impacts of suburban sprawl. Additionally, considering the approximately 60,000 people who commute here for jobs, they too contribute substantially to city revenue – in ways similar to tourists who spend money locally and then leave without placing such high demands on city programs and services.

We know diverse views exist on this issue and in the spirit of working towards our community goals of collaboration, inclusivity and maintaining affordability, we need to come together to address these issues thoroughly. We believe most can agree that none of us are looking to make things more expensive and our collective aim is to maintain a healthy economy and vibrant community where residents of all socio-economic classes can co-exist into the future. The Boulder Chamber encourages taking these recommendations into consideration as the City studies the current development fee and excise tax structure.

Always in partnership,

John Tayer

President & CEO, Boulder Chamber