

**Financial Update,
Long Range Fiscal Planning, and
Potential Ballot Items**

**City of Boulder
City Council Study Session
Council Chambers
April 14, 2015**

Presentation Outline

- Financial Update
- Long Range Fiscal Planning
- Potential Ballot Considerations for Discussion
 - Extension of Utility Occupation Tax for General Fund
 - Short Term Rental
- Potential Charter Items for Discussion
 - Revision to the Library Commission Charter language
 - Change in council compensation

Financial Update

Conclusions

- Revenues met projections
- Expenditures within budget
- The economy will continue to make steady progress
- The trend in revenue collections will be important to watch in 2015 and as we prepare for 2016.

Sales/Use Tax Revenue Information

	2014 Projected	2014 Actual	2015 Projected
City of Boulder Sales/Use Tax w/o RMJ	3.11%	4.85%	3.13%
COB Retail Sales Tax W/o RMJ	4.25%	4.03%	4.25%
City of Boulder Sales/Use Tax (including Recreational Marijuana (RMJ))		6.24%	
COB Retail Sales Tax (including RMJ)		5.76%	

Sales/Use Tax Revenue Information

	2014 Projected	Nov 2014 YTD	Dec 2014 Final
City of Boulder Sales/Use Tax w/o RMJ	3.11%	6.50%	4.85%
COB Retail Sales Tax W/o RMJ	4.25%	5.52%	4.03%
City of Boulder Sales/Use Tax (including Recreational Marijuana (RMJ))		7.75%	6.24%
COB Retail Sales Tax (including RMJ)		7.09%	5.76%

Increase in Sales and Use Tax 2014

New Transportation Temporary Tax	\$4.84M
Non-Medical Marijuana Tax	\$2.04M
Budgeted as 2014 increase	<u>\$3.42M</u>
Total expected increase	\$10.43M
Actual increase	\$11.28M
Difference	\$.85M
General Fund Portion	\$ <u>.37M</u>

Roughly \$370,000 of what was received in the increase was not dedicated or projected

Property Tax - Valuation Changes

- 2008 - Voters eliminated restrictions on property tax restrictions
 - Phased in over multiple years
 - Since 2008-15 valuation changes have been minimal over all
- Initial information for 2016 indicates that assessed values will grow more than they have since 2008
- Will discuss during budget process
 - If too large of an increase, credits in the current mill levy can be used to reduce the impact

Long Range Fiscal Planning Looking Ahead

Near Term: 2015-2020

- Sunsetting taxes on the horizon
 - 2017 General Fund portion of Utility Occupation Tax
 - 2017 Energy Strategy portion of Utility Occupation Tax
 - 2017 Community, Culture and Safety Capital Investments .30% Sales and Use Tax
 - 2018 (March) CAP Tax

Intermediate and Longer Term: 2021-2039

- 2024 General Fund .15% Sales and Use Tax
- 2035 Parks and Recreation .25% Sales and Use Tax
- 2039 Reallocated .15% Sales and Use Tax

Tax Expiration Schedule

	2015 Projected Revenue	Tax Expiration Date
Utility Occupation Tax- General Fund	\$4.35M	12/31/2017
Utility Occupation Tax- Energy Strategy	\$2.00M	12/31/2017
.30% Sales and Use Tax- Community, Culture, and Safety Capital Investments	\$8.90M	12/31/2017
CAP Tax	\$1.80 M	3/31/2018
.15% General Fund Tax	\$4.80 M	12/31/2024
.25% Parks and Recreation Tax	\$8.00 M	12/31/2035
.15% Sales and Use Tax	\$4.80 M	12/13/2039

What Various Revenue Streams Generate

- Property tax yields \$2.5 M per mill
- Sales tax yields \$3.2 M per .1%
- Occupational privilege tax (Head tax) impact per \$1 of tax would need to be reanalyzed

Comprehensive Financial Strategy Update

- The long range fiscal planning process for the City of Boulder
 - Due to policy of ongoing revenues to meet ongoing expenditures budgets are balanced annually
 - If the policy is not followed the deficit must be offset with expenditure reductions or revenue increases
- Long term impacts that will occur:
 - Demographic shifts in spending
 - Diminishing return on sales and use tax over time

2016 Budget Calendar

Begin PBB
Process &
Revenue and
Cost Projection

2016 Budget
Development

Council Study
Sessions

Council
Budget
Ordinances



JAN - JUL

AUG

SEP

OCT



Today, Budget Update



Study Session, Capital Improvement Program (CIP)



Council Study Session and Public Hearings on Recommended Budget and its implementing ordinances

Questions

Does City Council have any questions regarding the financial update and/or the 2016 Budget process?

2015 Ballot Considerations

Potential Ballot Items for 2015

- 5-Year Extension of Utility Occupation Tax for General Fund programs and services
- Short Term Rentals

Utility Occupation Tax for General Fund

- General fund portion of Utility Occupation Tax replaced the franchise tax
- General fund part expires December 31, 2017
 - 2015 projected revenue = \$4.35 million
 - Supports general fund programs such as police, fire, library, parks maintenance, planning, and human services, and other general services of the city

Short Term Rentals

- Increasing number of STRs
 - Compliance issue
 - More difficult to administer than the lodging tax
- Discussed at Feb. 10th study session:
 - A new, short-term rental tax set at and tied to the lodging tax rate to maintain equity in the type of service being provided
 - Staff recommends no sharing of revenue until sufficient data is accumulated to determine exact costs of administration and compliance

Charter Items

Potential Ballot Items for 2015

- Revise Library Commission Charter language to redefine the role and function of the Library Commission
 - Council Committee recommends revisions to align more closely with current practices
- Change regarding council compensation

Questions for Council

Does council want staff to move forward with next steps to:

Revenue Items:

1. Place extension of the Utility Occupation Tax for the General Fund on the ballot?
2. Place Short Term Rental Tax on the ballot?

Charter Items:

1. Place a revision to the Library Commission Charter language on the ballot?
 - If yes, what revisions would Council like to include?
2. Place a change in council compensation on the ballot?
 - If yes, what change?

Other Items:

1. Are there any other additional ballot items or information on other items for the 2015 November ballot?