

# UPDATE TO MAY BALLOT DISCUSSION AND MID YEAR FINANCIAL CONTEXT

July 23, 2019

# Agenda

- Background
  - *Mid 2000s Recommendations*
  - *2013 Financial Accomplishments*
  - *2013 Ballot Items Discussion*
- City of Boulder Sales Tax Rate
  - *Municipal Comparison*
- Open Space Tax Options
- Citywide Needs
  - *Master Planning Process*
- 2020 Budget Preview

# Background: Mid 2000s

## Blue Ribbon Commission I

- Examine/extend expiring taxes
  - Earmark for only capital items, if possible
- Diversify revenue streams
- “De-Brucing” revenue
- One-time revenue sources for one-time expenses
- Ensure comparable rates to surrounding communities

## Blue Ribbon Commission II

- Budget process
- Performance measurement
- Full costing of services and programs
- Efficient delivery of city services
- Use of dedicated revenue sources
- Financial/management policies

# Background: “Taking care of what we have”

- First identified as a key priority in the 2011 Bond project discussions
- Incorporated since then into several key documents including:
  - *Capital Improvement Guiding Principles*
  - *Operating Budget Guiding Principles*
  - *Various Master Plans*

# Background: 2013

## Financial Accomplishments

### Revenues:

- *Renewed expiring taxes or increased existing taxes & fees*
- *Voters approved removing TABOR property tax revenue limits*
- *Collected sales tax on allowable internet purchases*
- *Ensured one-time revenue used for one-time expenditures*

### Expenditures:

- *Implemented priority based budgeting*
- *Improved performance management and compensation policies/strategies*
- *Proactively managed assets*
- *Continue to explore efficient delivery of city services*

### Reserves:

- *Set goal of increasing General Fund reserves*

# Background: 2013

## “The GAP Remains”

Original GAP  
annually by  
2030:

- *\$135M annually if expiring taxes not renewed*
- *\$90M annually if expiring taxes renewed*

2013 Progress:

- *\$73M by 2030 if all expiring taxes renewed*
- *Both revenue and expenditures have been addressed since BRC reports*

# Background: 2013 Transportation Needs

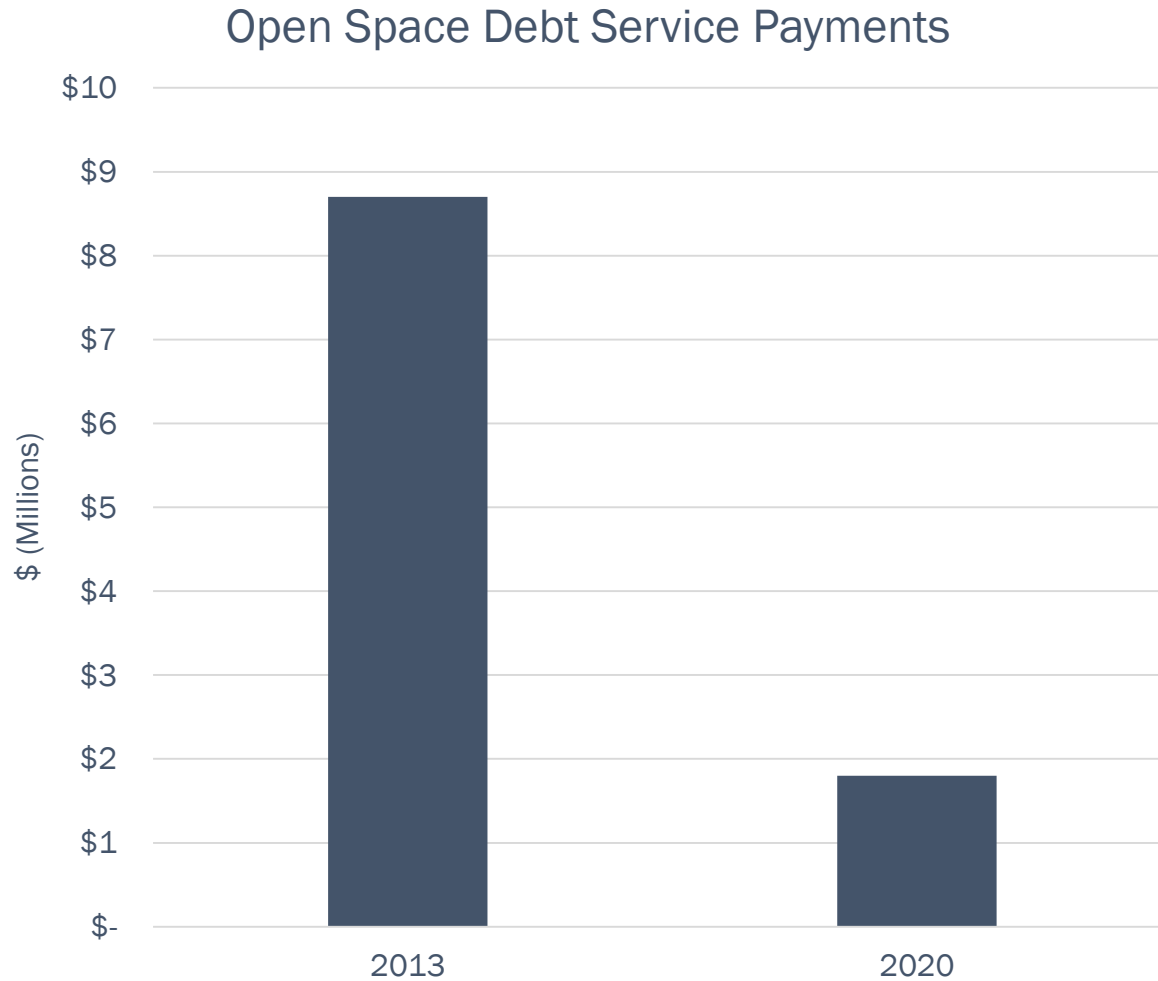
- Transportation Advisory Board Recommendation
  - *Focus on “taking care of what we have”*
  - *Transportation maintenance fee*
- Council proposed 0.15% **temporary** tax for transportation
  - *Sunset at the end of 2019*
  - *Approved by 66% of voters*

# Background: 2013 Open Space Expiring Taxes

- 0.15% Open Space tax expiring in 2019
  - *Ask voters to repurpose this to transportation from 2020 through 2029*
  - *After 2029, the tax would be repurposed to the General Fund to meet ongoing shortages and sunset at the end of 2039*
  - *Approved by 72% of voters*

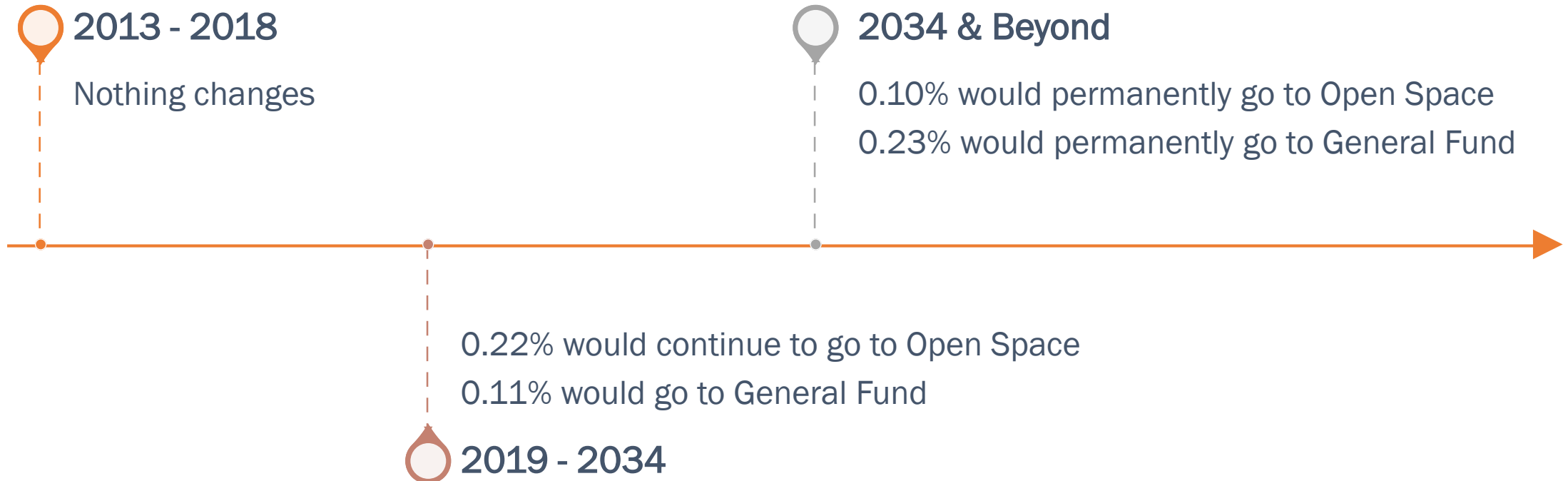


# Background: 2013 Open Space Expiring Taxes

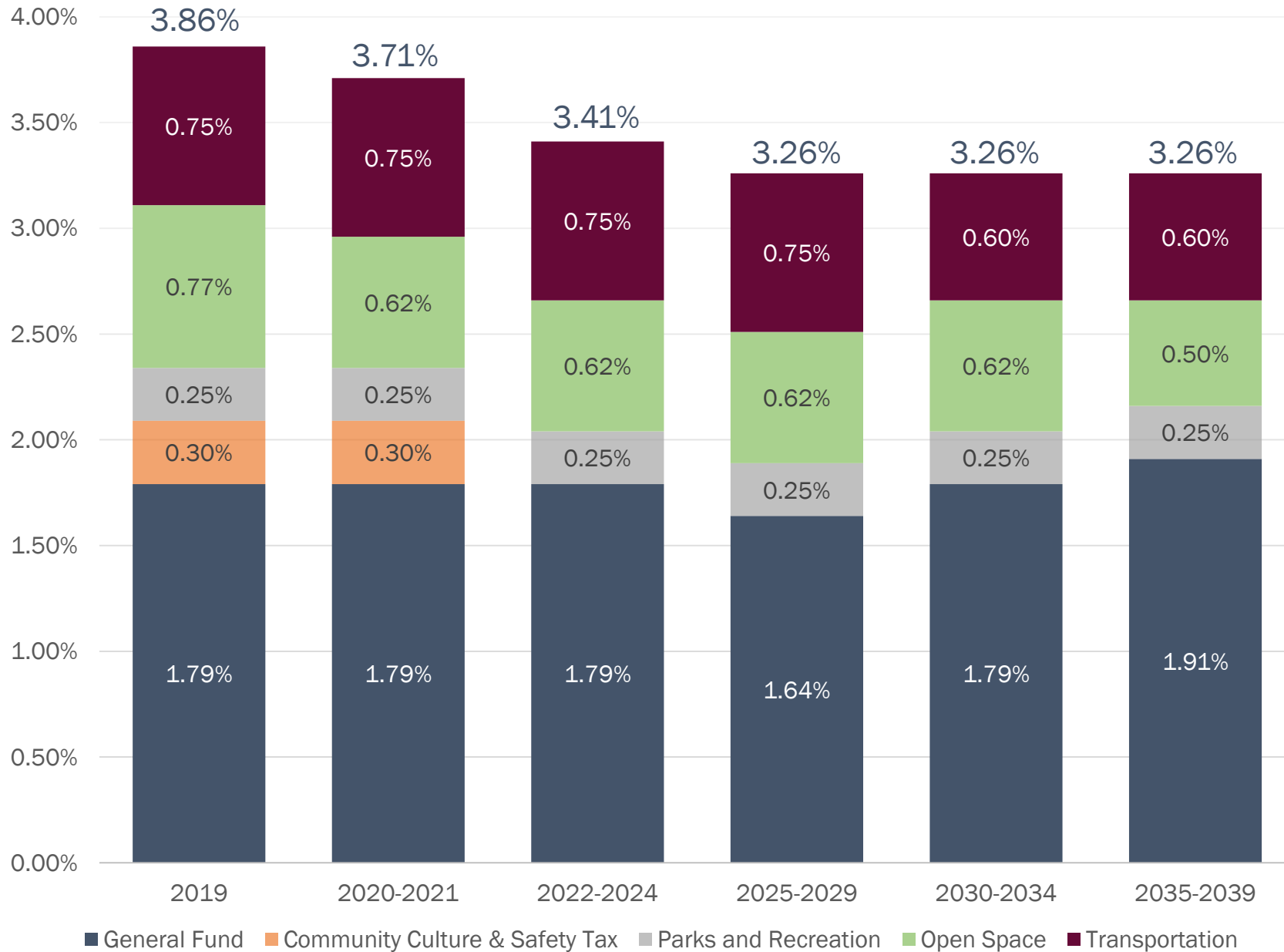


- 0.33% Open Space tax shifting to 0.22% (including General Fund Transfer)
- By using this tax for debt service payments and remaining acquisition and then a part of it for permanent maintenance, Open Space would be able to achieve its Vision Plan
- Approved by 75% of voters

# Background: 2013 Proposed Ballot Issue for the 0.33%

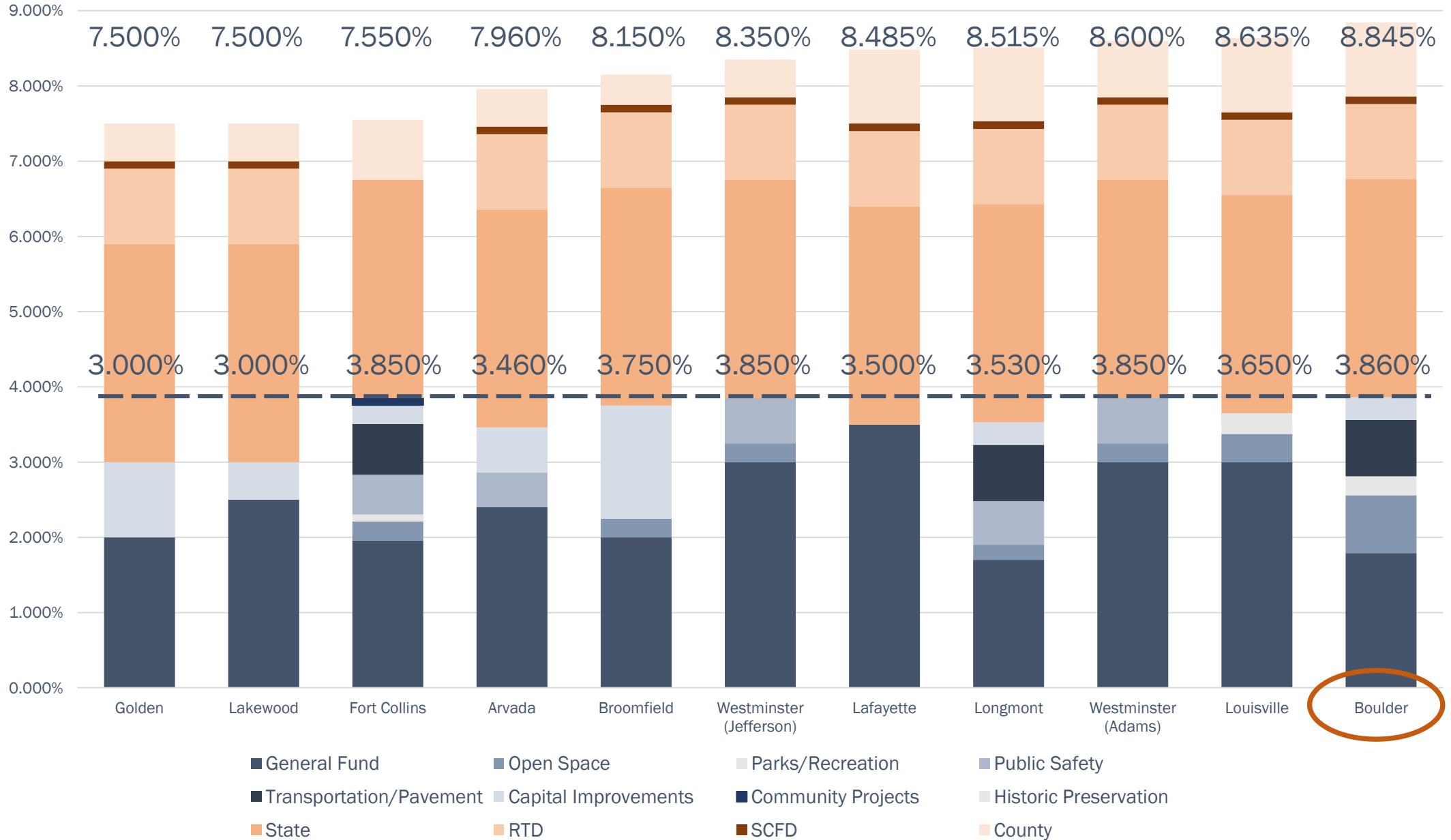


## CITY OF BOULDER SALES TAX RATE 2019-2039

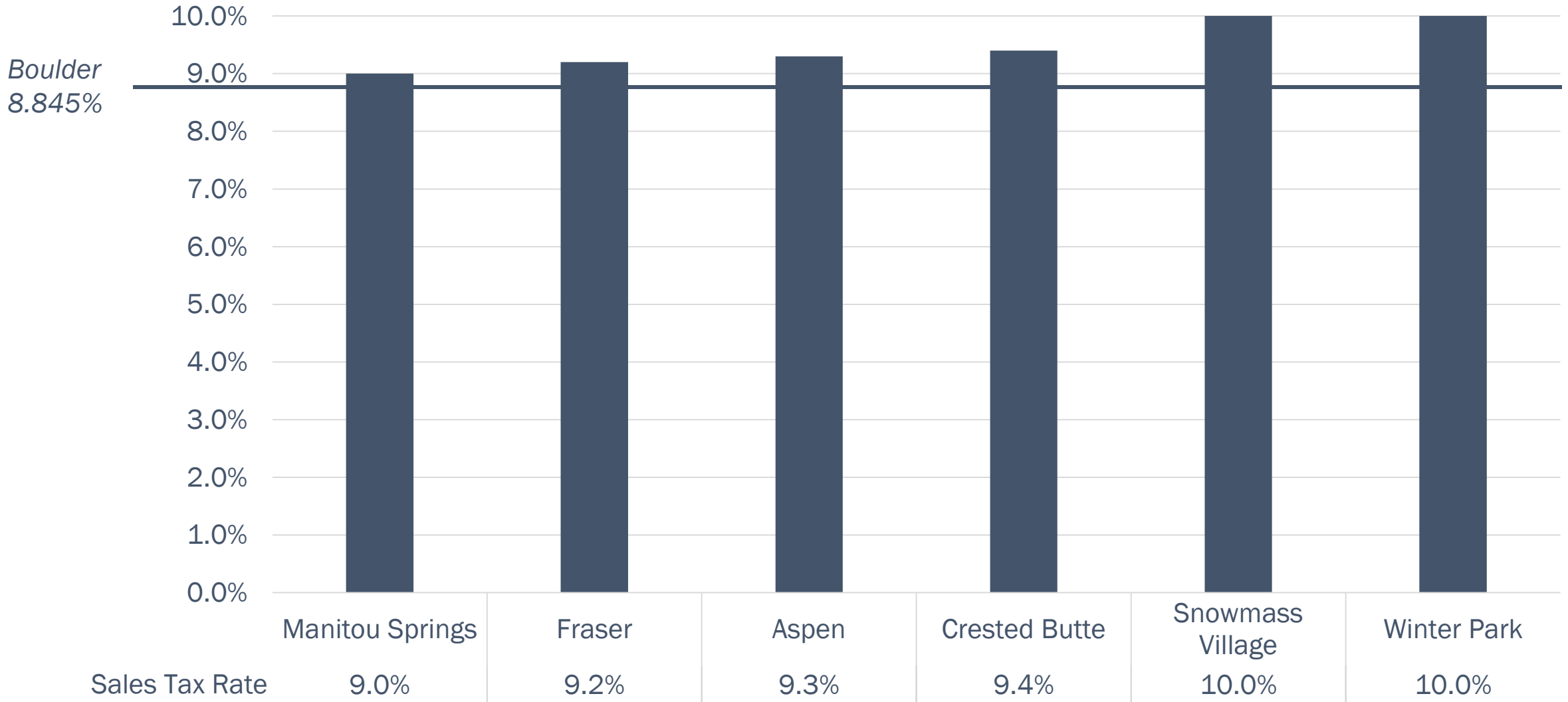


- **2019: Citywide Sales & Use tax is 3.86%**
- **2020: Overall Sales & Use tax rate decreases to 3.71%**

## 2019 Municipal Sales Tax Rates



## Communities Above 9% Sales & Use Tax Rate



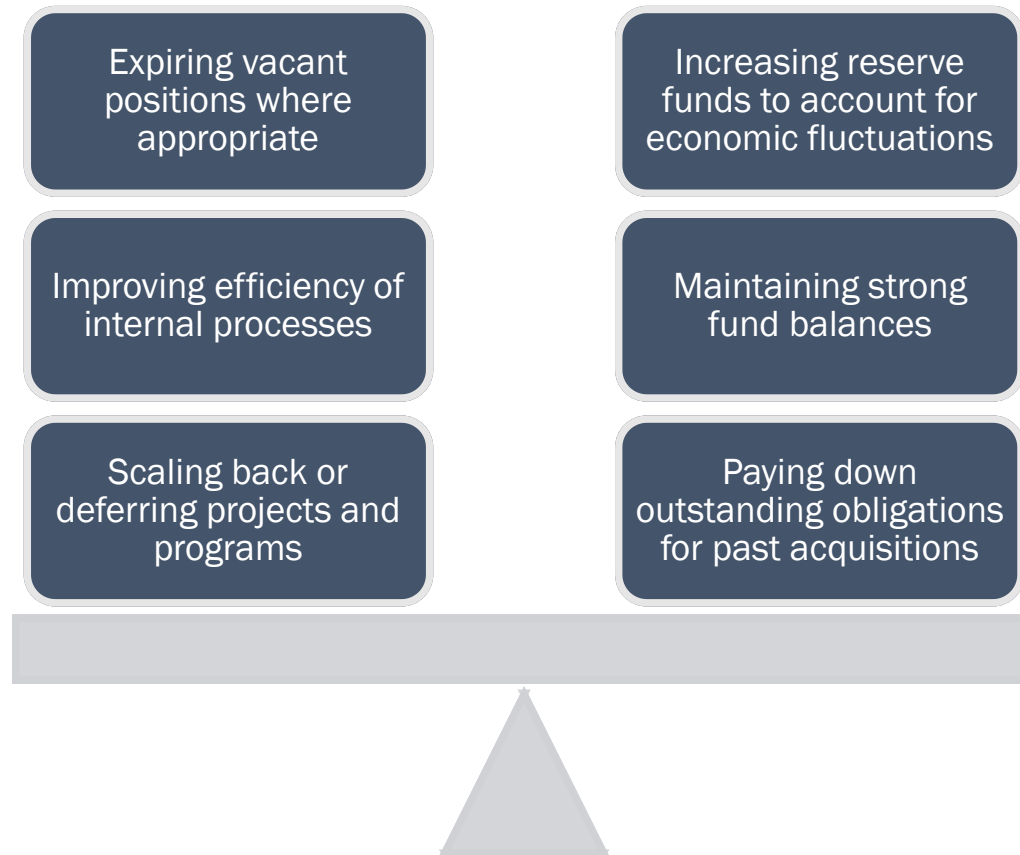
# BALLOT INITIATIVE

# Open Space Scenarios

- Open Space sales tax leveling out to 0.62% by 2020
- What has changed since 2013:
  - *Visitation between 2005 and 2018 grew from 4.68M to 6.25M, or roughly 34%, impacting the cost of maintaining the system beyond what was anticipated in 2013*
  - *Assessments around trail condition, undesignated trails, and OSMP facilities provided improved cost estimates around deferred and routine maintenance*
- **Key Takeaway: Overall, the cost of maintaining the system has outpaced earlier projections**

# Open Space Scenarios

OSMP has been preparing for these changes through a series of actions to reduce the impact.





# Open Space Scenarios

No Change

0.62% = \$21.8M Annually

Gradual  
Reductions  
over 5 Years

Implement  
Fiscally  
Constrained  
Scenario

Focus Funding  
on Tier 1  
Strategies

CIP Focus on  
Maintenance  
vs Acquisition

# Open Space Scenarios

0.10% Addition

\$3.5M Annually/\$35M over 10 Years

Accelerate Tier  
1 Strategies

Increase  
Annual CIP by  
\$500K

Sustain  
Current  
Staffing Levels

Support New  
Fixed-Term  
Employees  
(Prairie Dog  
Management)

# Open Space Scenarios

0.15% Addition

\$5.3M Annually/\$53M over 10 Years

May Support  
Tier 2&3  
Strategies

Increase  
Annual CIP by  
\$1M/Potential  
to Bond

Support  
Resilience  
Efforts

Strategic  
Land/Water  
and Mineral  
Rights  
Acquisition

# CITYWIDE NEEDS

Master/Strategic Planning Processes

# Master/Strategic Planning Processes



# Existing Master Plan Needs



## Technology

Cyber Security  
Enterprise Wide System  
Replacement  
Vendor Supported  
Systems



## Library

NoBo Capital  
NoBo Operating (2021)  
Materials Collection  
Increases  
Gunbarrel Library  
Canyon Theater Activation



## Open Space & Mountain Parks

Soil Health  
Trails Maintenance  
Ag/Water Infrastructure  
Managing increasing  
visitation  
Restoration  
Acquisitions



## Transportation

Vision Zero  
Safe Streets  
Low Street Walk & Bike  
Advanced Mobility

# Future Master Plan Needs



## Fire-Rescue

Fire Station #3  
Relocation of Fire  
Stations #2 and #4  
Facility Compliance  
Emergency Medical  
Services and  
Advanced Life  
Support



## Facilities

Deferred Facility  
Maintenance  
Energy Code  
Requirements/Net  
Zero Buildings  
High Hazard  
Building Removal



## Police

25 Officers over 5-7  
Years  
Facility Space at  
Public Safety  
Building  
Bomb Equipment  
Replacement



## Parks & Recreation

Recreation Centers  
and Indoor Pools  
Historic/Cultural  
Facilities  
Sports Complexes  
and General  
Athletic Fields  
Neighborhood and  
Community Parks



## Human Resources

Class and  
Compensation  
Implementation  
Healthcare Benefits  
HR Technology

# 2020 Affordable Housing County Ballot

- Boulder County Regional Housing Partnership intends to pursue a county-wide ballot measure in the November 2020 general election to raise revenues to help fund a tripling of the number of affordable workforce homes across Boulder County
  - *Goal of securing 12% of all residential properties as permanently affordable by 2035*
  - *While yet to be defined if the measure will pursue sales tax or property tax, the revenue will capitalize a regional housing trust fund to invest in the creation and preservation of housing options in pursuit of the goal*



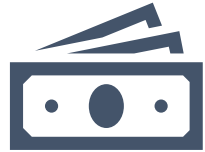
# Consistent Pressures



## Increased Demand

*Open Space Visitation*

*Ball Field Usage*



## Cost Escalation

*Construction Cost*

*Policy Choices*

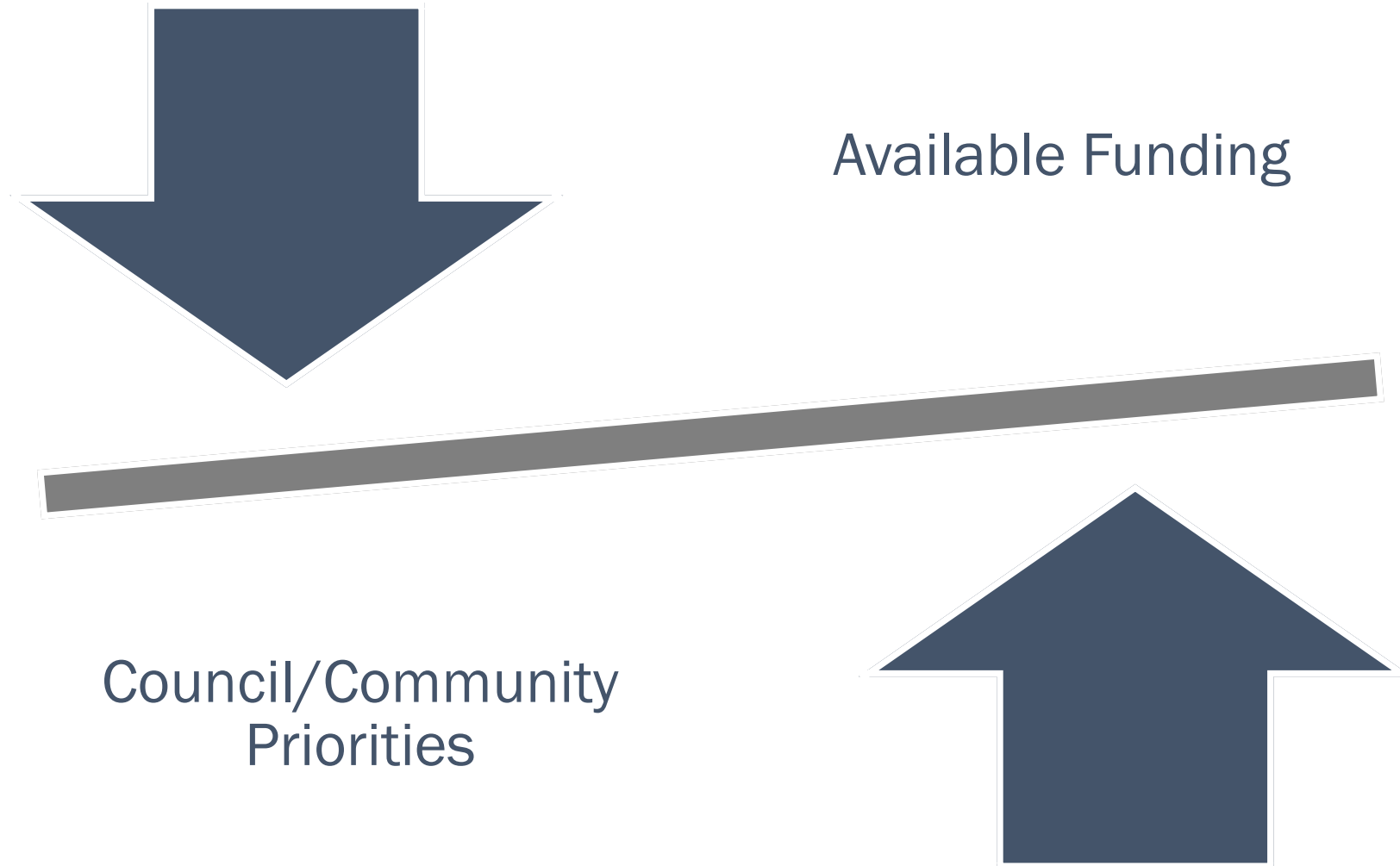


## Aging Infrastructure

*Reynolds Library*

*Recreation Centers*

# The Challenge



# Setting the Stage

## ■ 2019 Budget

- *Focused on balancing ongoing budget trends – that ongoing costs were outpacing ongoing revenues*
- *Draw from fund balance for one-time expenses*

## ■ 2020 Budget

- *Focus on both ongoing budget and total budget*
  - *Ongoing budget trend improved with the reclassification of marijuana revenue and property tax reassessment exceeding model assumptions*

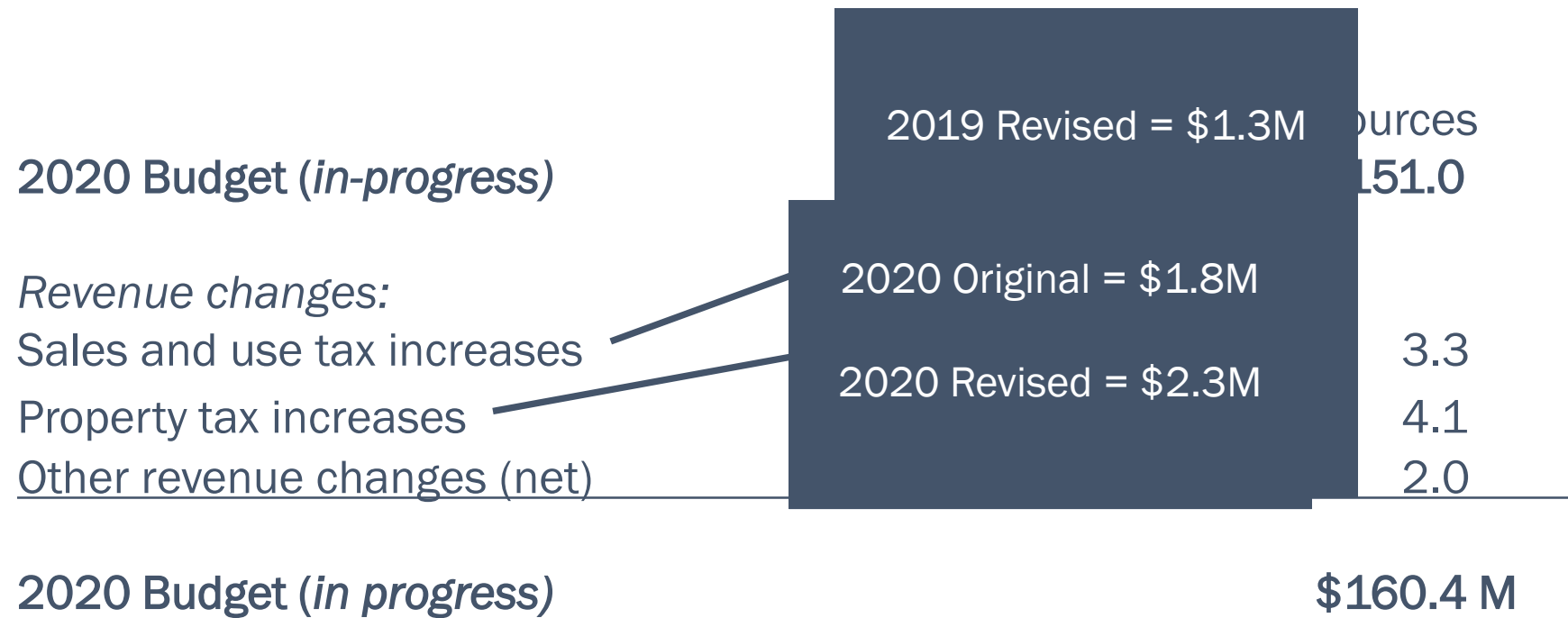
# 2019 Balanced Budget

	Sources	Uses
General Fund Budget		158.2
2019 Revenues	152.6	
Planned Draw from Reserves for UOT Timing	3.8	
Planned Draw from Fund Balance for Hogan Pancost loan	0.7	
Planned Draw from Fund Balance for Alpine Balsam	1.1	
<b>2019 Budget</b>	<b>\$158.2 M</b>	<b>\$158.2 M</b>

# 2020 Preliminary

	Sources	Uses
2019 Budget	158.2	158.2
<u>2020 Preliminary</u>	<u>160.4</u>	<u>157.1</u>
Difference	\$ 2.2 M	\$ (1.1) M
Total Operating Available	\$3.3 M	

# 2020 Revenue Changes



# 2020 Available Resources – General Fund

■ Operating/Community Priorities	\$3.3M
■ Capital	\$2.6M
■ One-Time	\$1.1M

*Council and departmental priority needs exceed available General Fund sources for 2020. City Manager recommendations to be presented at September 10 Study Session.*

# QUESTION FOR COUNCIL



# Questions for Council

- Does City Council wish to put (up to) a 0.15% sales tax extension question on the 2019 Ballot to support Open Space (and/or General Fund priority needs)?
  
- If so,
  - *of the (up to) 0.15%, how much would you like dedicated to:*
    - Open Space
    - General Fund Operating/Capital
  - *How long?*