Blue Ribbon Commission
Meeting Notes and Questions
1/24/07

Refining the Expenditure Line: A Concept Plan

Questions are initially raised concerning the validity of the baseline estimate contingent on a fiscally constrained budget

Directives:

→ Determine the size of the funding gap
  ▪Project revs and exps for 8 identified funds
→ Quantify major revenues categories by amount, stability and duration
→ Quantify and describe earmarked and dedicated funds
  ▪Include sales taxes, others
→ Determine impacts of conversion of commercial to residential property
→ Fees vs. taxes
→ Hidden subsidies
→ Pay as you go vs. bonding
→ Research De-brucing, taxing services, paying for services with fees
→ "Magic" formulas for Transportation and Open Space
→ Should maintenance be tied to capital development?

● The concern is focused on using 2006 as a baseline and then extrapolating given that 2006 is more or less an arbitrary point in time and may not be indicative of the general expenditure climate

● Transportation is given as an example of a non-linear growth sector that may skew estimates when compounded through linear smoothing.

Suggestion is to normalize transportation vision plan expenditures: give the audience a range and let them decide what are feasible figures, given their own intuition

● Question is raised as to whether breaking down expenditures into earmarked funds is appropriate or whether sum total accounting should be employed.

In the Appendix for the final product, don't include all presentations, just data highlights with references to the entire document on the website.

***'Defining the Iceberg'* –** What is it?

The expected gap is not the only problem facing the city:

▪ *Stability*
▪ *Flexibility (related to Earmarking)*
▪ *Growth Costs*

These are either key components of the Iceberg, or icebergs unto themselves

External factors:

- Changing relationships between revenues and expenditures
- Changing revenue environment
  →Shift from goods-based to service and internet sales (non-taxable)
- Demographic shifts
  →Aging population, barbell effect on income, approaching build-out

Internal factors:

- Expiring sales taxes:
  → 41% of city sales taxes scheduled to expire by 2030
  → 32% of GF sales taxes expire by 2012

Question is raised about the wording of item iv under "Property Tax" in section III: the group possibly wants to replace "destabilizes" with "may negatively impact".

It was also questioned whether items 1 & 2 under "Earmarking" were out of place.

The group saw the expiring sales tax as a possible opportunity to keep rates the same and refocus funds elsewhere.

- Where expiring taxes are used for operations, expiring taxes are still a problem

Analysis should be city wide – not General Fund only – with references to user fees, impact fees, as well as excise taxes.

- Quantify relative contribution of each revenue source

Revenue Stabilization **VS**. Service Stabilization **VS**. Revenue Generation

Which are we talking about here? We need to focus

Exploration of economic development is critical – Tourism

Revenue Portfolio

Examine each revenue flow, determine which are stable, recommend depending on these.

Diversify the portfolio:

If we can't get away from sales tax, look to increase sales tax volume through catalysts like tourism.