

**Blue Ribbon Commission**  
**Meeting Notes and Questions**  
**1/10/07**

Framework for End Product

- Categorize into Findings, Recommendations, and Tool Box
- Change Assumptions to Findings and include narrative to explain
- Need justifications for recommendations (based on findings)

Factual

- Sales tax insufficient
- Sales tax impact as economy becomes more service-based
- Sales taxes not collected on internet sales
- Some expenses are not linear (e.g. new fire station)

Principled

- Lessen use of earmarking
- Fees versus taxes
- Increase diversity of revenues

Strategic Concepts in Recommendations or Toolbox

- Fees versus taxes
- Hidden subsidies
- Pay as you go versus bonding

Two Categories of Recommendations

1. Action items (e.g. renew sales taxes)
2. Strategic and policy items (e.g. diversify revenues)

Develop narrative to explain why the BRC is doing this work

- Define problem – “Iceberg” statement
- Set framework, explain concern, long-term horizon
- Looming fiscal problem (expiring sales taxes, etc.) needs to be clearly articulated
- Revenue and demographic concerns
  - Barbell phenomenon – high percentage of both low and high income residents, with fewer middle class
  - Increased senior populations
  - Exodus of industrial base
  - Expiring sales taxes & transition to service-based economy
  - Expenditures increasing at a higher rate than CPI
  - Sales tax volatile compared to property tax

Narrative (continued)

- Include discussion on state legislation and Amendments, including TABOR & Gallagher
- Focus on funding fiscally constrained budget to 2030. Determine if a gap exists between revenues & expenditures and quantify how much it is.
- Assume efficient operation
- Fiscally constrained does not necessary represent adequate service levels

Expenditure Scenarios

1. Use 2006 fiscally constrained budget as baseline and project to 2030
2. Use baseline with adjustments for growth and identified critical deficiencies

Develop a what-if scenario to look at “maxed-out” revenue

- Take property tax and sales tax to a maximum level and evaluate if a funding gap still exists

Other points to consider:

- Should the commission define an optimal revenue mix?
- Desired levels of service could be defined by City Council and/or the City Manager and prioritized for funding.
- Stable revenue system funds city services without repeated funding requests to taxpayers or service interruptions
- We should evaluate adequacy of property tax
- Where does it make sense to earmark?

