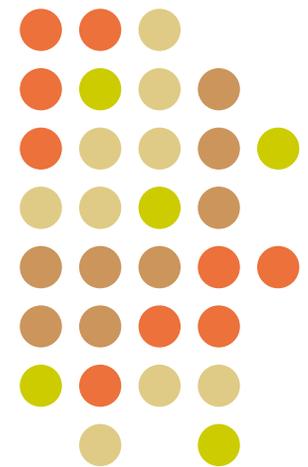
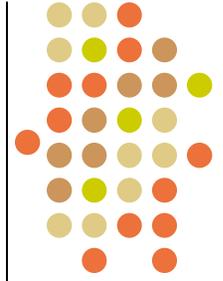


Revenue Trends

Presented at BRC Meeting
October 25, 2006

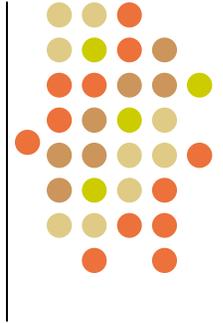




Trend Analysis

- Examination of anticipated demographic, land use, and behavioral changes
- Translation of those individual changes into an analysis of their **directional** impact on revenue streams



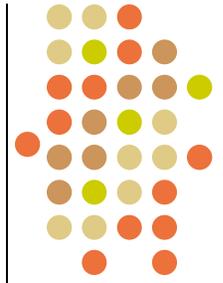


Revenue Forecast

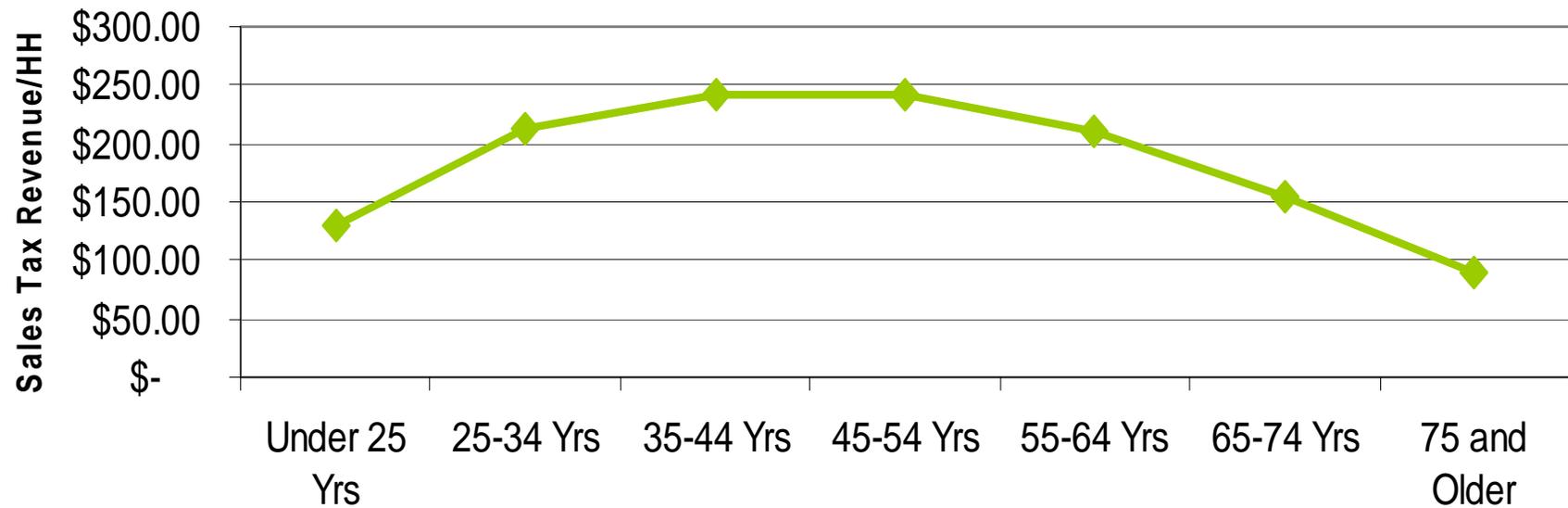
- Consistent economic evaluation and estimation of the combined effects of the trends on **level** of particular revenue streams in the future

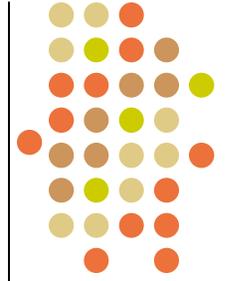


Why Does Aging Population Matter?

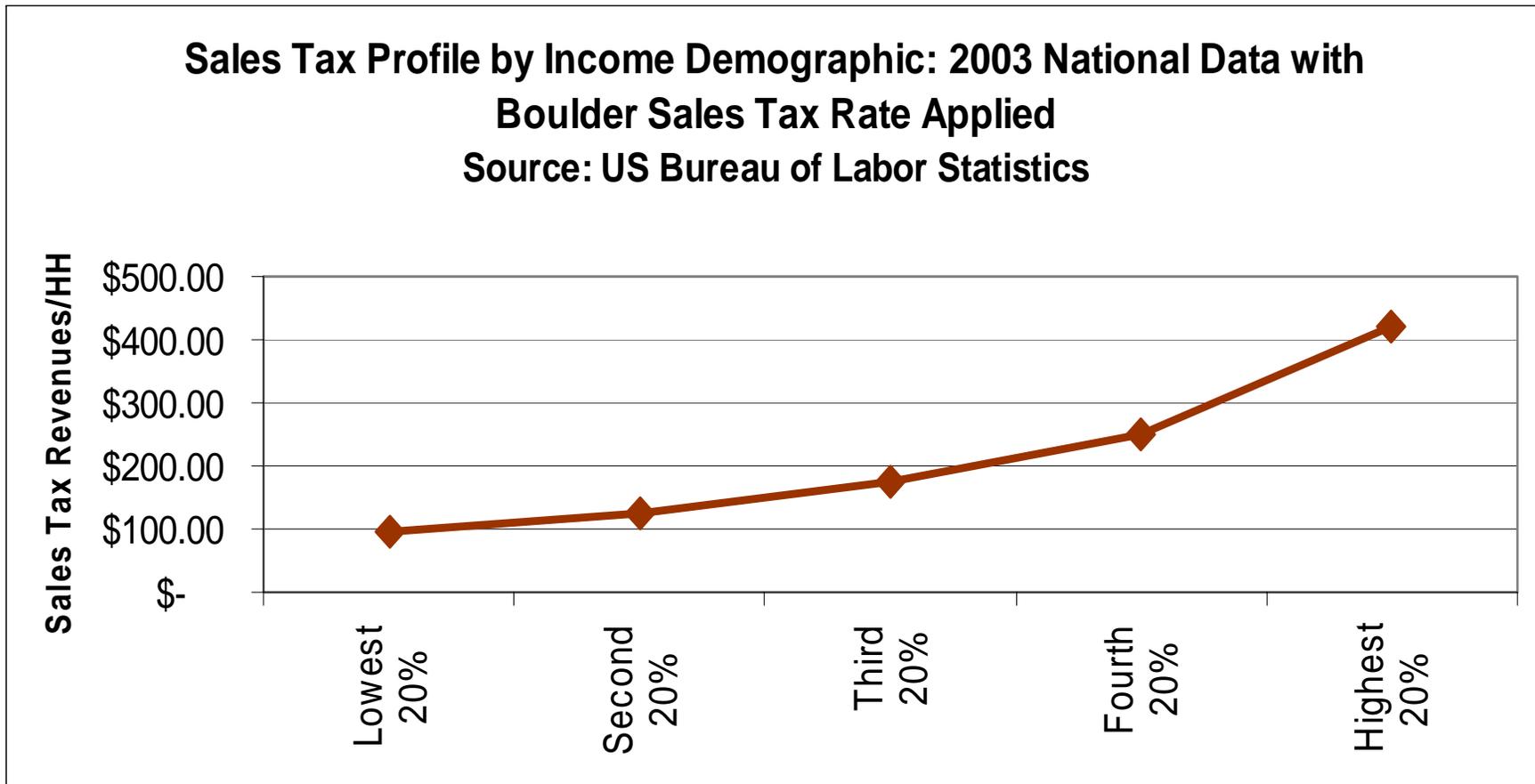


**Sales Tax Revenue Profile by Age,
2003 National Data with Boulder Sales Tax Rate Applied
Source: US Bureau of Labor Statistics**



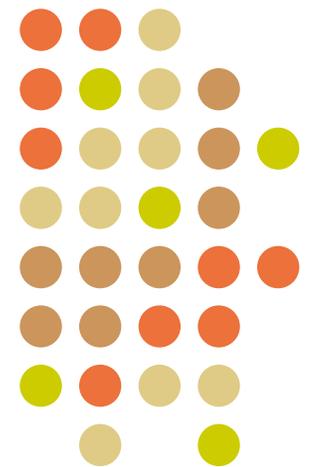


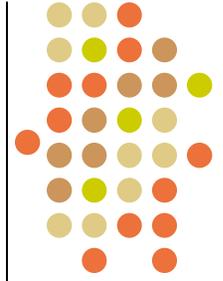
Why Does Income Matter?



Trend Analysis

What do the Anticipated
Demographics Mean for
Boulder's Revenue Future?

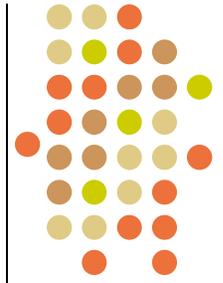




Sources of Data

- COB Planning Dept. – Housing units current and buildout
- American Community Survey – Current allocation of HHs by demographic
- 2035 DRCOG Forecast, CBEF – Regional allocations of HHs by demographic to 2030
- BLS Current Expenditure Study, 2004 – Data on spending patterns by demographic



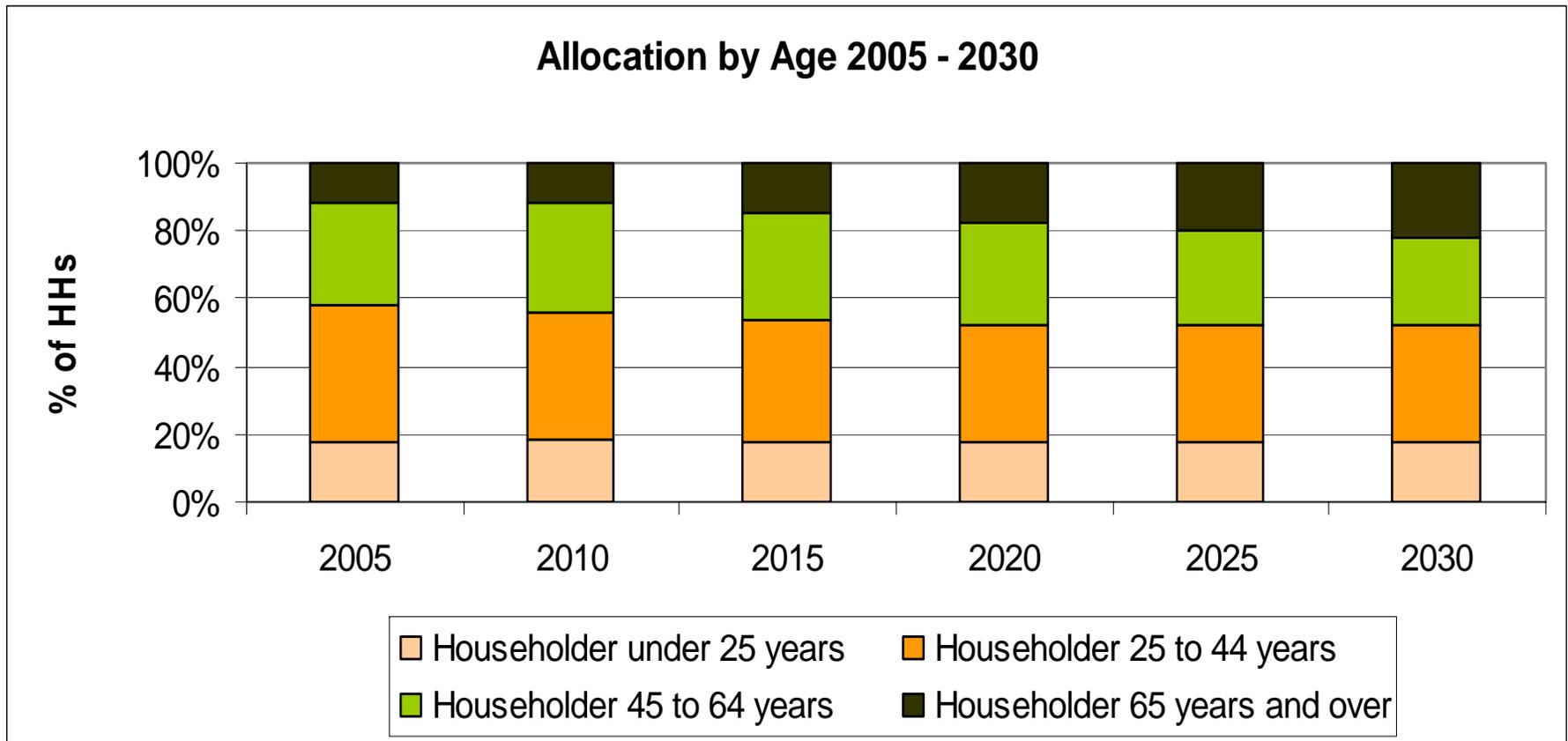
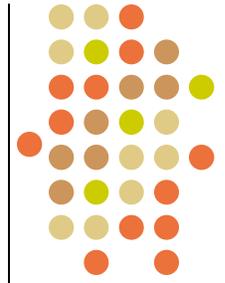


Major Assumptions

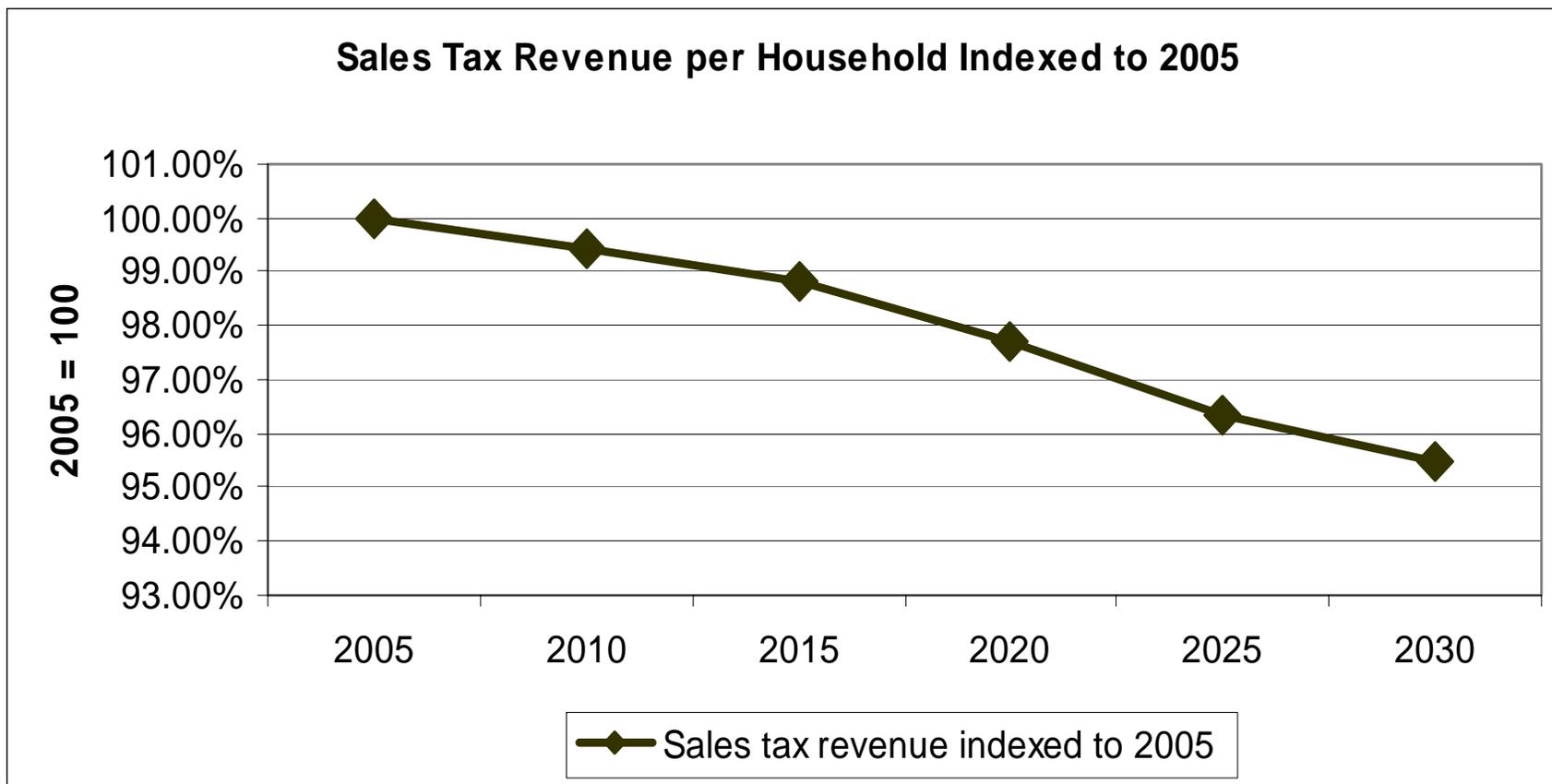
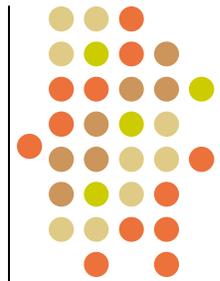
- Boulder household buildout will happen evenly over 5 year intervals between 2005 and 2030
- Boulder demographic allocation will stay the same relative to the DRCOG region as 2005
- Expenditures measured in constant 2004 dollars from the Consumer Expenditure Survey
- Expiring sales taxes not modeled

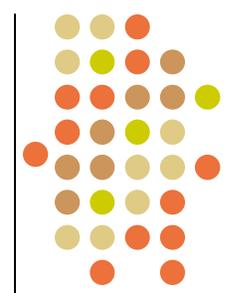


Boulder Trend: Age of Householder

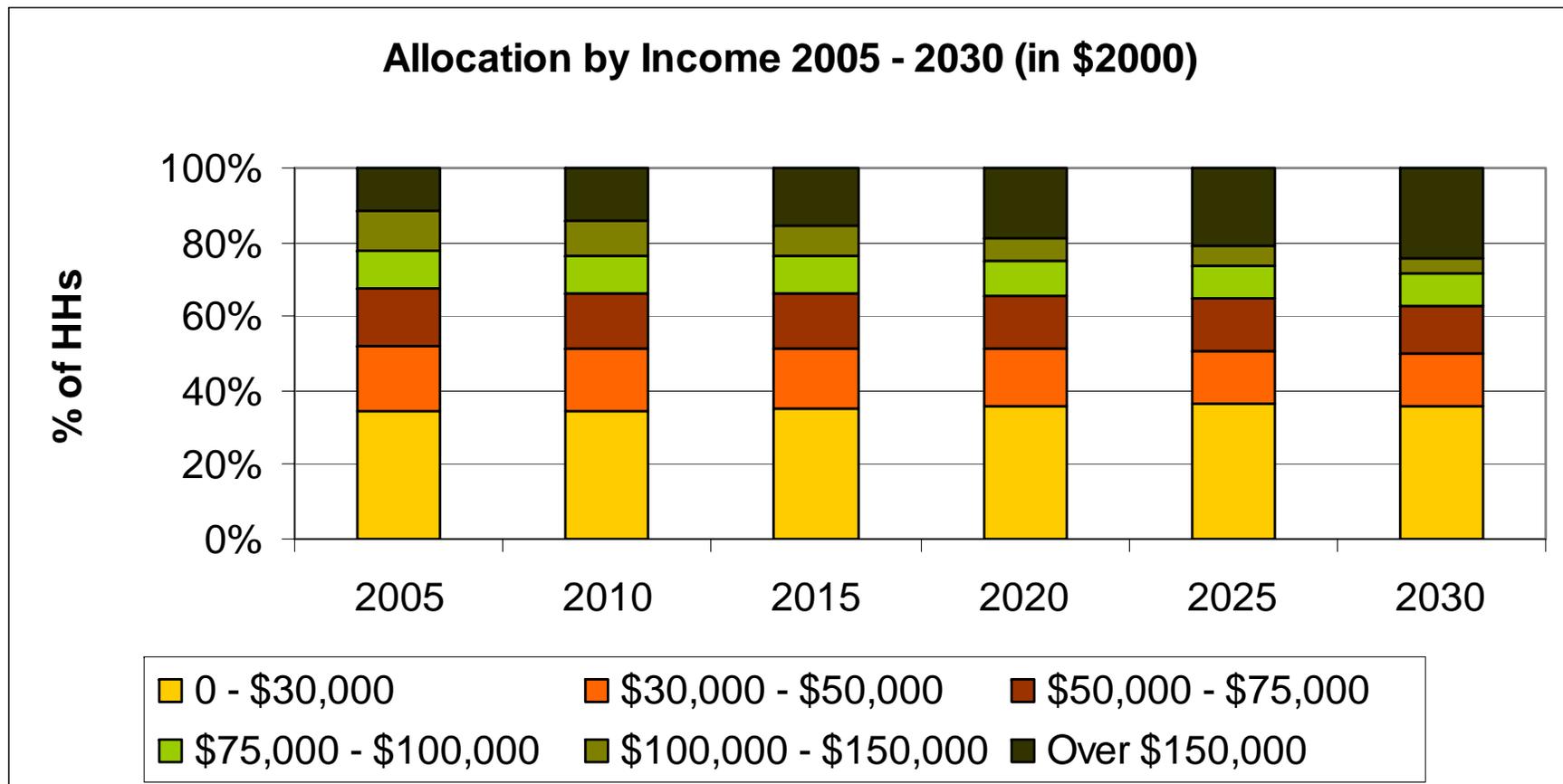


The Impact of Age

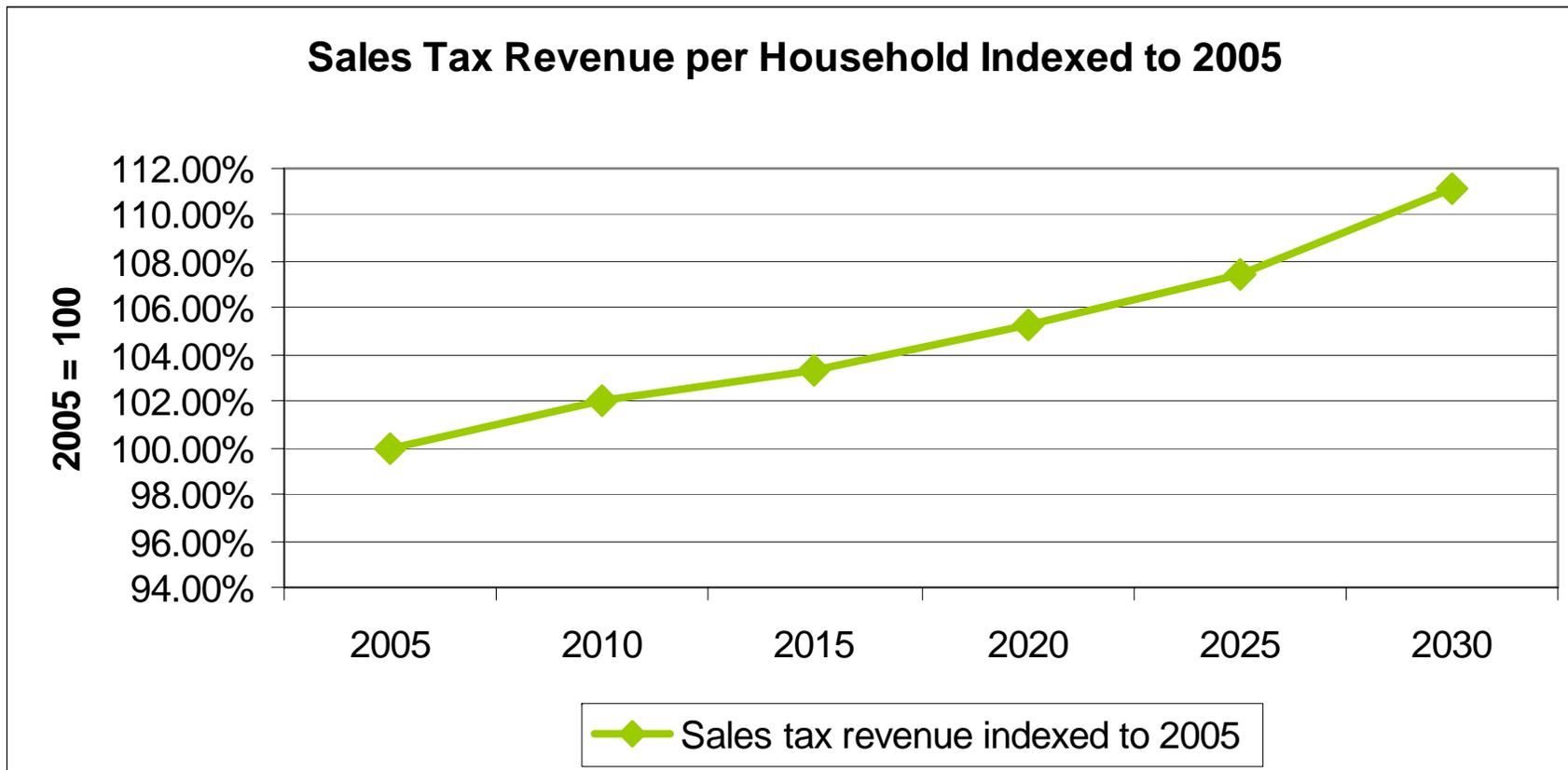
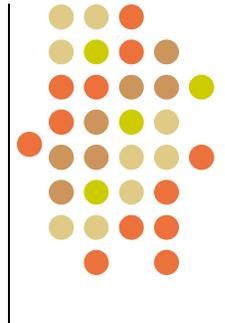




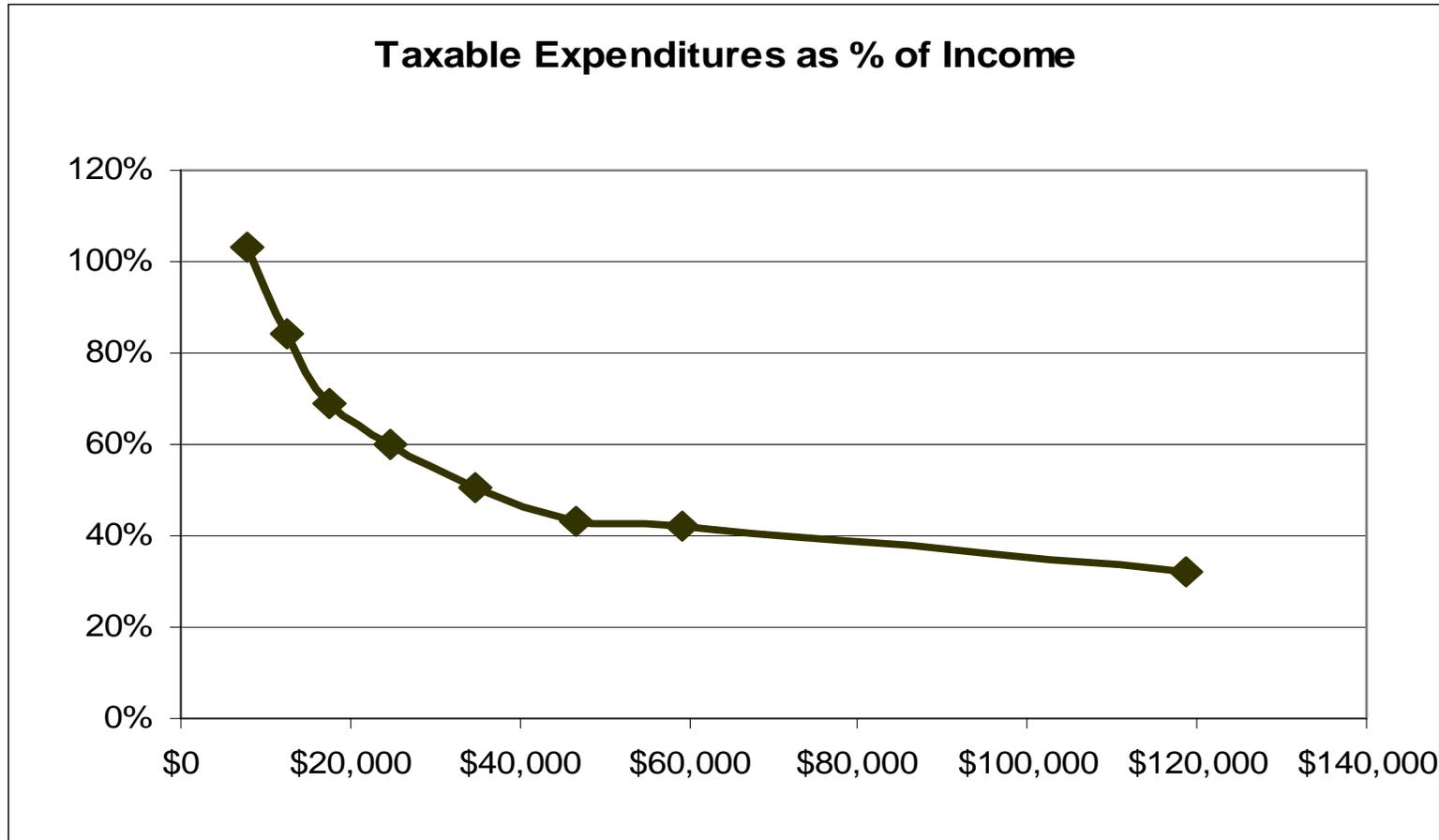
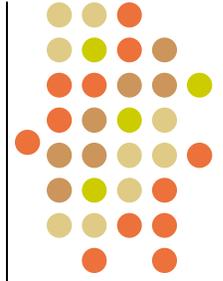
Boulder Trend: Income

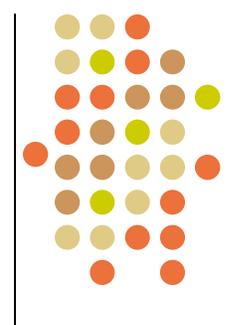


The Impact of Income: Higher Income HHs Spend More Absolutely...

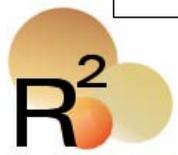
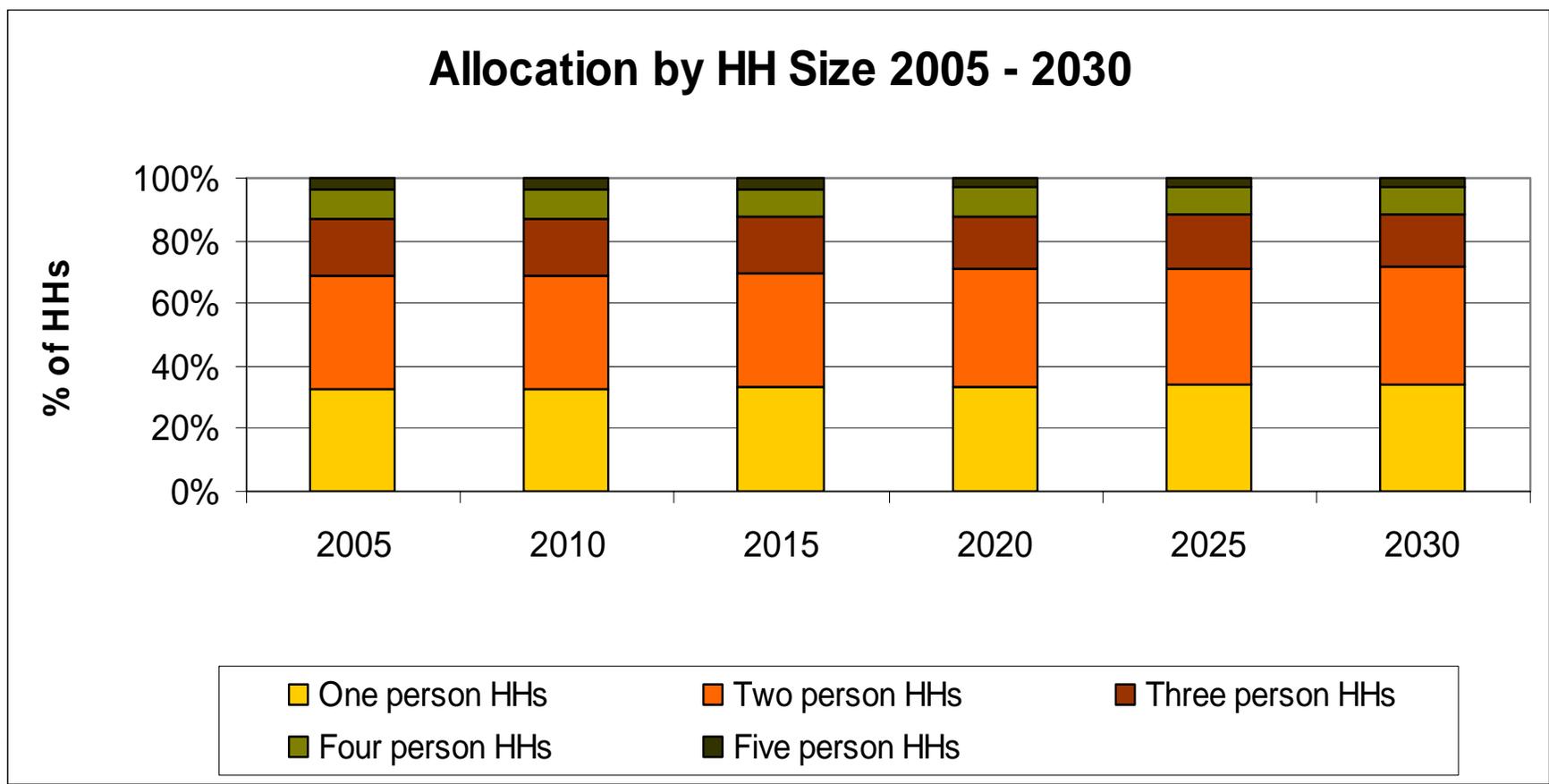


...Yet Not as a Percent of Income

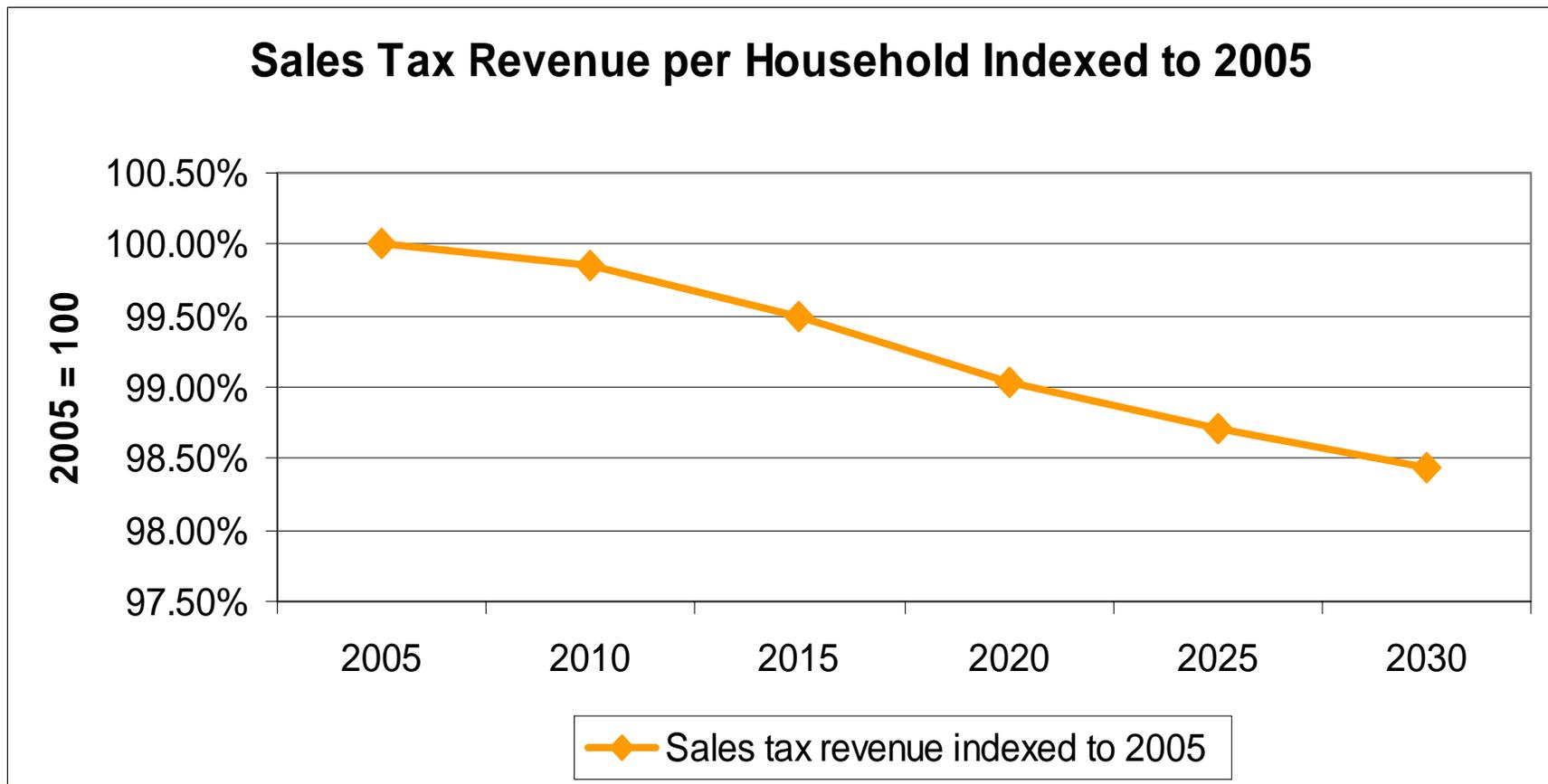
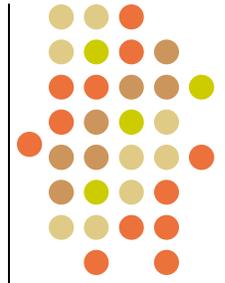




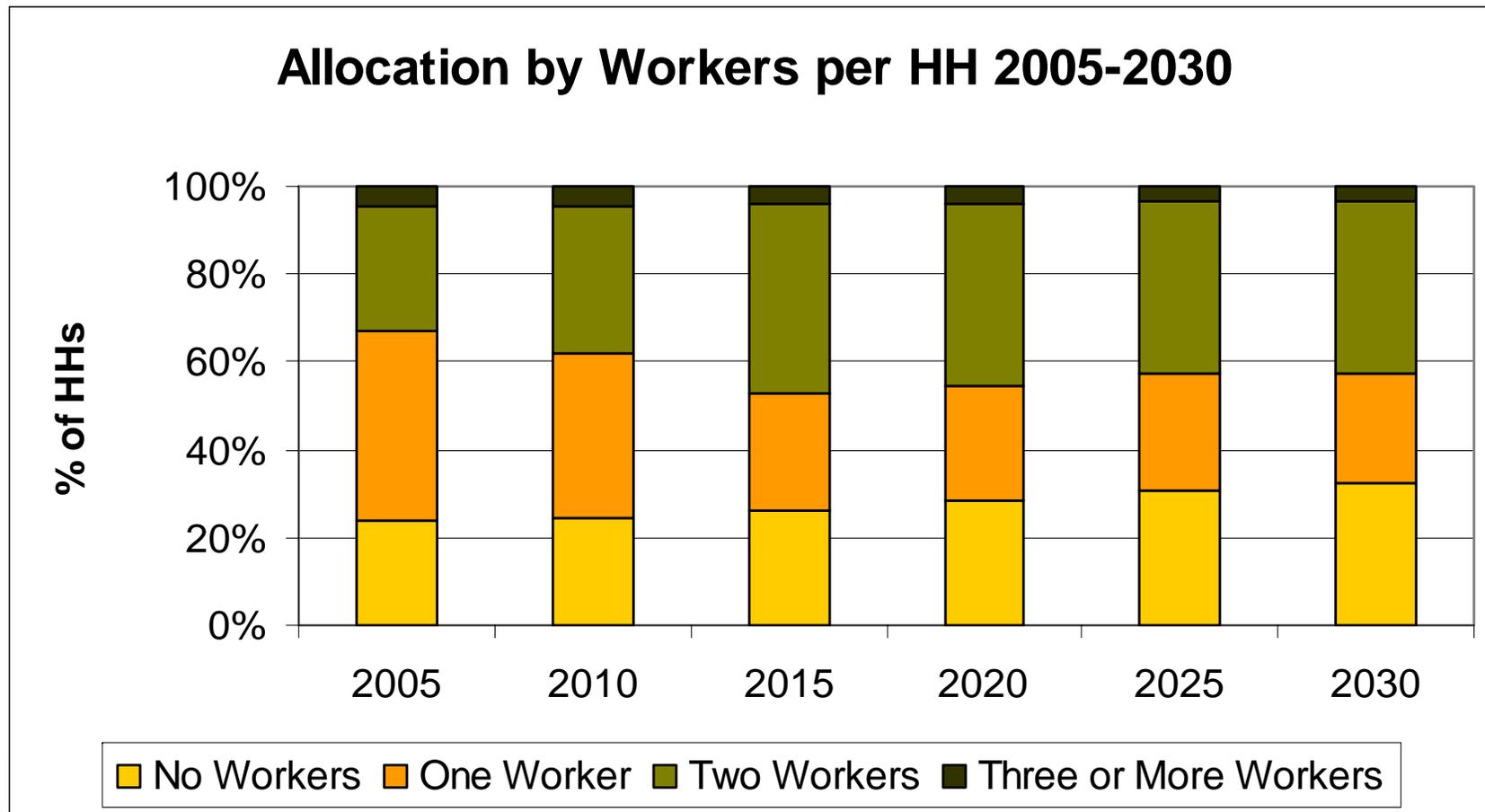
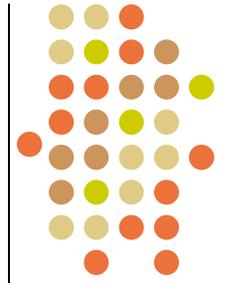
Boulder's Trend: HH Size



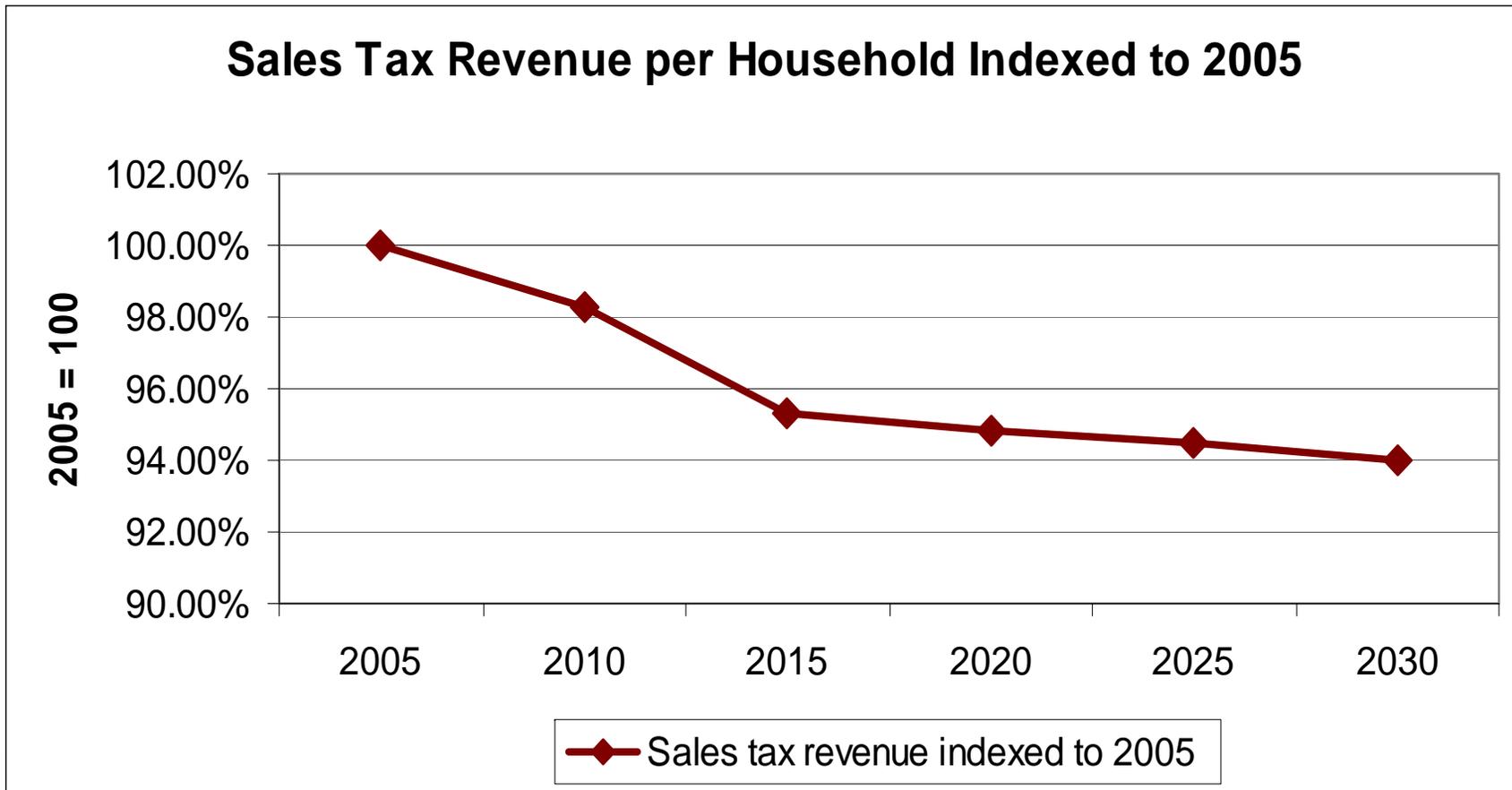
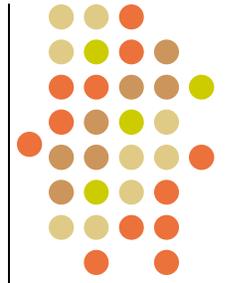
The Impact of Household Size



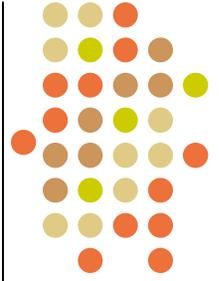
Boulder's Trend: Number of Workers per HH



The Impact of Number of Workers per Household



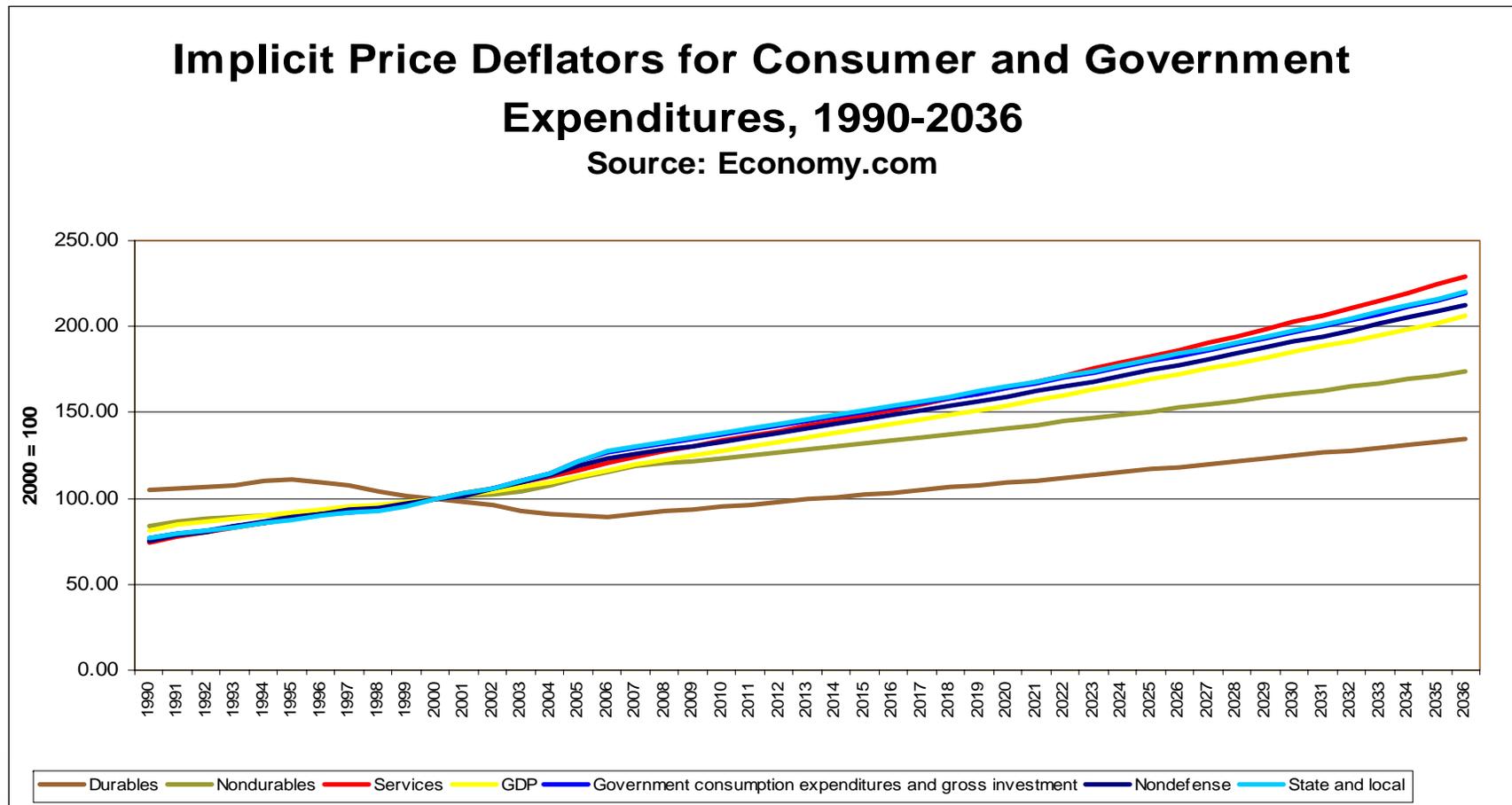
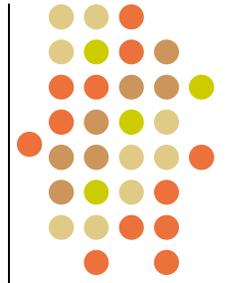
Sales Tax Base: Key Economic Trend



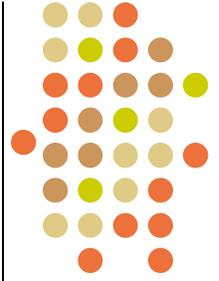
- Inflation rates across sectors of the economy are not constant
- Projected rate on taxable base fails to keep pace with rate on key gov't expenditures
- Retail sales tax as major revenue source will fund proportionally less of the base budget



Current Tax Base Doesn't Keep Pace



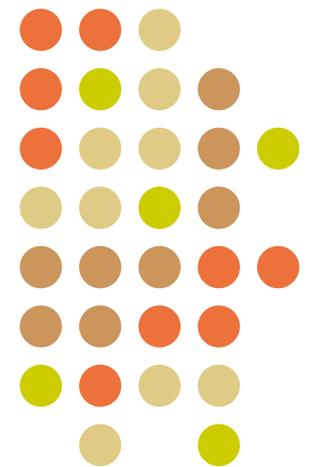
In Conclusion: Considerations and Contributing Factors



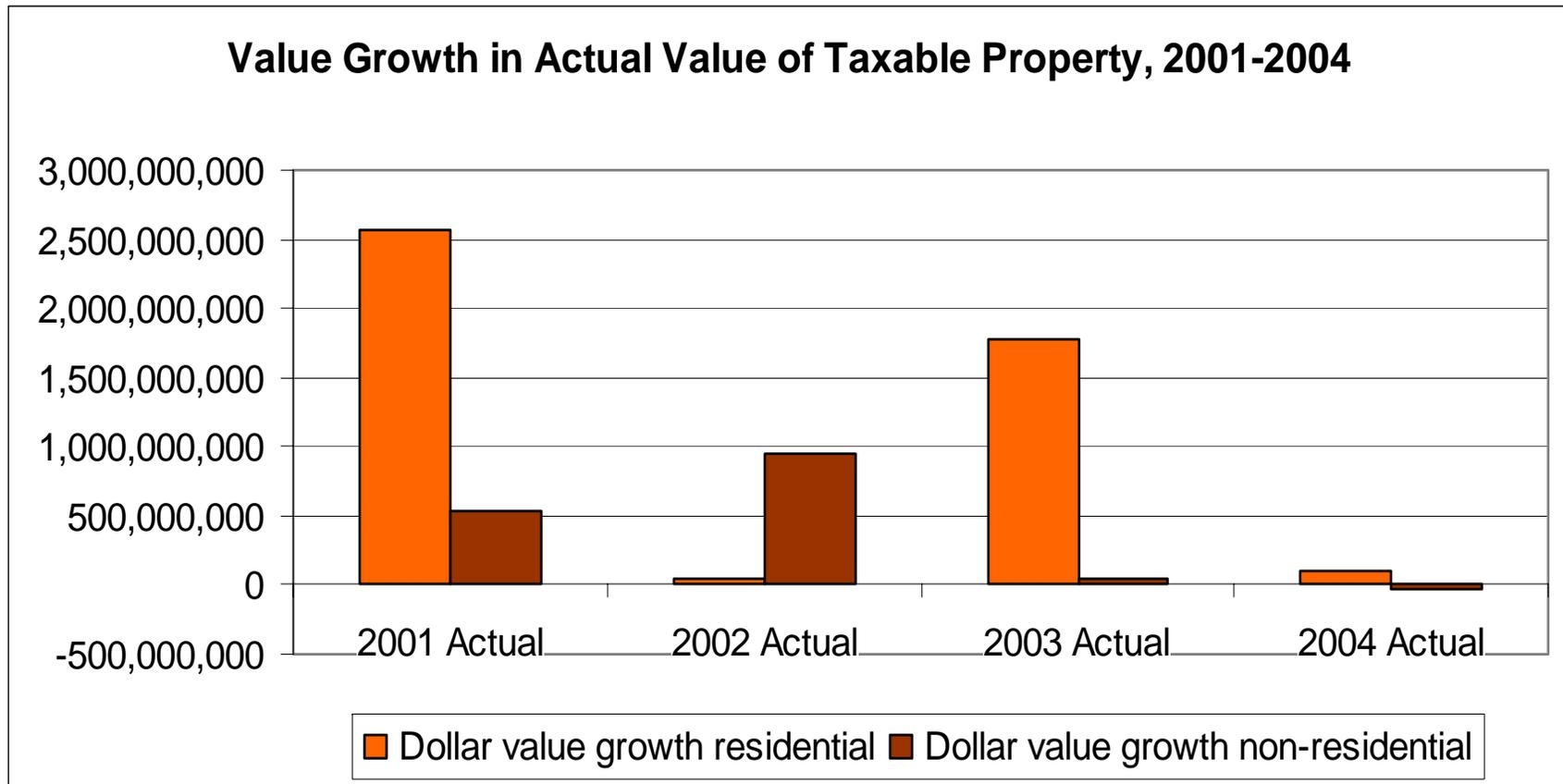
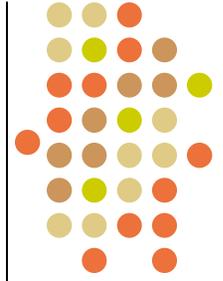
- High percentage of HHs in top income category maintains income as favorable demographic
 - Offsets lowest income category
 - Yet, as incomes rise, proportionally less spent on taxable goods
- Other demographics (age, # wrkrs, HH size) - sales tax becomes less productive
- Measure is **Revenue/HH** – Total revenue increasing but each HH contributing less



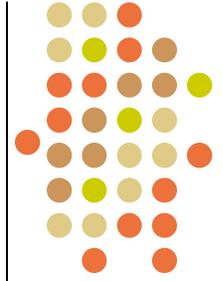
Property Tax Considerations



Residential and Non-Residential Growth



A Closer Look at 2004 Value Changes



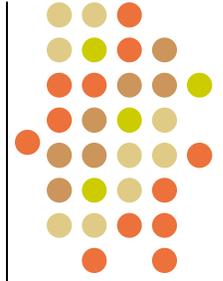
Residential

Non-Residential

+\$97.1 M

-\$25.9 M





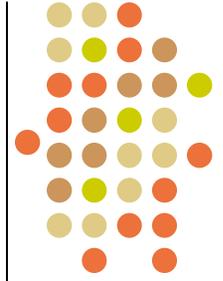
2004: Ratio of Change

3.749

*For every \$1 in non-residential value lost,
\$3.75 in residential was created*



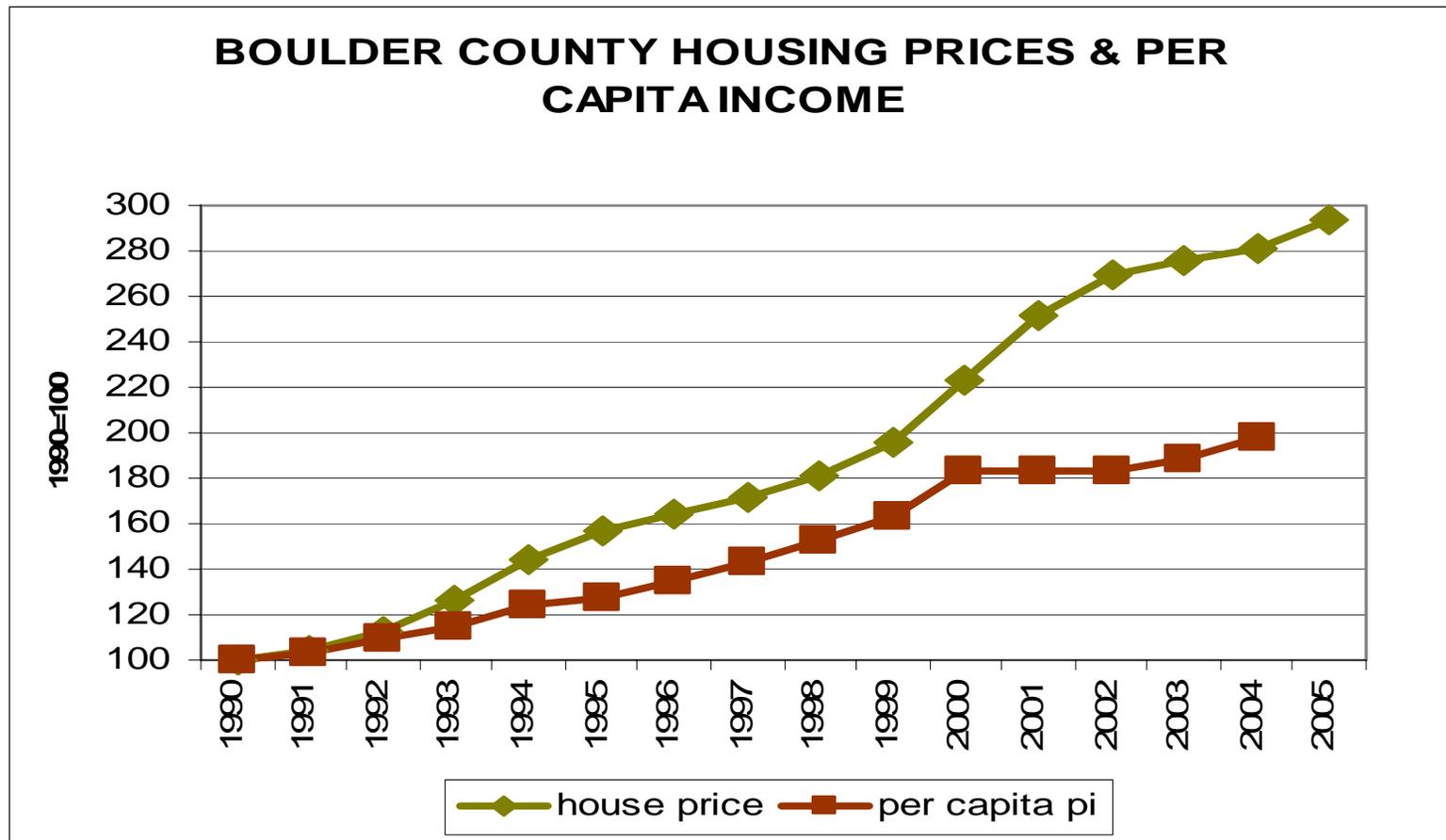
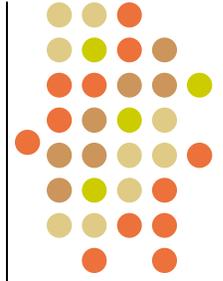
Is 2004 Ratio of Change Sustainable?



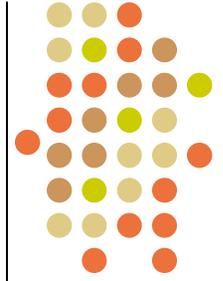
- Gallagher
 - Residential - 7.96% and likely falling
 - Non-residential – 29%
 - Ratio 29% to 7.96% = 3.64
- Every dollar of non-residential value generates 3.64 times the property tax as same residential value
- Land use changes non-res. to res. currently must maintain 3.64 ratio to break even under Gallagher
 - Every dollar loss of non-res. must be replaced with \$3.64 in residential value



Housing Prices at Historic Highs Relative to PI: Unlikely to Remain

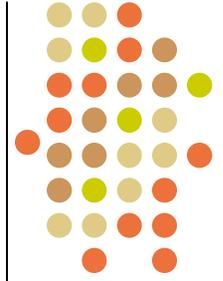


Gallagher and Residential Prices



- If Gallagher's residential rate decays, required break-even of residential to non-residential will will increase
- Lower housing growth appreciation is double edged sword
 - Decay in residential rate may be offset by dampening residential housing prices
 - Yet, slower residential growth makes it harder to keep pace if non-residential to residential conversions are made
 - Remember, residential rate set statewide





Next Steps

- Presentation of Revenue Forecast
 - Takes demographic trends individually and translates into consistent revenue forecast
 - Translates **direction** into **levels**
- Will be presented at next BRC meeting by Bill Kendall

