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Fiscal Conditions Project: Phase II (Preliminary) Findings

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Center for Local Government Research and Training

...to support and enhance the governance of Colorado's cities, counties and special districts. We pursue this mission through three interrelated activities: Research, Public Service and Professional Development.

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Objective of the Project

- To provide planning tools that will support Colorado municipalities
- In particular, to help municipal officials:
 - Communicate fiscal issues with their stakeholders
 - Help understand "peer communities"

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Collaborative Effort

- Joint effort between:
 - CML
 - DOLA
 - School of Public Affairs – Center for Local Government

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Collaborative Effort

- Joint effort between:
 - CML
 - DOLA
 - School of Public Affairs – Center for Local Government
- Local Government Student Fellowship
- Engaged City Managers and Public Finance Officers in ongoing discussions about the direction of the project

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Outline

- **Phase I Review**
- Phase II: Methodology
- Phase II: Preliminary Findings
- Next Steps

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Phase I: The changing fiscal conditions

- Analysis of Multiple (14) Measures of Financial Condition
- Over 40 years
- For all Municipalities in Colorado
- Reported on trends:
 - For all municipalities
 - For different regions
 - For different size communities

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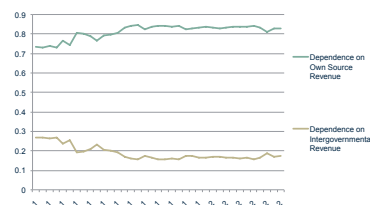
14-measures calculated

- Revenue per capita
- Total taxes per capita
 - Property tax
 - Capital sales tax & use tax
- Own-source revenue dependence
- Transfer revenue dependence
- Deficit indicator
- Debt service obligation
- Intergovernmental revenue dependence
- Total expenditures per capita
 - Public safety
 - Culture and recreation
 - Capital outlay
 - Public works

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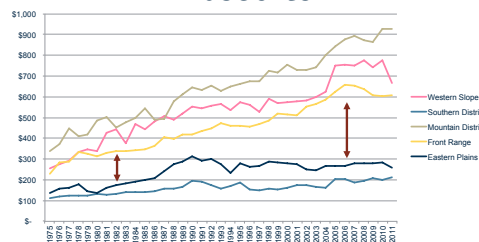
Phase I: Municipalities have become increasingly self-reliant



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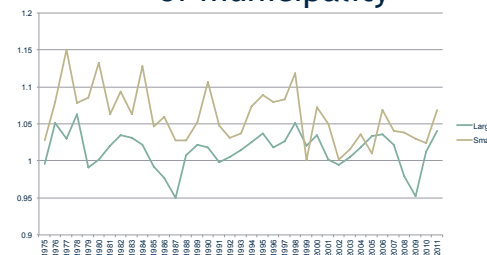
Phase I: Regional differences matter more today than they used to



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Phase I: There are important differences in terms of the size of municipality



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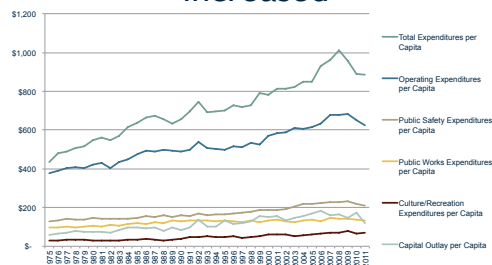
Phase I: History of strong fiscal health



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Phase I: Demands have increased



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Phase I: Findings

- Over the last 40 years:
 - Municipalities have become increasingly self-reliant
 - Regional differences matter more today than they used to
 - There are important differences in terms of the size of municipality
 - Have been fiscally healthy
 - **Demands have increased**

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Outline

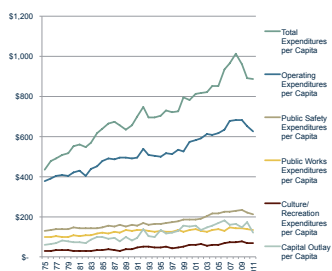
- Phase I Review
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Phase II: The Changing Demands on Cities and Towns

Is it really "demand?"



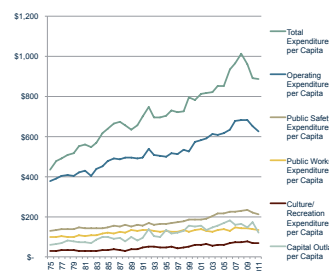
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Phase II: The Changing Demands on Cities and Towns

Is it really "demand?"

If it is "demand" what does it look like?



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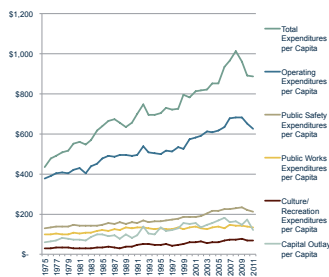


Phase II: The Changing Demands on Cities and Towns

Is it really "demand?"

If it is "demand" what does it look like?

What are the implications for future service provision?



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Phase II: Case Studies

- In depth case studies of 10 communities:
 - Alamosa
 - Breckenridge
 - Cortez
 - Durango
 - Firestone
 - Fort Collins
 - Hayden
 - Lamar
 - Northglenn
 - Telluride
- Interviews with about 5 key stakeholders in each community (n = 50)
- So far, we have completed about half of those interviews

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Outline

- Phase I Review
- Phase II: Methodology
- **Phase II: Preliminary Findings**
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Phase II: Is it really demand?

- Finding 1: Yes – demand is increasing

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Phase II: Is it really demand?

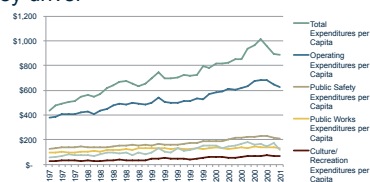
- Finding 1: Yes – demand is increasing
- Finding 2: Not inflation per se, but growth is a key driver

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Phase II: Is it really demand?

- Finding 1: Yes – demand is increasing
- Finding 2: Not inflation per se, but growth is a key driver



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Phase II: What characterizes the increased demand?

- Finding 3: Demand driven by competition between communities

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Phase II: What characterizes the increased demand?

- Finding 3: Demand driven by competition between communities
- Finding 4: Higher quality goods – not different goods

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Phase II: What characterizes the increased demand?

- Finding 3: Demand driven by competition between communities
- Finding 4: Higher quality goods – not different goods
- Finding 5: Capital improvements

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Phase II: What does these trends imply for the future?

- Finding 6: Equity Issues

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Phase II: What does these trends imply for the future?

- Finding 6: Equity Issues
- Finding 7: Sustainability Concerns

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Lessons

- Some efficiencies might be achieved through planning for cooperative arrangements

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- Ongoing review and investment in quality of existing assets will be more useful than investment in new amenities

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- Ongoing review and investment in quality of existing assets will be more useful than investment in new amenities
- Communicating priorities is going to be important for fiscal sustainability

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Lessons

- Some efficiencies might be achieved through planning for cooperative arrangements
- Ongoing review and investment in quality of existing assets will be more useful than investment in new amenities
- Communicating priorities is going to be important for fiscal sustainability
- Planning for affordable housing and workforce changes will be important

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Outline

- Project Background & Phase I Findings
- Phase II: Methodology
- Phase II: Preliminary Findings
- **Next Steps**

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Next Steps

- Complete interviews (end of June/early July)
- Finalize interview coding (end of July)
- Draft Report (August)
- Final Report (September)

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