

EL PASO



COUNTY

COLORADO

TABOR

Recession and Recovery

August 29, 2017

Nicola Sapp

Chief Financial and Administrative Officer



Presentation Overview

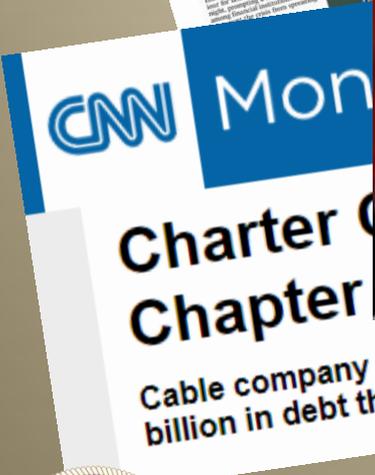
- Remember the Great Recession
 - National, Colorado Springs and El Paso County
 - County deferred maintenance / layoffs
- Great Recovery
 - Sales and property taxes
- TABOR cap formula implications
- Solution
- Next Steps



Remember the Great Recession



El Paso County Administration and Financial Services



The Great Recession

February 2008 – February 2010 (R.I.P.?)

Nationally

- 8.7 million jobs lost
- GDP contracted 5.1%
- Lehman Brothers – Chapter 11
- Washington Mutual – Chapter 11
- General Motors – government still owns 32%
- General Growth Properties – Chapter 11
- Charter Communications – Chapter 11



THE DENVER POST

NEWS

Colorado Springs cuts into services considered basic by many

By MICHAEL BOOZ
January 30, 2010



91.5 KRCC

news

arts & life

music

programs

By MICHAEL BOOZ
January 30, 2010

AROUND THE NATION

Facing Budget Gap, Colorado City Shuts Off Lights

February 14, 2010 - 12:00 AM ET
Heard on All Things Considered

SEARCH



JEFF BRADY



U.S.

The New York Times

Governments Go to Extremes as the Downturn Wears On

By MICHAEL COOPER AUG. 6, 2010



The Great Recession

February 2008 – February 2010 (R.I.P.?)

Colorado Springs

- Parks grass dies – parks restrooms locked
 - Medians are overtaken by weeds
 - Streetlights turned off
- **Unemployment peaks at 9.6%**



THE DENVER POST

NEWS

El Paso County cuts jobs after tax hike rejected

By THE ASSOCIATED PRESS
November 7, 2008 at 2:17 am

The Gazette

PULITZER PRIZE-WINNING JOURNALISM, EST. 1872

NEWS SPORTS BUSINESS POLITICS OPINION LIFE A&E OBITS SHOPPING ABOUT PHOTO/VIDEO

El Paso County budget facing tough cuts

By: PERRY SWANSON • May 31, 2008 •



Why the county's cupboard is bare

By: CARLYN RAY MITCHELL • October 29, 2007 •

The Gazette
PULITZER PRIZE-WINNING JOURNALISM, EST. 1872

NEWS SPORTS BUSINESS POLITICS OPINION LIFE A&E OBITS SHOPPING ABOUT PHOTO/VIDEO

THE DENVER POST

NEWS

24 El Paso County sheriff's jobs cut from budget

By THE ASSOCIATED PRESS
December 20, 2008 at 11:18 am

The Great Recession

February 2008 – February 2010 (R.I.P.?)

El Paso County

- Cuts more than 200 positions
- Reduces parks hours
- Temporary Assistance to Needy Families, Food Assistance, and Child and Senior Protection cases skyrocket and case workers are spread far too thinly
- Bi-annual assessment process fails to track recovery



The Great Recession

February 2008 – February 2010 (R.I.P.?)

El Paso County

- Property tax collections lag two years after recovery begins
- Deferred maintenance catches up to County Facilities
 - Flu vaccines lost in HVAC failure at County Health
 - Fire Department issues warning on over capacity DHS Facilities
 - County I.T. runs critical databases on obsolete VAX systems





The Great Recession

February 2008 – February 2010 (R.I.P.?)

El Paso County

- 14 year-old county plows and graders experience 50% failure rates in snow storms of more than 1-day duration
- Deferred Road and Bridge backlog soars to \$200 Million



El Paso County Administration and Financial Services

The Great Recession

February 2008 – February 2010 (R.I.P.?)

The Gazette

PULITZER PRIZE-WINNING JOURNALISM, EST. 1872

NEWS SPORTS BUSINESS POLITICS OPINION LIFE A&E OBITS SHOPPING ABOUT PHOTO/VIDEO

County near settlement with family of girl who died in foster care

By: JOHN C. ENSSLIN · February 27, 2010

KKTV
11 NEWS
YOUR BREAKING NEWS LEADER

Foster Mom Sentenced To 32 Years In Prison for Killing Toddler

Overworked DHS Caseworkers miss warning calls
and mailed audio tape

2-year-old child dies in foster care

El Paso County Administration and Financial Services



Great Recovery

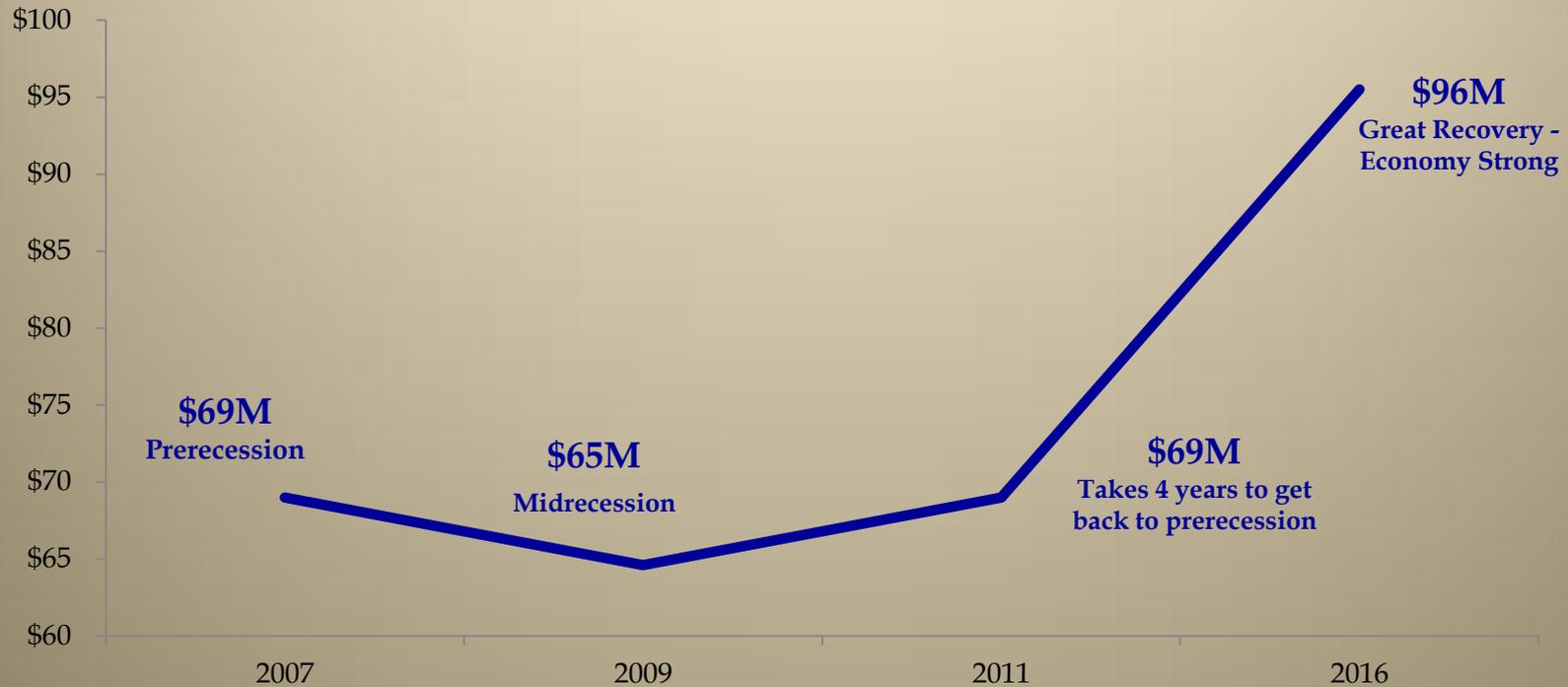


El Paso County Administration and Financial Services

Great Recovery

Historical Sales Tax Collections

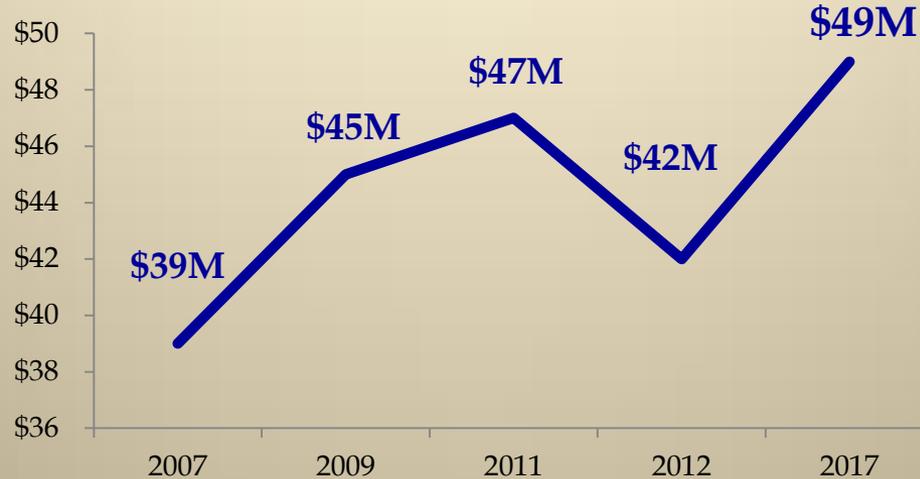
Sales Tax (in Millions)



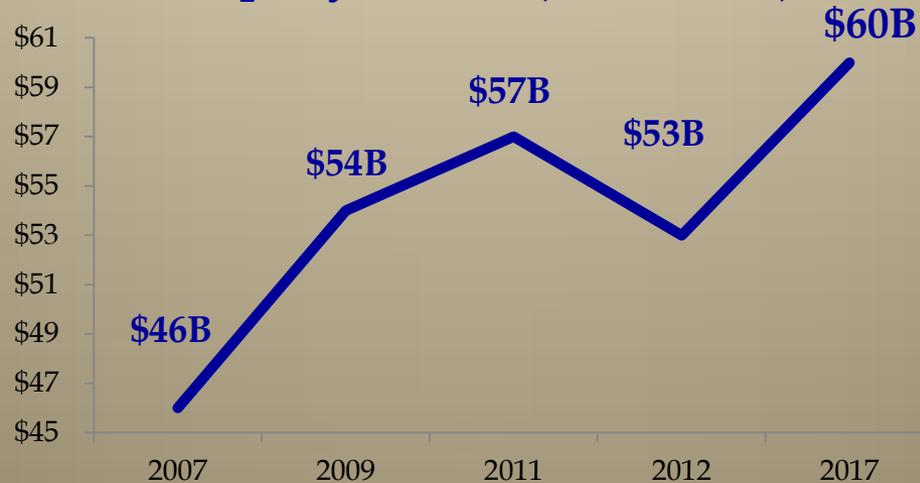
Great Recovery

Historical Property Taxes and Values

Property Tax (in Millions)



Property Values (in Billions)



Great Recovery County Efforts

- Able to address local share of Four Nationally Declared Disasters in Four Years
- Strategic Moves Initiative significantly addresses failing building infrastructure
- Dedicated Public Safety tax addresses significant deficits in Public Safety
- Able to start addressing critical operational and capital backlogs
- *Five Year Financial Roadmap illustrates County finally heading in right direction after over a decade of financial challenges (only roads left unfunded)*



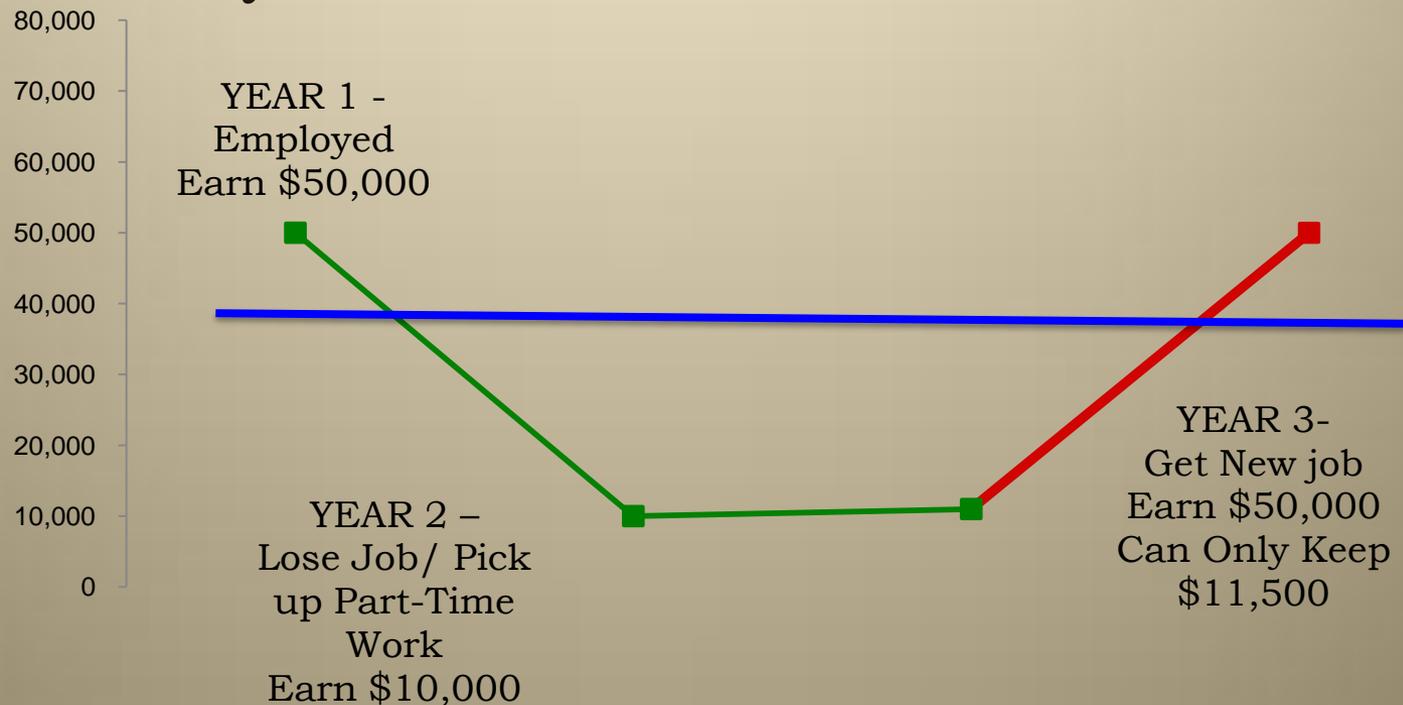
TABOR Cap Implications



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TABOR Cap Implications

- TABOR allows a significant reduction during bad economic times, does not allow for a strong recovery

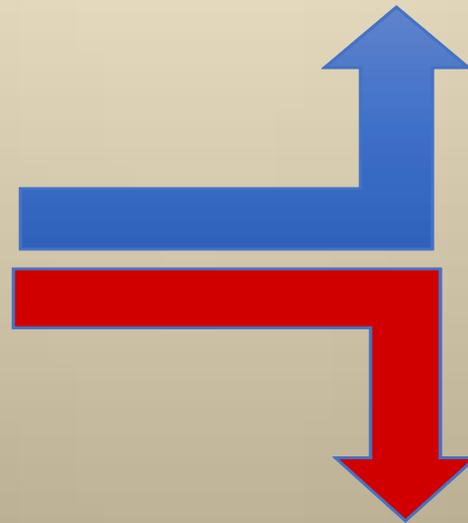


TABOR Cap Implications

WITH TABOR RESET -

- * ADDRESS COUNTY CRITICAL NEEDS
- *INVEST TENS OF MILLIONS IN FAILING INFRASTRUCTURE

**CURRENT SITUATION
TABOR CROSSROADS**



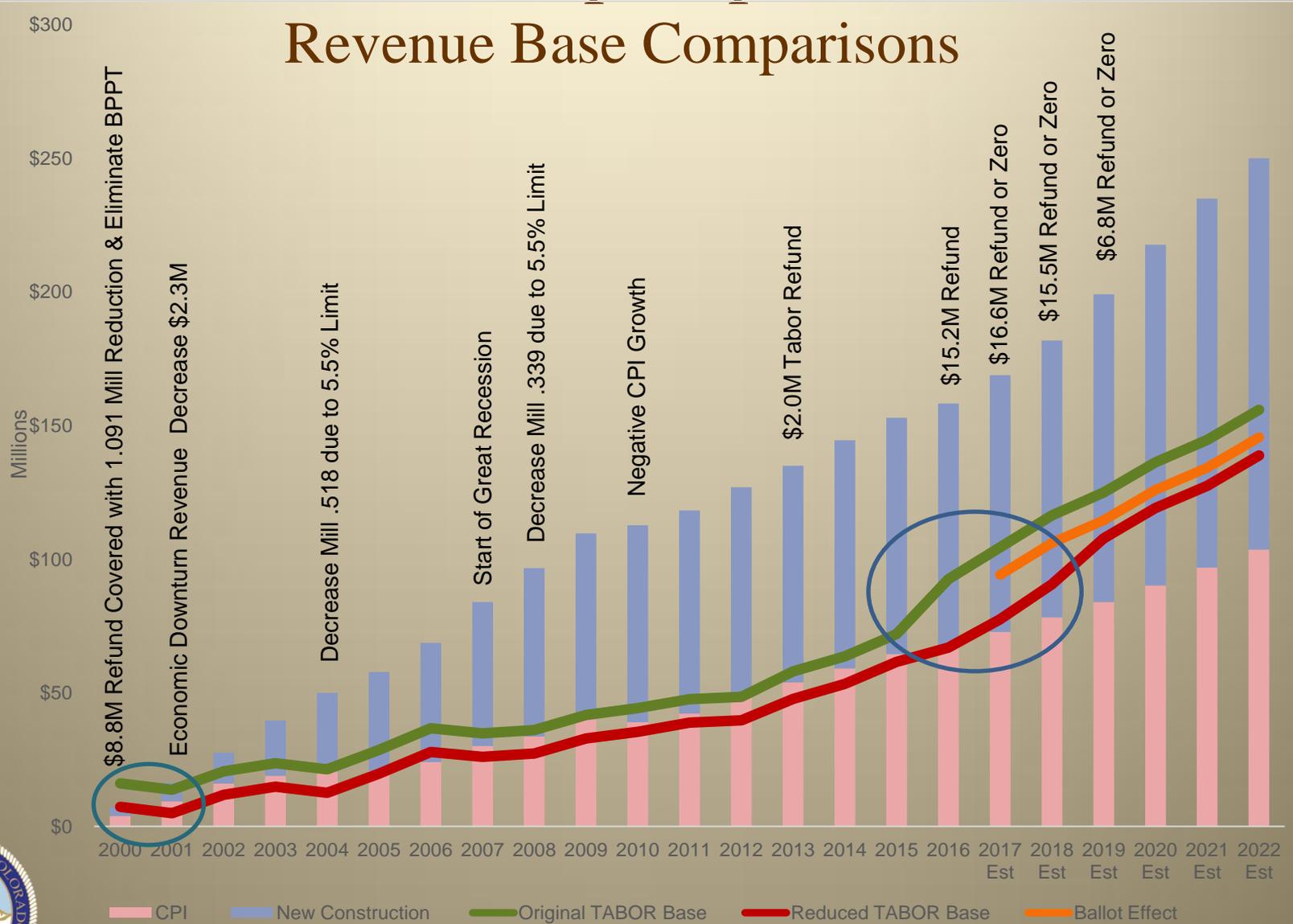
WITHOUT TABOR RESET -

- *NOT ADDRESSING COUNTY CRITICAL NEEDS
- *NOT INVESTING IN FAILING INFRASTRUCTURE
- *BUDGET CUTS OF TENS OF MILLIONS
- *DEVASTATING TO COUNTY



TABOR Cap Implications

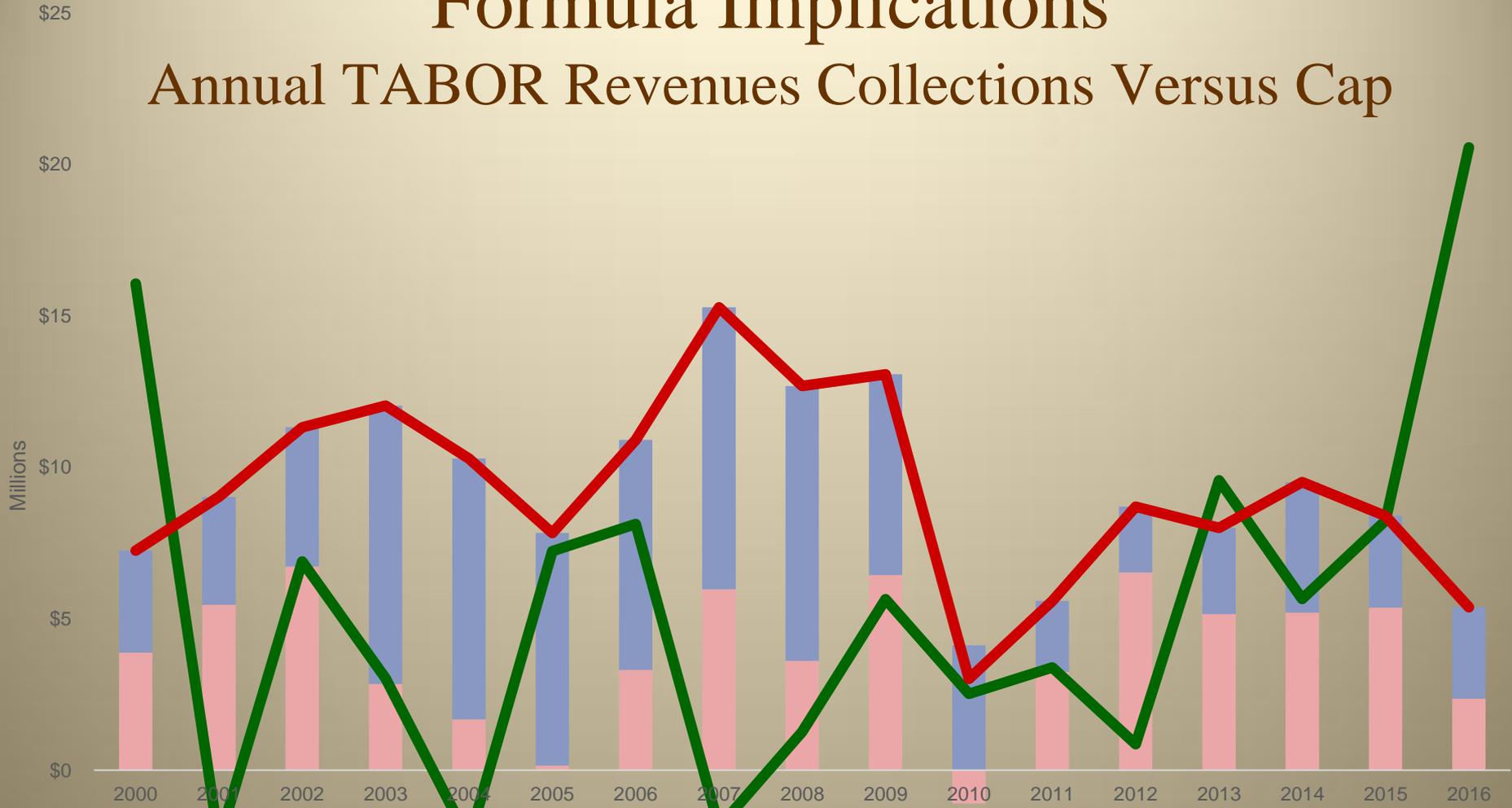
Revenue Base Comparisons



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Formula Implications

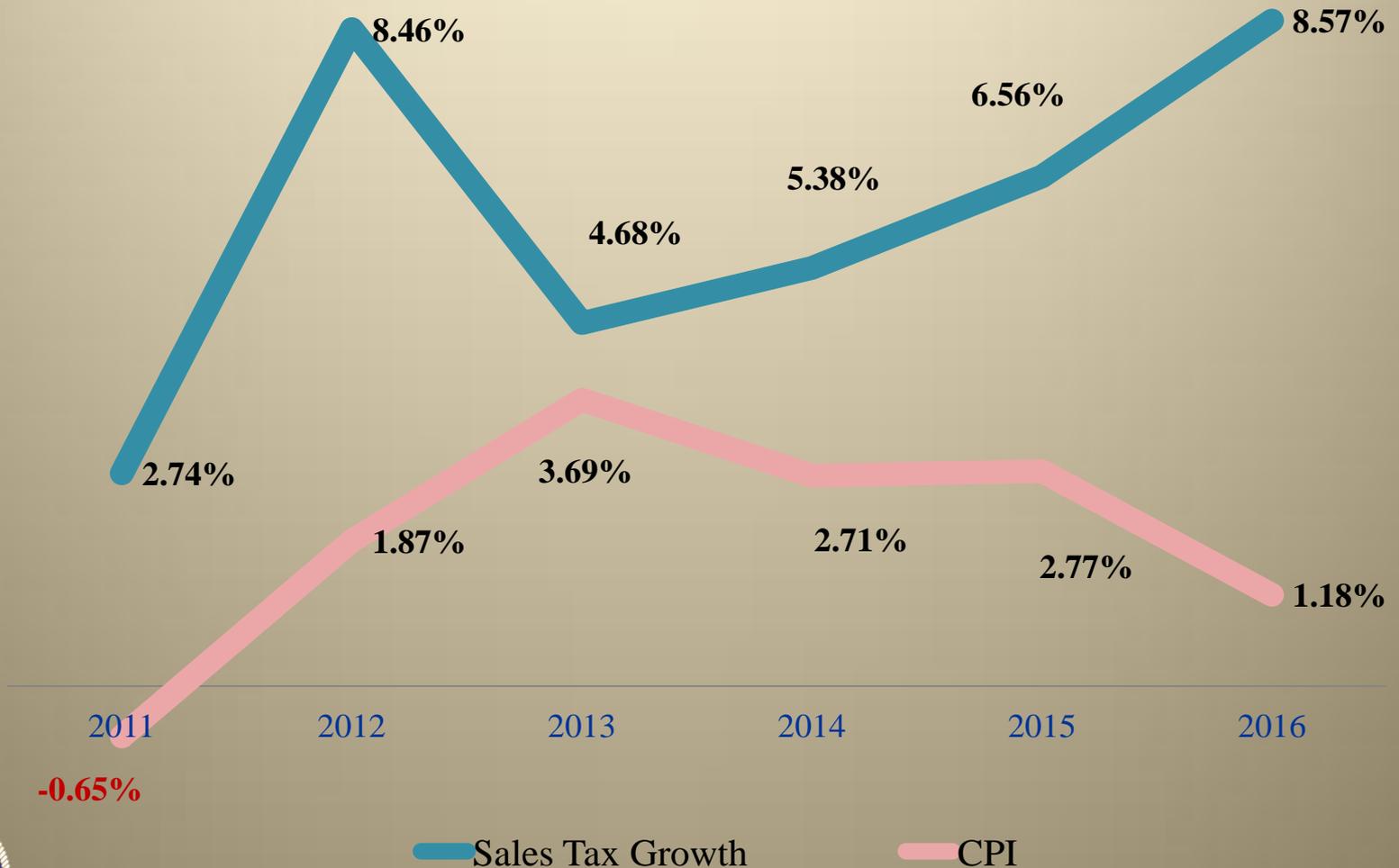
Annual TABOR Revenues Collections Versus Cap



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Formula Implications

Comparison of CPI versus El Paso County Sales Tax



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Solution to this Unique Situation



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Solution – Reset the Revenue Base

- **“Without imposing new taxes or raising tax rates...”**
- \$14.5M – 2016 revenue retention
 - \$12M – I-25 Gap local share and other roadway safety projects
 - \$ 1M – remaining disaster recovery projects
 - \$ 1.5M – parks, trails, and open space
- Resets revenue base to 2017 actual
- Retains TABOR limitations (not De-TABORing)



Solution

Draft Ballot Language

WITHOUT IMPOSING NEW TAXES OR RAISING TAX RATES, SHALL EL PASO COUNTY BE PERMITTED TO RETAIN AND SPEND \$14,548,000 IN EXCESS 2016 REVENUE AS A VOTER-APPROVED REVENUE CHANGE PURSUANT TO TABOR (ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION) TO INVEST ONLY IN THE FOLLOWING INFRASTRUCTURE:

- THE I-25 CORRIDOR GAP LOCAL SHARE AND OTHER ROADWAY SAFETY AND IMPROVEMENT PROJECTS, UP TO \$12 MILLION;
- DISASTER RECOVERY PROJECTS; AND
- PARKS, TRAILS AND OPEN SPACE PROJECTS,

WITH THE UNDERSTANDING THAT SUCH EXCESS REVENUE WOULD OTHERWISE BE REFUNDED ONLY TO TAXABLE REAL PROPERTY OWNERS AS A ONE-TIME TAX CREDIT (EXAMPLE: APPROXIMATELY \$40 FOR A TYPICAL SINGLE-FAMILY HOME VALUED AT \$250,000), AND TO RETAIN AND SPEND IN THE 2017 FISCAL YEAR AND THEREAFTER AN AMOUNT OF REVENUE THAT EXCEEDS CURRENT TABOR LIMITATIONS BUT IS NO GREATER THAN THE COUNTY REVENUE CAP, WHICH CONTINUES TO LIMIT FUTURE REVENUE GROWTH AS PROVIDED IN RESOLUTION NO. 17 - ____?



Next Steps

- September 5th
 - Second Public Hearing on Ballot Question
 - BoCC to Take Vote to Put on the Ballot
- 2018 Budget Process
 - Two 2018 Budgets Prepared
 - September 21st - Preliminary Balanced Budgets
 - October – Original Adopted Budget Hearings
 - November 7th – Election Day
 - November 16th – Adopt 2018 Budget

