



2024 Budget Revisions

City Council Work Session – September 26, 2023

- 1) Budget Revision Process Overview**
- 2) 2024 Financial Context**
 - Available revenue and reserves
 - Recommended 2024 Revision expenses
- 3) Review of the 2024 Revision Offer requests**



X = Council review and adoption of the Strategic Plan

The recommended Budget Revisions are intended to address:

- Adjustments to ongoing expenditures to match current ongoing revenue estimates, if declining
- Council priorities, high-priority projects and needs not known during last BFO
- Fiduciary responsibilities & fund balance

Criteria for New Requests:

- The request is specifically directed by the City Manager or City Council
- The request is related to a previously approved Offer where either unanticipated revenue shortfalls or unforeseen expenses are significantly impacting the delivery of that program or service. These also need approval by the City Manager.

The Budget Revision process is not Budgeting for Outcomes (BFO):

- There is no 'call for Offers' to support the Strategic Plan
- There is no vetting and comparison of Offers by BFO Teams

- Sept. 7: Council Finance Committee meeting
- Sept. 26: Council Work Session**
- Oct. 17: 1st Reading of the 2024 Annual Appropriation**
- Nov. 21: 2nd Reading (due to no Council meeting on Election Day)**

	<u>2023</u>	<u>2024</u>
General Inflation	3.5%	2.5%
Salary Adjustments*	7.0%	5.0%
Medical Costs / Prescriptions (Rx)	7.2%	7.2%
Dental Costs	0.0%	0.0%
Retirement 401/457 Contributions	No Change	
Budget Staffing of Total Personnel Costs	96%	96%

Utility Rates Adjustments				
	Actual 2021	Actual 2022	Budget 2023	Budget 2024
Electric	3.0%	2.0%	5.0%	5.0%
Water	2.0%	0.0%	4.0%	4.0%
Wastewater	0.0%	0.0%	4.0%	4.0%
Stormwater	0.0%	0.0%	3.0%	3.0%

- **No recommended updates to the previously approved 2024 rate increases**
- **Electric rate increases nearly always include anticipated increased power supply costs from Platte River Power Authority (PRPA)**
- **Last Wastewater increase was 3.0% in 2018**
- **Last Stormwater increase was 2.0% in 2020**

Governmental Revenue

– Sales Tax

- 2023 budgeted at 3.5% growth
- YTD growth through August is over budget \$929k
- Forecasting ~ \$1.5M of collections above budget in 2023
- General Fund receives 74% of Sales Tax collections; the four ¼ cent taxes receive the balance
- This equates to about \$1.1M of increased General Fund ongoing revenue in 2024

Month	Net Sales Tax	
	% over/under budget	YTD \$ over budget
Jan	4.5%	
Feb	-1.2%	
Mar	3.3%	
Apr	1.5%	
May	4.7%	
Jun	-3.0%	
Jul	-2.3%	
Aug	-0.7%	\$929,000

– Property Tax

- 2023 assessments coming in at 25% to 35% growth, or more
- 2024 Budget included growth of 13%; Proposition HH could reduce the increase to 23%
- 23% equates to ~ \$1.45M of increased General Fund ongoing revenue in 2024

Governmental Revenue (continued)

- Other Governmental Revenue
 - Overall Governmental revenues coming in at or over budget
 - No revenue streams of significance that warrant modification in 2024

Utility Revenue

- Overall Utility revenues coming in at or over budget
- No revenue streams of significance that warrant modification in 2024

Governmental Expenses

- Nearly all Service Areas are under budget YTD per the July financial report

Utility Expenses

- All Funds are under budget YTD per the July financial report

General Fund - Year End 2022 - \$85.5M						
	<u>2021</u>	<u>2022</u>	<u>Appropriated, Min. Policy, or Scheduled</u>	<u>Available but with some Constraints</u>	<u>Available for Nearly Any Purpose</u>	
Assigned - Minimum 60 day Policy	\$ 34.2	\$ 37.7	\$ 37.7	\$ -	\$ -	
Non-spendable						
Advances	-	-	-	-	-	
Landbank inventory	2.5	2.5	2.5	-	-	
Udall Endowment	0.1	0.1	0.1			
Restricted						
TABOR Emergency	7.7	7.7	7.7	-	-	
Police Radio Network	0.3	0.3	0.1	0.2	-	
Donations & Misc	1.0	1.6	-	1.6	-	
Economic Rebates	-	0.1	-	0.1	-	
Committed						
Traffic Calming	-	-	-	-	-	
Culture & Recreation	0.3	0.3	0.3	-	-	
Affordable Housing Land Bank	0.1	0.1	-	0.1	-	
Police Regional Training Facility	0.1	0.1	-	0.1	-	

General Fund - Year End 2022 - \$85.5M

	2021	2022	Appropriated, Min. Policy, or Scheduled	Available but with some Constraints	Available for Nearly Any Purpose
Assigned					
Prior Year Purchase Orders	6.9	5.3	5.3	-	-
Manufacturing Use Tax Rebate	0.2	0.1	0.1	-	-
Digital Equity	0.1	0.5	-	-	0.5
Golf Irrigation System	0.4	-	-	-	-
Opioid Settlement	-	0.1	-	-	0.1
Camera Radar	1.2	1.4	0.5	-	0.9
Waste Innovation	0.2	0.2	-	-	0.2
Cultural Services	0.5	0.6	0.6	-	-
Reappropriation	0.8	0.6	0.6	-	-
Budgeted use of reserves	5.5	5.5	5.5	-	-
Child Care Needs	0.3	0.3	-	-	0.3
Police Radios	0.6	0.7	-	-	0.7
Hughes Land Purchase	2.0	2.0	2.0	-	-
ERP Replacement	2.5	2.5	-	-	2.5
Rolland Moore Updates	-	-	-	-	-
Rental Registration Startup	-	-	-	-	-
TRC Equipment	-	-	-	-	-
Talent / Compensation	-	-	-	-	-
Unassigned	19.0	15.2	7.1	-	8.1
Year End Total	\$ 86.5	\$ 85.5	\$ 70.1	\$ 2.1	\$ 13.3

Of that amount, 2023 year-to-date supplemental appropriations approved by Council = \$1.1M.

Likewise, the 2023 Annual Reappropriation Ordinance (from reserves) = \$600k

That leaves \$6.4M available for nearly any Council approved purpose

	Revenue & Expenditures by Fund							
Description	General Fund - Ongoing	General Fund - 1-Time	Cultural Services	Light & Power	Water	Stormwater	Broadband	TOTAL
Summary of Revenue Changes & Reserves								
- Increased 2024 Sales Tax forecast for General Fund	\$1,110,390							\$1,110,390
- Increased 2024 Property Tax forecast for General Fund	1,450,000							\$1,450,000
- Increased 2024 Carnegie Center revenue forecast (ongoing)			25,000					\$25,000
- Available Ongoing Revenue from the 2023-24 Budget				3,200,000	360,000	1,200,000	1,159,674	\$5,919,674
- Available Reserves (1-Time, if requested)		8,100,000						\$8,100,000
- Less: 2023 Reappropriation (1-Time)		(602,754)			(52,500)			(\$655,254)
- Less: 2023 Supplemental Approps (ongoing)	(582,000)							(\$582,000)
- Less: 2023 Supplemental Approps (1-Time)		(1,125,100)						(\$1,125,100)
Subtotal of Funding Changes	1,978,390	6,372,146	25,000	3,200,000	307,500	1,200,000	1,159,674	14,242,710

Fund / Revision Requested	FTE	Ongoing \$	One-Time \$	Total
General Fund				
Rental Housing Program with 4.0 FTE	4.00	410,950	78,750	489,700
1.0 FTE Carnegie Center for Creativity Programming	1.00	114,899		114,899
Municipal Court Services - 1.0 FTE Deputy Court Clerk II	1.00	73,000	18,000	91,000
Municipal Court Services - Technology	-	189,201	146,410	335,611
Additional Prosecution Staff	1.00	195,197	19,472	214,669
Waste Contracting Operating Budget plus 2 FTE	2.00	309,014	-	309,014
Bringing the operations of the TRC in-house plus 3 FTE	3.00	299,564	311,476	611,040
Encampment cleaning and prevention additional funds	-	111,000	-	111,000
Expansion of the Enterprise Service Management (ESM) System	-	68,500	87,500	156,000
Household Hazardous Waste	-	-	114,240	114,240
Total General Fund	12.00	\$1,771,325	\$775,848	\$2,547,173
Cultural Services & Facilities				
1.0 FTE Carnegie Center for Creativity Programming	-	25,000	-	25,000
Total Cultural Services & Facilities Fund	0.00	\$25,000	\$0	\$25,000

Fund / Revision Requested	FTE	Ongoing \$	One-Time \$	Total
Light and Power Fund				
Debt service for 2023 Bond Issuance	-	2,954,708	-	2,954,708
Total Light and Power Fund	0.00	2,954,708	0	2,954,708
Water Fund				
Poudre Instream Flows Plan: Early Design and Cost Estimating Phase	-	-	60,000	60,000
Total Water Fund	0.00	0	60,000	60,000
Stormwater Fund				
Encampment cleaning and prevention additional funds	-	64,000	-	64,000
Household Hazardous Waste	-	-	89,760	89,760
Total Stormwater Fund	0.00	\$64,000	\$89,760	\$153,760
Broadband Fund				
Debt service for 2023 Bond Issuance	-	1,159,674	-	1,159,674
Total Broadband Fund	0.00	\$1,159,674	\$0	\$1,159,674
TOTAL ALL FUNDS	12.00	5,974,707	925,608	6,900,315

Description	General Fund - Ongoing	General Fund - 1-Time	Cultural Services	Light & Power	Water	Stormwater	Broadband	TOTAL
Available Revenue and Reserves	1,978,390	6,372,146	25,000	3,200,000	307,500	1,200,000	1,159,674	14,242,710
2024 Budget Revision Requests								
- Ongoing Requests	(1,771,325)		(25,000)	(2,954,708)		(64,000)	(1,159,674)	(5,974,707)
- One-Time Requests		(775,848)			(60,000)	(89,760)		(925,608)
Total of 2024 Revisions	(1,771,325)	(775,848)	(25,000)	(2,954,708)	(60,000)	(153,760)	(1,159,674)	(6,900,315)
Net Impact (positive = available)	\$207,065	\$5,596,298	\$0	\$245,292	\$247,500	\$1,046,240	\$0	N/A

- **Beginning operations in 1964, jointly owned by Loveland and Fort Collins since 1979**
- **2020 Master Plan adopted by both Councils after joint meeting in fall 2020**
- **Operating under 2015 Amended and Restated Intergovernmental Agreement**
 - IGA provides that if either city does not pay its one-half expenses in a given year, it will cede 10% of its ownership to the other city
- **For 2023, the sole direct operating expense of each City is \$189,170 for an FAA ground lease associated with the Northern Colorado Law Enforcement Training Center**
 - IGA provides that each city is responsible for 50% of the annual lease payment

Operating Revenues	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Budget
Hangar Rental	\$131,782	\$224,059	\$247,095	\$242,000	\$255,000
FBO Rent	92,586	92,586	92,713	94,172	94,134
Gas and Oil Commissions	190,731	111,192	265,576	119,000	190,000
State & County Aircraft Fuel Tax	156,661	119,829	127,754	140,000	166,500
Land Lease	650,497	694,391	738,561	749,900	891,600
Miscellaneous	40,253	33,999	212,966	110,000	36,800
Total Operating Revenue	\$1,262,510	\$1,276,056	\$1,684,665	\$1,455,072	\$1,634,034
Operating Expenses					
FTE	6	6	6	8	9
Personal Services	\$596,508	\$641,868	\$668,421	\$827,312	\$1,089,540
Supplies	72,675	68,129	74,945	100,000	115,400
Purchased Services	732,671	513,984	435,275	678,619	1,506,360
Total Operating Expenses	\$1,401,860	\$1,223,987	\$1,178,647	\$1,605,939	\$2,711,309
City of Fort Collins Contribution					Actual YTD
<i>*Portion Included in Land Lease Revenue</i>	\$177,339	\$180,751	\$183,395	\$190,800	\$103,043
City of Loveland Contribution					
<i>*Portion Included in Land Lease Revenue</i>	\$177,339	\$180,751	\$183,395	\$190,800	\$103,043

What questions or feedback does Council have on the City Manager's recommended revisions to the 2024 Budget?

Back-up Slides

Fund Balance / Reserves by Year

(in millions)



