

WORK SESSION AGENDA ITEM SUMMARY

City Council



STAFF

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SUBJECT FOR DISCUSSION

2027-2028 Biennial Budget – Work Session #3

EXECUTIVE SUMMARY

The purpose of this item is to continue discussion of the 2027-2028 Recommended Budget, which was delivered to City Council and the City Clerk on September 3, 2026, pursuant to provisions of Article V, Section 2 of the City Charter. In September and October, Council will have a series of work sessions to discuss the City Manager's Recommended Budget and conduct two Public Hearings to gather input from the community as outlined in the table below.

At the October 13, 2026, Work Session, staff will present follow-up based on questions from prior budget Work Sessions and items where additional discussion was requested. Staff will seek direction on changes to the Recommended Budget that Council would like to see included in the draft of the Adopted Budget.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. Does Council have feedback on the potential budget additions and the options presented to offset them?
2. Which offsetting options, if any, would Council like staff to incorporate before budget adoption?
3. Are there any other options which Council would like to discuss to further modify the Recommended Budget?

BACKGROUND / DISCUSSION

Discussion on October 13, 2026

Council asked for more information on several items during earlier budget discussions. A follow-up memo, provided separately, answers those questions. Some questions included a request for additional discussion, which are included in the presentation.

Further information on the proposed use of the Parks & Recreation 2050 tax is also available in the May 13, 2026 Follow Up Memo from an April 28 Citywide Capital Projects presentation: [April 28, 2026 Work Session Summary: Parks & Recreation 2050 Tax Follow-up](#).

The 2027–2028 Recommended Budget balances a structural General Fund gap through ongoing modifications while continuing to fund priority investments. Because the budget is balanced, any item Council adds or restores would need a matching offset.

Subsequent to publishing the Recommended Budget, Council and staff identified limited items where there may be interest in modifying the proposed budget. This includes Municipal Court staffing, the Grocery Tax Rebate Program, and the Human Services Grant Program. Staff will show these items alongside the options available to offset them.

Budget Process

The 2027-2028 budget process represented an important transition in how the City develops its budget. After many years of using Budgeting for Outcomes (BFO), the City began transitioning to a Priority-Based Budgeting approach designed to more clearly communicate the connection of resources to services, strategic priorities and community outcomes. The transition provided an opportunity to build on the strengths of the City's prior budget process while introducing new tools and practices to support longer-term financial sustainability and decision-making.

The process began by developing the City's financial outlook and identifying the resources available to support ongoing services. As the financial outlook was refined, the City identified a gap between projections of ongoing revenues and ongoing expenditures to maintain current levels of service. Service areas were then asked to scrutinize all ongoing expenditures, including an exercise to identify opportunities to reduce projected ongoing costs by 8%.

In parallel, the City developed comprehensive program inventories to establish a clearer understanding of the services it provides, the resources required to deliver those services, and how they contribute to community priorities. These inventories, along with financial information and service-level considerations, provide a foundation for evaluating budget recommendations.

Budget development continued through multiple rounds of review, refinement and deliberation by the Budget Leadership Team and executive leadership. The process incorporated updated revenue and expenditure forecasts, compensation and benefit assumptions, capital and asset management needs, strategic priorities, and input from the community and City Council. As part of the transition away from BFO, the process placed greater emphasis on understanding the full cost and value of current services and needs, and on making deliberate choices about how limited resources should be allocated.

The result is a Recommended Budget that reflects both the City's financial realities and its priorities for the future. The budget includes ongoing realignment of resources to better match expenditures with ongoing revenues, while also advancing strategic investments and identifying opportunities to change how services are delivered. The transition to Priority-Based Budgeting will continue beyond the 2027-2028 budget cycle as the City further develops its program inventories, financial planning tools, and practices for connecting resources to priorities and outcomes.

Budget Preview

The 2027-2028 Recommended Budget was developed in a period of continued growth and change for Fort Collins and continues the realignment work that began in the 2026 Budget Revision process. As the city grows, the physical footprint continues to expand, and the expectations and demands for City services continue to evolve. At the same time, the cost to maintain existing services and infrastructure, and to invest in a talented workforce continues to increase. These pressures require staff to carefully consider not only what the City wants to accomplish, but how to sustain those commitments over time.

The Recommended Budget adjusts close to \$10 million annually across governmental funds to better align ongoing expenditures with ongoing revenues. The budget recommendations reflect three key strategies:

- **Align Ongoing Costs with Ongoing Revenues:** Improve the sustainability of the budget by matching sources and uses of funds more strategically, without changing the level of investment or services provided.
- **Deliver Services Differently and More Efficiently:** Reduce costs through process improvements, innovation, or operational changes without significant impacts to level of service.
- **Make Strategic Choices About Service Levels:** Intentional tradeoffs that reduce or delay services when necessary to keep ongoing expenditures aligned with ongoing revenues.

In the presentation, staff will explore examples of budget modifications that were recommended from these strategies and discuss the impacts on related service levels, organization-wide talent impacts, and projected impacts to reserves.

City Council Budget Meetings

Council has a series of work sessions scheduled in September and October to discuss the proposed 2027-2028 Budget. These work sessions will include staff presentations regarding specific service areas, as outlined below, followed by an opportunity for questions and discussion.

Key dates for Council discussions and Public Hearings are as follows:

Meeting Date	Topic
September 15, 2026, Work Session	Presentations, Questions and Discussion: 1. Community Services 2. Community Development, Housing & Sustainability 3. Transportation Services
September 22, 2026, Work Session	Presentations, Questions and Discussion: 1. Police Services 2. Information & Employee Services 3. Finance, Executive, Legal, and Judicial Services areas 4. Utilities Services
October 6, 2026, Regular Meeting	Budget Public Hearing #1 of 2
October 13, 2026, Work Session	General Discussion and Follow-up based on prior Work Sessions for items requiring further discussion.
October 20, 2026, Regular Meeting	Budget Public Hearing #2 of 2
October 27, 2026, Work Session	General Discussion – Final Council Direction

Meeting Date	Topic
November 3, 2026, Regular Meeting	First Reading of the 2027-2028 Budget and the 2027 Appropriation Ordinance
November 17, 2026, Regular Meeting	Second Reading of the 2027-2028 Budget and the 2027 Appropriation Ordinance

NEXT STEPS

This is the third Work Session scheduled; this will be followed by the fourth scheduled work session if there are remaining follow up items to discuss on October 27, 2026.

ATTACHMENTS / LINKS

1. Presentation