



WORK SESSION AGENDA ITEM SUMMARY

City Council

STAFF

Kelly DiMartino, City Manager
Travis Storin, Chief Financial Officer
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Lawrence Pollack, Budget Director

SUBJECT FOR DISCUSSION

2025-2026 Biennial Budget – Work Session #1

EXECUTIVE SUMMARY

The purpose of this work session is to review the 2025-2026 Recommended Budget, delivered to Council and the City Clerk on August 30, 2024 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.

The Recommended Budget is aligned with the adopted 2024-2026 Council Priorities, the 2024 Strategic Plan and community priorities. At the September 10, 2024 Work Session, staff will present a summary overview of these strategic Outcome areas:

Economic Health (ECON)
Neighborhood and Community Vitality (NCV)
Environmental Health (ENV)
Safe Community (SAFE)

A Spanish translation of the Budget Presentation has been added to the meeting materials.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. What clarifying questions does Council have regarding the Outcomes presented?
2. What follow-up items are there on budget issues related to these Outcomes?

BACKGROUND / DISCUSSION

This creation of the 2025-2026 Recommended Budget was accomplished using a process called Budgeting for Outcomes (BFO), which is a form of priority-based budgeting. The process included the following major steps:

- Council adopted the 2024 Strategic Plan, which encompasses the adopted 2024-2026 Council Priorities.
- City financial staff created revenue forecasts for fiscal years 2025 and 2026.
- City staff developed budget requests (offers) for individual programs and services to help achieve operational objectives and/or specific strategic objectives within the adopted strategic plan. The primary objective selected within the budget request determines which of the City’s seven key Strategic Outcomes the request is then submitted for consideration.
- BFO Teams comprised of seven staff members each (one team per Outcome) reviewed the offers and discussed them, as applicable, with the staff (aka Sellers) who submitted the budget requests. This unique aspect of BFO allows for a much deeper review and understanding of the programs and services being proposed. The teams each deliver a prioritized ranking of budget requests to the executive team for their next level of review.
- Concurrently, public outreach began with a press release and ongoing communications through social media channels to invite the community to share their perspectives. The City’s online public engagement tool, called OurCity, allows individuals to provide various types of input based on their level of interest and the amount of time they have available. The information received about the offers being considered for the recommended budget, and the remaining inputs collected through September will be shared with Council as final decisions are being made for the adopted 2025-2026 Budget.
- A work session item summarizing the development of the 2025-2026 Budget was discussed on June 25. That session included high-level assumptions within the budget, as well as the themes that were emerging.
- The prioritized lists of funding recommendations from the BFO Teams were then reviewed by the City Manager and the rest of the Budget Leadership Team (BLT). The BLT deliberated similar to the BFO Teams, but they looked holistically across all seven Outcomes. This included conversations with each BFO Team and discussions with various directors about their budget requests. These inputs, along with other data and information discussed by the BLT, resulted in the decisions on what is recommended for funding in 2025 and 2026.

City Council Budget Meetings

Council has a series of work sessions scheduled in September and October to discuss the proposed 2025-2026 Budget. These work sessions will include staff presentations regarding specific Outcomes, as outlined below, followed by an opportunity for questions and discussion. The final work session will include Council discussion regarding overall priorities, policy issues and guidance on what changes Council wants included in First Reading of the 2025-2026 Budget.

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

Meeting Date	Topic
September 10, 2024 Work Session	Presentations, Questions and Discussion: <ol style="list-style-type: none"> 1. Economic Health 2. Environmental Health 3. Neighborhood & Community Vitality 4. Safe Community
September 17, 2024 Regular Meeting	Budget Public Hearing #1 of 2

Meeting Date	Topic
September 24, 2024 Work Session	Presentations, Questions and Discussion: <ul style="list-style-type: none"> 1. Culture and Recreation 2. Transportation and Mobility 3. High Performing Government
October 1, 2024 Regular Meeting	Budget Public Hearing #2 of 2
October 8, 2024 Work Session	General Discussion – Final Council Direction
November 4, 2024 Regular Meeting (note, this is a Monday due to November 5 being Election Day)	First Reading of the 2025-2026 Budget and the 2025 Appropriation Ordinance
November 19, 2024 Regular Meeting	Second Reading of the 2025-2026 Budget and the 2025 Appropriation Ordinance

NEXT STEPS

The first of two Public Hearings is scheduled for the September 17, 2024 Council Meeting for the community to comment on the recommended budget. This will be followed by the second scheduled work session to discuss the remaining Outcomes in the 2025-2026 Budget on September 24, 2024. There will then be a second Public Hearing on October 1 where community members can also share their comments and perspectives to Councilmembers.

ATTACHMENTS

1. Presentation - ECON, NCV, ENV, and SAFE
2. Presentation - ECON, NCV, ENV, and SAFE – Spanish Translation