



# WORK SESSION AGENDA ITEM SUMMARY

City Council

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## STAFF

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## SUBJECT FOR DISCUSSION

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**2025-2026 Biennial Budget – Work Session #3**

## EXECUTIVE SUMMARY

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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. This is a continuation of the overall budget discussion and Outcome review item discussed at the September 10 and September 24 Work Sessions. Two public hearings to gather input from the community about the 2025-2026 Budget have been completed.

The Recommended Budget is aligned with the adopted 2024-2026 Council Priorities, the 2024 Strategic Plan and community priorities. At the October 8, 2024 Work Session, staff will be looking for guidance on the changes to the City Manager's Recommended Budget that Council would like to have incorporated into First Reading of the 2025-2026 Budget on November 4.

## GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

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1. Which offers does Council have interest in including in First Reading of the 2025-26 Budget, including any preferred funding sources?
2. What clarifying question does Council have on any of the offers in the seven Outcomes discussed in the previous budget work sessions?

## BACKGROUND / DISCUSSION

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The 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 (7) 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.

### **Public Engagement Update**

In order to emphasize that the City's Strategic Plan and Budget are complementary efforts, public engagement about community priorities actually began in the fall of 2023 to inform both the 2024 Strategic Plan and the 2025-2026 Budget. This included a series of community events focused on the City's Outcomes and how funded programs and services could help in achieving those high-level goals. This input, along with OurCity and other forms of social media, helped inform the strategic plan. That plan, along with the adopted Council Priorities, significantly impact the creation of the recommended budget.

This summer, the City's Communications and Public Information Office continued public engagement that continued through September. All results from that engagement is summarized in Attachments #1 through #3.

### **Changes to Offers Originally Included in the City Manager's Recommended Budget**

Based on Council dialogue during the Budget work sessions on September 10 and 24, staff heard requests for funding various offers, some at a scalable level. Staff has reviewed this guidance and proposes the corresponding offers be grouped into the following categories:

## Group #1) Offers to include for 1st Reading with specific funding source recommendations

Outcome	Offer Number and Title	Funding Source(s)	Incremental Costs		One-Time Costs	
			2025	2026	2025	2026
C&R	58.6 - Golf Facility Assets	Golf Fund Reserves			\$929,180	\$248,540
C&R	26.16 - Access Funds for Low-Income Community Residents	Cultural Services Fund Reserves	\$75,000	\$75,000		
HPG	16.16 - Operation Services: 1.0 FTE - Real Estate	General Fund - Facilities Work for Others	\$75,736	\$91,427		
HPG	16.19 - Operation Services: 1.0 FTE - HVAC Technician	General Fund - Facilities Work for Others	\$130,060	\$84,446		
SAFE	29.20 - Police Colorado Regional Information Sharing Project [CRISP] - REHOST	General Fund Reserves (The balance of the offer is funded by partner orgs.)			\$666,666	
SAFE	16.14 - Police Services HVAC	General Fund Reserve (reduction to right-size the offer)			(\$4,000,000)	
NCV	18.8 - CDNS: Eviction Legal Fund - formerly ARPA funded	General Fund Reserves	\$220,000	\$220,000		
NCV	18.9 - CDNS: Immigration Legal Fund	General Fund Reserves	\$220,000	\$220,000		
SAFE	62.4 - Municipal Court: Judicial Services	General Fund Reserves	\$34,906	\$36,129		
HPG	11.5 - CPIO: Expanded Communication Methods - formerly ARPA funded	General Fund Reserves			\$100,000	\$100,000
HPG	16.9 - Fleet Vehicle and Equipment New Replacements	General Fund Reserves - this is an increase of \$1.2M over what is currently funded (this level of funding is considered 'minimum viable' of the total \$2.2M to \$3.0M range)	\$600,000	\$600,000		

## 2) Offers needing more discussion and guidance

Outcome	Offer Number and Title	Funding Source(s)	Incremental Costs		One-Time Costs	
			2025	2026	2025	2026
T&M	19.8 - FC Asphalt Art Program	Scaled in half for 2 installations per year and fund with either: - Available APP or General Fund Reserves, if APP not available			\$62,500	\$62,500
T&M	21.9 - PDT Active Modes Facility Maintenance	Scale to \$280k in 2025 (excludes streetsweeping) and fund by either: - Transportation Fund Reserves or - 2050 Tax: Climate Ongoing	\$212,000	\$217,300	\$68,000	
T&M	65.21 - Transfort Sunday and Holiday Service	- 2050 Tax Transit Ongoing (with potential impact to start time for West Elizabeth) or - Scale Offer 65.22 for 7.0 FTE TSO's to 4.0 FTE in 2026	\$0	\$300,000		
T&M	19.11 - Adaptive Program Specialist for Safe Routes to School and FC Moves	Transportation Ongoing by scaling Offer 20.8-Engineering Administration (this reduction will result in deferring equipment purchases, reducing continuing education opportunities, and related expenses) or Transportation Fund Reserves	\$28,639	\$29,928		

**Group #3) Offers recommended to be consideration for possible 2025 Supplemental Appropriations or inclusion in the 2026 Budget Revision Process**

Outcome	Offer Number and Title	Incremental Costs		One-Time Costs	
		2025	2026	2025	2026
ECON	43.6 - Economic Health: 1.0 FTE Lead Specialist, Development Business Liaison and Program	\$84,200	\$114,000		
ENV	72.1 - Poudre Flows Design and Permitting			\$550,000	\$300,000
C&R	26.13 - 3.0 FTE - Gardens on Spring Creek Horticulture Staffing	\$131,238	\$219,192		
SAFE	10.3 - IT: 2.0 FTE - Chief Information Security Officer and Snr Cybersecurity Engineer	\$646,254	\$720,309		
C&R	54.10 - Parks - 0.5 FTE - Horticulture Technician	\$33,467	\$44,778		
T&M	56.3 - Parks: Streetscape Infrastructure Replacement			\$400,000	\$400,000
HPG	59.14 - 3.0 FTE - 1.0 Forestry Crew Chief and 2.0 Technician II	\$204,085	\$273,234		
HPG	59.15 - Forestry Equipment			\$425,000	\$450,000
HPG	48.7 - 1.0 FTE Equity & Inclusion Public Engagement Specialist	\$145,088	\$208,839		

Additionally, the following administrative changes are proposed for inclusion on First Reading:

- The 2025 Budget for the Downtown Development Authority (DDA) was approved by its Board of Directors on September 5, 2024. *Offer 69.1 - Downtown Development Authority: Operating & Capital Budget* has been updated to reflect the final DDA 2025 Budget, as approved by the Board
- Update to the sales tax portion of the developer payments based on revised revenue projections in *Offer 45.2 - Urban Renewal Authority Debt Service*

**City Council Budget Meetings**

This work session concludes a series of work sessions scheduled in September and October to discuss the proposed 2025-2026 Budget, and will include Council discussion regarding overall priorities, policy issues and guidance on what changes Council wants included in 1st Reading of the 2025-2026 Budget.

Council is scheduled to consider budget adoption on the following dates:

Meeting Date	Topic
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 Annual Appropriation Ordinance
November 19, 2024 Regular Meeting	Second Reading of the 2025-2026 Budget and the 2025 Annual Appropriation Ordinance

## **NEXT STEPS**

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The next step is First Reading on November 4, 2024. This will be followed by Second Reading on November 19, 2024.

## **ATTACHMENTS**

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1. Attachment 1: 2025-2026 Budget Engagement Summary
2. Attachment 2: 2025-2026 Budget Feedback Emails
3. Attachment 3: OurCity & Social Media Full Text Comments
4. Attachment 4: October 8 Council Presentation