



AGENDA ITEM SUMMARY

City Council

STAFF

Kelly DiMartino, City Manager
Travis Storin, Chief Finance Officer
Lawrence Pollack, Budget Director
John Duval, Legal

SUBJECT

First Reading of Ordinance No. 126, 2022, Being the Annual Appropriation Ordinance Relating to the Annual Appropriations for Fiscal Year 2023; Adopting the Budget for the Fiscal Years Beginning January 1, 2023, and Ending December 31, 2024; and Fixing the Mill Levy for Property Taxes Payable in 2023.

EXECUTIVE SUMMARY

The purpose of this item is to present the Annual Appropriation and Budget Ordinance for First Reading. This Ordinance sets the City Budget for the two-year period (2023-2024) which becomes the City's financial plan for the next two fiscal years. This Ordinance sets the amount of \$778,543,584 to be appropriated for fiscal year 2023. However, this appropriated amount does not include what is being budgeted and appropriated by separate Council/Board of Director actions to adopt the 2023 budget for the General Improvement District (GID) No. 1 of \$313,275, the 2023 budget for General Improvement District (GID) No. 15 (Skyview) of \$1,000, the Urban Renewal Authority (URA) 2023 budget of \$6,005,369 and the Downtown Development Authority 2023 budget of \$24,262,482. This results in the City-related total operating appropriation of \$809,125,710 in 2023.

This Ordinance also sets the 2023 City mill levy at 9.797 mills, unchanged since 1991.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

BACKGROUND / DISCUSSION

This creation of the 2023-2024 Recommended Budget was accomplished using a process called Budgeting for Outcomes (BFO), which is a form of priority-based budgeting. The process has included the following major steps:

Council adopted the 2022 Strategic Plan, which encompasses the adopted 2021-2023 Council Priorities.

City financial staff created revenue forecasts for fiscal years 2023 and 2024.

City staff developed budget requests (offers) for individual programs and services to help achieve 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 7 staff members each (one team per Outcome) reviewed the offers and negotiated 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 that would change the ongoing level of service.

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. Initial feedback received in May and June helped inform the decisions for the recommended budget, and the remaining inputs through September will be shared with Council as final decisions are being made for the adopted 2023-2024 Budget.

A work session item on the status of the 2023-2024 budget process was discussed on June 28. This session included high-level assumptions within the budget, as well as conversation about 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 across all seven Outcomes holistically. This included conversations with each BFO Team, as well as a snapshot summary of the public input received between early May and early July. These inputs, along with other data and information discussed by the BLT, resulted in the decisions of what is recommended for funding in 2023 and 2024.

The 2023-2024 Recommended Budget was delivered to Council on September 1 along with a cover memo outlining the approach that was taken. Attachment 1 of that memo included a comprehensive listing of all the recommended offers, both ongoing and enhancements, that supported the 31 adopted Council Priorities.

Council reviewed the Recommended Budget during three Council work sessions. In addition, residents provided input to Councilmembers through two public hearings and public engagement which continued through the end of September. From these discussions City Council has provided direction and guidance for the following changes that have been incorporated into First Reading of the 2023-2024 Budget.

Changes to Offers originally included in the City Manager’s Recommended Budget (Exhibit A):

Note - Offers listed below are in the same order as presented in the work session on October 11

\$ in Thousands

Outcome	Offer Number and Title	Funding Source(s)	Changes Made from Recommended Budget	Ongoing Costs		One-Time Costs	
				2023	2024	2023	2024
C&R	Offer 43.28 - Customer Database and Registration Software Upgrade	274-Recreation Fund: Reserves	This Offer was Funded (previously Unfunded)			80	80
ECON	Offer 2.20 - Utilities: Light & Power - 1.0 FTE Electrical Engineer	501-Light and Power Fund: Ongoing Revenue	This Offer was scaled down to 1.0 FTE and Funded (previously Unfunded)	129	129		
T&M	Offer 27.13 - 1.0 FTE Shift Your Ride Travel Options Professional & Program	292-Transportation Services Fund: Ongoing Revenue	This Offer was modified to add 1.0 FTE while keeping the offer total to \$200k per year and Funded (no financial impact since offer was previously Funded)	-	-		
C&R	Offer 54.8 - Parks Landscape Conversion and Irrigation Infrastructure Replacement	100-General Fund: Reserves	This Offer was scaled to start work in 2024 and Funded (previously Unfunded)			-	65
NLSH	Offer 24.8 - Immigration Legal Fund	100-General Fund: Reserves	This Offer was Funded (previously Unfunded)	250	250		
NLSH	Offer 31.17 - ARPA - Social Services Recovery Grants	100-General Fund: ARPA	This Offer was scaled down to \$180k per year and Funded (previously Unfunded)			180	180
NLSH	Offer 23.26 - Advancing Accessible Permitting	100-General Fund: ARPA	This Offer was Funded (previously Unfunded)			158	-
NLSH	Offer 24.12 - ARPA - 1.0 FTE Contractual Mobile Home Park Code Compliance and Building Evaluation	100-General Fund: American Rescue Plan Act (ARPA) at \$172k 501-Light & Power Fund: Ongoing Revenue at \$78k	This offer was modified to also include offer 1.10 (which has been withdrawn) and Funded (previously unfunded)			250	250
T&M	Offer 27.14 - School Transportation Safety Assessments and Strategic Infrastructure for Youth	100-General Fund: Reserves	This Offer was Funded (previously Unfunded)			100	61
ENV	Offer 1.24 - Household Hazardous Waste Collection	100-General Fund: Reserves (\$102k) 504-Stormwater Fund: Reserves (\$82k)	This Offer was scaled down to one event in 2023 and Funded (previously Unfunded)			184	-
HPG	Offer 35.13 - Legislative Management System Evaluation and Implementation	100-General Fund: Reserves	This Offer was Funded (previously Unfunded)			150	100
C&R	Offer 50.16 - Museum of Discovery Artifact Housing Furniture	277-Museum Fund Reserves (\$150k) 100-General Fund: Reserves (\$150k)	This Offer was Funded (previously Unfunded)			300	-
NLSH	Offer 23.17 - 1 FTE - Historic Preservation Surveyor Specialist	100-General Fund: Reserves	This Offer was Funded (previously Unfunded)	60	84		
NLSH	Offer 23.20 - 2.0 FTE Landscape Inspectors - Development Review	100-General Fund: Reserves	This Offer was scaled down to 1.0 FTE starting in 2023 and an additional 1.0 FTE starting in 2024 and Funded (previously Unfunded)	101	211		
NLSH	Offer 59.6 - Urban Forest Strategic Plan	100-General Fund: Reserves	This Offer was Funded (previously Unfunded)			231	-
NLSH	Offer 71.1 - Assessment of Citywide Organizational Practices and Structure to Deliver on Compliance with Local Policies	100-General Fund: Reserves	This Offer was Funded (previously Unfunded)			90	-
T&M	Offer 36.13 - School Zone Safety Flasher Upgrade	100-General Fund: Reserves	This Offer was scaled down to \$100k and Funded (previously Unfunded)			100	-
T&M	Offer 7.10 - 1.0 FTE Street Sweeper Operator	100-General Fund: Reserves 504-Stormwater Fund: Ongoing Revenue	This Offer was Funded (previously Unfunded)	76	93		
T&M	Offer 36.9 - Neighborhood Traffic Mitigation Program Expansion	100-General Fund: Reserves	This Offer was scaled in half and Funded (previously Unfunded)	65	65		
ENV	Offer 32.12 - Innovate Fort Collins Challenge	100-General Fund: Reserves	This Offer was scaled down to \$100k, shifted to 2024 and Funded (previously Unfunded)			-	100
SAFE	Offer 4.54 - Utilities: Water Quality Services - 1.0 FTE Watershed Specialist	502-Water Fund: Ongoing Revenue	This Offer was Funded (previously Unfunded)	83	104		
NLSH	Offer 23.18 - 1.0 FTE - Building Services Building Inspector	100-General Fund: Reserves	This Offer was scaled down to 1.0 FTE and Funded (previously Unfunded)	62	87		
C&R	Offer 50.15 - ARPA Support for Individual Creatives in the Community (Art to Live)	100-General Fund: ARPA	This Offer was scaled down to \$85k per year and Funded (previously Unfunded)			85	85
NLSH	Offer 24.11 - ARPA Backflow Preventer Funding for Mobile Home Parks	Unfund per discussion at October 11 work session				(132)	-
HPG	Offer 17.10 - ARPA - Future of Work	Funding changed from ARPA to General Fund Reserves				-	-

Financial Impact of Changes from Recommended Budget: 826 1,023 1,776 921

- Additionally, the following administrative changes have been made for First Reading:
 - The 2023 Budget for the Downtown Development Authority (DDA) was approved by its Board of Directors on September 8, 2022. Offer 40.1 - Downtown Development Authority: Operating & Capital Budget has been updated to reflect the final DDA 2023 Budget, as approved by the Board.
 - Principal and Interest payments have been updated in Offer 34.2 - Urban Renewal Authority Debt Service to reflect the amounts of the debt payment schedule.

During the work sessions Council discussed two additional offers that have not yet been added for First Reading:

- Offer 20.9, Fort Collins Public Access - Video Production Assistance Programs & Community Video Production Training and Event Coverage
- Offer 33.10, ARPA - Reskill, Upskill, New Skill (RUN) Training Program Support

These are both described in the attached memo dated October 20, 2022.

2023-2024 Budget Summary

This annual Appropriation Ordinance sets the amount of \$778,543,584 to be appropriated for fiscal year 2023. It does not include the 2023 adopted annual appropriations and budgets for the General Improvement District (GID) No. 1 of \$313,275, the GID No. 15 (Skyview) of \$1,000, the Urban Renewal Authority (URA) of \$6,005,369 and the Downtown Development Authority of \$24,262,482. This results in City-related total appropriations being \$809,125,710 in 2023. Below is a summary of the City’s proposed 2023 total and net budgets:

TOTAL BUDGET (in Millions)					
	Original 2022	2023	% Change	2024	% Change
Operating	\$635.0	\$690.4	8.7%	\$716.4	3.8%
Debt	32.2	39.8	23.6%	45.8	15.1%
Capital*	67.2	79.0	17.6%	64.8	-17.9%
Total City Appropriations**	\$734.4	\$809.1	10.2%	\$827.0	2.2%
Less					
Internal Service Funds	(\$87.9)	(\$92.3)	5.0%	(\$98.3)	6.5%
Transfers to Other Funds	(68.4)	(77.4)	13.1%	(78.5)	1.4%
GIDs	(0.2)	(0.3)	50.7%	(0.3)	0.4%
URAs	(6.2)	(6.0)	-2.6%	(6.1)	1.9%
DDA	(18.0)	(24.3)	34.8%	(24.3)	0.0%
Total	(\$180.7)	(\$200.3)	10.8%	(\$207.5)	3.6%
Net City Budget	\$553.7	\$608.9	10.0%	\$619.5	1.7%

* Capital in this table includes all capital related items, which will be significantly greater than the sum of Capital Project offers

** This includes the GID #1, GID #15, URA and DDA all of which are appropriated in separate ordinances

CITY FINANCIAL IMPACTS

This Ordinance sets the annual appropriation for fiscal year 2023 in the amount of \$778,543,584. The Ordinance also sets the City property tax mill levy at 9.797 mills, unchanged since 1991.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

Various City boards and commissions submitted memos to Council for its consideration of what they believed should be included in the 2023-2024 Budget.

PUBLIC OUTREACH

The City's Communications and Public Information Office began public engagement in May, just as it was prior to the onset of the pandemic, and that continued through September. A snapshot of results through the beginning of July was analyzed and shared with the executive team to assist with funding decisions for the Recommended Budget. That document, along with the corresponding Budgets in Brief, was released on September 2.

New this year was an insightful collaboration with the Colorado State University Center for Public Deliberation (CPD). The engagement was two-fold. First, Community Guide volunteers were trained by CPD and then facilitated conversations with other local residents. The second aspect with CPD was a community event at the Senior Center on September 28 where residents participated in table-top discussions around a simulated budget exercise with the funded/unfunded offers in the Recommended Budget.

Since the release of the Recommended Budget, the City also conducted two public hearings for the community to share their thoughts on the budget directly with Councilmembers.

ATTACHMENTS

1. Ordinance for Consideration
2. Ordinance Exhibit A
3. Memo Regarding Offers 33.10 and 20.9
4. Presentation