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Council Finance Committee Hybrid Meeting
CIC Room / Teams
September 4, 2025
4:00 - 6:30 pm

Council Attendees: Mayor Arndt, Emily Francis, Kelly Ohlson

Staff: Kelly DiMartino, Tyler Marr, Caleb Weitz, Teresa Roche, Karen Burke, Kelley Vodden, Dianne Criswell, Terri Runyan, Taryn Moran, Jen Poznanovic, Victoria Shaw, Wendy Bricher, Jo Cech, Carissa Clinton, Alexis Coppello, Joe Wimmer, Caryn Champine, Monica Martinez, Jeff Rochford, Gerry Paul, Trevor Nash, Adam Halvorson, Garrison Dam, Lawrence Pollack, Jill Wuertz, Drew Brooks, Ginny Sawyer, Josh Birks, Mallory Gallegos, Peggy Streeter, Annabelle Phillips, Jacob Castillo, Carolyn Koontz

Others: Lance Smith
Nancy Salazar
Timothy StAndrew, Plante Moran
Josh Yde, Plante Moran

Meeting called to order at 4:00 pm

Approval of minutes from August 7, 2025, Council Finance Committee meeting.
Motion made to approve by Emily Francis and seconded by Kelly Ohlson.
Approved via roll call.

A) Audit Update
Trevor Nash, Senior Accounting Manager
Timothy StAndrew, Plante Moran
Josh Yde, Plante Moran

Required Post-Audit Communications

- Significant Audit Findings
  - No transactions entered into by the City lacking authoritative guidance
  - No significant transactions that have been recognized in a different period than when the transaction occurred
  - No difficulties encountered in performing the audit
  - No disagreements with management
  - Summary of Unrecorded Possible Adjustments includes adjustments related to the Sales and Use Tax Fund

Federal Single Audit

- Federal expenditures of $35.3 million
- Four major programs tested in 2024
  - ALN 14.239 – Home Investment Partnerships Program
  - ALN 20.205 – Highway Planning and Construction
  - ALNs 20.507, 20.526 – Federal Transit Cluster
  - ALN 21.027 – Coronavirus State and Local Fiscal Recovery Funds
- Unmodified opinions
- Federal award findings – material weakness on compliance: Timing of expenditures on the SEFA

DISCUSSION / NEXT STEPS

Kelly Ohlson; thank you for your work -

Mayor Arndt; thank you – see you next year

B) 2026 Budget Revisions
Caleb Weitz, CFO
Lawrence Pollack, Budget Director
Jen Poznanovic, Sales Tax & Revenue Director

EXECUTIVE SUMMARY

The purpose of this agenda item is to familiarize and seek feedback from the Council Finance Committee on the City Manager's recommended revisions to the 2026 Budget before the recommendations are reviewed and discussed at the Council Work Session scheduled for September 23. Based on direction from Council, the 2026 Budget Revisions will be combined with the previously adopted 2025-26 Biennial Budget. The 2026 Annual Budget Appropriation Ordinance is scheduled for 1st Reading on November 3, followed by 2nd Reading on November 18.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

- Are there additional considerations Council Finance Committee would like to see prior to presenting the 2026 budget revisions recommendations to the Council on September 23?

- What specific data will be most helpful to present to Council on September 23?

BACKGROUND / DISCUSSION

OVERVIEW: The mid-cycle Revision Process is different from the biennial budgeting process in that there is no broad request for new budget offers. This is because the City is operating within the approved 2025-26 Biennial Budget, and these revisions should be exceptions based on information not known at the time the budget was adopted in November 2024. The City Manager and the executive team conducted a comprehensive review to determine which changes should be forwarded for Council's consideration. Revised revenue projections and available fund reserves were carefully considered when making these recommendations.
The 2026 Budget Revisions include both 1) reductions to 2026 ongoing expenses to align them with a decreased 2026 Sales Tax forecast and unexpectedly low turnover; and 2) additional offers for consideration. The following are key objectives which the 2026 Budget Revision recommendations are intended to address:

- Matching appropriations for ongoing expenditures to current ongoing revenue estimates, if declining
- Council priorities, high-priority projects, and other needs not known at the time of the adoption of the 2025-26 Budget
- Fiduciary responsibilities & fund balance requirements

ECONOMIC CONSIDERATIONS: Through most of 2025 there has been significant economic uncertainty, which continues today. At the national level, impacts from the tariffs will not be known for many months, while unemployment continues to climb. Inflationary rate increases have slowed to only 2.7% as of July, but the increased costs experienced in many commodities over the past few years has not subsided. However, consumer confidence has rebounded from earlier this year and there is anticipation of potential federal reserve rate cuts.
At the state level, unemployment also continues to rise as the State faces at least a $750M budget shortfall that is being addressed, with local implications. Coloradoans also continue to hold some of the highest amounts of debt of any state in the nation.

These economic conditions and uncertainty have resulted in lower than forecasted growth in ongoing Sales Tax collections. Although there are some more recent positive indicators, at this point in time the City will need to use the 2026 Revision process to right-size the budget from both revenue and expense adjustments.

REVENUE: Overall, most significant City revenue sources are coming in at, or above, the 2025 budget. Based on year-to-date actual collections and other information, however, there are 4 areas of revenue concern: Ongoing Sales Tax (not 1-Time sources like audits), Camera Radar Red Light revenue, Interest on Investments in the General Fund and the State's marijuana share back. All of these revenue sources are recommended to be decreased for 2026.

Sales Tax: Overall, staff anticipates sales tax collections to be under budget and use tax collections to be over budget, with combined sales and use tax collections to end the year at or near the 2025 budget.

Cumulatively, sales and use tax collections through July are 2.3% over budget driven by strong use tax collections in the first half of the year. Sales tax is $1.3M under budget and use tax is $4.1M over budget. Sales and use tax combined is $2.8M over budget. The favorability is largely driven by volatile one-time revenue for audits, voluntary disclosure agreements and building permit use tax.

For 2026, staff is currently forecasting 2% sales tax growth on 2025 sales tax collections (adjusted for one-time revenue) or a 4% reduction ($7.1M) from the current 2026 budget. For use tax, staff is forecasting flat growth from the 2025 budget and recommends keeping the current 2026 budget for use tax.

Camera Radar Red Light: Delay were experienced with the deployment of the newly, State allowed transportable speed cameras intended to support Net Vision Zero. This delay along with potentially higher than expected modifications to driving behavior is anticipated to have up to a $1.5M shortfall compared to 2026 collections.

Interest on Investments in the General Fund: Due to increased use of reserves over the past few years and the lack of reserve generation to backfill those reserves, forecasted interest is estimated to be $800k less than the $2.8M included in the 2026 Budget.

State of Colorado Marijuana Share Back: The State of Colorado is reducing the forecasted share back by 50%, which is a revenue reduction of $450k.

EXPENSES: Increased budget accuracy since COVID, along with inflationary pressures, has significantly reduced the amount of unspent budget each year. Although this is good at not letting City funds sit idle, it does directly impact the availability of reserves. As such, an increased focus on financial monitoring is necessary.

Since personnel costs are a large portion of the City's budget, total compensation costs are budgeted at less than 100% so as to not lock up budget that will go unused, like for position vacancies. So far this year the City has experienced a sharp decrease in turnover, driven by the City's employee engagement strategies, as well as economic concerns and uncertainty. These realities are the main drivers of the personnel overspend being experienced so far this year, and thus, it is financially prudent to adjust the 2026 Budget to assume a lower level of turnover.

There are also additional budgetary pressures being experienced within Police Services. The most recent collective bargaining agreement (CBA) increased personnel expenses by nearly $1.0M for sworn positions. Those increased costs were addressed in 2025 via the use of General Fund reserves, but no such reserves are anticipated to be available for 2026. Beyond those increased expenses, it has also been determined that some personnel cost line items were not budgeted correctly and are coming in over budget. These unavoidable expenses also need to be adjusted in the 2026 Budget.

Financial analysis has also identified other areas of expense pressures, where budgets are expected to experience overages. For example, there will likely be a need for a supplemental appropriation for Snow Removal. In a warmer year, with lower snowfalls, such a contingency may not be necessary. Historically, when increased snow removal costs are necessary, those were covered with General Fund reserves. However, given the lack of General Fund reserves available for nearly any purpose, it would

also be financially prudent to make an adjustment in the 2026 Budget with anticipated contingency needs.
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In addition to the recommended budget revisions, there are a few other administrative changes for the 2026 Budget, as follows:

1) Modification to 2025-26 Offer 40.7 - Timberline Recycling Center (TRC): With the move of TRC operations from the Environmental Services Department to the Streets Department now complete, this revision authorizes transfer of the $1.0M budget in the General Fund to be expended in the Transportation Fund. There is no change in expenses for the Timberline Recycling Center or the City
2) As with all other dedicated ¼ cent Sales and Use Taxes, the Open Space Yes! tax will now be received directly into the Natural Areas Fund, where that revenue is spent. This change eliminates the need for the transfer from the Sales Tax Fund to the Natural Areas Fund. Although the total appropriation goes down, there is no actual change in City expenses.

CITY FINANCIAL IMPACTS

Adjustments to the 2026 Budget are needed due to both revenue and expense pressures being experienced in 2025 and expected to continue into the following year. Revenue shortfalls are anticipated at about $8.7M, the bulk of which are being driven by lower than anticipated ongoing growth in Sales Tax. On the expense side, 2026 is currently expected to be about $6.7M over budget. Most of this is being driven by personnel expenses, with the remainder coming from contingent expenses, for which General Fund reserves are not available to be authorized to cover those expenses.

PUBLIC OUTREACH

Not applicable

Discussion / Next Steps;

Mayor Arndt; what makes you think we are going to grow by 2%?
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Trends & Projections: Front Range Cities Sales Tax Growth

City	2025 Budget	2025 YTD***
Windsor	5.0%	6.2%
Aurora	4.5%	4.9%
Westminster	5.4%	4.5%
Commerce City	6.2%**	3.2%
Fort Collins*	4.2%*	1.2%
Lakewood	3.4%	1.0%
Englewood	0.0%	1.0%
Longmont	4.5%	0.7%
Thornton	2.5%	0.6%
Boulder	0.0%**	-0.4%
Greeley	5.5%	-1.0%
Centennial	3.0%	-1.2%
Loveland	3.5%	-2.4%

- Most Front Range cities are realizing budget shortfalls
- Some cities like Windsor, Westminster and Aurora are seeing growth
- Some cities have one-time revenue affecting YTD growth
- Denver's 2025 revised forecast is 0.3% revenue growth and 0.0% in 2026

* Fort Collins budgeted growth was 3.0%. Due to 2024 sales tax shortfall, 4.2% growth is needed to hit budget
** 2025 budget figure is for both sales and use tax
*** 2025 July YTD or most recent data available

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Caleb Weitz; historical trend is about 3% per year – we are being conservative forecasting under that. It was a good data point that other front range communities are also using 2% for forecasting. As Jen mentioned, with the use tax, there is always some potential for upside and coming in above budget.

Revenue – Other Areas of Concern

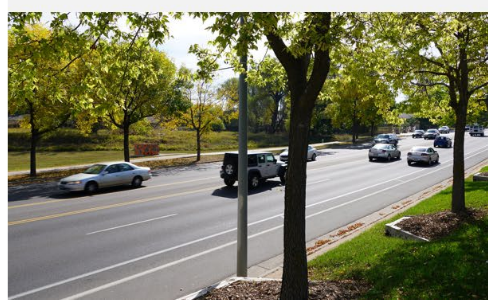
Photo Traffic Enforcement

- Transportable units to support Vision Zero goals were delayed in deployment – Total budget of $2 million.
- $1.5 million revenue shortfall expected in 2025; potentially a similar amount in 2026.
- Only $200k of offsetting expenditure savings

Other Revenues

- Less investment revenue due to lower fund balance
- Reduction in the state's Marijuana tax share back

VISION ZERO



Mayor Arndt; can you talk more about the state – was that done in a special session?

Caleb Weitz; we get a portion of marijuana tax back from the state and they are reducing the share back portion by about 50% - instead of $1M – we will get approximately $500K. It was not in a special session because we have known about it since early in the summer.

Tyler Marr; it was a JBC (Joint Budget Committee) decision.

Mayor Arndt; photo traffic enforcement – the human behavior aspect of that - the drop off in the number of tickets and the changed behavior happened a lot faster than we anticipated.

Lawrence Pollack; I don't know if we have enough data points since citations just started in June.

ACTION ITEM:
Kelly Ohlson; for the work session, could we get more detail on the camera radar; how much we got and when – a little more meat on the bone. I trust it – I just want to see it. The red light and speed cameras were mentioned at separate times and are different things – clarify the difference between the speed and red light programs for the work session.

Caleb Weitz; the entire photo enforcement program is budgeted for $5M revenue per year. Due to the delay and other issues, we are now forecasting $3.5M to materialize. Red light cameras are on track. It is quite an open question as to what that will look like going into the future.

Kelly Ohlson; it is real money and is an important project for the council and right on the money.

Kelly Ohlson; I am a big audit fan – if I pay my taxes everyone else should too. What is a voluntary disclosure agreement?

Jen Poznanovic; when a business voluntarily comes forward and says, we have been collecting tax but not submitting. Economic nexus, a business that is an online retailer and they owe us tax.
When they come forward, we usually waive the penalty but not the interest.

2025 Actions Implemented & Next Steps

City of Fort Collins

- **Projected current year General Fund deficit without corrective action**
- **Reacted quickly to evolving economic conditions and expenditure patterns with corrective action:**
  - Governmental fund one-time expenditure reductions
  - Hiring 'pause' shifted to 'freeze' as of Aug. 4 to help address budgeted personnel costs
  - Tighter management of expenditures
- **Known additional needs to address:**
  - Transfort – recommend 2050 tax appropriation
  - Grocery Tax Rebate – recommend digital inclusion reserve funding
- **Continuing budget monitoring**
- **Potential additional for additional actions based on forecast year-end position**

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ACTION ITEM:
Kelly Ohlson; for the work session, I would like to see what positions were paused and frozen.
Every vacancy is frozen.

Kelly DiMartino; I would say that every governmental funded position is frozen. We do have positions that are still being filled as they are fully funded by Utilities, Connexion or Natural Areas (not drawing on governmental funds).

2026 Budget Picture

City of Fort Collins

- **Approximately $15.4 million (6.1%) General Fund budget deficit***
  - **$8.7 million lower revenue projections**
    - Lower sales/use tax forecast
    - Photo traffic enforcement trend uncertainty
    - Other areas
  - **$6.7 million in higher expense projections**
    - Adjusting personnel budgets and assumed vacancy factor
    - Contingency due to lack of available reserves

*Does not include Transfort or Grocery Tax rebate

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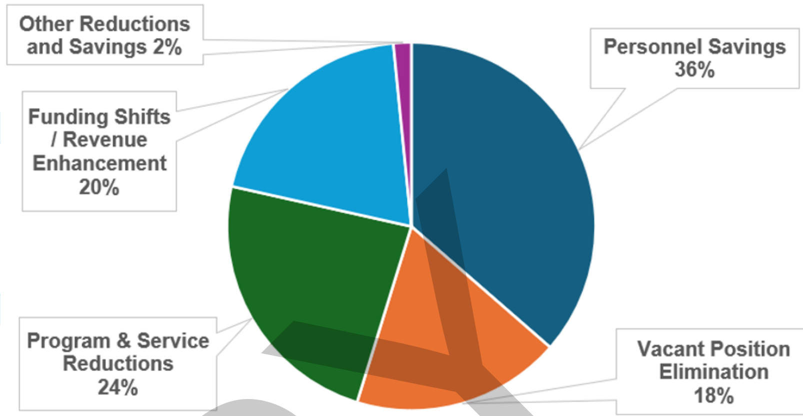
2026 City Manager Proposed Reductions by Category

Category	Total
Personnel Savings	5.6
Vacant Position Elimination	2.8
Program & Service Reductions	3.7
Funding Shifts / Revenue Enhancement	3.1
Other Reductions and Savings	0.2
Grand Total	**15.4**



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2026 City Manager Proposed Reductions by Service Area

Service Area	Total Reductions in $M (excluding Citywide actions)	2026 Reductions as a % of Unrestricted Budgets *	2026 Service Area % of all Governmental Budgets
PDT	$3.2	5.3%	24.0%
IES	3.1	10.2%	20.7%
Comm Srvcs	1.5	6.7%	22.6%
Police	1.1	1.7%	20.7%
Sustainability	0.7	6.8%	5.5%
Fin Srvcs	0.4	5.3%	1.9%
Exec Srvcs	0.2	5.3%	2.1%
Legal Services	0.1	2.8%	1.5%
Judicial Srvcs	30k	1.1%	0.9%
Grand Total	**$10.4**	**5.0%**	**100%**

* These amounts are the total 2026 Budgets by Service Area after subtracting restricted funding. For example, the Community Capital Improvement Program (CCIP) 1/4 cent tax is backed out because delaying those projects does not help address budgetary challenges in the Governmental Funds 21

Mayor Arndt; for the benefit of any residents watching, what is a benefits holiday?

Caleb Weitz; we have a central benefits fund here in the city, that pays for health insurance for employees. There is a budgeted amount in each department that pays the employer's costs of the benefits.

Employees also pay via payroll deduction - skipping payment from the employer and employee sides
We have had strong performance in the benefits fund due to the good work of Teresa Roche and her team, as well as some program design changes. The benefits holiday is taking one pay period and skipping the payments both from the employer and employee sides. No interruption or change to benefit but this allows us to take advantage of the balance in the benefits fund.

Reduced Vacant Positions

Department	Name
Parks	2.0 FTE - Parks 2.0 FTE Reducing Staffing and Services
City Manager's Office	1.0 FTE - Administrative
Strategic Finance	1.0 FTE: FP&A Director & Sales Tax Auditor
IT	1.0 FTE - Administrator I, Analyst II, Engineer I
City Attorney's Office	Defer hiring Office Management Supervisor
Community Dev	1.0 FTE - Business Support & Code Compliance
Streets	2.0 FTE - Asphalt Patching & Reduce Redeployment from 4.0 FTE to 2.0 FTE - No Added Traffic Control Technicians
Traffic	2.0 FTE - Vision Zero
Transfort	1.0 FTE - Transfort IT Analyst & Transit Service Planner
Police various	1.0 FTE - Hiring pause for (1) Records & BWC release Supervisor funded in 2026, criminalist, and property analysis technician
SSA wide	2.0 FTE - Various within SSA and Reduced Hourly Support
Police various	1.0 FTE - Continue hiring pause for (1) Criminalist
HR	1.0 FTE - Talent Acquisition Advertising and Program
Transfort	1.0 FTE - Transfort IT Analyst
City Manager's Office	1.0 FTE - Administrative
Police various	1.0 FTE - Continue hiring pause for (1) Property and Evidence Technician
Transfort	1.0 FTE - Transit Service Planner
Community Dev	1.0 FTE - Code Compliance
Community Dev	1.0 FTE - Business Support

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Kelly Ohlson; slide 22 (see above)
Sales tax auditor is a recommended addition – it is not on the list above, but is included in the packet materials. Is it 1 or 2 code compliance resources? I need to see a clean slide

Caleb Weitz; the sales tax auditor position is an add not a reduction – that is a revenue generating position

Lawrence Pollack; since materials were published and as a result of conversations with staff, there was a shifting of a position due to funding and a reduction. So this will go to 25. We will provide the detail you requested for the work session.

Balancing 2026 General Fund

The following $15.4M of reductions is comprised of $10.9M of ongoing reductions and $4.5M of 1-time savings

Recommended Actions to Balance 2026 General Fund	Savings (in $M)
Service Area Reductions	$ 10.4
Phased release of hiring freeze	2.6
1% Reduction in pay increase pool down to 2%	1.2
Benefits Holiday	0.5
Approx. 2.5% less of a PEPM* benefit cost increase	0.5
Anticipated organizational design changes	0.2
Total	**$ 15.4**
Total Remaining Shortfall	**0.0**

* PEPM = the Per Employee Per Month rate paid by employer for employee benefits

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Kelly Ohlson; (slide 20 – see above) what do cuts to service mean? I understand that will be flushed out in the work session materials as well. So, the 1% reduction in pay increases from 3-2 % will save us $1.2M.

Lawrence Pollack; there are two benefits solutions and both save us $.5M each.

ACTION ITEM:
Kelly Ohlson; for the work session, can you give us an estimate on how much the benefits holiday will benefit staff as opposed to the pay increase reduction?

ACTION ITEM:
Kelly Ohlson;; from slide 21 (see above)
Sustainability – 6.8% cut - Can you translate this into detail for us for the work session?
Also, some of fought for years to get certain positions funded – I want to make sure those are not part of this list. I hope we are careful the next time we negotiate next police contract.

Emily Francis; why are Transfort and the Grocery tax Rebate in that amount?

Caleb Weitz; in looking at the general fund, the reason it was not included in the deficit specifically, is because we have recommended solutions for those; for grocery tax, using an assigned reserve in the general fund that is available and for Transfort using a non general fund funding source.

Highlights of Proposed Reduction Categories

City of Fort Collins

Reduction Strategy:	Amount:	Highlights:
Personnel Savings	$5.6 M	• Phased hiring freeze release • 1% reduction to merit increase • Benefits fund savings opportunities
Vacant Position Elimination	$2.8 M	• 24 positions • Management will have the opportunity to reassess eliminated positions as additional vacancies occur
Program and Service Reductions	$3.7 M	• Reduced levels of service: o Street and Alley Maintenance o Medians o Forestry o Internal Services • Various non-personnel programmatic reductions
Funding Shifts and Revenue Enhancement	$3.1 M	• Use of Equipment Fund reserves • Parks/Recreation earned revenue • Sales tax auditor • Early retirement of legacy technology systems • Anticipated organizational design changes
Other Reductions and Savings	$0.2 M	• Departmental discretionary spending

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Emily Francis; on slide 19 (see above) it says $3.7M for program and service reductions and on the next slide is says $10.4M

Caleb Weitz; between slides 18 and 19 there is a categorization way to slice and dice the reductions
It is the same list but if is categorized in a different way. There is $10.4M of service area initiated reductions.

Lawrence Pollack; the service area reductions came from the 6% reduction ideas that were requested by the City Manager – the $10.4 includes citywide type actions to help balance the budget but weren't necessarily part of the 6% reductions submitted by the service areas.

Kelly DiMartino; we need to cross walk the slides differently for clarity.

ACTION ITEM:
Emily Francis; I know you said that the police budget is 80% personnel. Can you also provide that percentage for the other service areas?

Emily Francis; I am also concerned about sustainability reductions. We have increased their workload significantly over the last six years due to council priorities.

Kelly DiMartino; huge thank you to all teams

Kelly Ohlson; great work and very well presented

C) Transfort Budget
Monica Martinez, PDT Finance Manager
Kaley Zeisel, Director, Transfort

EXECUTIVE SUMMARY

The post-pandemic Transit industry has experienced unprecedented levels of cost increases resulting in estimated operating cost increases of 50%-70% across the industry for 2025. Transfort is experiencing similar expense impacts with significant cost increases across the three largest segments of its budget: personnel, vehicle repair services, and contracted transportation services. Compounding the impact of Transfort specific expense overruns are citywide fiscal pressures that require a reduction in the previously allocated General Fund support of the Transit Fund. As a result, Transfort is now seeking feedback on a proposed supplemental appropriation of $2.8M for 2025 and an additional budget appropriation of $3.2M for 2026. These requests have both identified 2050 Tax Transit as the recommended funding source.

STAFF RECOMMENDATION

Staff recommends use of 2025 Tax to meet identified Transit needs for 2025 & 2026

BACKGROUND / DISCUSSION

The post-pandemic transit industry has experienced ongoing and significant cost pressures that have resulted in an estimated increase of 50% - 70% in 2025 operating expenses across the industry. In some cases, transit agencies have chosen to decrease service areas while simultaneously experiencing continued increases to both operational costs and per/passenger costs. The table below, which uses 2023 data, is illustrative of these trends that have continued through 2025. The peer cities selected for this comparison represent a select group that demonstrated strong ridership and post-pandemic recovery.

Table 3. Key Characteristics of Peer Agencies

Characteristic	Transfort	METRO *Akron, OH*	CityBus *Lafayette, IN*	Unitrans *Davis, CA*	FAST *Fayetteville, NC*	GP Metro *Portland, ME*	WRTA *Worcester, MA*	Summary
2023 vs. 2019								
Service Area	**No Change**	7% Decreased	8% Increased	14% Decreased*	1% Decreased*	9% Decreased*	14% Decreased*	On average, most peer agencies have reduced their service area by approximately **6%.**
Service Population	3% Increased	5% Decreased	6% Increased	6% Increased	5% Increased	1% Increased	1% Decreased*	
Total Operating Funds	10% Decreased	8% Increased	27% Increased	45% Increased	19% Increased	28% Increased	24% Increased	Operating funds have increased across all peers, ranging from **8%** to **45%.**
Operating Expenses/ Passenger	76% Increased	37% Increased	46% Increased	84% Increased	20% Decreased	57% Increased	4% Decreased	Operating expenses per passenger have increased across most agencies, except for two peer agencies.
Number of Fleet Operated in Max. Service	17% Decreased	17% Decreased	15% Decreased	14% Decreased	3% Decreased	14% Decreased	4% Increased	The number of fleets in operation is generally lower in 2023 compared to 2019.
#Passengers/ Revenue Hour	9% Decreased	9% Decreased	9% Decreased	9% Decreased	90% Increased	14% Decreased	22% Increased	Productivity declined by 9% to 22% for most agencies except for two agencies.

Transfort is facing similar cost pressures and has identified the need for additional funding at current service levels. Currently, Transfort is not running at full-service levels as defined by pre-pandemic expectations. While the original intent was to return to 2019 service levels, Transfort has proactively paused returns to service in reaction to both internal and external financial pressures. Transfort anticipates maintaining current service levels for the short-term with the only planned addition being a return to Sunday & Holiday service. This is planned for 2026 and is in response to strong community support for this specific service return. Due to the City's current fiscal position, the 2050 Tax Transit has been identified as the available funding source to meet Transfort's financial needs.

2050 Tax Transit

Staff recognizes the importance of ensuring that all 2050 Tax Transit is expended per ballot language for infrastructure improvements, equipment purchases & upgraded and expanded services. An additional concern is the use of 2050 Tax Transit to supplement and not supplant prior General Fund support. To that end, the General Fund level of support in 2023 of $11.5M to the Transit Fund has been established as the base level at which General Fund must continue in order to be in compliance with 2050 Tax Transit. Staff recommends use of the 2050 Tax Transit for those items outlined in ballot language with the outcome of short-term maintenance of current service levels. This is a short-term fix awaiting further discussion and decision guided by Transfort's Optimization Study. The table in the "City Financial Impacts " section outlines the recommendation of staff for the 2025 and 2026 years and highlights the anticipated remaining amount balance of the 2050 Transit Tax at the end of 2026.

Transfort Revenue & Expense Context

At current 2025 service levels, Transfort's revenue budget is projected to $22.2M while its expense budget is projected to $25M. This represents a $2.2M dollar shortfall in terms of revenue vs expense. This shortfall is compounded by the unavailability of $.6M in General Fund dollars. The expense overruns will be individually discussed in the subsequent section.

Since 2019, Transfort has seen a 27% increase in its revenue sources. Most of this increase has come from the General Fund which has grown its support by 33%. Notably, during the same period, federal operational grant amounts increased by only 19%. Contractual funding sources have seen increases, however, they are overall a smaller percentage of the budget. Thus, support of the transit system has shifted away from federal funds and onto local sources.

On the expense side, the budget is projected to end 2025 with a growth of approximately 44% while maintaining reduced service levels. At full service, it is estimated that total expenses would demonstrate a growth rate of around 46%. While there have been increased costs in all areas, the key areas of unprecedented increases for Transfort are personnel, vehicle repair services, & contracted services with growth ranging from 33% - 94% over the period.

2025 Transfort Projected Overspend

The anticipated overspend for Transfort is driven by four main factors: personnel, vehicle repair services, contracted transportation services, & a reduction in General Fund support. The reduction in General Fund support is Transfort's contribution to 2025 citywide reductions of 5% as a result of unavailable General Fund allocations.

As compared to the original budget of $13.5M and at current service levels, Transfort personnel is projecting to an overspend of approximately $700k. This overspend is largely due to an unrealized assumed vacancy factor. The 2025 assumed vacancy factor for Transfort has proven to be both overly aggressive in current conditions and potentially misaligned with the operational demands of a transit service. Overall growth in personnel costs is due to industry dictated increases in wages and is also a product of the City's merit increases. A personnel budget of roughly $13.5M that is assigned a merit increase of 4% will result in over $500k in increases per year.

Overspend in vehicle repair services is projected to an overspend of just over $400k. Analysis of Transfort's actual vs projected spend identified that the service levels being used for cost calculations were being partially driven by a post pandemic low in 2022. This has been addressed for future cost estimates. Overall growth in vehicle repair services is due to a 33% increase in the hourly cost of a technician and an average cost increase of 34% form the most commonly used parts.

Contracted Transportation Services includes Dial-A-Ride, bus-stop-to-bus-stop, and some fixed route services. At current service levels, an overspend of $1.1M is projected. Approximately, $300k of the overspend is driven by the ongoing use of bus-stop-to-bus-stop services employed to mitigate continued pandemic era route stoppages. As of 2025 budget reduction conversations, these services are being reduced by 50%. Additional cost pressures include a substantial increase in ridership for Dial-A-Ride and a one-time contractual increase of 15%. Yearly contracted increases of 3% are anticipated going forward. Notably, Transfort is unable to dictate Dial-A-Ride ridership as it is a federally mandated

service contingent on a ¾ mile radius of the current service area. A small portion of 2025's large overspend is due to recently identified year end accounting timing.
As previously noted, Transfort is also requesting $.6M in 2050 Tax Transit to replace unavailable General Fund support. The total request for 2025 is $2.8M.

2026 Transfort Projected Overspend

For 2026, Transfort is requesting an additional amount of $3.2M from the 2050 Tax Transit via the budget revision process. This request is driven by an anticipated overspend of $.9M in personnel, $.64 in vehicle repair services, $.97M in contracted transportation services, and a backfill of $.77 due to the unavailability of previously allocated General Fund amounts.

CITY FINANCIAL IMPACTS

Staff recommends additional appropriations of $2.8M in 2025 & $3.2M in 2026 to meet identified Transfort needs.

2050 Transit Tax	Amounts
Revenue	
2024 Reserve Balance	$1.4M
2025 Estimated Revenue	$5.5M
2026 Estimated Revenue	$5.6M
Total Revenue Available	**$12.5M**
Expense	
2025 BFO	**$2.8M**
2026 BFO	**$2.5M**
2025 Prior Supplemental Appropriations (grant local matches)	**$.875M**
2025 Supplemental Appropriation Request	**$2.8M**
2026 Supplemental Appropriation Request	**$3.2M**
Total Expense Requested	**$12.2M**
Estimated Balance End of Year 2026	**~($.3M)**

DISCUSSION / NEXT STEPS

Mayor Arndt; did you bring back advertising?

Kaley Zeisel; yes, they did bring back advertising on buses - revenue

$2.2M additional funding needed

Kelly Ohlson; do we use a vendor for techs or do we use our own people?

Monica Martinez; those are our techs – that is what we get invoiced as if it were a contracted service.

Contracted services include; Bus stop to bus stop, Dial A Ride which is a federally mandated program

Tight balance on the Transit Tax – 2026 - use 2050 tax to fill needs

Kelly Ohlson; could not want for more information. It seems legit and is well presented.
2050 tax – was $11.5M – even in tight budget times, we are not supposed to dip into that.
Have it clear so that future councils and managers realize that you can't just dip into that.

Built in - inflation alone – $11.5 won't mean as much unless you add CPI to honor the Council direction and what the voters voted on - just with inflation alone over a 25 year period – a very long period of time – to honor the language – build that in – to honor the intent

Kelly DiMartino; let me take that as a follow-up - how we might memorialize that – ballot language should match the intent

Caleb Weitz; certainly, the 2023 base year amount is very clear and understanding the intent in the conversation around the 2050 tax incrementally increase the funding for transit in conjunction with this request

Kelly Ohlson; I am really nervous due to the length of the tax – eating away as the $11.5M starting point

Kelly DiMartino; we are for sure going to be true to the legal requirement – no question about that. We are working closely with legal to make sure. Here is the intent of that – I think about how we document that. Prevent future councils from having the flexibility. We do have some follow up to do based on this conversation

Kelly Ohlson; after I leave Council, I will still be very interested in future ballot language so these type of things do not happen. That we stay with the intent. The language should match the intent.

Mayor Arndt; the reduction was out of our control when Loveland pulled back. Look at the share that CSU gives - that could go away too. When other budgets tighten up – they are going to be looking at some of these shared services. Just an observation I am making, I think some of it will come down to communication to the public. We have to stick to both the good and bad side of TABOR.
We will be paying for things that look like extras when it looks like some of our core funding is shrinking.

Kelly Ohlson; fix systematically, it is not going to kill the city. 2.5% inflation but over the 25 years, that spits in the face of the intent of what we said.

Mayor Arndt; we could be in some kind of pickle

D) Grocery Tax Rebate Program

Adam Molzer, Manager, Sustainability Services Area
Jacob Castillo, CSO, Sustainability Services Area
Jeff Rochford, Manager, FP&A, Connexion

EXECUTIVE SUMMARY

The Grocery Tax Rebate program's 2025 budget affords $450,000 for rebates to qualified residents. Due to increased participation in the program, the total rebate payouts in 2025 are anticipated to be nearly $770,000. An appropriation of general fund dollars of $320,000, sourced from the Digital Inclusion reserve balance, has been requested through Clean-Up and would fulfill the budget necessary to meet this obligation. In addition, modifying the program to constrain spending in 2026 and beyond will be necessary to bring future rebate expenses within the approved $450,000 budget.

STAFF RECOMMENDATION

1. Are there other considerations Council Finance Committee would like to see prior to using the Digital Inclusion reserve balance to make the Grocery Tax Rebate program budget whole in 2025?

2. Does the Council Finance Committee have feedback or considerations for modifying the Grocery Tax Rebate program design in 2026 to remain in budget?

BACKGROUND / DISCUSSION

Program Details:
Established in 1984, the Grocery Tax Rebate is intended to provide financially insecure residents relief from City sales tax charged on purchased food. The rebate amount is currently $80 per person, annually.
Grocery Tax Rebate qualifications include:

- Resident inside the Fort Collins Growth Management Area (GMA).
- Household income between 0-60% of Area Median Income (AMI).
- Must have a document that aligns the applicant's identity with a Fort Collins address.

Applications are submitted via the Get FoCo online platform, where staff manually review each application and the uploaded documentation (EBT card copy, Medicaid card, LEAP letter, Free/Reduced Lunch letter) to verify income and residency eligibility. This is the fourth year partnering with Get FoCo and 100% of applications are now received via the web platform.
One 0.75-FTE staff member assists residents with the application process, manually uploads payment data, and supports a variety of other program functions to ensure a positive customer experience.
Program Growth:

Year	Applications	Household Members	Grocery Rebate	Budget Allowance	Repeat	%	65+	%	Single HH	%	GetFoco	%
2020	1006	1890	$123,435	$138,000	886	88%	509	51%	641	64%	N/A	N/A
2021	948	1758	$117,987	$138,000	844	89%	446	47%	588	62%	N/A	N/A
2022	1281	2626	$181,186	$138,000	857	67%	486	38%	686	54%	614	48%
2023	1966	4654	$354,121	$150,000	866	44%	453	23%	911	46%	1572	80%
2024	3150	7227	$578,240	$165,000	1351	43%	597	19%	713	23%	3093	98%
YTD 2025 - July	2160	5489	$439,000	$450,000	1357	63%	288	13%	906	42%	2160	100%

* Rebate amounts above are tabulated by application receipt date, resulting in slight variations from the City's fiscal year due to timing.

Between 2020-2024, the number of applications received increased over 213%, and rebates issued grew by 368%.

In 2024, the City processed 3,150 applications. The total amount issued in 2024 for the grocery rebate program was $578,240. The FY2024 budget afforded $165,000 for rebates, and a one-time appropriation from the general fund in September 2024 made the budget whole for the year.
From January to July 2025, the City has processed 2,160 applications. The total amount issued year-to-date (end of July) in 2025 is $439,000. The FY2025 budget affords $450,000 for rebates.
Using the year-over-year growth rate of 33% currently realized in the first 7-months of 2025, then applied to the actual rebate payments realized for August-December 2024 ($250,000), an anticipated $331,000 is necessary for August-December 2025. With approximately $11,000 remaining in the budget, an appropriation of $320,000 is necessary to meet the 2025 rebate obligations.

Actual & Anticipated	Obligation & Budget
January – July 2025 Obligated	+ $439,000
August – December 2025 Anticipated	+ $331,000
FY2025 Rebate Budget (general fund)	- $450,000
Estimated Funding Needed	**$320,000**

To meet this funding need in 2025, utilizing the Digital Inclusion reserve is the preferred option due to scope alignment, immediate availability of funds and limited impacts to residents receiving grocery tax rebates. Other options considered were to modify or suspend the rebate program mid-year, or to secure other General Fund dollars.
Since inception, the balance of the Digital Inclusion reserve has grown over time due to the rapid growth of Connexion's Internet revenue. This revenue funds the reserve through a 6% payment-in-lieu-of-taxes or PILOT, and at year-end 2024 the reserve reached a balance of $1.017M. The PILOT funds Digital Inclusion activites including staff salaries, grants to local schools for hardware and education to improve digital literacy, as well as funding the Get FoCo app's software maintenance and support costs. Additionally, the PILOT funds a reimbursement back to Connexion to offset a discount to qualified customers who receive a $50 reduction in the price of their internet service (1GB, normally $70/month, for $20/month).
While there exists a postive and expanding balance in the reserve, current projections show, due to the relatively rapid growth in Connexion's Digital Equity customers, an expected decline in reserves sometime in 2027 or 2028 with an expection of depletion sometime in 2030 or 2031 at which point Connexion was expecting to self-fund new Digital Equity discounts.The consquence of utilizing Digital Inclusion reserve balance in 2025 will be to advance those timelines.

Program Scaling for 2026:
To achieve a balanced budget in 2026, a combination of program modifications will be necessary to scale rebate obligations downward to remain within the existing budget of $450,000. Each option provides variable budget savings based on the number of eligible applicants that may apply and the size of households.
At the current rebate amount of $80 per person, the rebate program can support 5,625 eligible Fort Collins residents. In 2024 and 2025, this number was eclipsed each year in August or September, requiring the need for additional funding appropriations.

To remain within the 2026 budget of $450,000 and support the heightened number of households applying for a grocery tax rebate, the following options could be implemented:
<u>Modification A – Reduced Per Person Rebate Amount</u>

Current State: Rebate amount is $80 per person, annually.
Recalculated annually using Consumer Price Index growth over 2019 baseline ($65).
Modified State: Reset the rebate amount to the 2019 baseline of $65 (or lower).

Trade-Offs: $15 per person reduction.
In Q1 + Q2 (2025), this modification alone would have reduced rebates by $73,100.
Equity considerations for disproportionately impacted communities.
Code change required.

Modification B – Reduced Household Member Maximum
Current State: Households with up to 8 eligible members may receive the $80 rebate per person.
This may provide a household up to $640 in rebate.
In 2005, the number of eligible household members increased from 4 to 8.
Modified State: Lower the maximum household rebate ceiling to 3 members.
The average household size in Fort Collins is 2.27 people.
The average household size of rebate applicants in Q1 + Q2 (2025) was 2.5.

Trade-Offs: Households with 4+ members would only receive the 3 member maximum rebate.
In Q1 + Q2 (2025), this modification alone would have reduced rebates by $81,000.
Equity considerations for disproportionately impacted communities.
Code change required.

Modification C – Remove Growth Management Area (GMA) from Eligibility
Current State: Eligible applicants with proof of address within the GMA qualify for a rebate.
In 2017, a Code change expanded rebates eligibility to residents in the GMA.
Modified State: Reverse 2017 Code change and disallow GMA residents from rebate eligibility.

Trade-Offs: Further analysis is needed to determine estimated rebate savings.
Equity considerations for mobile home park residents in the GMA.
Code change required.

Modification D – Suspend Program When Budget is Exhausted
Current State: Get FoCo allows unlimited number of eligible households to apply throughout the year.
Rebates are provided to all eligible residents that apply.
Rebates began exceeding budget in 2022.
Modified State: Suspend Grocery Tax Rebate option in Get FoCo when $450,000 budget is met.

Trade-Offs: May create an application surge if the community believes there is a scarcity of funding.
Administrative staff would be reassigned new work during suspended period.
Residents lose access to this financial assistance at an undetermined date each year.

CITY FINANCIAL IMPACTS

$320,000 appropriation from the Digital Inclusion reserve balance for the Grocery Tax Rebate program (November 2025 Clean-Up Ordinance).
Funding from the Digital Inclusion reserve will reduce the balance of the reserve by approximately 30%. Consequentially the ability of the reserve to fund ongoing Digital Inclusion efforts and reimbursement to Connexion of Digital Equity customer discounts will be reduced, advancing the timeline of when the reserve was projected to be depleted naturally through the continued growth in Connexion Digital Equity customers.

Scaling the program design in 2026 to remain within the approved $450,000 budget will remove the need for additional appropriation requests of new funding.

PUBLIC OUTREACH

Public outreach has not been conducted for the budget appropriation, nor the potential program modifications needed to scale expenses to remain in budget.

DISCUSSION / NEXT STEPS

Options;

- Look at a reduced benefit - down from $80 to $60 or $65 per house
- Current family members up to 8 - reduce that to 3 -4 or more – you are only going to get the 3 person benefit
- Removing the GMA from eligibility - currently city limits and GMA - prior to 2017 it was just the city limits – did not include the GMA

Mayor Arndt; my world view – residents don't ask for a rebate on food unless they need it.
I would be very reticent to cut the program.

Kelly DiMartino; I don't mean to minimize the need for this program in any way. I want to be clear that people are not asking for it, they are being auto enrolled with the Get FoCo app. That is a huge change - automatic enrollment. Before Get FoCo, we were never actually able to spend the budgeted amount.
To council's credit, one of your priorities was around removing barriers and Get FoCo has been a huge win in that area.

Mayor Arndt; so, after you qualify (60% AMI or less), what else does Get FoCo offer?

Adam Molzer; Get FoCo is housed in our equity office – grocery tax rebate is the lowest barrier – automatically checked that box, then you can select recreation pass

Jacob Castillo; Get Foco is a selling point for folks in the community getting on Connexion - more people signing up. Awareness has skyrocketed.

Emily Francis; how is this program funded?

Caleb Weitz; it is a general fund planned expenditure. We give back approximately 6% of the grocery taxes we collect.

Emily Francis; if we thought – 6%

Caleb Weitz; we are on track to rebate approximately 6% of grocery sales taxes this year.
We were budgeted at a much lower amount. Before Get FoCo, we had trouble spending the $100K budget.

Emily Francis; why did we expand it to the GMA in 2017?

Jacob Castillo; my hunch is that they are purchasing their groceries in the city of Fort Collins.

Emily Francis; Connexion - are we forecasting that the pilot would end in 2030?

Jeff Rochford; 6% funding is currently $108K per month and is growing over time

Expecting at least on an incremental basis- funded through the pilot.
New digital equity customers that we would self-fund.
Any impact is significant over a long time frame.

Emily Francis; I am still not clear on the impact to digital equity. If we did the grocery tax rebate and it moves the timeline – what would the impact be to people receiving this?

Caleb Weitz; the impact – there would be decisions to be made about finding other funding sources supplement Connexion, that decision point for how to address digital customers would be moved up by a year or two. We don't know the policy outcome would be yet, because we haven't discussed this with Council.

Kelly DiMartino; with Connexion, we are always slightly on the edge with the competitive piece – Executive Session with Council - we will build in conversation around this.

Emily Francis; Is this scheduled to go directly to council or to a work session? I would feel more comfortable with understanding what Connexion's plan would be.

Kelly DiMartino; it is currently scheduled to go directly to Council unless you feel you want a work session.

Jeff Rochford; there will be tradeoffs - we can change pricing – we can slow down the rate of capital development

Tyler Marr; there would not be a management decision to remove the Get FoCo
Challenges & tools to address in terms of other funding sources – management decision

Emily Francis; I don't know what the impact to Connexion but what are those tradeoffs?

Mayor Arndt; what percent goes to the GMA? Is there any verification that they are shopping in the city?

Jeff Rochford; we haven't been able to map that out.

Kelly DiMartino; a wide variety of things including reduced rate Connexion, E bikes and scooters, reduced fee for recreation programs, Grocery tax rebate

Kelly Ohlson; moving parts Programs – equity office is over the Get FoCo program?

Jacob Castillo; the grocery tax rebate program is within social sustainability. The Get FoCo app- the larger umbrella in the equity office

Kelly Ohlson; I think it is important that we keep 94% of taxes collected on groceries and not eliminate that like other front range communities have. How is the 60% AMI arrived at for this particular program?

Jacob Castilllo; there are a lot of programs that use that as the threshold - and that is a dial we can turn on this – it could be 30% -

Kelly Ohlson; I am open to removing the GMA from eligibility and to reducing the per person rebate - $80 – where did that amount comes from?

Adam Molzer; the $80 is recalculated annually and is based on a number that was established in 2019 which was $65 – there is a CPI index year over year growth rate that has ratcheted that up.

Emily Francis; how much are we looking to reduce the program in 2026?

Adam Molzer; $320K in 2025 - a bigger swing at programmatic options.

Kelly DiMartino; we do anticipate that it will continue to grow. There are two separate questions; a 2025 question and a 2026 question. I think we feel confident that using this one-time funding from the Digital Equity Reserve for 2025. Also, the recent infusion of the Open dollars coming back in.
2026 is the bigger question as we will have longer term policy tradeoffs. We may want to come back with another work session – vetting around the options that are conceptual at this time.

Kelly Ohlson; I am fine w/recommendation #1 especially with the infusion of the settlement.
How do we know if someone has 8 household members?

Adam Molzer; the data is taken from their qualifying EBT card or free lunch information

Kelly Ohlson; long term – it should be general fund – but that doesn't work for 2026
We finally got it right. The key was accessibility to the program, and it is a success now. We have to deal with the success of the program. A basic thing – a good program.

Mayor Arndt; one of the last programs I would reduce or cut and that also goes for the digital equity program. I don't think people ask for grocery rebates unless they need it. The other consideration is the GMA but I don't want to take it away from folks.

Program Scaling for 2026

City of Fort Collins

Modification A

Reduced Per Person Rebate Amount

Current Amount → **$80**

Modified Amount → **$65** or lower

Resets rebate to the 2019 baseline

Would have reduced rebates by $73,100 (2025 Q1+Q2)

Modification B

Reduced Household Member Maximum

Current Max. → up to **8** household members

Modified Max. → up to **3** household members

Average rebate household is 2.5 members

Would have reduced rebates by $81,000 (2025 Q1+Q2)

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Kelly Ohlson; (see slides 9 and 10 above) Modifications A & D are off for me.

Jacob Castillo; I would like to make sure we are clear on the 2025 solution.
As Kelly DiMartino said, I think we have something that gets us through the end of the year.
We can come back with more detail if necessary. And for 2026, this may not be just one option but there may be multiple dials that need to be ratcheted and calibrated to the 2026 budget. We can do the math to get to a balanced set of options that live within our means. We are committed to staying within the 2026 budget amount of $450K.

Emily Francis; is it possible to backfill the Connexion pilot with the Open funds?

Jeff Rochford; defacto yes, if you think of it from a Connexion point of view, the worst scenario - magnitude – we would rather not have that challenge and we are in phase where we need external financing and we don’t want to come back - we want to stick to our plan, beat our plan.

ACTION ITEM:
Emily Francis; I would like a plan to be presented at the next Connexion update. I don’t think we have a plan for 2026, and this amount needs to be included in the deficit problem and looked at more holistically. I would rather have this added and we problem solve for this.

Kelly DiMartino; we will include that

Mayor Arndt; I think what you are hearing here is that we don’t want to adjust the program. Scale it to meet the demand and adjust other things.

Emily Francis; I am curious if we would offer a smaller amount for children under a certain age. I don’t think we should shrink the program.

Caleb Weitz; summary

Consensus from the committee on the 2025 question

Committee is not interested in significant program design changes heading into 2026.
So, some options to look at – how that forecasted dollar amount could be addressed in the 2026 budget.

What we are bringing as resolutions for the 2026 General Fund- $11M in recurring reductions so it possible there are one-time solutions. As this program grows, there will be budgetary pressures that we will need to address in a future budget process. What our full 2-year budget proposal will look like.

Kelly Ohlson; we would be open if you brought reasons for eliminating the GMA -
If the dollar figure is legitimate – we don't want to reduce it. I would be open to update household members - children versus adults – economies of scale – potential tweaking there - Amount, household size and GMA. Further evaluation

Mayor Arndt; come back with 2026 program.

E) 2025 Annual Adjustment Ordinances
Caleb Weitz, CFO
Lawrence Pollack, Budget Director

SUBJECT

First Reading of Ordinance No., 2025, Making Supplemental Appropriations in Various City Funds.

First Reading of Ordinance No., 2025, Appropriating Prior Year Reserves and Authorizing Transfers in Various City Funds.

EXECUTIVE SUMMARY

The purpose of these Annual Adjustment Ordinances is to combine dedicated and unanticipated revenues or reserves that need to be appropriated before the end of the year to cover the related expenses that were not anticipated and therefore not included in the 2025 annual budget appropriation. The unanticipated revenue is primarily from fees, charges, rents, contributions and grants that have been paid to City departments to offset specific expenses.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

- What questions or feedback does the Council Finance Committee have on the 2025 Annual Adjustment Ordinances?

- Does the Council Finance Committee support moving forward with bringing the 2025 Annual Adjustment Ordinances to the full City Council on the Consent Agenda?

BACKGROUND / DISCUSSION

These Ordinances appropriate unanticipated revenue and prior year reserves in various City funds and authorizes the transfer of appropriated amounts between funds and/or projects. The City Charter permits the City Council to appropriate unanticipated revenue received as a result of rate or fee increases or new revenue sources, such as grants and reimbursements. The City Charter also permits the City Council to provide, by ordinance, for payment of any expense from prior year reserves. Additionally, it authorizes the City Council to transfer any unexpended appropriated amounts from one fund to another upon recommendation of the City Manager, provided that the purpose for which the transferred funds are to be expended remains unchanged; the purpose for which they were initially appropriated no longer exists; or the proposed transfer is from a fund or capital project account in which the amount appropriated exceeds the amount needed to accomplish the purpose specified in the appropriation ordinance.

If these appropriations are not approved, the City will have to reduce expenditures even though revenue and reimbursements have been received to cover those expenditures.

The table below is a summary of the expenses in each fund that make up the increase in requested appropriations. Also included are transfers between funds and/or projects which do not increase net appropriations, but per the City Charter, require City Council approval to make the transfer. A table with the specific use of prior year reserves appears at the end of the AIS.

Funding	Additional Revenue	Prior Year Reserves	Transfers	TOTAL
General Fund	$811,080	$370,329	$0	$1,181,409
Cultural Services Fund	711,000	0	0	711,000
Recreation Fund	450,000	0	0	450,000
Transportation Services Fund	140,000	0	115,000	255,000
Self-Insurance Fund	653,461	0	0	653,461
Utility CS&A Fund	0	543,582	0	543,582
Light & Power Fund	2,009,443	0	0	2,009,443
Water Fund	352,958	0	0	352,958
Wastewater Fund	106,479	0	0	106,479
Stormwater Fund	51,479	0	0	51,479
Golf Fund	550,000	374,600	0	924,600
GRAND TOTAL	**$5,835,900**	**$1,288,511**	**$115,000**	**$7,239,411**

A. GENERAL FUND

1. **Fort Collins Police Services (FCPS)** has received revenue from various sources. A listing of these items follows:
    a. $7,590 – Police Northern Colorado Drug Taskforce: As a part of the City of Fort Collins contribution to the Northern Colorado Drug Taskforce, any Drug Offender Surcharge or Court Ordered Restitution that is remitted from Larimer County Court to Fort Collins Police, is then passed along to the NCDTF. Any additional restitution that is collected by FCPS is additionally passed along to the NCDTF.

    b. $3,000 – Police 2024/2025 HVE Grant: Police Services was awarded a grant from Law Enforcement Assistance Fund to pay for overtime for DUI enforcement. There was a $3,000 amendment to the original grant.

c. $95,443 – Police Miscellaneous Revenue: Police Services receives revenue from the sale of Police reports along with other miscellaneous revenue, like restitution payments, evidence revenue and SWAT training.

d. $468,863 – Police Reimbursable Overtime: Police Services help schedule security and traffic control for large events. Since these events are staffed by officers outside of their normal duties, officers are paid overtime. The organization who requested officer presence is then billed for the costs of the officers' overtime. For example, FCPS partners with Larimer County to staff events at The Ranch. Police receive reimbursement from Larimer County for officers’ hours worked at Ranch events.

e. $120,498 – Police School Resource Officers: Police Services has a contract with Poudre School District to provide Officers on location at a majority of the schools for safety and support. The school district pays Police Services based on a predetermined contract amount and also partially reimbursing for overtime incurred. This request is for the previously billed overtime and anticipated overtime for the remaining year.

f. $4,978 – Police DUI Enforcement: Proceeds that have been received for DUI enforcement.

TOTAL APPROPRIATION

FROM:	Unanticipated Revenue (Police Northern Colorado Drug Taskforce)		$7,590
FROM:	Unanticipated Revenue (2024-2025 HVE Grant)		$3,000
FROM:	Unanticipated Revenue (Police Miscellaneous Revenue)		$95,443
FROM:	Unanticipated Revenue (Police Reimbursable Overtime)		$468,863
FROM:	Unanticipated Revenue (School Resource Officers)		$120,498
FROM:	Unanticipated Revenue (DUI Enforcement)		$4,978
		TOTAL:	$700,372
FOR:	Northern Colorado Drug Taskforce		$7,590
FOR:	Monitor DUI Compliance		$3,000
FOR:	Police Miscellaneous Revenue		$95,443
FOR:	Police Reimbursable Overtime for Events		$468,863
FOR:	Overtime for School Resource Officers		$120,498
FOR:	DUI Enforcement		$4,978
		TOTAL:	**$700,372**

2. Forestry Payment In Lieu

The Forestry Division receives Payment in Lieu (PIL) revenue when a developer cannot plant enough trees on a development site to meet City requirements. These funds are used to support planting trees elsewhere in the City.

FROM: Unanticipated PIL Revenue
$21,750
FOR: Citywide Tree Planting
$21,750

3. Parks- Overland Park Unanticipated Revenue

The Parks Department collected higher than anticipated revenues from rental facilities at the Overland Park complex. The funds are used to support general operations in the Overland Park.

FROM: Unanticipated rental revenue
$10,575
FOR: Overland Park
$10,575

4. **Manufacturing Equipment Use Tax**
Finance requests the appropriation of $28,329 to cover the amount due for the 2024 Manufacturing Equipment Use Tax Rebate program as established in Chapter 25, Article II, Division 5, of the Municipal Code. The rebate program was established to encourage investment in new manufacturing equipment by local manufacturing firms. This item appropriates the use tax funds to cover the payment of the rebates.

FROM: Prior Year Reserves (Manufacturing Rebate reserve
$28,329
within the General Fund)
FOR: Manufacturing Equipment Use Tax
$28,329

5. **Fort Collins Retail Strategy funded by PRPA**
Platte River Power Authority (PRPA) annually contributes to the economic health of the Fort Collins community. In the past, the City has utilized these funds to support local, small businesses and continue to utilize these funds in this manner. This year, the funds were utilized to support a citywide retail study to understand the changing landscape of retail, implications to our sales tax base, and development of Council Priority #4 - Advance a 15-Min City by Igniting Neighborhood Centers.

FROM: Unanticipated Revenue (PRPA)
$52,500
FOR: Citywide retail study
$52,500

6. **Radon Kits**
Environmental Services sells radon test kits at cost as part of its program to reduce lung-cancer risk from in-home radon exposure. This appropriation recovers kit sales revenue for the purpose of restocking radon test kits annually.

FROM:	Unanticipated Revenue (radon kit sales)	$1,403
FOR:	Purchase of radon kits to sell	$1,403

7. **Conflict Transformation Works Program - Revenue Recover**y
Conflict Transformation Works (CTW), which includes restorative justice and community mediation programs, receives payment for work it does for other City departments through its workplace mediation program and also has program fees for parts of its programming. In addition, this year CTW contracted with another community in Washington to train on the Restore model, a restorative justice model for shoplifting offenses which was designed and implemented here in Fort Collins. CTW would like to appropriate these funds to use for expenses related to volunteer training, support and appreciation. Also, a small portion of the funding will be used to pay victim restitution for victims of restorative justice cases in the CTW programs. Youth in the program do volunteer work to earn the victim restitution. This is provided for families unable to pay the restitution their youth owes and for youth too young or otherwise

unable to do paid work for the restitution. This assures the victim receives restitution despite a family's inability to pay. Program staff cannot predict how many youths will request this support and who will qualify.

FROM: Unanticipated Revenue (CTW)
$16,680
FOR: Conflict Transformations Works Program
$16,680

8. Grocery Rebate Program Participation

The Grocery Tax Rebate is intended to provide financially insecure residents relief from City sales tax charged on purchased food. The rebate amount is currently $80 per person. From January to July 2025, the City processed 2,160 applications. The total amount issued during this period is $439,000; a 33% increase year-over-year from 2024. The FY2025 budget affords $450,000 for rebates, leaving $11,000 for the remainder of 2025.

A monthly average of $66,200 for August-December 2025 is anticipated, bringing the total rebate obligation for 2025 to $770,000. Additional appropriation to cover the gap of $320,000 will come from General Fund sub-reserves from Payments in Lieu of Taxes (PILOTs) and will meet the anticipated 2025 grocery rebate obligations.

FROM: Prior Year Reserves (PILOT) $320,000
FOR: Grocery rebates for financially insecure residents
$320,000

9. Land Bank Operating Expenses

This request is intended to cover expenses related to the land bank property operation costs for 2025. Since expenses vary from year to year, funding is requested annually through the Annual Adjustment process to cover these costs. Expenses in 2025 include general maintenance of properties, raw water and sewer expenses, electricity, repairs, pest control, and other as applicable.

FROM: Prior Year Reserves (Land Bank)
$22,000
FOR: Land Bank Operational Expenses
$22,000

10. Volunteer Services Hourly Personnel Support

This is a request to appropriate $7,800 in unanticipated revenue collected from NextGenServe Volunteer services to fund hourly employees that support the Volunteer Services programs. NextGenServe is the City's teen volunteer service club run out of HR and funded from the Volunteer Service Program budget. NextGen is in its fifth year and has been grant-supported thus far. To move to a more sustainable funding model, Volunteer Services launched a fee-based program in 2025. Each participant was required to pay $200 unless they accessed our scholarship program through GetFoCo. With 43 participants, the program generated $7,800 in unanticipated revenue to help support Volunteer services hourly personnel.

FROM:	Unanticipated Revenue from NextGenServe	$7,800
FOR:	Fund hourly employees that support Volunteer Services	$7,800

B. CULTURAL SERVICES FUND

1. Lincoln Center Artists & Musicians Fees

The Lincoln Center is requesting additional budget for the expenses related to LC live show promoters and artists to accommodate higher than expected revenues and expenditures for additional productions, as well as national and international tour shows presented or produced by the City. This appropriation has no net impact on the Cultural Services and Facilities Fund and requires no subsidy from the General Fund.

In 2025, the Lincoln Center brought major touring shows to Fort Collins, including Dear Evan Hansen, Mean Girls, and Ain't Too Proud. In addition, since the adoption of the 2025 budget, we added additional shows for the Live at The Gardens concert series that the LC manages, including well-known artists Mary Chapin Carpenter/Brandy Clark, The Music of Billy Joel with the Fort Collins Symphony, and The Commodores. The existing budget for Artist Fees paid for shows is not sufficient to cover the expenses related to the shows in 2025. The additional cost will be covered by revenue by a margin of at least 100% for at least a net zero impact to the Lincoln Center budget.

FROM: Unanticipated Revenue
$711,000
FOR: Lincoln Center live show promoters and artists
$711,000

C. RECREATION FUND

1. Excess Revenue from Higher Participation

The purpose of this item is to consider an appropriation of $450,000 of unanticipated 2025 revenue in the Recreation Fund to support expenses related to higher participation rates than anticipated during the 2025-2026 Budgeting for Outcomes cycle. Recreation is currently forecasted to finish 2025 with surplus revenue of about $700,000 and needs to appropriate a portion of these funds to cover the expenses related to increased participation compared to budget (driven primarily by increased hourly support).

FROM: Unanticipated Revenue
$450,000
FOR: Expenses related to higher participate rate
$450,000

D. TRANSPORTATION SERVICES FUND

1. Open Streets Vendor Fees

Open Streets is an annual FC Moves event that promotes active modes of transportation and invites folks to experience streets without cars. At Open Streets, participants can expect 1-2 miles of car-free, family-friendly streets. Participants are encouraged to Ride the Route and explore areas called "Activity Hubs"- temporary clusters of activity provided by local businesses and organizations. Vendors for Open Streets are charged $50 if they are a non-profit, $100 if they are a private business.

This request includes $1,400 in fees that have been collected to date in 2025, and a projection of another $3,600 we expect to collect for the remainder of 2025. It is important that we are able to offset our costs with these fees, since our operating budget is not large enough to support this event without incoming revenue.

FROM:	Unanticipated Revenue (Vendor Fees)	$5,000
FOR:	Open Streets Program	$5,000

2. **Spin Annual Payment**
Per the contract between the City and Spin, Spin pays an annual fee of $10,000. These funds can be used at the City's discretion and typically are used for projects related to the Spin program. In 2025, funds were used to install bike/scooter boxes for better parking options, and to support the Which Wheels Go Where project to update City code regulating what types of micromobility can be used on what facilities.

FROM: Unanticipated Revenue (Spin annual payment)
$10,000
FOR: Installation of bike and scooter boxes for parking
$10,000

3. **Crushing Facility Work for Other Program**
The Planning, Development and Transportation Work for Others program is a self-supported program for all "Work for Others" activities within Streets. Customers are charged for the products they purchase from the Hoffman Mill Crushing Facility. Due to unanticipated projects and equipment/parts needs, additional funding of $125,000 is requested to cover expenses through the end of 2025. Revenue generated at the facility will offset the expense (expense will not be incurred if revenue is not received).

FROM: Unanticipated Revenue (Work for Others)
$125,000
FOR: Work for Others program within the Streets Department
$125,000

4. **Transfer of Appropriations for Concrete Work**
The Laporte Avenue Bridges capital project (400902140) was completed in 2023.There was an issue with the concrete used on the side path. The City and the contractor agreed that $115,000 would be withheld by the City for the deficient work. This withheld funding is proposed to be transferred to the Streets Department operating fund. This funding will be utilized for concrete work within the Streets program in 2025.

FROM: Previous Unexpended Appropriation
$115,000
FOR: Concrete work
$115,000

E. SELF-INSURANCE FUND

1. **Self Insurance Fund Revenue**
City insurance premiums and claim settlements are projected to exceed the 2025 budget within the Self Insurance Fund. 2025 Fund revenues in the amount of $653,461 are available for appropriation to cover excess insurance expenditures.

FROM: Unanticipated Revenue
$653,461
FOR: City insurance premiums and claim settlements
$653,461

F. UTILITY CS&A FUND

1. **Banking & Credit Card Fee Appropriation**
Appropriate additional banking and credit card fees based on an increased number of customers utilizing online banking services to pay utility bills via eCheck or credit card. Utilities absorbs transaction fees for online payments (1) $0.50 per eCheck and (2) Debit/Credit Cards are 1.15% up to $1,500, increasing to 2.75% for transactions over $1,500. Additional fee budget is offset by the increase in fund revenues attributed to customer transaction growth and utility rate increases.

FROM: Unanticipated Revenue from customer growth/rate increases
$506,778
FOR: Utilities Banking & Credit Card Fees
$506,778

2. **Utilities Legal Expenses Appropriation - Part 1 of 5**
This request will appropriate revenue received from the Open International judgement to cover the related unplanned legal expenses incurred in 2025. Legal expenses will exceed currently budgeted amounts in Light & Power, Water, Wastewater, Stormwater, and Customer Service & Administration (CS&A) Funds.

FROM: Unanticipated Revenue from Open Intl judgement
$36,804
FOR: Unplanned legal expenses
$36,804

G. LIGHT & POWER FUND

1. **Light & Power System Additions for Development Revenue**
This request will appropriate additional Light & Power development fee revenue to cover the related electric infrastructure costs to serve new and/or upgraded residential and commercial developments.

Expenses for electric system additions are development-dependent and are anticipated to end the year over the original budgeted amounts. Through July 2025, revenues generated from development are over budget by $1,504,528.

FROM: Unanticipated Revenue Light & Power Development Fees
$1,504,528

FOR: Electric Infrastructure Costs
$1,504,528

2. **Utilities Payment in Lieu of Taxes (PILOT) - Part 1 of 3**
This request will appropriate additional PILOT revenue to cover associated PILOT expenses for Utilities funds. PILOT revenues (6% of electric, water, and wastewater charges) collected by Utilities are a direct pass-through expense to the City's General Fund. Fund PILOT revenues and expenses are exceeding budgeted 2025 amounts.

FROM: Unanticipated Revenue PILOT
$299,000
FOR: PILOT Expenses
$299,000

3. **Utilities Legal Expenses Appropriation - Part 2 of 5**
This request will appropriate revenue received from the Open International judgement to cover the related unplanned legal expenses incurred in 2025. Legal expenses will exceed currently budgeted amounts in Light & Power, Water, Wastewater, Stormwater, and Customer Service & Administration (CS&A) Funds.

FROM: Unanticipated Revenue from Open Intl judgement
$205,915
FOR: Unplanned legal expenses
$205,915

H. WATER FUND

1. **Utilities Payment in Lieu of Taxes (PILOT) - Part 2 of 3**
This request will appropriate additional PILOT revenue to cover associated PILOT expenses for Utilities funds. PILOT revenues (6% of electric, water, and wastewater charges) collected by Utilities are a direct pass-through expense to the City's General Fund. Fund PILOT revenues and expenses are exceeding budgeted 2025 amounts.

FROM: Unanticipated Revenue PILOT
$250,000
FOR: PILOT Expenses
$250,000

2. **Utilities Legal Expenses Appropriation - Part 3 of 5**
This request will appropriate revenue received from the Open International judgement to cover the related unplanned legal expenses incurred in 2025. Legal expenses will exceed currently budgeted amounts in Light & Power, Water, Wastewater, Stormwater, and Customer Service & Administration (CS&A) Funds.

FROM: Unanticipated Revenue from Open Intl judgement
$102,958
FOR: Unplanned legal expenses
$102,958

I. WASTEWATER FUND

1. **Utilities Payment in Lieu of Taxes (PILOT) - Part 3 of 3**
   This request will appropriate additional PILOT revenue to cover associated PILOT expenses for Utilities funds. PILOT revenues (6% of electric, water, and wastewater charges) collected by Utilities are a direct pass-through expense to the City's General Fund. Fund PILOT revenues and expenses are exceeding budgeted 2025 amounts.

   FROM: Unanticipated Revenue PILOT
   $55,000
   FOR: PILOT Expenses
   $55,000

2. **Utilities Legal Expenses Appropriation - Part 4 of 5**
   This request will appropriate revenue received from the Open International judgement to cover the related unplanned legal expenses incurred in 2025. Legal expenses will exceed currently budgeted amounts in Light & Power, Water, Wastewater, Stormwater, and Customer Service & Administration (CS&A) Funds.

   FROM: Unanticipated Revenue from Open Intl judgement
   $51,479
   FOR: Unplanned legal expenses
   $51,479

J. STORMWATER FUND

1. **Utilities Legal Expenses Appropriation - Part 5 of 5**
   This request will appropriate revenue received from the Open International judgement to cover the related unplanned legal expenses incurred in 2025. Legal expenses will exceed currently budgeted amounts in Light & Power, Water, Wastewater, Stormwater, and Customer Service & Administration (CS&A) Funds.

   FROM: Unanticipated Revenue from Open Intl judgement
   $51,479
   FOR: Unplanned legal expenses
   $51,479

K. GOLF FUND

1. **Banking & Contract Labor Expenses**
   Golf has seen record revenue and rounds over the past couple of years which has resulted in higher banking fees and contract labor expenses. The requested annual adjustment is to account for this increased revenue ($550,000) and related increased expenses ($50,000 for banking fees and $500,000 for contract labor).

   FROM: Unanticipated Revenue
   $550,000
   FOR: Contract Labor and Banking Fees
   $550,000

2. **Capital Projects and City Park 9 Fairway Damages**
   Golf is experiencing unforeseen increases in expenses related to minor capital projects and City Park 9 fairway damages. This requested adjustment is to cover these additional costs ($362,600 for minor capital expenses and $12,000 for City Park 9 fairway damages). This request would be paid for by Golf Fund reserves.

   FROM: Golf Fund Reserves
   $374,600
   FOR: Minor capital projects and City Park 9 Fairway Damages
   $374,600

CITY FINANCIAL IMPACTS

This Ordinance increases total City 2025 appropriations by $7,239,411. Of that amount, this Ordinance increases General Fund 2025 appropriations by $1,181,409, including use of $370,329 in prior year reserves. Funding for the total increase to City appropriations is $5,835,900 from unanticipated revenue, $1,288,511 from prior year reserves, and $115,000 from transfers from reserves or previously appropriated funds.

The following is a summary of the items requesting prior-year reserves:

Item #	Fund	Use	Amount
A4	General Fund	Manufacturing Equipment Use Tax	$28,329
A8	General Fund	Grocery Rebate Program participation	320,000
A9	General Fund	Land Bank Operating Expenses	22,000
F1	Utility CS&A Fund	Banking & Credit Card Fee Appropriation	506,778
F2	Utility CS&A Fund	Utilities Legal Expenses Appropriation	36,804
K2	Golf Fund	Capital Projects and City Park 9 Fairway Damages	374,600
		Total Use of Prior Year Reserves:	**$1,288,511**

DISCUSSION / NEXT STEPS

Do you support us moving forward to full council on September 16th?

Mayor Arndt; yes

ACTION ITEM:
Kelly Ohlson; I would like to request a small memo addressing police overtime when they have outside jobs. I don't get why we do that –why we track and help support outside jobs for police overtime. I have brought this up in the past but didn't get a really good answer.

Kelly Ohlson; page 106 Laporte bridges work - Did we get enough back to make the work right? Work was a failure – we went after it – got the money back. Did it cover fixing the problem?

Emily Francis; I am good

Kelly Ohlson; I am good

Meeting adjourned at 6:15 pm