

WORK SESSION AGENDA ITEM SUMMARY

City Council



STAFF

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SUBJECT FOR DISCUSSION

Our Climate Future Strategic Funding Plan – Phase I

EXECUTIVE SUMMARY

The purpose of this item is to present Phase I of the Our Climate Future (OCF) Strategic Funding Plan, which maps out how the City can strategically allocate climate-related revenue streams – including the 2050 Tax (climate portion), single-use bag fee remittances, and Utilities Electric Rate-Payer Funding– over a 15-year horizon to achieve carbon neutrality by 2050. The full Plan will be completed in Q1 2026 after incorporating Council feedback and will prioritize investments within the 13 OCF Big Moves focused on strategic impact, people-centered solutions, and alignment with Council Priorities.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. What feedback do Councilmembers have on this approach?
2. Are there additional considerations that should be included for allocation prioritization?

BACKGROUND / DISCUSSION

OCF Framework

Climate change threatens our environment, local economy, cost of living, and public health. To address these challenges, Fort Collins City Council adopted Our Climate Future (OCF) in 2021. This framework for action sets ambitious targets and outlines the transformational actions needed to reduce climate pollution and waste, adapt to climate change, and meet people's everyday needs while prioritizing equity and belonging. OCF takes a systems-based approach to coordinate, guide, and report on sustainability efforts based on Council-adopted, data-driven, time-specific targets.

OCF Goals

Adapted and evolved from three previous plans, OCF established an ultimate goal of becoming a carbon-neutral community by 2050 with the following interim targets for 2030:

1. Cut greenhouse gas emissions (GHGs) by 80% compared to 2005 levels
2. 100% renewable electricity from both the grid and local sources
3. Reach zero waste, or nothing sent to landfills

City Council also adopted an additional interim target of reducing community-wide GHG emissions 50% below baseline by 2026. By 2023, the Fort Collins community had reduced community-wide GHG emissions 27% compared to 2005 baseline levels. Per capita emissions were down 44% over the same time period.

Big Moves, Next Moves & Pathways

The solutions needed to achieve our goals are organized into the following:

- **Big Moves** (the *transformational outcomes* desired by the community);
- **Next Moves** (the *specific actions* to help reach each Big Move; and
- **Pathways** (*groups of Next Moves* with results that drive toward a specific outcome).

2050 Tax – Climate Portion

In 2023, Fort Collins voters approved a half-cent sales tax to provide dedicated revenue for important community services through the middle of this century, with 25% of the funding to reduce emissions and increase renewable electricity. The revenue generated by this portion of the 2050 Tax is estimated at roughly \$5M/year – yielding approximately \$120M for investments between 2027 and 2050 to make Our Climate Future a reality.

STRATEGIC FUNDING PLAN

Strategic Funding Plan Purpose

The purpose of the OCF Strategic Funding Plan is to guide strategic investments of 2050 Tax climate revenue and other funding sources to achieve carbon neutrality by 2050 and meet interim climate goals through sequenced, long-term implementation of Our Climate Future.

OCF has been a valuable guide for City Leadership in past budget cycles, but much has changed since its adoption. The 2050 Tax provides dedicated climate revenue, creating both an opportunity and a need for a more comprehensive, long-term investment strategy that bridges the gap between planning and implementation.

This living document will guide how the City strategically uses its tools – economic incentives, regulations, infrastructure investments, and behavior change programs – to achieve OCF's transformational goals. The Plan forecasts available funds and sequences recommended investments within prioritized focus areas across short-, mid-, and long-term horizons. This supports informed decision-making as Council considers which outcomes to fund immediately, which to stage for future years, and where to reserve funds for critical long-term opportunities, all while maintaining accountability and clear progress reporting to taxpayers.

Connections

To provide the most useful document for Council, the Strategic Funding Plan will incorporate and align with key City priorities and processes.

Budget Process

The OCF Strategic Funding Plan will align closely with the City's current and future budget process in both intent and timing. It is being coordinated closely with the development of the City's new budget process.

Council Priority Setting

As a living document, the OCF Strategic Funding Plan will be informed by and in turn help to provide background information for Council Priorities and the priority setting process.

2024 Strategic Plan

ENV 1: *Implement the Our Climate Future Plan to advance the City's greenhouse gas, energy and waste goals; reduce air pollution; and improve community resilience.*

Other City Plans

The Our Climate Future framework affects nearly every part of City operations. The Strategic Funding Plan will align with and incorporate other City planning efforts to ensure coordination across the organization.

Connecting to OCF Council Roadmap

The *Our Climate Future Council Roadmap* is a planning tool that helps City Council decide which actions might be taken in the coming years to support OCF goals. See the 2025 Our Climate Future Council Roadmap attached to this AIS.

Project Process

The Strategic Funding Plan is being developed in two phases (Phase I and Phase II) to ensure that the plan is aligned with Council direction and can be informed by the incoming Council's priorities.

Phase I- Council Feedback

The first phase aims to provide Council with substantive detail on the core components of the plan to make the final product most useful for City Leadership. This draft provides:

1. Projected revenue forecasts for selected revenue streams,
2. Overview of the proposed allocation process and outputs, and
3. Examples of updated Pathways for selected Big Moves.

Following the October 28, 2025 Work Session, Councilmember feedback and direction will be incorporated to finalize a full Plan in Phase II at the end of Q1 2026 and inform potential funding requests for the 2027-2028 budgeting process

Phase II- Full Plan

Phase II will expand the Plan into a full document by the end of Q1 2026, incorporating Council feedback from Phase I. The full document will include expanded revenue forecasts, strategically prioritized Big Moves with associated allocation recommendations, and a full set of Next Move plans for all 13 Big Moves.

Revenue Forecasts

Forecasts of different revenue streams that may be utilized to fund OCF work are a central component of the Plan. The forecasts cover a 15-year time horizon, providing a long-range view of available resources.

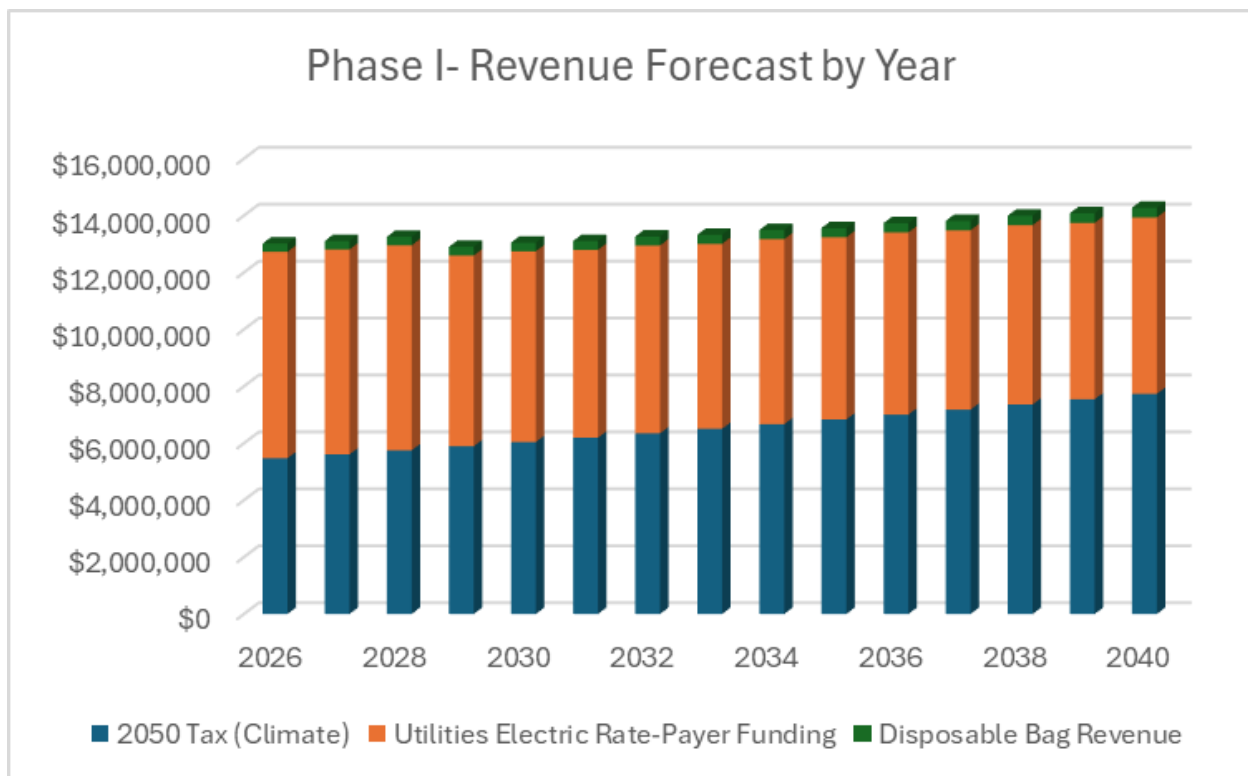
Forecasts of Revenue Streams Included in Phase I

- 2050 Tax Funds, Climate Portion
- Disposable Bag Remittance Fees
- Utilities Funds for Energy Services

Potential Revenue Streams to Include in Phase II

- 2050 Tax, Transit Portion
- Community Capital Improvement Plan (If Passed in Nov.)
- Future Income Sources (Grants, Bonding, Etc.)

The following graphic is the revenue forecast for **Phase I revenue streams**. Each revenue stream is described in further detail below the graphic. Please note that the dollar values in the graphic are projections only and are subject to change.



2050 Tax (Climate Portion)

The climate portion of the 2050 tax may be used to pursue the following efforts:

- Greenhouse gas and air pollution reduction
- 100% renewable electricity
- 2050 goal of community-wide carbon neutrality

The 2050 Tax forecast incorporates updated revenue from City Finance as of October 9th. Based on feedback from the Finance team, the revenue is forecasted using a 2.5% annual growth in net taxable sales.

Disposable Bag Remittance Fees

To reduce plastic pollution, City Council approved a plastic bag ban and ten-cent fee for recycled paper single-use bags at large grocers in 2022. In 2025, Council expanded the Ordinance to include large retailers, and this forecast incorporates expected bag purchases per population over time. Six cents of every ten-cent fee are remitted to the City quarterly. This fee may be used to pursue the following efforts:

- Waste reduction programs and education
- Mitigate plastic pollution
- Reduce solid waste and litter

Utilities Electric Rate-Payer Funding

A portion of Utilities electric ratepayer revenue dollars are used to support energy efficiency, local renewable energy generation, and grid flexibility. These funds can be used for electricity and related services furnished to customers connected to the City's electric system per Sec. 26-462 of the Municipal Code. The Utility may use these funds to assist customers consistent with Council-adopted policies and approved program objectives, which may include financial or technical assistance, incentives or rebates.

Allocations and Prioritization Process

Funds will be recommended for allocation based on insights from a two-stage process designed to align investments with the City's environmental goals, community values, and Council priorities. Stage 1 (Prioritize) uses three core principles to determine which Big Moves and Pathways to prioritize. Stage 2 (Allocate) suggests funding amounts to those priorities and sequences investments over time for City leadership to review as part of the biennial budget process for consideration and adoption by Council. These stages are summarized below.

Stage 1 - Prioritize:

Strategic Approach

Prioritized efforts should maximize our ability to achieve OCF goals. This means investing in actions that contribute most to long-term climate, zero waste, and energy objectives while reserving funds for major strategic opportunities. Decisions will consider the four tools available to local government:

- economic incentives;
- behavior change programs;
- infrastructure investments; and
- regulations.

People-Centered

OCF is a people-centered framework informed by community input. It focuses on reducing environmental harm, adapting to climate change, and advancing equity so that identity is not a predictor of success. Prioritization will ensure local funds support local solutions for residents and businesses, in accordance with OCF's Guiding Principles.

Interconnected

The Plan will align with other City and community planning efforts, connecting climate funding to broader priorities and Council direction. It will also recognize when community partners are best positioned to lead certain Big Moves.

Stage 2 – Allocate:

After prioritizing Big Moves and Pathways, staff will recommend funding allocations based on allowable uses (see table below) and revenue projections. Total allocations will match projected revenue. These staff recommendations will follow the City's budget process.

Allocations will also consider:

- **Time horizons:** Funds will be spread across 15 years, sequencing short-, medium-, and long-term efforts
- **Impacts:** Allocations will consider the mitigation, resilience, and equity (MRE) impacts of potential strategies
- **Categories:** Funds will be organized by type, such as staffing, programs, and capital investments

Examples

Below are two examples of what can be provided through this process. [Note that the numbers in each scenario should be viewed as illustrative only. Final recommended allocations and amounts will be provided in Phase II.]

Example 1: Prioritizing Organics Diversion

The following example shows how funding could strategically be allocated towards the *Organics Diversion* Pathway under Big Move 2: Zero Waste Neighborhoods. This example demonstrates how the Strategic Funding Plan and OCF Framework can support sequencing of complementary actions across the spectrum of tools available to local government.

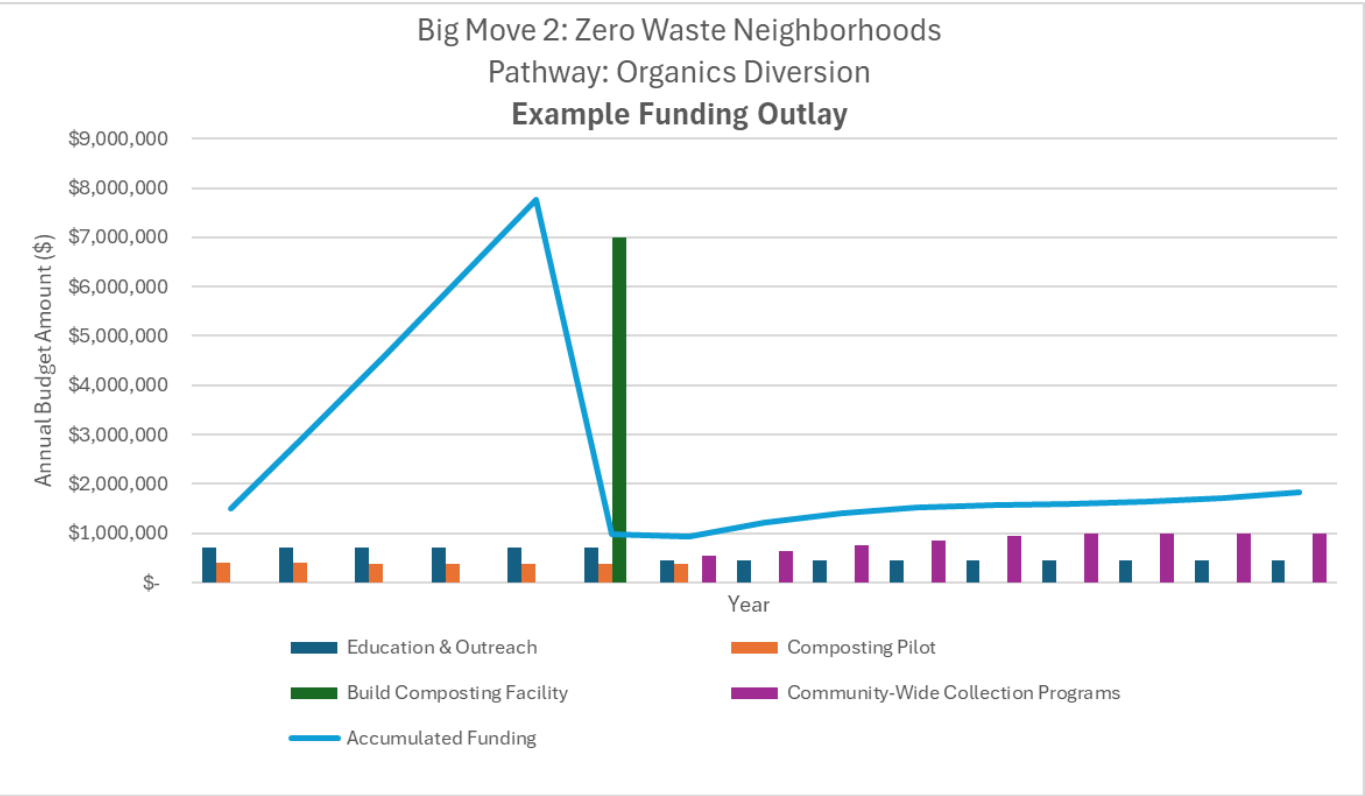
Strategic Timing of Levers			
Big Move 2: Zero Waste Neighborhoods Pathway: Organics Diversion			
	Short-term	Medium-term	Long-term
Behavioral	Outreach & Education		
			Community Wide Collection Programs
Economic	Composting Pilot		
Infrastructure		Build Composting Facility	
Regulatory			Policies & Partnerships

The simplified table above shows specific actions (grouped by “lever” over time) that may be used to achieve higher organics diversion rates. Short-term strategies include a focus on community education and outreach for behavior change to reduce food waste at the source. Another short-term strategy includes a pilot project currently underway, partnering with a local woman-owned composting business to increase participation in residential and commercial food scrap collection service to better understand benefits and barriers for future program design.

Medium term strategies include regional collaboration, and partnership with other agencies like Larimer County to strategically deploy significant resources for capital construction of a composting facility, large enough to handle a significant portion of the food scraps generated in Fort Collins and contributing to a local and regional circular economy.

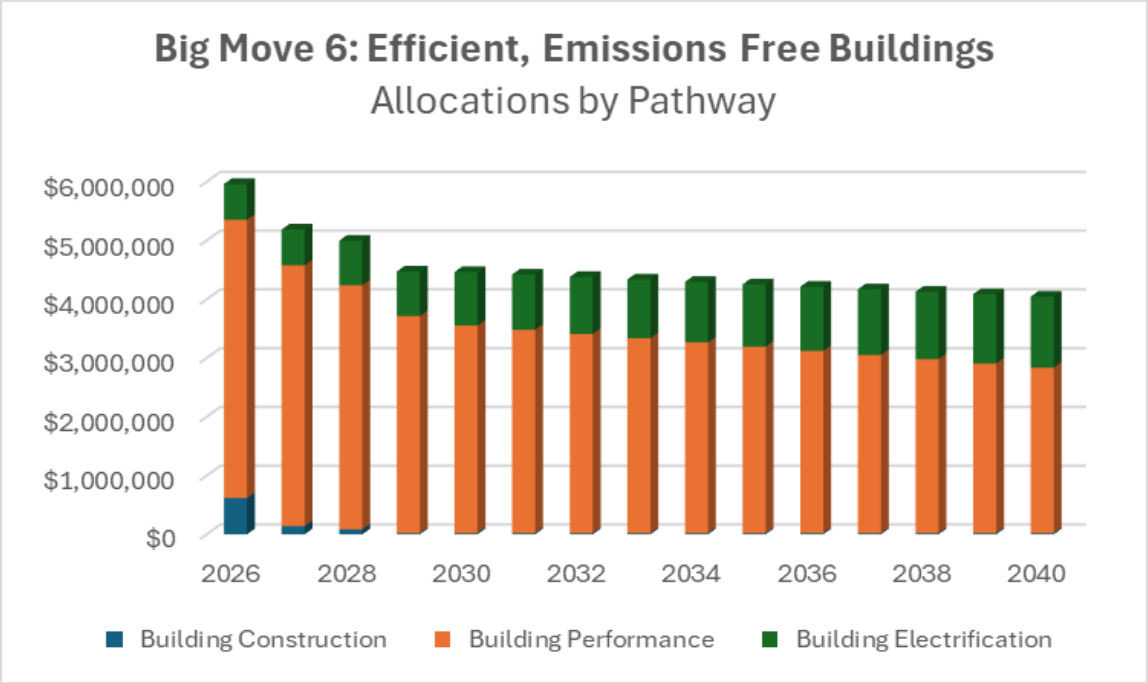
In the long-term, resources and efforts would be invested in behavior change education and outreach for participation in community-wide food scrap collection programs. Assuming a large infrastructure investment has been made in a composting facility, policies and partnerships could be implemented to ensure a closed loop for the local use of finished compost generated by a future facility.

When paired with funding needs and allocations, a funding outlay can be provided showing how local taxpayer dollars are being strategically invested over time, as can be seen in the graph below.



Example 2: Prioritizing Big Move 6: Efficient, Emissions Free Buildings

Allocations can also be used to communicate key requirements to make progress in a certain area. Many of the activities within Big Move 6 relate to customer facing incentives, which require predictable, steady investment to be successful. Rather than implement a significant capital investment, allocations in this Big Move focus on steadily funding incentives and training programs to encourage higher adoption. This



allocation also demonstrates the anticipated gradual decrease of efficiency-based incentives and increase of technical advisory services and electrification incentives in the long term.

Allocating in this manner across multiple Big Moves allows staff to communicate areas of opportunity and associated requirements to make the biggest impact on the transformational outcomes and goals of OCF.

Next Moves Update

Every two years, city staff and community members work together to review and refine which actions can be achieved in the near term and builds out a 2-year **Next Moves Plan**. This lets staff adjust strategies over time to fit the community’s needs and Council Priorities while responding to market and technology developments.

For Phase I of the Strategic Funding plan, three specific Big Moves and their associated Pathways and Next Moves were updated to provide Council with examples of how tactical level work connects with the Strategic Funding Plan. Examples of these updates are included in the attachment titled “Next Move Update Examples”. Phase II will include a full update of all 13 Big Moves, and their associated Pathways and Next moves.

NEXT STEPS

The full Plan will be completed in Q1 2026 after incorporating Council feedback and will prioritize investments across 13 Big Moves focused on strategic impact, people-centered solutions, and alignment with Council Priorities.

The Strategic Funding Plan is designed to be a tool for aligning strategy and resources to most effectively achieve the transformational outcomes and goals of OCF. It highlights prioritized strategies and funding levers, giving Council the visibility it needs to guide investments and set priorities.

ATTACHMENTS

1. 2025 Our Climate Future Council Roadmap
2. Next Move Update Examples
3. Strategic Funding Plan Presentation