City of Fort Collins

11-3-2025

Council Meeting

2026 Annual Appropriation Ordinance

Caleb Weitz
Lawrence Pollack

2026 Budget Revision Process

- **Purpose**
  - Combines the adopted 2025-2026 budget with adjustments needed to increase or decrease the budget for the 2026 Annual Appropriation
  - These proposed changes are based on current economic and financials conditions, and information not known at the time the budget was adopted in November 2024
  - $15.4 million General Fund deficit addressed

- **Summary of Changes**
  - Decreased revenue forecasts in the Governmental Funds
  - Budgeted personnel increases to address decreased turnover
  - Citywide cost reductions
  - Service Area reductions
  - Governmental and Utilities enhancements

2026 Revenue and Expense Challenges

- **Revenue**
  - Decreased Sales and Use Tax forecast based on 2025 trends
  - Decreased Photo Traffic Enforcement revenue
  - Decreases in other Governmental Fund revenue, including General Fund investment earnings and State Marijuana Share-back revenue

- **Expenses**
  - Increase to personnel expenses due to lower turnover
  - Snow Contingency
  - Police collective bargaining unit and other corrections in personnel budgets

2026 Budget Revisions to Rebalance the Budget

- **Citywide reductions**
  - Reduced merit increases for staff from 3.0% to 2.0%
  - Benefit savings from employer/employee pay period ‘holiday’
  - Benefit savings from reduced medical/dental rate increases
  - Hiring Freeze in full effect through Q1 2026

- **Service Area wide reductions**
  - Each Service Area submitted at least 6.0% operational reductions
    - Reductions in force for current classified staff not considered
    - Use of Digital Equity reserve in lieu of impacts to legal defense funds

Proposed Enhancements to the 2026 Annual Budget

- **Governmental Funds**
  - Sales Tax Auditor
  - Grocery Tax Rebate Program growth
  - Transfort operational expenses

- **Enterprise Funds**
  - Halligan Project mitigation Credits
  - Customer Information System (CIS) operational extension

Proposed Enhancements to the 2026 Annual Budget (Utilities)

Halligan Project Mitigation Credits $10,357,500

- Additional environmental mitigation credits required for Mitigation Plan approval and Record of Decision from U.S. Army Corps of Engineers

Customer Information System (CIS) Operational Extension $702,480

- Operational budget needed for continuing legacy systems until May 2026 go-live of the new system

Thank you