September 22, 2026

WORK SESSION AGENDA ITEM SUMMARY

City Council

STAFF

Kelly DiMartino, City Manager
Caleb Weitz, Chief Financial Officer
Victoria Shaw, Budget Director

SUBJECT FOR DISCUSSION

2027-2028 Biennial Budget – Work Session #2

EXECUTIVE SUMMARY

The purpose of this work session is to review the 2027-2028 Recommended Budget, which was delivered to City Council and the City Clerk on September 3, 2026 pursuant to provisions of Article V, Section 2 of the City Charter. In September and October, City Council will have a series of work sessions to discuss the City Manager's Recommended Budget and conduct two Public Hearings to gather input from the community as outlined in the table below.

At the September 22, 2026 Work Session, staff will present a summary overview of these Service areas:

- Police Services
- Information & Employee Services
- Finance, Executive, Legal, and Judicial Service Areas
- Utility Services

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. What clarifying questions does Council have regarding the areas presented?

2. What follow-up items are there on budget issues related to these areas?

BACKGROUND / DISCUSSION

Budget Process

The 2027-2028 budget process represented an important transition in how the City develops its budget. After many years of using Budgeting for Outcomes (BFO), the City began transitioning to a Priority-Based Budgeting approach designed to more clearly communicate the connection of resources to services, strategic priorities and community outcomes. The transition provided an opportunity to build on the strengths of the City's prior budget process while introducing new tools and practices to support longer-term financial sustainability and decision-making.

The process began by developing the City's financial outlook and identifying the resources available to support ongoing services. As the financial outlook was refined, the City identified a gap between projections of ongoing revenues and ongoing expenditures to maintain current levels of service. Service areas were then asked to scrutinize all ongoing expenditures, including an exercise to identify opportunities to reduce projected ongoing costs by 8%.

In parallel, the City developed comprehensive program inventories to establish a clearer understanding of the services it provides, the resources required to deliver those services, and how they contribute to community priorities. These inventories, along with financial information and service-level considerations, provide a foundation for evaluating budget recommendations.

Budget development continued through multiple rounds of review, refinement and deliberation by the Budget Leadership Team and executive leadership. The process incorporated updated revenue and expenditure forecasts, compensation and benefit assumptions, capital and asset management needs, strategic priorities, and input from the community and City Council. As part of the transition away from BFO, the process placed greater emphasis on understanding the full cost and value of current services and needs, and on making deliberate choices about how limited resources should be allocated.

The result is a Recommended Budget that reflects both the City's financial realities and its priorities for the future. The budget includes ongoing realignment of resources to better match expenditures with ongoing revenues, while also advancing strategic investments and identifying opportunities to change how services are delivered. The transition to Priority-Based Budgeting will continue beyond the 2027-2028 budget cycle as the City further develops its program inventories, financial planning tools, and practices for connecting resources to priorities and outcomes.

Budget Preview

The 2027-2028 Recommended Budget was developed in a period of continued growth and change for Fort Collins and continues the realignment work that began in the 2026 Budget Revision process. As we grow, our physical footprint continues to expand, and the expectations and demands for City services continue to evolve. At the same time, the cost to maintain existing services and infrastructure, and to invest in a talented workforce continues to increase. These pressures require staff to carefully consider not only what the City wants to accomplish, but how to sustain those commitments over time.

The Recommended Budget adjusts close to $10 million annually across governmental funds to better align ongoing expenditures with ongoing revenues. The budget recommendations reflect three key strategies:

- Align Ongoing Costs with Ongoing Revenues: Improve the sustainability of the budget by matching sources and uses of funds more strategically, without changing the level of investment or services provided.
- Deliver Services Differently and More Efficiently: Reduce costs through process improvements, innovation, or operational changes without significant impacts to level of service.
- Make Strategic Choices About Service Levels: Intentional tradeoffs that reduce or delay services when necessary to keep ongoing expenditures aligned with ongoing revenues.

In the presentation, staff will explore examples of budget modifications that were recommended from these strategies and discuss the impacts on related service levels, organization-wide talent impacts, and projected impacts to reserves.

City Council Budget Meetings

City Council has a series of work sessions scheduled in September and October to discuss the proposed 2027-2028 Budget. These work sessions will include staff presentations regarding specific service areas, as outlined below, followed by an opportunity for questions and discussion.

Key dates for Council discussions and Public Hearings are as follows:

Meeting Date	**Topic**
September 15, 2026 Work Session	Presentations, Questions and Discussion: 1. Community Services 2. Community Development, Housing & Sustainability 3. Transportation Services
September 22, 2026 Work Session	Presentations, Questions and Discussion: 1. Police Services 2. Information & Employee Services 3. Finance, Executive, Legal, and Judicial Services areas 4. Utilities Services
October 6, 2026 Regular Meeting	Budget Public Hearing #1 of 2
October 13, 2026 Work Session	General Discussion and Follow-up based on prior Work Sessions for items requiring further discussion.
October 20, 2026 Regular Meeting	Budget Public Hearing #2 of 2
October 27, 2026 Work Session	General Discussion – Final Council Direction
November 3, 2026 Regular Meeting	First Reading of the 2027-2028 Budget and the 2027 Appropriation Ordinance
November 17, 2026 Regular Meeting	Second Reading of the 2027-2028 Budget and the 2027 Appropriation Ordinance

NEXT STEPS

This is the second Work Session scheduled; this will be followed by a third work session to discuss follow-up items on October 13, 2026.

ATTACHMENTS

1. Utilities Capital Improvement Plan
2. Presentation