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| |  |  |  | | --- | --- | --- | | **MEETING DATE:** | September 20, 2022 | **ITEM NUMBER:** 6.**{{item.number}}** |  |  |  |  | | --- | --- | --- | | **SECOND READING:** |  | **{{customfields.ResoOrdNumber}}** |   **TYPE OF ITEM:   PRESENTED BY: Harold Dominguez, City Manager's Office, Harold.Dominguez@longmontcolorado.gov Jim Golden, Finance Administration, Jim.Golden@longmontcolorado.gov Teresa Molloy, Budget, Teresa.Molloy@longmontcolorado.gov Other City Staff** |

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| **SUBJECT/AGENDA TITLE:**  2023 Budget Discussion |

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| **EXECUTIVE SUMMARY:**  The Proposed 2023 Budget presentation will focus on the categories of new positions with metric information, incremental development revenue, one time expenses, attainable housing, Affordable Housing Fund, early childhood capacity building, 529 Jump program, supporting actions for mental health, human service agency funding, grants and external funding sources, LDDA budget, Library budget, use of the marijuana tax, and Longmont Public Media. This communication includes a brief overview of each topic and has been consecutively numbered. This information will be available on the City’s website with the 2023 proposed budget documents should we need to refer back to any information from this communication as we continue to move through the weekly 2023 budget presentations.  <https://www.longmontcolorado.gov/departments/departments-e-m/finance/budget-office/2023-budget-documents> |

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| **COUNCIL OPTIONS:** |

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| **RECOMMENDED OPTIONS:** |

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| **FISCAL IMPACT & FUND SOURCE FOR RECOMMENDED ACTION:** |

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| **BACKGROUND AND ISSUE ANALYSIS:**  Citizens wishing to view the 2023 Proposed Budget, the 2023-2027 Proposed Capital Improvement Program or the 2023 Proposed Pay Plan can access these documents on the City’s website at the following location:  <https://www.longmontcolorado.gov/departments/departments-e-m/finance/budget-office/2023-budget-documents>  **NEW POSITIONS**  The proposed budget includes total of 26.875 new FTE: 13.125 in the General Fund, 8.0 in the Public Safety Fund, 1.54 in the Water Fund, 1.08 in the Broadband Fund, 1.05 in the Sanitation Fund, 0.74 in the Sewer Fund, 0.75 in the Art in Public Places Fund, 0.40 in the Electric Fund, 0.15 in the Storm Drainage Fund, and 0.040 in the Streets Fund. New positions included in this budget are:   * 0.50 FTE Neighborhood Resource Specialist in Community and Neighborhood Resources from the General Fund. - This position would help to support the Neighborhood Impact Team to coordinate and help this team function within the center of excellence/collective impact operations framework. It will problem solve neighborhood issues, develop strategic action and implement, gather data and track impacts. * One FTE Director of Human Services – This position will manage and supervise divisions that offer human services, human problem solving, and educational resources and services to Longmont community members. Divisions included are Children, Youth and Families, Senior Services, and unhoused resources including regional collaboration with Homeless Solutions for Boulder County. The position will administer the city’s human service funding process. * One FTE Librarian I in the Library for Children’s and Teens’ – This position is needed to both maintain services as well as to expand them. Librarians choose and order materials appropriate for age groups assigned, provide customer service assistance at service desks including recommending materials, designing, preparing and executing programs for children and teens, accept outreach requests from schools and community organizations, plan and provide timely displays, and assist parents & caregivers in navigation of educational databases and access to materials outside of open hours. * One FTE Recreation Program Coordinator in Recreation and Senior Services – This position would focus on increased and additional services for the intellectually and developmentally disabled community in Longmont. This position would be able to continue and enhance programs that include teen camp, Special Olympics teams, and dementia friendly recreation. * 2.25 FTE Aquatic Facility Leads – These three 30 hour positions would replace some temporary Pool Managers. By replacing temporary Pool Manager shifts with benefitted Aquatic Facility Leads this will greatly reduce the number of temporary staff members needed and provide staff members more focused on longevity. Other advantages include routine schedules, increased safety, pump room competency, swim lesson program stability, and increased customer service. * One FTE Senior Assistant City Attorney – This position is needed to provide adequate legal support to the Longmont Housing Authority as well as support staff that deal with multi-faceted housing issues facing the City. * One FTE Custodial Supervisor in External Services from the General Fund – This position is needed to improve efficiency of the in house custodial staff and to provide consistent level of service and custodial processes throughout all locations. * One FTE Security Analyst in Enterprise Technology Services – The position would give the City more resources to devote to protecting City systems and devices from ever-increasing cybersecurity threats. * One FTE Senior Customer Service Representative in Utility Billing – The position is needed to assist customers who are struggling to pay their bills. It will act as a point of contact helping these customers to find assistance to help pay their bills. It will work in conjunction with other areas of the City which are also involved in helping customers in need such as Community Services as well as external organizations such as the OUR Center. * 0.375 FTE Customer Service Representative in Utility Billing – This increases will raise a part time benefitted position to a full time status. The position serves as a backup to the Mail Room operation and is also involved in the billing processes. It will provide us more resources to provide daily customer support to serve an increasing customer count and increasing programs. * One FTE Human Resources Coordinator in Shared Services – This position is needed to strengthen our recruiting efforts in a very competitive hiring environment. This position will work with established community internship programs, coordinate between city departments for volunteers, and help to make our pre-employment process more efficient. * One FTE Procurement Specialist in Purchasing – This position will negotiate acceptable terms and conditions for contracts that are not the result of a solicitation process, assist with contract administration issues, and assist with regular reviews of standard terms and conditions as well as contract clauses. * One FTE Financial Analyst in Finance – This position would assist with analysis of financial transactions for special finance projects, for additional Munis functionality, and for major Munis upgrades. The position will also assume tasks from the CFO including review and analysis of bonded capital projects, tax increment funded efforts, economic incentives, self-insurance funds, special funding districts, tax rebate programs and continuing disclosure for city debt issues. * One FTE Clinician III in Community Health & Resilience from the Public Safety Fund. – This position is part of the CORE Team and responds to calls for service involving individuals with mental health needs or issues. A 4th CORE Team is being added in the proposed 2023 budget to help manage increasing crime and calls for service. * One FTE Co-Responder Paramedic in Community Health & Resilience from the Public Safety Fund – This position is part of the CORE Team and responds to calls for service involving individuals with mental health needs or issues. A 4th CORE Team is being added in the proposed 2023 budget to help manage increasing crime and calls for service. * One FTE Police Officer in Community Health & Resilience from the Public Safety Fund – This position is part of the CORE Team and responds to calls for service involving individuals with mental health needs or issues. A 4th CORE Team is being added in the proposed 2023 budget to help manage increasing crime and calls for service. * One FTE Victim Advocate in Community Health & Resilience from the Public Safety Fund – This position is needed to increase our current Victim Advocate program which responds to victims of crime and/or unexpected tragedy. Under the Victim Rights Act we will need to add weekend coverage and provide services for additional crimes. * One FTE Communications Shift Supervisor in Communications from the Public Safety Fund – This position is needed to provide full supervisory coverage to the Communication division which is a 24x7 operation. It will supervise assigned shifts, participate in activities related to the goals and operation of the Communications Center, and assist with on call duties as needed. * Three FTE Firefighters in Fire from the Public Safety Fund – These positions are needed to help maintain minimum staffing levels due to vacancies and the lack of buffer between available vacation slots and minimum staffing. * One FTE Public Works Technician II in Public Works and Natural Resources from the Sanitation Fund – With growth in the number of solid waste customers along with staffing challenges from absences, turnover and an inability to hire temporary labor this position is intended to help relieve those pressures. * One FTE Water Utility Technician Lead in Public Works and Natural Resources from the Water Fund – This position is needed to help respond to a significant increase in work orders due to the passage by the State of the new 811 locate rules. * One FTE Water Quality Analyst I in Public Works and Natural Resources from the Water Fund, the Sewer Fund, and the Storm Drainage Fund – This position is needed to respond to increased workloads in the laboratory due to new and existing regulations. It will provide specialized instrumental analysis, quality systems support, assure EPA quality assurance/quality control and develop redundancy within the Quality Systems program. * One FTE Administrative Assistant in Public Works and Natural Resources from the Electric Fund, the Broadband Fund, the Water Fund, the Sewer Fund, the Storm Drainage Fund, the Sanitation Fund, and the Streets Fund – This position will assist the Strategic Integration admin team with efforts such as monitoring backflow, SOP updates, ordering supplies, processing purchase orders, receiving invoices, and maintaining a high level of internal and external customer service. * One FTE Digital Navigation Manager in Broadband - The position is needed in the Customer Operations Division to meet the needs of the Smart Cities initiative and in home digital navigation and enablement. * 0.75 FTE AIPP Program Assistant from the Art in Public Places Fund – This position will provide additional resources so that the AIPP program can sufficiently plan for the expenditure of funds earmarked for AIPP.   The overall impact of all changes to FTEs in this budget is an increase of 26.875 FTE, which brings the total budgeted positions to 1,097.65.  ***Metric Data for New FTE included in the 2023 Proposed Budget***  Metric data on all new positons being added in 2023 that would tell the story of ‘what will be different in 2024 with the addition of these positions’ can be found in ***Attachment I*** . The additional metric information is in bold blue font in this attachment.  As previously mentioned there are a few errors in the proposed pay plan and subsequently the budget for these positions. Staff is assessing the impacts of the error and will bring the changes back to council in a future meeting.  **INCREMENTAL DEVELOPMENT REVENUE**  The 2023 proposed budget includes a projection of 800 building permits for new dwelling units. The current incremental development revenue financial policy calls for any revenue above a base of 200 new dwelling units to be considered incremental development revenue. There is a total of $468,903 in incremental development revenue from in the proposed budget (building permits $420,706 and plan reviews $48,197). The full amount is being used to cover ongoing expenses that are subject to reduction in the event that this level of revenue is not sustained in the future per the Incremental Development Revenue financial policy.   |  |  |  | | --- | --- | --- | | **2023 IDR available** | **468,903** |  | | **Ongoing uses of IDR - positions** | |  | | initially added in 2015 | 64,244 | Planning Tech (3/4 of the FT costs) | | initially added in 2016 | 181,475 | Associate Planner and Permit Technician | | initially added in 2017 | 114,368 | Sr Electrical Inspector | | **Ongoing uses of IDR - other ongoing** | |  | | initially added in 2017 | 73,173 | temp wages and contract services for Landscape Architect | | initially added in 2018 | 20,643 | data plans and OT for plan review | | initially added in 2019 | 15,000 | Fire plan review contract services | | **Total ongoing IDR uses** | **468,903** |  | | **2023 total IDR uses** | **468,903** |  |   **ONE TIME EXPENSES**  ***General Fund***  There is a total of $5,411,621 one-time expenses included in the proposed 2023 General Fund budget. There is $426,135 of one-time revenues that will be used to help offset these one-time expenses making the net one-time expense in the General Fund $4,985,486. ***Attachment J*** is a listing of all one-time expenses in the General Fund. As in previous years we have categorized these expenses in the following areas:  Capital - Equipment $ 1,739,559  IT Equipment or Technology Improvements 771,755  Non-Capital - Small Equipment & Supplies 195,992  One Time Services or Expenses 2,704,315  ***Public Safety Fund***  There is a total of $912,393 for capital and other one-time expenses included in the proposed 2023 Public Safety Fund budget. ***Attachment K*** is a listing of all the one-time expenses in the Public Safety Fund. We have categorized these expenses in the following areas:  Capital - Equipment $ 558,000  IT Equipment or Technology Improvements 98,067  Non-Capital - Small Equipment & Supplies 53,734  One Time Services or Expenses 61,592  PBF109 Parking Lot Rehabilitation 141,000  ***Other Funds***  There is a total of $1,917,973 for capital and other one-time expenses (not including CIP) in the proposed 2023 budget for all other funds. ***Attachment L*** is a listing of these one-time expenses. We have categorized these expenses in the following areas:  Capital - Equipment $ 1,050,000  IT Equipment or Technology Improvements 241,315  Non-Capital - Small Equipment & Supplies 36,658  One Time Services or Expenses 590,000  **ATTAINABLE HOUSING**  Earlier this year the City Council directed staff to begin to focus on helping to bring attainable housing to the City. As part of the response to this direction this proposed budget includes $250,000 of ongoing funding and $700,000 of one time funding for this purpose. A new Attainable Housing Fund will need to be established so that these amounts can be transferred from the General Fund in 2023.  **AFFORDABLE HOUSING FUND**  Within the proposed 2023 budget there is again $1 million of ongoing funding from the General Fund to continue efforts to capitalize the City’s Affordable Housing Fund. These capital funds will be made available to for-profit and nonprofit developers to provide a total of approximately 100 new affordable homes (including for sale units affordable at or below 80% of the area median income and rental units affordable at or below 50% of the area median income). Beginning in 2019, affordable housing development was boosted by 50% of the 3% special sales tax on the sale of marijuana. This revenue is estimated at $290,000 for 2023. Ongoing support of $206,543 from the General Fund is provided to supplement staffing and administration costs associated with the City’s Affordable Housing Fund, CDBG and HOME programs that support and provide affordable housing and community reinvestment efforts throughout the city. Due to reductions to this transfer amount in the 2019 budget, an increase in the amount of costs associated with administering Affordable Housing programs with the addition of the Inclusionary Housing Program, the anticipated close out of CDBG-DR funding, and continued decreases in CDBG and Home administrative funding, staff is estimating that up to an additional $150,000 in administrative costs in 2023 will need to be covered from the capital funding. Last year the City Council adopted a financial policy that beginning in 2022, up to 10% of all revenues deposited into the Affordable Housing Fund may be accessed to cover administrative expenses associated with the City’s Affordable Housing programs.  **EARLY CHILDHOOD CAPACITY BUILDING**  In support of the City Council work plan, this proposed budget includes new resources of $200,000 of one-time resources for investment in early childhood. Proposed use of this funding is to support the design and development of an Early Childhood Community Hub (HUB) focused on serving children ages 0-5. This HUB would bring together in one facility:   * Professional development and training opportunities for early care providers, especially Family, Friend and Neighbor (FFN) caregivers, high quality and culturally/linguistically matched early childhood care and education. * Medical, social-emotional, language support for families and professionals; and * Peer/community support for providers and families.   Also included in the proposed budget is $200,000 of one-time funding for capacity building to strengthen the early childhood system and support the three areas addressed in the HUB model. Finally, there is $100,000 of ongoing funds earmarked to offset cost and designate spots for interested City of Longmont employees to obtain care for their children through the HUB.  **529 JUMP PROGRAM**  In 2022, Children Youth and Families contracted with the St. Vrain Education Foundation in the amount of $245,000 for the 529 Jump Program. With these funds, the City of Longmont is further committing to being the world's greatest village. With 75% of jobs in Colorado requiring a college degree, investing in the class of 2036's education ensures we have skilled workers, volunteers, and voters in our future. Though this program, each Kindergarten student in St. Vrain Valley School District is able to set up a 529 college saving account, showing them that the City of Longmont believes in their future and supports them in their education efforts. 529 Jump is a community program that is designed to bring awareness to saving for post-secondary education by utilizing a tax-deducting 529 savings account. With the support of St. Vrain Valley Schools, along with the St. Vrain Valley Schools Education Foundation serving as the fiscal agent of 529 Jump, the City of Longmont Council provided the initial seed money of $25,000 from the Council Contingency Fund to get this program off and running. The proposed 2023 budget continues to fund the $25,000 ongoing funding that was originally added in 2020.  **SUPPORTING ACTIONS FOR MENTAL HEALTH**  Earlier this year the City Council directed that the non-earmarked 50% of the Special Marijuana Sales Tax should be used for mental health and addiction. In this proposed 2023 budget there is $290,000 from this source proposed to be used for outreach and therapeutic services, to include services that would support our unhoused community members. Mental Health and Addiction are areas that the City has been working on prior to the COVID-19 Pandemic. During the pandemic, concerns about mental health and substance use grew, including concerns about suicidal ideation. Nationwide, in 2021, 41% of adults reported symptoms of anxiety and/or depressive disorder. In 2021, Supporting Action for Mental Health (SAM) was integrated into the Children, Youth and Families (CYF) division and moved from Community Services Administration after the conclusion of a SAM grant. SAM, with CYF’s leadership and support, held a well-attended virtual mental health conference in December of 2021. Since that time, SAM carryover funds have been used to host a de-escalation training, by Ryan Dowd, for city staff who interact with individuals who are unhoused. A training on the impacts of secondary trauma for employees from CYF, Senior Services, Community & Neighborhood Resources and Longmont Housing Authority was also provided in August of 2022. It is anticipated that continued training would be beneficial. In addition, with more in person meetings occurring, it is staff’s intent to bring the SAM task force back together and begin to leverage Mental Health and Addiction work that is occurring community-wide.  **HUMAN SERVICE AGENCY FUNDING**  In the 2022 budget, City Council increased the amount set aside for human services from 2.52% to 3%.  This was in part to meet the goal of Council and the Housing and Human Services Advisory Board to increase the funds available for human service agencies to pre-2018 levels. In 2018 it was decided that half of the human services funds set aside would be dedicated to housing stabilization and homelessness services.  The human services funding set aside assists low-to-moderate income Longmont residents in meeting their basic physical, social, economic and/or emotional well-being needs. This long-standing City program has a critical role in carrying out Council’s work plan goal *to make sure that Longmont’s most vulnerable residents have the resources and opportunities to thrive*, and is called out as a specific action to achieve that goal.  In the 2022 budget, the new set aside percentage allowed the City to increase the number of locally controlled housing vouchers from 12 to 15. It also increased the amount available for human services agency grants by $407,868. In 2023, it would increase the amount available for human services agency funding by $171,527 while maintaining the amount needed to continue the current level of funding for housing stabilization and homelessness services.  City staff has initiated the 2023 funding process, which ends on Friday, September 9 after this Council Communication has been finalized. City staff can report to Council on the final number of applications and amount during the presentation, if desired.  **GRANTS AND EXTERNAL FUNDING SOURCES**  In addition to taxes and fees for service, grants are an important source of funding for capital and operating costs.  The Bipartisan Infrastructure Law was passed in November 2021, providing federal funding opportunities in several key infrastructure programs.  Staff has previously provided a summary of BIL programs that match existing projects and priorities of the City, and continues to monitor the introduction of related funding opportunities occurring over upcoming federal fiscal years.  In August 2022, the Inflation Reduction Act was passed, including further investments in clean energy and climate action totaling nearly $375 billion over the next ten years.  In addition to federal funding resources, state and local grants are also available for infrastructure and climate activities.  Staff will provide an update on the approach to identifying, applying for, and managing external funding resources to support infrastructure investment and the achievement of the City’s climate goals.  **LDDA BUDGET**  The LDDA prepares and submits a number of budgets annually. First, for the LDDA itself, there are six individual sub-funds included on pages 569 to 579. They are the DDA operating fund; the DDA construction fund; the DDA debt service fund; the DDA building permit fund or development incentive program (DIP); the DDA Façade Improvement fund; and the DDA Arts & Entertainment fund. Along with those budgets the LDDA also prepares and submits the budget for the Downtown Parking Fund (pages 580-582) and the General Improvement District #1 (pages 587-589).  The LDDA operating fund proposed budget for 2023 includes an increase in overall expenses of $50,744 over 2022. About 73% of the increase is in personal services expenses as in 2023 there is growth in personal services lines items reflecting increased salary costs and benefits linked to those amounts. There is a $12,510 increase in O&M expenses with some line items increasing. The largest increase is $5,910 in Operating leases and rentals related to the LDDA office lease. The proposed budget as presented includes total expenses of $377,763 with revenue identified to cover all of the proposed expenses for 2023. The largest part of that revenue is $279,895 of property tax based on the 2022 projected assessed valuation. The fund balance of the fund is projected to be approximately $311,019 by the end of 2023.  The LDDA construction fund is only utilized when there are projects that involve the use of LDDA tax increment dollars. In 2023 the LDDA is proposing two capital projects: TRP137 Main Street Corridor Plan at a cost of $250,000; and DTR008 Downtown Alley Improvement at a cost of $100,000. The LDDA is also proposing to fund a number of other projects with $171,000 of tax increment dollars in 2023. These are projects and priorities from the Downtown Longmont Master Plan of Development.   * Placer Al data service $ 12,000 * Pedestrian metrics 3,500 * Mural/cultural project 15,000 * Parking study update 50,000 * Parklet maintenance 15,500 * Economic vitality 25,000 * Spoke garage O&M & lease 50,000   $171,000  The construction fund also has $20,840 of operation expense to cover project management of the CIP projects. The LDDA implements project management fees to allocate some staff time against the TIF projects that they support. Over the course of each TIF project a 4% management fee is applied to the total project cost. Finally, there is $62,035 for the annual cost for infrastructure renewal & replacement. A loan of tax increment dollars from the Debt Service Fund to the Construction Fund will be needed in 2023 to provide the funding for these projects. There is also $58,400 of parking fee revenue from the Roosevelt Apartments parking garage.  The final payment on the tax increment financing (TIF) bonds issued in 1998 was made in December of 2008. In order to have the tax increment stream of revenue continue as allowed by statute a new debt was established in 2007 by creating an interfund debt to finance the use of TIF dollars (which can only be used to pay debt) for 2008. That debt is maintained so that the TIF revenue can continue. For 2023, the budget for the DDA debt service fund calls for the use of $545,475 of TIF dollars to fund the projects and the project management fees as referenced for the Construction Fund above. There is also another $380,865 budgeted to repay a loan to provide funding for the DDA Arts & Entertainment Fund for 2023. TIF revenue in 2023 is projected at $1,312,375 based on 2021 assessed valuation information. In late August after the proposed budget was completed the assessor’s office provided 2022 preliminary assessed valuation information that projects the 2023 TIF revenue at $1.63 million.  The LDDA Building Permit Fund administers the Development Improvement Program (DIP). Revenues come from fees on building permits from construction projects in the DDA area. Under an IGA, the City transfers an amount equal to these fees to the DDA DIP Fund for downtown improvement projects. The proposed 2023 budget includes $70,000 of revenues for the program to cover a projected $70,000 of program grants.  The LDDA Façade Improvement Program is administered from the Façade Improvement Program Fund. There are no expenses for this fund included in this proposed budget for 2023.  Since 2007 the LDDA has used TIF funds to fund a marketing and advertising program to fund business recruitment, marketing, branding, special events and promotion for the downtown. The DDA Arts & Entertainment Fund was created during 2011 and funded through TIF revenues as well for a variety of program expenses. In 2014 the two programs were combined into the Arts & Entertainment Fund. At that time, operations were changed removing marketing and event operations from the day to day responsibilities of staff with them instead being accomplished through the use of professional contracts, sponsorships and partnerships. The proposed 2023 budget for the Arts & Entertainment Fund of $446,865 includes $168,565 for salary & benefits for 1.5 FTE and temporary staff wages. The budget also includes $278,300 for program expenses including $185,000 for contract services which funds event related expenses and the holiday lights downtown. The Arts & Entertainment Fund fund balance is expected to end 2023 with a balance of approximately $33,830. This budget proposes to fund the proposed 2023 expenses with new TIF funds of $380,865. This amount will combine with program revenues and $5,000 from the City for holiday lights to fund the total proposed budget for the Arts & Entertainment for 2023.  The Downtown Parking Fund is a City fund that is administered by the LDDA. Parking permits are the primary source of revenue for this fund amounting to $90,000 for 2023. The budget for the Downtown Parking Fund can be found on pages 580 & 581. Expenditures during 2023 total $115,792 for parking lot upkeep and upgrades. The fund balance of this fund is projected to be $193,994 by the end of 2023.  The General Improvement District #1 budget is also proposed by the LDDA. That can be found on pages 587-589. As shown in proposed budget document the GID includes revenue of $163,963 and expenses of $164,039. Based on projected assessed valuation data the revenue estimates were set as $155,463 from property tax from the GID mill levy. The fund balance of this fund is projected to be approximately $282,723 by the end of 2023.  The Arts & Entertainment District, now known as the Downtown Longmont Creative District, is an integral part of redeveloping the Downtown area for the community. The LDDA has used resources from the state designation to create Downtown Longmont Community Ventures (Ventures), a non-profit organization with a mission to promote Downtown vibrancy through arts, culture and economic development. This organization is charged with finding diversified funding streams, sponsorships and stakeholder engagement, as well as supporting implementation of the Arts & Entertainment District plan. Currently, Ventures is being managed by LDDA staff and a volunteer board of directors, as well as direction and assistance from the Longmont Community Foundation. The goal is to transition all LDDA/Creative District programming and implementation to this organization.  ***LDDA Tax Increment Financing***  In the state of Colorado, the state statutes allow for the creation of downtown development authorities and the statutes also govern the powers of such authorities. The section of the statutes that pertain to downtown development authorities is Section 31 Article 25 Part 8. Those sections also address the use of tax increment financing by DDA’s. One of the powers or responsibilities assigned to a DDA in state statute is to:  Plan and propose, within the downtown development area, plans of development for public facilities and other improvements to public or private property of all kinds, including removal, site preparation, renovation, repair, remodeling, reconstruction, or other changes in existing buildings which may be necessary or appropriate to the execution of any such plan which in the opinion of the board will aid and improve the downtown development area;  The Longmont DDA first created a plan of development upon being formed in 1982. The Authority’s Plan of Development, adopted by the City Council in June of 1983, describes a series of objectives designed: to promote the health, safety, prosperity, security and general welfare of the District; to strengthen the economic vitality of the downtown area by preventing the deterioration of property values and structures and by eliminating blighted conditions; and to prepare and implement plans for the economic and physical revitalization of the DDA. The LDDA updated the Master Plan of Development in 1987; in 1995; and most recently in 2017.  In adopting the LDDA Plan of Development in 1983 the City Council adopted the use of tax increment financing as authorized in the Colorado State Statutes:  *That portion of said property taxes…in excess of such amount shall be allocated to and, when collected, paid into a special fund of the municipality for the* ***payment of the principal of, the interest on, and any premiums due in connection with the bonds of, loans or advances to, or indebtedness*** *incurred by, whether funded, refunded, assumed, or otherwise, the municipality for financing or refinancing, in whole or in part,* ***a development project*** *within the boundaries of the plan of development area.*  The Plan established a base property valuation for the overall District as of December 1982 and beginning in 1983, the incremental property tax generated by the various mill levies on those properties above the 1982 base level is earmarked as LDDA TIF revenue and deposited in the LDDA TIF Fund.  While the state statutes allow for tax increment financing by a DDA, they limit the use of those funds to the payment of debt used to finance a development project. Such debt is subject to voter authorization. In March of 1985 the qualified electors of the District authorized the City to issue bonds in an aggregate amount not to exceed $4,500,000 to finance DDA development projects. That authorization was used up with bond issues in 1986 and 1998 and smaller financing projects in between. In 2005 the LDDA received voter approval of a ballot question that would allow debt to be increased up to $10,000,000 for DDA development projects pursuant to the LDDA plan of development which projects may include but not be limited to, at the discretion of the Authority, a mixed use parking structure. Between 2005 and 2015 the LDDA and the City approved the use of $10 million of tax increment financing for the following projects:  Legal expenses for 2005 election $ 7,000  St. Stephen’s pocket park 142,693  Marketing & promotion of downtown 20,000  Marketing program (2007-2013) 1,000,820  Façade loan program 1,300,000  Alleyscape study 18,750  Master plan of development 75,000  Longs Peak & Main market study 8,666  DR-8 Downtown alley improvements 1,414,360  DR-24 Longmont Theatre 250,000  Arts & Entertainment District 75,000  DR-23 Parking lot improvements 340,167  DR-25 Downtown breezeway improvements 746,400  A&E District programs 1,062,504  Storefronts campaign 150,000  Business retention & recruitment 16,666  BID plan 25,000  Incentive programs 1,100,000  Parking structure @ Roosevelt apartments 2,024,000  DR-19 Streetscape improvements 175,000  Infrastructure replacement funding 47,974  Total uses $10,000,000  In November of 2012 LDDA voters approved an additional $25 million of debt authorization which is likely to cover the use of LDDA TIF revenue through 2033 for which the TIF is authorized to continue under state statute. Since receiving the $25 million authorization the LDDA and the City have approved the use of $5,620,115 of tax increment financing for projects and efforts such as the following:  PBF-215 Coffman Project $ 2,000,000  Incentive programs 400,000  Infrastructure replacement funding 228,055  Project management expenses 180,140  DTR-023 Downtown Parking Lot improvements 30,000  DTR-029 Downtown Alley Planning 25,000  DTR-032 Plaza Rehabilitation 100,000  DTR-033 Wayfinding Gateways 250,000  Arts & Entertainment programs 1,263,531  Clean & safe programs 80,000  Placemaking programs 320,000  Connectivity programs 150,000  Creative District programs 60,000  Economic vitality programs 132,500  Redevelopment programs 25,000  Marketing collaboration programs 30,000  Metrics 26,000  Electric assessment & upgrades 70,000  COVID grants 200,000  Mural/Cultural project 15,000  Alley cameras 100,000  Parking study update 25,000  Parklet maintenance 10,000  Beginning in 2014, the thirty-first year of the LDDA TIF, the base year for the calculation of the increment was 1992 and the LDDA was only entitled to receive 50% of the TIF. The City and the LDDA negotiated with some of the other taxing entities to receive more than 50% of the TIF generated by their respective mill levies. The annual deadline for such negotiations in reference to the next fiscal year is August 1st. The DDA has an agreement with the St. Vrain Valley School District for a portion of their mill levy. That agreement, along with the City’s own mill levy, is the only TIF dollars beyond the allowed 50% that the LDDA will receive in 2023. As a result the LDDA TIF revenue in this proposed 2023 budget is projected at $1,312,375.  ***Downtown Infrastructure Renewal***  Maintenance of the downtown is contracted for by the LDDA Executive Director as per the duties identified in the annual IGA’s between the LDDA and the LGID; and between the City and the LDDA. While some services are provided by external contractors a portion of it is being provided by Public Works and Natural Resources. Depending on the type of maintenance or support provided the funding source comes from either the Longmont General Improvement District; the Downtown Parking Fund; the Arts & Entertainment Fund; and occasionally the DDA Operating Fund. Primarily the Longmont GID is the historical funding source for expenses related to the repair, replacement and maintenance of District assets including sidewalks, parking lot surfaces and improvements, breezeway walks, structures and other improvements.  In 2013 the Parks Division completed an asset inventory for the downtown to identify the need for continued maintenance and renewal of assets in the downtown. City staff met with the LDDA Executive Director to discuss approaches to meeting those needs. Staff checked with other cities with downtown development authorities that had funded infrastructure in their downtowns and how those entities handled the ongoing maintenance and replacement of those assets. Some were maintained by the City and some by the DDA. With the reduction in TIF revenue the LDDA began to experience in 2014 (year 31) it was unable to solely fund the maintenance and replacement costs. City staff concluded that the infrastructure should be treated as it would be elsewhere in the City where developer improvements are accepted and maintained by the City. Staff also concluded that services to the downtown involving trash removal and street cleaning were services being provided elsewhere in the City by the Sanitation Fund and Streets Fund respectively. Accordingly, it was decided that those services should also be provided by those funds to the downtown as well.  As indicated above, the City Council agreed to allow the LDDA to keep 100% of the TIF generated by the 13.42 mill levy of the General Fund rather than retain the 50% that is allowed for in year 31 under the state statutes. The LDDA Board designated that 50% of that amount, or 25% of the overall TIF generated by the levy (estimated at $62,035 for 2023), would be set aside for renewal or replacement of downtown infrastructure assets.  **LIBRARY BUDGET**  In late 2019, the Library initiated its consultant-assisted feasibility study to determine what 21st century library programs, services, and outreach are needed and desired by the Longmont community and to examine options for long-term financial sustainability to support the community’s needs. The consultant completed the first part of the feasibility study regarding community needs, but the economic impact of COVID-19 halted efforts to conduct the financial sustainability work associated with this study. In May 2021, the Library contracted with Sieger Consulting to complete Phase 2 of the Library Feasibility Study. The draft results of the Library Feasibility Study were presented to Council this past May. Library staff continue working with Annie Sieger Consulting to finalize the Library Feasibility Study.  The final document will include cost estimates to bring the Library to base line and a preferred level.  The preferred level includes operating cost estimates for two branch Libraries.  The final study will be presented to City Council by the end of October.  The 2023 proposed budget begins to address service needs for the Library as identified in the Feasibility Study. Included in the Proposed Library Budget is:  **Level 1**  Increase in Annual Fees for Library Consortium - $7,029  Minimum Wage Increases for Library Shelvers - $25,004  **Level 2**  New position - Children’s Librarian 1 + $3,817 in one time funding  Temp wages for a 20-hour Library Assistant - Materials Processing - $20,214  Temp wages for 2-PTNB 20-hour Library Assistants - Computer Lab - $40,414  PTNB and Temp staff to 101% of Midpoint - All areas - $32,732  **One Time**  Xerox Printers - $12,000  Additional monitors for staff who have requested two monitors - $5,000  Also included in the Proposed Library Budget is a recommendation to eliminate Library Fines.  Many Libraries across the Country have eliminated polices for fines in an effort to remove barriers for Library use.  Often fines disproportionately affect low-income households.  When patrons begin accumulating fines, they often become less inclined to revisit the library.   This change would result in a reduction in revenue of $35,000.  Patrons would still be response for replacement charges for items that are not returned, or are damaged.  **USE OF THE MARIJUANA TAX**  For 2023 the special sales tax on the sale of marijuana is projected at $580,000. The voter approval of the special sales tax designated that 50% of the 3% sales tax be used for affordable housing development. As such, $290,000 is included in the proposed 2023 budget as a transfer to the Affordable Housing Fund. Per direction from Council in May, the other 50% has been added as an ongoing transfer to the General Fund and will be used for mental health and addiction.  **LONGMONT PUBLIC MEDIA**  During the Budget presentations in 2018, the City Council requested that staff conduct a competitive process to source public access media services, after completing a public involvement process. The community and Council weighed in on priorities for this service that became the basis of the scope for the Request for Proposals (RFP). Longmont Public Media (LPM) has the current contract.  Longmont Public Media (LPM) presented a makerspace-style service model, with classes for the public and an abundance of community programming. The current contract includes recording and broadcasting of all boards and commissions, City Council, Planning and Zoning meetings, 80 hours of City-determined programming, among other things.  Obviously, the COVID-19 Pandemic created an impossible situation for the makerspace to thrive and City Council granted additional one-time funds as part of the 2021 ($117k additional) and 2022 ($120k) budgets to fund LPM while the membership model had a chance to work.  The current financial policy states that the City will use 25% of the franchise fees from Comcast to provide public, educational and government programming, which is the funding source for this contract.  This contract is exempted from requiring a competitive process in the purchasing code, as it is solely a Council decision.  However, Council could request that staff conduct that process again.  Last year, 25% of the franchise fees were estimated at $140,000 and for 2023, they are estimated at $152,500.  LPM is requesting 50% of the franchise fees, which would require that Council cut approximately $152,500 of ongoing proposed requests in the 2023 budget. *Options*  1. Similar Level of Service (fund $120,000 one-time cost) - Due to the pandemic essentially ending all of their volunteer outreach LPM does not think they can offer the same services as in 2022 without additional one time funding of $120,000 (which is available from the proposed 2023 budget). This allows LPM and an extra year to build the media makerspace aspects of LPM for 2023. 2. Reduced Level of Service (at current budgeted revenues of $152,500) – this would require negotiation with LPM to determine what services can be provided for that funding level.  This option would cost no additional funds. 3. Bring Public Access Video Services In-house – City staff could cover the government services (City Council meetings, P&Z and City videos), but would likely not be able to continue the public access portion. 4. Bid Public Access Media Services Competitively – Council could choose to put the services back out for competition.   Once Council gives direction on this contract, staff will also prepare an appropriate lease agreement for the Carnegie Building, currently leased to Longmont Public Media. |

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| **ATTACHMENTS:**  Attachment I – Metric Information for New Positions  Attachment J – General Fund One Time by Category  Attachment K – Public Safety Fund One Time by Category  Attachment L – Other Funds One Time by Category |