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| **SUBJECT/AGENDA TITLE:**  2023 Budget Discussion and Second Public Hearing |

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| **EXECUTIVE SUMMARY:**  The 2023 Budget presentation will focus on the changes since the proposed budget was presented to council on August 30. Council will also need to hold the second public hearing on the 2023 Proposed Budget and the 2023-2027 Proposed Capital Improvement Program. Staff will then need final direction from council so the associated ordinances and resolutions can be prepared. 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:**  1. |

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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>  **PAY PLAN AND MISCELLANEOUS CORRECTIONS AND UPDATES**  As indicated previously there were a few errors in the proposed pay plan that impacted the proposed budget in the Electric Utility, the Broadband Utility and in the General Fund for an overall impact to the Electric and Broadband Fund of $24,821 and $2,320 in the General Fund. In addition to these corrections the Boulder County living wage for 2023 was released after the proposed pay plan and budget were presented to Council. The living wage amount for 2023 will be $21.07/hour, impacting several positions in the Library. The net impact of the living wage change is $62,177 in the General Fund.  LPC is requesting a reduction of the 2023 Purchased Power expense due to changes in projected rates from Platte River Power Authority (PRPA). The amount in the 2023 proposed budget was based on a 6.1% wholesale energy increase, however, PRPA has reduced this increase to 5%. Additionally, there is a change in the projected intermittent/dispatchable energy mix which also contributed to the reduced Purchased Power expense. LPC is also requesting to increase the 2023 Franchise Fee expense to account for proposed 2023 electric rate increases presented to Council on September 6, 2022. Increased rates will lead to higher revenues and thus an increased Franchise Fee expense. The combined impact of these changes is a reduction in expense in the Electric and Broadband fund of $2,256,137. There are also pay plan corrections that had an impact on positions in the Electric and Broadband Fund that total $24,821 that will need to be adjusted.  As previously shown the amount included in the proposed budget for the PS take home vehicle program is $1,300,000 in the General Fund ($1,000,000 one time and $300,000 ongoing) and $570,000 in the Public Safety Fund ($470,000 one time and $100,000 ongoing). As mentioned during the September 27 meeting there is more ongoing and less one time in the proposed budget than what will be needed to implement the first phase of this program. Below is the amounts needed to implement this program, including the depreciation backfill from prior year’s vehicle purchases.    Additional changes since the proposed budget was first presented in August include:   * Additional funding of $32,500 for Longmont Public Media, bringing their total to $305,000 in the General Fund which is the equivalent of 50% of the cable franchise revenue. * After receiving the preliminary assessed valuations in late August, the property tax in the general fund is over budgeted by $186,130 and needs to be reduced. * A minor $8 correction to the expenses in the DDA Debt Service Fund * The proposed General Fund budget includes $950,000 for Attainable Housing ($700,000 one time and $250,000 ongoing). Staff has proposed that this amount be transferred to a new fund call the Attainable Housing Fund. Since this fund does not currently exist the expenses in the fund are not included in the proposed budget. An ordinance establishing this new fund will come to council for first reading on October 11 with the other budget ordinances. The 2023 budget will need to be updated to include these funds as an expense in this new fund.   The overall changes by fund has been laid out in ***Attachment Q***. With all the changes the 2023 budget totals $413,090,816.  **PUBLIC HEARING**  The Municipal Charter of the City of Longmont requires that the City Council hold a public hearing on the proposed operating budget for the next fiscal year on or before October 1 and advertise the hearing five days prior to the meeting date. The City has historically also included in this public hearing the proposed Capital Improvement Program (CIP).  The first public hearing was held on September 27 in accordance with the charter requirements. The City has historically advertised and held two public hearings during the budget process. The second public hearing has been advertised for this evening. Staff recommends that you hold one public hearing and take citizen comment on both of these topics, since CIP budgets are included in the Proposed 2023 Operating Budget.  **FINAL DIRECTION**  In order to bring back the associated ordinances and resolutions necessary to adopt the 2023 budget and make the appropriations by fund staff will need final direction from Council on the items:   * 2023 Budget, including all changes as highlighted above * 2023-2027 Capital Improvement Plan * 2023 Pay Plan * 2023 Financial Policies |

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| **ATTACHMENTS:**  Attachment Q – Changes to 2023 Proposed Budget |