

2024 PROPOSED BUDGET

SEPTEMBER 26, 2023



PRESENTATION TOPICS



- Pay Corrections
- Financial Policies
- Property Tax
- Public Hearing

PAY CORRECTIONS

PAY CORRECTIONS BY FUND

- The proposed budget will need to be increased by \$138,200 across 12 different funds

General Fund	\$ 38,575
Electric and Broadband Fund	81,153
Water Fund	2,718
Sewer Fund	1,674
Storm Drainage Fund	1,674
Sanitation Fund	830
Street Fund	2,732
Public Safety Fund	3,051
Downtown Parking Fund	579
GID Fund	290
DDA A&E Fund	869
DDA Operating Fund	4,055
Total Pay Corrections Needed	\$138,200

Due to:

- revised benchmarks, compression with subordinates, and error corrections
- job audit
- bonus

FINANCIAL POLICIES

FINANCIAL POLICIES

- Reviewed by staff annually as part of the budget process
- Adopted by resolution, October 24
- Effective January 1, 2024

NEW POLICY

Attainable Housing

In order to provide a secure funding source for attainable housing in Longmont, funding from the General Fund will be transferred to the Attainable Housing Fund. Starting in 2024, up to 20% of all revenues deposited into the Attainable Housing Fund may be accessed to cover administrative costs for managing the Attainable Housing Fund and other leveraged funding sources for the purpose of attainable housing. The City will accept cash, land and property donations on behalf of attainable housing with all donations transferred to the Attainable Housing Fund or in the case of property/land held in perpetuity for attainable housing purposes unless determined by Council for a higher and better use.

The City currently follows this policy. For 2024 a total of \$600,000 of ongoing funding and \$400,000 of one time will be transferred from the General Fund.

UPDATED POLICIES

~~Sales and Use Tax Allocation between the General Fund and the Public Improvement Fund~~ **Allocation of the 2% Non-earmarked Sales and Use Tax**

The City Council will analyze the split between the General Fund and the Public Improvement Fund annually and set it in response to the operating and capital needs of the City. The current allocation of the 2.0 cents of sales and use tax revenue will be budgeted as 85% to the General Fund and 15% to the Public Improvement Fund. **Additionally, 1.0 cent of the 2.0 cent non-earmarked sales & use tax generated from the Harvest Junction East development will be transferred from the General Fund and the Public Improvement Fund to the Harvest Junction East Fund to repay the loan from the Fleet Fund to the Harvest Junction East Fund.**

Because of the volatility of use tax revenue, in periods of economic decline, the allocation of revenues in the budget will be as much of the sales tax as possible to the General Fund and as much of the use tax as possible to the Public Improvement Fund while still maintaining the 85% and 15% allocation of budgeted revenues respectively. Actual revenues received will be credited between the two funds in accordance with their respective budgeted shares of the **non-earmarked** sales and use tax as stated in the following implementation policy.

~~In the 2023 Budget the allocation of the 2.0 cents of sales and use tax revenue will be 85% of the sales tax and 85% of the use tax to the General Fund and 15% of the sales tax and 15% of the use tax to the Public Improvement Fund. [TO BE UPDATED AFTER THE 2024 BUDGET IS COMPLETE]~~

UPDATED POLICIES

Oil and Gas Revenue

Royalty proceeds received by the City from City owned oil and gas mineral rights and leases will be deposited into the fund or funds that own the mineral rights. The revenues will be used first to defray all costs related to air quality, water quality, and soil monitoring, or other site investigations necessary to ensure public safety. Non-property specific costs, or City costs related to plugged and abandoned oil and gas facilities located on private property, are properly paid from the General Fund. ~~In the event that oil and gas revenues received in the General Fund are not sufficient to cover these costs, revenue will be transferred from other City funds to the General Fund to cover the required expenditures in proportion to the amount of oil and gas revenue received in any one fund in the prior year.~~ All non-royalty revenues associated with costs of operating or maintaining specific sites will be deposited into the fund or funds that own those sites. A reserve of five years of estimated costs has been established in the General Fund.

The City currently follows this policy.

UPDATED POLICIES

Procurement Thresholds

The City will use methods of procurement for City goods, services, and construction in compliance with thresholds as defined in the Purchasing Code (LMC 4.12). The thresholds include (1) micro, for which vendor selection is at the discretion of the end user, (2) small, for which vendor selection requires ~~solicitation of a minimum of three~~ **an adequate number of** documented quotations, and (3) formal, for which vendor selection requires a formal/sealed competitive solicitation of bids or proposals. The dollar amount for each threshold is included in the Financial Policies for annual review and adjustment as appropriate.

Standard procurement thresholds:

Micro: up to **and including** \$10,000

Small: up to **and including** \$250,000

Formal: over \$250,000

Procurements valued between \$10,000 and \$250,000 require solicitation of ~~a minimum of three~~ competitive, documented quotes conforming to the requirements of LMC 4.12, using a sourcing and evaluation method which must be approved by central professional procurement staff prior to issuance of an award.

*The City ~~will amend LMC 4.12 in 2023 to (1) remove references to specific dollar amounts attributed to each threshold and (2) update terminology to differentiate between micro and small purchases~~ **currently follows this policy.***

UPDATED POLICIES

Human Service Agency Funding

In order to provide a stable funding source to independent human service agencies, which provide needed programs to Longmont residents and/or to fund Council-directed initiatives that address system changes to improve human service outcomes, 3.0% of the General Fund's budgeted tax revenues (to include **the general operating** property tax **mill levy**, sales and use tax, cigarette tax, and all franchises) revenues will be allocated for this purpose.

~~*The 2023 Operating Budget includes \$2,468,850 for contracts for service with human service agencies, which meets the 3% requirement. [TO BE UPDATED AFTER THE 2024 BUDGET IS COMPLETE]*~~

UPDATED POLICIES

Living Wage Requirement

The City supports a living wage for employees of suppliers under contract with the City. In October 2020 a clause was added to every procurement contract with a service component requiring the contractor to pay a living wage to **regular** full time employees working under the contract. Non-profit organizations, state or federal mandated or funded programs, goods and supplies contracts, **construction contracts, contracts not sourcing local labor,** loans or grants awarded by the City, and cooperative contracts awarded by other agencies and utilized by the City are exempt from this requirement.

The City currently follows this policy.

UPDATED POLICIES

Affordable Housing

In order to provide a secure funding source for affordable housing in Longmont, all revenues from payments made by developers in the form of “fees-in-lieu” of providing affordable housing under the Inclusionary Housing program as well as loan payments are deposited into the **Affordable Housing** Fund. The \$1 million from the General Fund and ½ of the marijuana tax collected will be transferred to the Affordable Housing Fund. In addition, the City will strive to transfer from the General Fund enough funding annually to cover the administrative costs associated with managing the affordable housing programs. Starting in 2024, up to 1020% of all revenues deposited into the Affordable Housing Fund may be accessed to cover administrative costs for managing the Affordable Housing Fund as well as any CDBG or HOME administrative costs not covered by those grants (in excess of their administrative caps). The City will accept cash, land and property donations on behalf of affordable housing with all donations transferred to the **Affordable Housing** Fund or in the case of property/land held in perpetuity for affordable housing purposes unless determined by Council for a higher and better use.

The City currently follows this policy.

POLICY TO BE REMOVED

~~Raw Water Storage Reserve Fund~~

~~The Raw Water Storage Reserve Fund was initially funded from proceeds from the sale of the high mountain dams. These funds will be used to develop the City's winter water supply as part of the City's water system.~~

~~*The City currently follows this policy.*~~

PROPERTY TAX

PROPERTY TAX

- Background
- Legislative Factors
- Property Tax Revenue Estimates
- Deadlines
- Process

PROPERTY TAX - Background

- 2023 is a reassessment year
- Values as of June 30th 2022
- Tax year 2022 revenue year 2023 - \$23.67m
- SB23-303 put Proposition HH on the ballot
- Appeals filed and still to be heard by CBE

LEGISLATIVE FACTORS

- SB21-293 cut prop tax assessment % for tax year 2023 due to the repeal of Gallagher in 2020
- SB22-238 reduced tax assessment % for tax years 2023 and 2024 from Comm 29%, Res 7.15%
- 2022– Comm 29%, Res 6.95% SF, 6.8% MF
- 2023 – Comm 27.9%, Res: 6.765% SF, 6.765% MF

LEGISLATIVE FACTORS

- Under SB23-303, County Treasurers to provide by Sept 15th:
 - Preliminary AV Certification
 - Reductions from SB22-238
 - Reductions from SB23-303

PROPERTY TAX REVENUE ESTIMATES

- May projection 35.4% increase; \$8.39m
- Proposed budget included \$7m
- August projection 35.1% increase; \$8.3m
- Sept data projected 26.7% increase; \$6.3m
- Sept data if HH passes: 22.0% incr; \$5.2m

DEADLINES IF HH PASSES

	<u>Current</u>	<u>New</u>
Final certification	Dec 10 th	Dec 29 th
Mill levies to Assessor	Dec 15 th	Jan 5 th
Certification of mill levy	Dec 22 nd	Jan 12 th

PROCESS

- City Charter requires mill levy set by Nov 1st
- If City ballot questions pass, mill levy of 2.78 for Rec Center and 1.0 for Library
- Ordinance will be proposed October 10th
- Ordinance will authorize contingent approval of the two mill levies

Process

- Staff is trying to get data on appeals
- If HH fails, up to \$2.3m, less appeals, available for 2024 one time expense
- If HH passes, up to \$1.2m, less appeals, available for 2024 one time expense
- Proposed budget to be reduced \$700k

FIRST PUBLIC HEARING

PUBLIC HEARING

- 2024 Budget totals \$443,954,668
 - Includes all changes since the proposed budget was given to Council on August 29
- 2024 CIP totals \$63,043,323

Other questions,
comments or additional
information needed?