|  |
| --- |
| **MEETING DATE: September 24, 2024 ITEM NUMBER: 12.{{item.number}}**  **SECOND READING: {{customfields.ResoOrdNumber}} TYPE OF ITEM: General Business  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 Sandra Sifuentes, Budget, Sandra.Sifuentes@longmontcolorado.gov Other City Staff** |

|  |
| --- |
| **SUBJECT/AGENDA TITLE:**  2025 Budget Presentation and First Public Hearing |

|  |
| --- |
| **EXECUTIVE SUMMARY:**  The Proposed 2025 Budget presentation will focus on the categories of grants and external funding sources (see information in council communication from September 17), the Sanitation Fund (see information in council communication from September 17), use of technology, proposed financial policies, and priority based budgeting. This information is consecutively numbered and will be available on the City’s website should we need to refer back to any information from this communication as we continue to move through the weekly 2025 budget presentations.  Council will also need to hold the first public hearing on the 2025 Proposed Budget, the 2025-2029 Proposed Capital Improvement Program, and the 2025 Proposed Pay Plan.  Link to all the budget documents: [2025 Budget Documents](https://longmontcolorado.gov/finance/budget-office/2025-budget-documents/) |

|  |
| --- |
| **COUNCIL OPTIONS:** |

|  |
| --- |
| **RECOMMENDED OPTIONS:**  Click or tap here to enter text. |

|  |
| --- |
| **FISCAL IMPACT & FUND SOURCE FOR RECOMMENDED ACTION:**  Click or tap here to enter text. |

|  |
| --- |
| **BACKGROUND AND ISSUE ANALYSIS:**  Citizens wishing to view the 2025 budget information can access these documents on the City’s website at the following location: [2025 Budget Documents](https://longmontcolorado.gov/finance/budget-office/2025-budget-documents/)  **INFORMATION REQUESTED DURING PRIOR COUNCIL MEETING**  During the September 17 meeting Council requested information on the positions that were added in 2024 and the positions that are being eliminated in 2025 in the Public Safety Fund. Below is the requested information. Staff does not plan to present on this during the meeting.  ***Positions added in the 2024 Budget***  Below are the FTE that were added in the 2024 budget. Also indicated is whether each position is currently filled or vacant.   * 1.0 FTE Redevelopment Manager-fixed term: from the General Fund, filled * 1.0 FTE Device Specialist-fixed term: from the General Fund, filled * 1.0 FTE Senior Code Enforcement Zoning & Housing Inspector: from the General Fund, filled * 3.0 FTE Custodian-offset by $60,242 reduction in contract services: from the General Fund, filled * 1.0 FTE Youth Program Specialist-REWiND: from the General Fund, filled * 1.0 FTE Youth Program Specialist-Family Engagement: from the General Fund, filled * 1.0 FTE Senior Recreation Program Coordinator: from the General Fund, filled * 1.0 FTE Grounds Maintenance Technician II: from the General Fund, filled * 1.0 FTE Parks Supervisor: from the General Fund, filled * 1.0 FTE Senior Parks & Open Space Ranger-Union Reservoir: from the General Fund, filled * 1.0 FTE Public Information Officer-offset by $49,608 reduction in temp wages: from the General Fund, filled * 1.0 FTE Neighborhood Resource Specialist-Vision Zero: from the Streets Fund, filled * 1.0 FTE Alternative Transportation Planner-Vision Zero: from the Streets Fund, vacant with recruitment in progress * 1.0 FTE Senior GIS Mapping Tech-Vision Zero: from the Streets Fund, filled * 1.0 FTE Transportation Engineering Assistant-Vision Zero: from the Streets Fund, vacant * 1.0 FTE Administrative Analyst-fixed term: from the Streets Fund & Storm Drainage Fund, filled * 1.0 FTE PMO Manager-fixed term: funded by 10 different funds, filled * 1.0 FTE Administrative Analyst-fixed term: funded by 10 different funds, vacant with recruitment in progress * 1.0 FTE Outreach Victim’s Advocate: from the Public Safety Fund, filled * 3.0 FTE Firefighter: from the Public Safety Fund, filled * 1.0 FTE Natural Resources Technician II-Plant Ecologist: from the Open Space Fund, filled * 1.0 FTE Natural Resources Technician II-Plant Weeds: from the Open Space Fund, filled * 1.0 FTE Master ASE Technician II: from the Fleet Fund, vacant with recruitment in progress * 1.0 FTE Fleet Service Coordinator Assistant-offset by $26,799 reduction in temp wages: from the Fleet Fund, vacant * 1.0 FTE Homeownership Specialist: from the Attainable Housing Fund, filled * 1.0 FTE Data Analyst: for Broadband from the Electric & Broadband Fund, vacant with recruitment in progress * 1.0 FTE Journey Substation Worker: for Electric from the Electric & Broadband Fund, vacant * 1.0 FTE Energy Efficiency & Education Specialist: from the Sustainability Fund and Electric & Broadband Fund, filled * 1.0 FTE Technical Functional Analyst: for Electric from the Electric & Broadband Fund, filled * 1.0 FTE Technical Functional Analyst CRM & Special Projects: from the Sanitation, Water, Sewer, Storm Drainage and Electric & Broadband Funds, filled   ***Positions to be eliminated in the Public Safety Fund in 2025***  The 2025 proposed budget includes the elimination of 6 Public Safety positions in the Public Safety Fund. All six positions are either already vacant or will soon be vacant, therefore, no current employees will lose employment due to the reductions. This decision was not made lightly, and the goal is to restore these positions as soon as the situation allows.    The following is specific information about the positions being eliminated:   * Two full time firefighter positions: Both positions are in Fire Services and were added to the Public Safety Fund budget in 2023. Both positions are currently filled but will be vacant in the first quarter of 2025 due to two previously planned retirements. * One full time paramedic position: This is a Co-Responder Paramedic position and was added to the Public Safety Fund Budget in 2023 to create a 4th CORE Team. This position has remained vacant since being added. * Two full time police officer positions: The first position is part of the CORE Team and was added to the Public Safety Fund budget in 2023 to create a 4th CORE Team. This position has remained vacant since being added. The second position is assigned to the Range and was created in 2023 after converting the previously existing Range Coordinator position. This position has remained vacant since being created. * One full time communications shift supervisor position: This position is assigned to the Longmont Emergency Communications Center and was added to the Public Safety Fund budget in 2023. The position has remained vacant since being added.   **USE OF TECHNOLOGY**  Every budget represents choices between investments in services.  In years where budget additions are more constrained, or budget reductions must be made, these choices are more challenging. Investments in efficiency, and practicing the efficient delivery of services, can help the organization weather lean times with minimal impacts to service levels.  ***Efficient Use of Existing Resources***  The Water & Waste department has recently shared data showing that staffing levels, particularly when taking into account population growth, are significantly lower than industry benchmarks.  This is true across services, though not all have available benchmark data.  In addition to staffing efficiency, the Sustainability Plan guides choices to make efficient use of our natural resources.  Turf conversion projects reduce the use of water for green spaces near municipal buildings, for example.  A solar installation at the Wastewater Treatment Plant, paired with more energy efficient equipment, has reduced overall energy demand for the facility, also saving money.  Despite growth in staff & services, the City has not built new office or work space for nearly 20 years.  The rehabilitation of the Safety & Justice Center will create new working spaces to reflect updated staffing levels, but existing spaces are being used creatively during the renovation work.  ***Technology Investment***  Investments in technology can help improve customer service while reducing staff time.  NextLight implemented Salesforce to keep track of current and potential customers in the City, and Strategic Integration undertook a project to consider additional uses of the system this spring.  The recommended technology stack of a centralized data repository, integration platform, and Salesforce’s Data Cloud will enable staff to understand customers across the many City services they may use.  Understanding a complete view of customer interactions should allow all customer-facing staff to complete tasks efficiently while also reducing the effort required by customers to complete tasks.  Salesforce was also identified as the pathway to implement the Enabling Caring Communities project.  The Salesforce Public Sector product includes the case management and internal messaging capabilities that will help share high priority case information safely between City departments.  The engagement to achieve this project is underway, and is primarily funded with ARPA dollars.  ***Cameras***  The City-wide camera project is another way that the organization is leveraging investments to meet multiple needs.  There are several existing camera systems that meet single identified needs – security cameras, traffic cameras, stream flow monitoring cameras, etc.  By unifying the camera systems, staff hopes that some camera placements may be able to cover needs for more than one department.  The greater use of cameras has been especially advantageous for the Public Safety department.  In areas where cameras are deployed, there has been a decrease in calls for service.  Additionally, when serious issues do arise, they are more quickly resolved, rather than requiring significant overtime.  Cameras can collect data in areas with traffic concerns at a cost significantly lower than an officer in a parked vehicle, allowing responsiveness to resident reports.  ***Artificial Intelligence***  Artificial Intelligence has many potential uses, and staff support for improved customer service is a great one.  AI has been advancing rapidly, and the City has issued guidance for staff for using generative AI tools.  The State of Colorado will also be part of the process of governing the municipal use of AI tools – SB-24-205 sets out requirements for local governments using AI, among other things.  Current uses of AI in the City include tools such as Copilot that are integrated with existing enterprise tools, limited or monitored use of generative AI tools such as ChatGPT, and image processing for the train monitoring app.  Responsible use of AI includes several considerations, including data privacy, sustainability, and equity. Council and community conversation should accompany forthcoming uses of artificial intelligence.  **2025 PROPOSED FINANCIAL POLICIES**  As part of the 2025 budget process staff has reviewed and updated the City’s current financial policies. All changes to the financial policies will be adopted by resolution (scheduled for October 22) and will become effective on January 1, 2025. The complete policies can be found in ***Attachment M*** and reflect the proposed changes by using strikeouts for phrases to be removed and bold blue letters for new words or phrases to be added. Various policies include the comment **[TO BE UPDATED AFTER THE 2023 BUDGET IS COMPLETED]**. After staff receives final direction on the 2025 Operating budget from Council these policies will be revised to include 2025 Budget figures.  Several of the proposed changes recommended by staff are minor updates or clarification of information which do not change the intent of the policy and are not listed in this communication. If Council has questions on any changes, staff will be available to discuss them during the presentation. New policies, changes that go beyond updates or basic clarification, and policies to be removed are highlighted below.  ***New Policies***  One new financial policy is being proposed for 2025. This new policy defines the responsibilities regarding irrigation systems.  **Responsibility for Components of Raw Water Irrigation Systems in City Parks**  Irrigating parks, greenways and golf courses with untreated water is a practice consistent with the City’s Sustainability Plan that saves water utility treatment capacity for consumptive uses. Existing pump, wetwell, and irrigation facilities for untreated water are maintained by the fund or department that owns the facility except for the ditch, diversion, structure, conveyance pipe, and pond are all maintained by the water utility. All new turf facilities will use raw water irrigation if the location makes this possible based on proximity to irrigation ditches. The fund or department constructing the facility shall design all attributes of the proposed system. The water utility will be responsible for the construction and maintenance of the improvements that divert water from the ditch to a pond. The fund or department constructing the turf facility will be responsible for the construction of the pond, pump station, and irrigation system. Once constructed, the water utility will maintain the diversion from the ditch and the pond. All other appurtenances will be maintained by the fund or department responsible for the project.  *The City currently follows this policy.*  ***Updated Policies***  Staff is proposing the following changes that are more than basic clarifications. These updates will change the intent and/or implementation of the policy:  The Obsolete and Surplus Items policy is being updated to include remote work as an allowable use.  **Obsolete and Surplus Items**  Items in the Warehouse inventory that have not moved in five years, unless designated for use by departments **or in use for remote work**, will be declared obsolete and either sold, recycled or auctioned.  Supplies and equipment that are no longer needed or being used by a department will be offered for use to other departments. If the City no longer has any need or use for these items, they will be declared surplus and either sold at auction, donated, recycled or otherwise appropriately disposed of. At no time will City surplus property be offered to employees exclusive of a public offering.  *The City currently follows this policy.*  The Broadband Utility Franchise Fee Policy is being updated to a 1% franchise fee as previously discussed with Council.  **Franchise Fee - Broadband Utility**  The City of Longmont Broadband Utility will pay the General Fund a ~~5~~**1**% franchise fee**.** ~~of the revenues received from non-general fund~~~~dark fiber and co-location leases and 5% of revenues received from those services that the City of Longmont charges a franchise fee to all telecommunications providers in Longmont, including video services.~~ **The fee will be 1% of actual annual revenues, excluding General Fund revenue, contributions from the Broadband Utility fund balance, transfers from other funds, loans and grants from other governmental agencies, reimbursement for damages, and interest earnings.**  *~~The City currently follows this policy. The estimated Broadband Utility Fee for 2024 is $6,307.~~* ***[TO BE UPDATED AFTER THE 2025 BUDGET IS COMPLETE]***  The Utility Rate Studies policy is being updated to reflect the Broadband Utility practice of reviewing pricing each quarter.  **Utility Rate Studies**  Each of the six City utilities will periodically conduct a comprehensive rate study. In each of the intervening years, the staff will review historical and projected revenues and expenses to determine if a comprehensive rate study is needed.  *The City currently follows this policy. A comprehensive rate study for the Water Fund was completed in 20~~19~~****24****. The most recent rate study for the Sewer fund was completed in 2022. A comprehensive rate study was completed for the Electric Utility in 202~~1~~****3****. ~~The Electric Community Investment Fee Fund rate study was completed in 2021. The most recent rate study for the Broadband Utility was in 2014.~~* ***The Broadband Utility reviews competitive pricing each quarter.*** *The most recent rate study for the Storm Drainage Fund was completed in 2021. A comprehensive rate study was completed in 2016 for the Sanitation Fund.*  The Sanitation Fees policy is being updated to include language regarding temporary annual operating losses as previously discussed with Council.  **Sanitation Fees**  Rates and fees for sanitation services shall be set to generate sufficient revenue to cover at least 100% of the expenditures of the Sanitation Enterprise Fund. **Temporary annual operating losses may be permitted by Council direction based on the levels of fund reserves.** Voluntary services shall be priced to cover the full cost of each respective service.  *The City currently follows this policy.*  **PRIORITY BASED BUDGETING**  Since 2013 the City Council has made a commitment to use priority based budgeting (PBB) to make decisions regarding resource allocations. A key component of the priority based budgeting process is to identify the results that the City is in business to achieve. Initially the City used the Focus on Longmont strategic policy directions to identify the desired results. Starting in 2014, all of the programs of the City were identified, costed and scored based on how they influence the desired results as well as the key Basic Program Attributes: mandate to provide the program, reliance on the City to provide the program, cost recovery of the program, and portion of the community served by the program. Each individual program has an overall score based on its influence on these results and attributes that places it in one of four quartiles. Since 2014, in our annual budget processes staff has used this information to evaluate budget requests. As there are limited resources available the intent is to ensure that our new resources are going toward programs in the higher quartiles. With limited exceptions most new resources that go toward fourth quartile programs are for salary and benefit increases for employees who are part of existing programs.  In 2016 the City Council adopted Envision Longmont, a multimodal and comprehensive plan that provides strategic direction and guidance for Longmont over a period of 10 to 20 years. Both the priority based budgeting process and the Envision Longmont process include community input toward goals and priorities. Envision Longmont includes six guiding principles that reflect key elements of the community’s desired future. These guiding principles provide focus in terms of where efforts and resources should be directed over 10 to 20 years to ensure that Longmont remains a livable, prosperous and attractive community. During the first half of 2018 the staff worked to incorporate the Envision Longmont guiding principles into the priority based budgeting process. This included the involvement of the City Council and the community along with a diverse representation of City staff. We now are using the guiding principles from Envision Longmont as the desired results in priority based budgeting. The guiding principles and their relative priority weightings as determined by the community are:   * Livable centers, corridors and neighborhoods 17.1% * A complete, balanced and connected transportation system 12.2% * Housing, services, amenities, and opportunities for all 20.3% * A safe, healthy, and adaptable community 17.7% * Responsible stewardship of our resources 16.0% * Job growth and economic vitality through innovation and collaboration 16.7%   Council previously directed staff to incorporate an equity component into our PBB process. As a first step, for the 2022 budget staff incorporated equity by creating *equity insights* that allowed us to gather equity information for each program based on the Equity Team’s definitions of the various components of equity support. Each department was asked to evaluate each program against these definitions and provide information on how the *equity insight* is achieved by the program.  The second step, completed for the 2023 budget, turned these *equity insights* into a Basic Program Attribute (BPA) fully incorporating equity into our PBB scoring process such that it influences the overall program score and placement within the Quartile matrix. To complete this scoring a *budget sub-team* within the *Equity Team* formed a scoring matrix from these equity insights to help create a solid scoring foundation for equity. This team then took on the peer review role and studied the equity insights submitted by the departments during the 2022 budget process. This peer review process included discussions with departments regarding insights for which the sub-team did not agree with the department scoring, with some scores being updated based on input from the sub-team.  Maintaining Longmont’s outstanding quality of life has been a long-standing Council goal. To keep Longmont a quality place to live as the economy struggles requires that limited resources are allocated proficiently among multiple priorities.  The graph below shows by quartile the proposed level 1 and level 2 ongoing increases for all funds. This does not include costs associated with salary or benefits. Of the $5,307,826 total funding for level 1 and level 2 budget requests included in the proposed 2025 budget, 59.5% is to support programs that have the greatest alignment with the City’s priority based budgeting results. Included in ***Attachment N*** are the quartile graphs for each fund that have level 1 and/or level 2 funding.  ***Attachment O*** is a list of all the community programs and ***Attachment P*** is a list of all the governance programs. These attachments show how each of the PBB programs align within the quartiles. |

|  |
| --- |
| **ATTACHMENTS:**  Attachment M – 2025 Proposed Financial Policies  Attachment N – Quartile Graphs, Proposed Level 1 and Level 2 Ongoing Funding Requests  Attachment O – Community Programs  Attachment P – Governance Programs |