CITY COUNCIL COMMUNICATION

MEETING DATE: September 15, 2026 **ITEM NUMBER:** 6.**{{item.number}}**

SECOND READING: **{{customfields.ResoOrdNumber}}**

TYPE OF ITEM: Click or tap here to enter text.

PRESENTED BY:
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Other City Staff

SUBJECT/AGENDA TITLE:
2027 Proposed Budget Presentation

EXECUTIVE SUMMARY:
The Proposed 2027 Budget presentation will focus on the following categories: Total Budget Summary by Fund, General Fund Budget Summary, Public Safety Fund Budget Summary, One-Time Expenses, and the Financial Policies. 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 2027 proposed budget documents should we need to refer back to any information from this communication as we continue to move through the weekly 2027 budget presentations.

COUNCIL OPTIONS:

RECOMMENDED OPTIONS:

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

CITY COUNCIL COMMUNICATION

BACKGROUND AND ISSUE ANALYSIS:
Citizens wishing to view the 2027 budget information can access these documents on the City's website at the following location: 2027 Budget Documents

INFORMATION REQUESTED DURING PRIOR COUNCIL MEETING
During prior budget presentations Council requested additional information. That information can be found below. Staff does not plan to present on this during the upcoming budget meeting.

Amount of vacant commercial land
During the September 1 meeting a question was asked about the amount of vacant land within the city boundaries, particularly the amount of vacant commercial land available for development.

Below is the 2026 valuation information that was presented during the meeting:

2026 valuations (preliminary estimates as of June 2026)	parcels	actual value	% of total value	
vacant land	815	203,075,492	0.77%	
residential	31,344	20,917,019,581	78.81%	Approx 87% is SF
commercial	3,020	2,453,185,506	9.24%	
industrial	386	763,988,093	2.88%	
agricultural	59	1,162,381	0.00%	
natural resources	43	6,600	0.00%	
oil and gas	3	40,676	0.00%	
state assessed	192	101,906,218	0.38%	
exempt	2,809	2,101,616,919	7.92%	
Total	**38,671**	**26,542,001,466**	**100.00%**	

Below is the breakdown of the land classified as vacant that is within the city boundaries. Of the total vacant land 34.01% is classified as vacant commercial lots. This represents 0.26% of the total city-wide valuation of all parcels within the city boundaries.

Breakdown of vacant land	parcels	actual value	% of vacant values	% of total value
vacant residential lots	542	76,188,202	37.52%	0.29%
vacant commercial lots	60	69,062,790	34.01%	0.26%
vacant industrial lots	38	34,737,400	17.11%	0.13%
vacant PUD lots	12	10,993,900	5.41%	0.04%
vacant other	11	12,009,200	5.91%	0.05%
vacant non-buildable	152	84,000	0.04%	0.00%
Total Vacant	**815**	**203,075,492**	**100.00%**	**0.77%**

Costs for current health benefits

During the September 8 meeting a question was asked about the costs for the current health benefit plans. That information can be found in ***Attachment D***.

TOTAL BUDGET SUMMARY BY FUND

The 2027 proposed budget totals $547.5 million. This is a $27.67 million (5.32%) increase from the 2026 Adopted Budget of $519.81 million. The 2027 proposed budget will use $34.38 million of collective fund balance for capital projects and one-time needs.

Attachment E and F are summaries of the 2027 Proposed Budget by Fund vs the 2026 Adopted Budget. ***Attachment E*** identifies the contribution to or use of fund balance for each individual fund in the proposed budget. In ***Attachment F*** operating expenses have been separated from CIP expenses to make it easier to see where the increases/decreases by funds come from.

94.5% of the total 2027 budget is in the following 15 funds. These are the major operating funds of the City.

Fund	Proposed Revenues	Proposed Expenditures	Contribution to/(from) fund balance
Electric and Broadband Fund	144,660,577	153,060,214	(8,399,637)
General Fund	127,499,855	133,715,921	(6,216,066)
Water Fund	41,945,523	51,011,926	(9,066,403)
Street Fund	33,240,117	33,931,919	(691,802)
Sewer Fund	22,902,784	26,880,023	(3,977,239)
Public Safety Fund	21,322,338	22,194,674	(872,336)
Fleet Fund	18,778,650	21,640,006	(2,861,356)
Storm Drainage Fund	14,137,014	14,171,444	(34,430)
Sanitation Fund	14,056,441	13,263,412	793,029
Public Improvement Fund	11,393,288	13,034,576	(1,641,288)
Open Space Fund	7,126,149	9,591,463	(2,465,314)
Water Construction Fund	3,592,160	8,422,315	(4,830,155)
Technology Services Fund	6,539,990	6,586,599	(46,609)
Utility Billing CIS Fund	5,211,182	5,211,182	-
Golf Fund	4,916,436	4,832,783	83,653
Total	**477,322,504**	**517,548,457**	**(40,225,953)**

Attachment G includes a list of funded level 1, level 2, and one-time requests that are included in the proposed budget.

The 2027 budget includes 20.00 new FTE positions strategically aligned with service delivery needs and growth projections.

- General Fund: 10.41
- Electric Fund: 5.00
- Broadband Fund: 1.00
- Storm Drainage Fund: 0.18
- Sanitation Fund: 1.27
- Street Fund: 0.89
- Sustainability Fund: 0.50
- Utility Billing/CIS Fund: 0.75

These positions titles and funding sources are listed below:

- 6.0 FTE Firefighter (100% General Fund)
- 3.0 FTE Firefighter Paramedic (100% General Fund)
- 2.0 FTE Sr Grounds Maintenance Technicians (90.91% General Fund, 27.27% Sanitation Fund, 18.18% Storm Drainage Fund, 63.64% Street Fund)
- 1.0 FTE Sustainability Coordinator (50% General Fund, 50% Sustainability Fund)
- 1.0 FTE Customer Experience/CRM Specialist (100% Broadband Fund)
- 1.0 FTE Administrative Analyst (75% Utility Billing Fund, 25% Street Fund)
- 1.0 FTE Waste Services Technician (100% Sanitation Fund)
- 1.0 FTE Tree Trimmer Foreman (100% Electric Fund)
- 2.0 FTE Tree Trimmer (100% Electric Fund)
- 1.0 FTE Sr Grid Management System Engineer (100% Electric Fund)
- 1.0 FTE Supervising Electrical Engineer (100% Electric Fund)

In addition, 8.00 fixed-term FTE moved from ongoing funding to one-time funding to better align with the fixed-term status.

- General Fund: 2.29
- Electric Fund: 0.30
- Broadband Fund: 0.10
- Water Fund: 0.28
- Sewer Fund: 0.12
- Storm Drainage Fund: 0.08
- Sanitation Fund: 0.04
- Affordable Housing Fund: 0.21
- Street Fund: 0.44
- Open Space Fund: 0.10
- Fleet Fund: 0.04

- Technology Services Fund: 4.00

These positions titles and funding sources are listed below:

- 1.0 FTE Housing and Redevelopment Manager (79.0% General Fund, 21.0% Affordable Housing Fund)
- 1.0 FTE Redevelopment Revitalization Manager (100% General Fund)
- 1.0 FTE Project Management Office (PMO) Manager (25.0% General Fund, 15.0% Broadband Fund, 5.0% Water Fund, 14.0% Water Fund, 6.0% Sewer, 4.0% Storm Drainage Fund, 2.0% Sanitation Fund, 22.0% Street Fund, 2.0% Fleet Fund, 5.0% Open Space Fund)
- 1.0 FTE Administrative Analyst (25.0% General Fund, 15.0% Broadband Fund, 5.0% Water Fund, 14.0% Water Fund, 6.0% Sewer, 4.0% Storm Drainage Fund, 2.0% Sanitation Fund, 22.0% Street Fund, 2.0% Fleet Fund, 5.0% Open Space Fund)
- 1.0 FTE Product Owner (100% Information Technology Fund)
- 1.0 FTE PMO Project Coordinator (100% Information Technology Fund)
- 1.0 FTE Technology Change and Adoption Specialist (100% Information Technology Fund)
- 1.0 FTE Technical Project Manager (100% Information Technology Fund)

GENERAL FUND BUDGET SUMMARY

The 2027 proposed General Fund budget totals $133.72 million. This is a $3.08 million (2.36%) increase from the 2026 adopted budget of $130.63 million. The 2027 proposed budget for the General Fund will use $6.22 million of fund balance for one-time needs.

Ongoing Revenue and Expenses

The ongoing General Fund revenue and expense in the adopted budget for 2026 was $123,319,648. The proposed budget for 2027 includes total ongoing revenues and expense of $127,008,395, an increase of $3,688,747 (2.99%) over 2026.

A detailed breakdown of the change in ongoing revenues and expenses is included in ***Attachment H***.

Incremental Development Revenue

The 2027 proposed budget includes a projection of 1456 building permits for new dwelling units, 80 single family, 26 townhomes/condos, 10 ADUs, and 1340 multi-family. Per the Incremental Development Revenue Policy any new dwelling units above 300 units will be considered incremental development revenue. There is a total of $452,153 in incremental development revenue in the proposed budget (building permit $349,791 and plan review $102,362) that is used to cover ongoing expenses that are subject to reduction if this level of revenue is not sustained in the future.

2027 IDR available	**452,153**	
Ongoing uses of IDR - positions		
initially added in 2015	35,460	portion of planning technician
initially added in 2016	198,999	associate planner and permit technician
initially added in 2017	18,076	small portions of electrical inspector
initially added in 2026	175,817	fixed term redevelopment revitalization manager
2027 adjustment	(175,817)	fixed term redevelopment revitalization manager moved to general fund one time
added in 2027	176,430	building permit tech I and building permit tech II
Ongoing uses of IDR - other ongoing		
initially added in 2017	13,545	temp wages
initially added in 2018	9,643	overtime for plan review
2027 total IDR uses	**452,153**	

General Fund Reserves

The General Fund reserve policy includes the following three reserve targets. First is the statutorily required TABOR reserve equal to 3% of "fiscal year spending" as defined in the Colorado Constitution. Second is an Emergency Reserve at 8% of General Fund operating expenditures. Third is a Stabilization Reserve ranging from 3% to 8% of General Fund operating expenditures.

In 2026, those Reserve Policy targets equate to the following:

TABOR reserve	6.17%	$7,604,185
Emergency reserve	8.0%	$9,865,572
Stabilization reserve	at 3%	$3,699,589
Stabilization reserve	at 8%	$9,865,572

Currently in 2026, the General Fund Reserves are funded as follows:

TABOR reserve	6.17%	$7,604,185
Emergency reserve	8.0%	$9,865,572
Stabilization reserve	at 5.68%	$7,006,330

During the 2026 budget presentations we anticipated that as much as $2.0 million of the stabilization reserve may have been needed to bridge the underperformance in sales and use tax in 2026. As 2026 was closed out, sales and use tax revenues in the General Fund ended $1.73 million under budget, and ultimately what was needed from the stabilization reserve to bridge the gap was just under $1.0 million.

Human Services Agency Funding

The proposed 2027 budget includes $2,962,875 for Human Services Agency Funding. This funding supports nonprofits who provide services in six impact areas: housing stability, self-sufficiency and resilience, food and nutrition, health and well-being, education and skill building, safety and justice, and unhoused services.

Museum Fee Increases

In October 2026, the Longmont Museum will open its expanded galleries, including a new early childhood educational exhibit. In January of 2027, the Longmont Museum will open a new history exhibit highlighting one hundred favorite objects from the Museum's collection. Objects will illustrate Longmont's rich agricultural, cultural, and technological history.

In view of the increased amenities offered by the Longmont Museum, and the fact that admission prices have not changed since 2014, the Museum will be changing its fees for admission to the galleries.

The existing fees were:
Adults: $8
Students/Seniors: $5
Museums for All (upon presentation of a SNAP/EBT card): $0.25
Members: Free

If adjusted for inflation from when they were established in 2014, fees today would be $11.02 for adults, $6.89 students/seniors.

The new fees, effective October 18, 2026, will be:
Adults: $12
Youth (ages 2-18): $8
Museums for All (upon presentation of a SNAP/EBT card): $1
Members: Free

Marijuana Revenues and Mental Health

Up until July 2026 the City received three sources of marijuana revenues: 1) city sales tax of 3.53%, 2) the Special Retail Marijuana Tax of 3%, and 3) the state share back program. Prior to July 2025 10% of the state's special retail marijuana tax revenue was shared back with cities and counties that hosted licenses cannabis businesses. In July 2025 that was reduced to a 3.5% share back and in July 2026 it was eliminated entirely. In May the City annexed two additional marijuana establishments enclaves and in June we started receiving revenue from them. The City's marijuana revenue peaked in 2022 and has been on a downward trend since that time. National and Colorado news reports show that Colorado marijuana sales are declining due to national changes related to recreational marijuana and declining wholesale prices. Additional states have legalized the sale of marijuana for either recreational or medical use, including states which border Colorado, which may be having an impact on sales in Longmont. The annexation of the additional two stores should help offset the losses experienced due to declining sales as well as the complete loss of the state share back program revenue.

The proposed budget includes $593,416 for the City Special Marijuana Sales Tax. The ballot language that was passed by voters in November 2017 specified that 50% of the 3% tax would go to support affordable housing programs and services. Council later specified that the remaining 50% be spent on mental health and addiction programs. The proposed budget transfers $296,708 to the Affordable Housing Fund and $296,708 to the General Fund.

A portion of the marijuana tax revenue funds the Housing and Community Wellness (HCW) area in the Human Services Department. HCW provides trauma informed services to individuals and groups to support community wellness and housing stability. Services focus on those individuals living in Longmont Housing Authority sites, voucher holders and those who face barriers in accessing mental health services.

PUBLIC SAFETY FUND BUDGET SUMMARY

The Public Safety tax was originally approved at a rate of 0.325% in November of 2006, and in November of 2017 it was increased to 0.58%. There will be a question on the upcoming ballot to increase this tax to .91% and put in place a dedicated property tax levy of 2.44 mills to maintain and increase the level of service for public safety.

The proposed Public Safety budget for 2027 was built with the current 0.58% tax. Should the voters approve of the tax increase in November, the proposed budget will be updated prior to council approval of the 2027 Budget. The current proposed budget for the Public Safety Fund is $22,194,674, which is a 6.35% increase from the 2026 adopted budget.

Public Safety staff covered by collective bargaining agreements are currently under two-year agreements. Earlier this year staff and the FOP and IAFF unions successfully negotiated two-year contracts that include wages and benefits for the 2027 and 2028 fiscal years. These contracts have been ratified by the unions and will be brought to council for approval at the September 22 meeting. The 2027 proposed budget for both the General Fund and the Public Safety Fund includes wages from these new contracts.

As with the General Fund, the approach to the Public Safety Fund has been to balance ongoing revenues with ongoing expenses for this fund. The Public Safety Fund proforma has been updated with 2027 budget amounts and is included as ***Attachment I***. The available fund balance for the Public Safety Fund at the end of 2025 was $11.36 million. This includes $5.24 million of carryover into 2026 and $1.6 million for the required 8% emergency reserve. The proposed 2027 budget for the Public Safety Fund uses $872,336 of fund balance for one-time expenses.

We project this fund to finish with a fund balance of about $4.99 million by the end of 2027. Extending the pro forma through 2036 indicates that a 3% annual increase in estimated sales & use tax revenue will fall short of covering the estimated ongoing expense if those expenses increase also increase by 3%. As discussed previously, additional staffing needs cannot be met with the existing sales and use tax. The sizing of the proposed tax increase contemplated these additional needs. Should the voters not approve the increase, adjustments will need to be made each year to continue to balance ongoing revenues with ongoing expenses in this fund.

<u>**ONE TIME EXPENSES**</u>

General Fund

There is a total of $6,707,527 of one-time expenses included in the proposed 2027 General Fund budget. There is $491,460 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 $6,216,067. ***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	$1,278,449
IT Equipment or Technology Improvements	383,625
Non-Capital - Small Equipment & Supplies	299,150
One Time Services or Expenses	4,746,303

Public Safety Fund

There is a total of $872,336 for capital and other one-time expenses included in the proposed 2027 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	$486,920
IT Equipment or Technology Improvements	76,600
Non-Capital - Small Equipment & Supplies	72,000
One Time Services or Expenses	76,816
PBF109 Municipal Facilities Parking Lot Rehabilitation	160,000

Other Funds

There is a total of $12,422,722 for capital and other one-time expenses (not including CIP) in the proposed 2027 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	$8,245,192
IT Equipment or Technology Improvements	926,365
Non-Capital - Small Equipment & Supplies	57,623
One Time Services or Expenses	3,193,542

FINANCIAL POLICIES

As part of the 2027 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 December 1) and will become effective on January 1, 2027. The complete list of 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 2027 BUDGET IS COMPLETED]**. After staff receives final direction on the 2027 Operating budget from Council these policies will be revised to include 2027 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 2027. This new policy adds a reserve requirement in the Airport Fund.

Airport Fund Reserve

The Airport Fund will maintain an unappropriated reserve in an amount equal to at least 90 days operating and maintenance costs.

Eliminated Policies

The elimination of one financial policy is being proposed for 2027. Public, Educational and Government video programming services are now handled in a contract determined and approved by Council. This contract is based on the work proposed, rather than a percentage of the franchise fee.

Public, Educational, and Governmental (PEG) Access Television Services

50% of the General Fund's actual cable television franchise revenues will be allocated for the purposes of providing public, educational, and governmental television services.

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 Collection Agency Relationship policy is being updated to require a contract every time the City solicits collection business agency services, rather than only when staff deems it appropriate, to ensure appropriate legal oversight.

Collection Agency Relationship

~~As staff deems appropriate, t~~ **T**he City will ~~prepare a solicitation~~ **solicit** for ~~its~~ collection business agency **services in adherence to procurement policies and procedures. Collection agency services will require a contract. The City Attorney's office will review contracts with such agencies to ensure that appropriate legal requirements are included.** ~~This solicitation will be open to all established collection agencies in an effort to maximize competition in the best interest of the City.~~

As discussed with Council on September 1, the Affordable Housing policy has been updated to remove the 20% cap for administrative expenses in the Affordable Housing Fund. Revenues that can be used towards administrative costs have held flat and as expenses increase, meeting this cap has become challenging. Major capacity expansion requests will continue to be presented to Council for approval during the budget process.

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 **support affordable housing programs and development while** cover**ing** the administrative costs associated with managing the affordable housing programs. ~~Starting in 2024, up to 20% 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.

Similarly, staff is requesting the Attainable Housing policy is updated to remove the 20% cap for administrative expenses in the Attainable Housing Fund, to match the edits proposed in the Affordable Housing Fund.

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.

In May 2026, Council approved updates to the full investment policy. The Investment Philosophy policy, included in our Financial Policies, has been updated to maintain consistency with the full policy.

Investment Philosophy

~~The City of Longmont will make use of pooled cash to invest under the prudent investor rule~~. **The City will invest public funds in a manner that preserves capital and ensures the protection of principal, allows for adequate liquidity, and achieves a market rate of investment return consistent with the primary policy objectives while conforming to all state and local statutes governing the investment of public funds.**
The ~~criteria~~ **objectives** for selecting investments and their order of priority are: 1) safety, 2) liquidity, and 3) ~~yield~~.**return**

The Electric Utility Franchise Fee Policy was updated to calculate the fee based on the budget year's projected gross revenues, rather than on actual annual revenue, to allow for predictable budgeting and consistency across other franchise fee policies.

Franchise Fee - Electric Utility

The City of Longmont Electric Utility will pay the General Fund an 8.64% franchise fee. The fee will be 8.64% of ~~actual annual~~ **the budget year's projected gross** revenues, excluding franchise fee revenue, General Fund revenue, Electric Community Investment Fee revenues, Aid to Construction revenue, contributions from the Electric Utility fund balance, transfers from other funds, loans and grants from other governmental agencies, reimbursement for damages, and interest earnings**.**

ATTACHMENTS:

Attachment D - 2026 Medical Premiums and Contributions
Attachment E - 2027 Budget by Fund vs 2026 Budget
Attachment F - 2027 Budget by Fund vs 2026 Budget with CIP Separate
Attachment G - 2027 Funded Budget Requests
Attachment H - General Fund Comparison of Ongoing Changes
Attachment I - Public Safety Fund Proforma
Attachment J - General Fund One Time by Category
Attachment K - Public Safety Fund One Time by Category
Attachment L - All Other Funds One Time by Category
Attachment M - 2027 Proposed Financial Policies