



MEETING DATE: September 22, 2026

ITEM NUMBER: 12.{{item.number}}

SECOND READING:

{{customfields.ResoOrdNumber}}

TYPE OF ITEM: General Business

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: Utilities Budget Summaries and Transportation Funding. 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:

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 MEETINGS



During prior budget presentations Council requested additional information. That information can be found below. Staff is not planning to present on this during the upcoming budget meeting.

Marijuana Hospitality Licenses

During the September 15 meeting Council requested information regarding the potential revenue generation from Marijuana Hospitality Licenses. On January 28, 2025, Council approved code changes with O-2025-01 to allow for the issuance of up to four marijuana hospitality licenses, with or without sales, with new applicants paying a one-time \$1,000 application fee and thereafter a \$2,000 annual operating fee. To date, none of these licenses have been issued because ordinance O-2025-37 died on second reading on June 3, 2025, after being amended. O-2025-37 was the implementation ordinance for marijuana hospitality that would have allowed for indoor smoking, limited the size to 5,000 square feet, and limited the zoning districts where these establishments are allowed. As it currently stands, the primary barrier is that licenses are allowed but the consumption of the product in the licensed establishment is not, essentially rendering the licenses invalid. If the code were fixed and licenses were issued, the General Fund would receive the licensing fees which could be up to \$8,000 per year for four establishments. However, it should also be noted that although there are very few cities allowing these license types, staff have received minimal inquiries about them. If all four licenses were issued, sales tax revenue would depend on whether or not the venue opted to offer sales, thereby generating sales and use tax. Therefore, it is unknown at this time what the potential for sales tax from marijuana sales would be, if Council directed staff to bring code changes back to implement marijuana hospitality establishments.

Funding for Small Businesses

During the September 15 meeting Council requested information on the use of interest revenues generated from the American Rescue Plan Act (ARPA) grant. A Council Communication with these details was included in the July 14 agenda packet as an informational item. That Council Communication is included as ***Attachment N***.

UTILITIES BUDGET SUMMARIES

The City of Longmont provides high quality utilities that supply the community with electricity, water, wastewater (sewer), storm drainage, and waste services (sanitation). These are provided through enterprise funds, where rates are set by Council to recover the cost of providing each service. A summary of the utility budgets is here:



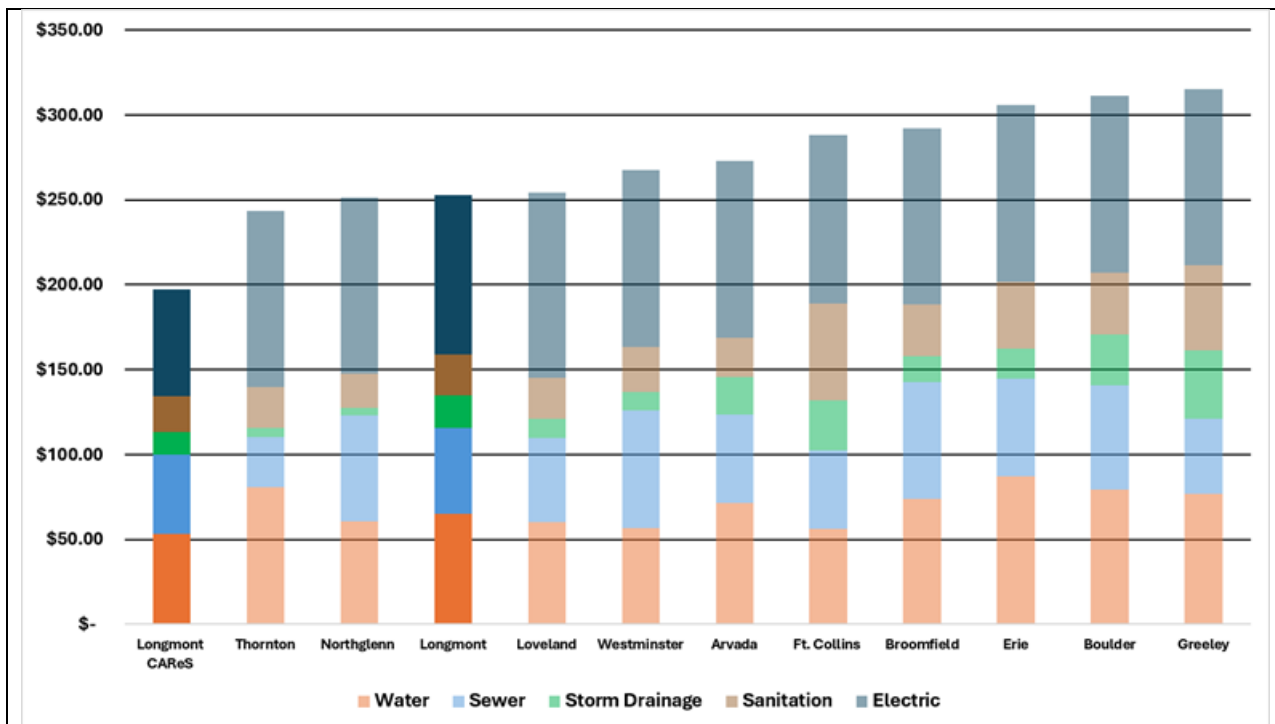
	Electric	Storm Drainage	Sanitation	Sewer	Water
Beginning Fund Balance	21,407,121	7,770,537	4,979,756	23,391,770	24,228,489
Revenue	121,812,865	14,137,014	14,056,441	22,902,784	41,945,523
Contribution from Fund Balance	7,335,778	34,430	-	3,977,239	9,066,403
Total Sources of Funds	129,148,643	14,171,444	14,056,441	26,880,023	51,011,926
Expenses	129,148,643	14,171,444	13,263,412	26,880,023	51,011,923
Contribution to Fund Balance	-	-	793,029	-	-
Total Uses of Funds	129,148,643	14,171,444	14,056,441	26,880,023	51,011,923
Ending Fund Balance	14,071,343	7,736,107	5,772,785	19,414,531	15,162,086

City Council has previously adopted ordinances adjusting utility rates for 2027 that will result in a change in a typical residential bill as shown here:

Service	Average Residential Use	2026	2027	\$ Increase	% Increase
Electric	700 kWh	\$93.99	\$100.34	\$6.35	6.8%
Water	7,500 gallons	\$54.29	\$59.41	\$5.12	9.4%
Wastewater	4,400 gallons	\$45.91	\$45.91	\$0.00	0.0%
Storm Drainage		\$18.85	\$18.85	\$0.00	0.0%
Waste Services	96 gallon container	\$26.30	\$28.80	\$2.50	9.5%
Waste Management Fee		\$2.96	\$3.11	\$0.15	5.1%
Composting		\$9.90	\$12.40	\$2.50	25.3%
Park & Greenway Maint		\$2.00	\$2.00	\$0.00	0.0%
Total		\$254.20	\$270.82	\$16.62	6.5%

The 2027 budget includes projections of revenue based on adopted rates. Next year, staff will bring proposed adjustments to rates for 2028 in Electric, Water, and Wastewater.

While the resources and challenges of each community are unique, it can be helpful to compare utility costs in nearby cities. In this graph, a typical bill for a Longmont resident is shown compared to what the same level of use would cost in other Northern Front Range cities. The leftmost bar shows the average monthly utility cost for a resident who is eligible for the utility rebates through the CARES program.



Changes to Utility Billing CIS Fund

In 2018, Council adopted O-2018-47, which was an ordinance that created a fund called “Utility Billing Customer Information System Fund.” The purpose of the fund was to bring together the various utility funding sources required to accomplish a replacement of our utility billing software. The intention at its inception was to fund the project, and also use it as the ongoing source for funding the utility billing operations, which is clear in the stated fund purpose.

In the last two years, there have been organizational adjustments that have combined the Utility Billing staff with other administrative and customer service staff that support the utilities. As a result, staff proposes that the definition of this fund be updated to reflect that it now supports “Utility Customer Service” broadly, rather than being specific to the billing function. This does not change the overall cost of services or rates charged to customers. An ordinance modifying the Chapter 4.94 of the Longmont Municipal Code to reflect that change will be included in the package of budget ordinances for Council’s consideration.

Electric Utility

Electric Fund revenue for 2027 is budgeted at approximately \$121 million. This is primarily from Electricity Sales, which are anticipated to grow from \$99.6 million in 2026 to \$113.7 million in 2027.



Longmont Power & Communications (LPC) has requested 5.00 new FTE in 2027. Specific additions include two Line Clearance Tree Trimmers and an Internal Tree Crew Foreman (expanding vegetation-management capacity for reliability and quality control and assurance), a Senior Grid Management System (GMS) Engineer, and a Supervising Electrical Engineer. These additions reflect continued investment in enhanced grid modernization and system reliability.

LPC continues to fund ongoing investment in grid modernization technology — including SCADA, the outage management system (OMS), and a distributed energy resources management system (DERMS) — and remains active in coordinating wholesale power supply and rate matters with Platte River Power Authority, the City's wholesale power provider.

LPC's three-pronged goal of reliable, sustainable, and affordable electric service supports the resilience of neighborhoods and businesses. In particular, the Council workplan identifies the following action which will be delivered by LPC: ***"Proactively build electric grid capacity and resilience to meet the evolving power demands of Longmont's technology and innovation community."***

Storm Drainage Utility

The Storm Drainage Enterprise Fund's proposed 2027 budget totals \$14.17 million in expenses, essentially flat compared to \$14.91 million in 2026.

There are limited changes to the operating budget for Storm Drainage in 2027. In addition to ongoing operations and maintenance, a primary focus for the year will be completing the design of the Hover Reach of the Resilient St. Vrain Project. Construction is expected to begin in 2028, preceded in late 2027 by sale of voter-approved bonds to fund the project.

Waste Services (Sanitation Fund)

The Sanitation Enterprise Fund's proposed 2027 budget totals \$13.26 million in expenses, funded by \$14.06 million in total revenue sources. The increase from 2026 levels is driven primarily by Charges for Services growing from \$9.46 million to \$11.69 million and a new \$1.79 million Intergovernmental Revenue line that reflects the anticipated revenue from the Extended Producer Responsibility (EPR) program.

To comply with EPR requirements, a new budget service has been created to manage the costs for "Drop Off Recycling." Previously, costs for this program were shown as part of the budget service titled "Special Trash Pickup." Curbside Recycling and Drop Off Recycling services will be funded by EPR revenues. No new services have been created.

Operating and Maintenance costs are increasing from \$7.03 million in 2026 to \$8.73 million in 2027, driven largely by growth in Professional and Contracted Services (tipping fees for disposal



of materials) and increased cost for vehicle replacement and maintenance. There are no capital projects funded in the Sanitation Fund for 2027.

Staff has included in the proposed budget a change to one service. Due to low participation in the scheduled Spring Branch Collection, this service would be suspended. Instead, an additional round of Leaf Collection would be completed in the fall, allowing additional time for residents to collect leaves. Funds would be set aside for a city-wide branch cleanup to be deployed as needed following storm events (similar to the service provided in May 2026).

Staff will return in October with options for changes to trash and composting rates to support increased waste diversion. Any of these options would still need to collect the same amount of total revenue to support the level of service provided to the community, so there are no budget changes anticipated after that direction.

Water Utility

The Water Fund's proposed 2027 budget totals \$51.01 million in expenses, up from \$46.35 million in 2026, funded by \$41.95 million in total revenue sources. The fund draws \$9.07 million from fund balance, primarily to support capital projects, with ending working capital projected at \$15.16 million.

Operating and Maintenance costs are expected to increase from \$13.71 million to \$14.71 million, driven by inflationary increases in treatment chemicals, critical equipment replacement, fleet vehicle updates, and additional laboratory testing equipment and contract lab work to meet new regulatory requirements.

Water & Waste staff are currently undertaking a planning effort that will result in a refreshed long-term capital plan that will be presented to Council in early 2027.

Wastewater Utility

The Sewer Fund's proposed 2027 budget totals \$26.88 million in expenses, up notably from \$22.30 million in 2026, funded by \$22.90 million in total revenue sources, with Charges for Services roughly flat at \$21.57 million. The fund draws \$3.98 million from fund balance, primarily for capital projects, with ending working capital projected at \$19.41 million.

Changes in Operating and Maintenance costs are driven by inflationary contract increases and a carbon needs study undertaken in anticipation of new nutrient-removal regulations, alongside rising Wastewater Treatment Plant costs for Professional and Contracted Services (up from \$767,845 to \$892,845).

Similar to the planning effort in the Water Utility, Water & Waste staff will present a long-term Wastewater (Sewer) capital plan to Council in early 2027. While capital projects in the Water

Utility plan will emphasize asset renewal and resilience, the Wastewater Utility will have significant investments required for treatment capacity and future regulatory requirements. There are often several technology alternatives available to meet a regulatory requirement. Staff applies systems thinking approaches to arrive at solutions that not only meet new water quality limits, but have financial, operational, and environmental benefits.

For example, an upcoming requirement will be to reduce the temperature of the treated wastewater before it is discharged to St. Vrain Creek. A conventional approach to accomplish this is constructing cooling towers. Cooling towers are a significant capital investment, require high energy and operational costs, and provide no secondary benefits. Staff is exploring other alternatives to reduce wastewater temperature, including a nature-based solution where water is cooled through a constructed wetland. This approach has secondary benefits of reducing nutrient and metals and providing the City with an improved aquatic and riparian ecosystem in the vicinity of the St. Vrain Greenway. Additionally, Staff are evaluating District Energy Systems as another novel approach to meeting this requirement.

District Energy System

Staff is proposing the creation of a District Energy System to be operated as part of the Wastewater Utility. Wastewater that is sent into the City's sewer system has often been heated for home or business use; this includes hot water consumed for showering, washing dishes and clothes, and other activities. The embodied energy in the wastewater can be recovered for beneficial use, and in the case of District Energy Systems it can be leveraged to heat and cool buildings.

A feasibility study completed in 2025 evaluated the use of treated wastewater as an energy source for heating and cooling buildings within the proposed Sugar Mill redevelopment. The system would require new utility infrastructure, including underground piping and a central utility plant, to recover thermal energy and circulate it throughout the development using an ambient water loop. Heat exchangers and building-level HVAC equipment would then provide temperature control within individual buildings.

Staff is also evaluating a similar district energy concept west of the Wastewater Treatment Plant. The proposed district would encompass the area between Martin Street and Main Street, extending roughly from Boston Avenue to 1st Avenue. This innovative and environmentally responsible approach aligns with the vision for the Front Range Community College campus and the surrounding area.

No expenditures outside of consulting services have been requested in the 2027 budget for the proposed District Energy System. Staff is seeking general direction on pursuing the concept, with additional information to come next year. This would include any needed regulations, rate structures, or policy guidance.

TRANSPORTATION FUNDING

The Street Improvement Fund's proposed 2027 budget totals \$33.93 million in expenses, down from \$37.42 million in 2026, funded by \$33.24 million in total revenue sources. Of these expenditures, \$13.93 million is for capital projects as reviewed previously.

Transit Services

In effort to provide the community with multi-modal options, the City of Longmont partners with six different transit service providers, which provide one or more services: RTD, Transfort, Via Mobility, BCycle, Via Transportation Inc, and CO Car Share. The table below summarizes Transit services, along with budget, ridership, and user group information. In the next few years, multiple planning efforts and new services will impact Longmont's overall transportation system and portfolio, resulting in different choices for the community.

CURRENT LONGMONT TRANSIT PORTFOLIO

Target Passenger/Rider	Service Name	Service Type	Current Fare(s)	Provider (Contractor)	2025 Annual Ridership	2025 Cost per Rider	Funding Sources	2025 Actual	2026 Budget	2027 Budget
General Public / Commuters	Local									
	Local Bus Services (300-Series Routes)	Fixed Route	Free to rider	RTD (Fare Buy Up)	406,530	\$ 0.48	Street Fund	\$ 195,494	\$ 190,000	\$ 199,500
	Longmont FlexRide	On Demand Shared Shuttle	Standard RTD fare ¹	RTD	20,321	na	Not subsid. by COL	na	na	na
	RIDE Longmont (Microtransit)	On Demand Rideshare (corner-to-corner)	\$2 standard fare ² \$1 students, seniors, and riders with disabilities ²	Via Transportation	72,709	\$ 19.02	RTD Partnership Federal Grant Street Fund Subtotal	\$ 830,226 1,000,000 552,909 \$ 1,383,135	\$ 519,774 1,000,000 48,850 \$ 1,568,624	\$ 1,700,000 - 376,729 \$ 2,076,729
	Regional									
	Regional Bus Services (BOLT / J / LD / LX)	Fixed Route	Standard RTD fare ¹	RTD	427,976	na	Not subsid. by COL	na	na	na
Express Transit Commuters	FLEXbus Connects Ft Collins, Berthoud, Longmont, and The Regional LX listed above is also an Express service.	Fixed Route	Free to rider	Transfort (Operated by the City of Fort Collins)	16,433	\$ 6.54	Street Fund	\$ 107,492	\$ 138,700	\$ 145,635
Paratransit Riders <i>Requires medical verification.</i>	Access-a-Ride	Demand Response	Free to rider ¹	RTD	8,673	\$ 7.63	Street Fund	\$ 66,180	\$ 55,000	\$ 64,865
	Via Mobility Paratransit	Demand Response	Free to rider	Via Transportation	15,456	\$ 9.70	Street Fund	\$ 150,000	\$ 150,000	\$ 150,000
E-Bike Riders	Bcycle	Regional On Demand	Rental Rates ³ \$7.60 for 30 mins \$18.60 for unlimited 30 min trips within 24 hrs \$32.71 monthly for unlimited 60 min trips \$163.57 annually for unlimited 60 min trips	Bcycle	Began July 29, 2026	na	State Grant Street Fund Subtotal	\$ - - -	\$ 1,500,000 21,445 \$ 1,521,445	\$ - - -
		E-Bike Share								

1 - Riders of the Local Longmont bus service may request a 3-hour pass valid for transfers to the Longmont Regional routes, Longmont FlexRide, and all other routes serving Boulder and Denver. Access-a-Ride trips that originate in Longmont will be given a \$4.50 credit.

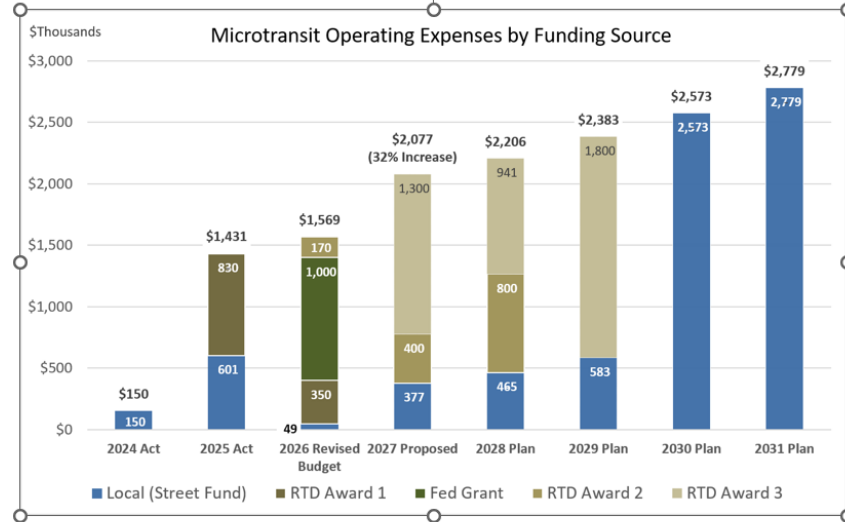
2 - Fares collected from Microtransit services are treated as contra-expense and are netted against the operating fees due on the monthly contractor invoices. In 2025 collected Microtransit fares totaled \$.

3 - E-Bike Share is operated by Bcycle. All operating revenues and expenses kept and expended by Bcycle.

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The newest transit service option in Longmont is the very popular Ride Longmont microtransit service. 2025 was the first full year of service, after launching in December of 2024. Multiple RTD Partnerships grants have been received to help cover program costs. Additional grant funding is being sought through the Colorado Clean Transit Enterprise (CTE), which if awarded this fall, would provide Longmont with State formulary dollars each year moving forward, reducing the costs needed to sustain the program. The service has been so popular that program expansion is needed to reduce wait times and expand service hours to better meet community needs. Additional vehicles (x2) and extended service hours will begin in January 2027.

2027 REQUESTED MICROTRANSIT BUDGET – WITH EXTERNAL FUNDING.



Intergovernmental funding is an important part of financing Microtransit to minimize funding from the Street Improvements Fund which may require tradeoffs between the Microtransit service offering and the Street CIP projects such as the Pavement Management Program and Transportation System Management.

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ATTACHMENTS:

Attachment N - American Rescue Plan Act (ARPA) Interest Income Council Communication