

CITY COUNCIL COMMUNICATION



MEETING DATE: May 18, 2021

ITEM NUMBER: 6.A

SECOND READING:

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TYPE OF ITEM:

PRESENTED BY:

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SUBJECT/AGENDA TITLE:

2022 Budget Discussion

EXECUTIVE SUMMARY:

Staff has begun the 2022 budgeting process. The City Manager is required by Charter to propose a 2022 balanced operating budget to the City Council by September 1, 2021.

Decisions on what will or will not be a part of the proposed 2022 budget will need to be made over the next couple of months. Staff would like to have a general conversation with Council regarding the 2022 budget.

COUNCIL OPTIONS:

N/A

RECOMMENDED OPTIONS:

N/A

FISCAL IMPACT & FUND SOURCE FOR RECOMMENDED ACTION:

N/A

BACKGROUND AND ISSUE ANALYSIS:

In regards to the 2022 Proposed Budget and the 2022-2026 Proposed CIP, staff is seeking general guidance from the City Council and priority of efforts that support the City Council vision and work plan. While the 2020 annual audit is not quite complete, staff will provide an update of the status of some of the major funds during our presentation. This is a reappraisal year so there will be a boost in property tax revenue. Sales & use tax performance is strong through the first quarter of 2021. While there will be opportunities to address needs, staff will also be looking ahead to keep the City well positioned for 2023 which would have limited property tax growth.

Since 2013 the City Council has made a commitment to use priority based budgeting 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 priority based budgeting 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 included 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 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%

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.

An overview of the City's PBB process, including the scoring criteria, and the data from the 2018, 2019, and 2020 budget (including detailed program descriptions), and the community PBB model can be found on the City's website at the following address:

<https://www.longmontcolorado.gov/departments/departments-e-m/finance/budget-office/budget-prioritization>

For 2022 Council directed staff to build an equity component into the City's Priority Based Budgeting Process. This will be accomplished over a 2-step process spanning the 2022 and 2023 budget. For the upcoming 2022 budget staff will be capturing initial program equity information by utilizing the *Insight* portion of our PBB tool. Budget staff worked with the City's Equity Team to build the Equity Insights that will help identify how our PBB programs meet the City's definition and goals of equity. During the council meeting staff will take Council through the Equity Insights that city Departments are in the process of completing for each of their programs. This information will be utilized by the City Manager and Department Directors when determining what to include in our 2022 Proposed Budget.

A full update to our PBB data was last completed in 2018 for our 2019 budget. As it has been a few years since this was done staff will be undergoing a complete PBB update, including all steps in the process, during 2022 for our 2023 budget. During this update we will be adding an equity basic program attribute that will be incorporated into the program scoring. All programs will be rescored and the quartile listing will be rebuilt based on the updated scoring.

ATTACHMENTS:

None