i) The explanatory text on a departmental level that specifically details where expenses have increased, or cuts have been made, is a bit sparse and lacking in detail, unless you drill way down. I am doubtful that many people will do so. A lot of what text there is appears to be relatively generic. I have attempted to drill down on a department level to get this narrative explanation, and, by and large, it is less than satisfying. There are, of course, exceptions: the narrative surrounding the Planning Department was quite useful, and the Utilities Department clearly articulated where their funds were being spent. Ditto the CIP Budget for Transportation. The budget may not be the place for detailing the Master Plan of each department, but there should be a clear statement of what increases will be used for (and how much) and, in the context of decreases in line items, what is being cut and why.

The move to OpenGov provides an opportunity to promote consistency across departments in how we provide information within our online budget platform. In many cases, there is much improved transparency and information related to department programs and activities. OpenGov also allows us to add additional information after budget adoption. We will revisit with departments where narrative is not providing adequate information and also look to have better consistency across pages in 2023.

ii) An example of the need for some degree of explanation would be OSMP, where the decline in capital projects is quite precipitous, from $7.147MM in 2023 to $1.425MM by 2026. The budget section clearly sets out the expenditures it contemplates in 2023, but I would like to understand the context in which these changes were occurring. In the absence of that context, it is difficult to have a view as to the appropriateness of this decline in the level of the department's capital expenditure.

As a part of the move to OpenGov, the Capital Improvement Program totals reflect only named and specified projects within the six-year program. While this is reflective of the current work plan, it does not capture other likely capital investments over the next six years. We anticipate an average of approximately $7 million per year in capital expenses and staff will continue to work to identify the specific projects as each Capital Improvement Program is developed. The financial detail related to Open Space Fund and the associated total capital investments can be seen in the fund financial, linked here.

iii) There are several instances where expenditures are listed as increasing or declining by well over 1,000%, and in a manner that clearly cannot be correct. It cannot be the case that pothole maintenance has declined by -8,713.69%, that snow and ice removal has increased by 1,980.16%, and that Biking and Path Maintenance has increased by 2,191% (if only that were true). Transportation maintenance showed a decline of -4,833.67% and Administration a decline of -3,823.78% And CIP Management (which I assume is a new category), in two different charts shows an increase of more than 16,000 % in one chart and a record-setting increase of 102,085% in another. Finally, the breakdown by program shows an increase in the budget for Arts and Culture of 486%. Has the arts community been made aware of these good tidings? Obviously, this begs for some narrative clarity.

Unfortunately, this was a recently discovered error within the OpenGov system, in which some bar graphs will display incorrect percentage-change amounts when hovering over bar-graph segments. This appears to only be an issue with bar graphs that have a bar depicting budget enhancements. Staff is working with OpenGov to remedy this error. The dollar amounts within the call-out boxes are correct.

My more specific budget comments are set forth below:

i) The CIP budget discussion of the CCRS tax states that the 2023 budget includes $28MM of projects to be funded through the CCRS tax. We have previously discussed the possibility of bonding the future cash flows anticipated from the tax in order to circumvent the rapid inflation of construction costs. What is the status of this bond issuance? Will it occur in 2023?

In Q1 of 2023, staff plans to bring a CCRS debt issuance of approximately $9 million for council consideration to finance a portion of Fire Station #3. Given the balance of CCRS revenues with the projected expenses, all remaining capital projects currently identified within the 2023-28 CIP can be funded without an additional debt issuance. Depending on project details and plans, staff may recommend in future budget cycles additional debt issuances to finance future additional city projects or non-profit community projects. Additional detail regarding Fire Station #3 and CCRS spending plans is included in the Council Memo for the First Reading of the 2023 Recommended Budget.

ii) Wildfire resilience is budgeted for $2.07MM, which is noted in the memo, although I could not find this in the budget itself (no doubt, my failure). In view of the scope of the problem, this seems to me to be an extremely small expenditure for an extremely large problem. The memo acknowledges the gap between needs and resources, but this strikes me as too important to be dependent upon passage of the Climate Tax. Whether or not that tax passes (and I have every hope and expectation that it will), we need to dedicate more funds for this item.

The ~$2 million that was noted in the Budget Highlights story page refers to the enhancements being made in 2023, including $1.1 million for emergency operations, $156k for enhanced urban-wildland interface mitigation, and ~$750 in other more indirect efforts, such as natural climate solutions. These enhancements are in addition to our total budget for work related to natural disaster resilience and emergency response, which includes significant programming in emergency response, emergency preparedness, climate initiatives, open space resource and stewardship and related activities. Staff also acknowledges that the total need in the area of wildfire mitigation exceeds our available resources, especially for ongoing funding. Staff suggests waiting until after voters consider the new Climate Tax this November, and as a part of prioritizing the work ahead in wildfire mitigation, consider whether any new resources or other General Fund resources could be utilized to expedite activities.

iii) Pursuant to page 12 of the memo we are providing $372K in funding for the community court program. I support this in concept, but want to know what metrics will be used to determine the success or failure of this investment.

Judge Cooke, who leads the Community Court program, responded that the following metrics will be used:

- Number of unique people served
- Number of cases resolved
- Number of sanctions imposed and completed
- Number of successful community court exits
- Number of services provided:
  - Documents obtained (including, but not limited to, ID, Social Security Card, Birth Certificate)
  - Public benefits accessed (including, but not limited to, Medicaid and SNAP)
  - Appointments made and kept (including, but not limited to, physical/mental health providers)
  - Assistance with housing (including voucher briefings, case manager meetings, lease applications, lease interviews, lease signings, appeals of housing denials, move-in assistance, post move-in support)

Although the Community Court has not done this previously, they can, if requested by council, also measure reduction in warrants for Failure to Appear, reduction in re-arrests, reduction in number of hearings needed to resolve a case, and the attendant costs to all of these in terms of personnel hours and jail utilization.

iv) I am not sure of the purpose of allocating $750K for the operation of the day services shelter when we do not have a building, a location, a cost estimate to lease/purchase/renovate a structure, or an understanding of the staffing requirements and attendant costs to operate same. The phrase “ready, fire, aim” comes to mind. It appears to be a line item intended to show seriousness of purpose to stand up such a facility more than to actually reflect the cost of operating a specific location. This would seem to be an item more suitable for a subsequent Adjustment to Base than a present allocation. Doing so would have no impact on actually identifying and developing such a facility, which been approved by Council, but it would be a recognition that we have a ways to go on this project. Symbolic appropriations are not an appropriate course of action.

These comments were included in the October 6 memo for Council review.

v) CCRS will generate more than $10MM/year. However, looking at the Visualization chart for CCRS funds for the years 2024-28, we show a total of only $19MM for projects during this five-year period. I assume that is because the funds have not yet been allocated to specific projects. If so, would the chart not be clearer with a category of “unallocated funds” included for each year?

Included in the 2023-28 CIP are identified capital planning studies and projects with planned appropriation over the six-year period. Unallocated funds remain within the CCRS Fund in the ending fund balance after reserves to then appropriate once planned projects are identified during the annual capital improvement planning and budget development process. These projects are brought to Council during each year's annual budget cycle as part of the citywide Capital Improvement Program. Unallocated funds can be viewed within the CCRS Fund financial in the 2023 Recommended Budget online, under the **Fund Definitions and Fund Financials** page.

vi) 56% of the budget of the Finance Department goes towards "internal services". Could this be explained in a bit more detail? How does that charge relate to operating and personnel expenses?

In this example, "internal services" refers to the Self-Insured Medical Fund. This is a separate fund for management of health insurance for city employees. It is considered for budgeting purposes under the Finance Department.

vii) Given the restoration of so many services in this budget, why do we increase the police budget at less than the increase in inflation, which may lead to the curtailment of services? In addition, under "Training" there is a 9% increase in personnel, but an 8% decrease in the "Operations" component of that line item. Is there anything we need to know here?

The 2023 Recommended Budget includes strategic police enhancements in areas such as red-light camera program expansion, license plate recognition software, animal protection, and the replacement of a robot. These areas of alternative response, especially in technology enhancements, are in alignment with goals within the current draft master plan.

The reduction in Operations in the Training program is the result of removing the 2022 one-time amount for executive leadership training in 2023. The increase in personnel is due to shifting of personnel between programs as we move to an outcome-based budget. In addition, the department's funding that was reduced in 2020 has been restored through a citywide base budget adjustment. There is no curtailment of services with this Recommended Budget and any addition to services will be brought forward as part of the Police Department's master plan process.

viii) The line item for Economic Vitality and District Management has decreased by $85K. Any particular reason for the decline?

The decline in the Economic Vitality & District Management budget is due to the move of the Economic Vitality program from the Community Vitality Department to the City Manager's Office. This move took place at the end of 2021 after budget adoption so is being reflected for the first time in the budgeted amounts in 2023.

ix) There was a decline of 30% in the Operating Budget for Facilities and Fleets and an increase of 54% in the CIP of that department. If this represents a shift in priorities, please explain.

In the 2022 Budget, several capital projects aligned with the Facilities & Fleet Department were mistakenly budgeted into our financial system under an operating category. This miscategorization was not evident within the 2022 budget because operating and capital expenses were calculated using a different method. The expenses associated with these projects were corrected in FY2023 within the budget, resulting in a particular graphic incorrectly depicting that operational budget in the department decreased between 2022 and 2023.

x) We raise and distribute large sums of money from Commercial Development Linkage Fees from commercial developers and Cash-in-Lieu payments from residential development, which contributes to the development of affordable housing in Boulder. Yet I cannot find any mention of these funds, their amount, how and to whom they are distributed, and the results of that investment (again, that could be my inability to source the information, rather than its unavailability). But, assuming that information is not in the budget, should there not be more detail about this important community investment? We show a line item of approximately $14MM for affordable housing. How much of this comes from the General Fund? How much from developer-generated fees? How much from government grants? It would be good to have some understanding of this.

In 2023, HHS' Affordable Housing Fund budget is $14.3 million in anticipated expenditures, including $13.1 million towards affordable housing community investments and compliance. In 2023, the fund anticipates receiving a total of $13.8 million in revenues, including $11.5 million supported through development fees, specifically $8 million from cash-in-lieu fees and $3.5 million from linkage fees, and $1.0 million received as a transfer in from the General Fund. A breakdown of the Affordable Housing Fund financial can be found within the online 2023 Budget under **Fund Definitions and Fund Financials**. Due to the competitive procurement process for future affordable housing projects, staff is providing examples from the prior two years of affordable housing projects. In 2020 and 2021, staff invested $13.8 million and $9.2 million in affordable housing projects, respectively. These included affordable housing investments in projects such as the 30th Street Permanent Supportive Housing project, Trout Farms, Golden West, Atlas, the Ponderosa Community Stabilization Project, Alison Diagonal, and 30th & Pearl. These housing investments helped to support the creation of over 217 new permanently affordable units in the city in 2021 alone. This increase demonstrates remarkable progress towards achieving the goal of 15% affordable homes within the city by 2035. Additional detail can be found on **HHS' Affordable Housing Dashboard** online, which tracks measures and outcomes aligned to HHS' affordable housing goals. HHS will provide a more detailed overview of housing funding and production at the October 27th Council Study Session on council priorities related to housing, including a more detailed analysis of funding sources and housing production over the past six years.

xi) The budget for the airport has been increased by a multiple of more than 5x from 2022 ($347K to $1.812MM), the largest component of which are capital improvements ($950K). The airport is a complex and controversial subject. My first question is whether these capital improvement funds are sourced from the City's revenues, or represent the acceptance of federal grants for that purpose. The difference is quite substantial in the context of our forthcoming larger conversation as to what we wish to do with the airport. The acceptance of grants binds us more closely to the FAA and has implications for our ability to even consider alternative uses of that property. I would argue that we should not be taking FAA grants until we have seen the Master Plan for the airport and have had that larger conversation as to its use and configuration. So, to repeat: what is the source of the CIP funds for that facility? My second question is: what is the pressing need that requires us to increase the airport budget by more than 500% before even a discussion of the Master Plan? Is there any other department or facility in the City of Boulder that is experiencing a 5x increase in its budget?

The Transportation Department has $950k planned for an FAA master plan process to begin in late 2023. 90% of this expense would be reimbursable by the FAA in 2025. Prior to this master plan work being undertaken, staff will be leading a community process, beginning in October 2022, to understand the future of the airport and its relationship with the city. If at the end of that process, there is consensus that we further explore closing the airport, then the department would not spend $950k on the airport master plan.

xii) One general question that cuts across departmental lines: do we monitor and control the use of outside consultants? We clearly spend several million dollars on consultants on an annual basis, and this does not include obviously necessary expenditures on projects such as engineering services for CU South. Is anybody tracking this? What are the standards by which we determine that the retention of outside consultants is warranted/necessary? And how do we monitor these expenditures to determine if they have provided the value we would wish? Under Transportation and Mobility, the CIP program is budgeted to incur an expense of $8.6MM in consultants, against expenditures of $23.6MM for CIP Management (which is what?) and a Capital Improvement Program of $9.5MM. I assume those last two line items are cumulative, as it would be hard to imagine spending $8.6MM on consultants against a $9.5MM CIP. There is simply no clarity here, and there should be some explanation as to what is being spent here.

The $8.6M categorized under the Capital: Consultants expenditure within Transportation's CIP was inputted erroneously. It has been corrected within the system and is now categorized as Capital: Infrastructure. Staff estimates that between 10-20% of these capital expenses go towards consultants, with the ultimate amount varying on project.

For the 2023, the budget includes $12.7 million in expenses related to consulting. That will not include all projected consulting needs that are tied to specific capital projects. Generally, retention of outside consultants is utilized for specific purposes where certain expertise is required outside of current city staff. The last time the City completed a comprehensive review of consulting costs, the review determined that approximately 80-90% of all expenses for consulting were related to capital project support (general contracting, planning, design, etc.).

xiii) In light of the very substantial increases that so many departments and programs have received, the increase for Arts seems a bit meager. I would like for us to have done better.

Staff provided some additional information related to the Arts & Culture budget in the October 6 memo.

xiv) Finally, the staff memo raises the issue of a number of potential priorities for which there is no apparent funding source. A rough estimate is that these priorities represent $12-20MM in potential expenditures (perhaps more). While this will be an interesting and important conversation for a later time (you think?) it would have been appreciated if some possibilities for addressing these problems (other than the prospect of a 14% sales tax or speculative funds from the creation of a Library District) could have been mentioned. The suspense is killing me.

Staff provided some additional information related to potential strategies to address long-term funding the memo and will speak to these during the staff presentation.