

2026 City Council Budget Workshop

September 8th, 2025

Pres 25-190



Agenda

Revised Capital Investment Program

Operating Budget Changes

Revised General Fund Balance

Revised Sources & Uses Data

Budget Balancing Measures

Council Budget Priorities Follow-up

Miscellaneous Items

Budget Calendar & Next Steps

Capital Investment Program (CIP)

Revisions per 7/21/25 Council Meeting

- Continue to focus on completing “active” projects prior to “on deck” and “horizon” projects as our proposed strategy for success.
- Continue to promote a reasonable and balanced approach to meeting capital needs within all areas of the City.
- At the 7/21/25 Council Meeting, Councilmembers unanimously approved a motion to: “Approve Option 1 with the addition of \$2 million for 1 (a) projects and the design of Fairfax Park drainage while exploring funding opportunities with regional partners.”
- Incorporate 1st Year of the Draft 5-Year CIP in proposed 2026 budget.
 - Staff recommended Option 1
 - Plus additional \$2 million for 1 (a) projects and \$600,000 the design of Fairfax Park Drainage Design (for a total increase of \$1.6 million)
 - Ongoing exploration of funding opportunities with regional partners

Capital Investment Program (CIP)

Revisions per 7/21/25 Council Meeting

Option 1	Category	Council Priority	Original	Revised
All 1(a) Projects	1(a)	Road/Park Maintenance	\$10,483,220	\$12,483,220
ADA Ramp Replacements	2	Quality of Life	1,000,000	1,000,000
E 88th Ave (Segment B)	2	CIP Roads	7,000,000	7,000,000
E 96th Ave Lighting Safety Improvements	2	CIP roads	750,000	750,000
Rec Center Pool Heaters	1(b)	Parks/Trails	540,000	540,000
MSC Building Gates and Security	1(b)	Safety Improvement	400,000	400,000
Golf Restrooms	1(b)	Parks/Trails	350,000	350,000
Golf Bridges	1(b)	Parks/Trails	50,000	50,000
Fairfax Park Drainage Design	2	Parks/Drainage	0	600,000
Total			\$20,573,220	\$23,173,220

Revisions include additional \$2 million for 1(a) projection and additional \$600,000 for Fairfax Park Design.

Capital Expenditures Fund

Revised Sources and Uses

Beginning Fund Balance	\$ 153,905,284
Revenues	
Transportation tax	\$ 3,530,263
Road and Bridge	1,155,350
HUTF	2,515,456
ADCO Open Space	1,245,400
PEG Fees	29,879
Fund Balance Transfer	752,151
Transfer In	
General Fund	5,000,000
General Fund 2K	6,440,000
Solid Waste	1,800,000
Conservation Trust	980,000
CIP Indirect Allocation	203,110
Total Revenues	\$ 23,651,609
Expenditures	
Capital Projects	23,173,220
Transfer to Fund Balance	478,389
Total Expenditures	\$ 23,651,609
Ending Fund Balance	\$ 153,905,284

Operating Budgets

What Has Changed?

- Revisions to “Yes” Decision Packages
- Update of position budgeting (salary & benefits data)
- Update of internal service fund allocations
- Revisions to revenue estimates
- Internal Reorganizations:
 - Procurement Division in Finance Department
 - Custodial Services Division in Public Works – Facilities
 - IT Department Division Name Changes
 - Renaming Geographic Information Systems to IT Public Safety
 - Renaming Application & Business Services to Enterprise Applications

Revised “Yes” Decision Packages

Request Title	2026 Cost
City Manager's Office	
Xeriscape Demonstration Gardens - E3	41,000
CM - City Manager Total	\$ 41,000
Human Resources	
Continuation of RTD EcoPass Benefit	32,550
Ergonomic Furniture	25,000
HR - Human Resources Total	\$ 57,550
Information Technology	
Infrastructure Modernization	\$ 600,000
Audio Visual Technician I or II (2.0 FTE)	130,716
Artificial Intelligence (AI) Innovation Program Fund	50,000
IT - Information Technology Total	\$ 780,716
Legal	
Outside Council Budget	\$ 350,000
Legal Total	\$ 350,000

Request Title	2026 Cost
Parks Recreation & Golf	
Gymnastics and Dance Assistant	\$ 33,444
Senior Park Ranger	94,751
PRG - Parks, Recreation and Golf Total	\$ 128,195
Public Safety	
Real Time Crime Center Technology	\$ 237,200
Emergency Operations Center Technology	\$ 281,000
Volunteer Internships and Police Reserves	\$ 50,000
PS - Public Safety	\$ 568,200
Public Works	
Parks Staffing Expansion	\$ 353,120
Infrastructure Demands	302,597
FTE Traffic Signal Technician	203,454
PW - Public Works Total	\$ 859,171
Grand Total	\$ 2,784,832

Revised “Yes” Decision Packages

Original “Yes” Decision Package Total – \$3,435,424

Revised “Yes” Decision Package Total – \$2,784,832

Total Reductions – \$650,592

- **\$82,660** reduction – removed Economic Development Marketing Specialist in City Manager’s Office – need met in 2025 by reclassing a vacant Community Development position.
- **\$93,932** reduction – removed Accountant II in Finance – need being met in 2025 by reclassing a vacant City Manager’s Office position.
- **\$124,000** reduction – lowered Public Works Infrastructure Demands by to account for reduced contract needs to due addition of Traffic Signal position.
- Reduced Information Technology decision packages:
 - **\$300,000** reduction to Infrastructure Modernization
 - **\$50,000** reduction to AI Innovation Program

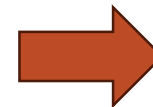
Revised Allocations & Revenues

- Internal Service Fund Allocation Changes
 - Fleet Management Fund
 - Information Technology Fund
 - Facility Services Fund
 - Benefits Fund
- Revenue Revisions
 - Property Tax
 - Sales Tax
 - Various Charges for Service

More on Property Tax

- Commerce City's Property Tax is subject to TABOR (not "de-Bruced")
- The City applies temporary mill levy credits to comply with TABOR
- Based on preliminary valuation data received from Adams County in August 2025 (for property taxes to be collected in 2026), the following has been calculated for the 2026 Budget:

City Mill Levy	3.280
Temporary Mill Levy Rate Reduction	<0.667>
2025 General Fund Mill Levy (for property taxes collected in 2026)	2.613

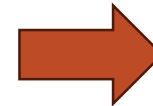


In 2026, the City will lose \$1.4M in property tax revenue

Historical Property Tax Revenue Losses:

- 2025 = \$1.1M
- 2024 = \$1.4M
- 2023 = \$250K
- 2022 = \$492K

Total of \$3,242,000 over the past 4 years



Lost revenue that could fund:

- Capital Projects
- Public Safety
- Economic Development Opportunities
- Etc.

Revised General Fund Balance Status


2024 Ending General Fund Balance	\$ 107,972,341
Inventory, Prepaid Items, Long-term Receivables	(275,198)
TABOR 3% Emergency Reserve	(4,250,700)
2K Capital Outlay and Operations	(9,851,230)
Operating Reserves	(11,845,279)
Safeguard Reserves	(18,754,242)
Defined Contribution Plan	(5,264,794)
Parks, Recreation & Golf Equipment Reserve	(1,408,602)
Employee Assisted Housing Program Reserve	(130,088)
Remaining Unassigned General Fund Balance (at 12/31/24)	\$ 56,192,208
Amount Budgeted to Balance 2025 Budget	(2,713,061)
Ordinance 2664 - Contract Management Software	(172,000)
Ordinance 2670 - Community Events	(300,000)
Ordinance 2685 - Audit Revenue Police Substation	(4,991,770)
Ordinance 2686 - Civic Center Remodel	(2,880,280)
Ordinance 2689 - Ice Rink	(99,000)
Ordinance 2723 Police Substation Transfer (1st Reading 10/6/25)	(16,300,000)
Amount Used to Balance 2026 Budget	(4,258,738)
Remaining Unassigned Fund Balance	\$ 24,477,359
2024 2K Fund Balance (Unaudited)	\$ 9,851,230
2025 Budgeted Transfer to Capital Expenditures Fund	(750,000)
2026 Budgeted Transfer to Capital Expenditures Fund	(3,958,729)
Remaining Restricted Fund Balance	\$ 5,142,501

Revised Sources & Uses – Total General Fund

General Fund	2025 Budget	2026 Preliminary Budget	Variance
Revenues			
Taxes	\$ 117,471,658	\$ 118,869,500	\$ 1,397,842
Licenses and Permits	4,726,182	5,056,833	330,651
Intergovernmental	116,302	98,079	(18,223)
Charges for Services	7,953,634	10,753,728	2,800,094
Fines and Forfeits	1,361,909	1,408,712	46,803
Investment Earnings	1,500,000	3,616,971	2,116,971
Miscellaneous	699,598	694,401	(5,197)
Total Revenues	\$ 133,829,283	\$ 140,498,224	\$ 6,668,941
Expenditures			
Administration	\$ 11,626,025	\$ 12,353,829	\$ 727,804
Human Resources	3,238,089	5,915,596	2,677,507
Finance	10,167,963	8,320,428	(1,847,535)
Community Development	8,645,952	9,174,386	528,434
Public Safety	37,212,674	41,450,998	4,238,324
Public Works	23,641,248	25,437,620	1,796,372
Parks, Recreation and Golf	20,289,940	22,772,435	2,482,495
Legal	2,219,152	2,402,143	182,991
Debt Service	1,839,676	1,843,681	4,005
Total Expenditures	118,880,719	129,671,116	\$ 10,790,397
Income/(Loss)	\$ 14,948,564	\$ 10,827,108	\$ (4,121,456)


Revised Sources & Uses – Total General Fund

General Fund	2025 Budget	2026 Preliminary Budget	Variance
Other Financing Sources (Uses)			
Transfers Out			
Debt - 2015	\$ (2,938,211)	\$ (3,257,500)	\$ (319,289)
Debt - 2016 2K	(1,461,080)	(1,459,875)	1,205
Debt - 2022 A/B/C	(8,573,141)	(8,569,398)	3,743
Elected Officials Retirement	(41,760)	(36,480)	5,280
CIP-Indirect Allocation	(189,933)	(204,038)	(14,105)
CIP GF	(3,000,000)		3,000,000
CIP 2K	(750,000)		750,000
CIP IT TIP	(707,500)	-	707,500
Total Other Financing Sources (Uses)	\$ (17,661,625)	\$ (13,527,291)	\$ 4,134,334
Ending Fund Balance	\$ (2,713,061)	\$ (2,700,183)	



Revised Sources & Uses – GF (Non-2K Portion)

Non 2K	
General Fund	\$ 114,941,145
2k Indirect	1,746,078
Total Revenue	\$ 116,687,223
Operating	\$ 118,370,659
Debt - 2015	3,257,500
Elected Officials Retirement	36,480
CIP-Indirect Allocation	204,038
Total Expense	\$ 121,868,677
Deficit	\$ (5,181,454)



Revised Sources & Uses - GF (2K Portion)

2K Revenue	
Anticipated 1% Tax revenue	\$ 23,296,482
Outdoor Pool Revenue	390,100
New Rec Center Revenue	1,870,497
Total Revenue	\$ 25,557,079
Indirect Cost 15%	\$ 1,542,040
Indirect Cost 20%	204,038
2k Model	11,300,457
Debt - 2016 2K	1,459,875
Debt - 2022 A/B/C	8,569,398
Total Expense	\$ 23,075,808
Surplus	\$ 2,481,271

2026 Budget Balancing

Staff Recommended Approach to Balance Budget

Non-2K Sources	\$	116,687,223
Non-2K Uses		(121,868,677)
Preliminary 2026 Deficit	\$	(5,181,454)
2026 CIP Transfer (with add of \$2M for 1 (a) projects & \$600K for Fairfax Park Drainage)		(5,000,000)
2026 Preliminary "Yes" Decision Packages (original amount)		(3,435,424)
Preliminary 2026 Deficit with CIP and "Yes" Decision Packages	\$	(13,616,878)

Budget Balancing Measures

Surplus Fleet Management Fund Balance Transfer	\$	5,000,000
Budget Reduction Exercise - Reductions With No Service Impacts		725,821
Budgeting for Vacancy Savings (2% Factor)		1,081,727
Right-Sizing Public Safety Overtime Accounts		(500,000)
Reduce Additional \$2M for 1 (a) Projects to \$1M		1,000,000
Reduce "Yes" Decision Packages		650,592
Increase Sales Tax Projection		1,400,000
Use of General Fund Unassigned Fund Balance		4,258,738
Current 2026 Deficit	\$	-

Budget Balancing Measures

- Transfer surplus Fleet Management fund balance to Capital Expenditures Fund
- Budgeting for Vacancy Savings
- Budget Reduction Exercise
 - Reductions With No Service Impacts
 - Reductions With Service Impacts (not recommended now)
- Reduce “Yes” Decision Package Items
- Reduce additional \$2M for 1 (a) CIP Projects to \$1M
- Delayed Hiring/Hiring Freeze (not recommended now)
- Furlough Day Savings (not recommended now)

Fleet Management Fund

Surplus Fund Balance Transfer

- Internal Service Fund (ISF)
 - Surplus Retained Earnings (a.k.a. Fund Balance in an ISF)
- Annual Allocations based on estimates
 - Comprised of majority of General Fund Dollars
 - Budgeted to replace vehicles and equipment
 - Surplus due to supply chain impacts during Covid, accumulated interest allocation revenue, and unspent budget
- Recommend transferring \$5 million to Capital Expenditures Fund
 - Significantly helps General Fund
 - Reduces General Fund Transfer for Capital Investment Program Needs in 2026

Budgeting for Vacancy Savings

- “Vacancy savings” refers to natural salary and benefit savings that occur when a position is unfilled
- Vacancy savings accumulate due to staff turnover, retirements, and the time it takes to recruit and fill vacant positions
- Budgeting for vacancy savings is a way to account for this natural savings in the budget process, avoid over-allocating funds, and better align personnel budget to actual expenditure history
- Denver, Aurora, Boulder, and Jefferson County do this
- Staff analyzed options to implement budgeting for vacancy savings and recommends budgeting a 2% Vacancy Savings Factor (budgeting for 98% rather than 100% of full employment)
- 2% Vacancy Savings Factor estimated to be \$1,081,727 for 2026
- Staff also recommends right-sizing Public Safety overtime accounts (excess overtime previously covered by vacancy savings)



2% Vacancy Savings Factor	\$1,081,727
Right-Size Public Safety Overtime	(500,000)
Net Savings for 2026	\$581,727

Budget Reduction Exercise

Reductions with No Service Impacts:

- Targeted department budget review
- Revisited budget vs. actuals data comparisons to determine safe “no impact” reductions
- Identified \$725,821 in such savings

Reductions with Service Impacts:

- Bigger ticket items that could be implemented to generate additional savings:
- Ending Roadside Banner Program
- Reduce Contract Mowing
- Sponsor fewer Special Events or charge for food at events
- Reduce Recreation Center (i.e. open ½ hour later and close ½ hour earlier)
- Charge for trash collection services

Note: these reductions require more refinement for further consideration

Council Priority Areas

Public Safety

- Real Time Crime Center
- EOC Technology
- Hiring Strategy
- Operating Equipment and Supply Base Budget of Over \$1M to keep officers well equipped

Derby

- See next slide for more detail

Economic/Retail Development

- Incorporating AI to make better informed decisions on business attraction and retention (will help present prospective businesses with data driven proposals)
- Base Budget of over \$400K in outside services to pursue studies, business retention and quickly respond as opportunities may present themselves
- Adding FTE Marketing Specialist to help market the city to potential businesses

Public Works

- Parks Staffing Expansion: Ensuring City Parks and ROW are well maintained and keep working to improve city beautification
- Infrastructure Demands: Adding staff to the Hot shot crew
- \$2M added to 1A Preventative Maintenance Program

Derby

Additional Detail

Traffic Signal Installation – Monaco & Magnolia

- Address ongoing traffic and pedestrian safety concerns
- Improve traffic flow and access to downtown businesses
- Align with future transportation and development plans
- Traffic Signal Installation – Average cost for full mast arm signal - \$800,000

Downtown Lighting Study & Placement Plan

- Conduct professional lighting assessment for public safety and aesthetics
- Identify strategic placement for pedestrian-scale lighting
- Enhance visibility, support nighttime activity, and deter crime
- City received a grant that will cover the cost of the Downtown Light Study & Placement Plan
- Cost of implementation and installation will be identified in the study & placement plan

Creative District Designation

- Initiate process to designate Derby as an official Creative District
- Promote local arts, culture, and entrepreneurship
- Unlock access to grants, state-level support, and economic development tools
- Attract new visitors, creative professionals, and investment
- Requires a minimum \$10,000 operating budget

Note: Additional appropriations would be required at a future date

Economic Development

Additional Detail – Slide 1

Industry Cluster Study

- **Focused Economic Development:** Identifies the city's strongest and most promising sectors—enabling targeted business attraction, workforce development, and infrastructure investments where they will have the greatest impact.
- **Job Creation & Talent Alignment:** By understanding which clusters drive high-quality employment, the city can align education, training programs, and incentives to support sustainable, well-paying jobs for residents.
- **Competitive Positioning & Marketing:** Provides data to benchmark the city against regional and national peers, helping shape a compelling narrative to market the city's strengths to investors, site selectors, and strategic partners.
- **Identifies Targeted Growth Opportunities in Primary Employment Sectors:** The industry cluster study will identify key sectors with the highest potential for primary job creation, enabling the city to strategically focus economic development efforts and incentives on industries that bring new capital into the community.
- **Aligns Workforce and Business Attraction with Primary Employment Needs:** By analyzing the needs of high-impact clusters, the study will support alignment of workforce development programs with employer demand and guide strategic business attraction, expansion, and retention—directly contributing to the growth of primary employment opportunities.

Economic Development

Additional Detail – Slide 2

Workforce Development Study

- **Skills Alignment for Economic Growth:** Identifies current and future talent gaps, ensuring that local training programs align with industry needs—helping residents access quality jobs and businesses find qualified workers.
- **Informed Policy & Program Design:** Provides data on workforce participation, educational attainment, commuting patterns, and barriers to employment—guiding smart investment designed to advance economic mobility for residents.
- **Stronger Business Attraction & Retention:** Demonstrating a skilled, ready workforce is a top factor for attracting and retaining employers. This study will enhance the city's value proposition to site selectors and growing industries
- **Addresses Skill Gaps in Primary Employment Sectors:** This study will assess current and future workforce needs within primary employment sectors, enabling the development of targeted training programs that equip local talent with the skills needed to meet industry demands and reduce reliance on imported labor.
- **Enhances Employer Confidence and Talent Pipeline:** By demonstrating a commitment to cultivating a skilled, job-ready workforce, the study will strengthen the city's competitiveness, helping to retain existing primary employers and attract new businesses seeking a dependable and qualified labor force.

Retail

Additional Detail – Slide 1

Commerce City Incentive Policy

- **Catalyzes Retail Investment in Target Areas:** By directing incentives to designated areas and distressed corridors, the policy will help reduce risk for retail developers and signals where the city is actively supporting revitalization—making these areas more attractive for new stores and restaurants.
- **Supports Retail Growth Through Strategic Alignment:** Tying incentives to our Economic Development Strategic Plan and Comprehensive Plan ensures that retail projects align with broader land use, placemaking, and community goals—creating synergy that enhances long-term success.
- **Encourages Timely, High-Impact Retail Projects:** By requiring that incentives trigger development that wouldn't otherwise happen—or wouldn't happen as quickly or at the same scale—the policy drives retail momentum in key locations, accelerating the activation of commercial nodes.

Retail

Additional Detail – Slide 2

Retail Node Analyst & Strategy

- **Targeted Retail Growth:** A retail node analyst identifies underperforming areas and high-potential zones for retail development, helping the city proactively shape vibrant, walkable commercial districts that align with resident needs and market demand.
- **Customized Tenant Mix Strategy:** By analyzing demographics, foot traffic patterns, and consumer behavior, the strategy supports curated tenant recruitment efforts—attracting the right businesses to the right locations and reducing commercial vacancy rates.
- **Informed Infrastructure & Policy Planning:** Retail node insights guide strategic investments in infrastructure, parking, zoning, and incentives—ensuring public resources support sustainable retail growth and equitable economic outcomes across neighborhoods.

Retail

Additional Detail – Slide 3

Placer.AI

- **Data-Driven Decision-Making:** Provides real-time, location-based mobility and foot traffic data that enables the city to make smarter, faster decisions on retail recruitment, revitalization of Derby, and public space investments—reducing guesswork and increasing ROI.
- **Business Attraction & Retention:** The platform helps identify market gaps, visitor patterns, and trade area demographics, equipping staff with compelling insights to attract targeted businesses and support existing ones with actionable intelligence.
- **Performance Measurement & Reporting:** Enables the city to track the impact of events, development projects, and marketing campaigns—delivering measurable outcomes to justify investments and communicate value to stakeholders.

Retail

Additional Detail – Slide 4

Marketing Specialist

- **Stronger Business & Talent Attraction:** A dedicated marketing specialist will craft targeted campaigns to promote the city's assets, available sites, and quality of life—reaching the right investors, entrepreneurs, and workforce audiences through digital, social, and print channels.
- **Consistent Branding & Storytelling:** With a specialist on board, the city can maintain a consistent brand identity and proactively tell success stories—building confidence among stakeholders, showcasing progress, and increasing visibility in a competitive market.
- **Increased ROI on Programs & Initiatives:** Marketing support ensures that city-led events, incentives, grant programs, and studies reach their intended audiences—maximizing participation, engagement, and the overall impact of economic development efforts.

Golf Course Considerations

- Recommended fee increase will be presented to Council in October
- Additional options for future discussion:
 - Closure of Golf Course
 - Sale of Golf Course
 - Contract some/all operations of the Golf Course
- Future discussion in Spring 2026 at Council Planning Retreat

What is Still Subject to Change?

1. Final Position Budgeting Refresh
2. Final Internal Service Fund & 2K Allocations Update
3. Final Revenue Revisions (if any)
4. Incorporation of Opioid Funding for Community Well-Being Programming - \$50K revenue/\$50K expenditure with no net impact to Budget
5. Economic Opportunities & Cultural Affairs Department set-up (stand-alone department rather than division of City Manager's Office)
6. Implementation of approved Budget Balancing Measures

Budget Calendar Next Steps

Date	Activity
09/08/25	Council Budget Workshop
10/20/25	Open Public Hearing on Budget
11/03/25	Close Budget Hearing/Adoption