City of Greeley, Colorado
CITY COUNCIL SPECIAL WORK SESSION
Budget Retreat
July 8, 2025

1. **Call to Order**
   Mayor Gates called the meeting to order at 3 p.m. in the City Council Chambers at 1001 11th Ave, Greeley, Colorado, with hybrid participation available via the City's Zoom platform.

2. **Pledge of Allegiance**
   Mayor Gates led the Pledge of Allegiance.

3. **Roll Call**
   City Clerk Heid Leatherwood called the roll.
   The following were present:

   Councilmember Tommy Butler
   Councilmember Deb DeBoutez
   Mayor Pro Tem Dale Hall
   Councilmember Johnny Olson
   Councilmember Melissa McDonald
   Mayor John Gates

   Councilmember Brett Payton was absent and excused.

4. **City Council 2026 Budget Session**
   City Manager Raymond Lee introduced the recommended budget portion emphasizing that this process was a continuation of prior work focused on prioritizing key projects and initiatives. He highlighted the strategic importance laying groundwork for operations and service delivery in the upcoming year.

   Mr. Lee noted that while there are always more needs and ambitions than available funding, thoughtful prioritization can lead to meaningful community impact. He thanked the council's ongoing involvement and stressed that this presentation was the beginning, setting the stage for future discussions and work sessions. Mr. Lee commended the budget staff for their efforts and said that additional information would be gathered in response to their feedback.

   Ms. Myers outlined the detailed agenda for the meeting, which included an economic update, a financial review, a discussion of the 2026 General Fund outlook, a brief capital update, ballot measure funding proposals, and a prioritization workshop. The purpose of the session was to provide City Council with a clear understanding of the current budget outlook and to gather input on funding priorities for the 2026 proposed budget.

Brian Lewandowski, Executive Director of the Business Research Division at the University of Colorado at Boulder (CU), presented an economic update. He noted that while the economy remains resilient in some areas, several risks emerged. These included high tariffs, federal government restructuring, and challenges in commercial real estate.

Mr. Lewandowski highlighted slowing GDP (Gross Domestic Product) growth, weaker consumer spending— especially on durable goods—and historically large trade deficits driven by surging imports. Employment remained strong nationwide and in Colorado, with record labor force participation and two consecutive years of real wage growth. Colorado's inflation has cooled, particularly in housing, and remained below the national average.

He concluded with a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis for Greeley, highlighting strengths such as a young population, proximity to major corridors, and a diverse industrial base. Opportunities lie in expanding professional and business services, tourism, and leveraging federal policy changes. However, threats include uncertainty around tariffs, the broader costs of living, and potential policy impacts from major federal legislation. Overall, Mr. Lewandowski maintained a cautiously optimistic outlook, emphasizing that despite some economic softening, Greeley and Weld County are well-positioned for continued growth.

Division Treasurer Robert Miller provided a financial update for the second quarter, summarizing key developments from the first quarter. He highlighted positive trends such as increased interest earnings due to higher interest rates and strong online sales tax collections. He noted significant challenges, including sluggish sales tax growth at just 0.2%—well below the 5.4% budgeted rate—stagnant new construction levels, and anticipated declines in severance tax revenues due to producers claiming higher expenses. These factors, combined with broader economic uncertainty, were expected to impact the 2025 and 2026 budgets.

Mr. Miller reported an expected $17.1 million shortfall in sales and use tax revenues (including building-related taxes), mostly affecting capital funds. Despite this, the city currently holds $343 million in cash and investments, with $13–14 million in interest earnings projected for the year—well above the $8 million budgeted. Online sales were expected to comprise 15–30% of total collections. While categories like dining out were down, utilities and fuel were up due to cost increases. Building revenue remained flat compared to last year, falling below the 2025 budget expectations.

The City has $11.1 million in one-time funds from 2024—mainly salary savings—and $4.7 million in general fund stabilization reserves. These resources help offset anticipated shortfalls in the 2025 and 2026 budgets. While Greeley's fiscal challenges were notable, Mayor Gates and City Manager Raymond Lee emphasized that similar shortfalls were affecting other municipalities, especially those reliant on sales tax and building permit revenues.

Council discussed the importance of a more conservative approach to future projections, particularly around building permit revenue, which consistently missed targets over the past three years. Interest rates and inflated construction costs were cited as key deterrents for developers. There was discussion around incentivizing development through infrastructure investment. A forthcoming update to development impact fees may drive increased permit activity. Councilmembers agreed on key strategic planning and proactive financial management to navigate the economic landscape.

Ms. Myers presented a comprehensive overview of the City's 2026 General Fund budget outlook, revealing a projected $11 million gap between ongoing revenues and expenditures. The gap stems from several key challenges: softening sales and use tax revenues due to slowed development and consumer activity, rising expenditures driven by inflation and significant growth in full-time employees (FTEs), and optimistic growth projections that have not yet materialized.

Ms. Myers explained that while Greeley has strategically increased staffing over recent years to support new services and prepare for projected residential growth, slower-than-expected development has delayed anticipated revenue. From 2020 to 2025, the City added over 240 FTEs to address critical service needs, internal operations, and strategic initiatives such as homelessness and housing solutions. However, many of these positions were term-limited or grant-funded and could expire at the end of 2025 unless sustainable funding was identified.

A significant portion of the General Fund (68%) was dedicated to salaries and benefits, leaving limited discretionary spending and making cost reductions especially difficult. Ms. Myers emphasized that while Greeley's financial position remains stable for now—from carryover funds and a revenue stabilization reserve—the current trajectory was unsustainable without corrective action. The City's fund balance was projected to fall to or below the 16.7% reserve target unless growth picks up or expenses are curtailed.

To address the gap, the City enacted a hiring pause, directed departments to identify core services and realignment opportunities, and was refining revenue forecasts. A long-range financial plan was also in development, featuring a 10-year forecast, comprehensive financial policies, and strategies for cost recovery and revenue generation, which will be presented later in the year.

Councilmembers voiced concerns about maintaining essential services, prioritizing existing infrastructure, and aligning future investments with sustainable growth.

Discussions on the Capital Improvement Plan (CIP) emphasized focusing on system maintenance, critical infrastructure, and strategic development tied to projected residential growth, including projects like the Gold Hill pipeline and downtown stormwater upgrades.
The session concluded with acknowledgment of the difficult budget choices ahead and the need for careful planning, prioritization, and potential voter-approved funding to ensure the city's long-term fiscal sustainability.

Ballot Measure Discussion:
Staff previewed four potential 2026 ballot measures to raise new revenue through a 0.5% sales tax increase, estimated to generate $12–14 million annually. The proposals under consideration included:

- Public Safety Tax – To fund police, fire, and emergency management staffing, equipment, facilities, and operations, helping to support expanded public safety needs and to ease pressure on the General Fund.
- Housing & Homeless Solutions Tax – To sustain existing services (currently grant-funded), support a year-round shelter, and expand affordable housing incentives.
- Public Health & Safety Combined Measure – A merged option combining elements of the public safety and housing/homeless measures.
- Economic Development Tax – To support small businesses and efforts to attract new employers to Greeley.

During this portion of the meeting the Council and staff discussed several pressing budgetary and planning issues. The issue would focus on public safety infrastructure, homelessness and housing services, and potential tax measures to support these areas.

The Council questioned the $3.4 million budgeted in 2026 for a new fire station, Station 8, since design and construction will take several years. Staff confirmed that the proposed 27,500 square foot joint public safety complex was estimated to cost $26.7 million and highlighted the importance of beginning early due to long lead times for hiring, training, and equipment procurement. Concern was raised about funding Station 8 before it's urgently needed, particularly given the current low call volume at nearby Station 6. Chief Kuznik discussed resource strain and increased response times make facility expansion inevitable.

Council discussed continued investment in homelessness and housing programs. Without new funding, key staffing in these areas—23 homelessness-related and 5 housing-related positions—would be lost after 2025, potentially reversing recent progress.

Ms. Myers detailed the proposed uses of funding, which included sustained outreach and housing teams, creating a year-round homeless shelter, and launching affordable housing incentives such as down payment assistance and gap financing.

Homelessness and Housing Director Mandy Shreve added that shelter operating costs ($2.9 million) were based on figures from potential partners, United Way and the Fort Collins Rescue Mission. Although grants were expected to offset some costs, long-term funding remains uncertain.

Discussion was raised about the combination of these topics into a single ballot measure. Ms. Myers noted concerns under Colorado's TABOR single-subject rule, but the team proposed packaging the issues as a broader "public health and safety" initiative. The combined measure would address staffing and facility needs in both areas but would reduce funding depth, for instance, omitting housing and shelter funding.

Council reviewed a proposed economic development measure, which would support small business grants, workforce development, entrepreneurial programs, and site redevelopment incentives. While many acknowledged long-term importance, some members of council were concerned about feasibility at the ballot without more public education and data on potential returns.

Council requested early access to polling data ahead of the July 22 decision deadline and emphasized transparent, simplified messaging—especially on economic development—to help voters understand the impacts. The meeting concluded with an acknowledgment of urgency and complexity of balancing priorities for long-term community growth and immediate service needs.

These proposals aligned long-term service demands with dedicated funding sources. City Council will review the polling results and discuss next steps at the July 22 work session.

5. **Motion to go into Executive Session to receive legal advice and to instruct negotiators regarding the financing for the West Greeley project**

A motion to go into an Executive Session to discuss the following matter as provided under C.R.S. Section 24-6-402(4)(b) and 24-6-402(4)(e)(I), Greeley Municipal Code Sections 2-151(a)(2) and 2-151(a)(5): To determine positions, develop strategy, and instruct negotiators about the financing of pre-development services for the West Greeley project, and to receive legal advice from the City Attorney.

**Councilmember Butler moved to approve the motion. Councilmember Olson seconded the motion. The motion passed 6-0 at 5:01 p.m. with Councilmember Payton absent.**

Mayor Gates started the Executive Session at 5:16 p.m. in the Colorado Room of City Center South. The meeting was electronically recorded as required by Colorado Open Meetings Law.

All Councilmembers were present, except for Councilmember Payton due to an excused absence. City Manager Raymond Lee, City Attorney Stacey Aurzada, Chief Operating Officer Blair Snow, Chief Financial Officer Allena Portis, Deputy City Attorney Moses Garcia, and Division Treasurer Robert Miller were also present. Attorney Dalton Kelley from Butler Snow and Jason Simmons, Hilltop Financial appeared remotely.

The executive session was to receive legal advice related to these matters as provided for under C.R.S. Section 24-6-402(4)(b) and 24-6-402(4)(e)(l), and Greeley Municipal Code Section 2-151 (a)(2) and 2-151(a)(5).

Mayor Gates cautioned each participant in this executive session to confine discussion to the stated purpose and reminded everyone that no formal action may occur in executive session. He asked if at any point in the executive session any participant believes that the discussion was going outside the proper scope of the executive session, to please interrupt the discussion and raise an objection.

The Executive Session concluded at 5:52 p.m.

The recording of this executive session will be retained as provided in the City's records retention policy and in conformity with Colorado Open Meetings Law for a period of 90 days.

Mayor Gates reconvened the meeting at 6:01 p.m.

6. **Continued Budget Session**

Ms. Myers introduced a prioritization workshop exercise for Council participation. The task was to prioritize major capital projects and strategic initiatives. The workshop was facilitated by Strategy Director John Herge and Senior Facilitator and President of Peak Facilitation Heather Bergman.

Councilmembers had previously completed a pre-retreat task where they had allocated “points” to rank approximately 20 projects in specific categories. Results were anonymized and averaged. The project began with this prioritized list and the goal of the session was to identify Council priorities for allocating $24 million in available capital funds for 2026.

Myers explained the categorization of projects into a "Go, Maybe, Pause" framework, where "Green" signified alignment and readiness to proceed, "Yellow" required further discussion and potential trade-offs, and "Red" indicated a pause or deferral.

Based on Council's scoring, only two projects—Downtown Civic Campus and Greeley-Weld County Airport improvements—could be fully funded within the $24 million. (The West Greeley project was not counted against this budget due to alternative financing plans.)

Council discussion clarified the methodology behind the rankings and dollar amounts, as well as the possibility of partially funding projects like asset maintenance, trail development, and other infrastructure improvements. Questions arose about the status of projects, funding mechanisms, and long-term implications—such as the Lincoln Park redevelopment and the potential economic impact of sports facility upgrades. It was noted that many capital projects with separate or secured funding (e.g., wastewater treatment, stormwater improvements) were excluded from this prioritization.

Council began allocating the remaining funds, agreeing to move the Public Maintenance Infrastructure Campus project into the funded "green" category at $500,000, despite some members expressing concern about its priority. With $2.5 million remaining, Council debated allocating funds to Asset Maintenance and Replacement versus other initiatives like the Greeley Mall, Poudre River Restoration, and Sports Facilities.

Differing opinions emerged, weighing immediate infrastructure needs against long-term community and economic development goals. Ms. Myers emphasized that deferring some projects, particularly Poudre River Restoration, could risk losing planning momentum and increase future costs.

Another major focus was critical asset replacement needs, which totaled $10 million and included projects such as roof repairs at Island Grove Event Center, playground replacements, pool refurbishments, and HVAC upgrades. Council agreed to allocate $2 million toward these efforts and earmarked an additional $500,000 for Island Grove enhancements, specifically for updating the comprehensive master plan.

The airport project, at $10 million, was discussed. Although it offered significant potential for economic development and return on investment, particularly due to the JBS expansion and commercial flight ambitions—concerns were raised about the project's dependence on matching county funding. Council acknowledged the importance of having a contingency plan, suggesting that if the airport project falls through, the remaining funds should be redirected to asset replacements.

Other projects, such as sports facility improvements and mall redevelopment, were considered but did not receive majority support. Concerns about investing city funds into privately owned properties, such as the Greeley Mall, were expressed despite recognizing its impact on the community. Some councilors also supported further investment in public safety and suggested additional discussions during the formal budget process.

The meeting concluded with consensus on the capital spending package:

- $11 million for the Downtown Civic Campus,
- $10 million for the Greeley-Weld County Airport (pending county participation),
- $500,000 each for the Public Maintenance Infrastructure Campus and Island Grove enhancements, and
- $2 million for Asset Maintenance and Replacement.

Council also prioritized strategic initiatives for the City Manager to consider during budget development, with affordable housing and homelessness strategies ranking highest.

Mayor Gates thanked staff and the facilitator for the exercise and outlined the next steps for upcoming budget sessions.

**7. Adjournment**

With no further business to come before the Council, Mayor Gates adjourned the meeting at 6:58 p.m.

Approved

X

John Gates
Mayor

Attest

X

Heidi Leatherwood
City Clerk