



BLESSING 'YEMI' MOBOLADE
MAYOR

October 2, 2023

Honorable President Helms, President Pro Tem Crow-Iverson and City Councilmembers,

In accordance with the City Charter of Colorado Springs, I present to you a balanced budget focused on building support within government, building trust with our community, and addressing our most pressing and urgent issues in the areas of public safety, infrastructure, and park maintenance.

2024 BUDGET OVERVIEW

This 2024 Budget reflects the shared strategic goals and values between City Council, the Administration, and our community. Our City government is challenged by variable economic conditions and inflationary pressures. During 2023, we've seen sales tax revenue flatten and in some months decline, and we expect that to continue into 2024, with only a small anticipated increase compared to 2023 forecasted sales tax.

Property taxes are up overall, but the City cannot collect over its TABOR cap in this category, which is why property tax revenue does not provide the relief to the budget that may be expected. The City has capped the mill levy on property taxes to help residents who have seen steep property tax increases, many of whom are on a fixed income. By capping the City's portion of property taxes in 2022 and 2023, we prevented collecting revenue over the TABOR limit, thereby providing a "refund" to residents. And, for 2024, the City will again be capping the property tax rate and continuing to provide relief.

Looking to the expenditure side of the budget, the cost to provide our existing level of service is increasing. We, as an organization, are experiencing inflation like everyone else. The cost of covering our current commitments will exceed the amount of revenue that we anticipate collecting next year.

There are unavoidable cost increases that must be included in the budget, which include increases in contracts, health and property insurance, operating expenses and compensation adjustments necessary to retain and attract employees.

The City of Colorado Springs values its employees, who are by far its most important asset. These dedicated public servants go above and beyond to provide high-quality services to our residents. Because we value our employees, there are conservative compensation increases proposed in the 2024 Budget to include:

- a. All Police and Fire sworn employees and positions assigned to the 911 Communications Center will receive a 4% market increase in pay.
- b. Civilian employees will be eligible for an average 2% pay increase based on performance.
- c. Civilian employees who are below market average for their position will receive a salary increase (pay progression) on their job anniversary date.

Accommodating increases in unavoidable expenses has resulted in the need to include reductions in several areas of the Budget. There are reductions included for citywide expenditure items in addition to all City departments identifying a 3.4% reduction in operational spending. The aim is to continue providing the highest level of service possible to residents, businesses and visitors.

The citywide reductions include:

- a. Reducing Capital Improvements Program (CIP) funding to only existing financial commitments and grant match requirements to leverage state and federal funding.
- b. Reducing funding for facilities-related capital projects, while maintaining funding for critical projects to avoid falling further behind in facility maintenance.
- c. Not adding new staff positions, except for those needed to insource our Fleet operations and other positions tied to increased revenue.
- d. Temporarily slowing the speed at which we are replacing non-emergent fleet vehicles.

The Departmental reductions include:

- a. Reducing salaries and benefit costs by holding vacancies open, reducing seasonal/temp staffing, and overtime hours.
- b. Reducing non-critical operating expenses.
- c. Eliminating non-critical capital expenses.

These reductions are part of the budget balancing strategy used for 2024, however, they do not fully align expenses with revenue. Therefore, it is necessary to include a one-time judicious use of rebudgeted revenue of \$10 million. This will keep our unrestricted fund balance at approximately 17%, which is still above the Government Finance Officers Association (GFOA) recommended target of 16.7%.

This has not been an easy decision. All options for balancing the budget were explored to minimize the impact of these reductions to departments and level of service to our community.

Now, I want to highlight some of the great things happening in Colorado Springs.

Building support within government is one of my top three priorities. We are the 39th largest city in America, and as of this year, we have more than half a million residents living in our city. As we continue to grow, it is important to expand our relationship with decision-makers at the local, state, and federal levels. My team and I have already been building these important relationships. I had the opportunity to meet with congressional leaders this summer and fall to share the most pressing concerns facing our city in the areas of housing, infrastructure, Space Command, our airport, and economic development.

We are also working with our state legislators, mayors from around the state, and Governor Polis to ensure we have a good pulse on new legislation and opportunities coming from the State.

Most importantly, I am working with you, my esteemed colleagues, to ensure our local government is collaborative, innovative, and healthy. Let us continue our work together in service to the residents and future residents of Colorado Springs.

In early August, the Biden Administration announced Colorado Springs as the permanent home of U.S. Space Command. This announcement was the culmination of years of work by "Team Colorado," a delegation of local, state, and federal leaders working together in the best interests of taxpayers and

national security. Because of this collaboration and advocacy at all levels of government, Colorado Springs is now the permanent home of U.S. Space Command.

Building trust with our community is the second of my top three priorities. During 2023, the Mayor's Office of Community Affairs was created. It provides a direct link from the City and Mayor's Office to diverse community groups through programming, dialogue, and outreach. Through robust community outreach, we will together ensure that diverse perspectives are listened to and we are responding to resident needs and concerns.

Addressing our most pressing and urgent issues is the third of my top three priorities. This includes providing three direct and essential City functions, which are ensuring the safety of our community, caring for infrastructure, and maintaining our parks. These are the main responsibilities of City government, and the majority of the City's budget is allocated to these three areas.

The first of these most pressing and urgent issues is **ensuring the safety of our community**, which makes public safety a top priority. While total crime incidents have fallen, and that's something to celebrate, other numbers are not trending in the right direction. Average response times for calls for service have increased, and getting to the authorized sworn strength of police officers remains a challenge and opportunity.

November of 2023 marks one year since a great tragedy struck our community at Club Q. We remember the victims, survivors and their families. Our first responders worked quickly on scene, and then tirelessly in the days and months that followed to ensure justice for the victims and their families. We are grateful for their courage and diligence.

Highlights of funding and priorities included across all funds in this 2024 Budget related to **Public Safety** are the following:

- a. Compensation increases of 4% for all Police and Fire sworn employees and civilian employees in the 911 Communications Center.
- b. Recent implementation of a continuous hiring model which will increase the number of sworn police officers hired and trained each year. This will be instrumental in addressing the critical need to achieve full staffing in sworn police positions.
- c. Continued funding for replacement of Police Department emergency vehicles and Fire Department apparatus.
- d. Full-year funding in the General Fund for the Homeless Outreach Program (HOP) in the Fire Department, which was previously partially grant funded. This program provides resources and navigation for access to healthcare, housing, and mental and behavioral health resources. We are pleased to continue this impactful program.
- e. Continued funding for the Police Department's Homeless Outreach Team (HOT) that is an investment in our community's access to housing and an improved quality of life.
 - a. \$500,000 of continued for shelter bed operations for people experiencing homelessness.

The second of the most pressing and urgent issues is **caring for our infrastructure**. Thanks to the voters, who invested in our critical infrastructure needs over the last several years, our roads continue to improve, and our stormwater system has held up despite historic rain this summer. We had more than 14 inches of rain in May and June of 2023. Without that investment in stormwater, we would have experienced major flooding and widespread damage throughout the city.

The vastly popular 2C/2C2 initiative continues to deliver meaningful results, reducing the number of resident complaints by 90%. In terms of lane miles, we have repaved the distance from Colorado

Springs to Athens, Georgia. We need to keep paving the whole way to Athens, Greece, to resurface our entire existing road system.

Nearly 70,000 potholes have been filled in 2023. Residents help us greatly in this effort when they use the GoCOS app to report potholes.

The critical capital improvement work continues thanks to voter support of the Pikes Peak Rural Transportation Authority, or PPRTA. This funding is allowing us to complete major and very expensive improvement projects like the accelerated efforts underway to widen portions of Marksheffel Road, rebuild the Circle Drive bridges, reconstruct South Academy Boulevard, and make extensive updates to Black Forest Road to support the rapid growth in that part of the city.

Highlights of funding decisions included across all funds, including enterprises, in this 2024 Budget related to **Infrastructure** are the following:

- a. Increased funding of \$1.3 million in Public Works to provide two positions for traffic signal maintenance, a result of an IGA with El Paso County, and for six positions related to traffic control and work in the rights-of-way for telecommunications projects. Each of these positions is directly offset by increased revenue.
- b. Increased funding of \$250,000 for capital costs associated with adding school zones near middle and high schools, with the goal of increasing pedestrian safety at all schools over the next several years. This increased cost will be offset by increased fee revenue.
- c. \$170,000 of additional funding to Mountain Metro Transit for increased contract costs to sustain transit services, and \$180,000 increased funding for security at the Downtown Transit Center.
- d. \$1.9 million of matched funding to leverage \$15.4 million in grant funding for critical infrastructure and transportation related capital projects.
- e. \$34.8 million of capital infrastructure projects at the Colorado Springs Airport to include upgrades to the terminal, runways, and the baggage handling system.
- f. \$4.6 million of capital infrastructure projects for the Parking Enterprise to include parking garage structure improvements, parking meter replacement and streetscape projects that make our downtown area more attractive to visitors and businesses.
- g. \$16.5 million for numerous capital infrastructure projects for the Stormwater Enterprise.

The third most pressing and urgent issue is **maintaining our parks, trails, and open spaces**. Our residents love our easy access to the outdoors, which helps define our quality of life. It's what inspired the founder of our city General William Jackson Palmer over 150 years ago to envision and create a great city. It's also what brings tens of thousands of tourists every year to Olympic City USA. I am committed to the good stewardship of our natural environment, and the long-term maintenance of our park system. It's why I am excited about connecting our trails, the thrilling plans for Coleman Park on the city's east side, the reclamation of the Pike View Quarry and the future of the Jimmy Camp Creek and Corral Bluffs Open Space.

The 2024 all-funds Budget includes the following items to address **Park Maintenance**:

- a. Increased funding of \$230,000 in Parks, Recreation and Cultural Services to provide 1.5 positions to provide school programming at Rock Ledge Ranch, additional patrols at Catamount Reservoir during its closure, and additional seasonal staffing at Sertich Ice Center. These costs are directly offset by increased revenue.

- b. Increase of \$52,100 for additional services and facility maintenance at Deerfield and Hillside Community Centers (offset by increased revenue).
- c. Approximately \$4.4 million of Trails, Open Space and Parks (TOPS) funding for capital projects to include Grey Hawk Park planning and implementation, Legacy Loop trail connections, Fisher Canyon Open Space planning and implementation, and numerous irrigation, signage and planning projects.
- d. Capital funding in the Conservation Trust Fund (CTF) and the Ballfield Fund to replace artificial turf at two infields at the Skyview Sports Complex.

Across all departments and functions, we have an obligation to our residents and visitors to continue to provide excellent services, and as such, the 2024 General Fund Budget includes the following high priority items that allow us to provide the most efficient service delivery possible:

- a. Elevation of Housing and Community Vitality to a stand-alone department and appointment of a Chief Housing Officer during 2023, who reports to the Deputy Chief of Staff of Infrastructure. This department focuses on affordable housing, neighborhood improvements, homeless service coordination, and public facilities improvements.
- b. \$2.2 million of increased funding for insourcing fleet maintenance in order to increase the level of service and reduce turnaround times.
- c. \$1 million of increased funding for Information Technology for updating our backup technology at the Data Center and establishing a new Disaster Recovery location that will protect the City's ability to continue to provide services in the event of extreme weather events, a cybersecurity attack, or other disaster.
- d. \$1.3 million of continued funding for the City's Americans with Disabilities Act operating and capital projects to maintain and improve accessibility.
- e. \$500,000 increased funding to address Information Technology core infrastructure, applications, and cybersecurity.
- f. \$8.7 million for salary increases for civilian and Police and Fire sworn employees; step and market increases for Police and Fire sworn, pay progression for civilian employees, and pay for performance for civilian employees.
- g. \$7.5 million for full-year funding for the portion of compensation and added positions that were phased in during 2023, increased costs for Police and Fire sworn pensions, and for increased medical plan costs; net of decreases to worker's comp and life insurance costs that have no impact on benefit to employees.
- h. \$2.0 million to fund increased rates for insurance premiums, fuel, and utilities, as well as contractual increases, including animal law enforcement services.
- i. \$1.9 million of matched funding to leverage \$15.4 for critical infrastructure and transportation-related capital projects.

While we focus on the City's General Fund, it is important to acknowledge the City's other funding sources which are available for City services, most significantly special revenue funds which have specific designated uses. Important special revenue funds include: voter-approved 2C2 - Road tax fund, voter-approved Public Safety Sales Tax (PSST) fund, voter-approved Trails, Open Space and Parks (TOPS) fund, Conservation Trust Fund (CTF or Lottery Fund) for parks, and other federal, state and private grant funds. These designated revenue sources are critically important to the City's ability to provide core municipal services.

The 2024 Budget document provides residents an overview of the City's resources and costs of providing core municipal services. The document also provides very specific line-item expenditure details so that residents can see the City's specific spending plans. We are guided by the core values of being transparent, approachable, and proactive. The 2024 Budget represents these values by demonstrating accountability to residents and providing the highest level of financial transparency. I would like to thank all City department directors, their staff and the Budget Office – a great City team that worked collaboratively to develop the 2024 Budget and produce the 2024 Budget document before you.

Our City has many strengths and also challenges. It is up to all of us to work together to navigate through these challenges and come out better and stronger! We are committed to continuing to make a difference and finding new ways to serve and help others.

We are on an incredible journey together to build an inclusive, culturally rich, economically prosperous, safe, and vibrant world-class American city on a hill that shines brightly.

Together, WE ARE COLORADO SPRINGS.

Onward and Upward,

A handwritten signature in black ink, appearing to read "Blessing A. Mobolade". The signature is written in a cursive, flowing style.

Blessing 'Yemi' Mobolade
Mayor, City of Colorado Springs