



JOHN W. SUTHERS
MAYOR

October 5, 2020

Honorable President Skorman, President Pro-tem Strand and City Council Members,

In accordance with the City Charter of Colorado Springs, I present to you a balanced budget that reflects an allocation of resources in line with our strategic plan goals: Promoting Job Creation, Investing in Infrastructure, Building Community and Collaborative Relationships, and Excelling in City Services.

2021 BUDGET OVERVIEW

The City's General Fund is the City's main operating fund and the one over which the City has the most discretionary budget control. The 2021 General Fund budget is \$348.9 million, which is \$17.6 million or 5.3% more than the 2020 budget. The increase is largely due to re-budgeting \$20 million of expenditure savings generated by the Coronavirus Aid, Relief, and Economic Security Act (CARES) Act funding in 2020 received from El Paso County, originating as federal funding. There is a very modest projected increase in sales and use tax revenue of 0.02% over the 2020 budget (and 6.5% over the current 2020 end-of-year forecast). There are projected decreases in other revenue categories such as Intergovernmental and Other Financing Sources. At this time, the City anticipates exceeding the 2021 TABOR revenue limit by approximately \$6.1 million, due to the ratchet down effect of decreased revenue in 2020 related to the economic shutdown and revenue loss as a result of the COVID-19 pandemic. The TABOR revenue limitation applies to total fiscal year spending, but also specifically to Property Tax revenue. It is anticipated that the 2021 Property Tax revenue will exceed the TABOR property tax revenue limit by \$1.44 million. These combined amounts totaling \$7.5 million have been set aside for a possible retention or refund, and are therefore unavailable to fund City services.

Colorado Springs will celebrate its sesquicentennial on July 31st of 2021. In the last 150 years, we have grown to be the 39th largest city in America, with a population approaching 500,000 people. We have recently been ranked in the top 3 best places to live in the United States by U.S. News and World Report, based on affordability, job market, net migration and quality of life indicators, including health care and education. The 2020 Census will determine whether we meet the 500,000 population threshold, which can result in additional federal funding.

Important contributing factors in achieving our current national status are the various ways in which we have experienced a renewed investment in public infrastructure:

- In 2013, under state legislation known as the Regional Tourism Act, Colorado Springs applied to the Colorado Economic Development Commission and secured \$120.5 million in state sales tax increment financing to support four local projects:
 - the ***U.S. Olympic and Paralympic Museum*** opened on July 30th, 2020, where people near and far can experience leading-edge technology and immerse themselves in the Olympic movement;

- the **Hybl Sports Medicine and Performance Center at UCCS** opened in August 2020, a state of the art facility that will attract physicians, researchers, athletes and students to explore human potential for excellence and injury recovery;
 - two downtown area stadiums, one of which will be completed in the Spring of 2021 and will be the home of the **Colorado Springs Switchbacks Football Club** and other sports and community events; also **Robson Arena at Colorado College** will be home of the Colorado College hockey team beginning in 2021 and will host many other events;
 - the new **Air Force Academy Visitor Center** adjacent to I-25, and situated on a 59 acre development surrounded by office, hotel, recreation and dining amenities; the project has been impacted and delayed due to the COVID-19 pandemic, but will be back on track in 2021.
- In November of 2019, voters in Colorado Springs passed Issue 2C2, agreeing to continue investment in our roads with \$287.5 million over 5 years, 2021-2025, at a reduced sales tax rate of 0.57%. This is a continuation of Issue 2C which was passed by voters in November of 2015, for 2016-2020, at a sales tax rate of 0.62%. Funding received from 2C2 will allow for paving of over 850 lane miles in years 2021-2025.
 - In November of 2017, voters passed Issue 2A, agreeing to invest in our stormwater program, including reinstating a stormwater fee which will allow us, over the next 20 years, not only to meet our various legal obligations, but to create the best stormwater program in Colorado.

General Fund dollars freed up by the passage of the stormwater fee will allow us to hire 120 police officers and 32 firefighters by the end of 2022. In the 2021 Budget, 103 of the 120 police officers have been added to the Police Department's authorized strength of sworn officers. Also in 2021, the commitment to adding 32 sworn firefighters to the Fire Department will be fulfilled. The additional sworn personnel are essential to reducing critical incident response times and making our public safety capabilities among the best in the country.

Across all departments and functions, we have an obligation to our citizens to continue to provide quality and responsive services, and as such the 2021 General Fund Budget includes the following high priority items that allow us to enhance and improve our service delivery:

- \$2.0 million of increased funding for 10 new sworn Police positions and 8 new sworn Fire positions and equipment, including re-establishing a dedicated Hazardous Materials response team and the transition of a medical squad to an engine company for the Fire Department
- \$400,000 of increased funding for park maintenance
- \$1.7 million continued funding for the City's Americans with Disabilities Act operating and capital programs
- \$1,000,000 of increased funding for city fleet and equipment replacement
- \$500,000 of continued funding to support shelter bed operations for the homeless population
- \$760,000 increased funding to Mountain Metro Transit, including a route to the Airport and Amazon to be established in the 2nd half of 2021
- \$1.6 million continuing support to address Information Technology core infrastructure, applications, and cybersecurity improvements and sustainment
- \$2.0 million for Police and Fire sworn step increases, pay progression for civilian employees, and full-year funding for the portion of compensation that was phased in during 2020
- \$650,000 increased operating and capital funding for snow/ice removal operations
- \$2.2 million for critical facility maintenance - spread across the City's many facilities including police and fire stations, parks facilities, public works facilities, and fuel infrastructure
- \$500,000 increased funding for city-wide Capital Improvement Projects
- \$850,000 increased funding for the state-mandated 811 utility locate team

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: 2C2 - Road tax fund, Public Safety Sales Tax (PSST) fund, 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.

STRATEGIC PLAN GOAL: PROMOTING JOB CREATION

We will collaborate with regional partners to attract a diverse economic base to Olympic City USA. This focus includes support for businesses and leveraging Opportunity Zones to create diverse and sustainable economic growth. The Pikes Peak region has one of the most resilient economies in the country, despite the economic shutdown and stay at home orders that occurred in 2020 as a result of the COVID-19 pandemic. Tourism came to a grinding halt in March of 2020, though it is rebounding strongly compared to most areas of the country. As we continue to recover from the economic crisis brought on by the pandemic, we have experienced unprecedented levels of public and private investment in our city. We will continue to partner with the community to ensure that the City of Colorado Springs emerges stronger than ever.

Highlights of funding included across all funds in this 2021 Budget related to the **Promoting Job Creation** strategic plan goal are the following:

- Continued funding for the Colorado Springs Chamber & EDC and the Small Business Development Center
- Continued funding for arts, sports, and cultural organizations and VisitCOS for visitor promotion, provided with revenue from the LART Fund
- \$1.0 million of funding from the Parking Enterprise for downtown streetscape projects, which increases the attractiveness and vibrancy of the core of our City
- Continued expansion of the Colorado Springs Airport business park, to include an Amazon regional distribution center that is scheduled for completion in 2021

STRATEGIC PLAN GOAL: INVESTING IN INFRASTRUCTURE

Maintaining our City's infrastructure and assets are a core responsibility of our City and essential to effective service delivery. We will continue to address infrastructure and transportation needs by providing smart and innovative mobility solutions to create a connected, safe, and accessible community.

Improving our roads is a continued effort in 2021. With the passage of Issue 2C2 in November 2019, we will be able to fund, over a five-year period beginning in 2021, approximately \$287,500,000 for continued improvements to our deteriorating roads. This is an extension of Issue 2C that was passed by voters in November 2015, and reflects a reduction in the sales tax rate from 0.62% with 2C (2016-2020), to 0.57% with 2C2 (2021-2025). Through August of 2020, with 2C funds, we have paved 961 miles of road, improved over 807,000 linear feet of curb and gutter, and over 1.5 million square feet of sidewalk. Additionally, 5,143 pedestrian ramps have been constructed or improved in compliance with the Americans with Disabilities Act.

One of our foremost challenges, sustainable stormwater funding, was addressed on November 7, 2017 when the voters passed Ballot Issue 2A, creating a dedicated stormwater fee for infrastructure and maintenance. The Stormwater Enterprise has assumed all construction, improvement, operation and maintenance of public stormwater facilities and public stormwater systems in the city.

Highlights of funding decisions included across all funds in this 2021 Budget related to the **Investing in Infrastructure** strategic plan goal are the following:

- \$19.4 million of continued funding for Stormwater Enterprise operating and infrastructure projects
- \$54.6 million 2C2 funding for road and street improvements which includes the replacement of deteriorated adjacent curb, gutter, sidewalk and pedestrian ramps
- \$900,000 for roadway and safety improvements along 30th Street, and design funding for Envision Shooks Run
- \$1.7 million of continued funding for the City's Americans with Disabilities Act operating and capital programs
- \$1,000,000 increased funding for the fleet replacement strategy to replace highest priority vehicles and equipment (based upon age, mileage/hours and maintenance history)
- \$1.6 million continued funding to address Information Technology core infrastructure, applications, and cybersecurity improvements and sustainment
- \$2.2 million for critical facility maintenance - spread across the City's many facilities including police and fire stations, parks facilities, public works facilities, and fuel infrastructure
- \$850,000 increased funding for the state-mandated 811 utility locate team
- Continued investment by the Pikes Peak - America's Mountain enterprise and community partners to complete a \$64 million Summit Complex in 2021
- \$23.4 million of Capital Improvement Projects at the Colorado Springs Airport
- \$1.7 million of funding in the Parking Enterprise for structural maintenance of parking garages, lots and smart parking meters

STRATEGIC PLAN GOAL: BUILDING COMMUNITY & COLLABORATIVE RELATIONSHIPS

The 2021 Budget is again the result of an open and collaborative process between City Council and Administration. We strive to provide strategic city services and community partnerships that improve citizen quality of life by reducing crime, reducing the number of persons experiencing chronic homelessness, increasing affordable housing opportunities, and facilitating community investment. These efforts rely on strategic partnerships with others and the ability to align efforts and work together towards common goals.

Highlights of funding included across all funds in this 2021 Budget related to the **Building Community and Collaborative Relationships** strategic plan goal are the following:

- Continued funding for the Council of Neighborhood Organizations (CONO)
- Continued funding (General Fund and grants) for the Public Safety Community and Public Health program that integrates Emergency Medical Services into the broader healthcare system and provides the proper level of response in a timely and cost-effective manner
- Continued staff support and participation in the community response to homelessness, including the Springs Rescue Mission campus
- Establish a Community Diversity and Outreach division that will provide a direct link from the City to diverse community groups through programming, dialogue and outreach
- Continued funding for Downtown security
- Increased efforts by the Colorado Springs Airport to rebuild air service delivery for the Pikes Peak Region after the COVID-19 pandemic

STRATEGIC PLAN GOAL: EXCELLING IN CITY SERVICES

Lastly, but certainly not least, it is imperative that the City, as a large organization and major employer, continues to provide excellent and sustainable delivery of core services.

Highlights of funding included across all funds in this 2021 Budget related to the ***Excelling in City Services*** strategic plan goal are the following:

- \$2.0 million of increased funding for 10 new sworn Police positions and 8 new sworn Fire positions and equipment, including re-establishing a dedicated Hazardous Materials response team and the transition of a medical squad to an engine company for the Fire Department
- \$2.0 million for Police and Fire sworn step increases, pay progression for civilian employees, and full-year funding for the portion of compensation that was phased in during 2020
- Increased funding for rising healthcare and pension costs
- \$760,000 increased funding to Mountain Metro Transit, including a route to the Airport and Amazon to be established in the 2nd half of 2021
- \$400,000 of increased funding for park maintenance
- \$650,000 increased operating and capital funding for snow/ice removal operations
- Increased funding for animal control services

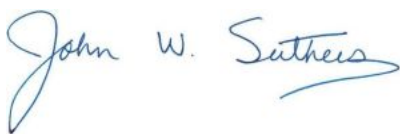
This 2021 Budget is a reflection of our shared strategic goals and collaborative relationships between City Council and Administration and between our local government and our community. When building the annual budget there is always competition between the need to invest in our facilities, infrastructure and services and the need to build reserves for emergencies and to withstand an economic downturn. While the Government Finance Officers Association (GFOA) generally recommends an unrestricted fund balance target of 16.7% of the following year's expenditure budget, I have set a realistic goal of attaining a fund balance of 20%. The unrestricted fund balance is expected to be approximately 20% at the end of 2021.

The 2021 Budget document provides citizens 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 citizens can see the City's specific spending plans. We acknowledge that we are accountable to the citizens and will provide the highest level of financial transparency. I would like to specifically thank all City department directors, their staff and the Budget Office - a great City team that worked collaboratively to develop the 2021 Budget and produce the 2021 Budget document before you.

Despite the difficult challenges of 2020, including a pandemic that has impacted the local, national and global economy, Colorado Springs has proven to be resilient and prepared to move forward towards our city's 150th birthday and beyond.

It is my honor to serve as the Mayor of this great City as we continue the task of building a city that matches our scenery, a shining city at the foot of a great mountain.

Very Respectfully,



John W. Suthers
Mayor, City of Colorado Springs

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