



JOHN W. SUTHERS
MAYOR

October 4, 2021

Honorable President Strand, President Pro Tem Skorman 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.

2022 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 2022 General Fund budget is \$400.6 million, which is \$56 million or 16.26% more than the 2021 budget. Of this increase, \$17.1 million is the amount of estimated revenue in excess of the 2022 TABOR cap, and is therefore not available for funding City services, pending the outcome of the November 2021 TABOR ballot issue 2D. If issue 2D is approved by voters, \$10.5 million will be dedicated to Public Safety infrastructure, over \$4 million will be placed in reserves, and approximately \$2 million will fund City services. The budget-to-budget increase is largely due to a significant projected increase in sales tax revenue of 20.1% over the 2021 budget (and 5.2% increase over the 2021 end-of-year forecast) and an increase of \$10.8 million in re-budgeted dollars. The re-budgeted dollars are the result of expenditure savings in prior years. There are projected increases in many other General Fund revenue categories.

In the last 150 years, we have grown to be the 40th largest city in America, with a population approaching 500,000 people. We have been ranked the #1 most desirable city to live in the United States by U.S. News and World Report for the last four years.

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 is attracting physicians, researchers, athletes and students to explore human potential for excellence and injury recovery;
 - two downtown area stadiums, ***Weidner Field*** which opened in April 2021 and is 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 October 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 was back on track in 2021.
- In the Summer of 2021, the new state-of-the-art Pikes Peak Summit Complex opened to the public after three years of construction, and is the highest altitude visitor center in the world.
- In November of 2019, voters in Colorado Springs passed Issue 2C2, agreeing to continue investment in our roads with approximately \$340 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 in 2018 has allowed us to hire 120 police officers and 32 firefighters by the end of 2022. In the 2022 Budget, 17 police officers will be added to the ranks, fulfilling the commitment of 120. The full complement of 32 additional firefighters was added by the end of 2021. 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 residents to continue to provide excellent services, and as such, the 2022 General Fund Budget includes the following high priority items that allow us to enhance and improve our service delivery:

- \$700,000 of increased funding for 17 new sworn Police positions that will be added towards the end of 2022
- Funding for the Fire Department for the addition of 4 civilian positions and related operating and capital outlay, which will allow for the establishment of 2 Alternate Response Teams (ARTs) within the Community Response Team (CRT) Program. The Law Enforcement Transparency and Accountability Commission (LETAC) recommended the City expand the CRT program – the addition of the two Alternate Response Teams fulfills this recommendation by broadening the response to behavioral health calls for service regardless of level of acuity.
- \$2.15 million continued funding for the City's Americans with Disabilities Act operating and capital programs
- \$1.7 million of increased funding for city fleet and equipment replacement
- \$500,000 of continued funding to support shelter bed operations for the homeless population
- \$934,000 additional funding to Mountain Metro Transit for increased contract and other operating costs to sustain transit services
- \$1.5 million increased funding to address Information Technology core infrastructure, applications, and cybersecurity
- \$9.1 million for market increases for all civilian and sworn (Police and Fire) employees, step increases for sworn, pay progression for civilian employees, and pay for performance for civilian employees
- \$14.4 million for full-year funding for the portion of compensation and added positions that were phased in during 2021

- \$5.4 million reinstated budget that was reduced during 2020 for most departments and carried forward into 2021, due to the economic shutdown and revenue loss as a result of the COVID-19 pandemic
- \$2.2 million for critical facility maintenance - spread across the City's many facilities including police and fire headquarters, parks facilities, public works facilities, fuel island infrastructure, and the Robert Isaac municipal courthouse
- \$500,000 increased funding for city-wide Capital Improvement Projects
- \$700,000 increased funding for animal law enforcement services

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. Through public and private investment in our city, we've added 37,000 jobs since 2015. In fact, Colorado Springs has regained 100% of the jobs lost during the pandemic. We will continue to partner with the community to ensure that the City of Colorado Springs remains one of the most resilient economies in the country.

Highlights of funding included across all funds in this 2022 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 Lodgers' and Auto Rental tax (LART) Fund
- \$3.5 million of funding from the Parking Enterprise for downtown streetscape projects, parking meter replacement, and structural maintenance of parking garages, which increases the attractiveness and vibrancy of the core of our City
- Continued expansion of the Colorado Springs Airport business park, to include the completion of an Aerospace facility, Flywheel Capital's office building, the US Forest Service Aerial Firefighting Tanker Base, and initiation of construction of Marriot Hotels' properties
- Increased funding for the Public Works WorkCOS program, a collaborative effort with Springs Rescue Mission designed to uniquely address unemployment and homelessness in our community

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 2022. With the passage of Issue 2C2 in November 2019, we will be able to fund, over a five-year period beginning in 2021, approximately \$340 million for continued improvements to our roads and supporting infrastructure. 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 2021, with 2C/2C2 funds, we have paved 1,123 miles of road, improved over 986,000 linear feet of curb and gutter, and over 1.87 million square feet of sidewalk. Additionally, 6,546 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 2022 Budget related to the ***Investing in Infrastructure*** strategic plan goal are the following:

- \$24.7 million for Stormwater Enterprise operating and infrastructure projects
- \$65.5 million of 2C2 funding for road and street improvements which includes the replacement of deteriorated adjacent curb, gutter, sidewalk and pedestrian ramps
- \$780,000 for roadway and safety improvements at 31st Street and Fontanero, one of the busiest westside intersections, leveraging \$3.75 million of additional funding
- \$2.15 million of continued funding for the City's Americans with Disabilities Act operating and capital programs
- \$1.7 million increased funding for the fleet replacement strategy to replace highest priority vehicles and equipment (based upon age, mileage/hours and maintenance history)
- \$1.5 million increased funding to address Information Technology core infrastructure, applications, and cybersecurity
- \$2.2 million for critical facility maintenance - spread across the City's many facilities including police and fire headquarters, parks facilities, public works facilities, fuel island infrastructure, and the Robert Isaac municipal courthouse
- \$500,000 increased funding for city-wide Capital Improvement Projects
- \$38.7 million of capital improvements at the Colorado Springs Airport
- \$3.5 million of funding in the Parking Enterprise for downtown streetscape projects, structural maintenance of parking garages, lots and smart parking meters

STRATEGIC PLAN GOAL: BUILDING COMMUNITY & COLLABORATIVE RELATIONSHIPS

The 2022 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 resident 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 and the ability to align efforts and work together toward common goals.

Highlights of funding included across all funds in this 2022 Budget related to the ***Building Community and Collaborative Relationships*** strategic plan goal are the following:

- Continued funding for the Council of Neighborhood Organizations (CONO)
- Funding for the Fire Department for the addition of 4 civilian positions and related operating and capital outlay, which will allow for the establishment of 2 Alternate Response Teams (ARTs) within the Community Response Team (CRT) Program. Each ART team will be staffed with two Fire Department employees - a Behavioral Health Clinical Navigator and a Community Health Paramedic. These two additional teams will expand the scope of collaborative response in our

community by responding to low acuity calls while the other CRT units are responding to higher levels of mental health crisis. Both ART and CRT units will be able to make referrals to existing CSFD Community and Public Health navigation programs as appropriate. Thus, the addition of the ART teams will expand the coordination and collaboration occurring across our city with community service providers, CSPD and CSFD. The Law Enforcement Transparency and Accountability Commission (LETAC) recommended the City expand the CRT program – the addition of the two Alternate Response Teams fulfills this recommendation by broadening the response to behavioral health calls for service regardless of level of acuity.

- Continued funding for neighborhood planning as outlined in PlanCOS
- Continued staff support and participation in the community response to homelessness, including the Springs Rescue Mission campus
- Continued funding for the 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
- Continued 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 2022 Budget related to the ***Excelling in City Services*** strategic plan goal are the following:

- \$700,000 of increased funding for 17 new sworn Police positions that will be added towards the end of 2022
- \$9.1 million for market increases for all civilian and sworn (Police and Fire) employees, step increases for sworn, pay progression for civilian employees, and pay for performance for civilian employees
- \$14.4 million for full-year funding for the portion of compensation and added positions that were phased in during 2021
- Increased funding for rising healthcare costs for city employees
- \$934,000 additional funding to Mountain Metro Transit for increased contract and other operating costs to sustain transit services
- Increased funding for animal law enforcement services

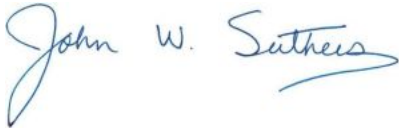
This 2022 Budget is a reflection of our shared strategic goals and collaborative relationships between City Council and Administration and between our local government and our community. When building the annual budget there is always competition between the need to invest in our facilities, infrastructure and services and the need to build reserves for emergencies to withstand an economic downturn. While the Government Finance Officers Association (GFOA) 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 2022.

The 2022 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 acknowledge that we are accountable to the residents 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 2022 Budget and produce the 2022 Budget document before you. Our city continues to attract businesses and residents because of our natural beauty, temperate climate and economic innovation. Colorado Springs is a truly unique place to live, work and play.

I consider it a great honor and privilege to serve as Mayor of Colorado Springs in such a transformational time. I will continue to work day and night to meet the challenges of today and prepare the city for the challenges of tomorrow. Let us all embrace the task of building a city that matches our scenery, a shining city at the foot of a great mountain.

Very Respectfully,

A handwritten signature in blue ink that reads "John W. Suthers". The signature is written in a cursive style with a long, sweeping underline.

John W. Suthers
Mayor, City of Colorado Springs