



JOHN W. SUTHERS
MAYOR

October 3, 2022

Honorable President Strand, President Pro Tem Helms 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.

2023 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 2023 General Fund budget is \$420 million, which is \$23.3 million or 5.9% more than the 2022 budget. The 2022 budget to 2023 budget increase is largely due to a projected increase in sales tax revenue of 13.0% over the 2022 budget (and 2.9% increase over the 2022 end-of-year forecast), offset by a decrease of \$11.9 million in re-budgeted dollars. There are projected increases in many other General Fund revenue categories.

In the last 150 years, the City has grown to be the 39th largest in America, with a population of approximately 500,000 people. In May, U.S. News and World Report ranked Colorado Springs the second-best place in America to live. In a broad survey of Americans by that same organization, Colorado Springs ranked as the most desirable City in the United States for the 4th consecutive year.

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*** is now the home of the Colorado College hockey team as of 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; construction

began in July 2022 and is expected to be completed in 2024. The 32,000-square-foot Visitor Center will introduce guests to what life is like for cadets and may display aircraft, spacecraft and satellites within its main atrium.

- 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 \$362 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 allowed the City to hire 120 police officers and 48 firefighters by the end of 2022. 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 2023 General Fund Budget includes the following high priority items that allow us to enhance and improve our service delivery:

- \$926,000 of increased funding for 15 new sworn Police positions that will be added towards the end of 2023, as well as vehicles for positions added during 2022
- \$1.63 million of increased funding for 32 new sworn Fire positions for 2 new fire stations scheduled to become operational in early 2024 (Fire Station 24 in the Northeast part of the city and the inclusion of the existing fire station in Colorado Centre as Fire Station 25 in the Southeast part of the city) and related one-time and ongoing operating costs
- Continued funding of \$928,000 for the 11 new positions that were added as part of the Keep It Clean COS campaign that was initiated last spring. In 2022, the City expended one-time funding of \$2 million for new equipment to combat litter and clean up streets and medians and will continue funding the positions on an on-going basis to help keep our city beautiful
- \$3.1 million for increased staffing across several city departments to address expanding demand for services, including additional staff for Parks, Recreation and Cultural services to provide 2 positions for Garden of the Gods park and 4 Rangers for urban park and trail safety, and for Public Works to provide 12 positions to address State mandated utility locates and address increased service demands related to city growth
- \$1.57 million continued funding for the City's Americans with Disabilities Act operating and capital programs, including a new Language Access Coordinator
- \$500,000 of continued funding to support shelter bed operations for the homeless population
- \$1.2 million additional funding to Mountain Metro Transit for increased contract and other operating costs to sustain transit services
- \$1.55 million increased funding to address Information Technology core infrastructure, applications, and cybersecurity
- \$11.3 million for market salary 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

- \$3.6 million for full-year funding for the portion of compensation and added positions that were phased in during 2022, the conversion of certain hourly positions to regular positions, and for increased medical plan costs
- \$10.1 million to fund increased rates for insurance premiums, fuel, and utility services, as well as contractual increases, including animal law enforcement services and election costs

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

With a current population of about a half million people, the City has grown from the 42nd to the 39th largest city in the country. But while our population growth has been steady, our economic growth has been exponential. The gross domestic product of the Colorado Springs metropolitan area has grown by a third over the past 8 years from 30 to 40 billion dollars annually. According to the annual Milken Report, our city's economy, 98th in 2015, is now among the top 10 municipal economies in the country, driven by both job growth and wage growth. We've created about 47,000 jobs since 2015. We are also among the top ten cities in America where college graduates want to live and we have among the fastest growing millennial populations in the country.

Highlights of funding included across all funds in this 2023 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
- \$6 million of funding from the Parking Enterprise for downtown streetscape projects, parking meter replacement, structural maintenance of parking garages, and the first phase of a downtown multimodal center, 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 construction of Marriott Hotels' properties
- Continued 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 have done this through innovation, entrepreneurship, and significant public and private investment. With the support of our residents we've improved about 1,500 miles of roads and have completed or are now constructing many large road and bridge infrastructure projects. In eight years, again with the support of our residents, we've worked ourselves completely out of a legal quagmire and are well on our way to having the best stormwater system in Colorado.

Improving our roads is a continued effort in 2023. With the passage of Issue 2C2 in November 2019, we will be able to fund, over a five-year period beginning in 2021, approximately \$362 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).

On November 7, 2017 the voters passed Ballot Issue 2A, creating a dedicated stormwater fee for infrastructure and maintenance. The Stormwater Enterprise is responsible for all construction, improvements, operation and maintenance of public stormwater facilities and public stormwater systems in the city.

We will continue to address infrastructure and transportation needs by providing smart and innovative mobility solutions to create a connected, safe, and accessible community.

Highlights of funding decisions included across all funds in this 2023 Budget related to the ***Investing in Infrastructure*** strategic plan goal are the following:

- \$5.4 million for public safety infrastructure and fleet, to include the remodel of an existing fire station in Colorado Centre as Fire Station 25 in the Southeast part of the city and improvements to facilities that will expand service capacity, offset by fees
- \$30.3 million for Stormwater Enterprise operating and infrastructure projects
- \$74.3 million of 2C2 funding for road and street improvements which includes the replacement of deteriorated adjacent curb, gutter, sidewalk and pedestrian ramps
- \$4.7 million for roadway and safety improvements on Marsheffel Roadway and Northgate Boulevard
- \$1.57 million of continued funding for the City's Americans with Disabilities Act operating and capital programs
- \$1.55 million increased funding to address Information Technology core infrastructure, applications, and cybersecurity
- \$2.36 million for critical facility maintenance - spread across the City's many facilities, including security and maintenance projects
- \$33.95 million of capital improvements at the Colorado Springs Airport
- \$6.0 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 2023 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 2023 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 addition of 2 C-Med tiered response teams
- 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

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 2023 Budget related to the ***Excelling in City Services*** strategic plan goal are the following:

- \$926,000 of increased funding for 15 new sworn Police positions that will be added towards the end of 2023, as well as vehicles for positions added during 2022
- \$1.63 million of increased funding for 32 new sworn Fire positions for 2 new fire stations scheduled to become operational in early 2024 (Fire Station 24 in the Northeast part of the city and the inclusion of the existing fire station in Colorado Centre as Fire Station 25 in the Southeast part of the city) and related one-time and ongoing operating costs
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- \$3.1 million for increased staffing across several city departments to address expanding demand for services, including additional staff for Parks, Recreation and Cultural services to provide 2 positions for Garden of the Gods park and 4 Rangers for urban park and trail safety, and for Public Works to provide 12 positions to address State mandated utility locates and address increased service demands related to city growth
- \$1.2 million additional funding to Mountain Metro Transit for increased contract and other operating costs to sustain transit services
- \$1.55 million increased funding to address Information Technology core infrastructure, applications, and cybersecurity
- Increased funding for animal law enforcement services

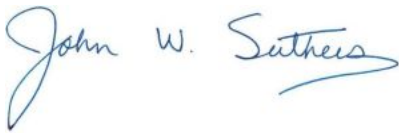
This 2023 Budget is a reflection of our shared strategic goals and collaborative relationships between City Council and Administration and between our local government and our community. When building the annual budget there is always competition between the need to invest in our facilities, infrastructure 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 meet that goal, at approximately 20%, at the end of 2023.

The 2023 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 2023 Budget and produce the 2023 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 have served as Mayor of Colorado Springs in such a transformational time over the past 8 years. 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