



JOHN W. SUTHERS
MAYOR

October 7, 2019

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.

2020 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 2020 General Fund budget is \$331.1 million, which is \$23 million or 7.5% more than the 2019 budget. The increase is due to a modest projected increase in sales and use tax revenue of 1.9% over the 2019 budget (and 2.16% over the current 2019 end-of-year forecast), along with larger projected increases in traffic violation revenue as a result of enhanced traffic enforcement efforts. Other revenue increases are the result of capital lease proceeds, charges for service, and surplus payments from Colorado Springs Utilities. Property Tax revenue is anticipated to increase by \$2.93 million, or 14%, over the 2019 Budget, as a result of the reassessment that occurred in 2019. The TABOR revenue limitation applies to total fiscal year spending, but also specifically to Property Tax revenue. It is anticipated that the 2020 Property Tax revenue will exceed the TABOR property tax revenue limit by \$2.05 million. This amount has been set aside for a possible retention or refund, and is therefore unavailable to fund City services.

Colorado Springs has been ranked in the top 3 best places to live in the United States by U.S. News and World Report for two years in a row, based on affordability, job market, net migration and quality of life indicators, including health care and education. Colorado Springs has moved from the 42nd to the 39th largest city in America, with an estimated 2020 population of nearly 490,000 people. 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 November of 2015, voters in Colorado Springs passed Issue 2C, agreeing to invest in our roads with \$250 million over 5 years. City Council has referred a renewal of 2C for an additional five years to the ballot in November 2019, at a reduced sales tax rate of 0.57%, down from 0.62%. This renewal is projected to generate \$57 million per year for the next five years.
- 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.

- 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, a Sports Medicine facility at UCCS, a downtown stadium and arena, and a new Air Force Academy Visitor Center adjacent to I-25.

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. 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 2020 General Fund Budget includes the following high priority items that allow us to enhance and improve our service delivery:

- \$4.4 million of increased funding for 20 new sworn Police positions and 8 new sworn Fire positions and equipment
- \$400,000 of increased funding for park maintenance, recreational and cultural service needs
- \$1.45 million of increased funding for park watering
- \$1.4 million continued funding for the City's Americans with Disabilities Act operating and capital programs
- \$550,000 of increased funding for city fleet replacement
- \$500,000 of funding to support shelter bed operations for the homeless population
- \$300,000 increased funding to Mountain Metro Transit
- \$1.3 million continuing support to address Information Technology core infrastructure, applications, and cybersecurity improvements and sustainment
- \$9.65 million to keep police and fire sworn compensation at the market average, increases for civilian compensation, and full-year funding for the portion of compensation that was phased in during 2019
- \$1.0 million one-time increased funding for an aerial ladder truck for the Fire Department

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: 2C - 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 emerged as one of the best economies in the country. Tourism continues to grow as reflected in continually increasing LART revenues. After growing 7.5% in 2018, this important revenue source is up another 7.9% so far in 2019.

Highlights of funding included in this 2020 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 and cultural organizations and events, sporting events, festivals and parades, and VisitCOS for visitor promotion, provided with revenue from the LART Fund
- \$1.2 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 distribution center that is close to completion

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.

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 system in the city.

Improving our roads is a continued effort in 2020. With the passage of Issue 2C, we are able to raise, over a five-year period, approximately \$250,000,000 for improvements to our deteriorating roads. Through October of 2019, we will have paved 875 miles of road, improved 596,000 linear feet of curb and gutter, and over 1.2 million square feet of sidewalk. With 2C funds, 3,981 pedestrian ramps have been constructed or improved in compliance with the Americans with Disabilities Act.

Highlights of funding decisions included in this 2020 Budget related to the *Investing in Infrastructure* strategic plan goal are the following:

- \$17.7 million of continued funding for Stormwater Enterprise operating and infrastructure projects
- \$58.0 million 2C funding for road and street improvements which includes the replacement of deteriorated adjacent curb, gutter, sidewalk and pedestrian ramps
- \$2.5 million for roadway and safety improvements along 30th Street, leveraging several million dollars in grant funding
- \$1.4 million of continued funding for the City's Americans with Disabilities Act operating and capital programs
- \$550,000 increased funding to implement the fleet replacement strategy to replace highest priority vehicles and equipment (based upon age, mileage/hours and maintenance history)
- \$1.3 million continued funding to address Information Technology core infrastructure, applications, and cybersecurity improvements and sustainment
- \$2.9 million for critical facility maintenance - spread across the City's many facilities including police and fire stations, parks facilities and public works facilities
- Continued investment by the Pikes Peak - America's Mountain enterprise and community partners to complete a \$60 million Summit Complex by the Fall of 2020
- \$26.8 million of Capital Improvement projects at the Colorado Springs Airport
- \$2.6 million of funding in the Parking Enterprise for structural maintenance of parking garages, lots and meters

STRATEGIC PLAN GOAL: BUILDING COMMUNITY & COLLABORATIVE RELATIONSHIPS

The 2020 Budget was 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 in this 2020 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
- Comprehensive affordable housing plan designed to allow for the construction, preservation, and purchasing opportunities for an average of 1,000 affordable units per year
- Continued funding for Downtown security
- Increased funding for the YMCA to provide support and programming at two recreation centers and four outdoor pools

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 in this 2020 Budget related to the ***Excelling in City Services*** strategic plan goal are the following:

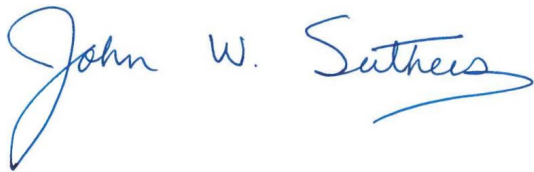
- \$4.4 million of increased funding for 20 new sworn Police positions and 8 new sworn Fire positions and equipment
- \$9.65 million to keep police and fire sworn compensation at the market average, increases for civilian compensation, and full-year funding for the portion of compensation that was phased in during 2019 - our employees are the key to successful, effective delivery of programs and services
- \$1.0 million of one-time increased funding for an aerial ladder truck for the Fire Department
- Increased funding for rising healthcare costs
- Grant match for relocating our Downtown Transit Center for Mountain Metro Transit
- \$300,000 increased funding to Mountain Metro Transit
- \$400,000 of increased funding for park maintenance, recreational and cultural service needs
- \$1.45 million of increased funding for park watering

This 2020 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%. As we close 2019, if revenue and department expenditures continue on trend, we expect the unrestricted fund balance to be approximately 17%.

The 2020 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 2020 Budget and produce the 2020 Budget document before you.

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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