



BLESSING 'YEMI' MOBOLADE
MAYOR

October 7, 2024

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 three of our top priorities: public safety, city cleanup and addressing issues surrounding homelessness.

This 2025 Budget reflects the shared strategic goals and values of City Council, the Administration, and our community. It exemplifies good governance by prioritizing evidence-based decision-making, rearranging operations and resources to create efficiencies, and leaning toward upstream solutions to address root causes of issues. We self-audited our budget processes and operations to maximize what we have and how we deliver services effectively and efficiently. It is a commitment to innovation throughout our City organization and ensures we are good stewards of our resident's tax dollars.

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

Revenue

The total General Fund revenue for 2025 is \$440,037,344, which is a 2.7% increase from 2024.

- Sales tax revenue for 2025 totals \$261,503,203, which is a 3.5% increase from 2024.
 - We are projecting a moderate increase in sales tax revenue for 2025 and adding new revenue by increasing enforcement efforts.
 - Sales tax revenue comprises almost 60% of the total General Fund revenue.
- Property tax revenue for 2025 totals \$28,957,217, which is a 4.5% increase from 2024.
 - The City cannot collect revenue over our TABOR cap for Property Tax, which is why this revenue source is not providing the relief to our budget that may be expected.
 - We have again capped the City's mill levy on property taxes to help residents who have seen steep property tax increases. Many of these residents are on a fixed income.
 - By capping the City's collection of property taxes, we have prevented collecting revenue over the TABOR limit, essentially providing a "refund" to residents.
 - This mill levy cap on property tax collections will continue for 2025.
- All other revenue increased by \$3.3 million.

These revenue increases are not enough to cover increased contracts and other unavoidable cost increases. To balance the budget, several measures are included in the 2025 Budget:

- The budget reductions that were implemented for 2024 remain in place for 2025.
- Expenditure savings of \$2 million in the current year will be carried forward into 2025 as rebudgeted revenue.

- 2023 financial results were better than expected which provided a higher unrestricted fund balance than anticipated. This provides an opportunity to include a judicious use of reserves of \$6.5 million. The unrestricted fund balance will remain at approximately 17%, which remains above the Government Finance Officers Association (GFOA) recommended target of 16.7%.

Expenses

There are unavoidable cost increases that must be included in the budget, such as increases in contracts, health care costs, 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 and to remain competitive with other governmental entities who are providing pay increases and financial incentives, there are moderate compensation increases included in the 2025 Budget:

- All sworn employees will receive a 2% increase in pay.
- Eligible civilian employees will receive an average 2% pay for performance increase.
- Eligible civilian employees who are below market for their position will receive a salary increase (pay progression) on their job anniversary date of up to 4%.

The total General Fund expenditures for 2025 are \$440.0 million, which is a 2.7% increase from the 2024 Budget.

2025 BUDGET OVERVIEW

Public safety

We are leveraging technology as a force multiplier to increase our public safety impact. Our Police Department has begun testing a new “drone as a first responder” program to enhance its ability to protect and serve the community. This provides a first set of eyes on what is happening on scene and helps determine the needed level of response and support. As our city grows, so too must our public safety presence.

The 2025 budget includes:

- The addition of 20 officers to grow our authorized strength, to keep pace with our city’s growth
- Compensation increases of 2% for all Police and Fire sworn employees and an average of 2% pay for performance increase for Civilian employees.
- The addition of 3 civilian positions in the areas of photo enforcement, Training Academy support, and the body-worn camera program.
- Continued funding for replacement of Police Department emergency vehicles and Fire Department apparatus
- Continued funding for the Homeless Outreach Program (HOP) in the Fire Department; this program provides resources and navigation for access to healthcare, housing, and mental and behavioral health resources.
- Continued funding for the Police Department’s Homeless Outreach Team (HOT), which is an investment in our community’s access to housing and an improved quality of life

City cleanup efforts

We are focused on cleanup efforts citywide. During 2024, our Keep It Clean COS program has cleaned up more than 2,900 tons of debris, filling more than 89 dump trucks full of trash, including 1,300 discarded tires and 1,100 shopping carts.

Our neighborhood services team has also removed 10,000 graffiti tags and cleared more than 3,000 abandoned vehicles.

The 2025 budget includes:

- An additional Quality of Life Team in Neighborhood Services is added by reallocating positions and funding from other areas of the organization
- A Maintenance Technician in Parks, Recreation and Cultural Services to address neighborhood parks, including the new Grey Hawk Park

Housing and Homelessness Response

Housing and homelessness are two of our city's biggest challenges and top priorities. Therefore, the Housing and Neighborhood Services Department has been renamed to Housing and Homelessness Response. This department focuses on affordable housing, homeless service coordination, and public facilities improvements. This complements the work of our Homeless Outreach Program and Fire Department's alternative response teams that focus on behavioral health and transitional support. Because the City government is not a housing provider, we depend on a village of partners and the work of many who are actively contributing to the community's housing needs, and we continue to leverage our HUD funds to invest in local housing projects.

The 2025 budget includes:

- Four positions are added in the General Fund to provide housing services. These replace positions that were previously grant funded
- Continued funding of \$500,000 for shelter bed operations for people experiencing homelessness

Across the General Fund

Across all departments and functions, we have an obligation to our residents and visitors to continue to provide excellent services. The 2025 General Fund Budget includes the following high priority items that allow us to provide the most efficient service delivery possible:

- Implementation of operational efficiencies to include:
 - Transfer of 3 vacant positions and associated funding, in addition to 1 new position, to add a Quality of Life Team in Neighborhood Services
 - Transfer of 4 vacant positions and associated funding to the Housing and Homelessness Response Department, rather than adding new positions
 - Transfer the Neighborhood Services division to Public Works Operations and Maintenance, to increase efficiencies of equipment use and work assignment
- \$1.24 million of continued funding for the City's Americans with Disabilities Act operating expenses and capital projects to maintain and improve accessibility
- \$700,000 of increased funding to address Information Technology core infrastructure, applications, and cybersecurity

- \$6.6 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
- \$4.0 million for full-year funding for the portion of compensation and added positions that were phased in during 2024, 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 benefits to employees
- \$3.5 million to fund increased rates for fuel and utilities, as well as contractual increases, including Transit services and animal law enforcement services
- \$1.9 million of increased funding for grant match to leverage \$11.1 million 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. I am grateful to the voters and taxpayers in our community for the support of several important special revenue funds: voter-approved 2C - Road tax fund, voter-approved Public Safety Sales Tax (PSST) fund, voter-approved Trails, Open Space and Parks (TOPS) fund. Other impactful special funds include the 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 2025 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 our organizational values of being transparent, approachable, and proactive. The 2025 Budget represents these values by demonstrating accountability to residents and providing the highest level of financial transparency. I would like to thank my teammates, including all City department directors, their staff and the Budget Office – a great City team that worked collaboratively to develop the 2025 Budget and produce the 2025 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.

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

Together, WE ARE COLORADO SPRINGS.

Onward and Upward,



Blessing 'Yemi' Mobolade
Mayor, City of Colorado Springs