



January 1, 2014

Honorable President and Members of City Council:

In the past two years, our City experienced several epic events: the heroic response to the tragic Waldo Canyon Fire in June 2012, the Black Forest Fire nearly one year later, and most recently the devastating flood events.

Never in Colorado Springs' history have we suffered disasters of this magnitude with such a tremendous outpouring of unselfish service, love and support from our community. The public safety personnel and City staff who responded swiftly and efficiently and the groundswell of volunteers who have worked in close harmony with City, County and State officials deserve our greatest appreciation.

This letter forwards the City's 2014-18 Mayoral Vision, Mission, Goals and Objectives, 2014 Executive Branch Departmental Breakthrough Strategies, All Funds Summary and General Fund Budget supported by detailed budget documents. This budget is built upon a foundation of tremendous accomplishments this past year:

- In January, 2013, our City had the highest fund balance reserve in history; allowing us to invest \$10M for one time emergent needs as a result of the Waldo Canyon Fire in addition to settling legal cases long outstanding.
- During 2013, the City:
 - ✓ Along with Colorado Springs Utilities and other enterprises allocated \$46M for critical stormwater infrastructure projects.
 - ✓ Secured over \$6M in grants for critical infrastructure projects and fire/flood mitigation.
 - ✓ Turned on all City Streetlights; restored evening bus service; maintained 156 neighborhood parks, and signed a contract to outsource fleet services with an anticipated \$4M savings over 5 years.
 - ✓ Enhanced outreach to our citizens through monthly Town Hall meetings, improved website and Springs TV programming; and launched the GoCoSprings mobile app, with bus and airline arrival and departure information.
 - ✓ Successfully held the 2013 municipal election with seamless new campaign finance law implementation.
 - ✓ Launched our Ticket to Success "Student Introduction to Government" program and our paid internship program Citywide; Second Annual Mayor's Cup raised \$68K in scholarship funds with \$54K awarded to Pikes Peak Community College and \$14K to First Tee of Pikes Peak.
 - ✓ Contributed \$1.8M more General Fund dollars toward Parks operations and implemented turf reduction strategies in both Parks and at our Airport.

- ✓ Both our Fire Department and Office of Emergency Management received national accreditation for the first time in our City's history making us one of 4 esteemed localities in Colorado with the entire Public Safety Team Fully Accredited: Police, Fire, OEM, and Ambulance Provider (AMR); Opened Fire Station 21; conducted fire station based neighborhood health clinics; replaced 12 police motorcycles; expanded Community Service Officers program; and enhanced security in City facilities.
- ✓ Responded swiftly and strategically to the loss of service by Frontier Airlines at the Airport. Specifically, implemented staff reductions, renegotiated vendor contracts, and initiated restructuring of the Airport's capital finance plan. With these actions, the Airport will be in a more competitive position going forward into 2014.
- ✓ Through collaborative efforts of community leaders, received State Regional Tourism Act funding for the City for Champions initiative which will generate much needed jobs and increase regional sales tax by \$10M per year.

Like this past year, our Vision and Mission statements continue to reflect a great respect for our City's history and uniqueness along with our high confidence for the community's bright future. The Mayoral Goals and Objectives have been expanded but continue to incorporate our fervent commitment to delivering "best in class" municipal government.

Jobs, Transforming Government and Building Community continue to be our Goals. The 2014 Strategic Plan includes specific objectives for each of those goals and specific strategies that offer game-changing new ideas with real measurable outcomes – 75 in total – to achieve the objectives. In addition, departmental breakthrough strategies and budgets herein are aligned with the goals. The 2014 General Fund Budget and All Funds Budgets are based on balancing revenue and expenditures:

- The 2014 General Fund Budget totals \$249.3M. This represents a \$3.7M, or 1.5%, decrease from the 2013 Amended Budget as of 8/20/2013. However, this decrease is due to large one-time supplemental appropriations from fund balance during 2013 in the amount of \$18.8M. Thus, the 2014 General Fund Budget is \$16.6M more than the Original 2013 General Fund Budget. The \$16.6M increase is allocated according to priorities expressed by our citizens, specifically:
 - ✓ \$1.5M increase in General Fund Capital Improvement Program.
 - ✓ \$4.5M increase to Fire Department primarily to hire and maintain full strength force and enhance community health programs.
 - ✓ \$5M increase to Police Department budget to fund 17 additional police officers (with an additional 10 funded through PSST), increase the Community Service Officer program, and restructure and enhance the communications center to improve call response.
 - ✓ \$1.8M increase to Parks Department budget to fund additional contracted rights-of-way mowing in Gateway and Gem areas, citizen requested street tree services and increased park watering costs.
 - ✓ \$100K increase to the Planning Department to fund additional zoning enforcement and \$150K to initiate an update of the City's Comprehensive Plan.

- ✓ \$1M increase to fund vehicle replacement including 26 police vehicles (with an additional 26 funded through PSST).
- ✓ \$1.8M decrease to the Administrative Department including the Mayor's Office, Finance, Human Resources, City Clerk, City Attorney, Information Technology, Municipal Court, Communications, Economic Vitality, and General Costs.
- Across All Funds 93 non-public safety positions were eliminated and 47 public safety positions were added resulting in a net reduction of 46 positions from Original 2013 Budget. While positions were eliminated in many departments and in many funds, the majority of the reductions were due to fleet and the Airport. The City expects to realize savings and generate additional operational efficiencies with the outsourcing of fleet services. The Airport is right-sizing to offer competitive rates to airlines and improve airline service opportunities for business and leisure travelers. As of this writing, our IT department is also identifying optimal sourcing solutions and expects to make staffing changes in 2014.
- In addition to the 2014 Budget priorities listed above, several more Key Breakthrough Strategies and service enhancements included in this Budget are highlighted below:
 - ✓ Implement Sunday and Powers Boulevard bus service.
 - ✓ Develop administrative and funding strategies to address the backlog of Capital Improvement needs as well as address ongoing and deferred maintenance of facilities and infrastructure.
 - ✓ Begin design work on a new 21st Century Summit House on Pikes Peak.
 - ✓ Foster a culture of Optimization to employ private sector/non-governmental strategies to realize efficiencies and suggest alternative service delivery models.
 - ✓ Improve citizen access to City services and information through mobile-enabled technologies; legislative software that will increase transparency through easier access to agendas, minutes, Council attendance and voting records; enhanced website tools, and centralized citizen information call system.
 - ✓ Enhance and promote business retention and expansion through targeted incentives based upon an ROI, issue resolution, Rapid Response programs, reasonable regulations and fair fees and charges.
 - ✓ Champion Economic Opportunity Zones task force to develop strategies for mitigating development and quality of life impediments in Downtown, North Nevada/UCCS, and South Academy corridors and identify and pursue anchor projects that stimulate infill.
 - ✓ Address aging and underutilized buildings and incentivize development efforts in our City's Gateway and Gem areas and improve streetscapes and maintenance and care of medians and rights-of-way.
 - ✓ Develop a new Parks and Recreation System Masterplan, which will include accessibility, future development and funding strategies.
 - ✓ In partnership with the Continuum of Care, convene private and non-profit partners and homeless service providers to create a community plan for addressing homelessness.

The Unrestricted General Fund Balance at 2013 year-end is forecasted to be between 20% and 22% of annual expenditures, below the 25% now recommended for Colorado Springs specifically by the Government Finance Officers Association (GFOA); but it is important to note that \$18.3M in supplemental appropriations occurred in 2013 to fund a Transit litigation settlement, Fire and Flood Mitigation projects, and Public Safety vehicles.

In addition to the Expenditures detailed in the 2014 General Fund Financial Forecast, there are other potential, uncontrollable costs in 2014 (as there were in 2013) which may drive the Fund Balance lower by year end. One example of a cost the Executive Branch cannot control is the cost of water. At the Markup Session for the 2014 Budget, City Council directed that the \$1.13 million required to maintain current watering levels at 2014 rates be funded by a draw from the fund balance, which is onetime funding. Another example is the potential cost of repairing damage from the recent flooding events to our parks and trails deemed not reimbursable by FEMA.

This year we have also highlighted department expense priorities that are unbudgeted in 2014 due to lack of funds on a prioritized list so when funds may come available during the next year, City Council will know which programs and projects may take precedence.

The General Fund Financial Forecast suggests that we will need \$2M and \$4.3M in 2015 and 2016, respectively, in addition, as yet undefined, operating efficiencies to achieve balanced budgets. Our challenge is great in achieving City long term fiscal sustainability, while delivering consistent quality core services. Escalating pension and health care costs are particularly burdensome. We will continue to be presented with tough, but necessary decisions to balance needs versus wants and expenditures with available revenue.

Thank you for working with us as we continue our focus on Jobs, Transforming Government and Building Community. The road ahead is full of challenges and great opportunities which we will face with our proven resilience and vision. Together, we can lead our City to an amazing future.

Sincerely,



Steve Bach
Mayor