

2026 Preliminary Balanced Budget

Bret Waters
County Administrator

Nikki Simmons, CPA
Chief Financial Officer

October 7, 2025

Budget Priorities

Recession-Resistant Budget

- Not planning to dip into reserves for ongoing expenditures
- Conservative sales tax forecasts
- No FTE additions

Strategic Planning

- Every budget item directly ties to the County's Strategic Plan Objectives
 - Infrastructure
 - Service Quality
 - Community Trust
 - Health & Safety

Infrastructure



Service Quality



Community Trust



Strategic Plan
Objectives

Health & Safety



Budget Process

Compiling the 2026 Budget

Budget Process Policy:

Section 5.2 starts the annual budget process

- Restricted Funds, Partially Restricted Funds, and Unrestricted Funds

Section 5.3 – 2026 Budget for Restricted Funds (Completed)

- Road and Bridge Escrow
- Conservation Trust Fund
- Household Hazardous Waste Fund
- Schools Trust Fund
- Local Improvement Districts



Restricted Funds

Budget Process Policy:

Section 5.4 – 2026 Budget for Partially Restricted Funds (Completed)

Community Investment Fund (CIF)

- Ensured funding for Annual Lease Obligations (COPs and Capital Leases)
- Total debt service of \$12,863,650
- Criminal Justice Center - \$3,042,750
- Judicial Complex - \$5,615,050
- Citizens Service Center - \$3,013,100
- Sheriff's Northeast Substation - \$1,192,750 (funded by PST)

Self-Insurance Fund

- Ensured funding for anticipated insurance claims – Health & Risk
- Includes Reserve for required GASB Fund Balance to address the “Incurred But Not Reported” (IBNR) claims - Actuarially determined
- Includes Health Plan Trust Board approved changes
- Total estimated health cost increase of 8%
- Slight premium increases to employees (\$2.66/paycheck for employee only to \$11.12/paycheck for employee & family)
- Total Self Insurance Fund Budget of \$79.9 million
- Risk, Workers Comp & Liability - \$14.3 million
- Health Benefits \$65.6 million



Restricted Funds

Budget Process Policy:

Section 5.4 – 2026 Budget for Partially Restricted Funds (Completed)

Department of Human Services

- Ensured funding for statutory County match
- State Fiscal Year 2025/2026 & estimated 2026/2027 Allocations
- County match estimated at \$27.0 million
- Allocation changes for 2025/2026 State year
 - County Admin increase \$2.5 million (8.8%)
 - Colorado Works increase \$617,000 (3.1%)
 - Colorado Child Care Assistance Program increase \$3.8 million (15.9%)
 - Child Protection increase \$372,000 (0.5%)

Road and Bridge Fund

- On a multi-year plan to address backlog of road infrastructure
- Additional proposed funds of \$7,000,000 (one-time) in addition to base funding, bringing total Road & Bridge budget to \$40 million
- Total Public Works budget is \$59.1 million
- Allows Public Works to make progress on increasing pavement quality



Revenue Sources

2026 Preliminary Balanced Budget Revenue Sources	
Sales & Use Tax	\$171,246,873
Sales & Use Tax- Voter Restricted for Public Safety	\$39,385,528
Property Tax	\$91,754,120
Specific Ownership Tax	\$9,229,830
Interest Revenue	\$10,000,000
Elected Office Revenue (Fees)	\$24,663,750
Parking & Parks and Recreation Fees	\$447,000
General and Road & Bridge Fees	\$3,092,553
Unrestricted Intergovernmental	\$4,448,500
Other Taxes/Other Revenue/Misc	\$1,121,000
Refund of Tabor Overage (2024)	(\$4,477,783)
<i>Other Restricted Revenue Sources</i>	<i>\$150,905,733</i>
2026 Revenue Sources	\$501,817,104
Less: Voter Restricted Public Safety Sales & Use Tax	(\$39,385,528)
Less: Road & Bridge Escrow Property Tax Pass-thru to Cities/Towns	(\$1,767,891)
Less: Other Restricted Revenue Sources	(\$150,905,733)
2026 Discretionary Revenue Sources	\$309,757,952



Sales & Use Tax

Budget Process Policy:

Section 5.5 – 2026 Budget for Unrestricted General Fund (In Process)

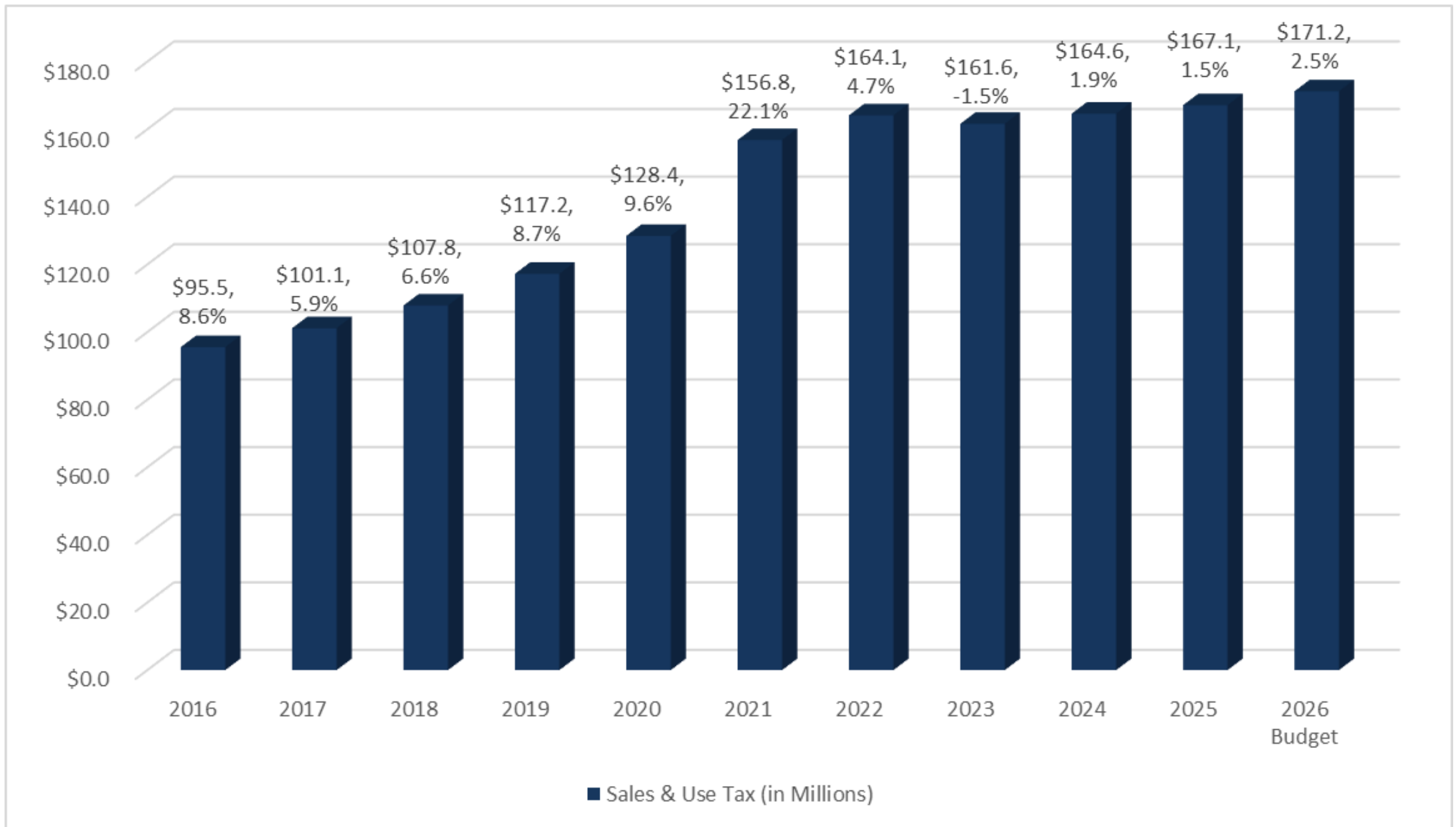
Revenue Estimates – Sales and Use Tax:

- Up .90% through July 2025 over 2024 (2.35% decrease to budget)
 - “Retail” is up 1.00% (54.16% of budgeted revenue)
 - “Food services” is up 2.96% (10.27% of budgeted revenue)
 - “Wholesale trade” is down (7.13%) (5.65% of budgeted revenue)
 - “Accommodations” is up 7.65% (3.54% of budgeted revenue)
- The average increase over the last five years is 7.33%
- 2025 estimated ending increase of 1.49% over 2024
- 2026 PBB includes staff-recommended increase of 2.5% over 2025 estimate
- 2026 1% Sales and Use Tax preliminary budget is \$171.2M
- Estimated 0.23% Public Safety Sales & Use Tax for 2026 is \$39.4M



2026 Preliminary Balanced Budget

Sales & Use Tax (1%) - Projection (*in Millions*)



Property Tax

Budget Process Policy:

Section 5.5 – 2026 Budget for Unrestricted General Fund (Continued)

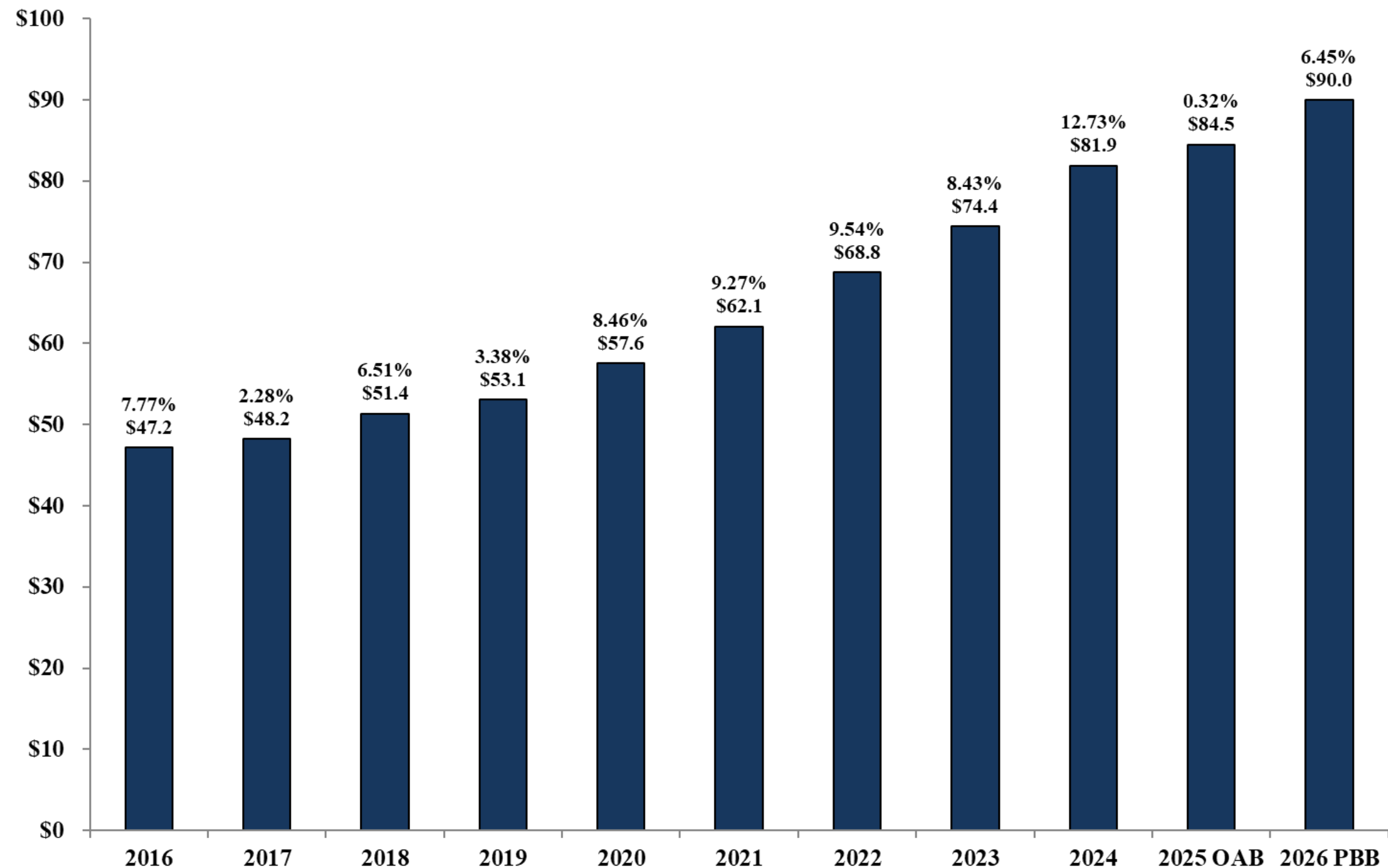
Revenue Estimates – *Property Tax*:

- Property Tax revenue increase of 6.45% to \$90M
 - Based on the Preliminary Certification of Valuation
 - Allowable abatement mill of 0.035 mills
 - Estimated temporary mill levy reduction of 1.374 mills due to TABOR Property Tax Cap
 - Without a temporary reduction, the mill levy would be approximately 8.509 mills; with a temporary reduction, it is estimated at 7.134 mills
 - Represents a 16.2% reduction in EPC's mill levy
- Growth in Property Tax is constrained by 5.5% mill levy law and TABOR.
 - Not subject to the new 5.25% mill levy cap, as we have not waived the 5.5% cap or TABOR restrictions
- Allows for property valuation growth to be higher than growth in property tax.



2026 Preliminary Balanced Budget

Property Taxes- All Funds *(in Millions)*



Property Tax - TABOR

Budget Process Policy:

Section 5.5 – 2026 Budget for Unrestricted General Fund (Continued)

Revenue Estimates – *Property Tax*:

Property Tax – TABOR

Tabor Refund of 2024 Overage (\$4.48M) – planned to distribute to residential property taxpayers

Approximately \$19/household



2026 Property Taxes

Market Value of the home as valued by the El Paso County Assessor's Office.

Assessment Rate as determined by the State of Colorado in accordance with Colorado Revised Statute 39-1-104.2 C.R.S.
(now 6.25% of market for 2025 and 7.05% for school districts).

Mill Levy is a tax rate of 1/10 of a cent. A tax rate of 1 mill per thousand means \$1.00 of tax per \$1,000 of assessed value.

Market Value x **Assessment Rate** = **Assessment Value**
Assessment Value x **Mill Levy** = **Property Taxes**
(\$500,000) x **.0625** = **\$31,250** X **38.866 Mills (.038866)** = **\$1,214.56** for local governments
(\$500,000) x **.0705** = **\$35,250** X **45.565 Mills (.045565)** = **\$1,606.16** for school districts



School District
56.94%

Metro District, 26.71%

El Paso County
7.74%

City of Colorado
Springs
3.94%

Library District
3.48%

Water Districts
0.83%

EPC R&B 0.18%
City of CS R&B 0.18%

Revenue Changes

Budget Process Policy: Section 5.5 (Continued)

Revenue Estimates – *Other Revenue Lines*:

- Major changes from 2025 budget to 2026 budget:

↑ Clerk & Recorder Fees - \$1.25M

↑ Treasurer Fees - \$466K



General Fund Expenditure Budgets

Budget Process Policy:

Section 5.5 – 2026 Budget for Unrestricted General Fund (Continued)

2026 Expenditure Budgets

- Retain 2025 Expenditure Base Budget
- Not recommending any budget cuts or base reductions for 2026

Pikes Peak Workforce Center budget is no longer in the County's budget – the Workforce Board will approve their own budget in accordance with the new IGA

Strategy Phase of the budget (5.5.3.2), meetings held with Countywide Elected Officials and Department Executive Directors



General Fund Expenditure Budgets

Budget Process Policy:

Section 5.5 – 2026 Budget for Unrestricted General Fund (Continued)

Re-evaluated critical needs due to increased service demands, population growth, and mandates

Investment in Human Capital Management

- Recommending 3.0% total compensation average adjustment
- CPI is currently projected to be approximately 2.7% for 2025
- Pay for performance model for County Administrative Departments



Expenditure Budgets

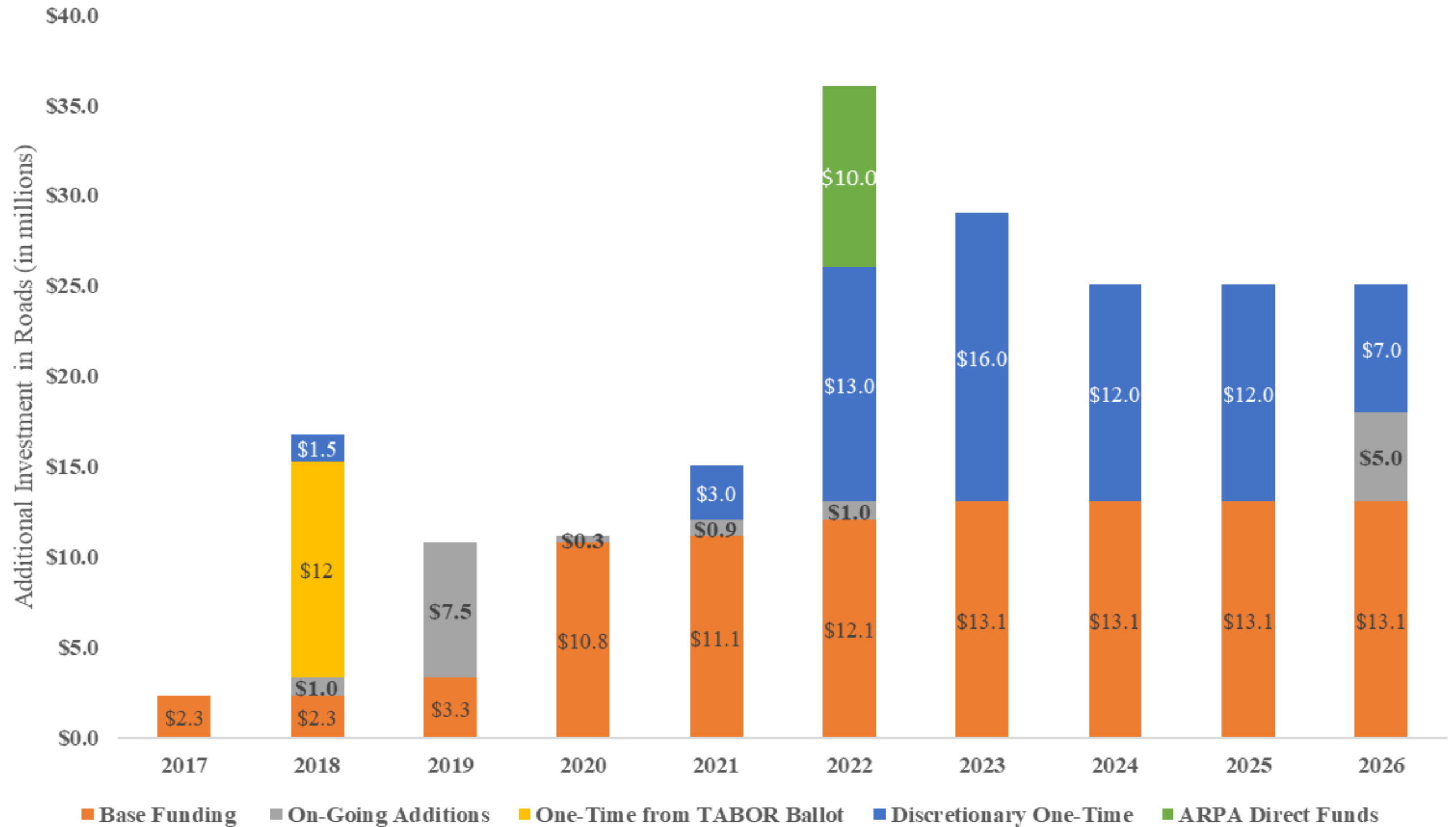
County Road Projects

- Significant priority in the County's Budget and Strategic Planning Process
- 2026 budget increases funding for pavement preservation program at \$7 million (one-time)
 - The total pavement preservation budget for 2026 is \$12 million
- Allows the Department of Public Works to strategically address the highest priority road projects
- 2026 Road & Bridge Fund PBB - \$40,249,396
- 2014 Road & Bridge Fund OAB - \$13,985,787



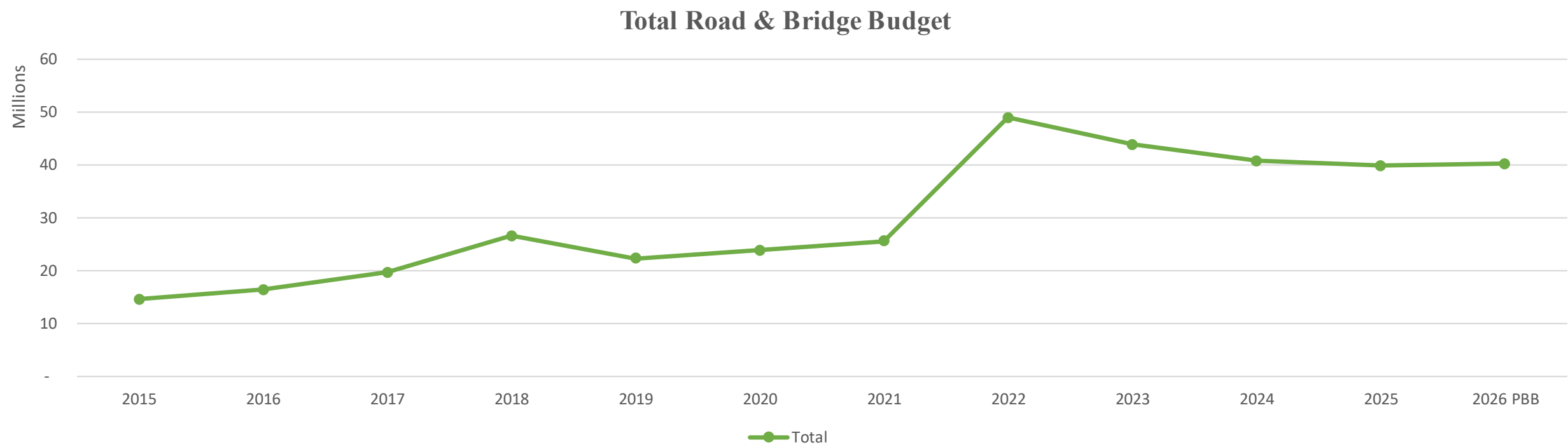
Budget Process

Annual Additional Investment in Roads



Budget Process

Total Road & Bridge Budget



Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026 PBB
Road & Bridge Regular Budget	14,537,043	16,379,237	19,617,695	20,606,606	22,327,003	23,884,623	24,558,850	25,931,676	27,889,678	28,717,385	27,854,265	33,249,396
TABOR retention-Local Roads				6,000,000								
One-time general funds							1,000,000	3,000,000	6,000,000			
ARPA - Direct funds								10,000,000				
Use of one-time grant savings								10,000,000	10,000,000	12,000,000	12,000,000	
Discretionary one-time funds												7,000,000
Total	14,537,043	16,379,237	19,617,695	26,606,606	22,327,003	23,884,623	25,558,850	48,931,676	43,889,678	40,717,385	39,854,265	40,249,396



TABOR Revenue Cap

TABOR Calculation Impacts - PRELIMINARY

- Early estimates (through August) project 2025 revenues under TABOR cap
 - Current estimate is \$1-2 million under TABOR cap
- The 2026 Budget assumes being under the County's TABOR revenue cap

TABOR calculation very preliminary – numerous variables can drastically change before finalized in about 6 months:

- CPI Increase – September estimates will change several times by Feb/Mar 2026
- Growth calculation – Using August preliminary – not finalized until December 2025 with final Certification of Valuation
- Sales Tax and Intergovernmental impacts have been decreasing compared to initial projections

Staff is closely monitoring TABOR revenues & reserves



Fund Balances/Reserves

Minimum Fund Balance Reserves

- Minimum fund balance policy
 - 10% General Fund Sales Tax, 0.5% Property Tax, 5% all other revenues
 - Minimum Fund Balance of \$29.5 million for 2026
- Estimated TABOR 3% Reserve of \$11 million
- Actual Unrestricted Reserves are currently 29.1% of budgeted revenues, targeting 23% to remain after operational savings allocated to the financial forecast
- 16.67% (two months) is the best practice for a minimum

This has been built through careful stewardship of the County's financial resources and planning for recession-resistant budgets for the last several years

- Conservative revenue forecasting
- Low FTE/ongoing additions



Fund Balances/Reserves

Emergency Reserve

- \$10,000,000 Current Balance
 - Available for appropriation by BoCC for any emergencies
 - Used in the past for fires, flooding, and emergency facility repairs
 - Replenished through year-end underspending and/or unanticipated revenues

Restricted Reserves

- Many restricted cost centers have their own reserves to ensure continuity of operations (Public Safety Tax, Parks Trust, E-Recording, Inmate Processing, Inmate Commissary, etc), which are not included in the County's



PBB & The Strategic Plan

2025-2026 Strategic Plan Objectives



Infrastructure

*Sustainably fund, manage, and improve public-owned **infrastructure***



Service Quality

*Improve **service quality** with an engaged workforce*



Community Trust

*Strengthen **community trust** through improved communications and transparency*



Health & Safety

*Develop partnerships to support community efforts to improve the **health and safety** of residents*



Needs Addressed in the 2026 PBB

<u>Department</u>	<u>Critical Need</u>	<u>Amount</u>
BoCC	Animal Control Contract - 2025 & 2026 Funding	\$45,915
Countywide	Postage Increase (8% of Postage Budgets)	\$113,625
Countywide	2026 Pay Adjustments (3% Budget Allocation)	\$6,724,517
PRK	Bear Creek Regional Park - Tennis, Pickleball Courts, Archery Range	\$800,000
DPW	Additional Roadway Paving and Preservation Program	\$7,000,000
FSIM	Roof Replacement at DPW Akers location	\$1,600,000
FSIM	Roof Replacement at Centennial Hall	\$1,400,000
FSIM	Parking Lot Replacement for DMV East	\$180,800
FSIM	Parking Lot Replacement for Criminal Justice Center	\$900,000



FTE Authorizations in the 2026 PBB

Intentionally keeping FTE authorizations low

- Prioritizing current staff and authorized positions
- Proposing NO increases to FTE counts

Total current authorized positions 3,028

- Reduction from 3,058 in 2025 OAB
- Decreases at PPWFC and Public Health due to reduction in grant funding



2026 Budget – Key Dates

October 7 Budget Hearing #1
Presentation of
2026 Preliminary
Balanced Budget

October 21 Budget Hearing #2
2026 Original
Adopted Budget -
Department &
Office Critical
Needs
Presentations &
Public
Participation

November 4 Budget Hearing #3
BoCC Direction on
the 2026 Original
Adopted Budget
& Public
Participation

December 9 Budget Hearing #4
2026 Original
Adopted Budget

- Resolution to Adopt 2026 OAB
- Resolution to Certify Mill Levy
- Resolution to Authorize Treasurer for Transfers



2026 Preliminary Balanced Budget Book



~Thanks to the County's budget team and all departments and offices!





Questions?