

2027 Preliminary Balanced Budget

BRET WATERS | COUNTY ADMINISTRATOR | EL PASO COUNTY ADMINISTRATION

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PRESENTED 9/29/2026

Budget Priorities

Recession-Resistant Budget

- Not planning to dip into reserves for ongoing expenditures
- Conservative sales tax forecasts
- Minimal FTE additions

Strategic Planning

Every budget item directly ties to the County's Strategic Plan Objectives

The four objectives provide a consistent framework for budget decisions.



Compiling the 2027 Budget

Budget Process Policy

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SECTION 5.2

Annual budget process begins

Restricted Funds

Partially Restricted
Funds

Unrestricted Funds

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SECTION 5.3

2027 Budget for Restricted Funds

✓ COMPLETED

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

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SECTION 5.4

Partially Restricted Funds

✓ COMPLETED

Capital Improvement Fund (CIF)

- Ensured funding for Annual Lease Obligations (COPs and Capital Leases)
- Total debt service of \$12,862,650
- Criminal Justice Center - \$3,039,750
- Judicial Complex - \$5,615,300
- Citizens Service Center - \$3,014,600
- Sheriff's Northeast Substation - \$1,193,000 (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 10%
- Slight 5% premium increases to employees
- Total Self Insurance Fund Budget of \$85.5 million
- Risk, Workers Comp & Liability \$14.2 million
- Health Benefits \$71.3 million

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SECTION 5.4

Partially Restricted Funds

✓ COMPLETED

Department of Human Services

- Ensured funding for statutory County match
- State Fiscal Year 2026/2027 & estimated 2027/2028 Allocations
- County match estimated at \$27.4 million
- Allocation changes for 2026/2027 State year:
 - County Admin decrease \$933K (-3.3%)
 - New HR1/Medicaid funding \$2.365 million
 - Colorado Works increase \$407K (2%)
 - Colorado Child Care Assistance Program decrease \$7.2 million (-26%)
 - Child Protection decrease \$872K (-1.4%)
- Supplemental Nutrition Assistance Program (SNAP) Match – Counties would pick up share; possibly over \$8M for EPC
- Fraud & HCPF Incentives

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 \$41.2 million
- Total Public Works budget is \$60.8 million
- Allows Public Works to make progress on increasing pavement quality

Revenue Sources

2027 Revenue Sources Preliminary Balanced Budget

\$535.4M
TOTAL REVENUE

\$328.9M
DISCRETIONARY

61.4%
Discretionary
funding

REVENUE SOURCE MIX

Unrestricted Restricted

Sales & Use Tax **\$179,154,081**
33.5% of total

**Other Restricted
Revenue Sources** **\$163,573,617**
30.6% of total

Property Tax **\$97,688,198**
18.2% of total

**Public Safety Sales
& Use Tax** **\$41,280,457**
7.7% of total

**Elected Office
Revenue (Fees)** **\$27,197,052**
5.1% of total

**Specific Ownership
Tax** **\$9,368,277**
1.7% of total

**Interest
Revenue** **\$7,500,000**
1.4% of total

**Unrestricted
Intergovernmental** **\$5,013,423**
0.9% of total

**General and Road
& Bridge Fees** **\$3,068,969**
0.6% of total

**Other Taxes/Revenue/
Miscellaneous** **\$1,163,000**
0.2% of total

**Parking, Parks &
Recreation Fees** **\$422,000**
0.1% of total

RESTRICTED REVENUE

Public Safety Sales &
Use tax
\$41,280,457

Road & Bridge Escrow
pass-through
\$1,717,907

Other restricted revenue
\$163,573,617

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SECTION 5.5

Unrestricted General Fund

IN PROCESS

Revenue Estimates - Sales & Use Tax

Up 4.01% through July 2026 over 2025 - up \$3.8 million

2.15% increase to budget

Category	Increase	Budget share
Retail	5.22%	53.62%
Food services	2.81%	10.53%
Wholesale trade	7.12%	5.56%
Accommodations	2.31%	3.89%

Planning assumptions

- The average increase over the last five years is 5.82%
- 2026 estimated ending increase of 3.6% over 2025
- 2027 PBB includes staff-recommended increase of 3.0% over 2026 estimate

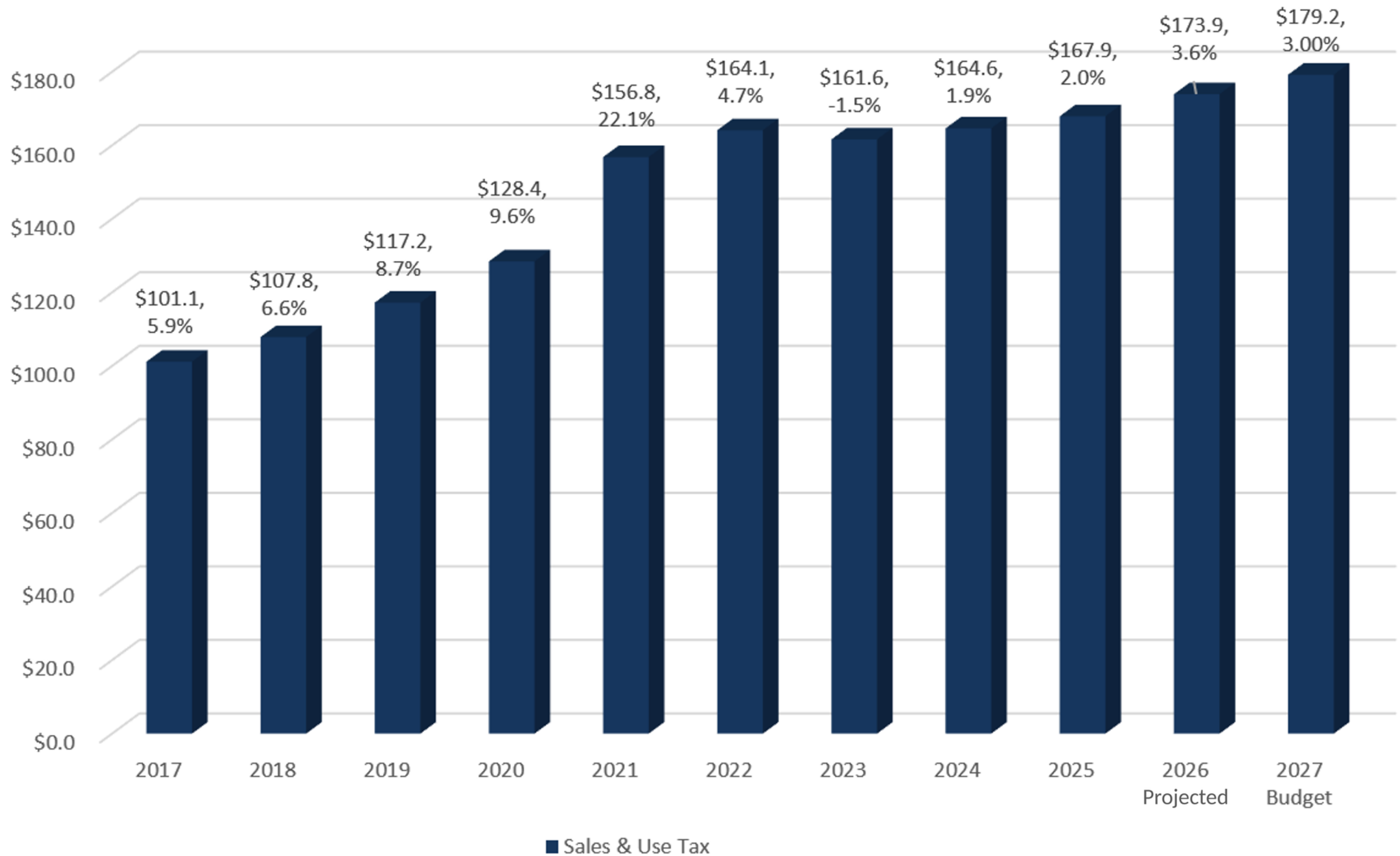
\$179.2M

2027 1% Sales and Use Tax preliminary budget

\$41.3M

Estimated 0.23% Public Safety Sales & Use Tax for 2027

Sales & Use Tax (1%) Projection (Millions)



2027 Budget for Unrestricted General Fund

Budget Process Policy

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SECTION 5.5

Unrestricted General Fund

CONTINUED

Revenue Estimates - Property Tax

\$96M

Property Tax revenue

+6.31%

Revenue increase

Based on the Preliminary
Certification of Valuation

Revenue adjustments

- Allowable abatement mill of 0.038 mills
- Estimated temporary mill levy reduction of 0.704 mills due to TABOR Property Tax Cap

Mill levy impact

8.498

mills without a
temporary reduction

7.794

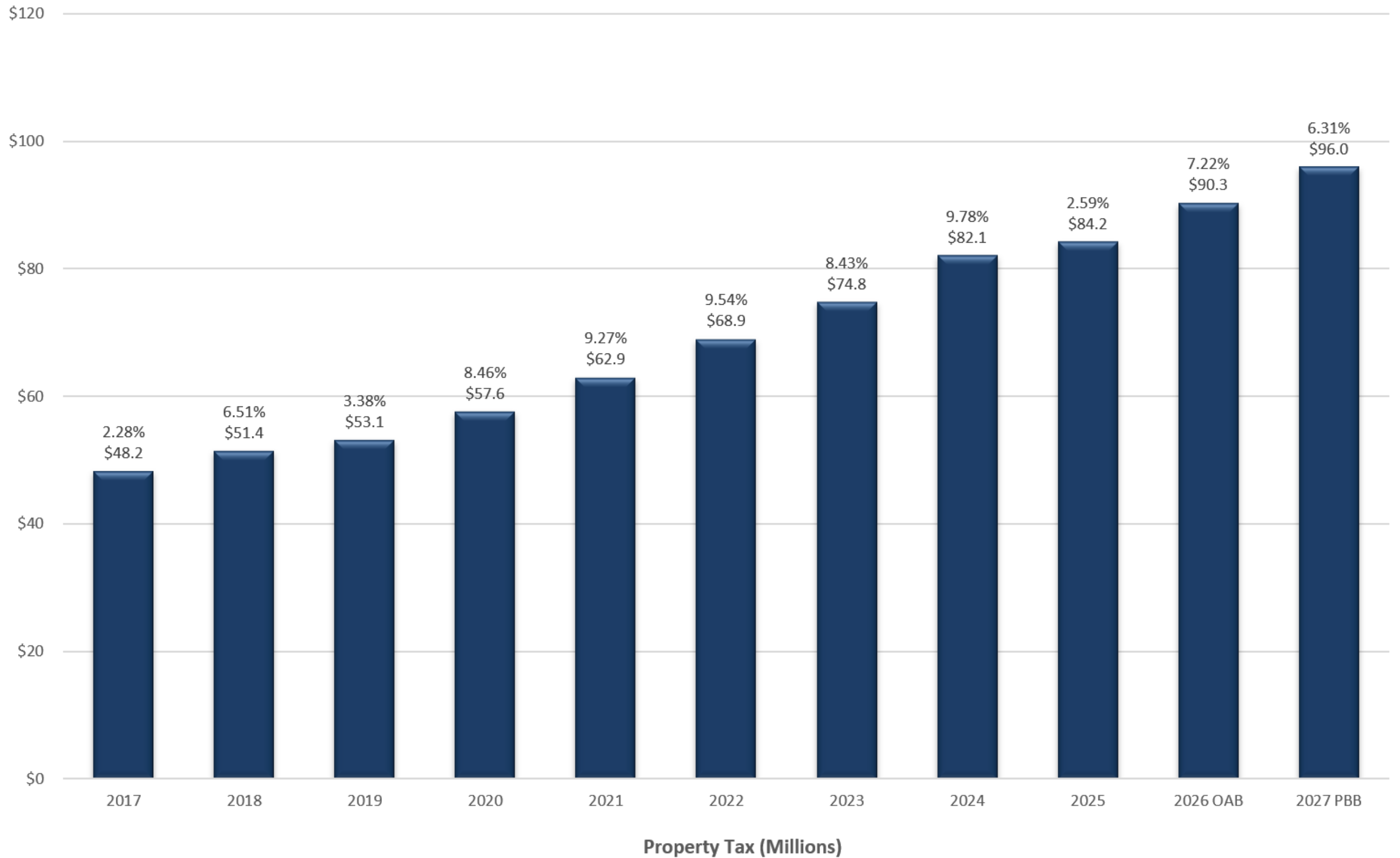
mills estimated with a
temporary reduction

8.3% reduction in EPC's mill levy

Policy constraints

- 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.

Property Taxes-All Funds (Millions)



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SECTION 5.5

Unrestricted General Fund

CONTINUED

Revenue Estimates - Property Tax

PROPERTY TAX - TABOR

No TABOR refund for 2025

Projected to be under the TABOR cap for 2026 and 2027

2025

No refund

2026

**Projected under
cap**

2027

**Projected under
cap**

TABOR outlook

No refund in 2025; projected below the cap
in 2026 and 2027

2027 Property Taxes

Market Value of the home as valued by the El Paso County Assessor's Office (relief of 10% reduction on the first \$700,000 of a home's value).

Assessment Rate as determined by the State of Colorado in accordance with Colorado Revised Statute 39-1-104.2 C.R.S.

(6.8% for local governments and 7.05% for school districts for 2026).

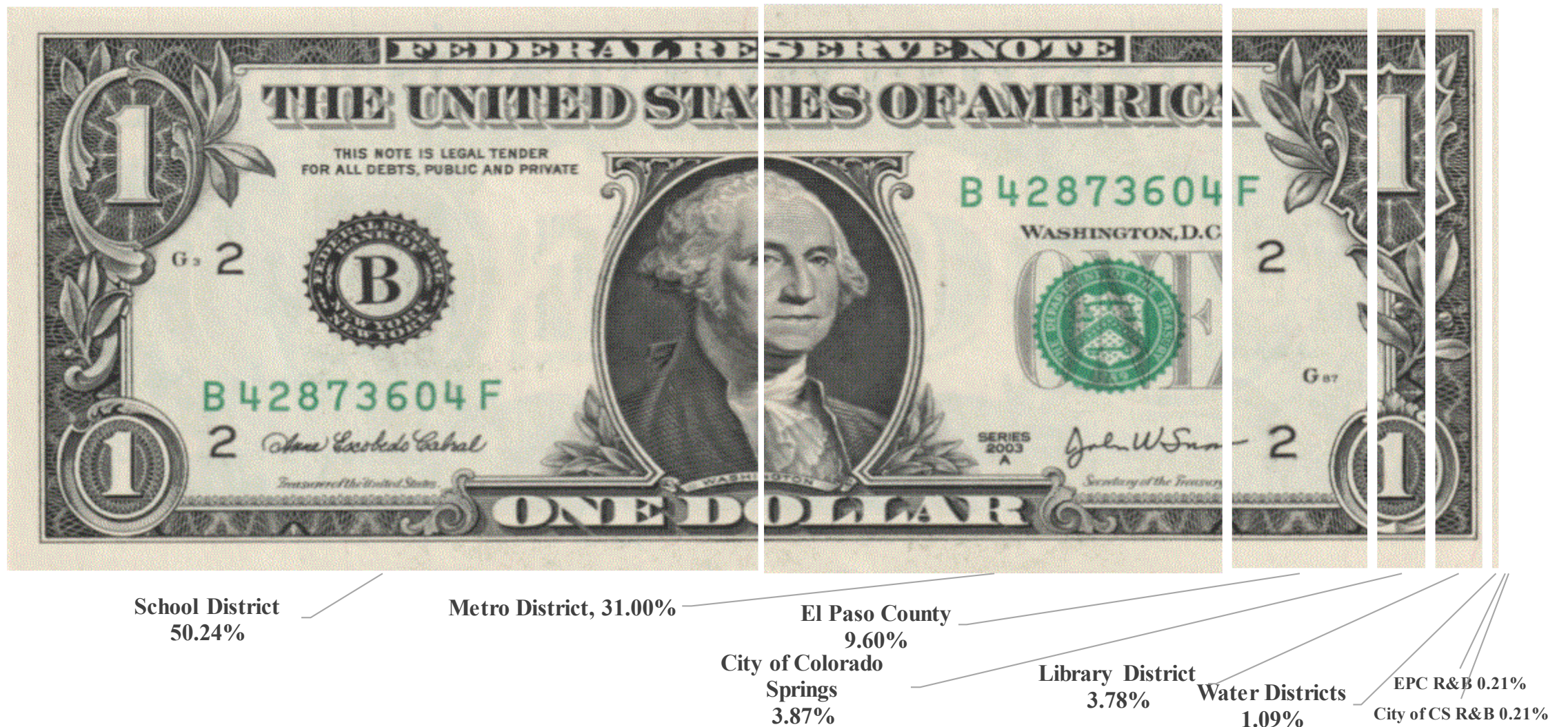
Mill Levy is a tax rate of 1/10 of a cent. A tax rate of 1 mill per thousand means \$1.00 of tax per \$1,000 of assessed value.

Market Value x **Assessment Rate** = **Assessment Value**

Assessment Value x **Mill Levy** = **Property Taxes**

(\$500,000-50,000=\$450,000) x .068 = \$30,600 X 38.701 Mills (.038701) = \$1,184.25 for local governments

(\$500,000-50,000=\$450,000) x .0705 = \$31,725 X 37.695 Mills (.037695) = \$1,195.87 school districts



Based on the calculation above, this household would pay \$2,380.12 in total property taxes, of which El Paso County would receive \$233.45 or 9.81% of the total property tax collected.

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Unrestricted General Fund

CONTINUED

Revenue Estimates - Other Revenue Lines

Major changes from 2026 budget to 2027 budget

DECREASE

(\$2.5M)

Interest

2027 budget change

INCREASES

+\$1.9M Clerk & Recorder Fees

+\$550K Intergovernmental/
Sheriff

+\$485K Treasurer Fees

2027 Budget for Unrestricted General Fund

Budget Process Policy

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SECTION 5.5 Unrestricted General Fund

CONTINUED

General Fund Expenditure Budgets

2027 EXPENDITURE BUDGETS

Retain 2026 Expenditure Base Budget

Not recommending any budget cuts or base reductions for 2027

Pikes Peak Workforce Center

The budget is now back in the County's budget

The BoCC will approve their budget as part of the overall El Paso County budget

Strategy Phase of the budget (5.5.3.2)

Meetings held with Countywide Elected Officials and Department Executive Directors

2027 Budget for Unrestricted General Fund

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SECTION 5.5

Unrestricted General Fund

CONTINUED

General Fund Expenditure Budgets

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

Investment in County Workforce

- 01 Recommending 4.0% total compensation average adjustment
- 02 CPI is currently projected to be approximately 4.35% for 2026
- 03 Pay for performance model for County Administrative Departments

County Road Projects

A significant priority in the County's budget and strategic planning process

\$7M

NEW ONE-TIME FUNDING

The 2027 budget increases funding for the pavement preservation program.

\$12M

TOTAL 2027 PRESERVATION BUDGET

The total pavement preservation budget for 2027 is \$12 million.

ROAD & BRIDGE FUNDS

2027 Road & Bridge Fund PBB

\$41,188,999

2014 Road & Bridge Fund OAB

\$13,985,787

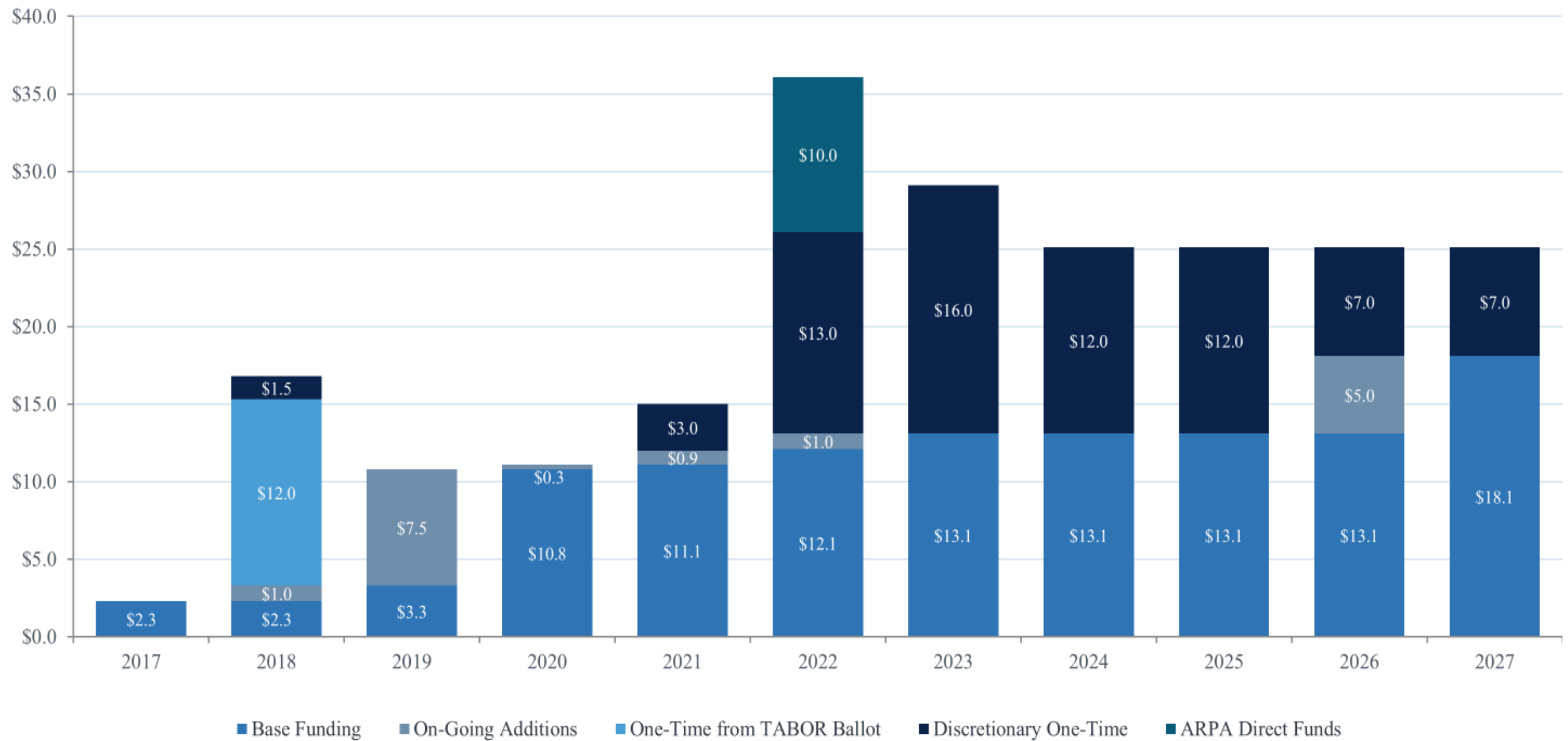
PUBLIC WORKS PRIORITY

Allows the Department of Public Works to strategically address the highest priority road projects



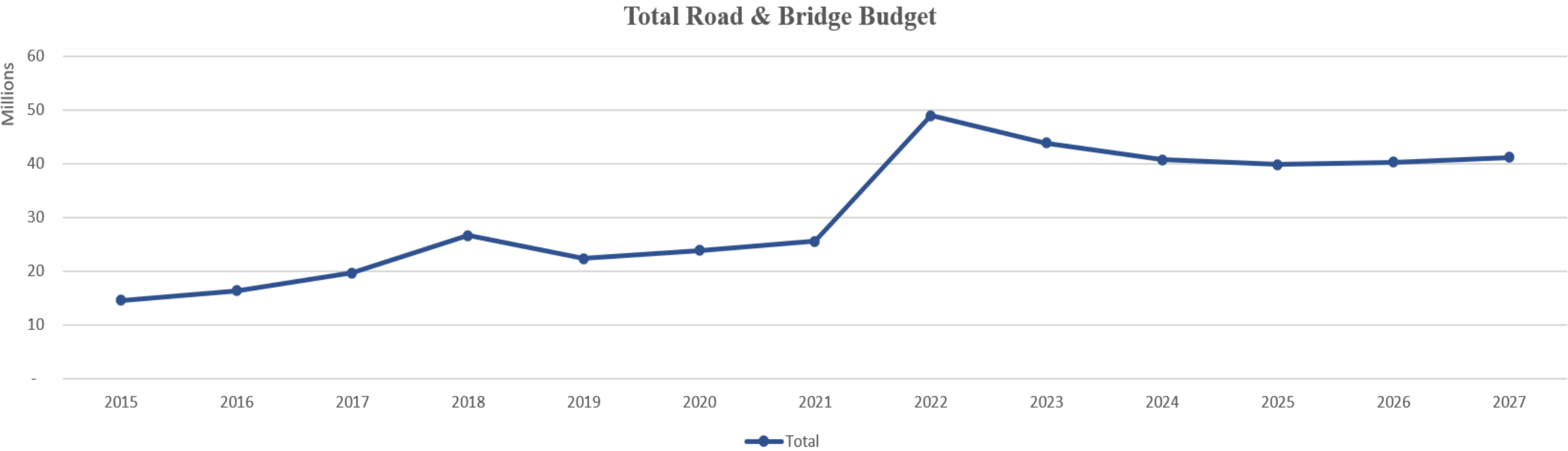
Annual Additional Investment in Roads

Funding composition by year | \$ in millions



Budget Process

Total Road & Bridge Budget



Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
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	34,188,999
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	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	41,188,999

2027 Budget for Unrestricted General Fund

Budget Process Policy

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SECTION 5.5

Unrestricted General Fund

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TABOR Revenue Cap

TABOR CALCULATION IMPACTS

PRELIMINARY

\$2.5–3 million
under the TABOR cap

Early estimates (through July) project 2026 revenues under the TABOR cap

The 2027 Budget assumes being under the County's TABOR revenue cap

VARIABLES BEFORE FINALIZATION

TABOR calculation is very preliminary. Numerous variables can change before finalization in about 6 months:

01 CPI Increase

September estimates will change several times by Feb/Mar 2027

02 Growth calculation

Using August preliminary. Not finalized until December 2026 with final Certification of Valuation

03 Sales Tax and Intergovernmental

Impacts have been decreasing compared to initial projections

Staff is closely monitoring TABOR revenues & reserves

2027 Budget for Unrestricted General Fund

Budget Process Policy

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SECTION 5.5

Unrestricted General Fund

CONTINUED

Fund Balance & Reserves

MINIMUM FUND BALANCE RESERVES

Minimum fund balance policy

10% General Fund Sales Tax

0.5% Property Tax

5% all other revenues

\$22.95 million

Minimum Fund Balance for 2026

\$11.5 million

Estimated TABOR 3%
Reserve

UNRESTRICTED RESERVES

30.5%

of budgeted revenues

TARGET: 23%

to remain after operational savings are 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

2027 Budget for Unrestricted General Fund

Budget Process Policy

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SECTION 5.5

Unrestricted General Fund

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Fund Balances & Reserves

EMERGENCY RESERVE

\$10.0 million

Current balance

Available for appropriation by the
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

RESTRICTED COST CENTER EXAMPLES

- 01 Public Safety Tax
- 02 Parks Trust
- 03 E-Recording
- 04 Inmate Processing
- 05 Inmate Commissary

Separate from the County's unrestricted reserves

2026-2027 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*

2027 PBB Critical Needs: One-Time

5

CRITICAL NEEDS

\$11.68M

TOTAL REQUESTED

ONE-TIME

49.6% of total requested

DEPARTMENT	CRITICAL NEED	DURATION	AMOUNT
DPW	Roads Resurfacing/Paving Program	One-time	\$7,000,000
FAC	Phase 1 of Security Camera Upgrades	One-time	\$1,034,000
FAC	Central Utility Plant (CUP) Chiller #2 Rebuild	One-time	\$350,000
FAC	Technical Support Building (TSB) Roof Replacement	One-time	\$1,300,000
PRK	Fairgrounds Improvements	One-time	\$2,000,000

2027 PBB Critical Needs: On-Going

14 CRITICAL NEEDS

\$11.85M
TOTAL REQUESTED

ON-GOING
50.4% of total requested

DEPARTMENT	CRITICAL NEED	DURATION	AMOUNT
BoCC	Est. Commissioners/Elected Officials Statutory Pay Increase	On-going	\$244,726
BoCC	Annual Dues Increases	On-going	\$28,469
BoCC	Animal Control Contract - 2027 Funding	On-going	\$35,708
Countywide	Postage Increase (4.2% Projected increase per USPS)	On-going	\$54,881
Countywide	2027 Pay Adjustments (4.0% Budget Allocation)	On-going	\$9,455,190
CRD	Pretrial Services Court-Ordered Testing Increase	On-going	\$23,909
CAT/DPW	Real Estate Services - 1 new FTE & Software	On-going	\$228,823
COR	Full-Time Morgue Technician - 1 FTE	On-going	\$113,383
DPW	Construction Materials Cost Escalator (10% Increase)	On-going	\$400,000
DPW	Fleet Capital Replacement Cost Escalator (6.5% Increase)	On-going	\$275,000
DST	PC Replacement Program	On-going	\$584,960
OEM	Real-Time Wildfire Evacuation Intelligence/Pikes Peak Region	On-going	\$90,000
PRK	Parks Contract Services-Janitorial	On-going	\$200,000
SHR	Armed Security Officer position - 1 FTE	On-going	\$113,898

2027 Budget for Unrestricted General Fund

Budget Process Policy

FTE Authorizations in the 2027 PBB

Intentionally keeping FTE authorizations low

CURRENT PRIORITY

Prioritizing current staff
and authorized positions

2027 PROPOSED INCREASE

+3 FTEs

Proposing an increase of only 3
FTEs for 2027

TOTAL AUTHORIZED POSITIONS

3,022

Current authorized positions

Reduction from 3,029 in the 2026 OAB

2027 Budget Key Dates

Budget hearings and adoption milestones

SEPTEMBER

29

BUDGET HEARING #1

Presentation of 2027 Preliminary Balanced Budget

OCTOBER

20 & 27

BUDGET HEARINGS #2 & #3

2027 Original Adopted Budget: Department and Office Critical Needs Presentations and Public Participation

NOVEMBER

10

BUDGET HEARING #4

BoCC Direction on the 2027 Original Adopted Budget and Public Participation

DECEMBER

8

BUDGET HEARING #5

2027 Original Adopted Budget

- Resolution to Adopt 2027 OAB
- Resolution to Certify Mill Levy
- Resolution to Authorize Treasurer for Transfers



Questions?

FINANCIAL SERVICES DEPARTMENT

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