



**2010 State of the City
Mayor Lionel Rivera**

June 30, 2010

Good afternoon, everyone. I want to thank the staff at the Chamber of Commerce for hosting this annual event and the great service staff that took care of us today. I am always excited to talk about the work of the City, Colorado Springs Utilities and Memorial Health Systems.

Thank you all for attending today. It's great to see so many community leaders who are dedicated to working side by side to make Colorado Springs the best place to live, work and recreate. We all want Colorado Springs to be one of the top cities in the country for attracting enterprises and entrepreneurs alike. I do want to recognize one special guest.

2010 Revenue and Budget YTD

2009 was an extremely difficult year for the City of Colorado Springs. Our municipal government was not alone. My fellow Mayors from across the country are experiencing the same shortfalls. As city sales and use tax collections plummeted, City Council and City Management were challenged to make very

tough decisions including the elimination of approximately 266 staff positions and significant reductions to services. While this has been a sobering time, we have witnessed the resilience of our Staff and the civic pride of many Citizens who have graciously donated their time and resources.

City Council did not want to resort to the severe cut backs in service required to balance the budget. However, like many of you, we had to cut our expenditures to match our revenue. In this economic environment we had to create a new model for providing many of the City services that we all want. And as the old saying goes “necessity is the mother of invention”. The end result is this community became a shining example of problem solving and perseverance.

We developed partnerships with faith based organizations, enlisted the help and support of motivated community volunteers, outsourced recreation activities that had cost the City a substantial subsidy, and turned four other recreation facilities into self sustaining profitable operations that will return funds to general fund. We truly became a City to be envied.

Out of this paradigm shift came a new phoenix; a group called Proud of our Parks was created. I will ask Steve Immel to stand and be recognized as the chairman of that group of citizens who have, to date, helped adopt 110 trash cans, and 82 combined parks, trails and open space areas. Next year through a

new public recycling program we hope to return trash receptacles to all of our parks. Steve had some help, with a generous effort lead by Citadel Broadcasting the word went out over their 6 stations about the needs we had in the parks system and our citizens responded. Kent Hildebrand and Alisha Scott with Citadel Broadcasting and their team were behind the *Picnic and Pickup in the Park* resulting in an increased awareness and valuation of our precious assets that make up our prized quality of life. (recognize Alisha)

Two of the most popular spots in Colorado Springs during the hot summer months are the Uncle Wilber Fountain and the Julie Penrose Fountain in America the Beautiful Park. These two fountains were going to be dry this summer if left to the general fund budget. But that was just not acceptable to Kat Tudor and Kristen Downs. Kat could not make our lunch but is represented by Jeff Haney, a member of her committee. (recognize Jeff) Kristen delivered her new baby boy last night and as much as she wanted to be here it just didn't work out. Kat and Kristen, prodded, promoted and persevered to make sure these two citywide treasures were ready to greet eager summer visitors.

Between these two ladies and their remarkable **committees, over \$30,000 was** raised for by the Friends of Julie Penrose and the Friends of Uncle Wilber Fountains. On behalf of the joyful kids AND adults of our community, thank you for your work.

Friends of the fountains were not alone in their efforts. Friends of Rock Ledge Ranch – represented by Ron Wright, Friends of North Cheyenne Canon – represented by Lee Wolf, and Friends of Pioneer Museum, represented by Linda Sauer, rallied to keep these unique properties open to their publics and are breathing new life into the programs and stimulating volunteer activity like never before. While Council was able to help bridge the gap in the budgets for these local gems, there is no doubt that without the unwavering efforts of many, many people, the Pioneers Museum, Rock Ledge Ranch and Cheyenne Canon would have been sorely missed.

New partnerships also emerged. The Westside Community Center is open for business through a volunteer effort with the Woodmen Valley Chapel. Dick Siever and Karen Fleming are representing a creative new approach to delivering community services to our Westside neighbors and in many ways even more comprehensively than the City was.

Their three year commitment is funded through volunteers and cash and in kind donations. It's a shining example of how the faith based community and the City can partner to provide needed services to our citizens. I'm so proud of this effort that I will share a report of our success with my Mayoral colleagues through the USCM.

The Community Center Task Force launched a door-to-door campaign, held a carnival including a dunk tank featuring several of my fellow council members. Eric Phillips spearheaded efforts raising awareness and funding along with neighbors throughout the Hillside, Deerfield and Meadows Park neighborhoods. People rallied. People pulled together. These people here with us today and hundreds of others all over our community found ways to solve problems.

The City of Colorado Springs has formed a self sustaining partnership with Colorado Springs Swim School to manage Wilson Ranch, Portal Pool and the Aquatic and Fitness Center. This private sector agreement with Colorado Springs Swim School is going strong. The outdoor pools opened for the summer on Memorial Day weekend. The Aquatic and Fitness Center at Memorial Park will re-open in September.

Our partnership also has the potential to generate a financial return to the City. I expect see more and more of these public-private partnerships in the future.

Some of our other park and recreation programs and properties did not fare as well in the first half of 2010, but thanks to additional cost savings and better focus from CSU, we've been able to improve irrigation and maintenance in our

neighborhood parks and medians. 2011 is just around the corner and we will face very similar challenges.

Late last year and earlier this year we faced one of the largest and most important humanitarian programs in the history of our City: addressing the needs of about 550 homeless men and women, who until recently could be seen camping as we drove near downtown along I-25 or Cimarron.

Thanks to generous grants totaling \$150,000 from the El Pomar Foundation, and \$50,000 federal funding through the City, Homeward Pikes Peak and a small cadre of volunteers have been able to reach out to 382 of these homeless campers.

Of those 382 campers:

- 35% have returned to their families, after case workers were assured that a welcoming family was awaiting them.
- 115 have successfully found employment in the area and have either left the program, or are saving money for their first month's rent and deposit.
- 41% remain in the program, looking for work on a daily basis and receiving case management.

- 22 individuals have voluntarily moved into substance abuse programs.

This another great program that I will share with my colleagues through the USCM.

Thank Bob Holmes for leading the effort.

In addition to El Pomar and the City, I am very pleased to report that through the faith based community we set a matching goal of \$50,000 for this program. [At my request, Senior Pastor Matt Heard](#) of Woodmen Valley Chapel rallied a total of twenty churches and faith-based organizations who contributed toward this generous gift. The goal was exceeded by \$10,000 and Homeward Pikes Peak will be receiving contributions totaling \$60,000 this week! I'm very grateful to each of you! Pastor Heard could not make today's lunch, but he is represented by [Randy Scott an Elder at WVC](#).

This has truly proven to be one of the most cost-efficient and effective programs of its kind, and I welcome a visit from Boulder officials so they can see how its done right.

One thing has been proven over and over again, we can solve many of our problems together and that is exactly what it will take as we move forward.

Thank you to each and every one of you recognized today and to the dozens of you in the audience who I know work tirelessly to make this the outstanding community that it is. I applaud all of you who volunteer in our great community.

Economic development

As you may be aware, the past seven months have reflected positive year-over-year collections for the sales and use tax revenue. However, with continued uncertainty and turmoil in the world financial markets and the global economy, we believe it is prudent to continue monitoring and adjusting our forecasts prior to releasing the financial picture for 2011, but it looks much better than projected in January of this year.

Despite the difficult economic times we find ourselves in, we are not a community to sit around waiting for things to get better. We approach these challenges head-on.

Earlier this year city council approved a sales tax sharing agreement for the redevelopment of the Mining Exchange Bldg into a new boutique hotel that should further accelerate downtown revitalization and help create several hundred jobs.

We unanimously approved the Copper Ridge Development plan that as it builds out will provide tax revenue to finance the construction of a new Powers freeway connection from I-25 to Hwy 83. The link will provide an opportunity for major

commercial development and a more direct link to Colorado Springs airport, and again potentially several hundred more jobs.

We kicked off two major transportation capital construction projects at Woodmen and Academy and the new Milton Proby Parkway. They will significantly improve east west mobility and have created a many new jobs.

In addition to having a vision and supporting future job through new economic development we must also focus on retention of good jobs and trademark marquee industries. Bringing the United States Olympic Committee and six National Governing Bodies to their new headquarters downtown with a 30 year commitment to our community from the USOC is more than retaining good jobs. The USOC represents a national headquarters presence, with global recognition, and an employment base of active professionals who bring their spirit and energy and who are actively engaged in our community and sports tourism industry on a daily basis.

The economic impact of retaining the United States Olympic Committee and it's inherent sports related industry and tourism, is estimated at \$341.3 million in both direct and secondary impacts and \$3.4 million of annual sales tax and property tax revenue to our community. **Well worth our investment.**

An example of that impact is the reoccurring success of the State Games of America and Rocky Mountain State Games driven by the Colorado Springs Sports Corporation? The 2007 and 2009 State games of America drew record participation each year of over 10,000 athletes plus 15,000 family members to Colorado Springs, filling every hotel room during their stay. The success of these games is due to great leadership from the CS Sports Corporation and their partnership with the USOC, and NGB's athletes, coaches and leadership. We couldn't stage these events on such a grand scale without that partnership. The 2010 Rocky Mountain State Games are right around the corner and we expect 7000 athletes from Colorado and surrounding states for this major event.

Let me introduce you to a couple of our Olympic athletes. Jessie Beckom is training for bobsled and comes to us with 2 years as a City Planner in North Carolina. Adam Wheeler. You'll notice Officer Wheeler is wearing a Colorado Springs Police uniform. Adam won the bronze in Greco Roman Wrestling at the Beijing Olympic Games. He is a full time police officer and a permanent member of our community. We also are fortunate to have the U.S. Paralympics headquartered here in Colorado Springs.

I would also like to recognize Scott Blackmun for his leadership as the Chief Executive Officer for the United States Olympic Committee. And extend my

thanks to the USOC and participating NGBs for their generous grant of \$250,000 for youth and sports programs at our community centers. I look forward to our renewed partnership driving strong economic development and job growth in sports tourism as called for in the 6035 economic development plan. One of our early economic development successes is the Olympic Assembly being held for the first time in Colorado Springs this September. It will bring over 400 sports professionals and decision makers to our city.

Another tremendous local asset is our strong partnership with our military neighbors. I have tremendous respect for our service members and their families for the sacrifices they make everyday to defend and protect our nation. I'm proud of the Pikes Peak region's support of our military. A simple example of these partnerships can be seen in the celebration of our nation on July 4th. When the city was unable to fund the traditional fireworks at Memorial Park last year, Fort Carson invited the community to celebrate with them, on base on July 3rd. This year the United States Air Force Academy will host a public event at Falcon Stadium with our own Philharmonic Orchestra on July 4th that brings together our respective communities to celebrate Independence Day. My sincere thanks go out to our neighbors for providing a venue for a great celebration.

Economic development doesn't just occur on the general city side. A lot is going on at CSU.

Neumann Systems Group

For the last two years we have partnered with local entrepreneur Dr. David Neumann to test and perfect Neumann Systems Group's leading edge emission control technology at the Drake Power Plant. When testing is complete and if certified by the state this summer it will potentially help us meet future air quality standards mandated by EPA. This new technology requires one tenth the space and can be implemented at one half the cost of conventional scrubber technology. If we can implement this new technology it will save our rate payers millions of dollars each year moving forward.

The lower cost and smaller footprint may make this technology appealing to power plants across the nation and has the potential of bringing hundreds of new jobs to the area. If the technology goes commercial, Neumann Systems Group plans to manufacture the equipment right here in Colorado Springs and the need for this leading edge technology is potentially global.

Renewable Energy

We're investing in renewable energy, and we're doing it in low cost ways that make sense for Colorado Springs, leveraging the natural resources that make this a great place to live.

U.S. Air Force Academy solar

Colorado Springs Utilities is working with the U.S. Air Force Academy (USAFA) to build a new solar array on Academy grounds. The solar photovoltaic facility will have a capacity of 4 to 5 megawatts, making it the largest solar array in the state of Colorado. It will provide about 7 percent of the total power requirement at the Academy. Construction will begin by this fall and the project is expected to be completed by Spring 2011. This new energy source will count toward Colorado's Renewable Energy Standard, and construction and ongoing operations of the array will provide jobs for the community.

Water from the mountains: hydroelectric power

Most of our drinking water comes from snowmelt in the mountains. As water flows down the mountains, it builds up enough pressure to turn a turbine and generate electricity for our community. For over 100 years, we've been generating electricity through hydro power and this spring, our fourth hydroelectric plant was completed. Our local hydro capacity is now 35 megawatts, enough power for about 25,000 homes.

Forests in our backyard: biomass power

Colorado has 3 million acres of forest that have been killed by the pine beetle. That's a lot of dead trees. We want to convert them to electricity. Colorado Springs Utilities is planning to construct and have a woody biomass facility operational by 2012. The renewable energy facility at the Martin Drake campus will generate about 3 percent of our total electric output, reducing the need for 75,000 tons of coal each year. There is a 20-year supply of dead and dying trees in Colorado that can be used for fuel to generate power.

We'll need contractors to cut, collect, transport and process the dead trees. Woody biomass is a low-cost renewable energy source; only hydroelectric power is a less expensive renewable source.

Southern Delivery System

We are on the verge of building one of the largest water projects in Colorado if not the Western United States. The Southern Delivery System is a vital project for the future of Colorado Springs and I believe the region.

Water has special significance to our city, as it does for all cities in this region. Since the days of our founder, General William Jackson Palmer, community

leaders have had to be innovative and visionaries to bring water to this parched semi-desert region.

Today, we are continuing the legacy of accomplishing what some claimed was impossible with the Southern Delivery System. This project will provide the water we'll need through the middle of this century and beyond. SDS will create jobs, support our economy and quality of life, and enable our city to prosper.

SDS will give the entire region an economic boost. And while SDS is a necessity for our community's future, we have planned the construction to provide opportunities for local businesses and contractors to benefit from work on the project and that work should begin this year.

SDS is a project of critical importance not just for our community, but our region. We have the potential to help some of our neighbors with their future water needs and reducing future rate increases for our community. With SDS, we will be able to serve current and future generations of customers with a reliable water supply for decades to come – a legacy our founding fathers would surely be proud of.

Memorial Health System

Another valuable community asset is our own Memorial Health System. Memorial is providing high quality healthcare to our region and tens of millions of dollars of indigent care. Dr Larry McEvoy, his leadership team and the entire workforce have worked with diligence and compassion to make MHS the leader in healthcare in our region. Their dedicated work has dramatically turned Memorial's fortune to the positive from the days of the global financial crisis in 2008. The improvements have been financial, in physician relationships, quality of care, medical processes and workforce productivity. MHS is in a stronger position to approach the very uncertain future that is being driven by the recently passed healthcare reform bill. Even though the bill is law the uncertainty is driven by the countless number of rules and regulations yet to be written by the Secretary of Health and Human Service. It is with this backdrop that we have appointed the Memorial Health System Commission on Ownership and Governance. During this time of healthcare and economic uncertainty we must thoroughly examine the benefits and risks of owning a hospital system or of divesting the hospital system from city ownership. I want to complement the commission for their thorough work to date and the options they have identified. They should carefully examine all options, especially those that maintain the community's access to quality healthcare and provide a substantial economic and financial benefit to our

community. I'm happy to see the commission beginning their town hall meetings, so we can hear from our constituents.

Yes, things are looking up but we can't become complacent. While we have many accomplishments to celebrate - we also have some major challenges to still overcome. We can't control the federal government or the global financial markets, but we can improve how we govern our own operations, advocate for change at the state level, and ask our citizens for their support.

City Council must significantly adjust how we share the cost of healthcare with our employees. MHS has been adjusting their employee healthcare costs to be more in line with practices in the private sector. We must move in that direction for both the City and CSU. Making those adjustments in 2011 could save the City and CSU over \$2 million each. That savings can help mitigate future reductions in services for the City and mitigate future rate increases for CSU.

We must demand true pension reform for PERA from our state legislature and new governor. For local governments who participate in PERA, state law mandates that we contribute 13.7% of an employee's salary while the employee contributes 8%. I don't think that is fair to tax payers or rate payers. At a minimum, the employer and employee should share the cost equally. After all,

it's our employee who will receive a lifetime benefit when they retire. If we do nothing, I would expect the mandated contribution rate for the employer to go higher in the future and we can not afford that additional cost. This type of reform will save the City, CSU and MHS several million dollars a year and again will mitigate service reductions, future rate increases, or increased hospital charges.

We also need to adjust our public safety pension plans so they are affordable, actuarially sound and do not place an unreasonable burden on the general fund.

I'm also asking our County Commissioners to reconsider their recent decision to reduce the County's road and bridge mill levy and increase their general fund mill levy. The effect of that policy decision was the reduction of \$2.5 million annually from Colorado Springs historical allocation of road and bridge funds and transferring it to the County's general fund. Those funds have historically been allocated to all the cities in the County for road and bridge infrastructure and I'm confident all my Mayoral colleagues would like it restored

As we continue to scrutinize expenditures and revise revenues, other factors are at play. The TABOR formula creates rapid declines in revenue limits in economic downturns, but prevents rapid *recovery* when conditions improve. As

the economy recovers, what we refer to as the “ratchet-down effect” of TABOR could restrict the city’s efforts to restore services.

With the recent improvements in sales and use tax collections, we are optimistic that the 2011 budget gap that was presented to City Council in January will improve, and we are hopeful that recent sales tax trends signify the beginning of a turn-around for the local economy and our city. If sales tax revenues rebound much stronger than expected and other issues go in the City’s favor we could potentially be in a TABOR surplus. While the surplus revenue could be kept for a one time expenditure with voter approval it would not be added to our TABOR budget baseline for future use for ongoing operations. I think its time to fix that weakness in TABOR, at least temporarily. Later this year, if it looks like we will be in surplus for 2010, then we should strongly consider placing a measure on the November ballot to ask citizens to allow the City to retain surplus revenue for 2010, 2011, and 2012 and add it to our TABOR budget baseline. It’s the only way we will recover from the ratchet down effect and allow the natural growth in our economy to help us recover. I ask my colleagues to support this concept if revenues rebound strongly.

Lastly we must strongly defend our rights under our City Charter. There is no doubt in my mind that the citizens of Colorado Springs gave City Council the

right to transfer surplus revenues from CSU to the City's general fund. It's a practice we've had in place for over 80 years. It's allowed by the Charter, can only be changed with a charter amendment, and we must fight to retain it.

If we can implement the policies I've suggested and future City Councils follow through then I believe we will be in a position to restore many of the public safety programs we've had to cut and restore some of the other services we've had to reduce. I also believe these changes will help begin to restore trust in local government and support a strong mayor form of government if we choose to go in that direction.

My term may end in April or May depending on what happens with the strong mayor proposal, but this is just June so I can assure you I plan to remain energized, engaged and dedicated to the success of this city. I urge you to do the same. We are poised to implement many of the recommendations of the 6035 economic development plan and I hope to make a few announcements in the next several weeks in support of the plan.

The last 13 years have been tremendously rewarding for both me and Lynn. It has been an honor to serve the citizens of Colorado Springs through the good times and our challenging times. I will work diligently with you and my

colleagues to insure the City, CSU and MHS are in the best shape possible when we hand over their governance to the new Mayor and City Council in the spring of next year. We have so much to celebrate and be grateful for. We live in a city to be envied and the more we share our creative, innovative and leading edge practices the better prepared we are to grow our reputation as the best city to live, work, raise a family and recreate. Let's never lose sight of those things that make Colorado Springs the world class city it strives to be.