



COUNTY MANAGER

Dear Chair McNicholas Kury and Members of the Board:

As required by Colorado Budget Law, C.R.S. 29-1-103(1)(e), I am submitting this 2026 proposed budget and five-year plan for your consideration. Staff has generated the accompanying budget documents to support the Board in its decision-making and final adoption of a budget and five-year plan for all County funds on December 9th. The budget has been prepared in compliance with State Statutes, Generally Accepted Accounting Principles, and the County's Home Rule Charter.

The 2026 budget and five-year plan have been developed under uncertain economic circumstances. Economists hold competing views of the impacts of federal budget cuts, tariffs, inflation, interest rates, and a softening labor market on the economy. Locally, Pitkin County's economy often runs counter to national and international trends. Pitkin County real estate is often an attractive investment when there is national and international economic uncertainty. Likewise, changes to federal tax policy are likely to create additional resources for ultra-high net worth individuals who contribute to our local economy. However, federal budget cuts especially in public health, social services, and public lands, are likely to put additional pressures on the County's budget over the next five years. Additionally, our local labor market remains tight with competition to recruit and retain qualified employees across all sectors. The County's tourist economy has seen a decrease in visitors, yet with better than expected sales tax, likely due to inflation. Concerns about the future of the County airport and the impact of runway closures weigh on the economic forecast, especially in 2027 when the airport is projected to be closed for three quarters. In preparing the proposed 2026 budget and five-year plan, staff has tried to be realistic about how these economic trends will impact our revenues and costs, and the prospects and timing for returning to a more normal economic cycle.

Priorities in the proposed 2026 Budget and five-year plan include:

- **Enterprise Fund Capital Projects.** The County is undertaking the largest capital project in its history, a \$575 million Airport Modernization Project, including the full reconstruction of the runway, construction of a new terminal, and development of the West Side taxiway and apron. The Solid Waste Center is also undergoing a \$32 million landfill expansion and the development of a new scalehouse campus. Both projects require long-term debt financing and represent critical infrastructure investments that will deliver substantial long-term benefits to the community. Given the scale and complexity of the Airport project, six new positions were added mid-year 2025 to build the internal capacity necessary for successful project delivery. Timely and efficient completion of these projects is essential, with high stakes for operational continuity, regulatory compliance, and regional economic development.
- **Staff Retention and Recruitment.** Staff retention and recruitment remain a top budget priority, reflecting the County's commitment to maintaining a skilled, stable, and motivated workforce. Competitive labor markets, rising costs of living, housing availability, and evolving employee expectations have made it increasingly important to invest in County

personnel. By focusing on competitive compensation, supportive work environments, and opportunities for professional growth, the County aims to strengthen its workforce, reduce turnover-related costs, and preserve critical institutional knowledge—ensuring continued high-quality service delivery across all departments.

- **Capital Maintenance and Completion of Current Capital Projects.** In addition to the major Enterprise Fund capital projects, the proposed 2026 budget and five-year plan include several significant one-time investments. These include construction of a new Dispatch Center, water and wastewater infrastructure upgrades at Phillips Mobile Home Park, the Redstone Bridge replacement, continued support for affordable housing projects, and electrification of County facilities. Funding for these initiatives will require substantial use of discretionary fund balances from the General Fund and special revenue funds. While the County's fund balances remain healthy, the scale of these capital commitments may reduce the Board's fiscal flexibility to respond to emerging priorities in the near term.
- **Internal Capacity.** The proposed 2026 budget includes strategic staffing additions to strengthen internal capacity across the organization. New General Fund positions are focused on supporting core County services, while positions in other funds address the growing complexity and scale of County operations and capital projects.
- **BOCC Stabilization Pool.** The proposed budget includes a three-year funding pool to address potential reductions in federal and state funding. This reserve is designed to support continuity of essential programs and services, particularly those delivered in partnership with organizations that depend heavily on federal support. By setting aside dedicated funds, the County can help buffer the impact of funding shortfalls, minimize service disruptions, and provide time to adapt to the changing economic and political landscape.
- **New Capital Projects.** New capital projects will take a lower priority in the 2026 budget as the County focuses its resources on completing existing initiatives and addressing other high-priority needs. While not a primary budget focus, new projects may be pursued as external funding opportunities—such as grants or partnerships—become available.

We are fortunate to enter this new budget cycle in a very strong fiscal position. One-time savings and one-time revenue increases have resulted in higher General Fund reserves which can be tapped to fund key capital and one-time projects. While we have incrementally adjusted expenditures through supplemental appropriations, the County begins 2026 with very strong fund balances. These surpluses provide opportunities to invest in operations and projects that will enhance the long-term sustainability and resilience of both our community and organization, all while supporting the largest capital projects in the County's history. At the same time, the proposed budget and five-year plan also acknowledge ongoing economic uncertainty nationally and internationally. The nine-month airport closure, in particular, presents challenges with potentially wide-ranging local economic impacts that are difficult to predict. Initial revenue projections for the proposed 2026 budget and five-year plan were developed in partnership with the County's Financial Advisory Board. It will be necessary for the Board and staff to remain agile and be prepared to adjust budget plans in response to changing conditions. With this in mind, staff is pleased to present a proposed 2026 budget and five-year plan that responsibly addresses key Board priorities, sustains healthy operating surpluses, and preserves fund balances, positioning the County to weather unforeseen challenges such as economic downturns or natural disasters without resorting to sudden service cuts.

Finally, two ballot questions on the November ballot will directly affect the County's 2026 budget and five-year plan. Twining Flats Road General Improvement District seeks voter approval for a mill levy increase from 2.769 to 5.769 mills. Additionally, a second measure proposes

authorization for the issuance of bonds to fund the redevelopment of the County Airport. The proposed 2026 budget is based on the assumption that both measures pass; however, budget adjustments will be made accordingly if either measure is not approved by voters.

### **2026 Budget and Five-Year Plan Highlights:**

The proposed 2026 budget for all funds is \$311,163,322, a 34% increase from 2025. For all County funds, revenues are projected to increase by 29% and the ending fund balance for the 2026 budget is projected to be \$167,328,439, which is 91% of operating expenditures. The proposed General Fund budget is \$61,861,953, an 11.6% increase. General Fund revenue is projected to increase by 9.6%. The projected ending fund balance of \$17,562,935 equals 28% of operating expenditures (vs. 32% in 2025). The 2026 budget proposes using \$9 million in General Fund balance for a combination of capital projects, one-time operating costs, staff support for Airport and Solid Waste Center projects, and a pool to be used at the discretion of the Board of County Commissioners to stabilize local partners affected by federal and state funding cuts. This results in a General Fund operating deficit of \$2.6 million in 2026. The fund maintains operating surpluses in 2027-2030 and has healthy fund balance reserves in the event economic conditions become more challenging. Highlights of appropriations in this proposed budget and five-year plan include:

### **Flourishing Natural and Built Environment**

#### *Ease of Mobility Via Safe & Efficient Transportation Systems*

- Road & Bridge Fund
  - \$5 million Redstone Bridge replacement
  - \$1.1 million for Sopris Creek culvert replacement and right of way
  - \$1.2 million for Red Mountain Road and Castle Creek Road asphalt and drainage improvements
  - \$1 million for Slaughterhouse Bridge rehab and Cemetery Lane paving
  - \$23.9 million in road maintenance and projects over the next five years
- Transit Sales & Use Tax fund
  - \$342k for Buttermilk pedestrian crossing improvements

#### *Conserved Natural Resources & Environment*

- Solar and Electrification Projects:
  - Library building and HHS building electrification projects (amount TBD)
  - \$950k EV charging stations – increasing output of PW system and installing a fast charging system in Basalt
  - \$200k for a potential housing unit electrification
  - \$30k for County building energy audits
  - Continued transition of County fleet to Electric Vehicles, replacing 5 vehicles with EVs, plus 2 new EVs
- Open Space and Trails Fund
  - Filoha/Wildin Houses renovation - \$990k addition (\$3.62 million total)
  - \$2.2 million for Glassier Farmstead housing improvements
  - \$1.9 million for McClure Pass Tunnel and Trailhead
  - \$1.7 million in other Open Space and Trails infrastructure and projects
  - New Natural Resources Supervisor FTE

- 3 new seasonal positions (Trails Supervisor and 2 Maintenance Technicians)
- Maintaining fund balance for open space acquisition opportunities
- Healthy Rivers and Streams Fund
  - \$250k for White Water Park restrooms and signage

*Well Planned & Livable Built Environment*

- Community Development
  - \$824k continuation of Vision 2050 project (\$2.7 million total)
  - Term-limit extension for Plans Examiner/Inspector

*Responsibly Maintained and Enhanced County Assets*

- Airport Fund
  - \$6.8 million runway pavement maintenance
  - \$75.1 million Airport Modernization Project Year 1 – terminal, runway, and soft costs (\$575 million total)
- Solid Waste Center Fund
  - \$4 million addition to construction of Scalehouse Campus (\$22.5 million total)
  - Heavy Equipment Operator new FTE
  - Extension of term-limit for Scalehouse Technician
- General Fund Facilities
  - \$350k Data Center chiller replacement
  - \$425k Courthouse entryway stabilization
  - \$125k for an asset inventory and condition assessment
- Information Technology
  - \$525k IT network upgrade
  - \$25k enterprise applications (AI and others)

**Livable & Supportive Community**

*A Sense of Personal & Community Safety*

- Capital Fund
  - \$6.5 million new Dispatch Center (\$8.5 million total)
- General Fund Facilities
  - \$225k to implement safety improvements
- Sheriff's Office
  - New Deputy Emergency Manager FTE
  - New Patrol Deputy FTE
  - New Community Response Officer (CRO) FTE

*Self-sufficient Individuals & Families*

- Healthy Community Fund
  - \$4.3 million in support of community non-profits and health and human services agencies, including \$902k to support Public Health and \$615k for Senior Services programs

### *Diverse and Livable Housing Options*

- Workforce & Affordable Housing Property Tax Fund
  - \$2 million contribution to Snowmass Village Draw Site housing development (proposed \$7 million over four years)
  - \$1 million contribution to Basalt Rugby Field housing project (proposed \$4 million over three years)
  - \$1 million contribution to West Mountain Regional Housing Coalition Good Deeds program
  - \$500k for homelessness housing vouchers
  - \$250k to support APCHA's Essential Repairs grant program
  - \$300k toward APCHA's capital reserve program
  
- Phillips Mobile Home Park
  - Wastewater treatment, water treatment, wells, and water storage infrastructure
  - \$5 million from Housing Impact Fee fund
  - \$5 million from Housing Property Tax fund
  - \$5 million planned for 2027 to complete the project
  
- Capital Fund
  - \$2.1 million for deed-restricted housing acquisitions or buy-backs
  
- General Fund Housing / Aspen Pitkin County Housing Authority (APCHA)
  - \$1.1 million in County support

### *Improved Community Engagement and Participation and Access to Recreation, Education, Arts, and Culture*

- Library Fund
  - Convert 4 temporary staff to seasonals
- Human Services
  - Senior Services Kitchen Assistant FTE increase to 40 hours per week

## **Prosperous Economy**

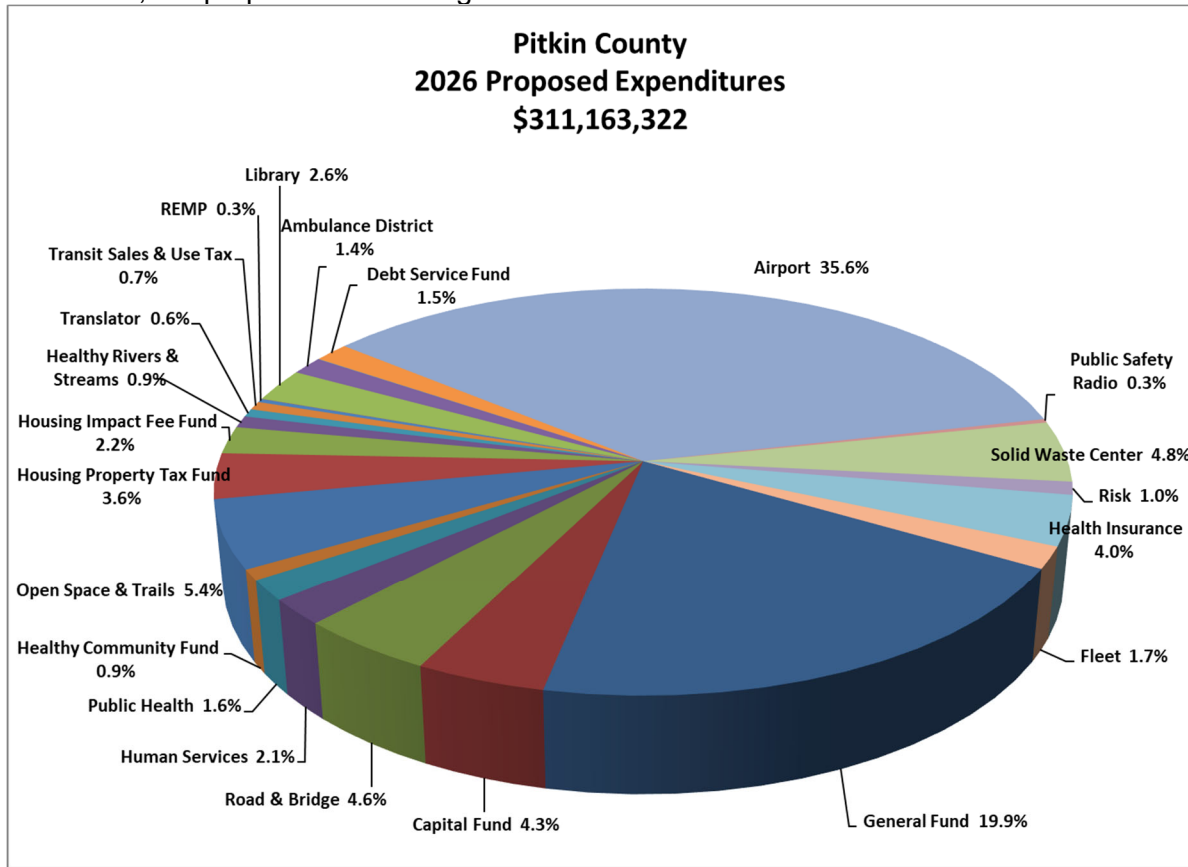
### *Affordable & Quality Health Care Options*

- Healthy Community Fund
  - Continued funding for Mountain Family Health Center (MFHC) clinic in Basalt (\$119k in-kind support and \$153k ongoing operating subsidy)
    - Providing quality primary, dental and mental health care, regardless of ability to pay
- Health Insurance Fund
  - \$142k Valley Health Alliance and integrated clinical network contribution
    - Reducing health care costs

### *High Performing County Leaders, Teams & Employees*

- Employee Pay & Benefits
  - 4.5% placeholder for wage adjustments. Proposed funds will be divided between cost-of-living increases, movement within range, bi-lingual pay stipends, and other compensation programs.
  - No increase in health insurance premiums
- Assessor
  - New Appraiser FTE

For all funds, the proposed 2026 budget is as follows:



**Revenue Projections:**

With input from the County’s Financial Advisory Board, staff developed revenue assumptions that take a conservative approach, including the following:

	2025	2026	2027	2028	2029	2030
Property Tax						
- Prior Year Inflation	2.3%	2.65%	3.15%	2.45%	2.5%	2.5%
- Growth	<u>1.0%</u>	<u>1.0%</u>	<u>1.0%</u>	<u>1.0%</u>	<u>1.0%</u>	<u>1.0%</u>
Total	3.3%	3.65%	4.15%	3.45%	3.5%	3.5%
Sales Tax	4.0%	3.5%	-10%	14%	4%	4%
Investment Income Rate	3.43%	3.2%	3%	3%	3%	2.75%
Community Development Fees	-15%	-5%	2.5%	2.5%	2.5%	2.5%

The County's share of a 2% sales tax (less than one cent per dollar) is allocated between the General Fund, Capital Fund, and Road & Bridge Fund. Allocations may shift year to year depending on the amount of capital and road projects, and available revenue and fund balance.

	General Fund	Capital Fund	R&B Fund
2025 Budget	57%	10%	33%
2026 Budget	55%	10%	35%

With these assumptions, revenues in the General Fund are projected to increase by 9.6% from 2025 to 2026, with no additional taxes.

Highlights for key revenue assumptions follow:

**Property Tax:** Is limited to prior year inflation plus growth, not to exceed a 5.5% increase, which produces a steady but slowly increasing revenue stream. During periods of significant growth in property values, Pitkin County complies with the revenue restrictions of the Taxpayers Bill of Rights (TABOR) by giving temporary mill levy credits, reducing the effective General County mill levy (General Fund, Road & Bridge, and Human Services) from the base of 3.370 mills to its lowest rate of 1.649 mills in 2009. If property values decrease, the County's temporary mill levy reductions will be incrementally eliminated until the approved levy of 3.370 mills is reached.

**Sales Tax:** County sales tax has remained resilient, even with a reduction in visitor numbers compared to the extremely high Covid years. January-August 2025 sales tax is 6.4% higher than the same period in 2024. At their meeting in August, the Financial Advisory Board (FAB) projected a stable outlook for 2025-2026 in which the County sees moderate sales tax increases of +4% for 2025 and +3.5% for 2026. A 10% decrease is expected in 2027 due to the extended airport runway closure combined with a number of local hotels planning remodel closures in 2027. Sales tax is expected to bounce back in 2028 (+14%), then return to historical averages thereafter.

**Community Development Permits and Fees:** Record-setting real estate sales during the Covid years brought corresponding high building permit levels and remodel applications. 2024 reached an all-time high for Community Development revenues of \$15.1 million (a 33% increase over 2023). Although the impacts of these trends are still being felt, revenues are expected to decline 15% in 2025 and 5% in 2026, settling near the \$12 million mark. The work of the Community Growth Advisory Committee is expected to maintain the volume of permit applications, as builders may try to submit their applications before any changes go into effect, offsetting any potential negative economic impacts.

**Investment Income:** A professional investment advisor manages County investments in accordance with the County Investment Policy. Investment income projections are based on their recommendations. In 2023 and 2024, the County benefitted from reinvestments into higher earning assets, but declining fund balances account for an overall decrease in investment income for the proposed 2026 budget. The 2026 earnings forecast is 3.75% on the managed portion of the portfolio (35%) and 3.25% on local government investment pools and money market funds which comprise 65% of the portfolio. Accounting standards require that unrealized gains and losses be reported each year. In order to avoid the impact this can have on smaller funds, the General Fund absorbs the full impact of the reported unrealized gain or loss for all County funds.

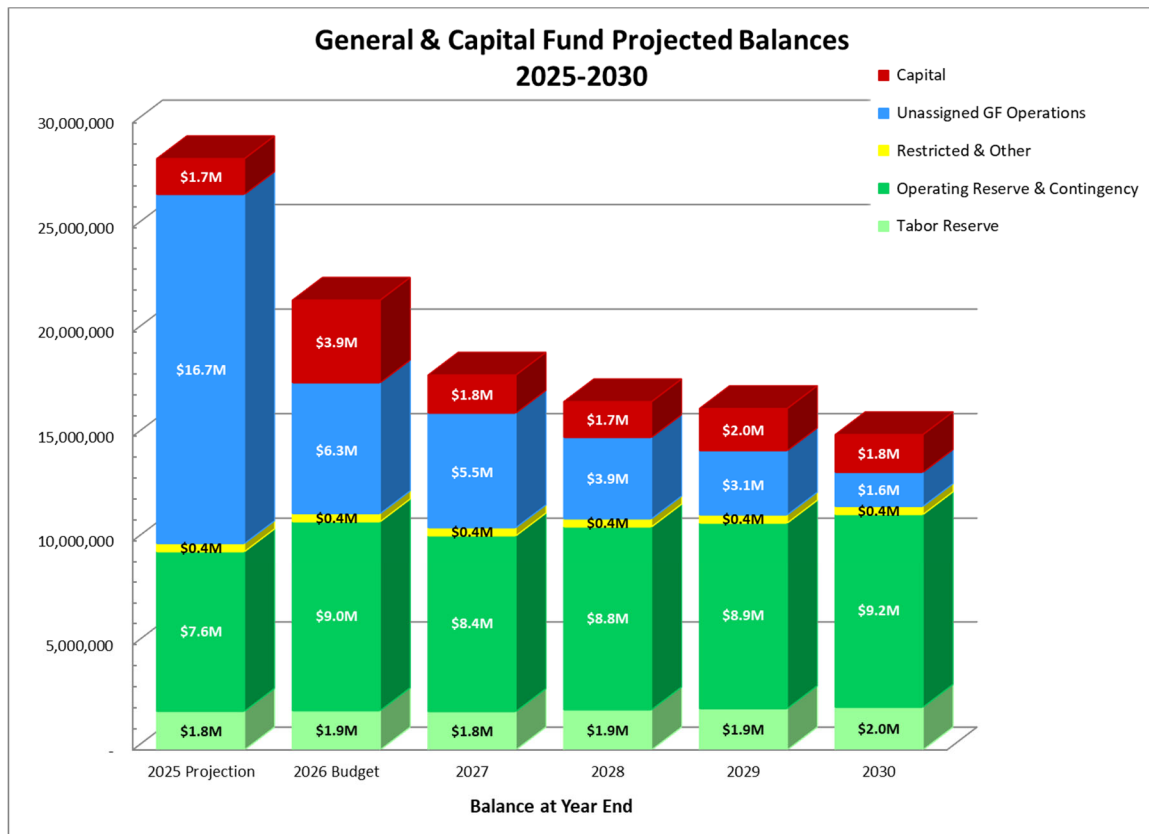
**Other Revenue:** The Other Revenue category includes partner contributions and donations, building rental income, cash bond receipts, in-kind rent, and other miscellaneous revenue. The

2026 proposed budget includes a one-time addition of \$2.4 million in contributions from the Pitkin County Regional Emergency Telephone Service Authority (E-911) to cover the cost of 2026 Dispatch replacement schedule items. The 2026 costs are significantly larger than average and include a new computer aided dispatch (CAD) software system, radio console replacement, console furniture, and other technology upgrades which will be installed in the new Dispatch Center. The \$2.4 million contribution is almost 4% of the proposed 2026 revenue budget.

**Fund Balance:**

Major investments in community needs and Board of County Commissioner priorities will significantly reduce the General Fund unassigned operating balance (blue bar) in 2026 and through the course of the five-year plan. While adequate reserves are retained; if revenues fall short of projections, the BOCC will have less flexibility in the future to manage economic downturns or unexpected expenditures. The combined Operating Reserve & Contingency and TABOR Reserve (green bars) total 16.7% of General Fund operating expenditures, equivalent to two months. The proposed 2026 budget recommends using General Fund balance for capital initiatives, one-time operating costs, support for major projects at the Airport and Solid Waste Center, and to establish a stabilization pool for the BOCC. In the event that economic conditions change, or the Board wishes to rebuild fund balances, capital projects and partner support initiatives could be delayed or stopped to create accumulation rather than use of fund balance.

Other County funds maintain healthy fund balances, and the projected fund balance for all funds at the end of 2026 is \$167,328,439, equal to 91% of operating expenditures. The General Fund balance is projected to end 2026 at \$17,562,935 or 28% of operating expenditures.



Staff look forward to the opportunity to further discuss our budget recommendations in meetings scheduled between October and December. Bottom line, the proposed budget is a responsible plan, with balanced operational spending, use of fund balance for capital investments, and retention of healthy reserves.

### **Conclusion**

On behalf of the employees of Pitkin County, I want to thank the Board of County Commissioners as you evaluate and provide direction for the 2026 budget and five-year plan. Again, I am pleased to present a balanced budget and five-year plan for your consideration. We must continue to be diligent in our work and responsive to the changes in our local economy and national policies that may change our revenue projections and budget plans.

In closing, I want to acknowledge the tremendous work of the staff of Pitkin County and our citizen Financial Advisory Board. Employees, Supervisors, and Department Heads work continuously to evaluate and adjust operations and create room to restructure and realign our budget to best serve our community. I am humbled and proud to work with such dedicated public servants and citizens.

I respectfully submit this budget for your consideration. It is a responsible plan that will ensure our organization's long-term health and the community's wellbeing. I look forward to your deliberations, questions, and recommendations regarding this budget proposal. We have scheduled the following between now and the final adoption on December 9<sup>th</sup> to discuss the proposed budget in more detail:

- Oct. 14<sup>th</sup> – Presentation of the 2026 Proposed Budget – High-Level Budget Overview
- Oct. 28<sup>th</sup> – New Position Requests and Capital Requests
- Oct. 28<sup>th</sup> – District Attorney Budget Presentation
- Nov. 12<sup>th</sup> – Healthy Community Fund Grant Recommendations
- Nov. 18<sup>th</sup> – Budget Wrap Up & Final Direction
- Dec. 9<sup>th</sup> – Final Adoption and Mill Levy Certification

Sincerely,



Jon Peacock  
County Manager