CAÑON CITY REALIGNMENT ANALYSIS

Funding the Pool, Modernizing the City

A Multi-Year Plan for Operational, Fiscal, and Service Modernization

Built Without New Taxes or Fees

Prepared in response to the City Council assignment of April 28, 2026

MAYOR'S WORKING DRAFT FOR PUBLIC COMMENT
Public comment period: through May 25, 2026
Final version delivered to City Council May 27, 2026

Phil Lund, Mayor

Note on This Working Draft

This document is the Mayor's Working Draft of the Cañon City Realignment Analysis. It is shared with citizens for review, comment, and improvement before the final version is delivered to City Council on May 27, 2026, ahead of the June 1 Council meeting.

Public comment is invited through Monday, May 25, 2026. Citizens are specifically invited to provide:

- Factual corrections where published budget figures do not match operational reality
- Considerations the analysis does not address but should
- Alternative pathways within any pillar
- Implementation concerns based on practical experience
- Outcomes that the modernization should emphasize but does not

How Citizens Can Submit Comments

Comments may be submitted in two ways:

- Online through the citizen comment form on this site. This is the preferred and easiest method.
- By email directly to the Mayor at phil.lund@canoncity.gov.

When submitting a comment, citizens are encouraged (but not required) to indicate:

- The section of the document the comment relates to
- Whether the comment is a factual correction, a concern, a question, or a suggestion
- Whether the citizen wishes to be identified by name in the final document, identified by initials, or remain anonymous

All comments received by Monday, May 25, 2026 will be reviewed. Comments with merit will shape the final document itself — the relevant section of the analysis will be revised to reflect the input. Every comment received, whether it led to a revision or not, will be listed in Appendix A — Citizen Comments Received of the final document delivered to City Council on May 27, 2026, attributed as each citizen requested. The appendix is the public record of citizen input; the document itself is the response.

Note: comments containing personal attacks, off-topic content, or material that would be inappropriate in a public document will be summarized rather than reproduced. The substantive concern raised will be addressed; the form of expression may be edited.

This document is presented for analysis and consideration, not as advocacy for a specific outcome. The City Council retains complete authority over what is adopted, what is modified, and what is rejected. The role of the Mayor is to provide rigorous analysis to inform Council decision-making and to keep citizens informed about the work being done on their behalf.

The work is too important to be hidden behind closed doors. The pool affects every family in this community. The structural changes proposed here will shape how Cañon City operates for the next decade. Citizens deserve the chance to read the analysis, ask questions, identify concerns, and provide input before the final version is delivered to Council.

There is a lot of speculation in any community when significant decisions are being made. Some of what circulates as fact in casual conversation is not accurate. The best response to speculation is information. This document is information.

About This Document

On April 28, 2026, the City Council assigned the Mayor a specific task: return on June 1 with proposals to fund the operational gap on the proposed pool — approximately $500,000 per year, with operational funds first required when the pool opens, currently anticipated in 2028.

This document responds to that assignment. It also recognizes a broader reality: funding the pool requires structural changes to the City's operations, and those structural changes will produce benefits that extend well beyond pool operations. The plan presented here is therefore both a response to the immediate assignment and the framework for a multi-year modernization of how the City delivers services, manages costs, and supports growth.

The plan is built to satisfy three distinct audiences:

- **The City Council**, which must authorize the framework on June 1 and oversee its execution through subsequent budget cycles.
- **The citizens of Cañon City**, who must understand what the plan does, what it does not do, and what they can expect from it.
- **Bond market participants**, including underwriters and ratings agencies who will assess the operational funding alongside the proposed $25 million bond issuance for pool construction. Their evaluation depends on whether the plan presents a credible, durable path to sustained operational funding.

These audiences require different things from the same document. Council members need a clear authorization request. Citizens need to understand outcomes. Bond market participants need rigorous methodology, conservative assumptions, multi-year projections, and substantive risk analysis. This document attempts to serve all three through a single integrated analysis.

A foundational commitment: no new taxes, no new fees on residents, no new fees on visitors. The pool gets funded — and the City modernizes — through what the City already has to work with: disciplined operations, growing the existing commercial base, and modernized service delivery.

An equally important scope statement: this document does not advocate for any particular size, design, or scope of the proposed pool. The pool's size is a separate question that has its own deliberation process, its own stakeholders, and its own set of trade-offs. This analysis is focused exclusively on the operational funding question — how the City sustainably finances the approximately $500,000 in annual operations the Council has identified — and on the modernization of City operations that makes that funding possible. Whatever Council and citizens determine about the pool's final size and design, the operational funding question will exist. This document addresses that question.

Methodology and Data Sources

This analysis applies the following methodological discipline:

- **Primary use of audited and estimated actual figures.** Where available, FY 2024 audited actuals and FY 2025 estimated actuals are used as the basis for analysis. Budget figures are used where actuals are not yet available, with explicit notation.
- **Multi-year trend analysis.** Three years of historical data (FY 2023 audited through FY 2025 estimate) are used to identify cost trajectories. Single-year comparisons are avoided where possible.
- **Conservative and aggressive scenario construction.** Each pillar presents a conservative range based on actuals plus modest improvement, and an aggressive range based on full execution of identified opportunities. The conservative case is the planning basis; the aggressive case represents upside.
- **Substantive risk and sensitivity analysis.** Each pillar's key assumptions and dependencies are identified. Stress-test scenarios examine plan performance under multiple simultaneous adverse conditions.
- **Transparent data sources.** Source documents are the FY 2025 Adopted Budget, the FY 2026 Adopted Budget, and supporting information from the Southern Colorado Building Department. Specific account numbers and figures are verifiable in the source documents.
- **Acknowledged data gaps.** Several specific data items remain outstanding from the Finance Department, requested in an April 29 memo. These are flagged throughout the document. Once received, ranges presented here will tighten.

The Council retains sole authority to determine which, if any, of the recommendations are pursued. The conclusions presented flow from the data and may be challenged or revised based on additional information.

Executive Summary

The Assignment and the Strategic Frame

The Council's directive of April 28, 2026 asked the Mayor to identify operational funding for the proposed pool within the existing budget. The amount required is approximately $500,000 annually, beginning when the pool opens (anticipated 2028), with reserve cushion in place beforehand.

This plan exceeds the assignment's scope, and intentionally so. Funding $500,000 in pool operations is the immediate task. The structural conditions that make $500,000 difficult to find — sales tax that has flattened, costs that have grown faster than revenue, a fund balance approaching policy floor — are conditions that will continue to challenge the City for years if not addressed comprehensively. The realignment proposed here addresses both the immediate funding requirement and the underlying conditions.

This analysis takes no position on the proposed pool's size, design, or scope. Those questions belong to a separate deliberation. Whatever Council and citizens ultimately determine about the pool's final form, the operational funding question will exist. The work of this document is the funding question and the broader modernization that makes sustainable funding possible.

The Three Audiences

This analysis is provided to three audiences simultaneously. Each requires different things from the same document; the document is calibrated to serve all three.

- **The Cañon City City Council**, which must authorize the framework on June 1 and oversee its execution through subsequent budget cycles.
- **The citizens of Cañon City**, who deserve transparency about how their City is governed and the chance to provide input through the public comment period.
- **Bond market participants**, including underwriters and ratings agencies who will assess the operational funding plan alongside the proposed $25 million bond issuance for pool construction. Their evaluation depends on whether the plan presents a credible, durable path to sustained operational funding. The methodology, conservative assumptions, multi-year trajectory, and substantive risk analysis are intentionally calibrated to that standard.

The Four Pillars of Modernization

The analysis identifies four areas of structural change. Together they constitute a coherent modernization of how the City operates.

- **Modernizing legal service delivery.** Move from outside-counsel-only to a hybrid in-house model, consistent with current practice in comparable Colorado municipalities.
- **Modernizing development services.** Bring Cañon City's permitting, plan review, and inspection capacity to current standards through fee adjustment, process modernization, and potential intergovernmental partnership.
- **Modernizing budget discipline.** Move from budget-based to actuals-informed spending, with renewed competitive procurement on long-running contracts and tighter alignment of budgets to actual experience.

- **Modernizing economic development.** Move from passive to active partnership with the local commercial base, with specific focus on activating vacant storefronts and properties across all of Cañon City's commercial districts.

The Combined Impact

At full implementation in FY 2029, the modernization generates between $536,000 (conservative) and $1,070,000 (aggressive) in annual fiscal impact. The conservative scenario clears the $500,000 pool operational requirement with $36,000 in surplus. The aggressive scenario produces $570,000 in annual surplus available for General Fund stabilization and capacity restoration.

Several pillars depend on data not yet received from the Finance Department. The conservative range may tighten in either direction once that data arrives. The plan as it stands clears the pool funding bar; the work of May is to confirm the path with refined data.

Multi-Year Trajectory

Under the do-nothing scenario, the General Fund balance reaches the 20.5% policy floor in FY 2027 and remains constrained at that level for the foreseeable future. Under the modernization plan (conservative), the balance stabilizes and begins to recover. Under the aggressive scenario, full reserve restoration is achievable within roughly seven to eight years of full implementation. The plan does not depend on the aggressive case to be successful, but the aggressive case represents the upside available if execution exceeds expectations.

Bond Market Considerations

This analysis recognizes the planned $25 million bond issuance for pool construction. The operational funding identified by this plan is the structural counterpart to that issuance — it provides the recurring resources to operate the facility once constructed, without which the bond's underlying premise is incomplete.

The plan's design intentionally addresses bond market expectations: conservative assumptions, audited-actual basis where possible, multi-year projection consistent with bond amortization horizons, substantive risk analysis, and explicit acknowledgment of dependencies. The plan does not require optimistic assumptions to clear the pool funding bar. Surplus capacity exists under multiple scenarios for additional reserve building.

Additional Community Investment

Separately from the realignment, a Cañon City businessperson has approached the Mayor with a proposal to commit $100,000 annually through a 501(c)(3) charitable organization to support pool access for citizens who would otherwise face financial barriers to using the facility. The contribution is additional to the City's operational commitment, dedicated to citizen access rather than City budget offset, and described in detail in Section IX. The City's path to fund pool operations does not depend on this contribution; the community's ability to ensure broad citizen access does.

Section I — Tourism: Cañon City's Economic Foundation

Sales tax is the largest single source of revenue for Cañon City's General Fund. Tourism is the largest single driver of sales tax. The plan presented here is designed to enhance — not constrain — Cañon City's tourism economy.

The Royal Gorge brings hundreds of thousands of visitors annually. The Royal Gorge Bridge generates lease revenue ranging from $2.4 million to $3.4 million per year, of which a portion flows directly to the General Fund. The Arkansas River draws rafters, anglers, and adventure travelers. The historic downtown and Hotel St. Cloud are anchors that give visitors reasons to stop, spend, and return. Each is a contributor to the dollars that fund municipal services.

How This Plan Supports the Tourism Economy

- **No new costs on visitors.** No lodging tax. No excise tax. No new fees at City attractions. Cañon City retains its competitive value advantage relative to regional alternatives.
- **Faster, more competitive permitting.** Pillar 2 reform reduces permit time and cost for the hotels, restaurants, and attractions that comprise the visitor-facing economy. Faster reinvestment means faster capacity expansion.
- **Citywide activation creates more visitor experiences.** Pillar 4 produces new businesses, recovered storefronts, and additional anchor establishments — all of which give visitors more reasons to stay, spend, and return.
- **Stronger commercial fabric supports existing tourism businesses.** When commercial corridors have more activity, every business benefits from the increased foot traffic. A vibrant Main Street or Royal Gorge Boulevard lifts every business on those streets.

This plan is, at its foundation, a plan to protect and grow what tourism makes possible for Cañon City.

Section II — Financial Context

Sales Tax Revenue

Sales tax is the largest single source of revenue for the General Fund. Properly understood, the recent trajectory is approximately flat — with conservative 2026 budgeting projecting a slight decline.

In 2025, the City separated Motor Vehicle Sales Tax from General Sales Tax into its own budget line. Before 2025, both were reported together. After 2025, they are reported separately. The 2026 budget itself notes: "A portion of the decline can be attributed to the separation of Motor Vehicle Tax from the General Sales Tax in 2025."

On an apples-to-apples basis (combining Sales Tax + Motor Vehicle Sales Tax for historical comparison):

Year	Reported Sales Tax	Combined w/ MV Tax	YoY (combined)
2023 actual	$10,530,036	$10,530,036	—
2024 actual	$10,098,055	$10,620,887	+0.86%
2025 estimate	$9,936,959	$10,786,138	+1.56%
2026 budget	$10,025,000	$10,525,000	-2.42%

Sales tax has been essentially flat since the 2023 peak, with very modest growth in 2024 and 2025 actuals. The 2026 budget projects a slight decline. The argument for activation (Pillar 4) is to break out of stagnation: even flat sales tax against rising costs creates structural fiscal pressure over time.

Fund Balance Trajectory

The General Fund's reserve balance trajectory shows actual experience tracking better than budgeted projections, but the structural pressure is real:

Year-end	Source	Balance	Annual Change
End 2022	Audited	$17,663,107	—
End 2023	Audited	$17,326,612	-$336K
End 2024	Audited	$15,913,821	-$1.41M
End 2025	Estimate	$12,684,615	-$3.23M
End 2026	Budget	$6,368,459	-$6.32M

Through end of 2024, fund balance had fallen $1.7M from the 2022 peak — a managed decline. The 2025 estimate shows acceleration, and the 2026 budget projects ending the year at 20.56% of expenditures, just above the 20.5% policy floor. There is no further drawdown capacity available without violating the City's Financial Management Policy.

Two readings of this data are both valid: actual experience has been disciplined, AND the projected 2026 trajectory is unsustainable. The modernization is the response to the projected trajectory, not a panic response to the actual experience.

Major Cost Pressures

Legal Services (All Funds). Through 2025 estimate, actual legal spending has been roughly stable at $350K-$359K all funds. The 2026 budget projects a step-up to $540K. The trajectory is real on a budget basis (+51% three-year change); on an actuals basis, the increase is more recent and concentrated in the 2026 projection.

Insurance and Bonds (All Funds). Total insurance spend rose from $432K (2023 actual) to $886K (2025 estimate) — a 105% increase in two years on actual spending. This is a real, realized cost increase. The cause warrants investigation; competitive RFP recovery depends on whether the increase reflects market hardening or insufficient procurement.

Data needed from Finance: Insurance carrier history, last competitive bid date, claims history that may be driving premium increases.

Section III — A Closer Look at the Budget: Opportunities to Explore

Before getting into the four pillars of modernization, this section walks citizens through what an honest, line-by-line look at the city budget actually turned up. These are not cuts being recommended. These are opportunities — questions worth asking, lines worth reviewing, places where dollars may be sitting that could be used differently.

The point of this section is transparency. You are entitled to know what is in the budget you fund. Some of what is in there has been there for years, accumulating without recent review. Some has grown faster than anyone has looked at closely. Some may be exactly right. The only way to know is to look.

The opportunities below are organized by size. Each one shows what the budget says, what is worth asking, and a reasonable estimate of what might be recovered if the answer comes back the right way. None of these recoveries are guaranteed. All of them are worth exploring.

The big ones — opportunities of $50,000 or more

1. Software titles across all departments. The city spends about $1.05 million a year on software, up from $837,000 just two years ago. That is a 26 percent increase. Software is purchased by individual departments without a coordinated audit across the city. Some of it is essential. Some of it may be duplicated across departments. Some of it may be paid-for and unused. Most cities that have done a coordinated software audit have recovered 10 to 20 percent. **Potential opportunity: $100,000 to $200,000 a year.**

2. Contracted services across all departments. This category jumped from $1.04 million in 2024 actual spending to $1.72 million in the 2026 budget. A 65 percent increase in two years. This is the single largest cost-category increase in the entire city budget. It deserves a department-by-department review of what is being contracted, why, and whether competitive bidding is happening on a regular basis. **Potential opportunity: $100,000 to $300,000 a year.**

3. Telephone and data services. The city spends about $206,000 a year on telephone and data, up from $111,000 two years ago. An 85 percent increase. There has been no competitive bidding process. Modern unified communications and consolidated cellular plans typically save 15 to 30 percent. **Potential opportunity: $30,000 to $60,000 a year.**

4. Insurance and bonds. All-funds insurance has roughly doubled in two years, with no competitive bidding to test whether the increase reflects market conditions or insufficient procurement. The Non-Departmental insurance line alone went from $347,000 actual in 2024 to $500,000 estimated in 2025. **Potential opportunity: $35,000 to $130,000 a year.**

5. Property acquisition line. The city has $400,000 budgeted in 2026 for property acquisition. In 2024, zero was spent. In 2025, about $160,000 was spent against a $400,000 budget. If the city is planning a specific acquisition, that money has a purpose. If not, $200,000 to $400,000 of standing budget is sitting idle. Worth a direct question: what is the city planning to acquire? **Potential opportunity: $200,000 to $400,000.**

6. Employee health insurance fund. The city self-insures employee health coverage. Medical claims spiked to $4.1 million in 2024 (compared to about $2.75 million in 2025). The cause of the 2024 spike deserves investigation — if it was one large claim, there may be a stop-loss recovery available. The administrative fees (about $186,000 a year), the stop-loss insurance (about $453,000 a year), and the benefits advisor contract are all overdue for competitive review. **Potential opportunity: $50,000 to $150,000 a year.**

7. Tax increment payments to C-CARE. This payment to the Urban Renewal Authority varies wildly year to year — $469,000 in one recent year, $104,000 in another, $200,000 budgeted for 2026. The volatility is a feature of the line, but the consistent over-budgeting suggests that more conservative annual budgeting could free $75,000 to $125,000 a year of capacity that currently sits unused. **Potential opportunity: $75,000 to $125,000 a year.**

Tier 1 subtotal: $590,000 to $1,365,000 a year in opportunities to explore.

The medium ones — opportunities of $10,000 to $50,000

8. Travel and training. Total travel and training spending grew from $244,000 actual in 2024 to $308,000 budgeted in 2026 — a 27 percent increase. Most departments include travel and training, with the largest line in Police Operations at $85,000. This is essential professional development for some staff. It also deserves a per-department cap rather than line-by-line growth without review. A 20 percent reduction without compromising essential training would free $50,000 to $60,000 a year.

9. Publications and advertising. Spending grew from $22,500 in 2024 to $63,900 in 2026 — a 184 percent increase. The largest single line is Economic Development at $35,000, up from $5,900 in 2024. Worth asking what is being advertised, whether it is producing measurable results, and whether the increase is justified. **Potential opportunity: $20,000 to $30,000 a year.**

10. PTO buyback policy. The city budgets $90,000 a year for employees to cash out unused paid time off. This is a real cost and a real benefit, but a $90,000 standing line should have a clear policy framework. A modest tightening could free $20,000 to $40,000 a year. **Potential opportunity: $20,000 to $40,000 a year.**

11. Bonus line. The Non-Departmental budget includes $26,000 for bonuses each year. In 2024, the actual bonus paid was $250. In 2025, $0 was paid. The line continues to be budgeted at $26,000 in 2026 anyway. **Potential opportunity: $20,000 to $26,000 a year.**

12. Membership fees. The city pays about $64,000 a year in professional memberships across all departments. Some of these are essential. Some may be obsolete or redundant. A modest review could trim 10 to 20 percent. **Potential opportunity: $8,000 to $15,000 a year.**

13. Public Information Department growth. The department's budget grew from $90,000 actual in 2024 to $199,000 in 2026 — a 121 percent increase, driven mostly by adding a new Multimedia Technician position. In a budget-tight cycle, the question is whether this addition is essential, can be phased, or could be filled by contract instead. **Potential deferral: $50,000 to $80,000 a year.**

14. Council and city meal budgets. Total meal budgets across departments doubled, from $6,400 actual in 2024 to $13,500 budgeted in 2026. The City Council line alone went from $3,500 to $7,000. This is a small line, but the doubling without obvious justification draws citizen attention. Easy to roll back to actuals. **Potential opportunity: $5,000 to $8,000 a year.**

Tier 2 subtotal: $173,000 to $259,000 a year in opportunities to explore.

The smaller ones — opportunities under $10,000

15. Workers compensation deductible budget. $50,000 standing budget in Non-Departmental; 2025 actual was $5,000. Tighter alignment could free $15,000 to $25,000 a year.

16. DLA/DMO costs. $5,000 budgeted; almost nothing spent in two years. Likely vestigial. Eliminate the line. $5,000.

17. Other minor lines. Various small standing budgets that consistently go unused. Combined potential: $10,000 to $20,000 a year.

Tier 3 subtotal: $30,000 to $50,000 a year in opportunities to explore.

Structural opportunities — not cuts, but real money

18. Vacancy savings — citywide. When a position is budgeted but unfilled for part of the year, the salary money budgeted for that position is not spent. In recent years, the Police Department alone has run $300,000 to $1 million below personnel budget. Across all departments, mid-year vacancy reviews could systematically capture unspent personnel costs that would otherwise lapse to fund balance unmanaged. **Potential capture: $200,000 to $500,000 a year.**

19. Use tax under-budgeting. The city consistently collects more in use tax than it budgets. In 2024 actual collection was $151,000 against a $65,000 budget. In 2025, $122,000 against $65,000. **Tighter alignment captures $60,000 to $85,000 a year on the revenue side** — money the city already collects, just not properly budgeted.

20. Modernizing legal service delivery. Discussed in detail in Section IV (Pillar 1). The $540,000 legal services budget in 2026 is up from $350,000 actual in 2024. A hybrid in-house model would cost $300,000 to $440,000 and keep dollars in the local economy instead of sending them to a Denver firm. **Potential savings: $100,000 to $240,000 a year.**

Tier 4 subtotal: $360,000 to $825,000 a year in structural opportunities.

Putting it all together — the running total

Tier	Conservative	Aggressive
Tier 1 — Major opportunities (over $50K each)	$590,000	$1,365,000
Tier 2 — Medium opportunities ($10K to $50K)	$173,000	$259,000
Tier 3 — Smaller opportunities (under $10K)	$30,000	$50,000
Tier 4 — Structural opportunities	$360,000	$825,000
Total opportunities to explore	$1,153,000	$2,499,000

Some of these opportunities overlap with each other — the legal services figure also appears in Pillar 1, and vacancy savings also appear in Pillar 3. The realignment plan does not assume the city captures all of this. The four pillars conservatively capture $536,000, which is $36,000 above the pool operational requirement.

What this section shows is that even the conservative pillar estimates leave significant additional opportunities on the table. The city has the capacity to fund the pool operations, modernize how it operates, and have meaningful surplus left over for stabilizing the General Fund and addressing other priorities — without any new taxes or fees.

A few honest notes about this list

These are opportunities, not commitments. Every line on this list deserves verification, departmental input, and Council deliberation before any decision is made. Some opportunities will be smaller than estimated when the data comes in. Some will be larger.

Not everything that looks wasteful is wasteful. A $400,000 property acquisition budget may reflect a specific, prudent plan. A $90,000 PTO buyback line may reflect a policy commitment to staff. A 65 percent increase in contracted services may reflect a genuine need that the city has been deferring for years. The right approach is to ask, not to assume.

City staff did not produce a wasteful budget. This is how municipal budgeting traditionally works. Budgets are set generously, spending fills the budgeted capacity, and lines accumulate over years without coordinated review. The opportunity is to introduce the discipline of regular review — not to assign blame.

Some changes will be uncomfortable. Reducing memberships some staff value, reviewing software some departments rely on, tightening travel budgets — these decisions will be hard. They should be made carefully, with input from the people most affected. But they should be made.

The four pillars described in the next sections are how the realignment plan proposes to systematically capture this opportunity over the next four years.

Summary at a Glance

The full opportunity surfaced in this analysis, organized for one-page reference:

Item	Where it appears	Conservative	Aggressive
The Pool Operational Requirement	The Council's directive	$500,000	$500,000
Pillar 1 — Modernizing legal services	Section IV	$130,000	$240,000
Pillar 2 — Modernizing development services	Section V	$50,000	$130,000
Pillar 3 — Modernizing budget discipline	Section VI	$200,000	$380,000
Pillar 4 — Modernizing economic development	Section VII	$156,000	$320,000
Total — Four Pillars at full implementation	Section VIII	$536,000	$1,070,000
Pool requirement		$500,000	$500,000
Surplus available for General Fund stabilization		$36,000	$570,000
Additional opportunities identified beyond the pillars:			

Item	Where it appears	Conservative	Aggressive
Software rationalization beyond pillar capture	Section III	$50,000	$100,000
Contracted services review beyond pillar capture	Section III	$80,000	$200,000
Property acquisition reexamination	Section III	$200,000	$400,000
Self-insurance / health benefits review	Section III	$50,000	$150,000
Membership and meal review	Section III	$13,000	$23,000
Bonus / PTO buyback / deductible alignment	Section III	$55,000	$91,000
Use tax revenue alignment	Section III	$60,000	$85,000
Other small lines	Section III	$30,000	$50,000
Subtotal — Additional opportunities		$538,000	$1,099,000
Combined potential — Pillars plus additional		$1,074,000	$2,169,000
Less: pool operational requirement		-$500,000	-$500,000
Available for General Fund stabilization		$574,000	$1,669,000

This table is the most compact summary of what this analysis found. The realignment plan as currently written commits the city to the four pillars. The additional opportunities beyond the pillars are real but require further verification, departmental input, and Council direction before being included in any binding plan.

A few notes on reading this table

The conservative column is the planning basis. It uses cautious assumptions and assumes only modest execution. This is what the realignment plan proposes to deliver.

The aggressive column is the upside available if execution exceeds expectations. It is not a promise. It is what becomes possible if the city captures more than the conservative estimate.

The additional opportunities are not part of the four-pillar realignment as currently written. They are surfaced for transparency and may be folded into the realignment, pursued separately, or left for future Councils to address.

The surplus available for General Fund stabilization matters. Even at the conservative case, the realignment funds the pool with a small but real cushion. At the aggressive case, the city has substantial capacity to rebuild reserves, accelerate the recovery trajectory, and address other priorities that have been deferred — without new taxes or fees.

Section IV — Pillar 1: Modernizing Legal Service Delivery

Current Status

Cañon City currently obtains legal services through a Denver-based outside law firm. Through 2025, actual all-funds spending has been stable at $350K-$359K. The 2026 budget projects $540K — a 50% increase that may or may not materialize.

The arrangement has served the City for an extended period and the firm has provided competent counsel. The structural question is not about the quality of the firm's work; it is about whether a Denver-based outside arrangement is the right delivery model for Cañon City's legal needs in 2026 and beyond.

Several aspects of the current arrangement warrant examination:

- **Geographic distance.** Routine City matters are handled by attorneys two and a half hours from Cañon City. Travel time, scheduling around availability, and the costs of remote engagement are built into the arrangement.
- **Hourly billing structure.** Outside counsel work is billed by the hour. Routine questions, document review, ordinance drafting, and Council preparation accumulate hours that may exceed the cost of equivalent in-house capacity.
- **Limited continuity and institutional independence.** Outside counsel may rotate attorneys handling Cañon City matters. Institutional knowledge of City-specific issues — historic codes, ongoing matters, prior interpretations of local ordinances — does not always remain stable across attorney assignments. A firm representing many similar municipalities also develops institutional defaults on contested legal questions, where multiple competent readings of the law exist. These defaults shape how questions get framed and which options appear viable, even when individual attorneys give independent advice in each engagement. An in-house attorney accountable directly to the City has Cañon City as their sole municipal client, develops legal advice tailored to Cañon City's specific circumstances, and provides the Council a single, accountable source for institutional legal knowledge.
- **Cost trajectory.** All-funds legal spending has held roughly flat at $350K-$360K through 2025 actuals. The 2026 budget projects $540K, a 50% step-up. Whether the 2026 increase reflects anticipated litigation, contractual rate increases, or precautionary budgeting requires further detail.

Modernization Position

The modernization brings Cañon City's legal service delivery to current Colorado municipal practice: a hybrid in-house model with a qualified municipal attorney handling routine work (Council preparation, ordinances, contracts, employment, public records, code support, day-to-day questions), with retained specialty counsel for litigation, water law, bond work, and labor matters. Retained specialty counsel also provides the Council with a second perspective on questions where competent attorneys reasonably disagree, complementing in-house counsel's institutional knowledge of Cañon City.

This is the model used by most Colorado municipalities of comparable size. It produces predictable cost, faster response time on routine matters, dedicated legal expertise on City-specific issues, and continuity of legal knowledge across council cycles. It also keeps a meaningful share of the legal services budget within the local economy rather than sending it to the Front Range.

Cost Structure

Component	Annual Range
In-house attorney (salary, benefits, overhead)	$184K – $246K
Paralegal/legal assistant	$40K – $60K
Retained specialty counsel	$80K – $140K
Total hybrid model cost	$304K – $446K
Current actual run rate (2024-2025)	$350K – $360K
FY 2026 budget	$540K
Projected annual savings vs. budget	$130K – $240K

Data needed from Finance: Detailed legal invoices for FY 2023-2025 by firm and matter category. Required to determine sustainable in-house scope and remaining specialty needs.

Implementation

- Recruitment of qualified municipal attorney: 3-6 months.
- Onboarding and matter transition: additional 6 months.
- Full annualized savings realization: FY 2028.
- Alternative pathways if hybrid model not pursued: renegotiate outside counsel agreements with annual caps; competitive RFP for outside services.

Section V — Pillar 2: Modernizing Development Services

Current Status

The Building Department currently runs lean. At actual operating staffing levels, the department generates a small surplus rather than the subsidy projected in the 2026 budget:

Building Dept	2024 Actual	2025 Estimate	2026 Budget
Total expense	$246K	$266K	$484K
Permits + Contractor License revenue	$405K	$323K	$350K
Net (subsidy)/surplus	+$159K	+$57K	-$134K

The 2026 budgeted subsidy depends on the City filling a Plan Reviewer position. The position has been authorized and recruited, but no qualified applicants have been found. Plan review work is currently contracted directly between developers and outside reviewers, outside the City's revenue stream and expense ledger.

This creates a specific challenge: the City has a recruitment problem in plan review, a service gap that affects competitiveness for development, and a structural challenge that conventional staffing has not solved. The modernization addresses these conditions directly.

The Competitive Context

Cañon City permit fees are substantially higher than peer city fees in major categories. Fee comparison data published by the Southern Colorado Building Department:

Item	Pueblo Fee	Cañon City Fee	Difference
Mechanical Furnace/AC	$88.20	$150.00	+70%
Electrical Service	$55.13	$146.00	+165%
Single-Family Home ($180K)	$1,155.69	$1,910.00	+65%
$1M Commercial Construction	$5,936.82	$14,418.00	+143%

Cañon City's higher fees reflect cost structure relative to permit volume, not insufficient revenue collection. Reform pathways that reduce cost structure are therefore most relevant — and pathways that lower fees for residents and contractors while reducing or eliminating the subsidy are particularly attractive.

Modernization Position

The modernization makes Cañon City competitive for residents, contractors, developers, and tourism businesses. Faster permits, predictable timelines, lower fees, and reliable service produce a city where investment flows in rather than around. The case for modernization rests on competitiveness and growth, with direct fiscal impact as a secondary benefit.

Three pathways are available for achieving this position. The Council retains authority over pathway selection. The pathways are not mutually exclusive; some combination may be appropriate.

Pathway A — Status Quo with Refreshed Recruitment

Continue current operating structure. Refresh recruitment for the Plan Reviewer position. If a qualified applicant is found, the budgeted structure materializes including the $134K subsidy. If recruitment continues to fail, the department continues operating at current staffing with current surplus, but the underlying competitiveness gap persists.

Estimated annual fiscal impact: $0-$25K through process modernization. Estimated competitiveness impact: status quo.

Pathway B — Intergovernmental Agreement with the Southern Colorado Building Department

In April 2026, the Chief Building Official of the Southern Colorado Building Department (SoCoBD) provided detailed information regarding a potential Intergovernmental Agreement (IGA) with Cañon City. The strategic appeal of this pathway is competitiveness.

Why this pathway addresses Cañon City's actual situation:

- **Solves the recruitment challenge.** SoCoBD has plan reviewers, inspectors, and chief building officials on staff. They have already recruited and retained the specialized professionals Cañon City has been unable to attract. Cañon City would gain access to that capacity through the IGA.
- **Faster service for applicants.** Same-day inspections available. Online submission and email-based permitting are standard. Plan review handled in-system rather than through separately contracted outside reviewers.
- **Lower fees for residents and contractors.** Pueblo's published fee schedule is 22%-165% lower than Cañon City's across major categories. Under an IGA, fee reduction is available — making the City more competitive for both residential and commercial development.
- **Better BCEGS rating.** SoCoBD's commercial Class 2 / residential Class 4 rating is materially better than Colorado state average (Class 5/6). Higher BCEGS ratings affect homeowner insurance rates and grant eligibility — direct benefits to citizens.
- **Liability protection.** Claims against the building function would go against SoCoBD and CIRSA, not the City. SoCoBD covers all legal fees on those claims.
- **Member governance.** Cañon City would receive a seat on the SoCoBD Commission Board.

Considerations and open questions:

- **Local control.** The City retains its codes and policy authority but would no longer directly supervise the function. This is a legitimate trade-off for Council to evaluate. Member cities, including Cañon City, would have governance representation.
- **Staff transition.** Cañon City currently employs 2.5 FTE in operating Building Department functions. An IGA with SoCoBD would require a transition plan. This is the most significant operational question and would require detailed planning before any agreement.

- **Revenue flow.** Building permit and contractor license revenue would flow to SoCoBD rather than to the City General Fund. The net financial impact under an IGA depends on the specific structure negotiated.
- **Service consistency.** Reference checks with current SoCoBD member municipalities would be appropriate before any final agreement.
- **Reversibility.** The terms under which the City could exit the IGA, and the cost of doing so, are material questions for the negotiation phase.

Strategic case for Pathway B: Cañon City becomes more competitive for development. Faster permits, lower fees, better service, better insurance ratings — all of which support Pillar 4 (citywide activation) by removing friction from the investment process. The growth in development that follows produces sales tax.

Pathway C — Process Modernization

Independent of pathway selection between A and B, the Building Department function can be modernized through digital permitting, online inspection scheduling, and improved code lookup. These changes reduce hours per permit, increase throughput, and improve customer experience. They produce modest direct savings ($25K-$50K annually) and are also available through a SoCoBD partnership.

Estimated Annual Impact

For purposes of the modernization math, the Pillar 2 contribution is conservative. The larger value of this pillar is in competitiveness and Pillar 4 enablement, not direct General Fund savings:

- **Conservative** (Pathway A continued + process modernization): $25K-$50K direct annual savings.
- **Moderate** (Pathway B with IGA structure): $50K-$130K direct annual savings, plus material competitiveness improvements.
- **Range used in modernization math: $50K-$130K annual fiscal impact.**

Detailed financial modeling of the SoCoBD IGA structure should precede final pathway selection.

Section VI — Pillar 3: Modernizing Budget Discipline

Current Status

Several FY 2026 budget line items show patterns where budgets exceed actual spending. Budget figures are set, then spending tends to fill the budgeted capacity. Long-running contracts have not been competitively reviewed in some years. Insurance has more than doubled in two years without competitive procurement. Software spending across the City totals $1.05 million annually, distributed across departments without coordinated audit.

This is not a criticism of any individual department or staff member. It is a description of how municipal budgeting traditionally works. The modernization is what changes the discipline.

Modernization Position

The modernization moves the City from a budget-based discipline (where budgets are set, then spent to capacity) to an actuals-informed discipline (where budgets reflect realistic spending plus modest contingency, with surplus capacity recovered annually). Long-running contracts are competitively reviewed on regular cycles. Software is consolidated and rationalized. Insurance is competitively procured. Vacancy savings are systematically captured.

Specific Opportunities

Budget review identifies multiple line items with modernization opportunity:

Line Item	2024 Actual	2025 Estimate	2026 Budget
Property Acquisition (GF)	$0	$160K	$400K
CCARE Increment Payment	$469K	$104K	$200K
Insurance/Bonds (all funds)	$652K	$886K	$886K
Software Titles (all funds)	—	—	$1.05M
Telephone/Data (all funds)	—	—	$206K
Travel & Training (all funds)	—	—	$308K

- **Insurance and bonds — competitive review.** Total all-funds insurance rose from $432K (2023 actual) to $886K (2025 estimate) — a 105% increase. Cause matters: market hardening limits RFP recovery; insufficient procurement enables recovery. Estimated annual savings: $35K-$130K, contingent on cause.
- **Software titles — consolidation review.** Total $1.05M annually across all funds. The Police Department alone budgets $442K; Recreation budgets $230K. Coordinated audit, license rationalization, and consolidation typically recovers 10-15%. Estimated annual savings: $50K-$120K.
- **Telecommunications — modernization.** $206K annually in Telephone/Data across all funds. Competitive RFP and modern unified communications typically recover 15-30%. Estimated savings: $20K-$60K.

- **Property/Casualty Deductible — alignment.** Volatile but generally below the $50K budget. Estimated savings from tighter budgeting: $15K-$25K.
- **Property Acquisition — re-examination.** Spent $0 in 2024, $160K in 2025 against $400K budget. If standing budget reflects an anticipated acquisition, leave it; if not, $200K-$300K capacity exists for redirection.
- **CCARE Increment Payment — variance management.** Highly volatile (range: $104K to $469K). More conservative annual budgeting could reliably free $75K-$125K.
- **Use Tax — under-budgeting.** 2024 actual $151K vs $65K budget; 2025 estimate $122K vs $65K budget. Consistent over-collection of $60K-$85K. Tighter budget alignment captures this on the revenue side.
- **Vacancy management.** Police Department actual personnel ran $300K-$1M below budget in recent years. Mid-year vacancy review captures unspent personnel costs that would otherwise lapse.

Estimated annual range: $200K-$380K

Data needed from Finance: Insurance program details, recent procurement history, software inventory by department, top vendor contracts with last RFP dates, vacancy patterns by department.

Section VII — Pillar 4: Modernizing Economic Development

Current Status

Cañon City has substantial economic development infrastructure already in place — the C-CARE Urban Renewal Authority, façade and building systems grant programs, adopted master plans, and recent commercial successes including Hotel St. Cloud, Dollar General, Dickey's BBQ, and Maverik Adventure Club. These accomplishments are real and meaningful.

What is less developed is a coordinated, citywide approach to actively recruiting new commercial activity, activating vacant properties, and converting tourism foot traffic into local spending. Vacant storefronts and underused commercial properties exist across multiple districts, each representing sales tax not generated, jobs not created, foot traffic not attracted, and visitor experiences not provided. The current approach is largely passive — the City responds to investment when it arrives but does not actively pursue or accelerate it.

Modernization Position

This pillar moves Cañon City's economic development from passive to active by focusing on what the City can actually control: the barriers that currently slow or discourage private investment in Cañon City's commercial districts. Property owners, entrepreneurs, and existing businesses are ready to invest — when the path to doing so is clear. The City's role is not to operate businesses or recruit them in place of private actors. The City's role is to remove the friction, lower the cost, and shorten the timeline so that private investment can flow.

Pillar 4 is the only pillar in the modernization that grows revenue. It does so the way Cañon City has always grown revenue: by being a place where it is easy to do business, where visitors spend, and where commercial activity can expand without unnecessary obstacles. This pillar partners with citizens, business owners, and property owners. It does not extract from them and it does not replace them.

Vacant Property Activation — The Central Strategy

Vacant storefronts and underused commercial properties exist across the city: along Main Street, Royal Gorge Boulevard, the US 50 corridor, South 9th Street, the Riverwalk corridor, and in the industrial sites. Each vacancy represents potential — sales tax not generated, jobs not created, foot traffic not attracted, visitor experiences not provided. Most of these properties have willing owners and potential users; what is missing is a clear path between them. The activation strategy is to remove the barriers that keep that path closed.

The barrier-removal toolkit:

- **Storefront inventory and tracking.** Comprehensive citywide inventory of vacant commercial space. Quarterly tracking of vacancy rates by district. Public dashboard so citizens and prospective businesses can see what is available. Removes the information barrier — interested entrepreneurs cannot pursue properties they do not know exist.
- **Pop-up storefront program.** City-administered brokerage between vacant property owners and short-term tenants. Removes the matchmaking barrier. Lower friction for both sides; many short-term arrangements convert to permanent leases.

- **First-year fee waivers for new businesses.** Sales tax license fees and sign permit fees waived for the first year. Removes a startup cost barrier. Near-zero cost to the City; significant signal that the City welcomes new investment.
- **Façade and tenant improvement grants.** Build on existing C-CARE Urban Renewal Authority programs — $45K to five buildings and $59K to three properties in 2025 alone. Increase grant ceilings; broaden eligible improvements. Removes the capital barrier for property improvements that benefit the entire district.
- **Anchor business outreach.** Targeted outreach to destination businesses: brewery, roastery, music venue, maker space, regional restaurant. Removes the awareness barrier — businesses considering Cañon City need to know the City is open to them.
- **Royal Gorge to downtown integration.** Wayfinding, walking routes, marketing of 'after the gorge' experiences. Removes the orientation barrier that keeps visitors from finding their way from the attraction to the commercial districts.
- **Streamlined change-of-use permitting.** Most downtown vacancies require change of use to bring online. Pillar 2 reform supports this directly. Removes the regulatory barrier that delays or prevents productive reuse of existing buildings.
- **Coordinated downtown event calendar.** Build on existing events. Removes the coordination barrier that keeps event programming below its potential. Intensifies foot traffic patterns that make activation easier on every block.
- **Colorado Main Street Program participation.** Already under Economic Development consideration. Brings state resources and technical assistance — removes the expertise barrier for downtown revitalization.

Supporting Infrastructure Already in Place

The City has substantial commercial development infrastructure already in place:

- C-CARE Urban Renewal Authority — operational
- Façade and Building Systems grant programs — $104K awarded across eight properties in 2025
- Hotel St. Cloud — anchor hotel opened in 2025
- EPA Cleanup Grant — $1.55M awarded for New Method Laundry and Skyline Steel sites
- Adopted plans — Downtown Master Plan, Arkansas River Corridor Plan, US 50 Corridor Plan, Royal Gorge Master Plan
- Recent commercial additions — Dollar General, Dickey's BBQ, Maverik Adventure Club
- Four Mile Ranch Planned Development — active negotiations
- Establishing a Downtown Partnership organization (2026 Economic Development goal)

Estimated Sales Tax Revenue Impact

Bottom-up analysis using new business activations, anchor recruitment, productivity improvements, visitor capture rate improvements, and adjacent-business multiplier effects produces three scenarios for FY 2028:

Scenario	Annual New Sales Tax (FY 2028)
Conservative (5-8 storefronts activated)	$156,000
Moderate (10-12 storefronts + 1 anchor)	$320,000
Aggressive (15-18 storefronts + 2 anchors)	$515,000

Implementation Pace

Activation is the slowest-realizing pillar but also the only one that grows. First new businesses can open within 90 days of program activation. Full sales tax impact requires 24-36 months as new businesses reach maturity. Anchor recruitment particularly requires 12-24 months from initial outreach to opening.

This pillar produces what cost-cutting alone cannot: a city that is more vibrant, more attractive to visitors and residents alike. The work serves the modernization math, but it also serves the broader trajectory of the community.

Section VIII — Combined Impact and Multi-Year Trajectory

Combined Annual Impact at Full Implementation

Pillar	Conservative	Aggressive
1. Modernizing legal services	$130,000	$240,000
2. Modernizing development services	$50,000	$130,000
3. Modernizing budget discipline	$200,000	$380,000
4. Modernizing economic development	$156,000	$320,000
Annual total at full implementation	$536,000	$1,070,000

Long-Term General Fund Trajectory

Under the do-nothing scenario, the General Fund balance reaches the 20.5% policy floor in FY 2027 and remains constrained at that level. Under the modernization plan (conservative), the balance stabilizes by FY 2028 and begins gradual restoration. Under the aggressive scenario, full reserve recovery is achievable within seven to eight years of full implementation.

This long-term trajectory matters for two reasons. First, it satisfies the bond market expectation that operational funding for the pool is structurally sustainable, not a temporary patch. Second, it provides political durability: the modernization produces a trajectory that can be sustained year after year regardless of changes in Council composition. The framework, once authorized, does not depend on any single political configuration to succeed.

Phasing

FY 2026 — Authorization and Initiation

- Council authorization of framework (June 1, 2026)
- Building Department fee study and SoCoBD IGA detailed analysis
- Insurance competitive RFP
- Software/license consolidation audit
- Telecommunications RFP
- Vacancy management policy
- In-house attorney recruitment opens (Q3 2026)
- Citywide vacant storefront inventory completed
- Downtown Partnership formation

Estimated FY 2026 realization: $150K-$280K (partial year)

FY 2027 — Build-Out

- In-house counsel operational; outside legal transition complete

- Building Department reform pathway selected and implemented
- Discretionary alignment fully realized
- Activation programs at scale; first 5-8 storefronts activated

Estimated FY 2027 realization: $360K-$720K

FY 2028 — Pool Opening Year

- Pool opens; operational funds flow from realignment savings
- All four pillars at or near full run rate
- First anchor business recruited
- Reserve cushion built up over preceding 18 months

Estimated FY 2028 realization: $470K-$960K

FY 2029 and Beyond — Full Run Rate

- All pillars at full mature run rate
- Activation pillar reaches measurable maturity
- General Fund stabilization trajectory established

Estimated FY 2029 realization: $536K-$1,070K

Section IX — A Community Partnership for Pool Access

Beyond the Realignment

The realignment described in the preceding sections fully funds pool operations through structural changes to City operations. The $536,000 to $1,070,000 in projected annual fiscal capacity covers the $500,000 operational requirement and provides surplus for General Fund stabilization. No additional funding is required to operate the pool.

Separately, a Cañon City businessperson has approached the Mayor with a proposal that would expand what is possible at the pool beyond what City operations alone can provide. This proposal is presented here as additional information for Council and citizens, not as a component of the realignment math.

The Proposal

The proposed contribution would commit $100,000 annually to a 501(c)(3) charitable organization established to support pool access for Cañon City citizens who would otherwise face financial barriers to using the facility.

Several aspects of the proposal warrant note:

- **The contribution is additional to City operations, not a substitute.** City operational funding for the pool remains the City's responsibility through the realignment described in Sections IV through VII. The $500,000 operational gap is closed by the City. The $100,000 community contribution funds a separate program, channeled through the 501(c)(3), dedicated to citizen access.
- **The funds are dedicated to citizens, not to the City.** The 501(c)(3) distributes funds to support pool access for citizens for whom fees would be a barrier. This is a benefit to citizens directly, not a budget-balancing item for City operations.
- **The structure preserves the City's operational independence.** Because the contribution flows through a 501(c)(3) rather than directly to the City, decisions about pool operations remain with the City. The community access program operates alongside, not within, City decision-making.
- **The arrangement is durable but not load-bearing.** If the contribution were to end at any point, the City's operational funding would be unaffected. The pool would continue to operate; the access program would need to be sustained or replaced through other means. The City does not become dependent on private discretion to keep the pool open.

Why This Matters

This proposal addresses a question that would otherwise be left unanswered: in a community where median household income is well below the Colorado average, how does a public pool serve all citizens rather than only those who can afford the fees?

The answer this community partnership provides is direct. Citizens who would otherwise be excluded by cost have access to the facility. Families that could not pay for swim lessons can have their children learn to swim. Seniors on fixed incomes can use the pool for water aerobics and rehabilitation. Working families can afford summer programming. The pool becomes a community asset in fact, not just in name.

This is also a model. One contributor at $100,000 annually establishes a benchmark. Other community members and businesses may choose to participate. A 501(c)(3) structure makes additional contributions straightforward. Over time, the access fund could grow well beyond its initial level. The model honors a Cañon City tradition: many of this community's signature assets — Hotel St. Cloud, the historic downtown, the Royal Gorge Bridge itself — exist because of private investment operating in partnership with public stewardship.

Status of the Proposal

The proposal is in early stages. The donor has expressed clear intent and the financial capacity to commit. The 501(c)(3) entity is being formed. Specific program design — eligibility criteria, distribution mechanisms, governance, reporting — will be developed by the foundation's board in consultation with community input. Final formalization will require the donor's signed commitment and the foundation's organizational documents.

The proposal is presented in this document so that Council and citizens are aware of the additional resource as the realignment is considered. The City's path to fund operations does not depend on this contribution. The community's ability to ensure broad citizen access does.

The Cañon City pool, when it opens in 2028, can serve every family in this community — not only those who can afford the fees. That outcome is not produced by the City's operational funding alone. It is produced by a community working together: the City taking responsibility for operations, and community members stepping forward to ensure access. The proposal described here is an early commitment to that partnership.

Section X — Risks and Sensitivity Analysis

Pillar-Specific Risks

Pillar 1 (Legal Services). If 2026 actual legal spending comes in closer to the 2024-2025 actual run rate of $350K rather than the $540K budget, the savings opportunity from in-house counsel against current actuals is smaller. The case strengthens as the trajectory steepens. Recruitment failure is a secondary risk: if a qualified attorney cannot be found, savings are deferred.

Pillar 2 (Development Services). If neither the SoCoBD pathway nor full process modernization is pursued, this pillar produces minimal direct savings. The strategic case rests as much on competitiveness and Pillar 4 enablement as on direct savings. Plan Reviewer recruitment failure does not affect operational capacity since plan review currently occurs outside the City — but it does mean the budgeted $134K subsidy does not materialize, which means the savings opportunity from eliminating it does not exist either.

Pillar 3 (Budget Discipline). The $130K aggressive estimate for insurance savings depends on the cause of recent premium increases. Market hardening limits RFP recovery; insufficient procurement enables it. Software consolidation savings depend on fragmented current spending — some duplication is real, some reflects legitimate departmental needs. CCARE volatility is a feature of the line item, not a bug; it cannot be fully eliminated, only managed.

Pillar 4 (Economic Development). Activation builds slowly. The conservative case projects $156K of new sales tax by FY 2028 — meaningful but modest. If activation takes longer than anticipated, partial-year impact in FY 2027 may be smaller, putting pressure on the early-year reserve build-up before pool opening. Anchor recruitment is particularly uncertain and is treated conservatively.

Stress Test

If two pillars come in at the low end of their conservative ranges simultaneously, the modernization delivers approximately $440K-$480K — slightly below the $500,000 pool operational requirement. With four pillars instead of five, the cushion is tighter than under the original analysis, and recovery measures may be needed. The plan still produces meaningful capacity but the margin for execution failure is narrower.

If three or more pillars substantially miss their conservative ranges, additional measures would be required. Recovery options include:

- Aggressive pursuit of remaining pillar opportunities
- Reconsideration of pool operational scope
- Reallocation from Royal Gorge Bridge Lease distribution (currently weighted toward Park Improvement Fund)
- Other operational measures not currently in scope

Factors Outside the Plan's Control

The plan acknowledges several factors that could affect performance but lie outside its direct control:

- State legislative changes affecting municipal revenue or expenditure obligations

- Regional economic conditions affecting tourism and sales tax base
- Insurance market conditions affecting Pillar 3 procurement opportunities
- Recruitment market conditions for specialized municipal positions
- Federal policy changes affecting grant pipeline assumed under Pillar 4

These factors do not invalidate the plan but warrant continued monitoring during implementation.

Section XI — Anticipated Outcomes

If the modernization is authorized on June 1 and substantially implemented over the FY 2026-FY 2029 period, the analysis projects the following outcomes.

Operational Outcomes

- Pool operational funding in place by FY 2028 opening, with reserve cushion built during preceding 18 months.
- General Fund balance stabilized and on recovery trajectory rather than at policy floor.
- Total annual fiscal capacity improved by $536K-$1,070K at full implementation.
- Building Department operations and customer service modernized, with the option of materially lower fees for residents and contractors.
- Legal services delivered through hybrid in-house structure consistent with peer Colorado municipalities.

Citywide Outcomes

- Sales tax trajectory shifts from flat to modest growth, contingent on activation execution.
- Approximately 110-270 new jobs generated across the city over the FY 2026-2028 implementation window.
- Increased commercial activity across multiple districts (downtown, Royal Gorge Boulevard, US 50 corridor, Riverwalk, industrial).
- Anchor business recruitment in selected districts.
- Storefront vacancy rates reduced through coordinated activation programs.

For Citizens

- **A pool.** A pool that opens in 2028, operates sustainably, and remains open. Year-round programming for kids, seniors, and families. The quality-of-life investment voters supported with the construction tax — actually delivered.
- **More choices, locally.** New restaurants, new retail, new services across the city.
- **New jobs.** Real employment for real people in Cañon City.
- **Faster permits, better service, possibly lower fees.** The City becomes easier to do business with.
- **A stronger tourism economy.** More businesses, faster permitting for tourism operators, no new costs.
- **A General Fund on solid footing.** Reserves stabilized. The City positioned for the next decade.

What Does Not Change

- Property tax rates are not affected.

- Sales tax rates are not affected.
- No new taxes of any kind are part of this plan.
- No new fees on residents or visitors are part of this plan.
- Existing services to citizens are not reduced.
- The City's operational responsibility for the pool is not transferred or shared with private parties; the community access fund described in Section IX operates independently.
- Other long-term challenges (water, demographics, regional homelessness) remain on their own tracks.

Section XII — Looking Ahead: Paying Attention to What is Coming

A note worth adding to this analysis, separate from the four pillars and the realignment math.

The world outside Cañon City is changing rapidly. New tools, new technologies, and new ways of delivering services are emerging at a pace municipal government has not seen in decades. Some of this is hype. Some of it is real. The city that pays attention to what is coming, and that is willing to evaluate new opportunities as they arrive, will serve its citizens better than the city that does not.

This is a quiet but real principle. Cañon City does not need to be on the leading edge of every change. Cañon City does need to keep its eyes open.

This document does not assume any particular new technology or savings opportunity beyond what is described in the four pillars. The realignment math stands on its own, with conservative figures from the existing budget. But it would be incomplete to present a multi-year modernization plan without acknowledging that opportunities will emerge during the implementation window that are not yet visible from where we sit today.

The right posture is one of disciplined curiosity. When new tools become available that could let the city deliver services faster, more accurately, or at lower cost, the city should be willing to evaluate them — carefully, with appropriate boundaries, and with citizen input. When new opportunities emerge in economic development, in regional partnership, in revenue, or in operational efficiency, the city should examine them on their merits.

What this section does not do is commit the city to any specific technology, any specific tool, any specific opportunity. It commits the city only to paying attention. To staying open to evaluation. To not being so locked into the current way of doing things that genuinely better options pass us by.

The realignment plan itself is the immediate work. Looking ahead is the standing posture. Both matter.

Section XIII — Request of Council

On June 1, the City Council is asked to consider the modernization framework presented in this analysis. The specific requests are:

Authorization Items

- Adopt the four-pillar modernization framework as the structure for addressing pool operational funding and General Fund stabilization.
- Authorize Year One action items, as outlined in Section VIII.
- Establish an annual public reporting mechanism tracking modernization progress against targets.
- Acknowledge that specific budget appropriations will be brought forward year by year as savings are realized, in alignment with normal budget processes.

What Council Is Not Asked to Approve on June 1

- Specific dollar reallocations within the FY 2026 budget
- Specific personnel decisions (those follow normal hiring processes)
- Specific contracts (those follow normal procurement)
- Final scope or pathway selection within any individual pillar

This is a framework authorization request. It commits the City to the analysis and to the work, with full transparency, annual reporting, and the ability of any future Council to adjust direction as warranted.

The Council asked the Mayor to find $500,000 for pool operations. The analysis identifies a path that produces between $536,000 and $1,070,000 annually — and modernizes the City for the next decade — without any new taxes or fees on the people of Cañon City or the visitors whose support sustains our local economy.

Closing Note

The pool conversation has been the visible piece of a deeper question: whether Cañon City can position itself for the next decade through operational discipline, modernized service delivery, and active partnership with our local commercial base. The analysis suggests the answer is yes — and that the path does not require asking citizens or visitors for more.

This plan delivers a pool, more choices for residents, more jobs for neighbors, faster service from City Hall, a stronger tourism economy, and a General Fund on solid footing. It does so within the resources the City already has, by working harder and smarter with those resources rather than reaching for new ones.

The data presented here is drawn from the FY 2025 and FY 2026 Adopted Budgets, three years of historical financial data, and supporting information from City departments and outside organizations. Where ranges are provided, they reflect the analytical uncertainty inherent in projecting outcomes from structural changes. Several specific data items remain outstanding from the Finance Department; once received, the ranges presented here will tighten.

The Council retains complete authority over the framework, the pillars individually, and the specific actions that may follow.

Decisions on the framework and Year One actions are scheduled for the June 1, 2026 City Council meeting.

Phil Lund, Mayor

City of Cañon City

End of Analysis — Working Draft (May 2026)

Appendix A — Citizen Comments Received

This appendix will be populated in the final version of the document delivered to City Council on May 27, 2026. It will contain every comment received during the public comment period (May 14 through May 25, 2026), attributed as each citizen requested.

The role of this appendix is to record citizen input. The Mayor reads each comment with editorial judgment. Comments with merit shape the final document itself — when a comment leads to a revision, that revision appears in the relevant section of the analysis, not as a separate response in the appendix.

The structure of the appendix will be:

- **By section.** Comments organized by which part of the analysis they address, allowing Council members and citizens to see what input each section received.
- **Type of input.** Each entry indicates whether the comment was a factual correction, a concern raised, a question asked, or a suggestion offered.
- **Attribution.** Comments will be listed by name where citizens have agreed to be identified, by initials where preferred, or as anonymous where the citizen requested it.

Comments containing personal attacks or off-topic material will be summarized rather than reproduced — the substantive concern will be noted, and the disrespectful framing will not be memorialized in the public record.

The purpose of this appendix is the public record. Citizens who engage with this work in good faith deserve to see their input recorded. The City Council deserves to know what concerns the community raised. The document itself is the response — where the analysis was revised based on citizen input, that revision is the answer.

This appendix is intentionally left in placeholder form in the working draft. It will be completed before final delivery on May 27, 2026.