

Michael B. Hancock
Mayor



City and County of Denver

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November 10, 2022

Dear Council President Torres and Members of Council:

As provided for in Charter Section § 7.1.6, today I am rejecting the 2023 budget amendment adopted by City Council at the November 7th meeting. As you know, our reserve policy calls for maintaining an undesignated fund balance of 15 percent, and I am disappointed that this amendment would seek to drop fund balance below that threshold, in direct conflict with our policy. This fundamental fiscal policy has been a hallmark of our strong fiscal stewardship and has served to protect us through economic downturns and the effects of the pandemic. With an uncertain economic outlook for the next year, including the possibility of a recession, it would be shortsighted and irresponsible to start the year with a drop in our reserves – of any amount – below that 15 percent level. Our strong reserve policy continues to be a factor in how rating agencies and investors view the city's financial health, and maintenance of the 15 percent fund balance has been a leading contributor to the city achieving and maintaining the highest credit ratings possible across all three major credit agencies resulting in lower borrowing costs on city issued bonds and obligations. Utilizing portions of the fund balance outside of its intended use could lead to concerns about the city's commitment to financial sustainability. I believe it remains imperative to adhere to the reserve policy to guard against any negative outlook or change in our high credit ratings.

I remain confident that the goal of placing Rectangular Rapid Flashing Beacons (RRFBs) in each council district can be accomplished through use of existing DOTI resources already dedicated to these purposes without significantly compromising other programmatic efforts. As indicated in my October 14th response to the City Council's requested budget additions, DOTI has committed to prioritizing RRFBs as a primary pedestrian safety measure within the currently proposed appropriated budgets for Transportation and Mobility Projects. This includes a commitment to install 10-12 additional RRFB systems across all of Denver in 2023 in coordination with other pedestrian safety improvements. DOTI recognizes City Council's desire to increase the application of RRFBs and shares its recognition of the value these traffic control devices add to our local neighborhood streets.

While I fully expect that council members may feel strongly enough about the value of the RRFBs to override this rejection, it is imperative to my administration as fiscal stewards of the taxpayers' dollars that we demonstrate our unwavering commitment to adhere to our fiscal policy and protect our reserves. If council does seek to override, I will direct the Department of Finance to actively manage agency budgets to ensure we are able to meet the 15 percent minimum in 2023.

As you prepare to vote on the 2023 budget on Monday, I want to thank you for productive discussions and shared priorities that reflect the needs of our residents. I hope you will continue our shared commitment to strong fiscal management as we face uncertain economic times in the coming year.

Respectfully,

A handwritten signature in black ink, appearing to read "M. Hancock", with a long horizontal line extending to the right.

Michael B. Hancock
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