

2A BALLOT INITIATIVE IMPLEMENTATION

NOVEMBER 27, 2012

GENERAL GOVERNMENT AND FINANCE COMMITTEE



Measure 2A Overview

- Permanently removed TABOR restrictions on the City's tax base as has been done by 85% of Colorado jurisdictions.
- Eliminated the number of TABOR credited mills by 4 generating \$44m in revenue. 2.222 credited mills remain in place.
- Implemented an anti-spiking provision that prohibits restoring mills if assessed value exceeds 6% and local growth.
- “Restored property tax revenues shall be expended exclusively for the following purposes, with the allocation of revenue between and among these purposes to be determined on a year to year basis as a part of the annual budget and appropriation process: public safety, services for children, street maintenance, parks and recreation, libraries, and other essential city services; payments to low-income elderly and disabled persons as provided in section 53-498; and business incentive programs to retain and attract businesses to Denver.”
- Requires an annual report be produced by the Manager of Finance to reconcile the revenue the city has been able to retain and its uses.

Proposed 2012 City Mill Levy

	1996 Gross Property Tax Rate	Previous Temporary Mill Levy Rate Reduction <u>2011</u>	Adjustment To Temporary Mill Levy Rate Reduction <u>for 2012</u>	Additional Adjustment to Temporary Mill Levy Rate Reduction Authorized by <u>2A of 2012</u>	2012 Abatements & Refunds Levy	Net Mill Levy for <u>2012</u>
General Funds	12.783	3.433	0.289	3.250	0.531	13.420
Social Services	5.541	1.536	0.124	0.236	0.120	4.485
Fire Pension	2.055	0.572	0.046	0.000	0.044	1.573
Police Pension	2.451	0.681	0.055	0.000	0.053	1.878
Total	22.830	6.222	0.514	3.486	0.748	21.356

*The DPS School District and Denver's Special Districts have until 12/15/12 to submit their 2012 mill levy's.

2A Programmatic Commitments

- Free summer outdoor pool access to 130,000 Denver children.
- Free recreation center access to kids.
- Preserve and restore child-care services for 3,000 low-income kids.
- Double the number of children in after-school and summer programs.
- Restore and increase service at all library branches to average of 48 hours a week.
- Recruit 100 police officers and firefighters.
- Service and replace fleet of 1,000 police and fire vehicles.
- Catch up on repaving 300 lane miles of city streets that are in the worst shape.
- Begin a six-year effort to restore park maintenance and upkeep that has been cut by 30 percent due to the recession, including mowing, tree trimming, trash pickup and graffiti removal.
- Increase the City’s property-tax credit from \$186/year to \$372 for 4,000 low-income senior citizens and people with disabilities.
- Doubling of Business Incentive Fund to \$1M/year to help attract new and retain/expand existing firms.
- Four-year exemption on Business Personal Property Taxes for new equipment purchases.
- Temporary cap on annual property tax growth to prevent spikes and provide more certainty.
- Collaborating with the business community on retail, development and office-space strategic plans.

2A Financial Overview

4 Mills	\$	44,000,000	
2012 Valuation Loss	\$	800,000	1.1% valuation loss in property values
0.512 Mills in 2013 Base	\$	5,200,000	Capturing mills as part of the 2013, TABOR permissible growth
TIF Districts	\$	2,550,000	Tax Increment Financing obligations
Fund Balance	\$	3,000,000	Remain at 11.7%
TABOR reserve	\$	1,500,000	Required by State Constitution Increase contingency based on charter requirement
Contingency Add	\$	500,000	
Balance	\$	30,450,000	

Program Overview

Furloughs	\$	5,000,000	All 5 days removed for 2013
Parks Maintenance	\$	500,000	Increases each year from 2013-2018
My Denver	\$	1,900,000	Includes lost revenue
Pools	\$	200,000	Free pools in the summer
After school	\$	500,000	Managed by MOEC
Child Care Assistance	\$	2,550,000	Assign 0.2358 mills for child care
Safety Recruit Classes	\$	2,000,000	Spring/Fall classes
Safety Fleet	\$	2,000,000	Reduces backlog from \$8m to \$6m
Business Incentive	\$	500,000	Double the program
Library Hours	\$	3,100,000	48 hour across system
Streets	\$	4,500,000	300 lm prorated over four years Double payment available to the qualifying population
Senior and Disabled	\$	1,250,000	
1x Fund Balance - Technology Investment	\$	3,450,000	Capital investments per Strategic Resource Alignment, \$36m backlog of need.
Fund Balance Increase	\$	3,000,000	FB up to 12% (0.3% increase)
Subtotal	\$	30,450,000	All ballot commitments met for 2013

Employee Furlough Days

- **CSA employees have taken furlough days since 2009.**
 - 2009 – 4 days
 - 2010 – 5 days
 - 2011 – 5 days
 - 2012 – 5 days

- **The removal of furlough days in 2013 represents a 2% increase in service levels.**

Parks & Recreation

My Denver Program Expansion

- This expansion allows all Denver students - elementary through high school – free access to Denver’s recreation centers and outdoor pools.

Desired Outcomes	2013 Expenditures	2013 Revenue Impact	2013 FTE Impact	Total 2013 Financial Impact
Youth engaged in meaningful activities; a decrease in negative activities during after school and vacation months	\$1,326,300	(\$737,400)	+3.0 (Not including on-calls)	\$2,063,700

- This will serve all Denver kids grades K-12 and track usage through a bar code system.
- Population – 92,000 DPS Grades K-12; 13,000 non-DPS grades K-12 Denver residents; we do not know what % of this population will sign-up for this program.
- Programs to be offered include swimming, gaming (ex. Wii), gym games (ex. dodge ball, kickball), youth fitness classes, dancing, and art.
- Adult usage vs. My Denver programming – the programs will be available during designated times (3:00 – 5:30 pm), still leaving open time for adult usage. Also, rules and regulations will still apply at each center. For example, you must be 15 years of age to use the weight room.
- Pool access is year round, including outdoor pools in the summer.
- Children can register by having their parent or guardian complete a registration form through school or at the recreation center.

Parks & Recreation

▪ Parks Maintenance Standards

Without 2A, Parks only has the budget capacity to meet 70% of its maintenance standards for current acreage. After the passage of the 2A initiative, standards will improve to 100% over a six year period in increments of 5% per year.

Desired Outcomes	2013 Expenditures	2013 Revenue Impact	2013 FTE Impact	Total 2013 Financial Impact
Improvements in litter removal, graffiti removal, turf management, irrigation systems, string trimming and other turf detailing*	\$500,000 (FTE's, supplies, vehicles and solar powered trash compactors)	-	+ 5.0	\$500,000

- 2A addresses staffing needs for general park maintenance in the four urban park districts
- 2A addresses staffing for current acreage only, not new acreage added beyond 2013
- 2A only includes funding for regular routine maintenance, and those non-emergency items which have been neglected, but not capital maintenance funding for buildings, structures, amenities, trails and ball fields
- In 2013, well developed park areas with high visitation and use, primarily regional parks with 80+ acres, will receive priority attention in 2013; work down as funding and time permits

Child Care Assistance Program

\$2.5 million in 2A funding will allow Denver Human Services to restore prior program cuts made in the child care program.

- Eligibility Limits –restore income eligibility from 165% FPL to 225% FPL that will increase the number of families qualifying for child care – an additional 225 slots will be added.
- Provider Reimbursement – restore previously decreased 10% provider rate reduction
- 0.235 mills will be added to the 2012 social services mills to fund this program.

After School Programming

- **2A funding of \$500,000 will help support and restore the investment in Out-of-School Time (OST) programs.**
- **OST programs take place before and after school, and during the summer when children and youth are not in school.**
- **These programs are important because they:**
 - Keep kids safe
 - Improve student attendance, engagement and achievement
 - Provide support for working families

After School Programming

- **\$500,000 will be distributed through a grant process**
 - Money will fund summer programming – increasing the number of students served and/or extending the length of program day and program duration (from 4 hours to 6 or from 4 weeks to 6 weeks)
 - Money will also fund before and after school programs during the school year
 - The strategy for distribution of these funds will be aligned with the Mile High United Way, the DPS Foundation, etc.
 - Currently 5,000 kids are served by city investments through the Lights on After School funding collaborative (LOAS is not an actual program, but a funding mechanism). *An additional 3,000 kids are served through Parks and Recreation sites for at least **8,000** kids being served currently.*
 - Over time we should be able to serve an additional 2,500 – 5,000 students.

Department of Safety

▪ Police Recruit Class

- The Denver Police Department has not held an academy since 2008. As a result, the Department is currently operating with 40 officers below authorized strength. The original 2013 budget includes one class of 40 recruits, starting in July 2013.

Impact	Total 2013 Financial Impact
The additional funds will allow for approximately 105-110 recruits in 2013. This should result in getting the actual strength of the DPD back up above authorized strength by the end of 2013.	\$1,591,000

▪ Fire Recruit Class

- The Denver Fire Department is holding only one recruit class in 2012 and is currently budgeted for only one recruit class in 2013.

Impact	Total 2013 Financial Impact
These funds will allow the DFD to hold a second recruit class in the fourth quarter of 2013. This will allow DFD to operate at authorized strength.	\$409,000

Department of Safety

- **Police Fleet**

- Currently, 30% of the Police fleet is past its useful life.

Desired Outcomes	Total 2013 Financial Impact
The funding dedicated to the Police fleet will allow the Department to purchase approximately 46 new patrol cars. This will result in operational cost savings due to updating the current fleet which is costly due to high maintenance costs. This will also result in reducing the percent of Police fleet past its useful life to 25%.	\$1,550,000

- **Fire Fleet**

- Currently, 25% of the Fire fleet is past its useful life.

Desired Outcomes	Total 2013 Financial Impact
The funding dedicated to the Fire fleet will allow the Department to purchase 1 new fire apparatus. This will result in operational cost savings due to updating the current fleet which is costly due to high maintenance costs.	\$450,000

Business Incentive Fund & BPP Incentive

- Established in 2005, the Business Incentive Fund (BIF) provides incentives for companies relocating or expanding with new jobs and tax revenues.
- 2A funding will allow for a \$500,000 increase to the fund, enabling the Office of Economic Development (OED) to attract and retain quality jobs in targeted industry sectors.

	2011 Actual	2012 Estimated	2013 Projected
Additional Jobs brought to Denver because of BIF	155	500	250
Leverage Ratio (<i>private investment / BIF allocated</i>)	68.5	266	15
BIF Funds per Jobs (<i>BIF allocated / jobs brought to Denver</i>)	\$3,300	\$1,000	\$2,000

- The Business Personal Property (BPP) tax exemption was also contained in the 2A approval. This will provide BPP reductions for new equipment purchases.

Denver Public Library Hours Increase

System-Wide Hours Expansion

- 2A funding would allow libraries to increase service from an average of 35.5 hours per week to over 48 hours per week.
 - Library hours will increase from 888 to 1268 hours per week. A 43% increase.
 - The increased hours will be phased in from January through April.

Impact	2013 Expenditures	2013 Revenue Impact	2013 FTE Impact	Total 2013 Financial Impact
<ul style="list-style-type: none"> • 15% increase in children’s program attendance • 11% increase in summer of reading participants • 18% increase in community learning plaza and English language attendance • 33% increase in community technology center technology class attendance • 13% increase in circulation • 13% increase in number of visits to the library 	\$3,150,000	-	66.50 FTE (not including on-call personnel)	\$3,150,000

Denver Public Library Hours Increase – Branch Overview

Library Branch	Hours Prior to 2A	Hours with 2A	Library Branch	Hours Prior to 2A	Hours with 2A
Central	52	56	Park Hill	32	48
Athmar	32	48	Robinson	32	48
BCL 1 st Floor	32	48	Ross Barnum	32	48
Bear Valley	48	48	Ross Broadway	32	48
Byers	32	48	Sam Gary	32	52
Cherry Creek	32	48	Schlessman	36	48
Decker	32	48	Smiley	32	48
Field	32	48	University Hills	48	48
Ford Warren	32	48	Valdez Perry	32	48
Green Valley Ranch	32	52	Virginia Village	32	48
Hadley	32	48	Westside	-	52
Hampden	32	48	Westwood	32	48
Montbello	48	48	Woodbury	48	48

Street Paving Program

■ Current State

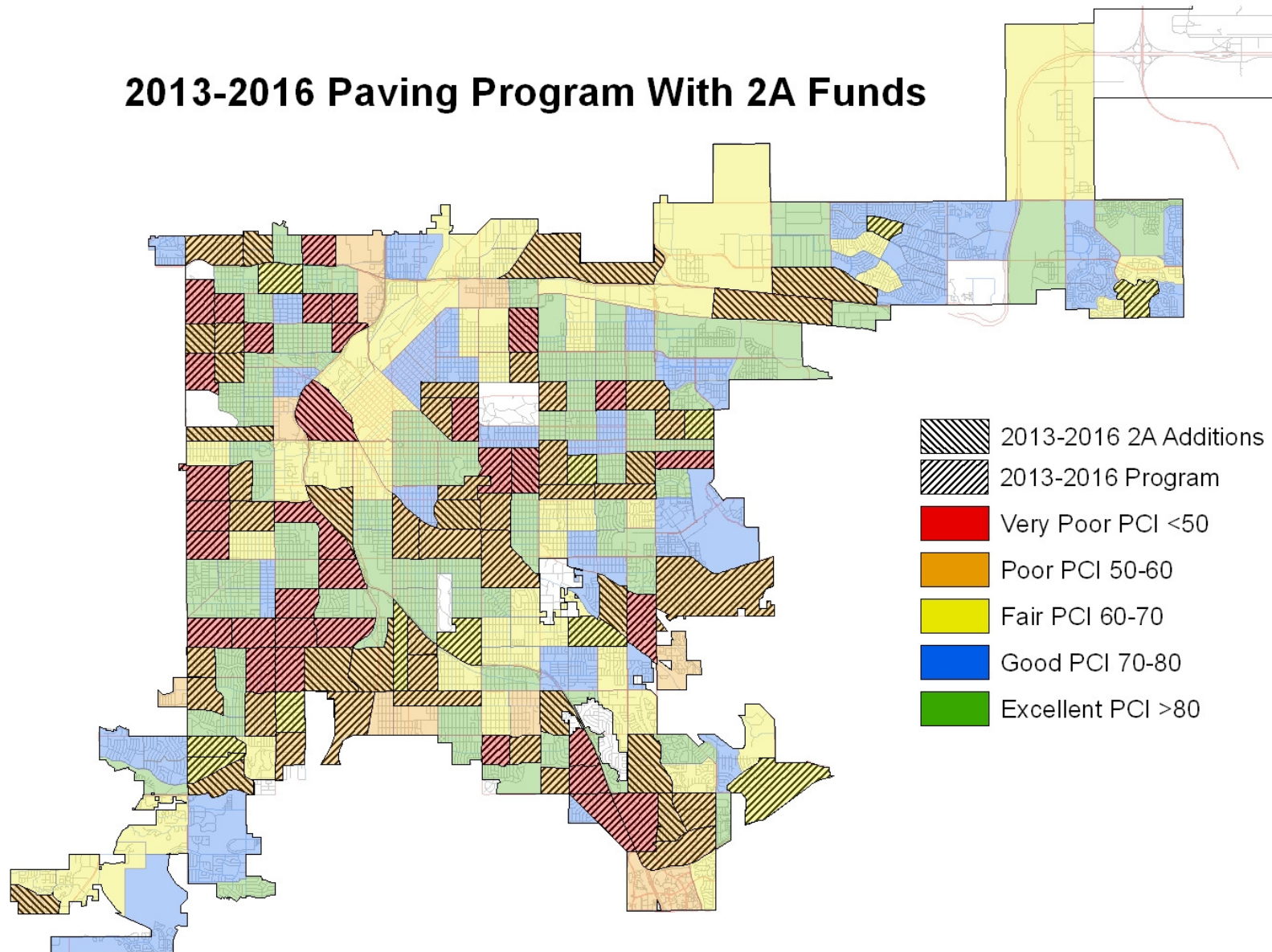
- Of 5,828 total lane miles in Denver, 1,300 (22%) are more than 20 years old and are rated in poor condition
 - Of the 1,300 lane miles rated in poor condition, 884 (68%) are residential or local
- Only 3% of roadways in poor condition are paved each year based on current resources

■ With 2A Funding

- With \$18M over 4 years, an additional 300 residential lane miles in poor condition will be paved (75 lane miles per year)
- Annual paving program will be accelerated which will significantly reduce the backlog of neighborhood streets in poor condition
- Annual arterial/collector paving will shift to contracted crews, freeing existing City crews to complete residential paving

Impact	2013 Expenditures	2013 FTE Impact	Total 2013 Financial Impact
<ul style="list-style-type: none"> • Additional 75 residential lane miles in poor condition paved per year (300 total) • Increase in Citywide Pavement Condition Index (PCI) 	\$4,500,000	-	\$4,500,000

2013-2016 Paving Program With 2A Funds



*This map reflects the projected street condition in 2016.

Senior and Disabled Rebate Program

- **2A funding would support doubling the base payment (\$186) to qualifying individuals who complete the application process.**
- **Per the DRMC, qualifying criteria includes:**
 - **Individuals who are 65 years or older and/or proving total disability**
 - **Reside in the County of Denver for 12 months**
 - **Pass the Income Level Test :**
 - **Single < \$15,101**
 - **Married < \$21,900**

Budget Year	# of Approved Rebaters	Total 2013 Financial Impact
2009	4,141	\$1,105,551
2010	3,990	\$1,032,327
2011	3,969	\$1,016,771
2012	3,415 (YTD)	\$1,010,000 (est.)
2013	4,000 (est.)	\$2,500,000 (est.)

Fund Balance Increase & Technology Capital Investment

Fund Balance

- **Increase Fund Balance by \$3m to achieve a 12% year end fund balance up from 11.7% in the original 2013 budget.**

Technology

- **The 2012 Technology SRA identified \$40m of technology operating and capital needs to bring the City's technology infrastructure up to standard.**
- **One time 2A funding of \$3.45m will be used to fund the update the City's technology infrastructure. The following is a list of technology needs that will be addressed:**
 - Enterprise System Upgrades
 - Telephony Infrastructure Replacement
 - Internet Capacity and Security Upgrades

Questions?

