

Overview of the Emergency Response Grant Fund

Executive Summary:

This bill request authorizes cash transfers totaling \$17,041,022.78 from two TABOR Reserve Special Revenue Funds to the Coronavirus Emergency Response SRF.

Statement of Spending Need

The City and County of Denver has and will continue to support significant unbudgeted expenses over the next several months to address the COVID-19 pandemic in Denver. Through Ordinance No. 0293, Series of 2020, City Council approved a transfer of \$10M from General Fund Contingency to the Coronavirus Emergency Response SRF to support the City's General Fund agencies' response to the pandemic. To date, the City has spent or committed \$13,554,643 on supplies, equipment and facilities as part of its COVID-19 response, and anticipates additional spending over the next several weeks on shelter costs, medical supplies, workplace safety supplies, and other items required for the City's response. The City will continue to evaluate the expenditure needs of this unprecedented emergency and seek additional funds to meet the demands of the response.

Background on TABOR Reserves

The City and County of Denver's TABOR reserves are an appropriate resource to address the pandemic, given the national, state, and local declarations of emergency. The TABOR amendment to the State Constitution requires the City establish an emergency reserve fund of three percent of all covered funds, which total \$52M in the 2020 budget. The funds cannot be used for economic conditions, revenue shortfalls, or salary and benefit increases. Because of the constitutional restrictions and the requirement to repay this reserve by the end of the next fiscal year, use of the TABOR reserve is limited to extreme disasters. The three percent reserve requirement is met through a combination of cash reserves and real estate assets in Special Revenue Funds.

The two TABOR Reserve funds available for cash transfers include the TABOR Amendment Reserve Fund (Fund No. 11817), which was established through Ordinance No. 808, Series of 1994, as a means of accounting for a portion of the TABOR reserve requirement, and the TABOR Amendment Reserve – Strategic Real Estate Purchases (Fund No. 11852), which was established through Ordinance No. 577, Series of 2008. This 2008 ordinance also enacted a change in the City's approach to addressing the 3% TABOR requirement by consolidating all TABOR reserves into special revenue funds (instead of also counting undesignated fund balance toward the TABOR reserve), and allowing for asset market value to count toward the 3% requirement. Therefore, this fund includes both cash (\$15.95M) and the market value of several city assets (\$33.79M).

This ordinance authorizes cash transfers of \$1,089,898.81 from Fund 11817, the TABOR Amendment Reserve, and \$15,951,123.97 from Fund 11852, the TABOR Amendment Reserve – Strategic Real Estate Purchases, to the Fund 11878, the Coronavirus Emergency Response SRF.

The City will leverage the 2021 budget process to replace the TABOR reserve requirement within the one-year.