



2023 Budget Overview

Department of Finance

September 23, 2022

Agenda

- Introduction
- Economic Overview
- General Fund Overview
- American Rescue Plan Act (ARPA) Overview
- Capital Improvements Overview
- 2023 Priority Investment Highlights
- Agency Presentation Preview

Denver's Financial Plan for Economic Recovery

Leveraging multiple financial resources to galvanize a long-term economic recovery

Colorado Recovery Plan
2021 - 2024

American Rescue Plan Act
2021 - 2024

Elevate Denver Bond
2017 - 2027

RISE Denver Bond
2021 - ~2031

Annual City Budget



DENVER
DEPARTMENT OF FINANCE

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Economic Overview

Lisa Martinez-Templeton, Chief Economist-Data Scientist

Economic Strengths and Vulnerabilities

The Upsides



Distribution of ARPA funding



Consistent, sustained early revenue recovery



Anticipated easing of supply-chain issues



Strong Labor Market

The Vulnerabilities



Persistent inflation



Rising interest rates



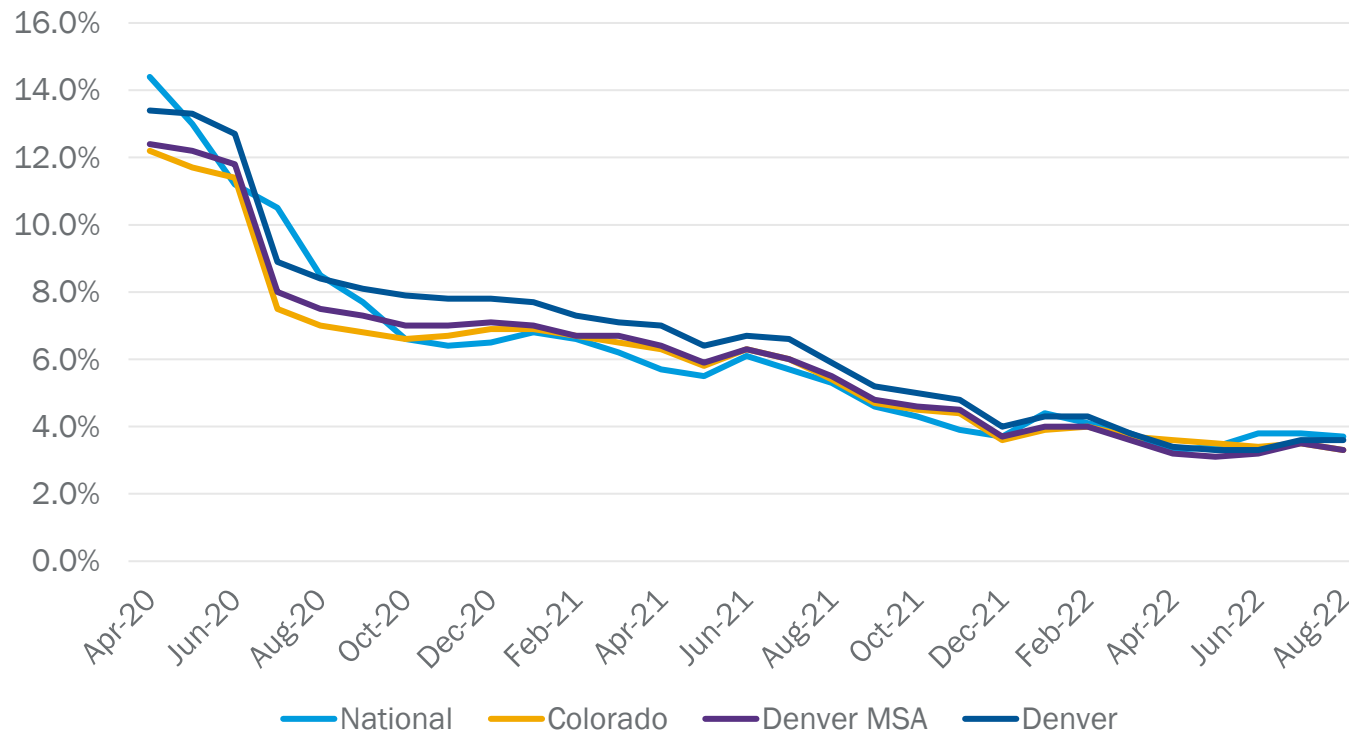
Continued supply/demand mismatch



Inequality in the recovery

Unemployment Rate by Region

(not seasonally adjusted)



Unemployment Rates

August 2022

National: 3.7%

Colorado: 3.3% (P)

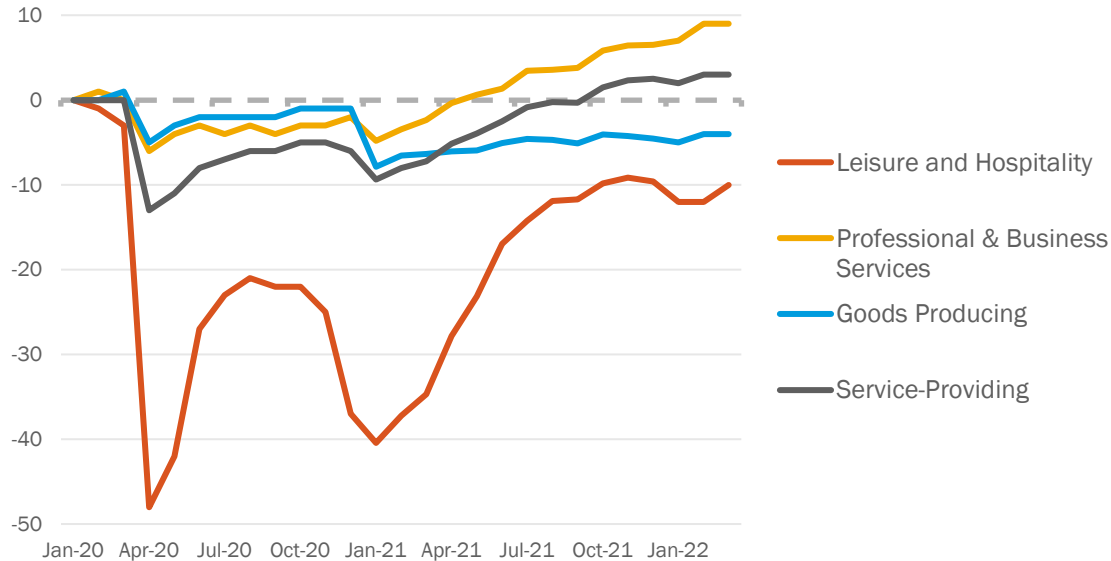
Denver MSA: 3.3%

Denver: 3.6%

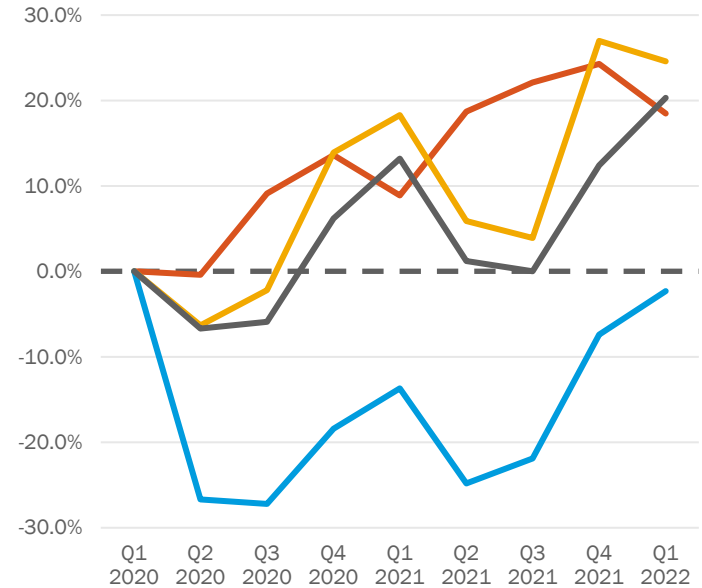
Industry Changes

(% Change compared to Q1 2020; 2022 data is preliminary)

% Change in Employment

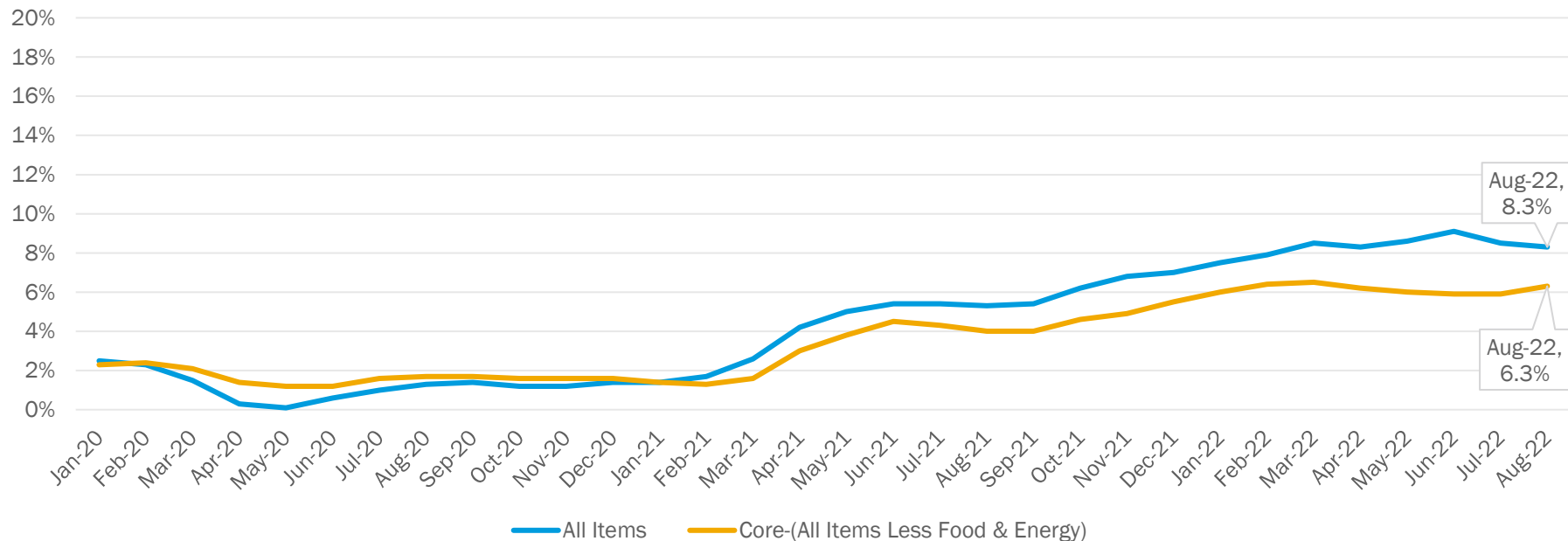


% Change in Average Wage



Inflation

Year over Year % Change in CPI-U (all items),
all U.S. Cities, Seasonally Adjusted



Inflation

August 2022 YOY (all U.S. Cities)

All Items: 8.3%

- Slight decline from July's year over year of 8.5%

Core (all items less food and energy): 6.3%

Largest contributors this year:

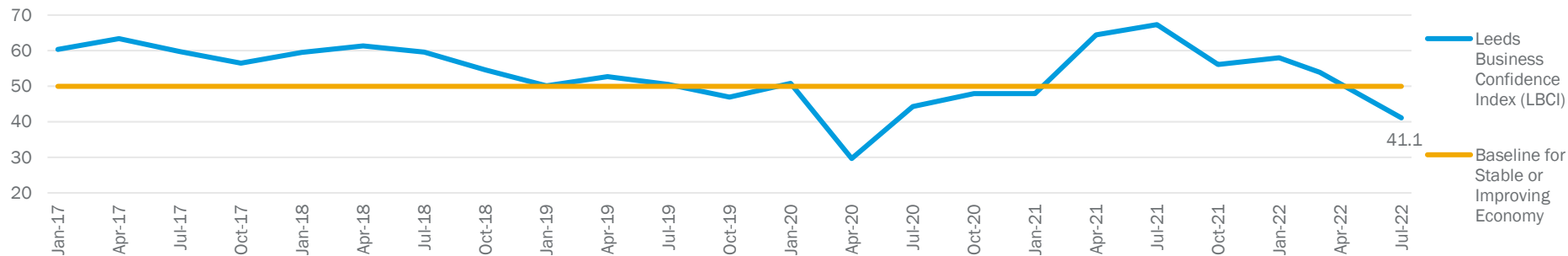
- Supply-chain stress
- Energy
- Food
- Shelter

CPI-U Selected Items YoY % Change

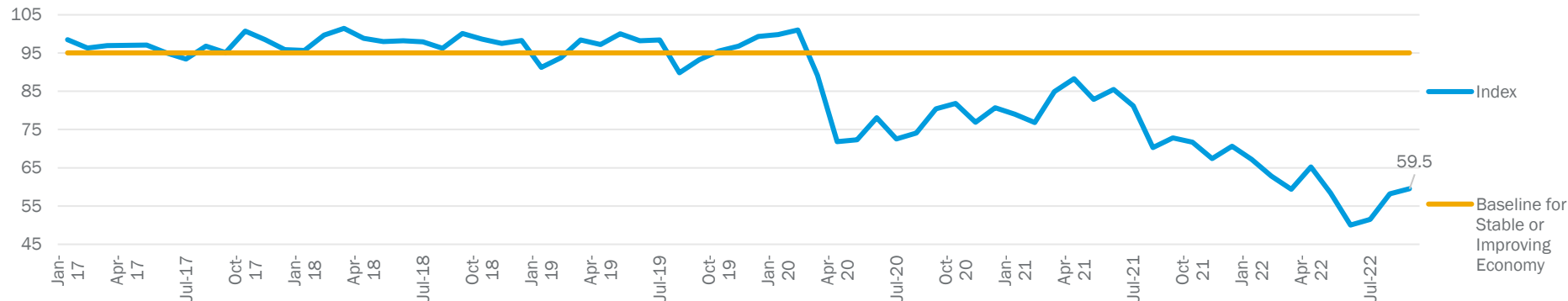
Time Period	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21	Jul 21	Aug 21	Sep 21	Oct 21	Nov 21	Dec 21	Jan 22	Feb 22	Mar 22	Apr 22	May 22	Jun 22	Jul 22	Aug 22
Shelter	1.6	1.5	1.7	2.1	2.2	2.6	2.8	2.8	3.2	3.5	3.8	4.1	4.4	4.7	5	5.1	5.5	5.6	5.7	6.2
Rent of Shelter	1.6	1.5	1.7	2.1	2.2	2.6	2.9	2.9	3.2	3.5	3.9	4.2	4.4	4.8	5.1	5.2	5.5	5.7	5.8	6.3
Owner's rent equiv.	2	2	2	2	2.1	2.3	2.4	2.5	2.9	3.1	3.5	3.8	4.1	4.3	4.5	4.8	5.1	5.5	5.8	6.3
Energy	-3.6	2.4	13.2	25.1	28.5	24.5	23.8	25	24.8	30	33.3	29.3	27	25.6	32	30.3	34.6	41.6	32.9	23.8
Fuels and Utilities	2.1	3.4	4.4	5.7	6.4	6.4	7	7.9	8.2	10.4	10	9.5	12	11	12.5	13	15.5	17.6	16.6	17.2
Gasoline	-8.6	1.5	22.5	49.6	56.2	45.1	41.8	42.7	42.1	49.6	58.1	49.6	40	38	48	43.6	48.7	59.9	44	25.6
Food	3.8	3.6	3.5	2.4	2.2	2.4	3.4	3.7	4.6	5.3	6.1	6.3	7	7.9	8.8	9.4	10.1	10.4	10.9	11.4
Food at home	3.7	3.5	3.3	1.2	0.7	0.9	2.6	3	4.5	5.4	6.4	6.5	7.4	8.6	10	10.8	11.9	12.2	13.1	13.5
Food away from home	3.9	3.7	3.7	3.8	4	4.2	4.6	4.7	4.7	5.3	5.8	6	6.4	6.8	6.9	7.2	7.4	7.7	7.6	8
New and used motor vehicles	4.1	3.7	4.4	9.6	13.9	20.7	19.9	17.1	15	16.3	18.4	20.9	23.1	23.5	21.7	17.4	13.7	9.7	9.2	9.8
New vehicles	1.4	1.2	1.5	2	3.3	5.3	6.4	7.6	8.7	9.8	11.1	11.8	12.2	12.4	12.5	13.2	12.6	11.4	10.4	10.1
Used cars and trucks	10	9.3	9.4	21	29.7	45.2	41.7	31.9	24.4	26.4	31.4	37.3	40.5	41.2	35.3	22.7	16.1	7.1	6.6	7.8

Business and Consumer Sentiment

Leeds Business Confidence Index



University of Michigan Consumer Sentiment Index



Housing Prices

Median Sold Price
(Denver County, July 2022)

\$423,500

Condo/TH

\$700,000

Single Family

Median Sold Price
(Denver County, YTD Thru July 2022)

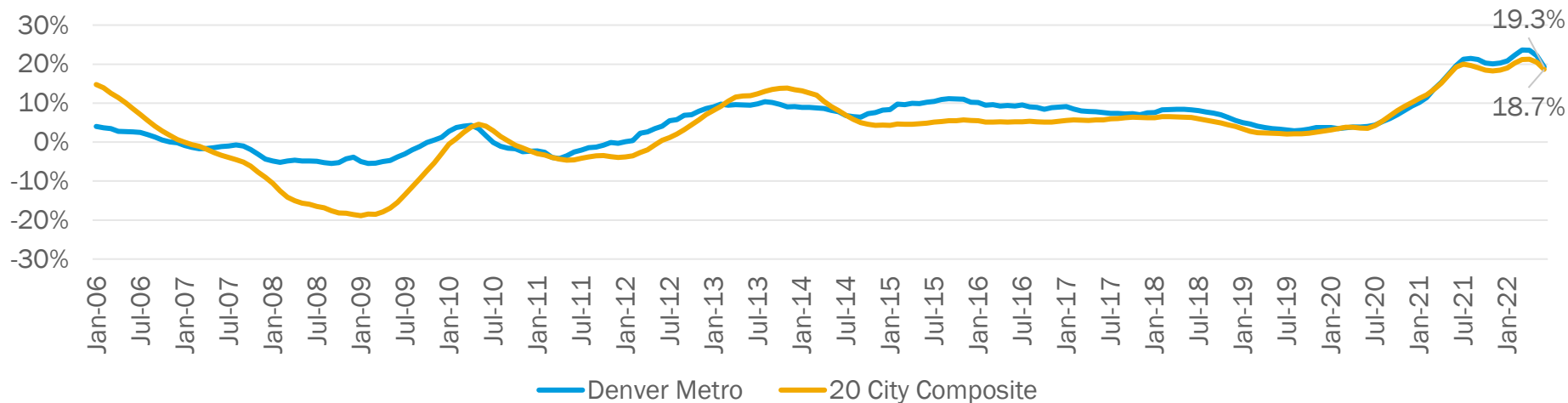
\$446,900

Condo/TH

\$695,000

Single Family

Year-Over-Year Percent Change in S&P/Case-Shiller Home Price Indices



Additional Thoughts

- Labor market has remained resilient
 - Monitor job/wage growth
- Inflation continues to be elevated
 - Monitor consumer expectations and sentiment
- Federal Reserve Monetary Policy
 - Monitor effect on housing market
 - Monitor impact on broader U.S. and global economy
- Continuously evolving outlook for Denver's economy as additional data is received

General Fund Overview

Margaret Danuser,
Chief Financial Officer

Revenue Projections

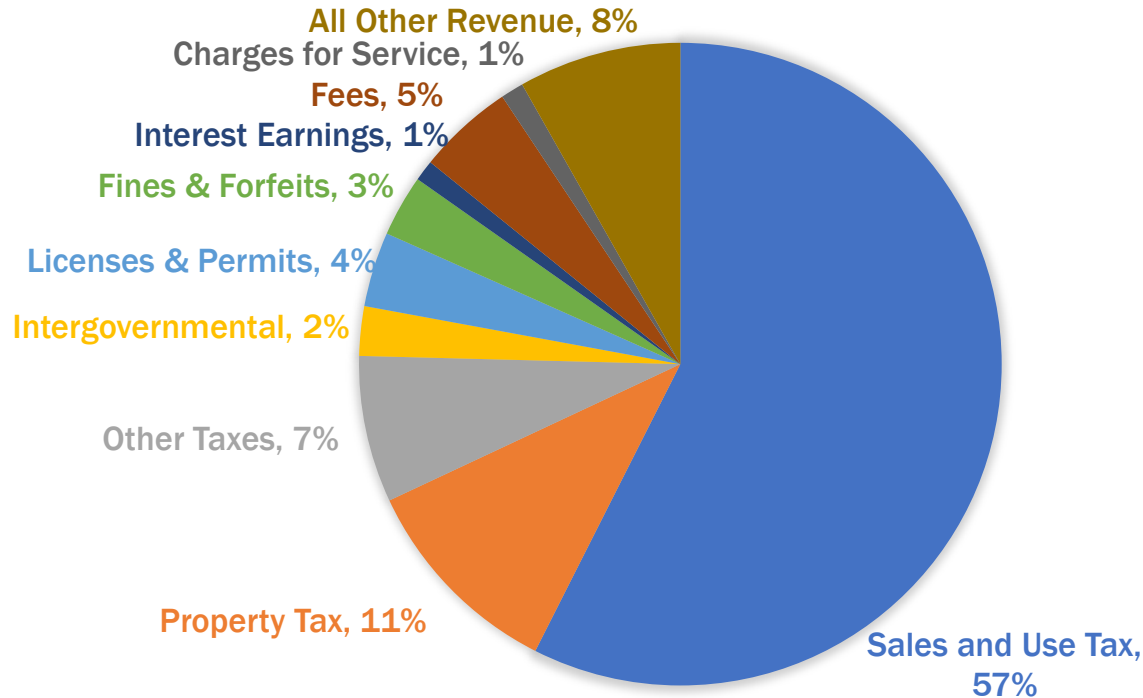
2022 Revised Revenue: \$1.56B

- Reflects y/y increase of 9.5%
- Contributors to growth:
 - Sales and Use Tax
 - Lodgers' Tax
 - Parking Meters
- Drawing down on growth:
 - Traffic Court Fines
 - Motor Vehicle Ownership Tax
 - Recorder Fees

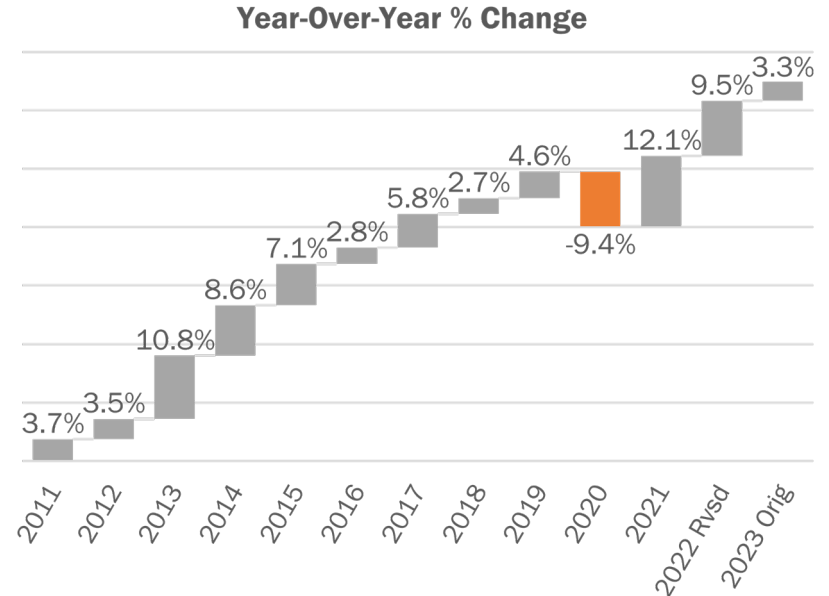
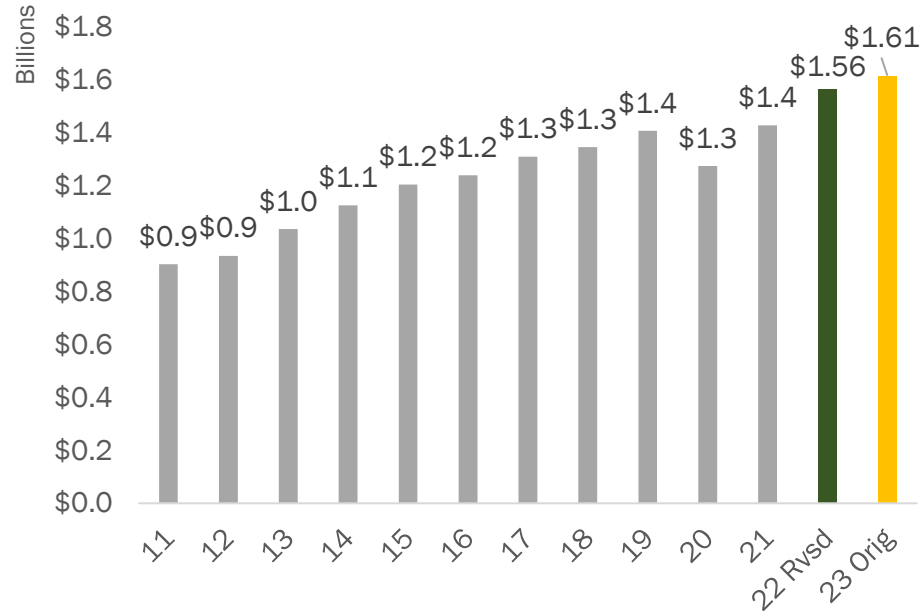
2023 Revenue Forecast: \$1.61B

- Reflects y/y growth of 3.3%
- Contributors to revenue gains:
 - Sales and Use Tax
 - Lodgers' Tax
 - Investment Income
- Showing a y/y decrease:
 - Property Tax
 - Excise Tax Transfer
 - Street Occupancy Permits

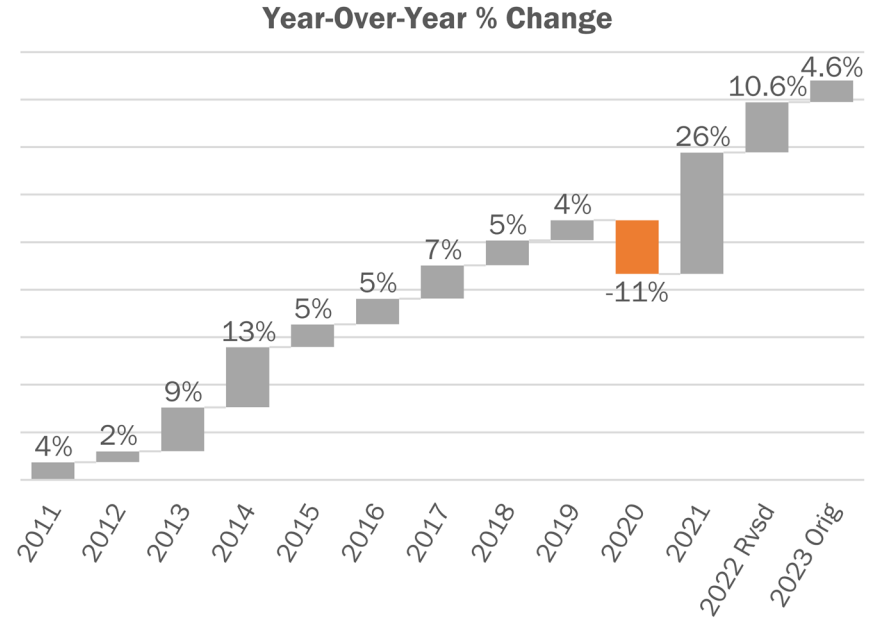
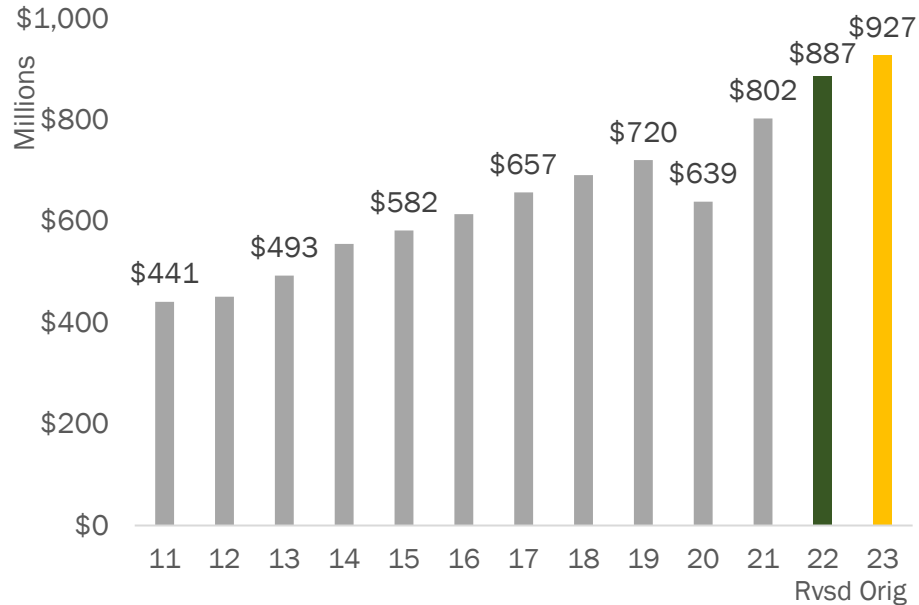
2023 General Fund Revenue



General Fund Revenue Forecast

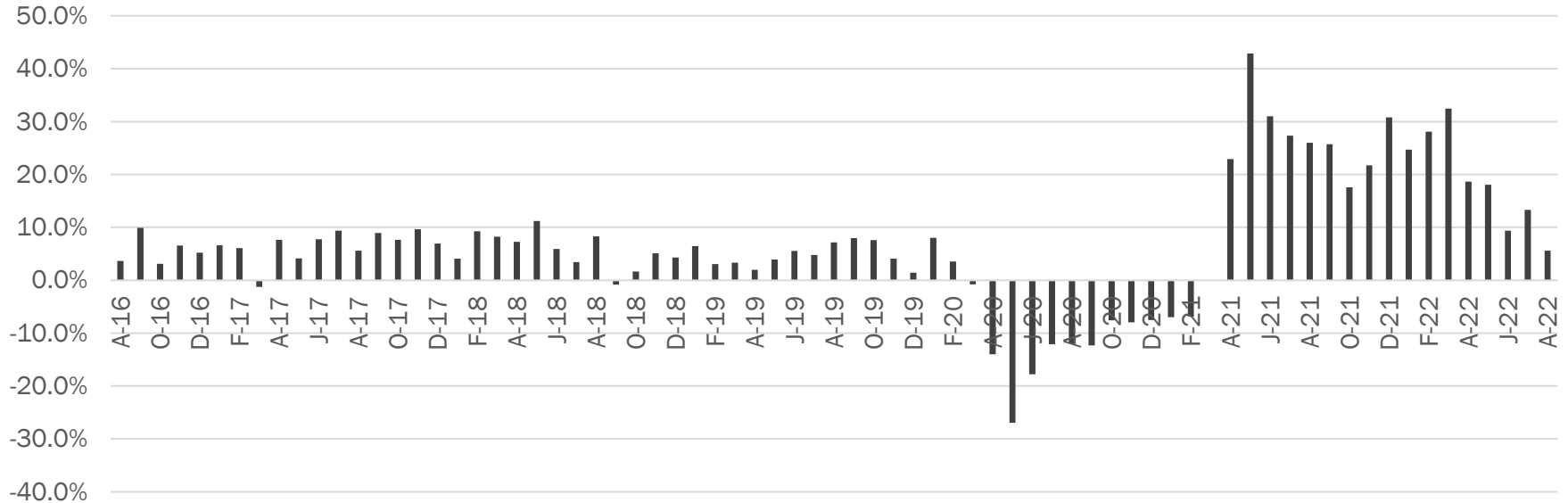


Sales and Use Tax Forecast

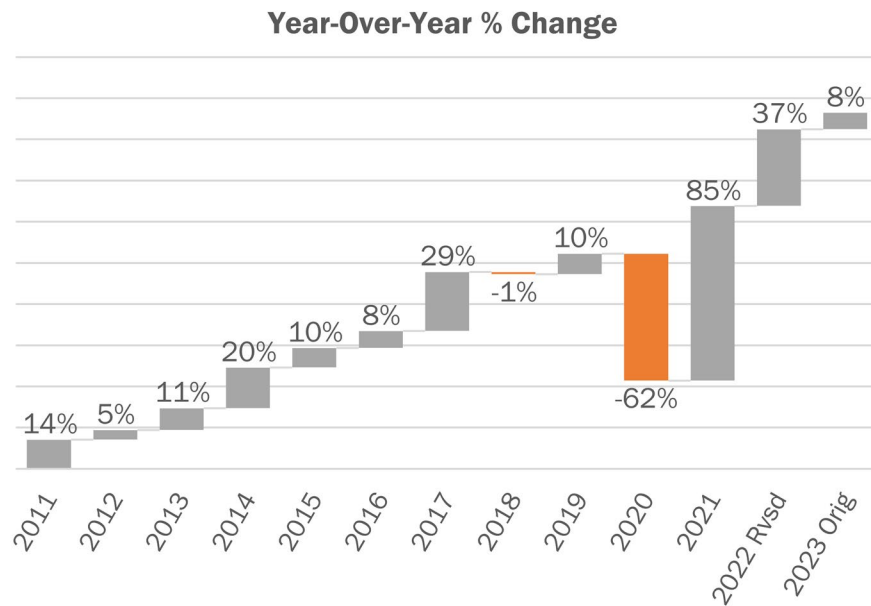
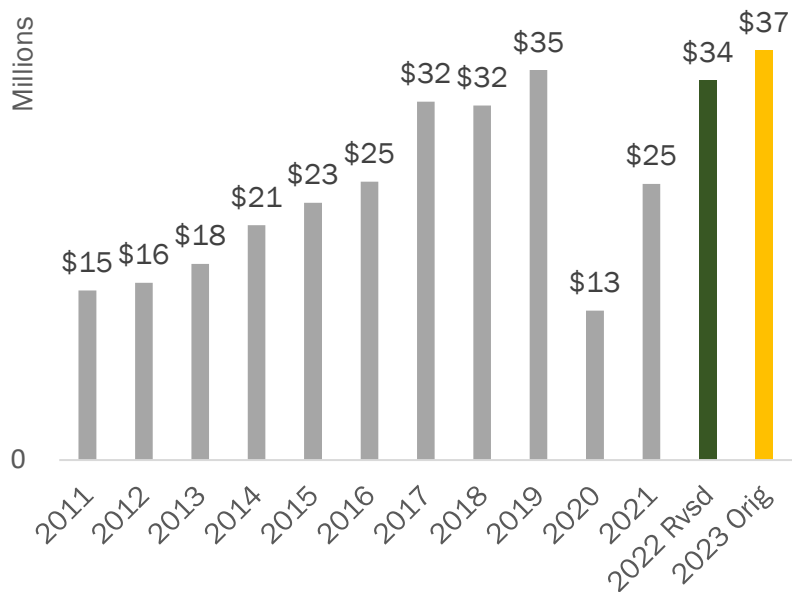


Sales and Use Tax History

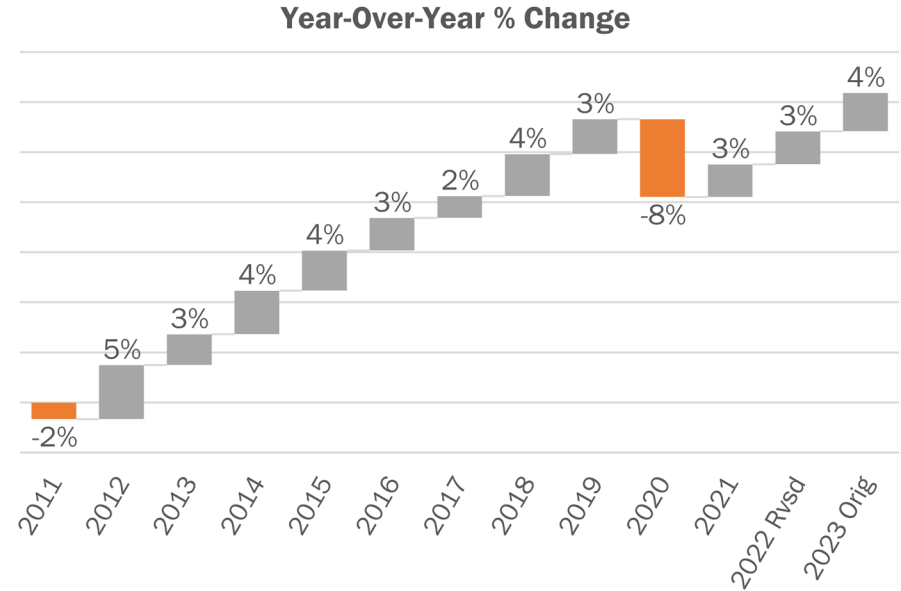
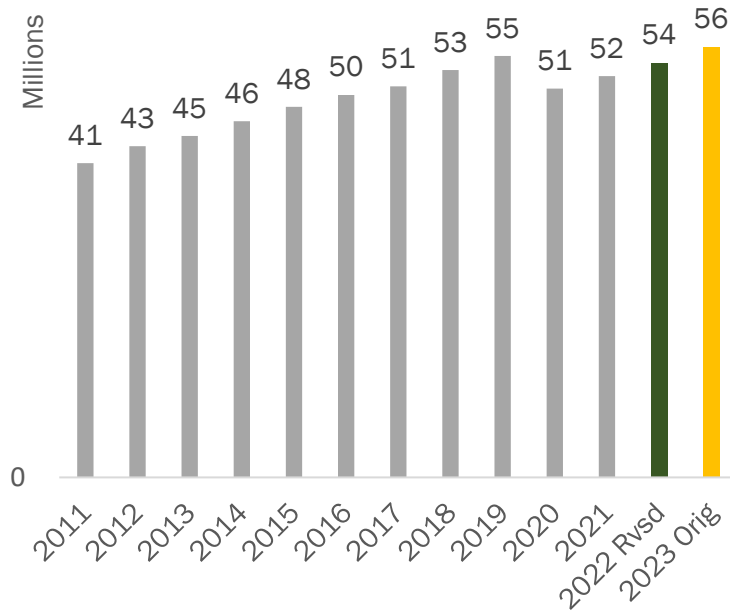
Year-Over-Year Percent Change in Denver's Monthly Core Sales and Use Tax Revenue



Lodgers' Tax

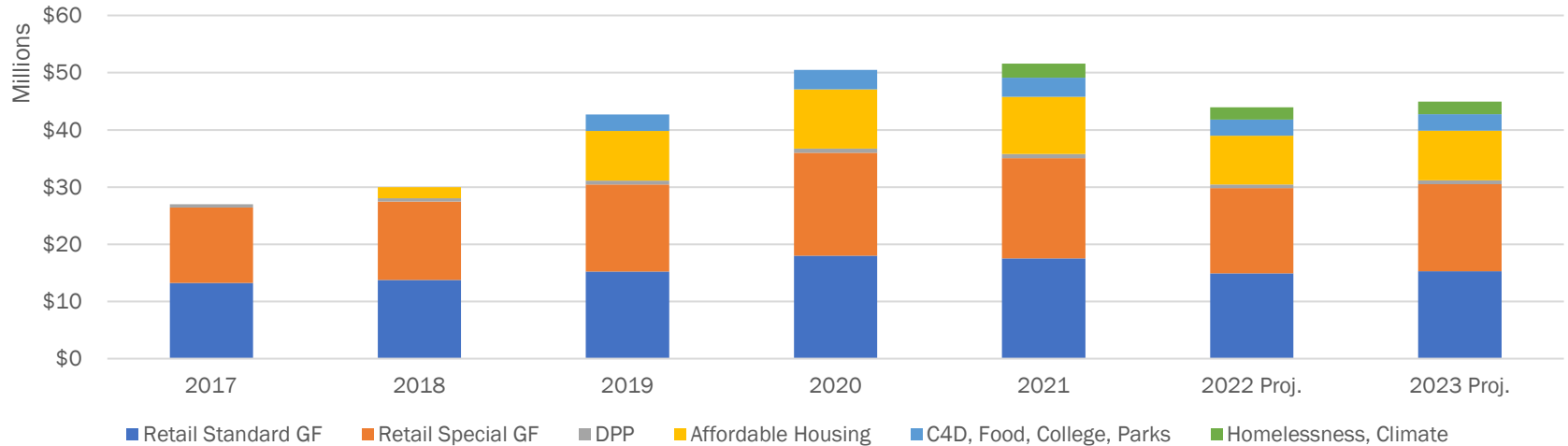


Occupational Privilege Tax

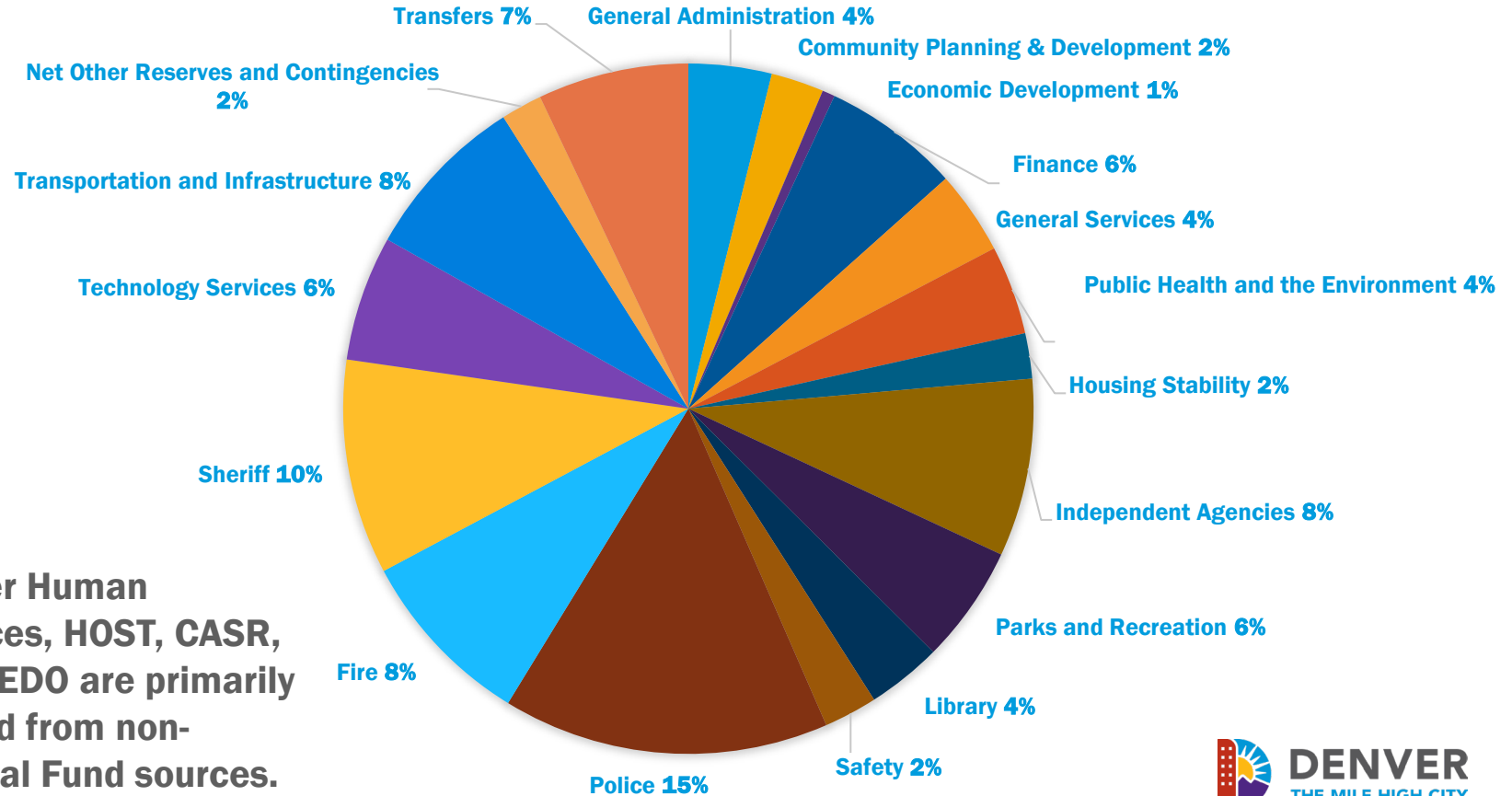


Historical Marijuana Revenue

Retail MJ Sales Tax Revenue, 2017-2021



2023 General Fund Budget/Appropriated Expenditures



Denver Human Services, HOST, CASR, and DEDO are primarily funded from non-General Fund sources.

General Fund Budget/Appropriated Expenditures

- 10.7% projected expenditure growth (\$1.6B)
 - As a result of strong revenue performance in 2022 & future growth
- Increase in full time equivalents of 206.6 permanent positions and 37.6 temporary positions
 - Note that we have budgeted many positions for less than 12 months
 - This includes a net of 63 uniform
- ARPA Step down of \$10M impacted 10 agencies
- Includes increases to address inflation for services and supplies

2023 Employee Compensation

- Merit – average of 4%
- DERP: 1.2% increase to employer
 - 0.8% increase to meet required contribution
 - 0.4% shift from employee's contribution
- Tuition reimbursement program reinstated
- Continue free EcoPass
- Paid family leave – Care Bank
- Minimum wage increases
- Total compensation study

DERP

Payor	2022	2023	Variance
Employer	16.75	17.95	1.2
Employee	8.85	8.43	-0.42
Total Contribution	25.6	26.38	0.78

Note this would provide for an average of 4.4% increase for CSA employees in 2023

Denver's Three Lines of Reserves

- 2% Charter Required Contingency
 - \$32.5M
- 15.1% fund balance
 - \$250.4M
- TABOR reserve
 - \$64.7 (*primarily real estate value*)

American Rescue Plan Act Funding

Rory Regan, Federal Grants Manager

American Rescue Plan Act Eligible Uses

- Total Funding Allocation: \$308M
- All ARPA funds must be obligated by the end of 2024, expended by the end of 2026 and may be used in the following eligible categories*:



**Public Health
expenditures**



**Address negative
economic impacts
caused by the public
health emergency**



**Invest in water,
sewer, and
broadband
infrastructure**



**Replace lost
public sector
revenue**



**Provide premium
pay for essential
workers**

* administrative costs like community outreach, data analytics, outside financial expertise, etc. are also ARPA eligible

Recovery Round 2 Planning Criteria

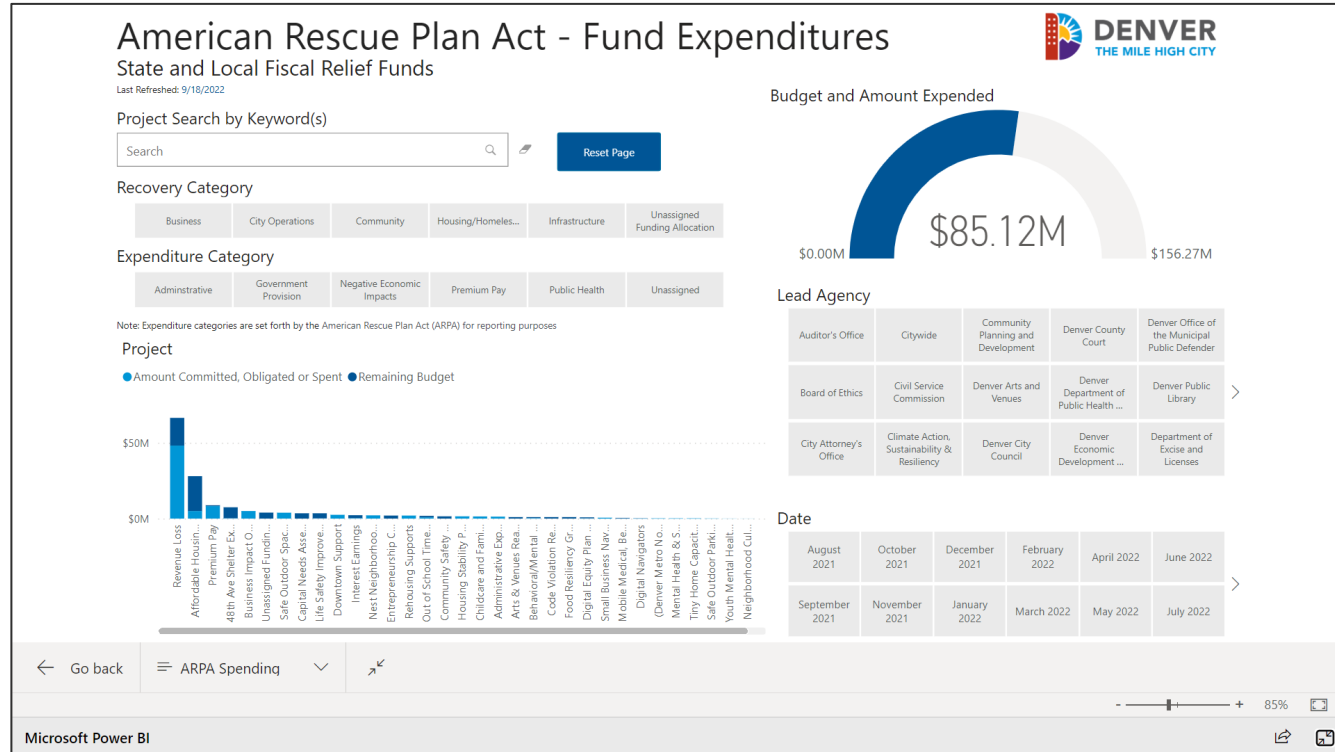
- Alignment with the input received from the public through outreach and engagement efforts
- Equity considerations
- Opportunity to capitalize on momentum through continuations of Round #1 programming
- Ability to deliver one-time assistance without incurring a future expectation of funding
- The certainty of eligibility under U.S. Treasury eligibility guidelines
- Catalytic or “breakthrough” potential

American Rescue Plan Act Round 2

Category	Round #2 Allocation
Housing Stability & Homelessness Resolution Support	\$77,725,000
Vulnerable Populations, Community Health & Safety Support	\$38,284,791
Business, Worker and Nonprofit Assistance	\$23,800,000
One-Time Vehicle and Safety Equipment Acquisition	\$6,033,555
Technical Support and Program Evaluation	\$3,000,000
Contingency	\$5,181,089

ARPA Expenditure Dashboard

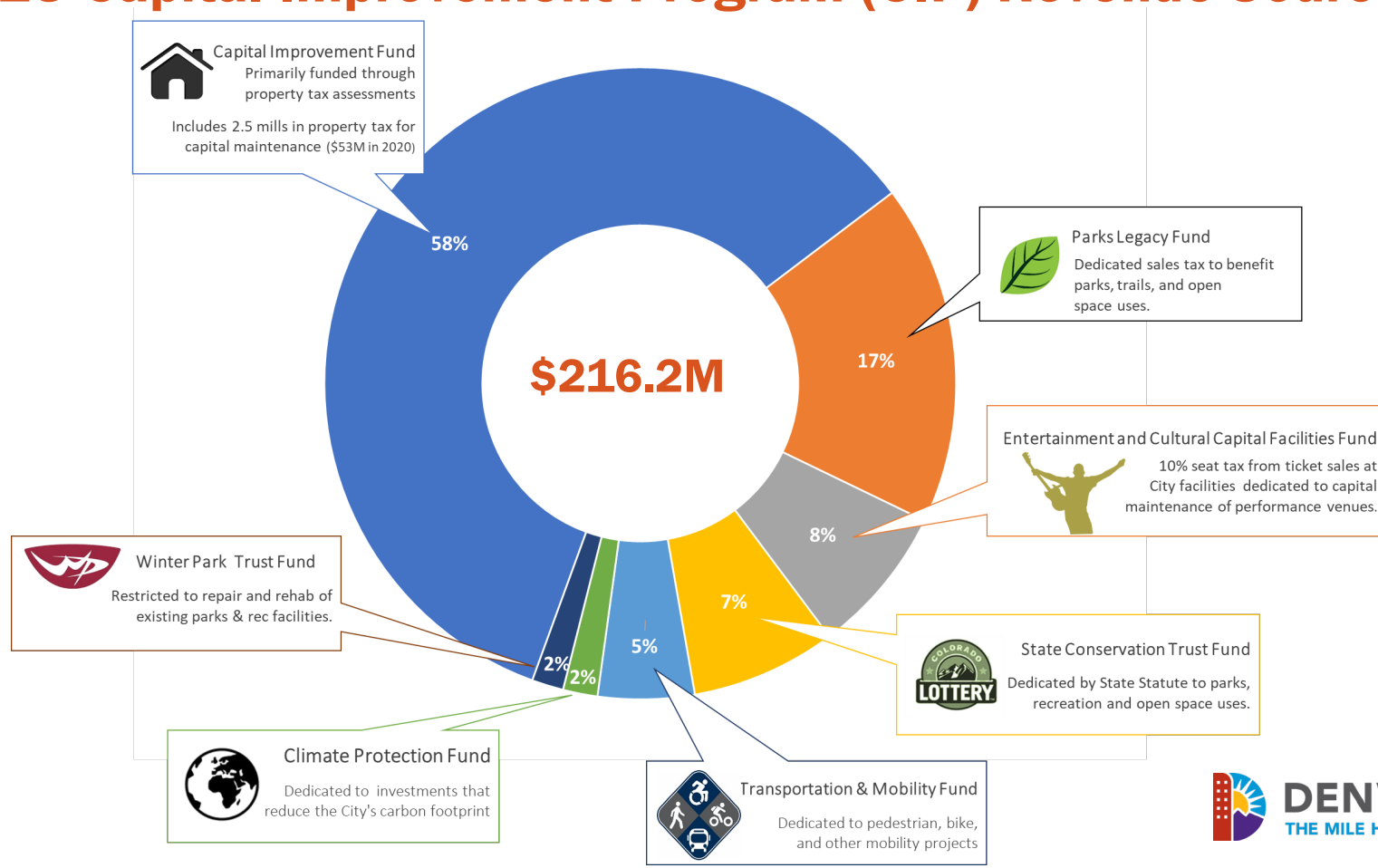
- Publicly accessible, interactive dashboard allows for accountability and transparency
- Data are available by agency, date, project, recovery category and expenditure category



Capital Improvement Program

Melanie Choquette, Capital Budget Manager

2023 Capital Improvement Program (CIP) Revenue Sources



2023 CIP: Projected Revenues and Expenditures

Revenue

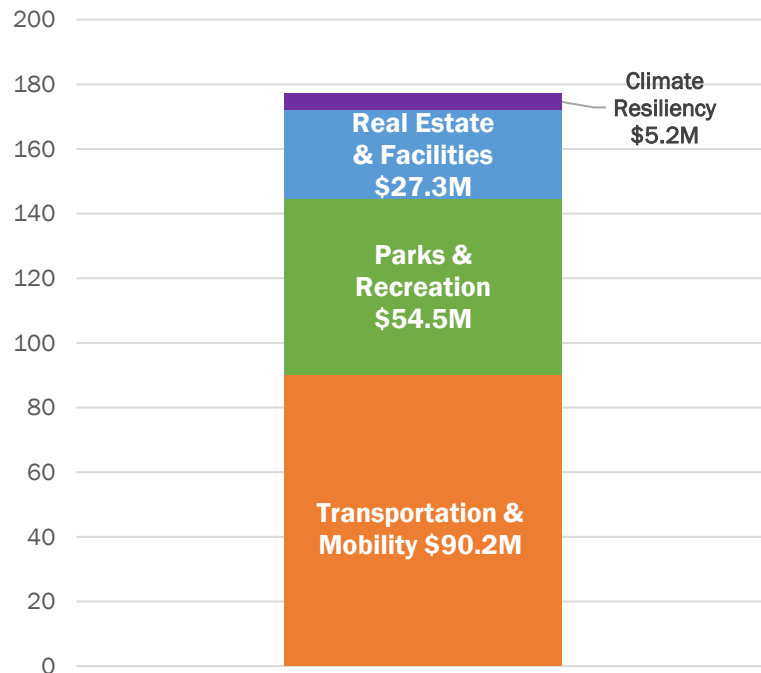
Projected CIP Revenue*	\$161.5M
Parks, Trails, and Open Space Transfer	\$34.9M
Transportation and Mobility Transfer	\$14.6M
Climate Protection Transfer	\$5.2M
Total	\$216.2M

Expenditures

Contingency	\$6.5M
Projected Payments/Obligations	\$35.6M
Annual Capital Maintenance	\$80.0M
Projected Expansion Funding	\$94.1M

*Excludes DHS and Technology Transfers

2023 CIP Expenditures by Portfolio





Transportation and Mobility = \$90.2M CIP

- \$54.5M for Transportation and Mobility Annual Capital Maintenance programs
- \$15M for Safety and Mobility Programs including Vision Zero, Safe Routes to School, Neighborhood Transportation Management, Sidewalks and Transit
- \$9.5M to support delivery of 16th Street Mall Project



Parks & Recreation = \$54.9M CIP

- \$7M for the implementation of the first phase of the Martinez Park Master Plan
- \$6.5M for the Civic Center Greek Theater and Central Promenade
- \$3M for Heron Pond/Heller/Carpio-Sanguinette
- \$4.25M for the implementation of Ruby Hill Phase 3
- Several priority deferred maintenance projects



Climate Action & Resiliency = \$5.15M CIP

- Over \$2M for Solar Infrastructure and Maintenance
- \$2M for Energy Conservation Improvements
- Over \$1M for Electrified Mobility Infrastructure and Maintenance
- \$50K for Climate adaptation and Resiliency



City Facilities & Real Estate = \$27.3M CIP

- \$20.2 million in deferred maintenance investments across the transportation, real estate and cultural portfolios, including ADA improvements at city owned facilities to support safety, accessibility and improve conditions for employees and guests.
- \$7.1M in Annual Facility Improvements Maintenance (FIT).

Additional Infrastructure Investment

2023 Bond Estimated Expenditures: \$315 million



**Transportation
and Mobility**

\$91M Elevate & RISE Projects



**Parks and
Recreation**

\$17M Elevate & RISE Projects



**City Facilities
and Real Estate**

\$207M Elevate, RISE, NWC, &
Convention Center Projects

2023 Budget Highlights

Stephanie Karayannis Adams,
Acting Deputy CFO, Budget and Management Director

Housing Stability and Homelessness Resolution

Investments to increase affordable housing, support those experiencing homelessness, mitigate and reduce the involuntary displacement.

General Fund Investments

- 12 positions for Expanding Housing Affordability and other DRMC changes, Prioritization Policy, supportive housing vouchers, complex case management, and Hot Spot outreach workers (HOST)
- HOA fine support to prevent foreclosures (HOST)
- RV buyback program (HOST)
- Residential Rental Program enforcement positions (Excise and License; DDPHE)
- Expanding Housing Affordability Program positions (CPD and HOST)

ARPA

- Encampment & Vehicle Decommissioning – Hotel Acquisition/Support for NCS - \$23.250M
- Housing Justice Down Payment Assistance & Pipeline Support - \$20M
- Affordable Housing Development & Acquisition & Rehab for Rental and Supportive Housing - \$20M
- Safe Outdoor Spaces - \$7.8M
- Rehousing Initiatives - \$6M
- Safe Parking Continuation and Expansion - \$600K
- Adaptive Reuse Study - \$75K

Total ARPA and GF investments: \$80.6M

Housing Stability and Homelessness Resolution

Investments to increase affordable housing, support those experiencing homelessness, mitigate and reduce the involuntary displacement.

Homelessness Resolution Fund (HOST)

New investments include:

- Encampment Decommissioning Outreach/Operations
- Respite Care
- Family Shelter Lease Costs and Case Management
- Complex Case Management Contracts
- Overflow Women's Shelter Support
- Daytime Transportation for People Experiencing Homelessness
- Realignment of contract support to SRF

Total HRF investments: \$48.9M

Community and Behavioral Health + Support for Families

Investments to improve health outcomes for residents and support health and vibrant communities and families.

General Fund Investments

- Community/Behavioral Health eight positions (support ARPA) (DDPHE + OCA)
- Food security three positions shifting to GF from grants that are expiring (DDPHE)
- Childcare and tobacco inspectors (DDPHE)
- Medical Assisted Treatment in jail (DHHA)
- CARES two social workers Treatment on Demand (DHHA)
- Increase staff, contracts, supplies and equipment for the new GVR pool and Parks amenities, including bathrooms and drinking fountains. (DPR)
- Solutions Center contract increase (DDPHE)

ARPA Investments

- Behavioral health and substance misuse response (new and expanded) (DDPHE) - \$20M
- Mental health support for youth (new) (OCA) - \$1.6M
- Continuation of Child Care and Afterschool Care (OCA) - \$1.8M
- Youth violence prevention (new) (OCA) - \$1.7M
- Combating food insecurity (R1 continuation) (DDPHE) - \$6M
- Promotora pilot (new) (DHS) - \$400K

Total combined ARPA and GF: \$43M

Public Safety

Investments to keep our residents, visitors, and neighborhoods; providing the right response to the right situation.

General Fund Investments

- Tooley Hall gap funding
- EMBARC gap and expansion
- Pre-trial 48-hour court
- EDI director
- SAUSA positions (CAO)
- Civilian Report Technicians full time (Police)
- DNA Forensic scientist (Police)
- Additional Parks Rangers for Rec Center Safety (DPR)
- Community Outreach Engagement (Police)
- Increase personnel and contracts to address abandoned RVs (DDPHE)
- Additional 12 hours of police training
- Increase in overall police strength by 43 and recruits
- NE Denver Company (Fire)
- Additional Med Unit (Fire)
- Additional increases to Fire authorized strength by 16

ARPA Investments

- Community placed-based safety initiative (EDOS - continued) \$1.5M
- Security cameras for recreation centers (DPR – new) \$900K

Total Public Safety: \$11.9M

Downtown Recovery + Small Business Support

Investments to support the businesses that make up the fabric of our community and the continued vibrancy of our downtown core.

General Fund Investments

- Disadvantaged Business Compliance staff (DEDO)
- Two positions to address workload in site development and zoning (CPD)
- Program Administrator for Legacy Business Program (DEDO)
- Customer Permit Guide overhaul (CPD)
- Business Navigation and Marijuana Social Equity Program Support (E&L)
- Downtown Action team (DOTI)

ARPA Investments

- Legacy Business Program – Commercial Land Trust (new) - \$10M
- Small Business Impact Opportunity Fund (R1 continuation) - \$5M
- Business navigation (R1 continuation) - \$600K
- Entrepreneurship support (R1 continuation) - \$1.8M
- Downtown & NEST neighborhood activation (R1 continuation) - \$2M
- Expand the Denver Youth Employment Program - \$1.5M
- Reactivation of venues (R1 continuation) (AVD) - \$1M
- Non-profit assistance grants (new) (HRCP) \$1M

Total Downtown Recovery and Small Business Support: \$21.6M

Climate Investments

General Fund Investments

- Certifiably Green (CASR)
- Sustainable Neighborhood Certification (CASR)
- Translation (CASR)
- Energize Denver staff (CASR)
- Energy code staff (CPD)
- Energize Denver compliance (CPD)
- ESCO contract (General Services)
- Energize Denver position and services/supplies (General Services)
- Additional staffing, supplies & equipment for new acres at Arkins Court Promenade, I-70 Cap and 39th Greenway (Parks)
- Mountain Parks operating budget support (Parks)

Climate investments: \$4.4M GF + additional capital investments from parks, multimodal transportation, and the CPF.

Climate Investments

Climate Protection Fund

\$48.8M in 2023; investments include:

- Green Jobs
- Renewables
- Environmental & Climate Justice
- Adaptation and Resiliency
- Sustainable Transportation
- Buildings and Homes
- Transfer out to Capital Fund 34804

Volume Based Pricing Special Revenue Fund

\$34.1M for all solid waste management, recycling, and composting (DOTI)

Parks Legacy Fund

Additional staff, supplies and equipment to support new Parks acreage, outdoor recreation, maintenance and fire prevention, and the South Platte River and Tributaries Program.

Climate investments: \$4.4M GF + additional capital investments from parks, multimodal transportation, and the CPF.

Transportation and Mobility

Capital Investments (Transportation and Mobility SRF and CIP)

- Sidewalk Repair Program - \$3M
- New Warranted Signals - \$1.2M
- Bike Program Pavement Markings/Bike Planning - \$3.4M
- Vision Zero - \$2.2M
- Safe Routes to School - \$1.2M
- Pedestrian Crossings - \$493K
- Mobility Innovations (Bannock) - \$30K
- Design/Build Guidance Document - \$143K
- Denver Moves Transit Plan Implementation - \$3M
- 16th St Mall Reconstruction Acceleration - \$2.6M
- Neighborhood Transportation Management Program - \$350K
- IJJA Professional Services: \$1.5M
- Iowa Underpass - \$6K
- Speer over Little Raven Bridge - \$1.4M
- Bike Community Network Program Package 1 - \$2.3M
- Mobility Innovations Participatory Budget Projects - \$350K
- Grant Matches (16th Street Mall, Broadway & I-25, Washington Street) - \$12M
- DOTI Annual Capital Maintenance - \$54.5

Total Capital Investments: \$40.2M

Transportation and Mobility

General Fund Investments

- FTE to support RISE and Infrastructure Investment and Jobs Act (IIJA projects), including a Bus Rapid Transit (BRT) Director
- Traffic signal construction and maintenance team (including vehicle funded in ARPA)
- FTE for traffic signs and markings
- FTE for Transportation Asset Management
- Equipment Operators for paving, sweeping and snow removal

Total General Fund Investments: \$2.4M

Equity and Community Outreach

General Fund Investments

- Language Access Coordinator for EDOS (HRCP)
- Sign Language Interpreter (HRCP)
- Interpreter pay increase and language access (County Court)
- Permit Guides (CPD)
- Community engagement positions (HOST, CASR, OCA, Police)
- EDI positions (DA, EDOS, P&R)
- Ten non-emergency call takers (Safety)
- Additional digital navigators (DPL)
- NEST mini-grants expansion (DEDO)
- Communication Position (OSEI)

Total GF + ARPA Investments: \$6.3M

ARPA Investments

- Interpreter training (HRCP) - \$1M
- Continuation of Digital Navigators - \$300K (DPL)

Agency Budget Hearings

Margaret Danuser,
Chief Financial Officer

Budget Hearings Schedule

Agency	Date	Time
Parks and Recreation	Monday, Sept. 26	1-3 p.m.
Housing Stability	Tuesday, Sept. 27	9-10:30 a.m.
Climate Action Sustainability and Resiliency	Tuesday, Sept. 27	10:40 a.m.-12:10 p.m.
Human Services	Tuesday, Sept. 27	1-3 p.m.
Denver Health	Tuesday, Sept. 27	3:10-4:40 p.m.
Technology Services	Wednesday, Sept. 28	9-10:30 a.m.
Community Planning and Development	Wednesday, Sept. 28	10:10 a.m.-12:10 p.m.
DEN- Airport	Wednesday, Sept. 28	1-3 p.m.
Economic Development and Opportunity	Wednesday, Sept. 28	3:10-4:40 p.m.
Public Health and the Environment	Thursday, Sept. 29	9-11 a.m.
Transportation and Infrastructure	Thursday, Sept. 29	1-3 p.m.
Public Library	Thursday, Sept. 29	3:10-4:40 p.m.
Department of Safety	Friday, Sept. 30	9-11 a.m.
Sheriff Department	Friday, Sept. 30	10 a.m.-12 p.m.
Police Department	Friday, Sept. 30	1-3 p.m.
Fire Department	Friday, Sept. 30	3:10 p.m.-4:40 p.m.

Agency Presentations

- Short overview of agency/department and objectives
- Highlight of new investments including
 - General Fund
 - ARPA
 - Capital
- Staffing levels & strategies
- We have asked all agencies to allow ample time for questions

Appendix

Sales Tax Initiatives

Fund	2019 Actuals	2020 Actuals	2021 Actuals	2022 Original	2022 Revised	2023 Original	2023 Y/Y \$ Chg	2023 Y/Y % Chg
Denver Preschool Program	23,042,475	21,621,973	26,279,617	25,201,860	29,545,287	30,720,920	1,175,632	4.0%
Prosperity Denver	11,782,921	11,183,407	13,550,804	13,142,666	15,236,639	15,843,798	607,159	4.0%
Healthy Foods	11,782,968	11,525,358	14,013,372	13,444,166	15,736,619	16,442,614	705,995	4.5%
Caring for Denver	36,822,629	34,994,474	42,380,095	41,111,990	47,648,310	49,545,675	1,897,365	4.0%
Parks, Trails, Open Space	36,822,629	35,674,423	43,127,478	41,711,504	48,454,949	50,508,861	2,053,912	4.2%
Climate Protection	n/a	n/a	41,568,484	40,943,677	46,899,854	48,842,887	1,943,033	4.1%
Homelessness Resolution	n/a	n/a	41,332,634	40,943,677	47,043,541	48,932,457	1,888,916	4.0%
TOTAL	120,253,622	114,999,635	222,252,485	216,499,540	250,565,199	260,837,211	10,272,012	4.1%