



City Council 2019 Budget Presentation

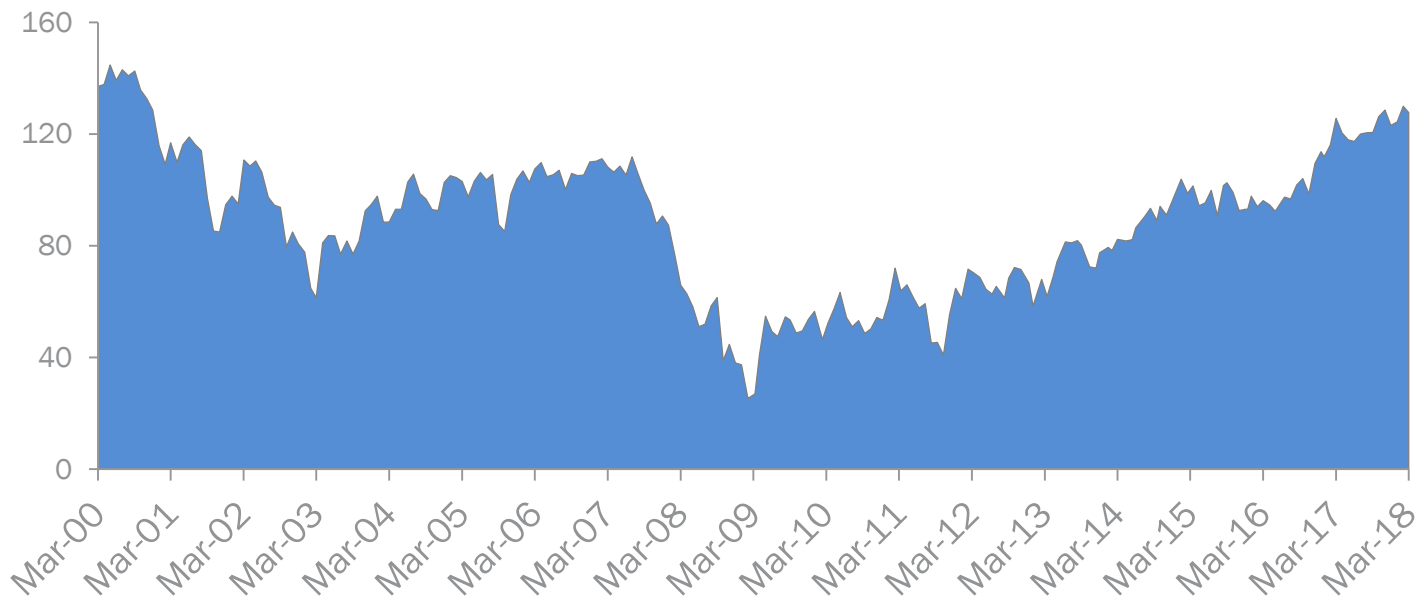
Budget & Management Office
April 2018

Economic Overview

- The State anticipates continued economic expansion at both the local and national levels
 - Federal tax changes expected to boost business investment
 - Projected growth in statewide personal income, wages, and retail trade is similar to the strong rate of growth realized in these areas in 2017
 - Monetary policy remains favorable for continued economic expansion
- Potential risks
 - Economy may overheat as a result of tight labor market and strong returns in the stock market, prompting a tightening in monetary policy
 - International trade policy may restrict growth in trade and investment, hindering national and local economic growth as reflected in recent stock market performance
 - Higher costs of living and tight labor market may constrain growth in Colorado's economy

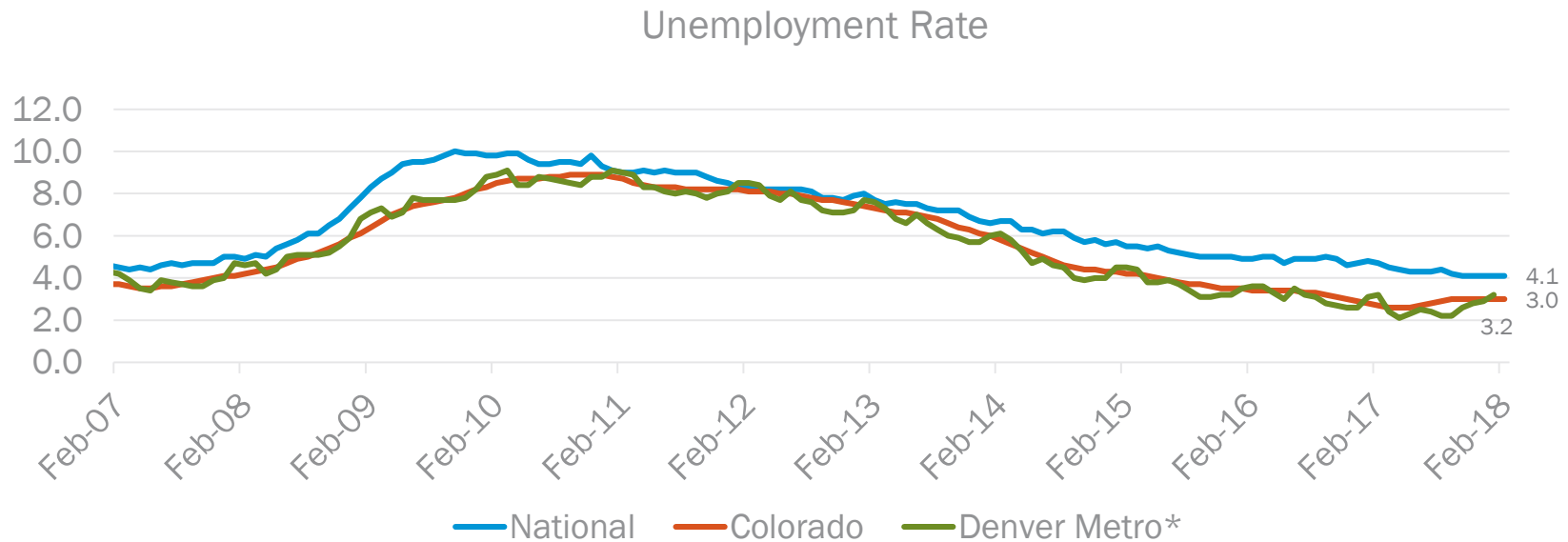
Consumer Confidence

Consumer confidence dipped slightly in March after reaching an 18-year high in February.



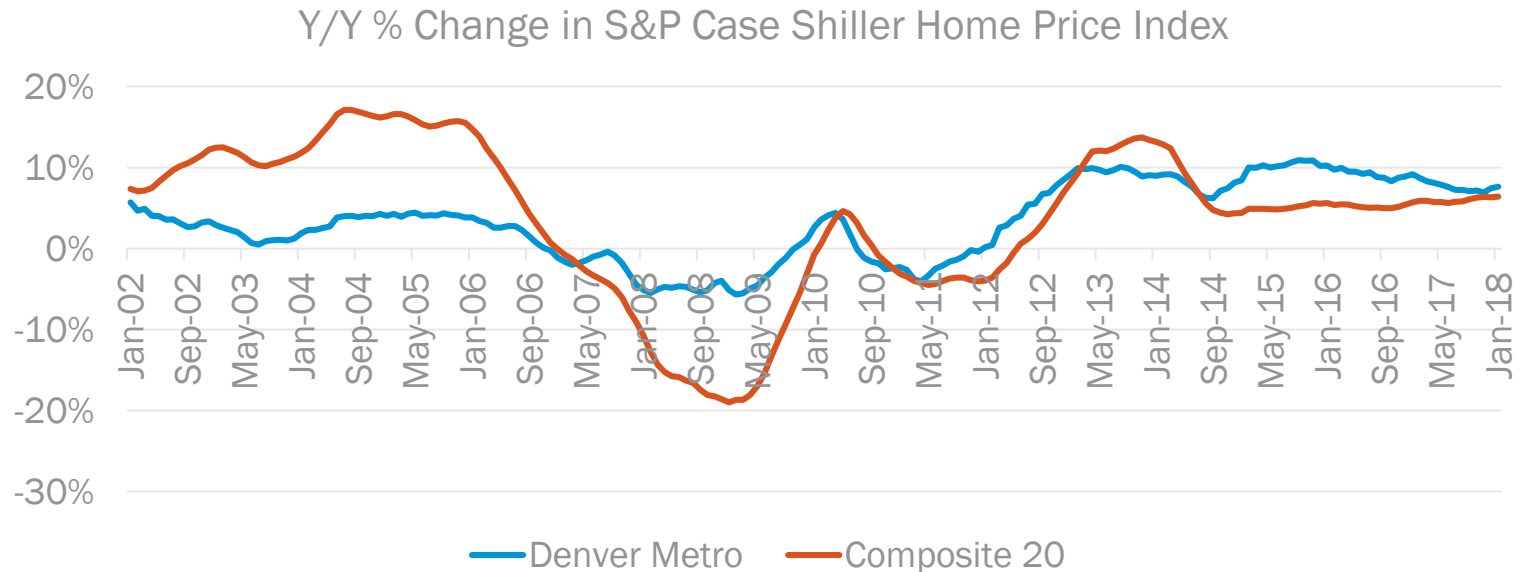
Unemployment

In February, the national unemployment rate stood at 4.1%, down from 4.7% last year, and Colorado's unemployment rate was 3.0%, up from 2.7% last year.



Home Prices and Appreciation

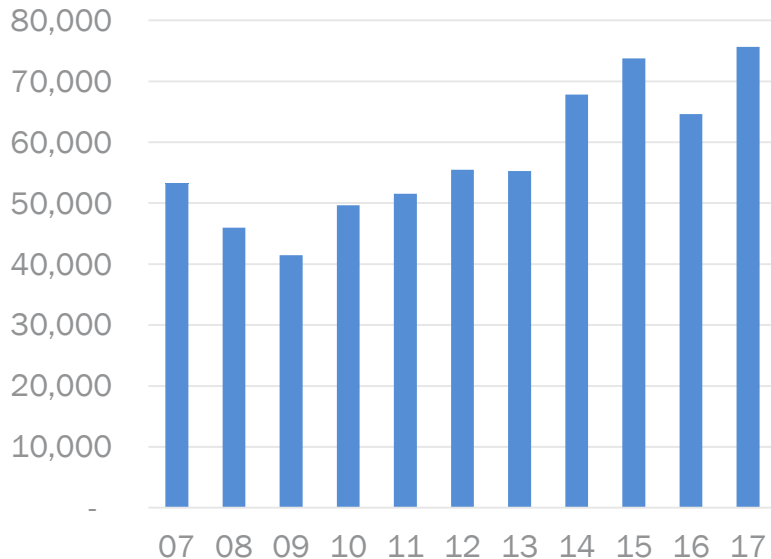
In January, Denver metro home prices increased 7.6% year-over-year. This was the 4th highest growth rate across 20 metro areas tracked by the Case-Shiller Index.



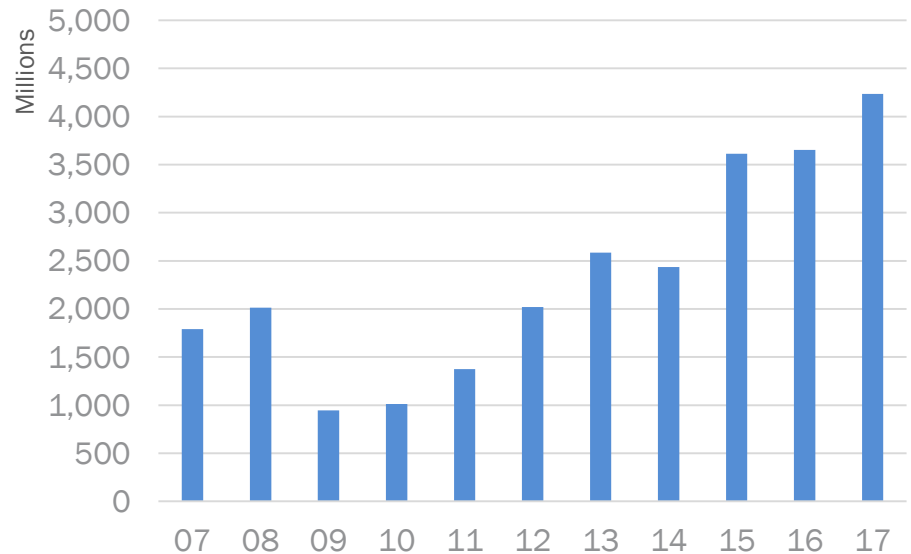
Building Permits and Valuation

Denver issued 11,041 more building permits in 2017, a 17.1% year-over-year increase. Dollar valuations associated with these permits grew by 15.9%.

Total Building Permits, 2007-2017

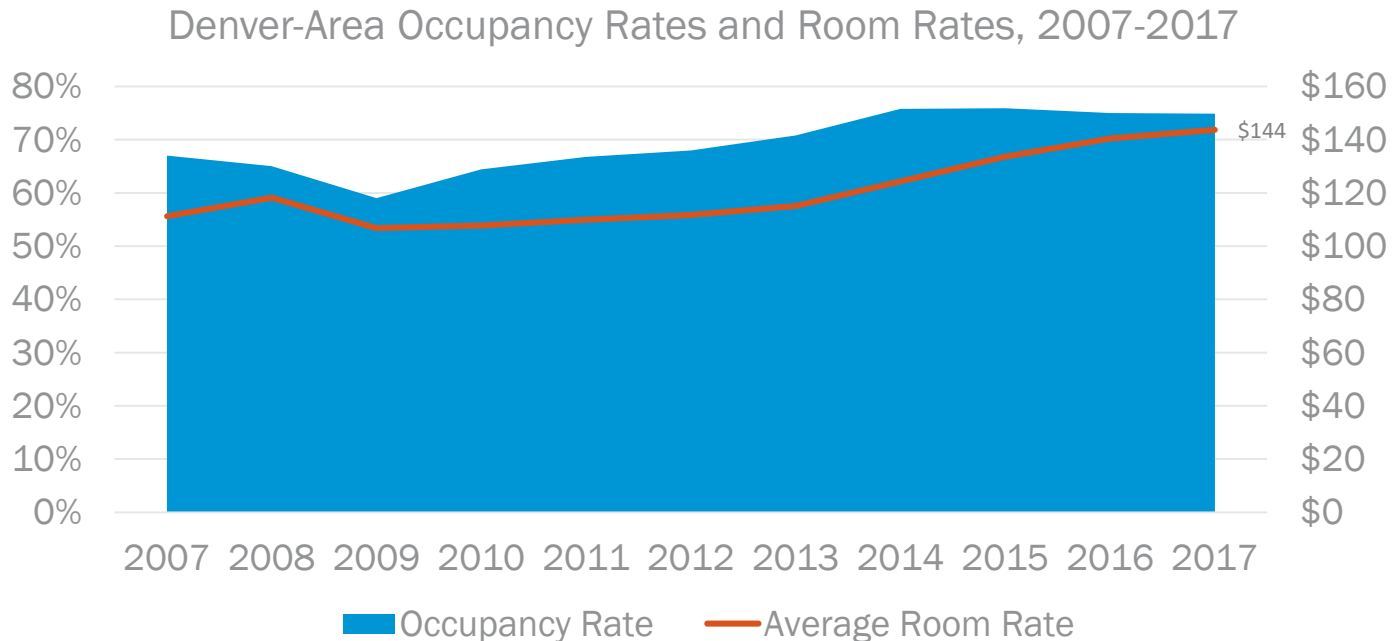


Total Valuations, 2007-2017



Lodging Activity

Denver-area room rates grew by 2.3% in 2017 while occupancy rates remained relatively flat year-over-year.



General Fund Performance

General Fund Revenue & Expenditures

2017 Actuals

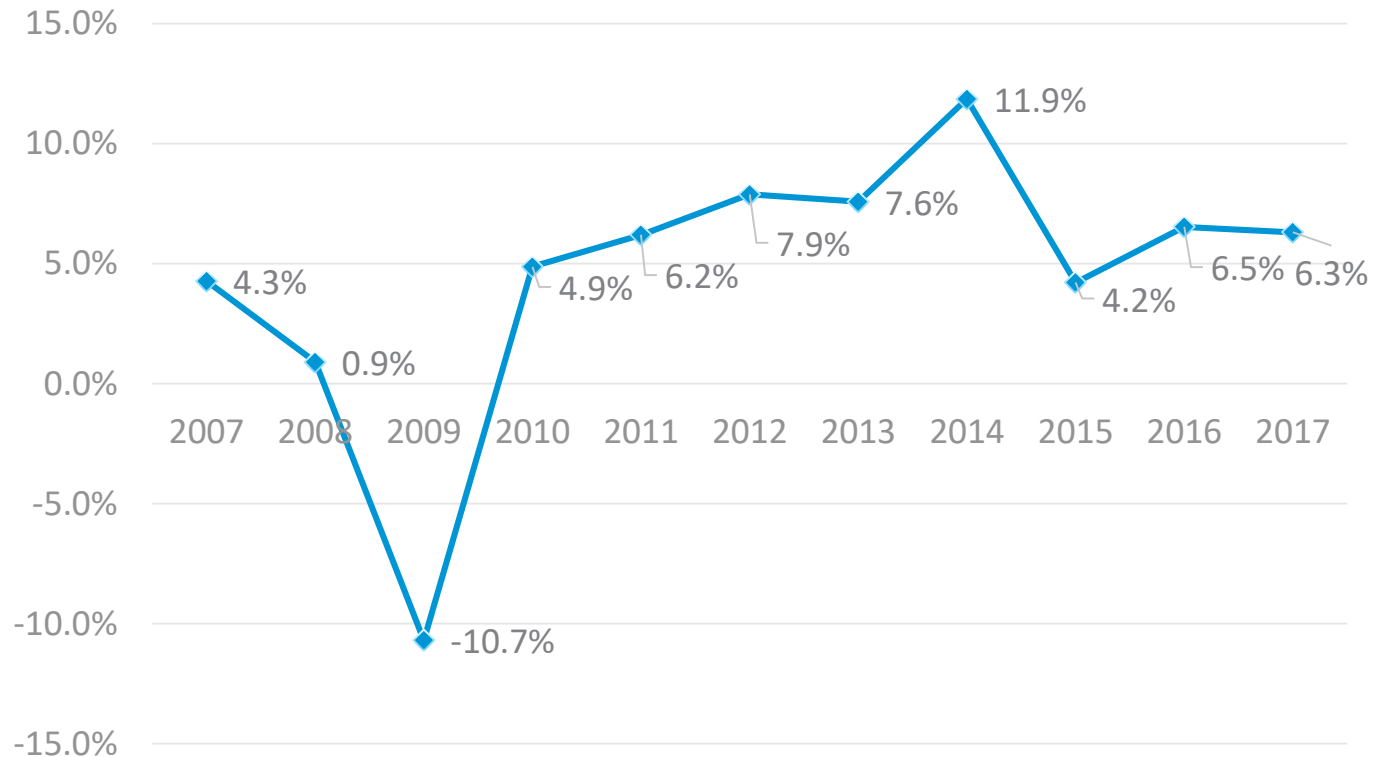
- Overall Revenue growth was 5.7%
 - Core Sales and Use grew 6.3%
 - This included \$9.5 million in online travel companies settlement
- Expenditures were 1.7% more under budget
 - Unspent Contingency = \$5.9 million

2018 Revised Projections

- Overall Revenue growth is 3.6%
 - Core Sales and Use Growth is 6%
- Expenditures are on track
 - One supplemental has been approved

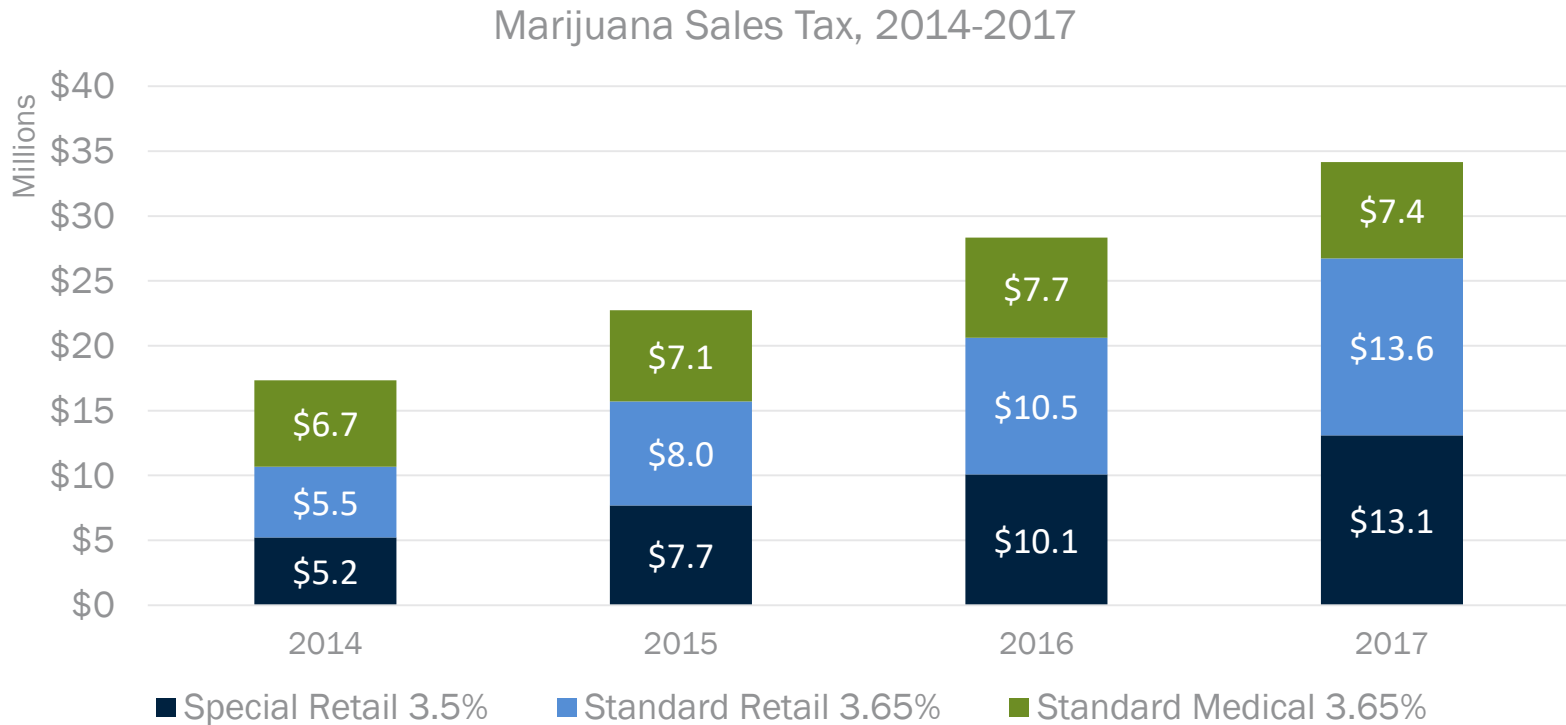
Sales Tax Revenue/Activity

Year-Over-Year % Change in Core Sales and Use Tax, 2007-2017



Marijuana Sales Tax

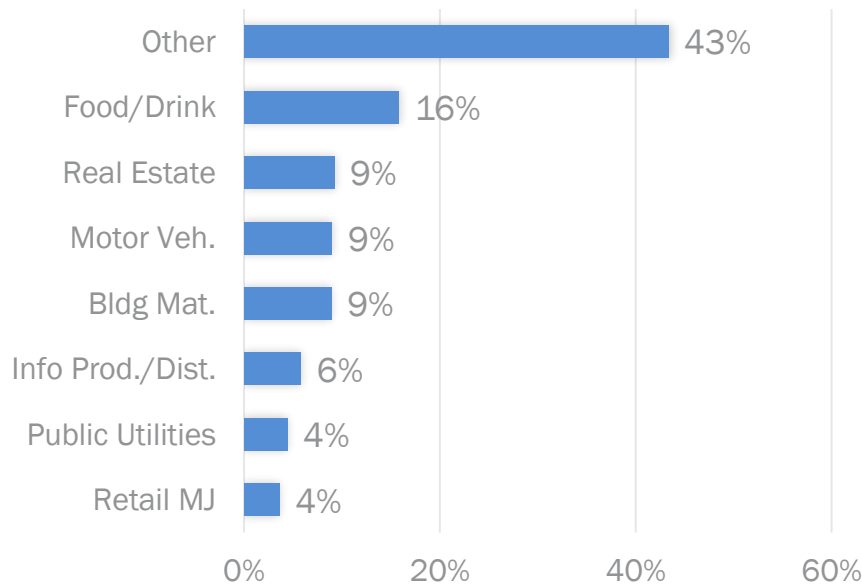
2017 grew 21% over 2016 overall. Note that medical MJ decreased by 3.9% year-over-year.



2017 Sales Tax Performance

Seven categories represent over half of Denver’s sales tax revenue (57%). In 2017, sales tax revenue from these categories increased by a combined 7.2%.

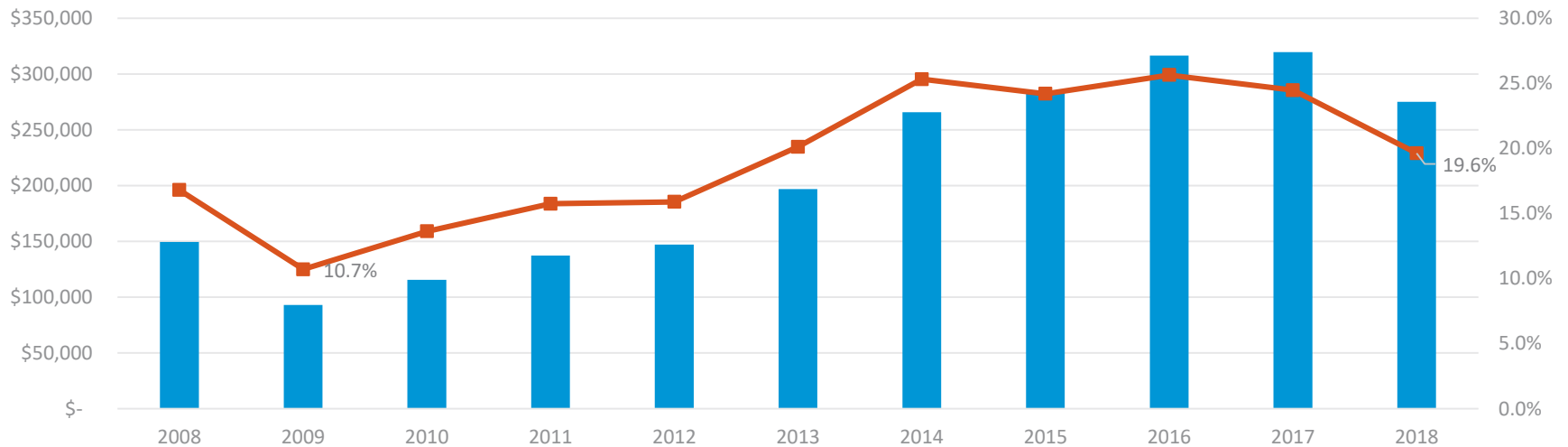
Share of 2017 Sales Tax Revenue



2017 Year-Over-Year % Change

Food/Drinking Establishment	6%
Real Estate/Rental/Leasing	7%
Motor Vehicle/Auto Parts	6%
Building Materials	9%
Information Producers	1%
Public Utilities	4%
Retail MJ	37%

Undesignated Fund Balance 2008-2018



2019 Initial Forecast

Based upon 2017 actuals and two months of 2018 revenue collection,

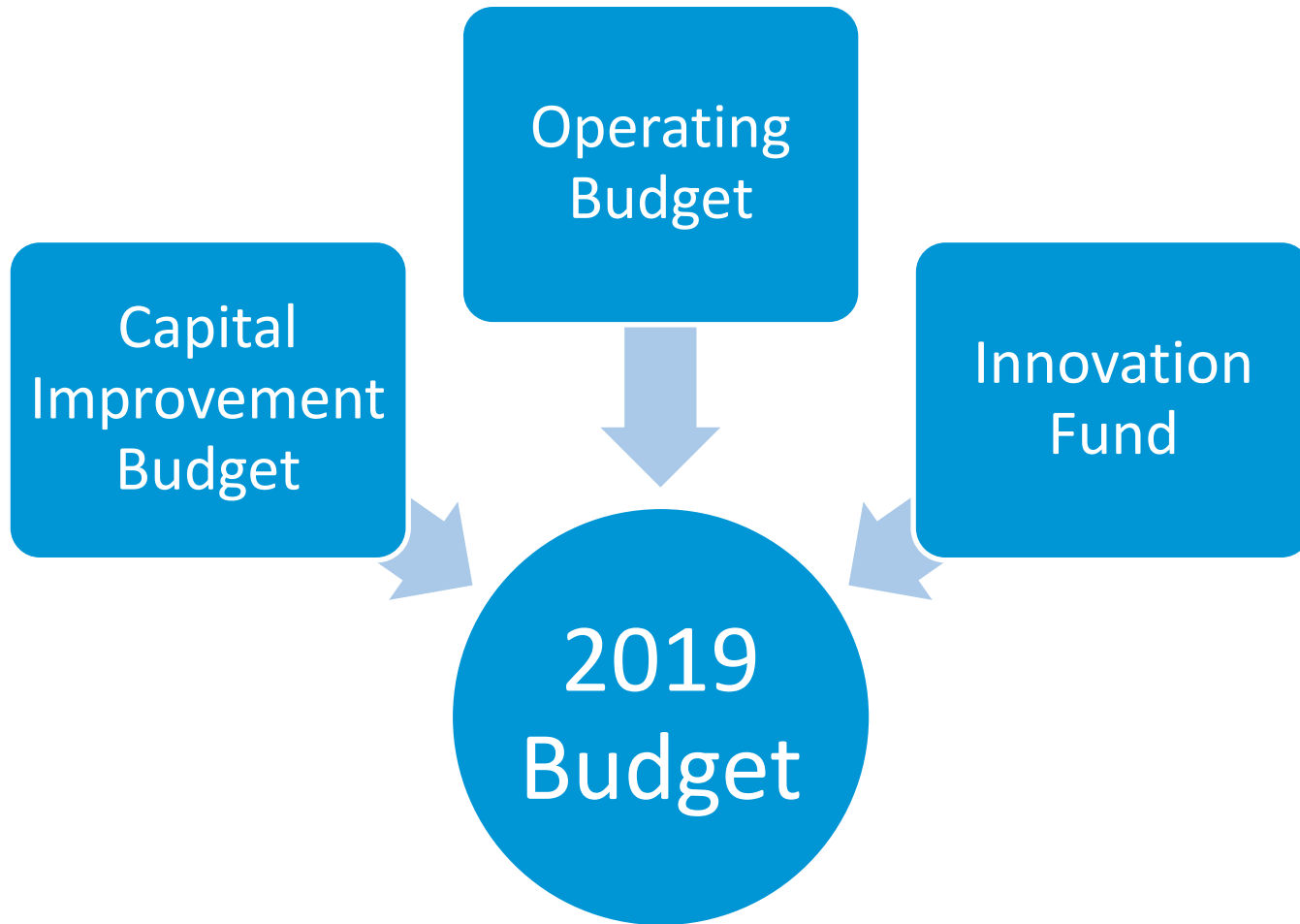
- 2019 is projected to grow by 3.8%

Expenditures are projected to grow approximately 2.5%

- Merit increases
- Collective Bargaining increases
- Health Insurance
- A full year costs of positions that were budgeted at half a year in 2018



Budget Process



Budget Calendar

1st Quarter

- Close out Prior Year
- Estimate 2019

2nd Quarter

- Kick Off Meeting and City Council Presentation
- Agency submissions
- BMO Review

3rd Quarter

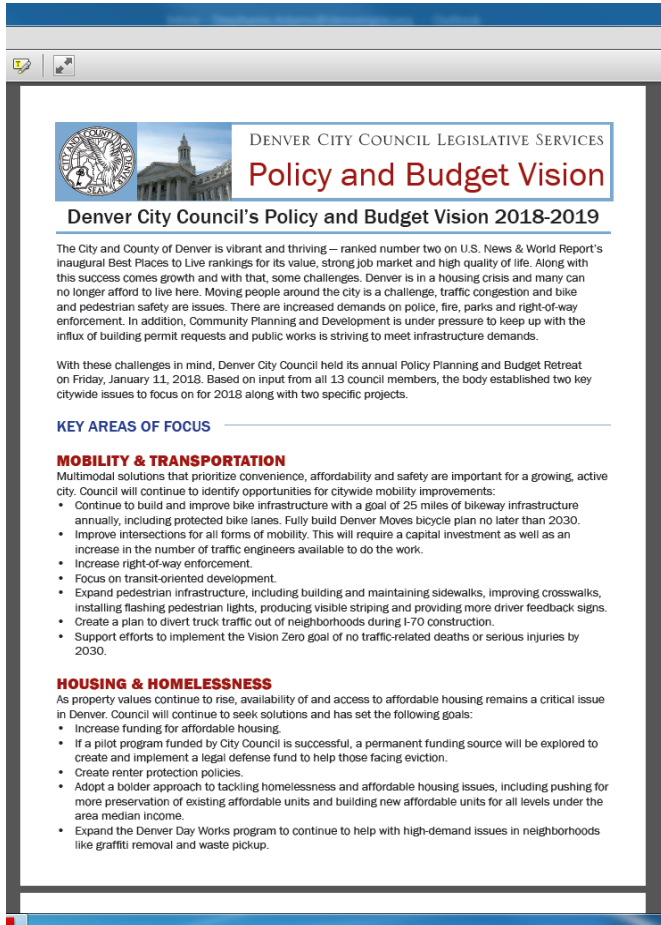
- CFO Meetings
- Mayor Meetings
- Mayor's Proposed Budget

4th Quarter

- Council Presentations
- Council Review and Adoption

City Council Priorities

- Mobility and Transportation
- Housing and Homelessness
- Key Projects and Additional Priorities
 - Police Academy
 - Neighborhood Plans
 - Public Safety
 - Sustainability
 - Workforce Development
 - Parks and Recreation



DENVER CITY COUNCIL LEGISLATIVE SERVICES
Policy and Budget Vision
Denver City Council's Policy and Budget Vision 2018-2019

The City and County of Denver is vibrant and thriving — ranked number two on U.S. News & World Report's inaugural Best Places to Live rankings for its value, strong job market and high quality of life. Along with this success comes growth and with that, some challenges. Denver is in a housing crisis and many can no longer afford to live here. Moving people around the city is a challenge, traffic congestion and bike and pedestrian safety are issues. There are increased demands on police, fire, parks and right-of-way enforcement. In addition, Community Planning and Development is under pressure to keep up with the influx of building permit requests and public works is striving to meet infrastructure demands.

With these challenges in mind, Denver City Council held its annual Policy Planning and Budget Retreat on Friday, January 11, 2018. Based on input from all 13 council members, the body established two key citywide issues to focus on for 2018 along with two specific projects.

KEY AREAS OF FOCUS

MOBILITY & TRANSPORTATION
Multimodal solutions that prioritize convenience, affordability and safety are important for a growing, active city. Council will continue to identify opportunities for citywide mobility improvements:

- Continue to build and improve bike infrastructure with a goal of 25 miles of bikeway infrastructure annually, including protected bike lanes. Fully build Denver Moves bicycle plan no later than 2030.
- Improve intersections for all forms of mobility. This will require a capital investment as well as an increase in the number of traffic engineers available to do the work.
- Increase right-of-way enforcement.
- Focus on transit-oriented development.
- Expand pedestrian infrastructure, including building and maintaining sidewalks, improving crosswalks, installing flashing pedestrian lights, producing visible striping and providing more driver feedback signs.
- Create a plan to divert truck traffic out of neighborhoods during I-70 construction.
- Support efforts to implement the Vision Zero goal of no traffic-related deaths or serious injuries by 2030.

HOUSING & HOMELESSNESS
As property values continue to rise, availability of and access to affordable housing remains a critical issue in Denver. Council will continue to seek solutions and has set the following goals:

- Increase funding for affordable housing.
- If a pilot program funded by City Council is successful, a permanent funding source will be explored to create and implement a legal defense fund to help those facing eviction.
- Create renter protection policies.
- Adopt a bolder approach to tackling homelessness and affordable housing issues, including pushing for more preservation of existing affordable units and building new affordable units for all levels under the area median income.
- Expand the Denver Day Works program to continue to help with high-demand issues in neighborhoods like graffiti removal and waste pickup.

Questions

Thank you.

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