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# 2023 Year-end Supplemental Appropriation Request

October 24, 2023

# Action Requested | BR23-1538

City Council approval of the following:

A rescission of \$14,044,000 from General Fund contingency for supplemental appropriations in the General Fund and Special Revenue Funds to address year-end 2023 unbudgeted needs.

# General Fund Contingency

The City Charter requires that the proposed budget for the General Fund shall include no less than two percent of total estimated expenditures for unbudgeted expenditures. Fiscal Policy outlines criteria that include:

- An unexpected event such as a natural disaster or accident;
- Large unappropriated payouts or personnel costs such as retirement payout or midyear salary adjustments that cannot be absorbed by agency appropriation;
- Unfunded mandates as a result of legislation;
- Planned one-time expenditures that advance a programmatic or financial outcome.

# 2023 Contingency

<b>Total Original Contingency</b>	<b>32,562,000</b>
<b>Supplementals Approved to Date</b>	
CB23-0553 – Agency Reimbursements for Migrant Services provided Q1	11,020,818
CB23-0829 – Transfer to new Border Crisis SRF	4,912,500
Current Available Balance	16,628,682

\*SRF – Special Revenue Fund

## Current Available Contingency

**16,628,682**

Agency	Description	Amount
Police	Collective bargaining increases + body camera contract	7,500,000
General Services	Utilities + facility maintenance	2,100,000
Transportation and Infrastructure	Fuel + fleet parts inflation + outsourcing fleet	2,000,000
Sheriff	Food service contract + 1% salary increase	1,500,000
Finance	Pass-through payments: Hotel TIF, Stapleton TIF	400,000
Human Rights and Community Partnerships	Pay equity adjustments + payouts	420,000
Denver Arts and Venues	McNichols repairs for overnight sheltering	54,000
City Council	Ordinance required salary Increases	70,000
<b>TOTAL</b>		<b>14,044,000</b>
	Balance	2,584,682

\*TIF – Tax Incremental Financing

# Police

- Collective Bargaining Agreement signed October 2022, after the 2023 Budget was established
  - 4% increase in January 2023
- Body Camera contract
  - 2023 cost of the contract is significantly higher than the 2022
  - Note that the State through SB20-217 requires body cams beginning July 2023

# General Services

- Electricity and gas rates have increased
  - Natural gas increase by 40% budget
  - Electricity rates increased 4.4%
- Facilities maintenance for safety repairs such as:
  - Repair work on the generator for the Elections Division
  - Panic buttons for City Council
  - Broken glass at the Crime Lab

# Transportation and Infrastructure

- Fuel Contract under negotiation

	FY22 Average \$/gallon	FY23 average \$/gallon	% change
<b>Diesel</b>	\$2.77	\$3.38	22%
<b>Unleaded</b>	\$2.54	\$3.20	26%

- Aging Fleet
  - Increase in outsourced fleet repairs
  - Increase in parts cost and ordering



# Sheriff

- Food vendor in jail
  - Request for Proposal (RFP) issued October of 2022
  - Awarded July of 2023
- Increase of 1% from 3% to 4% in January 2023 as an addendum to the collective bargaining agreement (CBA)
  - Was not initially budgeted

# Finance

- These are both ‘pass-throughs’ to meet legal commitments
- The annual budget estimates the amount and, because of the reconciliation and accounting treatment, to meet this legal obligation
  - Hotel TIF: Estimate of increment of lodgers’ tax to DURA for redevelopment benefiting hotels
  - DPS-Stapleton TIF: A portion of city retained tax revenue attributable to the DPS 2016 election – after the Stapleton TIF was created
- The 2024 proposed budget increases the appropriation to better reflect current revenue experience

# Human Rights and Community Partnerships

- Pay Equity Adjustments
  - Pay equity studies are conducted by the Office of Human Resources to align salaries with comparative market salaries
- Payouts
  - When an employee leaves the City and has accrued leave, it can be paid out

# Denver Arts and Venues

- Overnight sheltering in McNichols
  - 67 days between 12/23/22 and 03/31/23
- Repairs include:
  - Replacement of mirrors, faucets, soap and paper towel dispensers,
  - Repairs to passenger elevator, public artwork, and bathroom stall panels/doors

# City Council

- CB23-0199
  - Title: For an ordinance amending Section 18-81, D.R.M.C., setting the salaries of elected officers for terms beginning July 17, 2023.
- The amount is for half a year
- 2024 proposed budget includes the full amount proposed

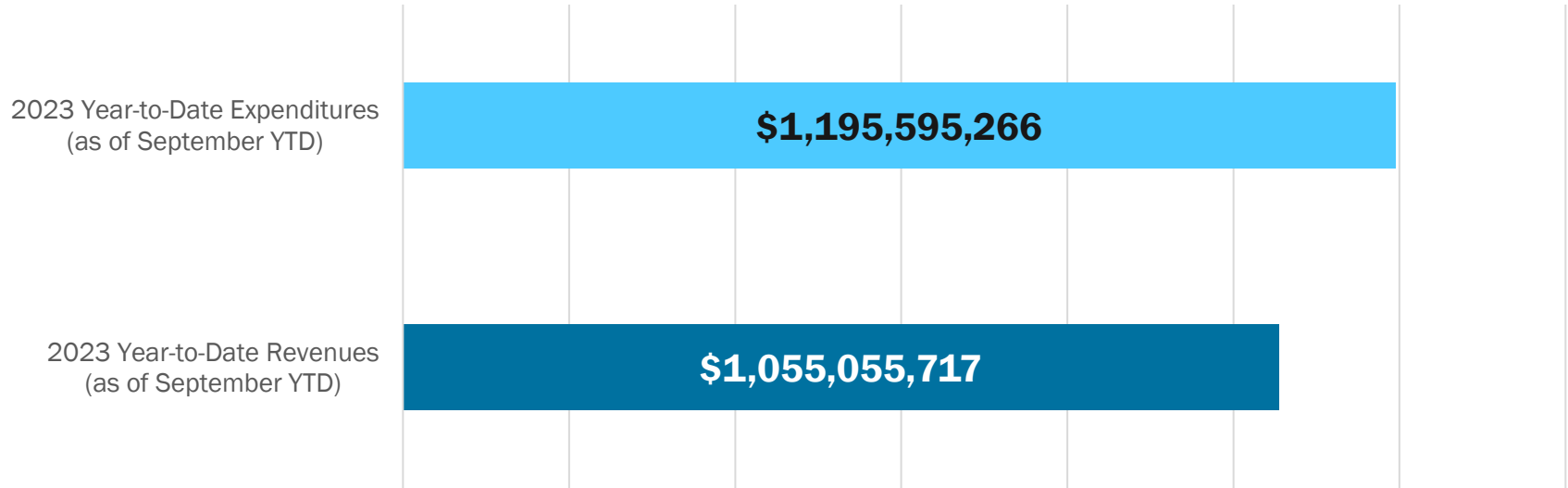
# November Contingency Request

- There are three agencies that require additional contingency related to payroll
  - Waiting on additional payroll expenditures to inform projections
- Transportation and Infrastructure is likely to need an additional \$500K
- Balance likely needed for the Border Crisis SRF
- To submit 11/10/23

# Previous Years Contingency

	Contingency	Remaining	Contingency Spent	% remaining of original
2018	\$34,457,698	\$9,370,378	\$25,087,320	27%
2019	\$28,684,000	\$6,966,127	\$21,717,873	24%
2020	\$29,200,000	\$11,771,272	\$17,428,728	40%
2021	\$26,095,000	\$4,837,823	\$21,257,177	19%
2022	\$29,400,000	\$9,624,786	\$19,775,214	33%

# Year to Date Expenditures and Revenue

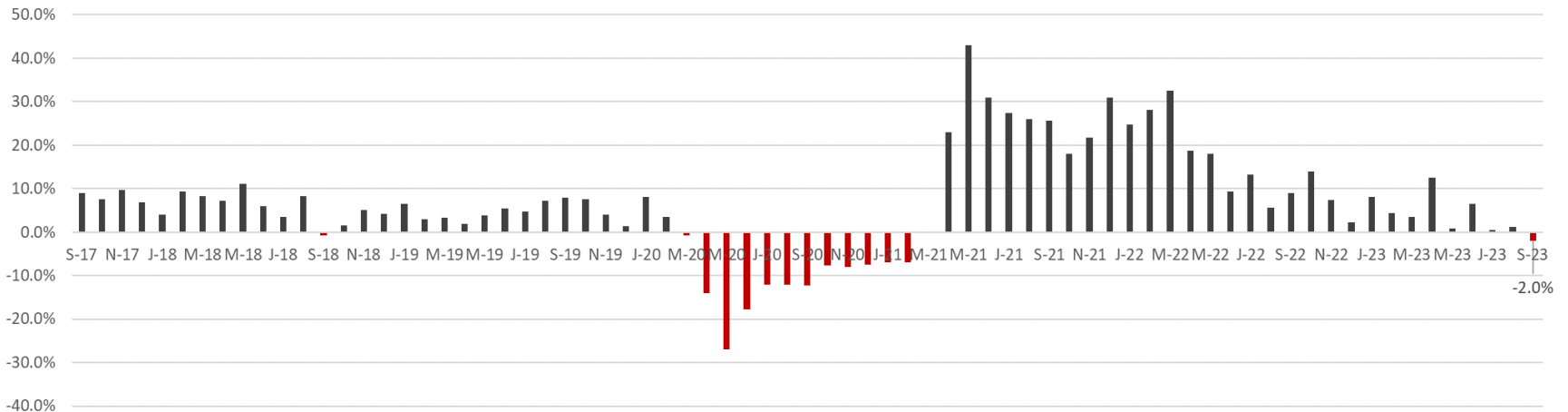




# Current Financial Outlook and Strategies

- Unspent appropriation projected below historical experience
- Position Review Committee remains in place to generate savings in the General Fund
- Sales tax is softening

# Core Sales Taxes YOY Changes per Month, Jan. 2020 through Sept. 2023



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# Questions?

Thank you!