



2020 Mid-Year Reductions

Budget & Management Office

June 2020

Overview

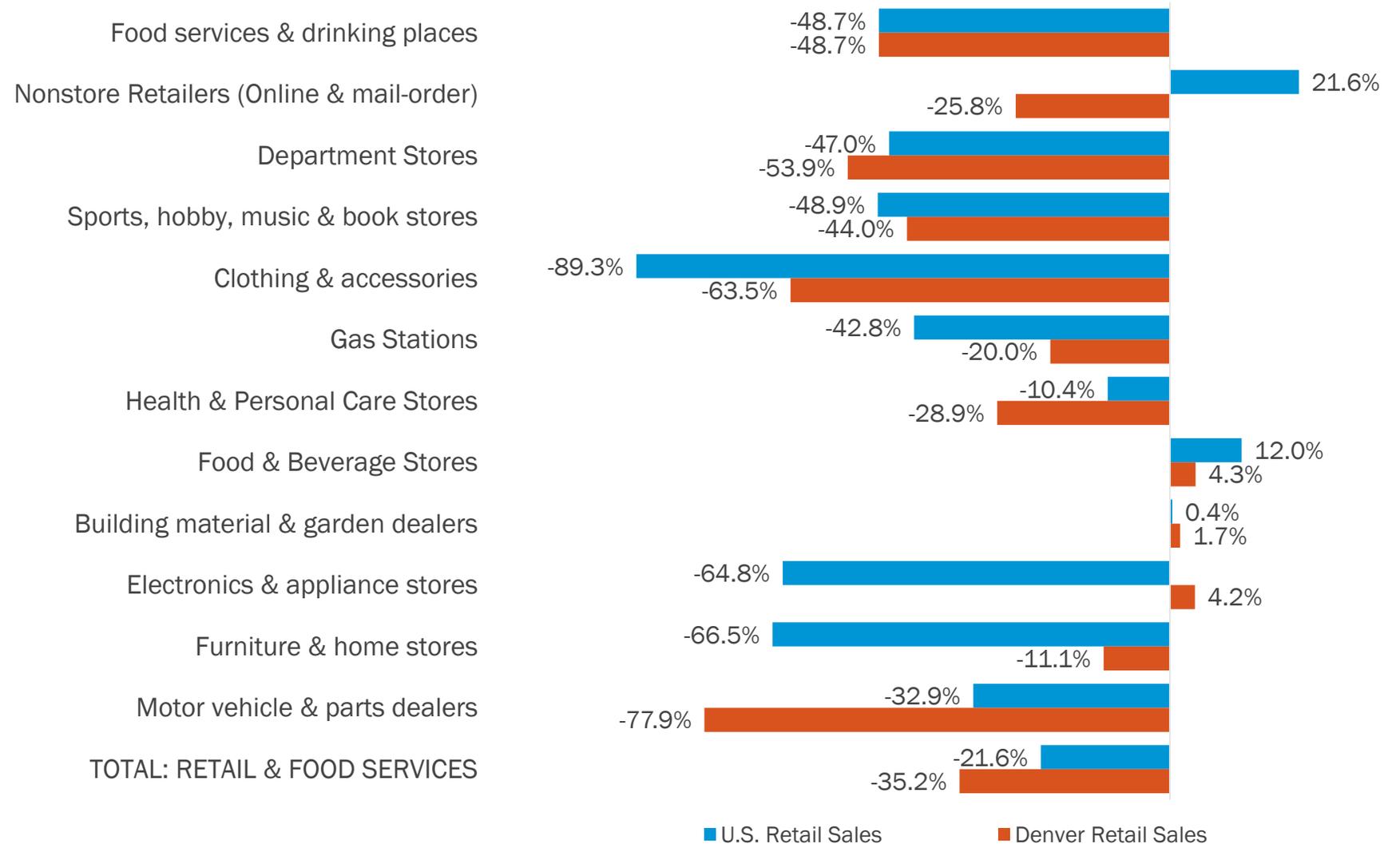
- Economic Update
- 2020 Revenue Update
- Reductions Strategies
- Agency Reduction Amounts and Impacts
- Appendix

Disclosures

- Economic and financial conditions are continuously changing
- The revenue forecast will be officially revised in September

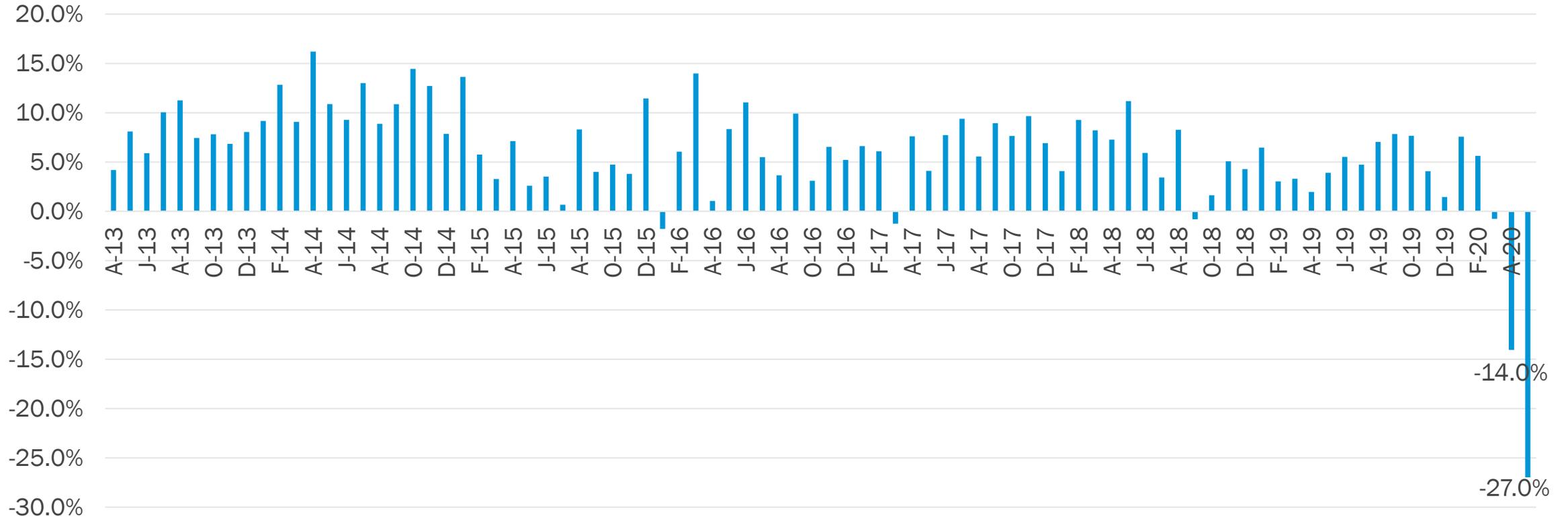
Economic Update: Retail and Food Services Monthly Sales

April 2020 from April 2019 Percent Change

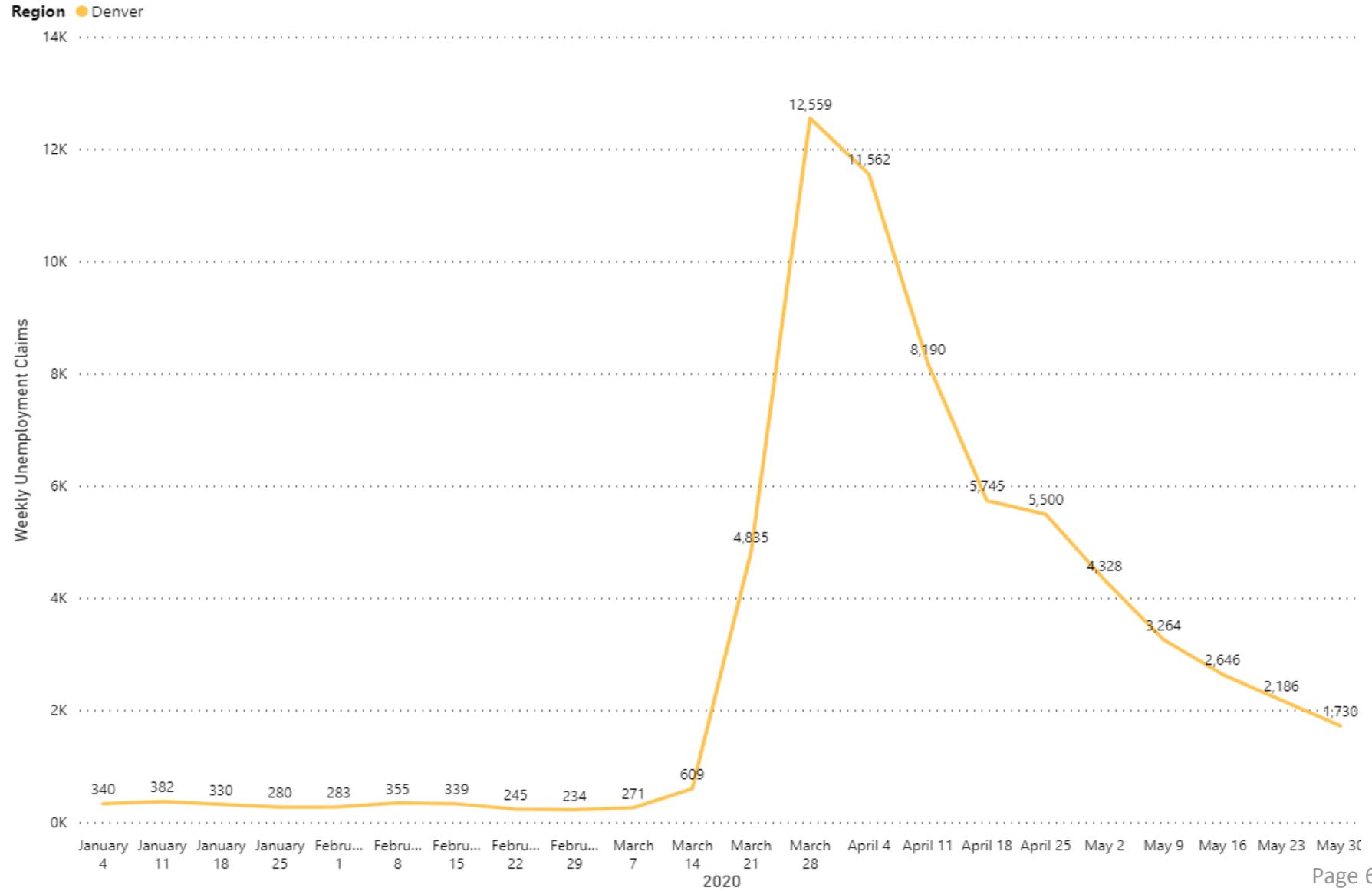


Economic Update: Monthly Core Sales and Use Tax Revenue

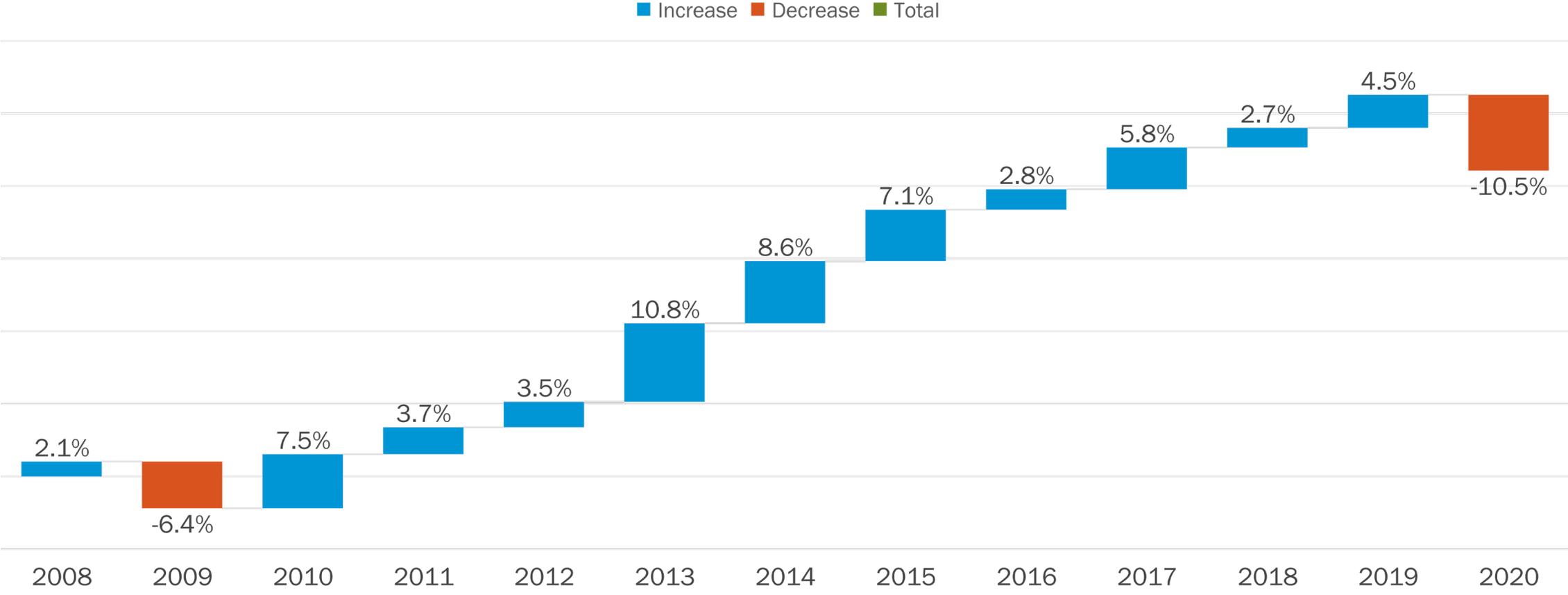
Year-Over-Year Percent Change



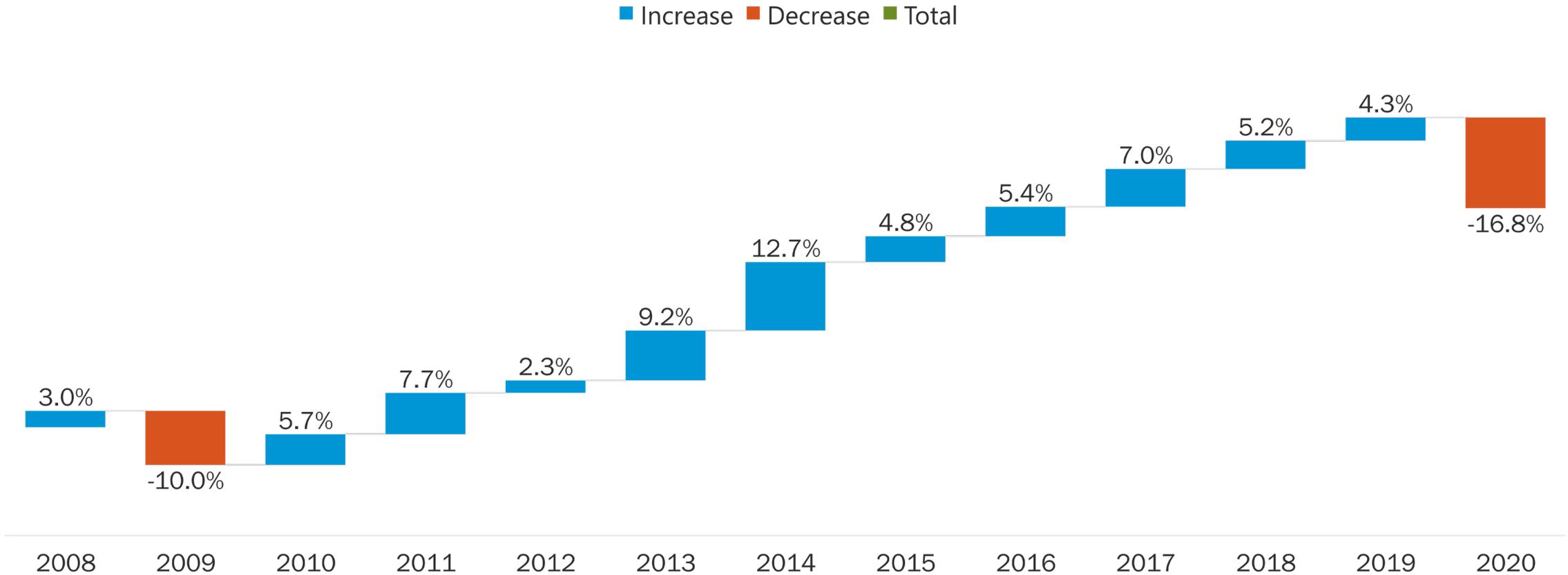
Economic Update: Denver New Unemployment Claims



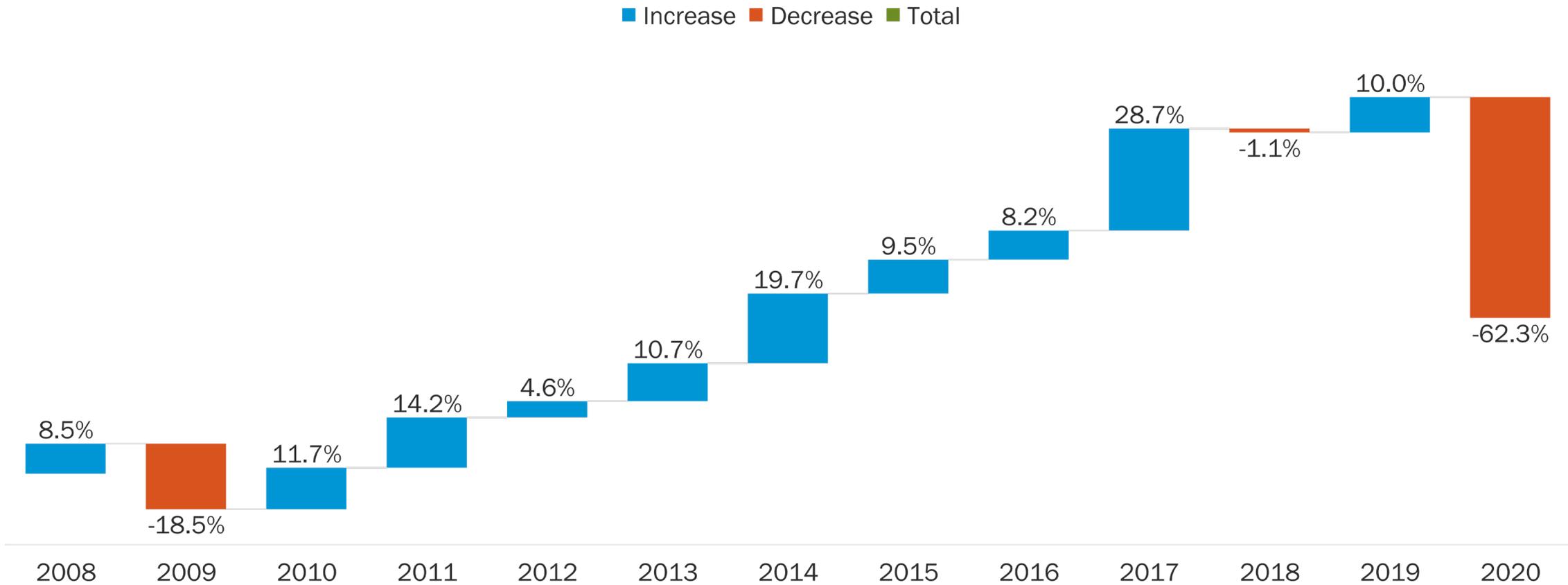
General Fund Revenue



Sales Tax Revenue to the General Fund

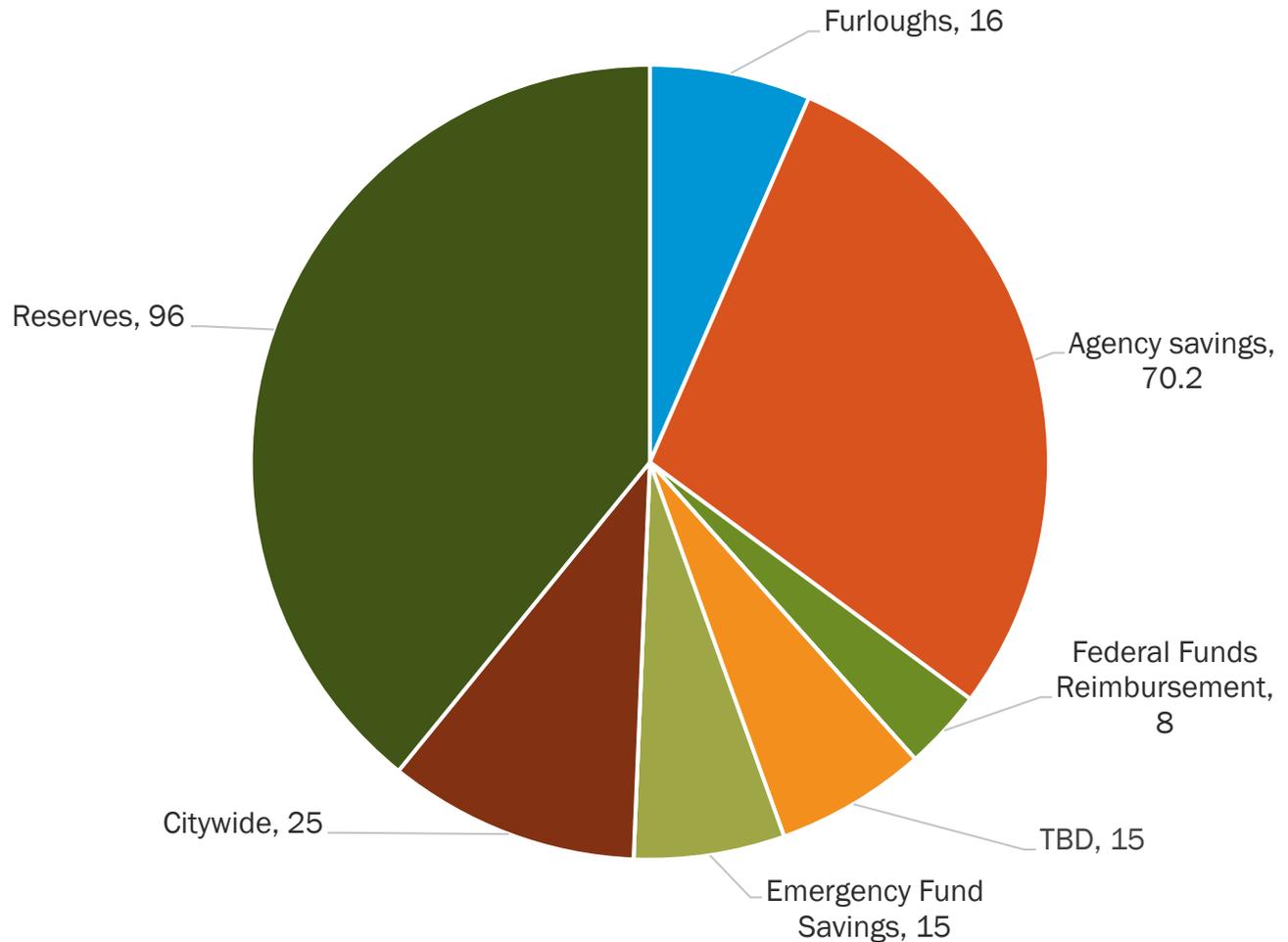


Lodgers' Tax Revenue to the General Fund



2020 Budget: Strategies to Address Projected Gap

2020 Plan of Finance
*Approximate



Mid-Year Reduction Process

- Mid-year reductions have been needed in 2002, 2009 and 2020 do respond to an unforeseen loss of revenue.
- Agencies are asked by the Mayor to identify savings in agency appropriations to bring city spending into alignment with estimated revenue forecasts.
- Time is critical to this effort. The faster that savings can be identified early in the year the fewer proposals need to be implemented.
- This process has been evaluated as a best practice financial management practice by rating agencies.
- In the event that economic conditions improve agency spending can be restored.

Agency Reduction Overview

March Pandemic emergency declared, Stay at Home Order (SAHO) initiated
Travel, discretionary spending, parking enforcement suspended

April 3% Agency budget reduction proposals requested
Unemployment increased to record levels
Additional 4.5% agency reduction proposals requested

Overall Request

| | |
|------------------|------------------|
| 7.5% requested = | \$100M |
| Submitted = | \$97M |
| Implemented = | \$70M (or 5.4%)* |

*Additional proposals may be implemented through the summer.

2020 Budget: Reduction Strategies and Priorities

- Immediately Accessible Savings
 - Vacancy Savings
- Realized Savings due to COVID
- Discretionary/Indirect impacts such as office supplies, travel, training
- Minimize Impacts to City Services*
- Avoid employee layoffs

Savings will be evaluated for reuse in 2021

Budget impact from recent unforeseen expenses is under review

*Agencies were asked to assess immediate known impacts to city services. Impacts may vary based on current events and conditions

2020 Budget: Realized Savings due to SAHO

- City building closures (energy, security)
- Rec Center closures (supplies, on call)
- Event cancellations
- Fuel savings
- Court room closures
- Cancellation of May Police recruit class
- Reduced Fire recruit classes
- Fire reduced overtime due to redeployments
- Leverage Special Revenue Fund for positions (Fire, 911)

2020 Budget: Position Review Committee

- Evaluates all vacancies and requests to fill vacant positions
- Led by BMO, OHR, MO

Vacancy Savings Considerations:

- Savings are immediate
- Savings can be realized naturally for difficult-to-hire positions
- Holding positions vacant will result in service impacts or reductions
- Existing staff take on greater burden
- 2021 continuation still under consideration

2020 Budget: Upcoming Legislative Actions

| Agency | Fund | Amount |
|-----------------------------|---|------------------|
| Office of Human Resources | 11801 – Education Refund Program | \$260,767 |
| Clerk and Recorder | 11874 – Elections Equipment & Technology Fund | \$165,000 |
| Public Health & Environment | 14806 – Public Health and Wellness Fund | \$518,959 |
| TOTAL | | \$944,726 |

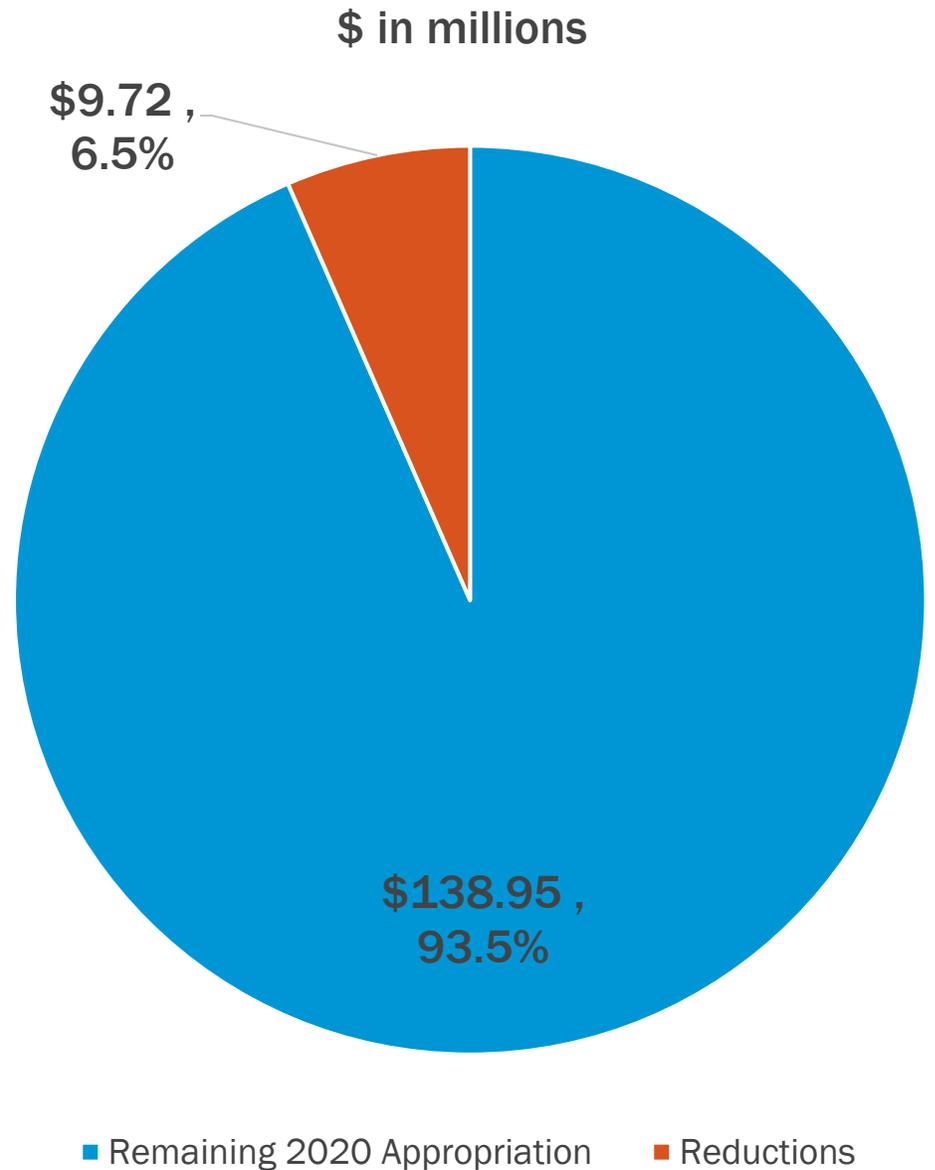


Agency Specific Reductions

Transportation and Infrastructure



- \$1M from PAYT delayed hiring, carts
- Reduced citation issuance expenses
- Delay de-icing purchases
- Vacancy savings (street maintenance, transportation, ROW)
- Fuel savings
- Reduced overtime

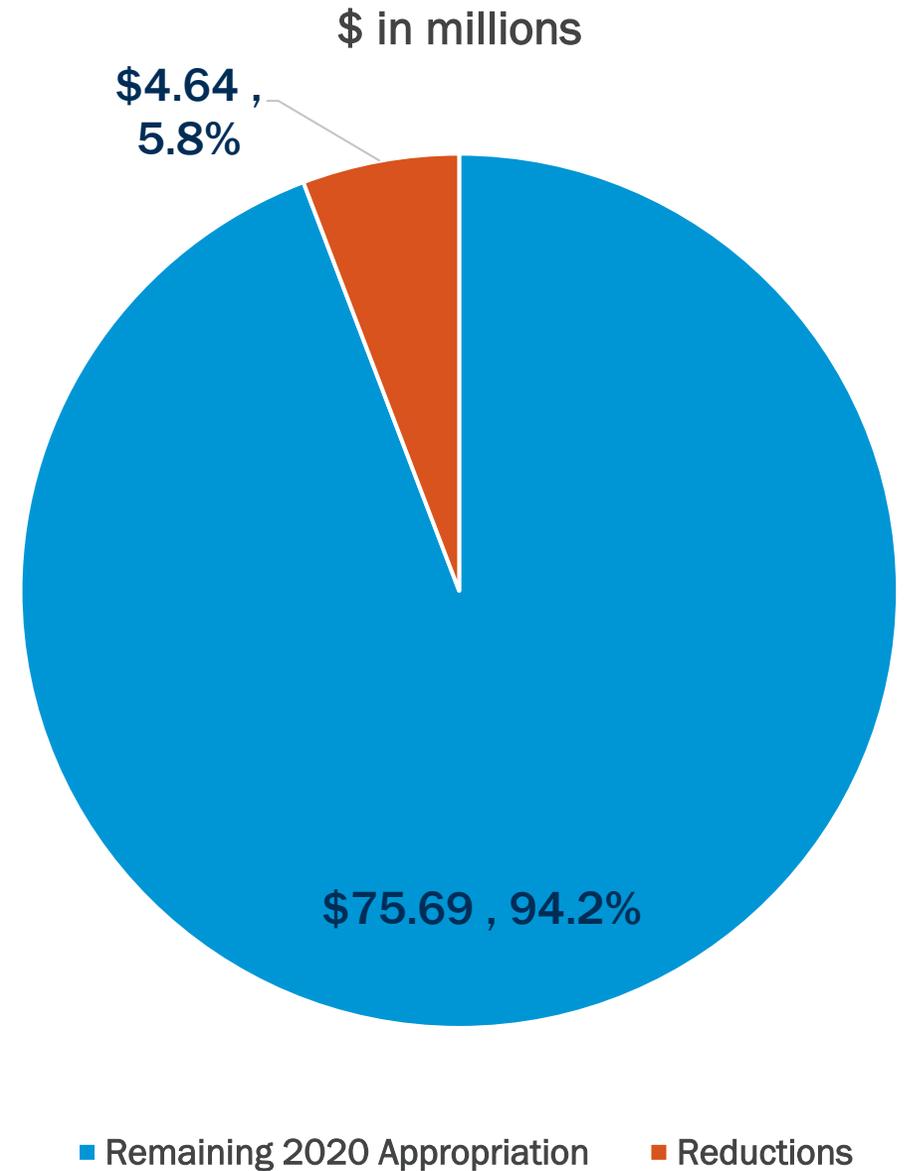


Parks and Recreation

- Rec Center Closures:
 - Personnel, services & supplies savings
 - Also reduces revenue
- Vacancy savings (accounting techs, maintenance techs, park horticulturalists, planners, on-calls such as rec center instructors and park seasonal workers)

Other impacts outside reductions:

- Partial Rec Center FTE furlough in June, July
 - Sustained furlough maintains positions while employees continue to receive benefits
- Monitoring ability to open pools; meanwhile, accumulating savings



Parks & Recreation: \$2M additional service reductions

Annual flower beds



- Planting reduced by 50%
- Reductions targeted in areas with highest number of beds and larger sizes
- Equity and inclusivity guides reductions

Trash removal



- Litter pick up and trash removal in most parks reduced by 50%
- Frequencies vary by park type and use
- Most park areas had daily litter pick up and trash removal



Mowing

- Parks, athletic fields mowed weekly and string trimmed as staff are able, 2-3 times/month

Irrigation Systems



- Systems activated based on water source cost (least to most):
 - 1) Raw water irrigation systems
 - 2) Reuse irrigation systems
 - 3) Potable water systems
- Systems programmed on reduced watering schedules

Public Health and Environment

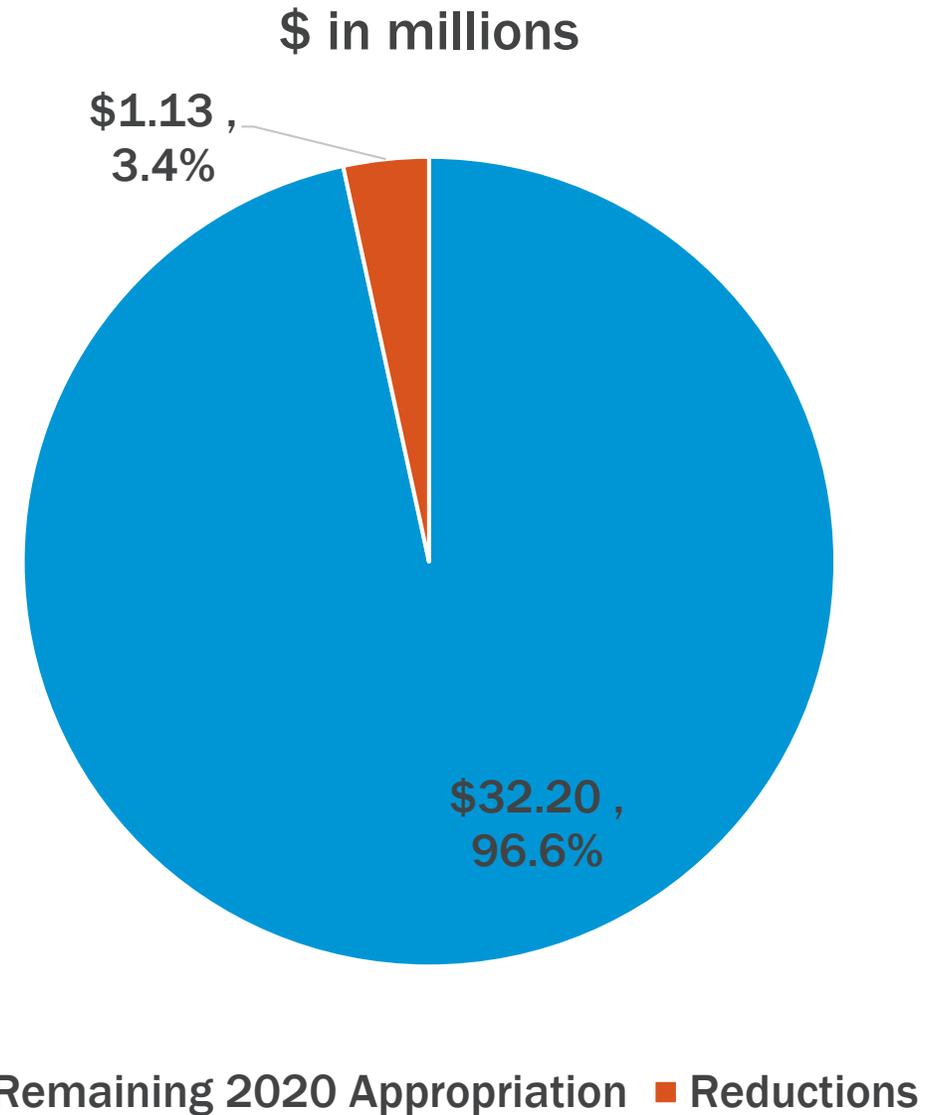
- Exempted from first 3%
- \$500K savings from using existing Fleet vehicle for 2nd ‘Winnie’(instead of buying new vehicle)
- These dollars are from a forthcoming transfer from the Public Health and Wellness SRF; no General Fund budget is being sequestered

Community Planning and Development

- Reductions to office supplies, travel, and training
- Vacancy savings from delayed starts (administration, development services: inspections, accounting and planning)

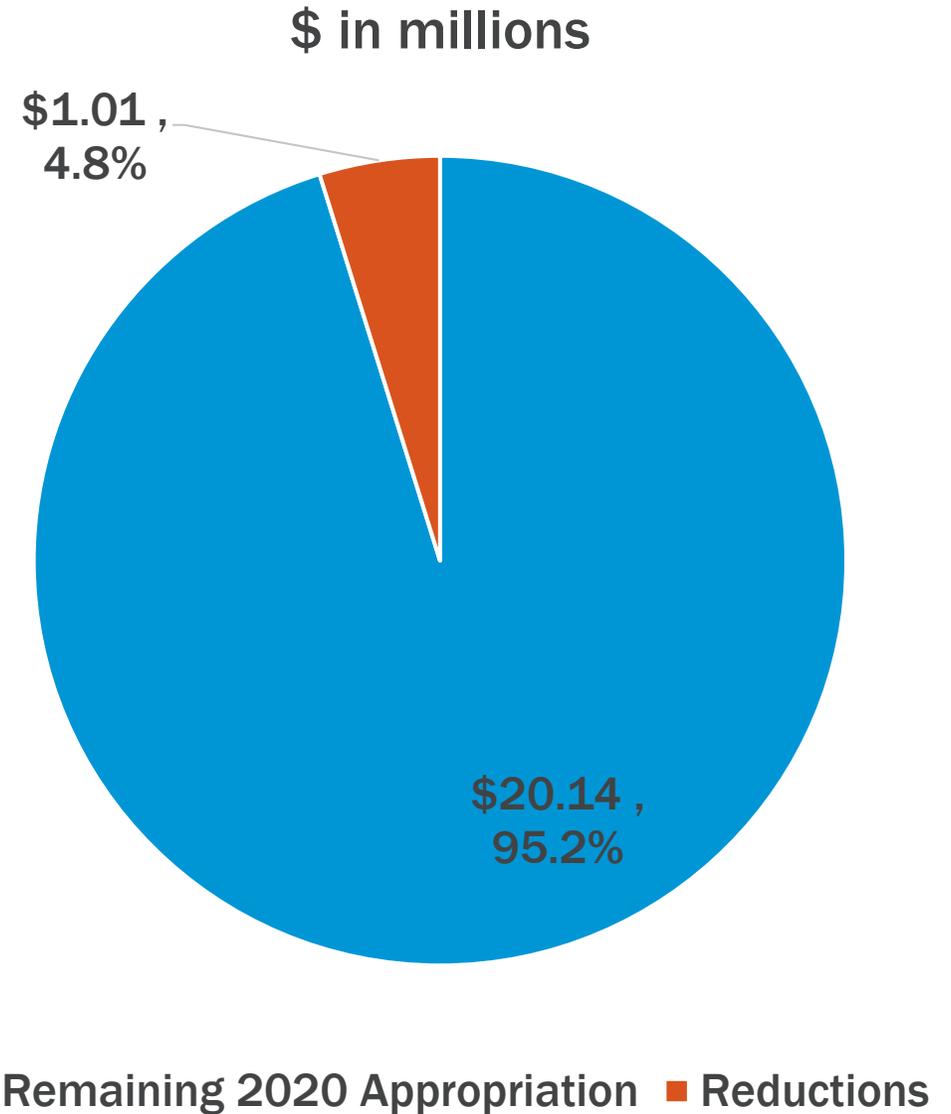
Impacts:

- Possible increase in inspection turnaround times



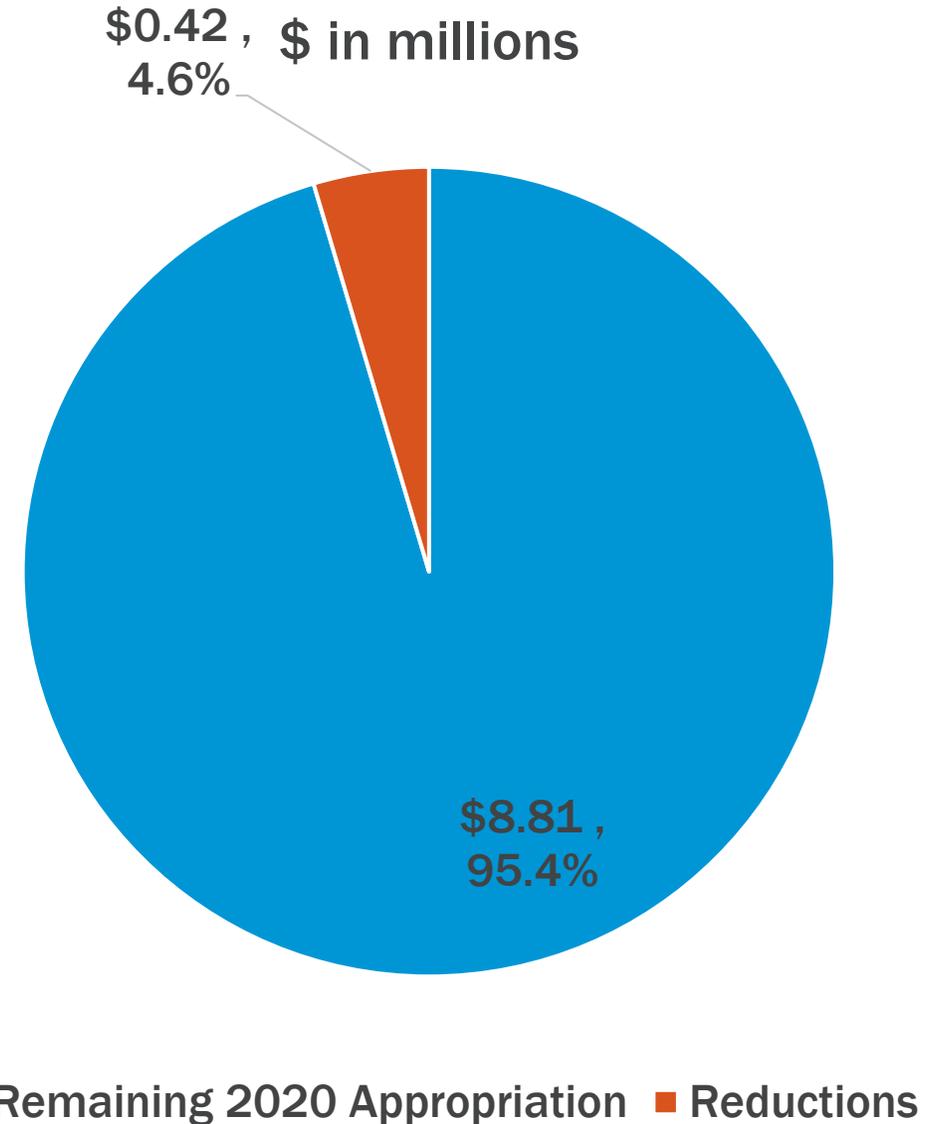
Housing Stability (HOST)

- Vacancy savings (7 positions including fiscal support, administrators)
- Note: Affordable Housing and other special revenue funds not included in appropriation

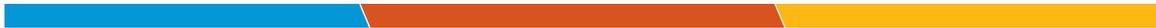


Denver Economic Development and Opportunity (DEDO)

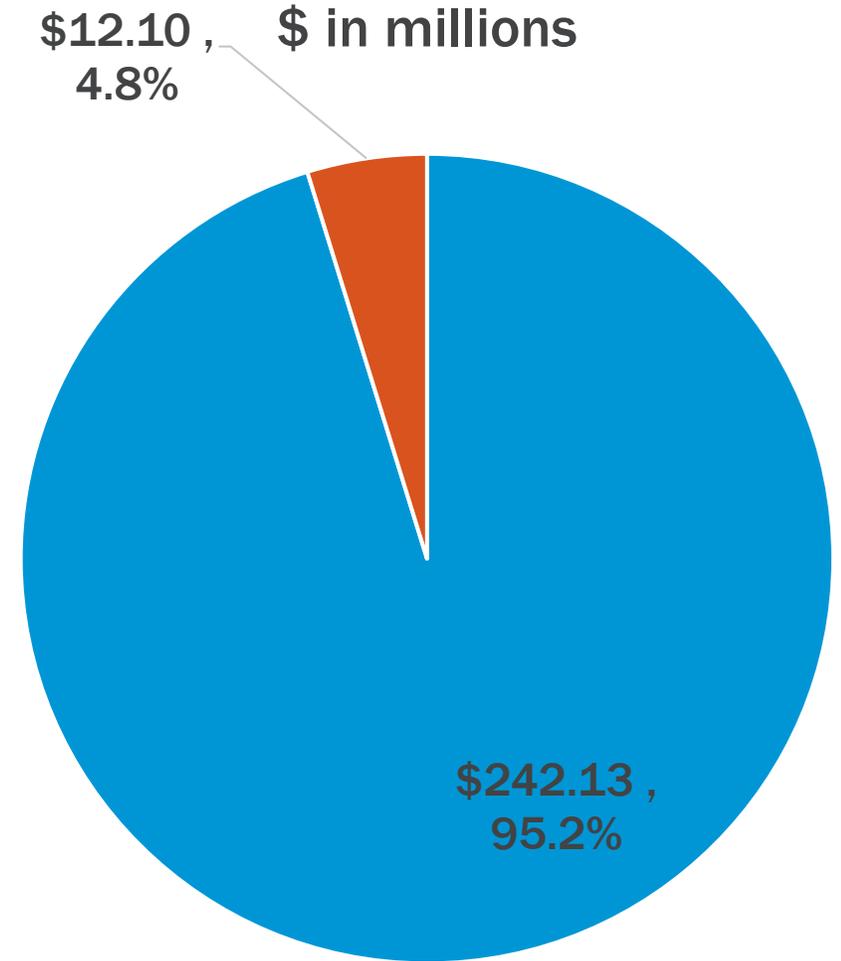
- Vacancy savings
- Reduced travel, training, and sponsorships for non-profits
- Savings from cancelled travel due to COVID-19
- Reduced professional services and marketing
- Note: Special revenue funds not included in appropriation



Police



- Vacancy Savings, civilian and uniform
- Defer uniform replacement to 2021
- Reduce civilian overtime
- Reduced printing
- Reduced lateral class
- Reduce other services and supplies, contracts
- 50% reduction in 2020-budgeted recruits by holding 1 recruit class in November combined with a 50% filled March Lateral class

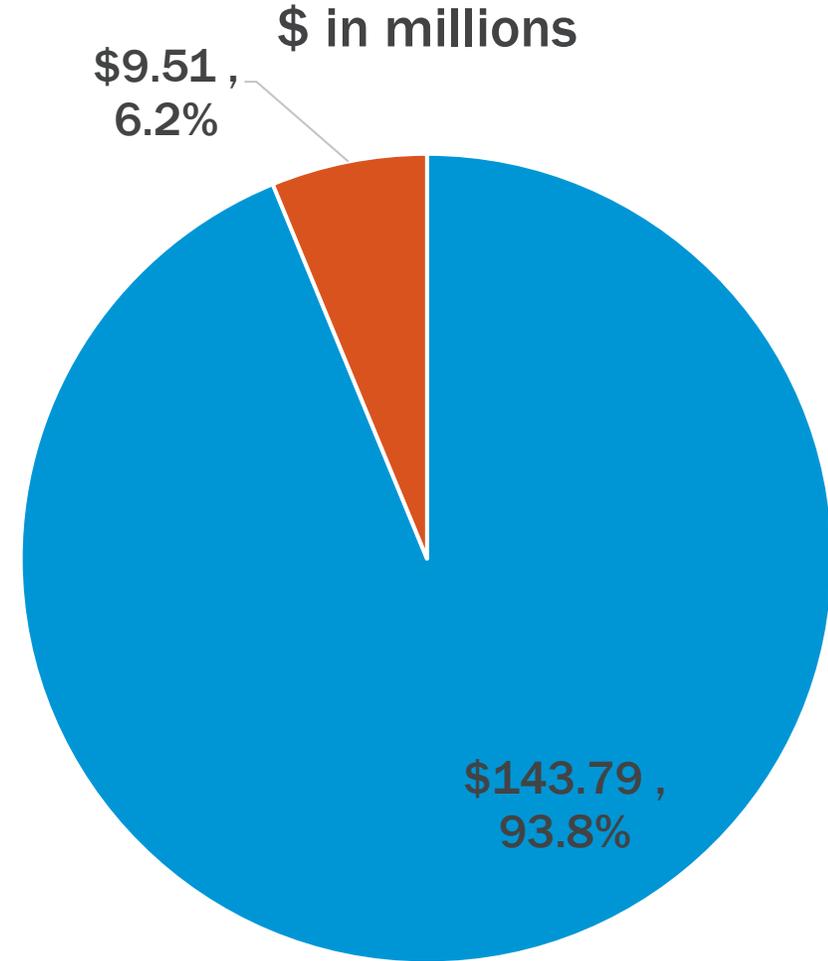


■ Remaining 2020 Appropriation ■ Reductions

Fire



- Uniform vacancies (retirees)
- Move positions to Wildland SRF
- Overtime savings from redeployments
- Delayed recruit class start from July to Dec
- Holding one Fire Protection Engineer vacant; responsibilities addressed by existing FPEs

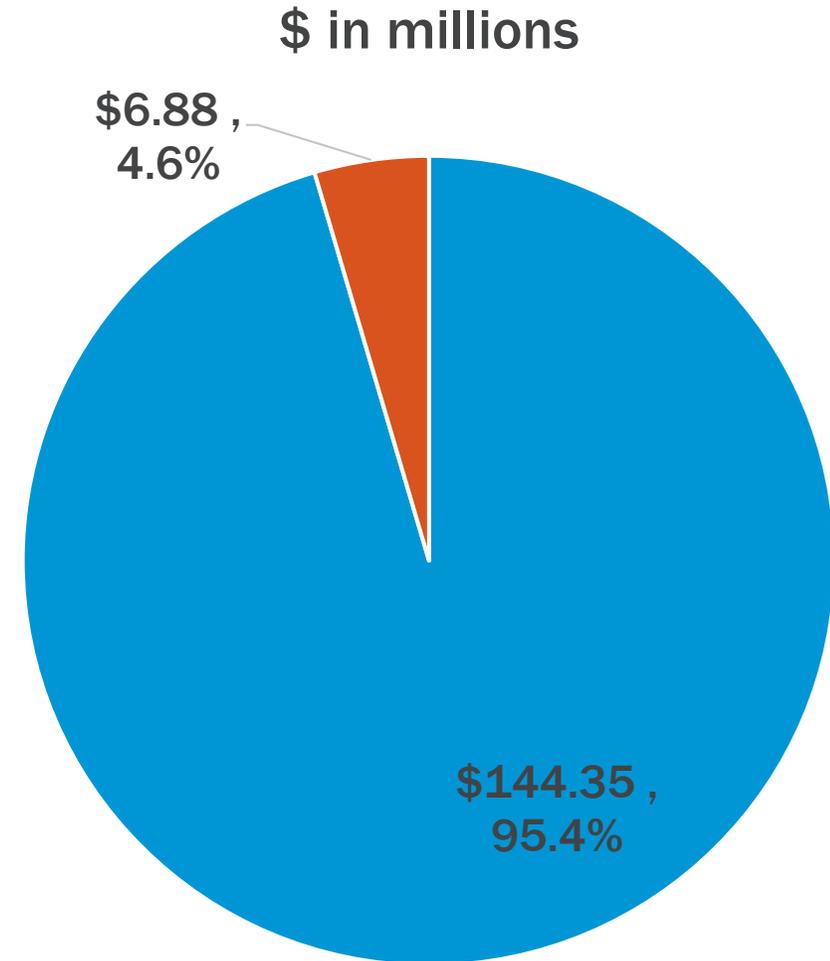


■ Remaining 2020 Appropriation ■ Reductions

Sheriff



- Vacancy savings (aligning budget with historical spending)
- Work release program suspension - realized
- Align food budget with reduced inmate population



■ Remaining 2020 Appropriation ■ Reductions

Capital Improvement Program



Capital Improvement Program (CIP) Revenue

Entertainment and Cultural Capital Facilities Fund (Seat Tax)

10% seat tax from ticket sales to City facilities net of annual debt service payments dedicated to capital maintenance of performance venues

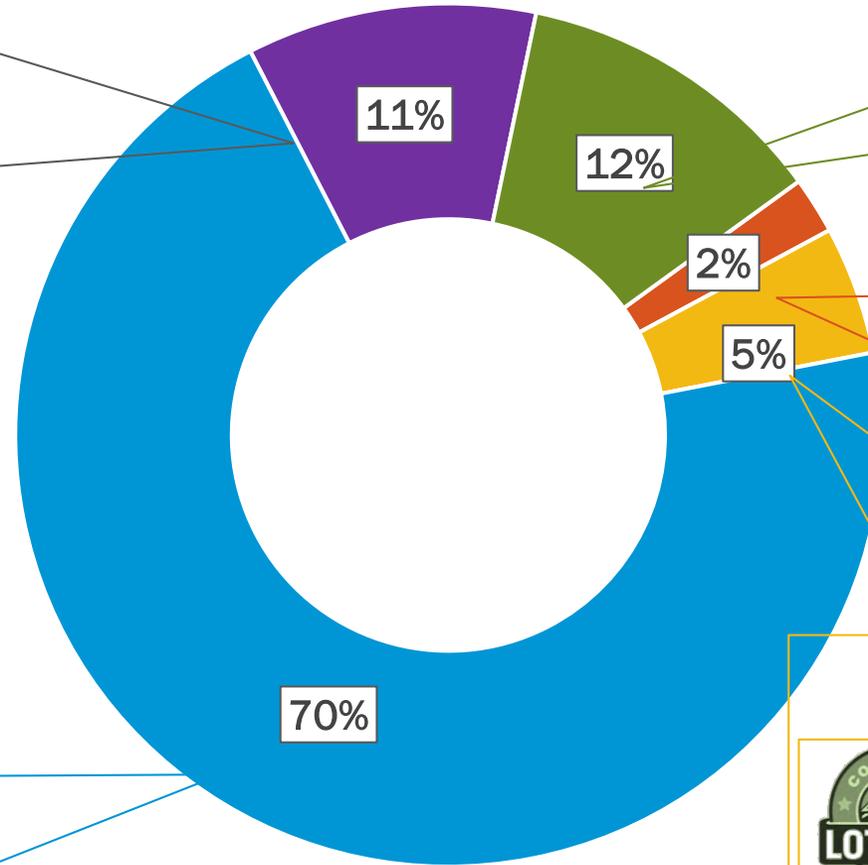


Capital Improvement Fund

Primarily funded through property tax assessments (\$33M in 2020)



Includes 2.5 mills property tax for capital maintenance (\$53M in 2020)



Parks, Trails, and Open Space Fund

Dedicated sales tax to benefit parks, trails, and open space uses



Winter Park Trust Fund

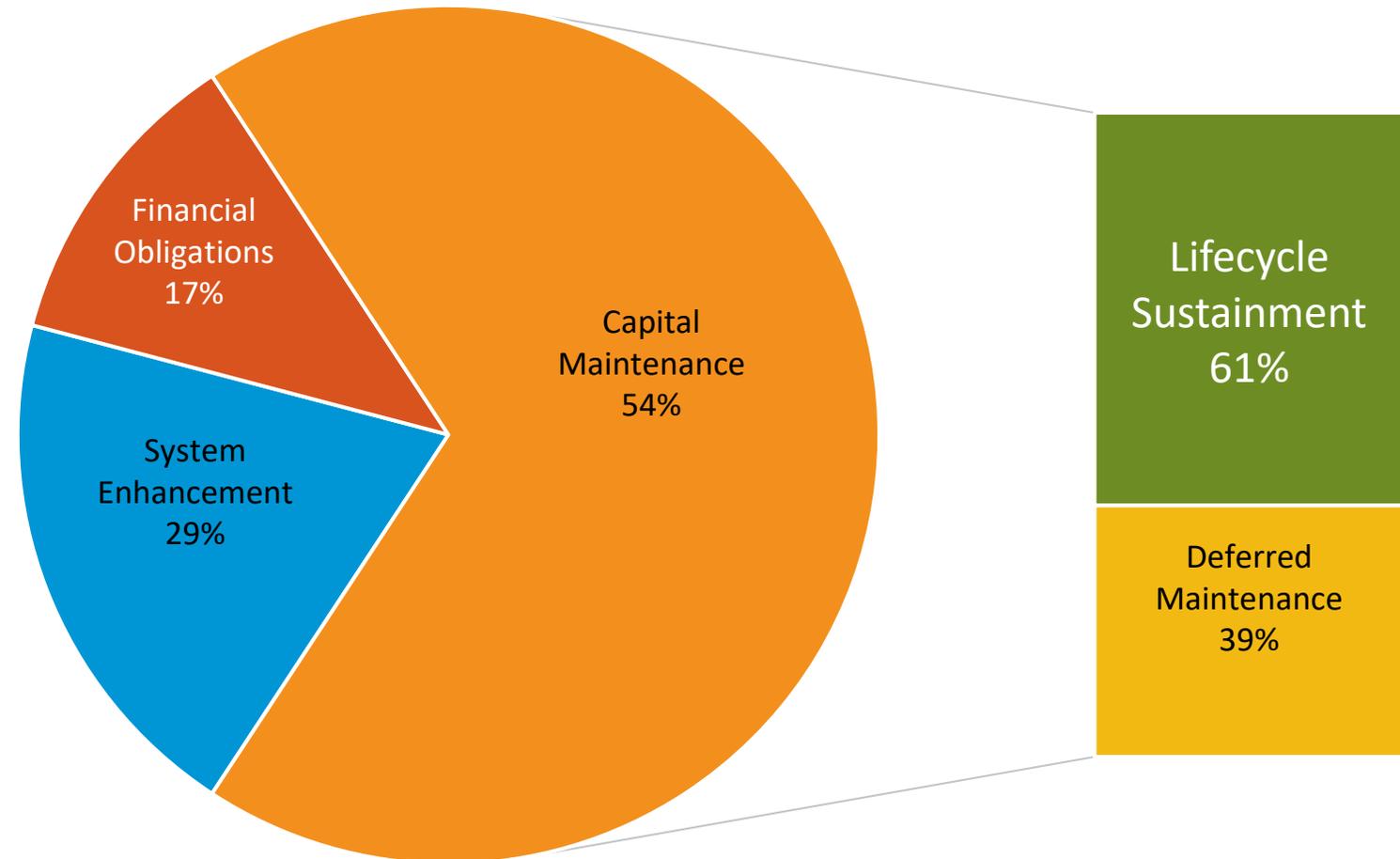
Restricted to repair and rehab of existing parks & rec facilities

State Conservation Trust Fund



Dedicated by State Statute to benefit parks, recreation and open space uses

2020 CIP: Expenditures



- **54% dedicated to capital maintenance, major rehabilitation projects (\$99M)**
- **Remaining funds allocated to annual financial obligations and system enhancement projects**
 - \$8 million local match leverages more than \$63M in grants
 - \$31M total investment in transportation and mobility capital infrastructure

2020 CIP: COVID-19 Revenue Impacts

Initial projected shortfall
(as of April 2020):
\$33M projected revenue
loss

- Sudden halt to economic activity, mass gatherings
- Greatest initial impact to Seat Tax, Lottery Funds
- \$15M reduction to general fund transfer to CIP Fund
- Continue monitoring construction industry activity and pandemic-related impacts

2020 CIP: Three Strategies

- 1) Department review of capital project budgets and schedules
 - Close completed project budget balances
 - Defer capital maintenance projects
- 2) Move program management expenses to Elevate Denver Bond (\$3.75M)
- 3) Fund Balance Reserve
 - Anticipate using all 2020 CIP program contingency
 - 2019 revenue overperformance



Questions?

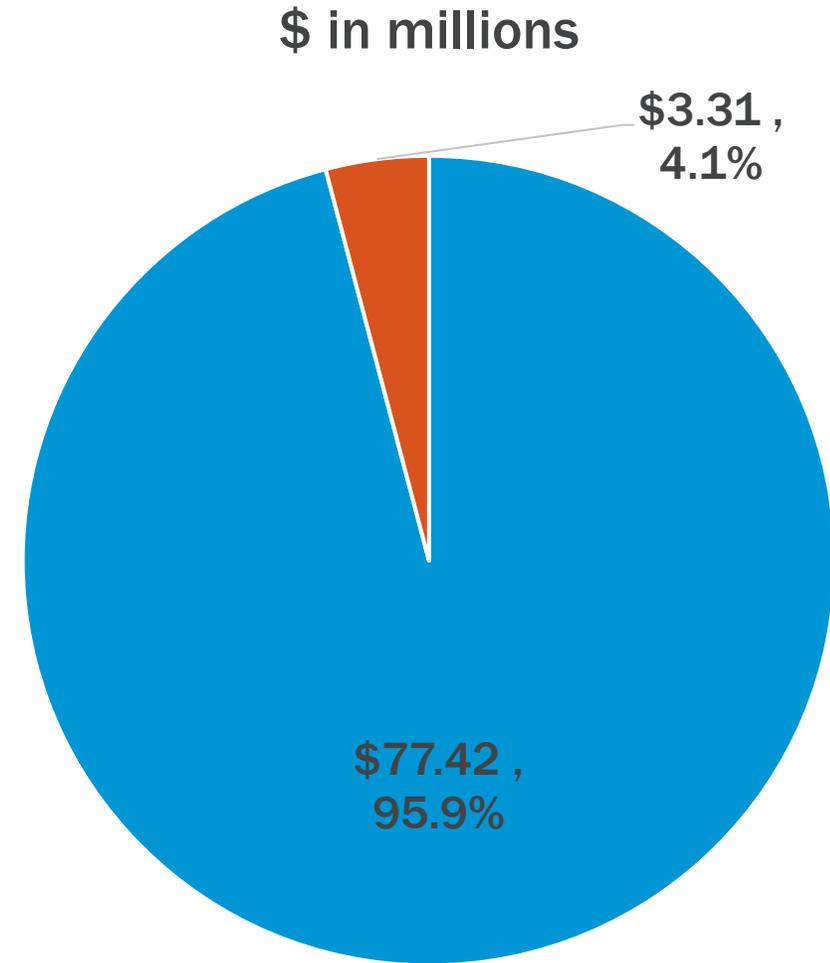


Appendix

Technology Services



- Eliminated training budget
- Vacancy savings
- Eliminated interns
- Reduce number of consultants to align with prioritized programs
- Reduce professional services and equipment budgets

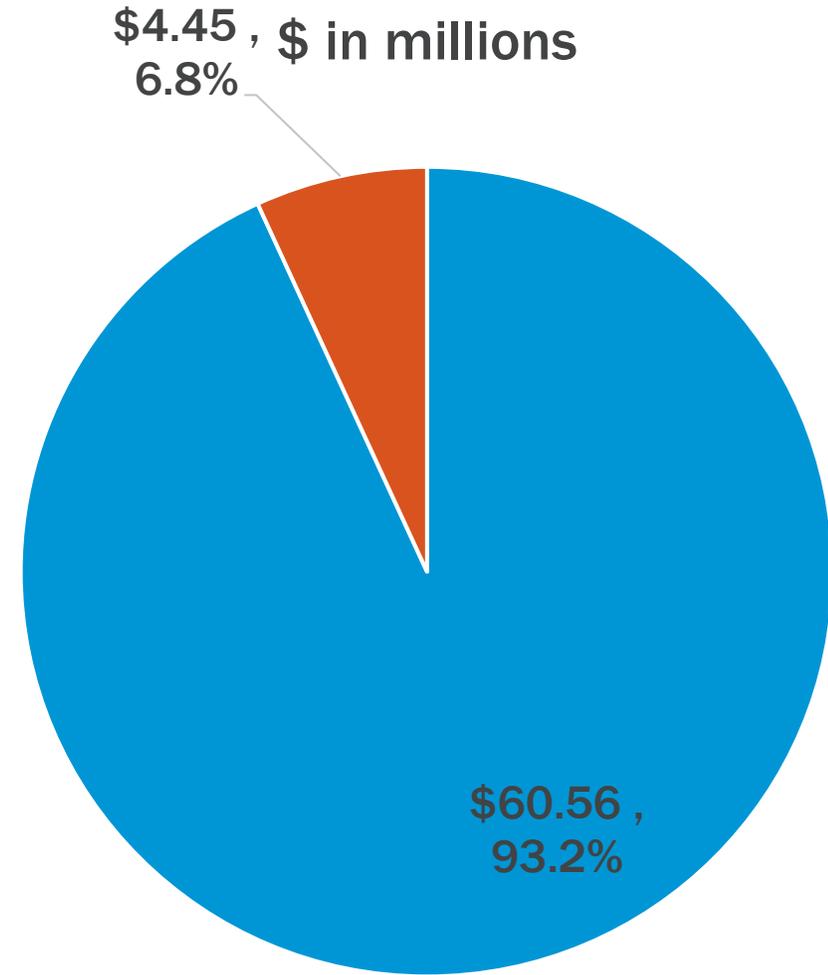


■ Remaining 2020 Appropriation ■ Reductions

Finance



- Postpone mini-bond sale
- Reduce bank fees
- Align lease budgets with estimated spending
- Vacancy savings (impact to DMV, Treasury, Controller's Office, Capital Projects)

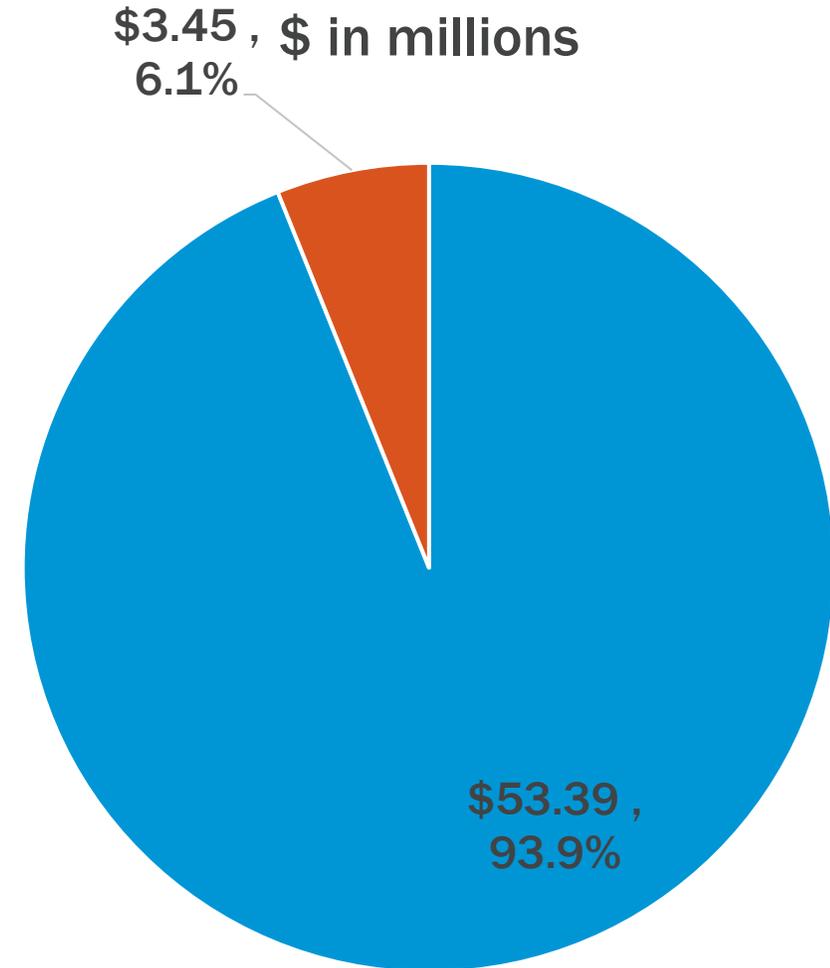


■ Remaining 2020 Appropriation ■ Reductions

General Services



- SAHO Energy efficiency modifications
- Delayed preventative and deferred maintenance
- Reduced response to customer service requests
- Vacancy savings (executive director, purchasing)

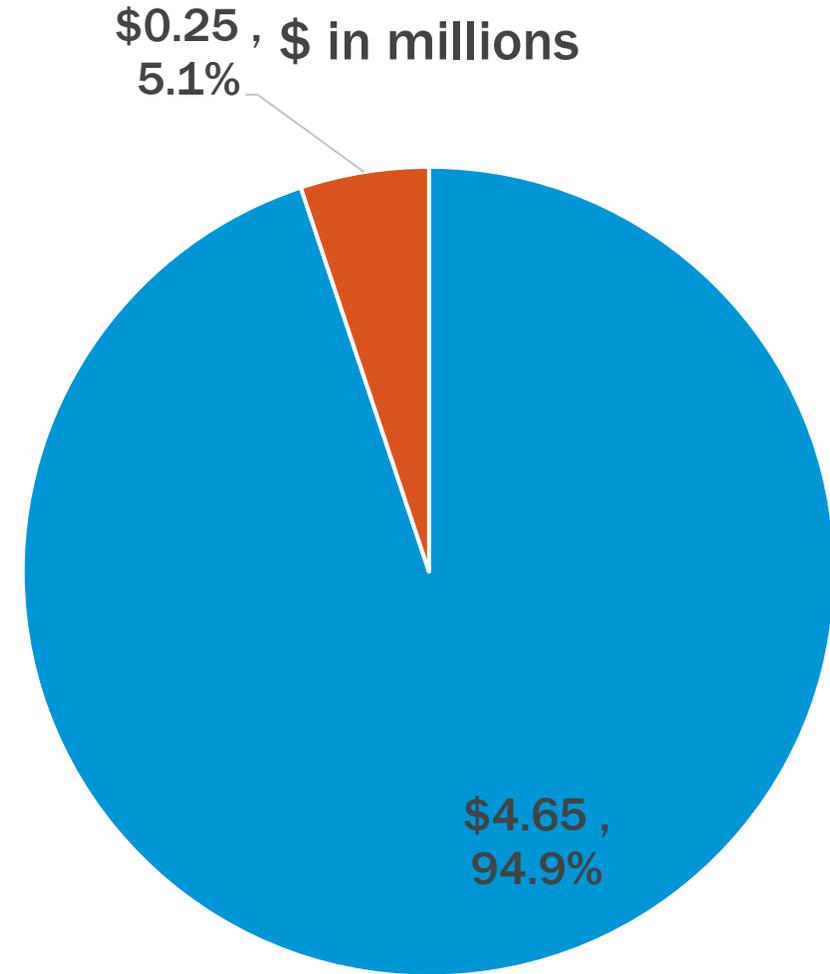


■ Remaining 2020 Appropriation ■ Reductions

Climate Action, Sustainability & Resilience



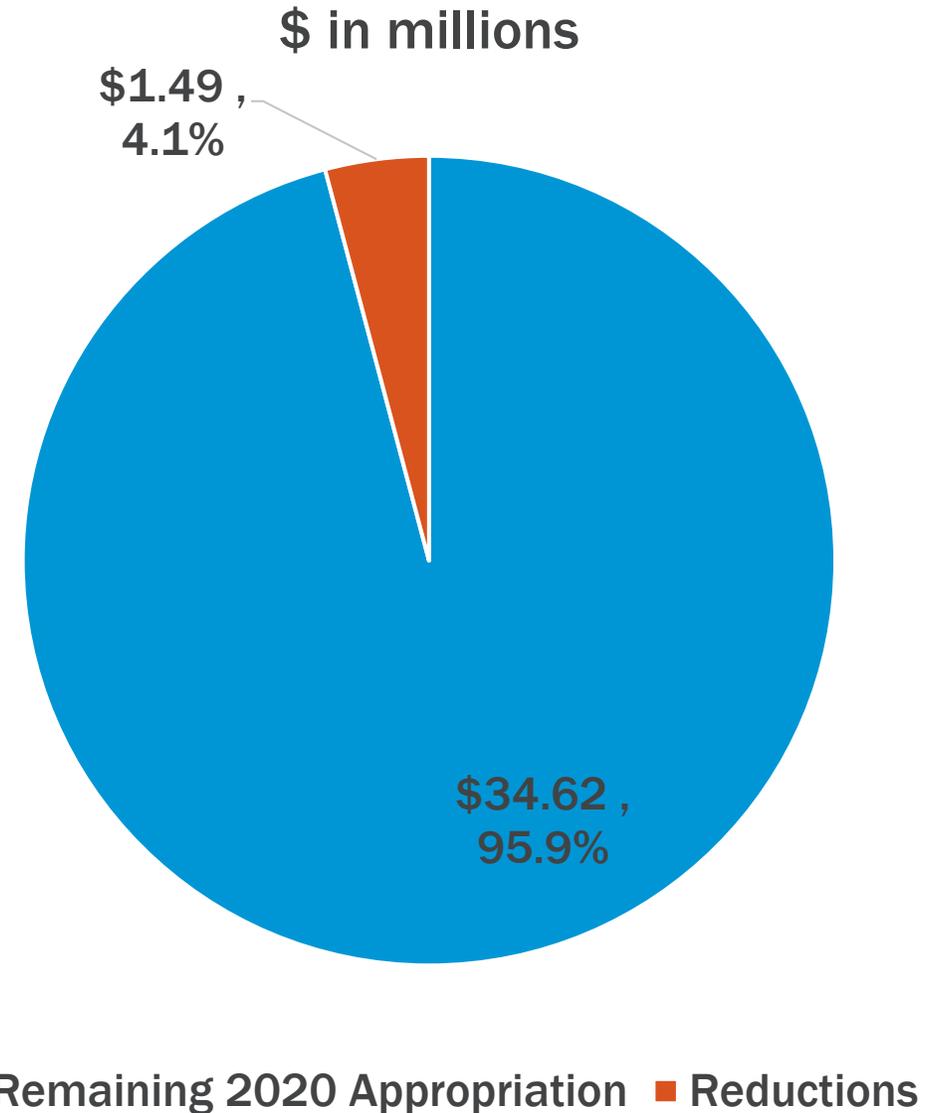
- Vacancy savings from delayed hiring (two positions, interns)



■ Remaining 2020 Appropriation ■ Reductions

City Attorney

- Temporary reduction in professional services costs due to Covid-19 (court closures, etc.)
- Elimination of attorney's fellowship program
- Reduced outside legal counsel services
- Reduction of existing maintenance/service agreements
- Reduced official function expenses, mail expenses, copy charges

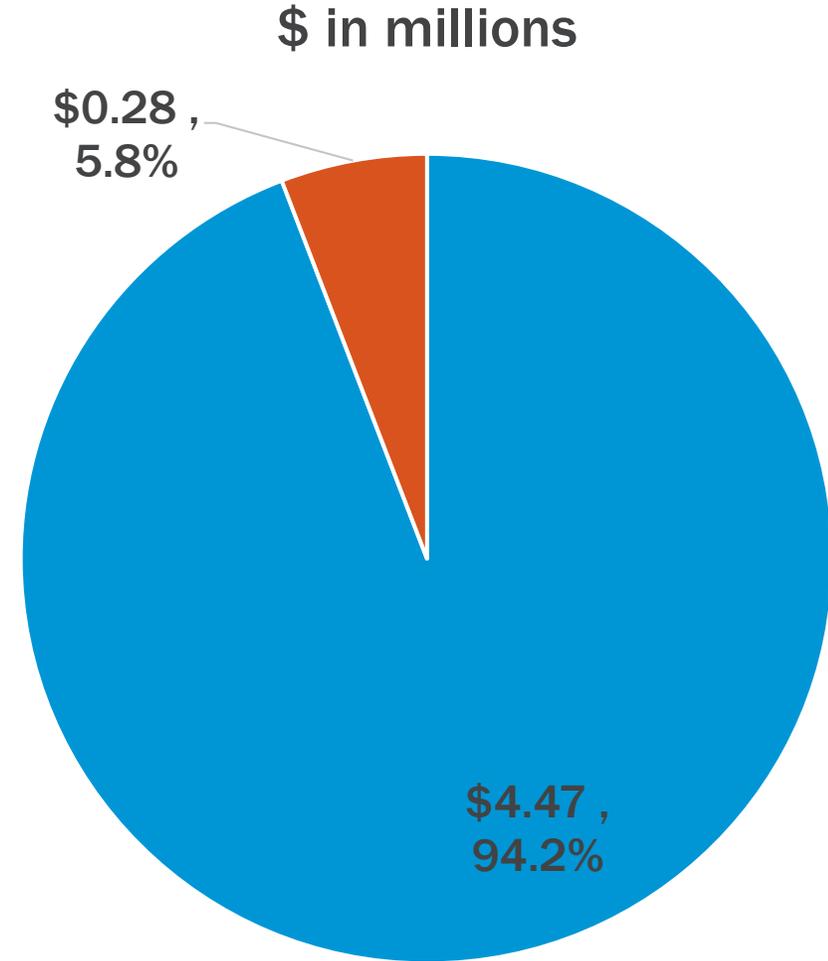


Excise and Licenses

- Reduced spending on agency contracts
- Reduced hearings savings:
 - on-call hearing officers, detectives (fewer hours for security guard review)
 - agency will still achieve all turn-around deadlines on licenses
- Travel reduction
- Vacancy savings (licensing tech position, short-term rentals)

Impacts:

- Vacancy may increase wait times
- STR vacancy not expected to decrease oversight

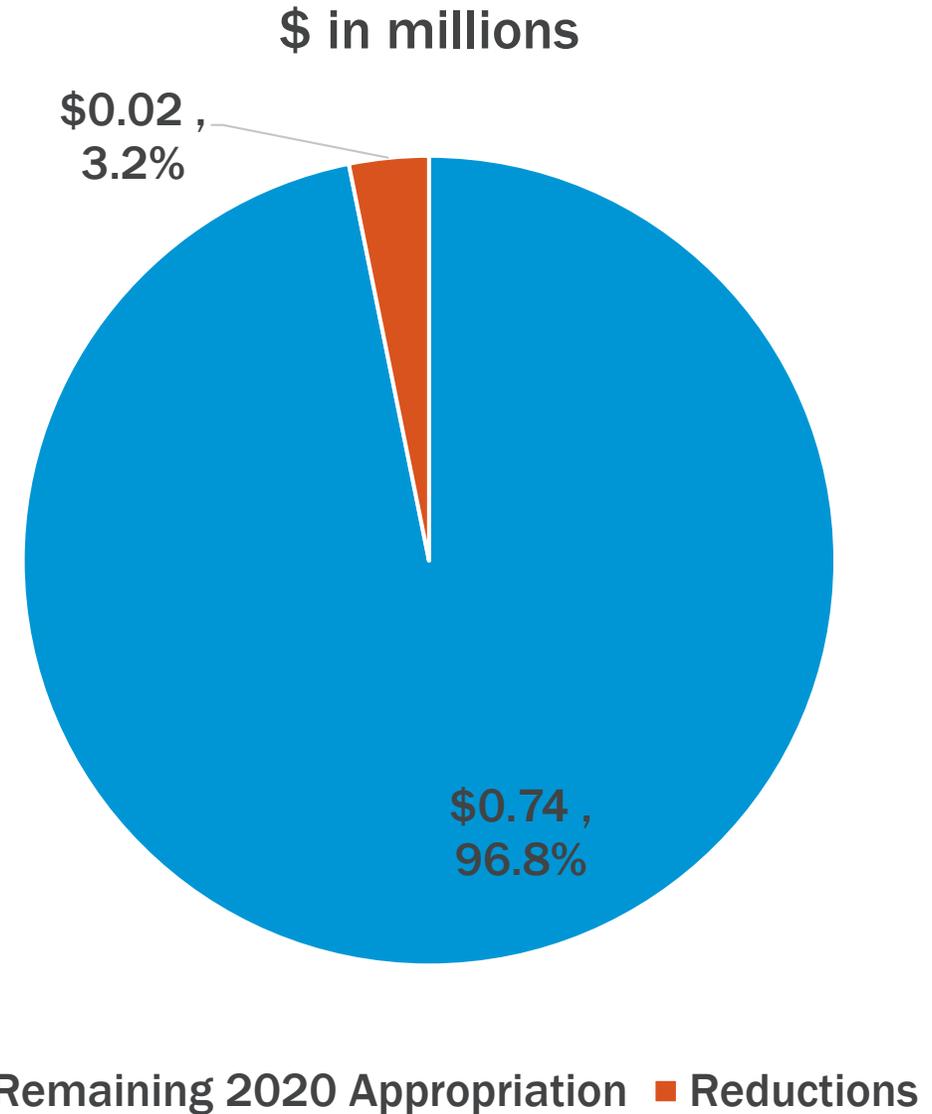


■ Remaining 2020 Appropriation ■ Reductions

Special Events



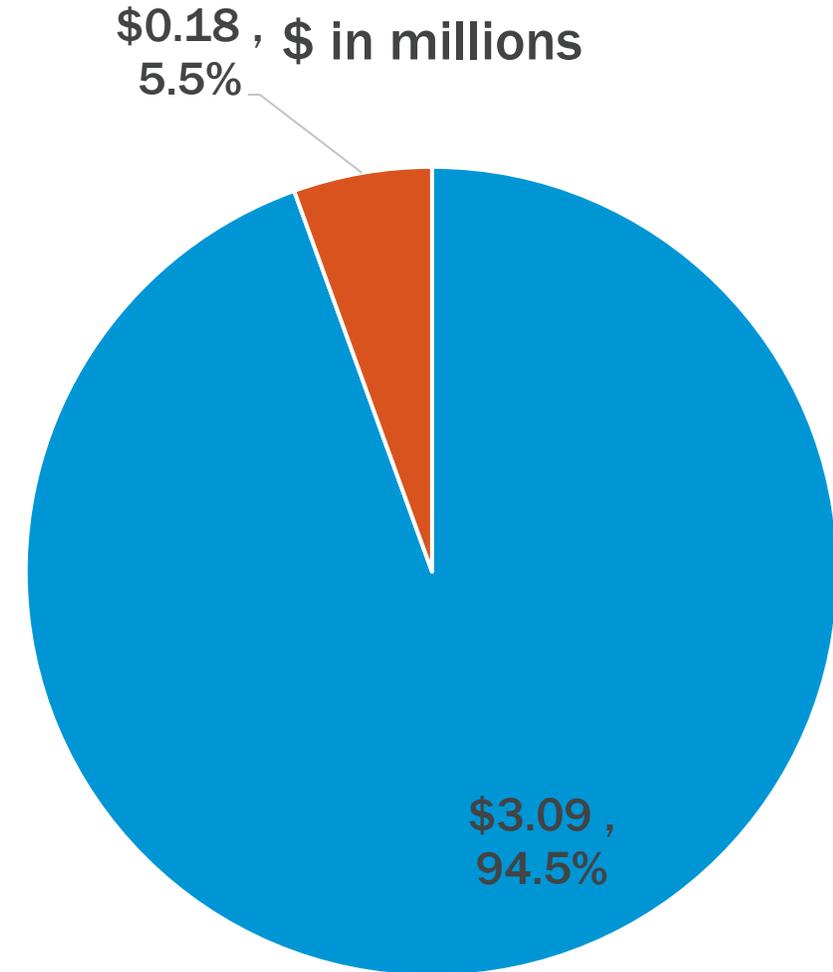
- Equipment reduction
- Reduction in travel
- Reduction in memberships and subscriptions



Children's Affairs



- Reduction in travel, training, special events and marketing
- Use grant funds for \$79K of out of school contracts
- Savings from cancelled events

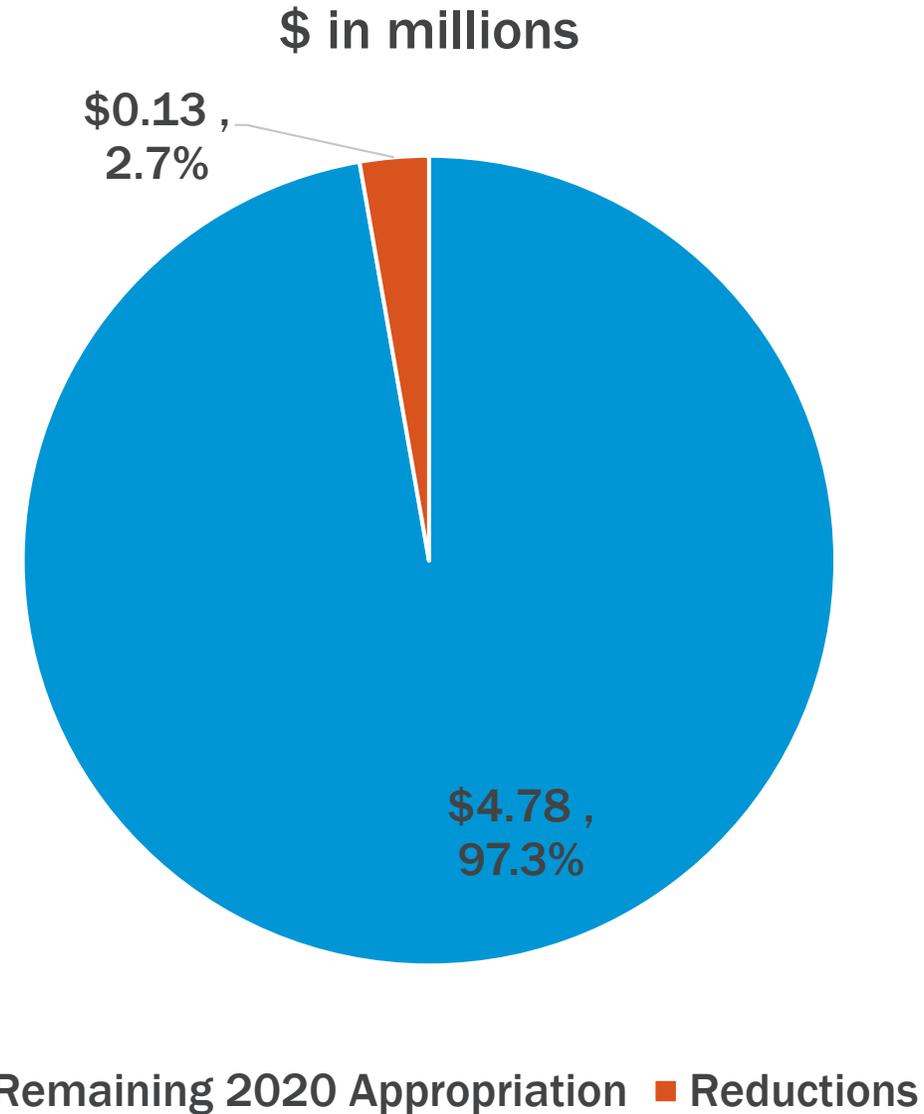


■ Remaining 2020 Appropriation ■ Reductions

Human Rights and Community Partnerships



- Reduced spending on office supplies, food, official function expenses, training and travel
- Savings from reduced professional services contracts



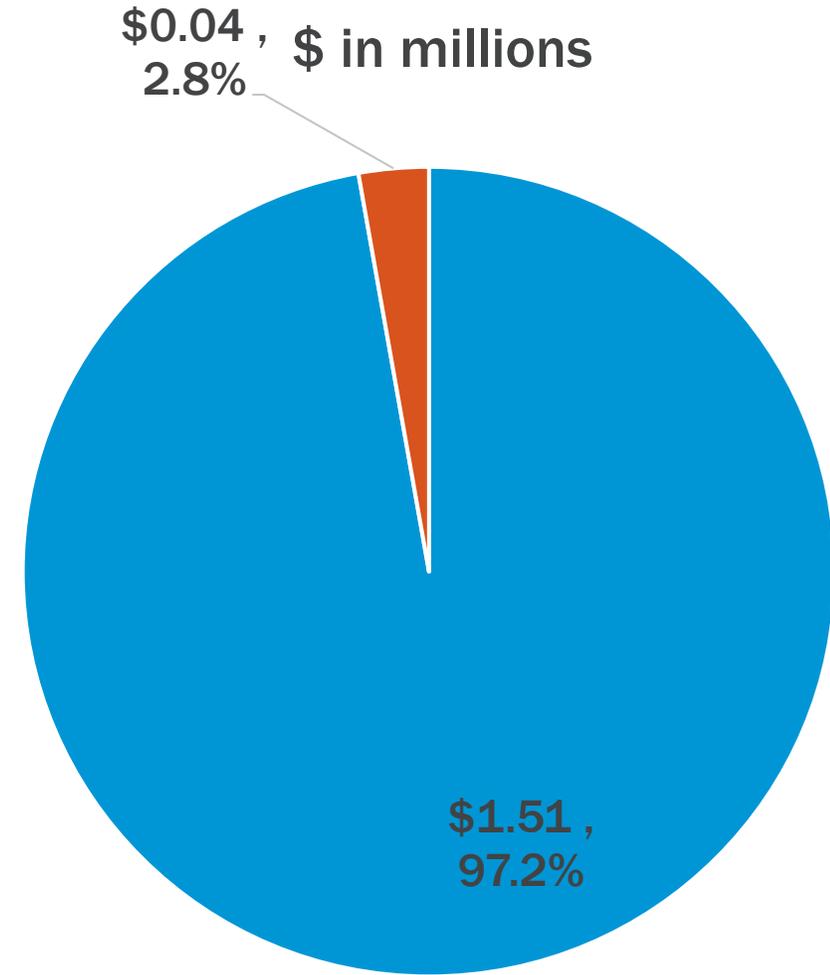
Office of Emergency Management (OEM)



- Exempt from first 3% reduction
- Delayed hiring of EM Program Specialist

Impacts:

- Vacancy will result in decreased ability to mitigate, respond, and recover from emergencies, including COVID-19

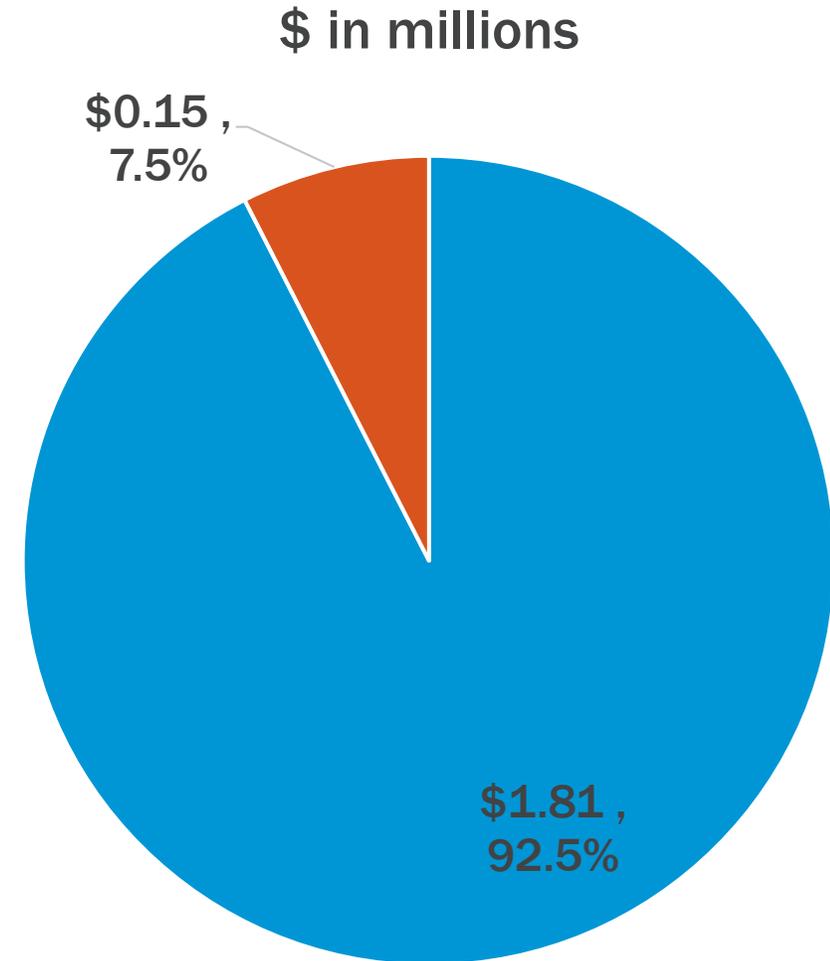


■ Remaining 2020 Appropriation ■ Reductions

Independent Monitor



- Vacancy savings from three positions, low impact since investigations workload decreased due to COVID
- Note: May need to backfill some vacancies due to workload increase

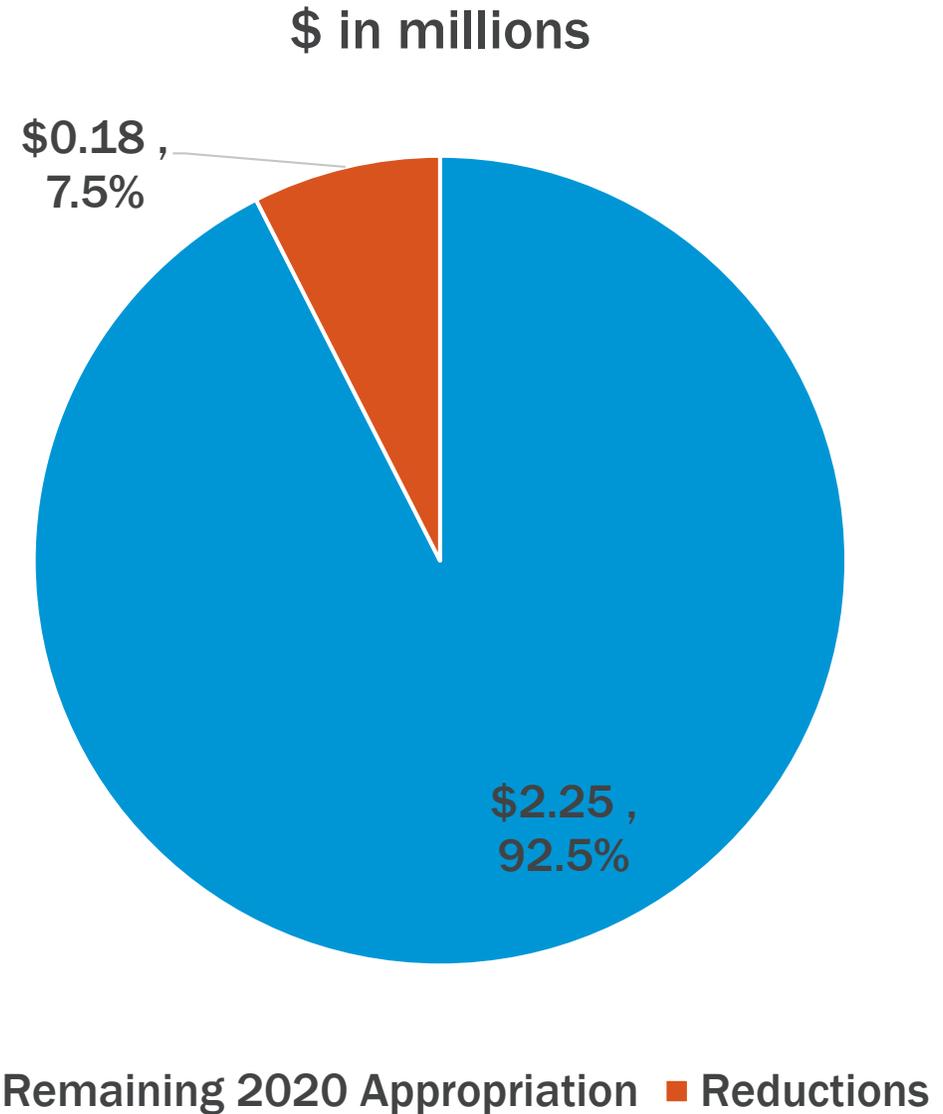


■ Remaining 2020 Appropriation ■ Reductions

National Western Center Office



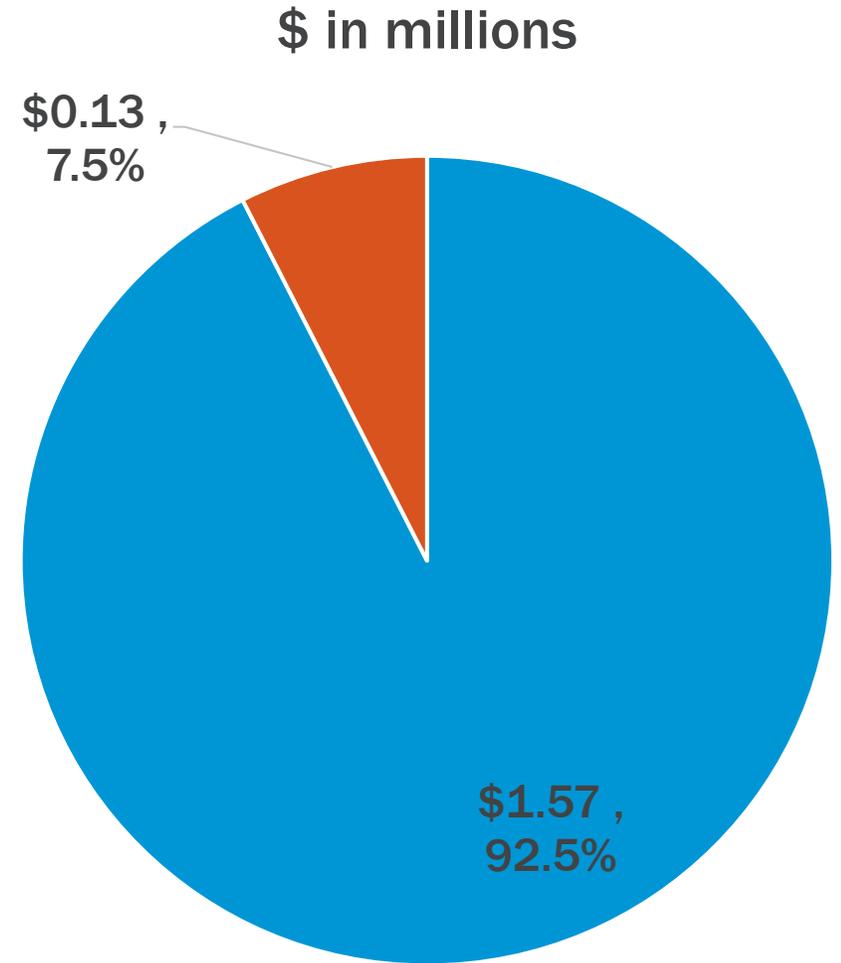
- Reduction in project management and technical content work in support of the Triangle procurement
- Actualized vacancy savings



Performance-Based Infrastructure



- Reduction in consultant hours for technical services
- Reduction in office supplies spending
- Vacancy savings

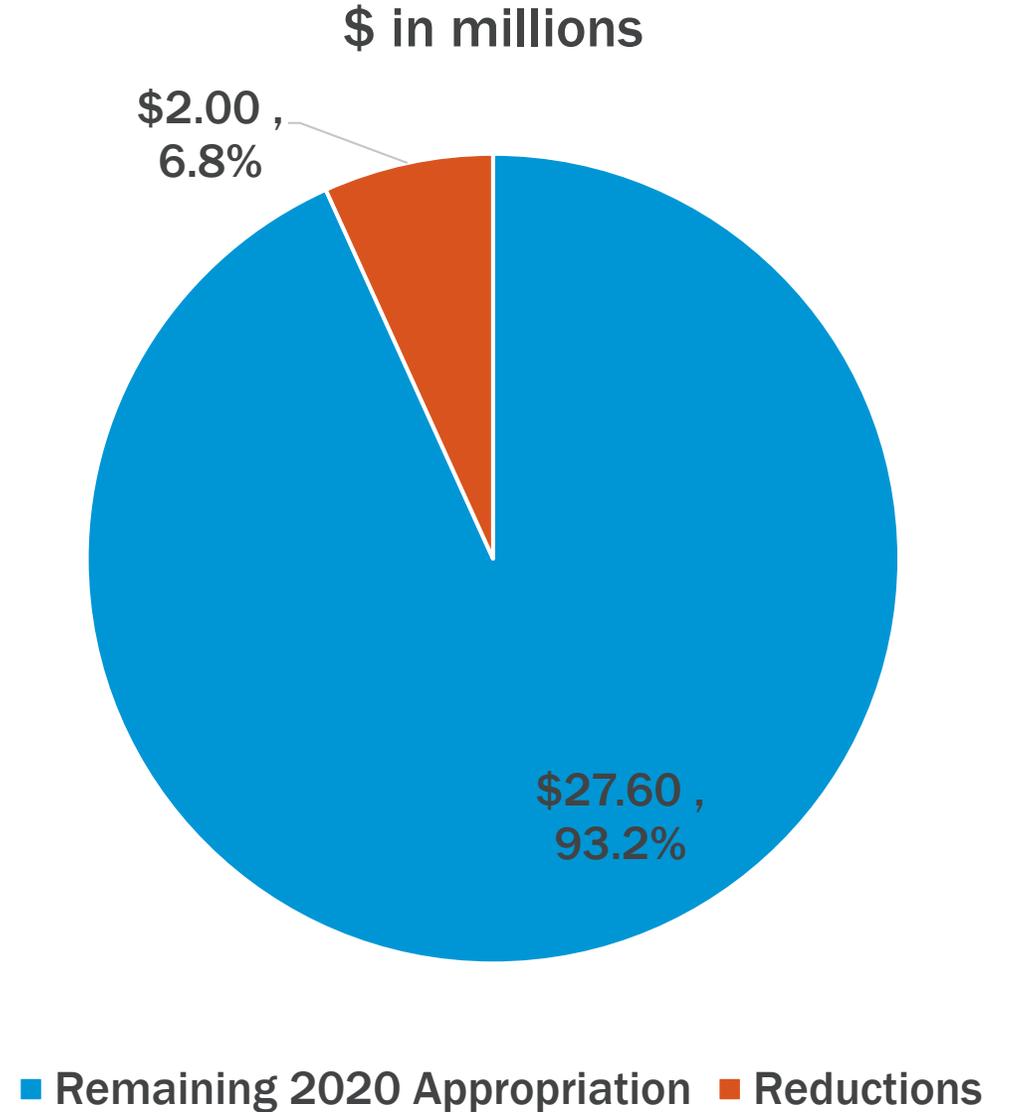


■ Remaining 2020 Appropriation ■ Reductions

Safety



- Vacancy savings
- Transfer 911 call takers to the 911 SRF; no service impact
- Align electronic monitoring contract with actuals



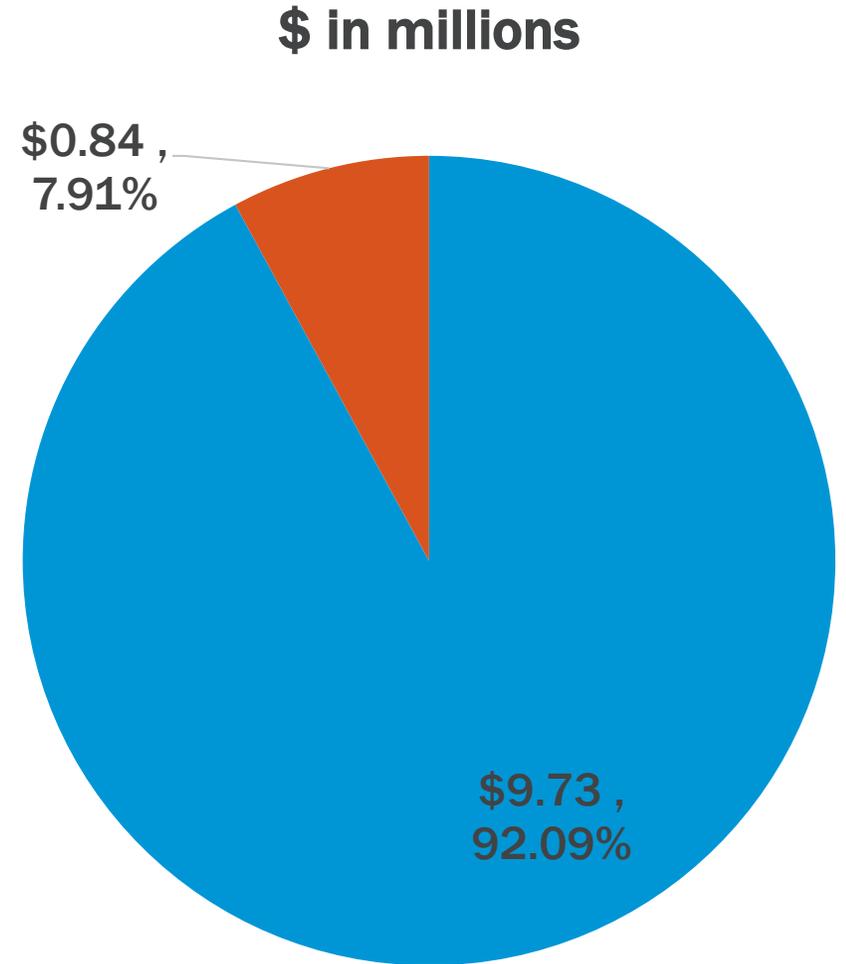


Independent Agencies

Auditor's Office



- Reduced use of 3rd party vendors and dispute hearings capacity; both potentially carry a public service impact.
- Will forego software enhancements
- Reduced training
- Vacancy savings accumulated YTD

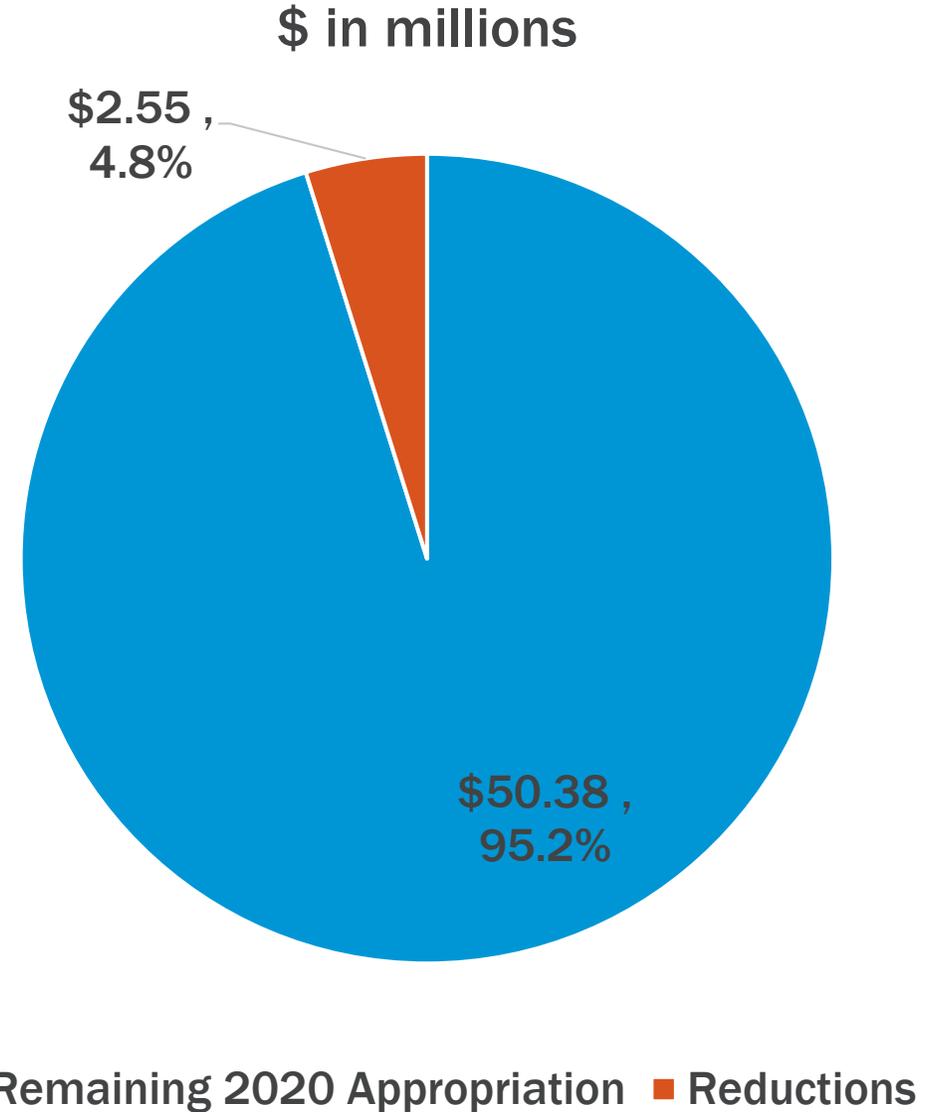


■ Remaining 2020 Appropriation ■ Reductions

Denver Public Library

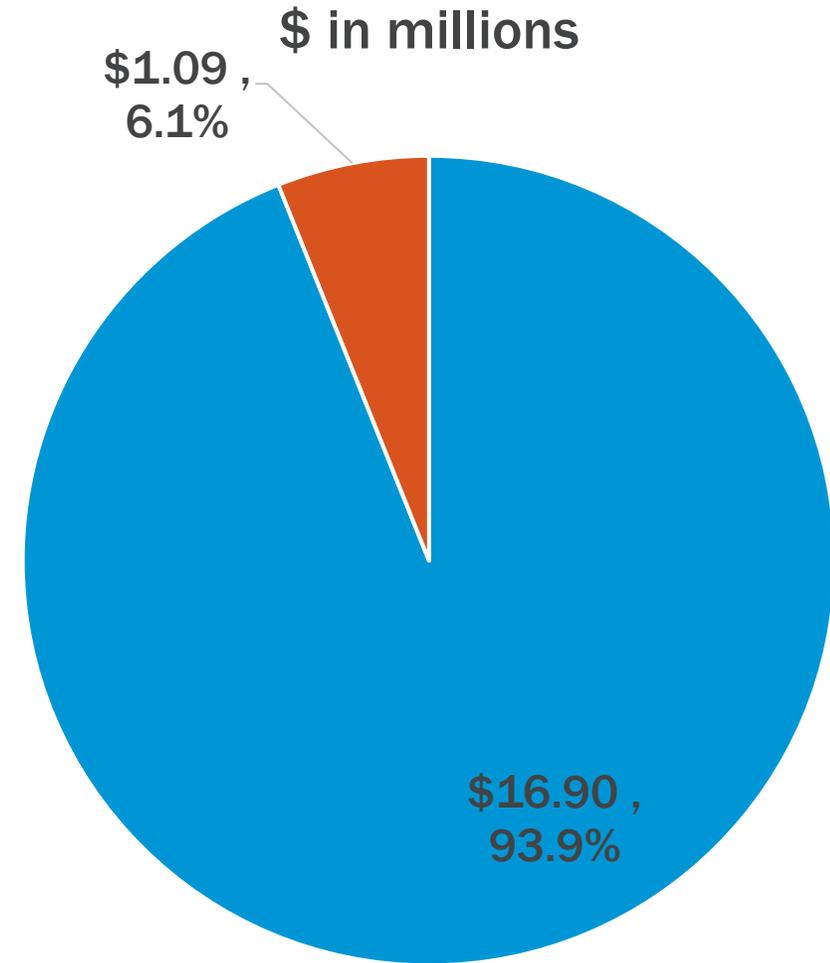


- Reduced programming and services through:
- Vacancy savings: 41 positions or 33 FTE
- Reduced on-call staffing
- Reduced training, travel, office and other operating expenses
- Reduced programming expenses due to closures



Human Resources

- Suspend tuition aid benefit (SRF transfer);
- Vacancy Savings;
- Reduced General Fund transfer for employee training
- Reduced travel and training for OHR employees
- Reduced training programs for City employees
- Reduced advertising for job postings
- When including SRF transfer to the GF, the reduction percentage is 7.5%



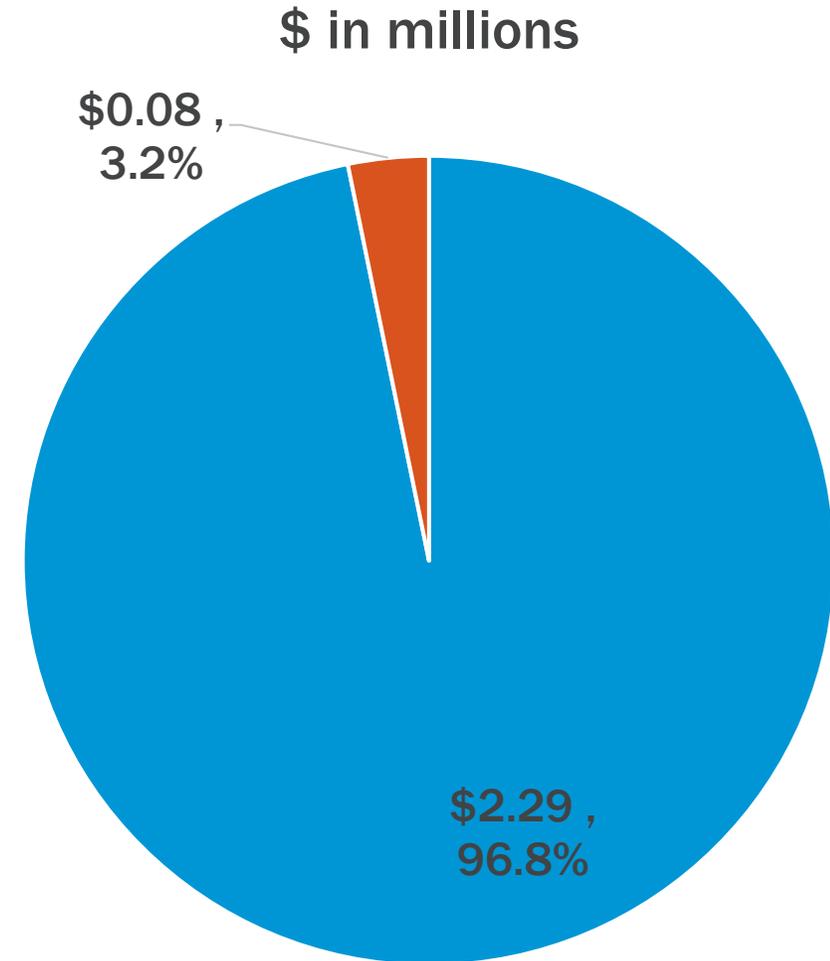
*Reductions in pie chart exclude SRF transfer to the GF of \$260,767

■ Remaining 2020 Appropriation ■ Reductions

Municipal Public Defender



- Reduce travel budget
- Reduced services and supplies and contracts

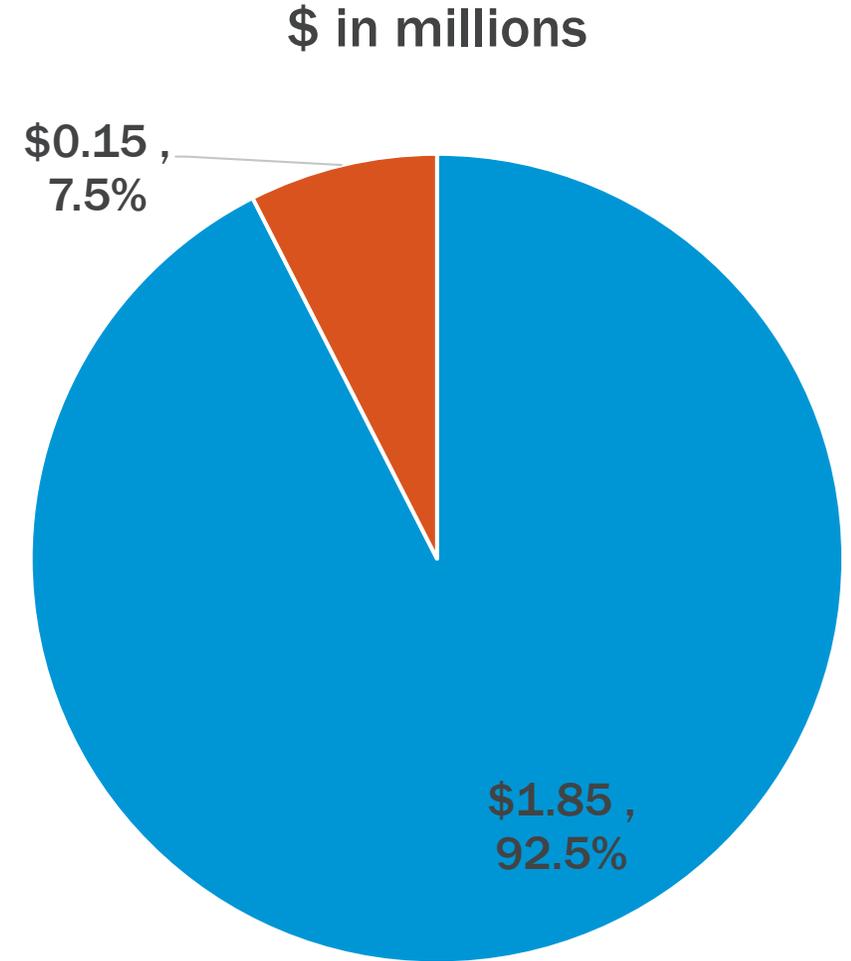


■ Remaining 2020 Appropriation ■ Reductions

Civil Service Commission



- Reduce on-call budget and contract dollars due to delay in Police and Fire academies in 2020
- Reduced professional services budget



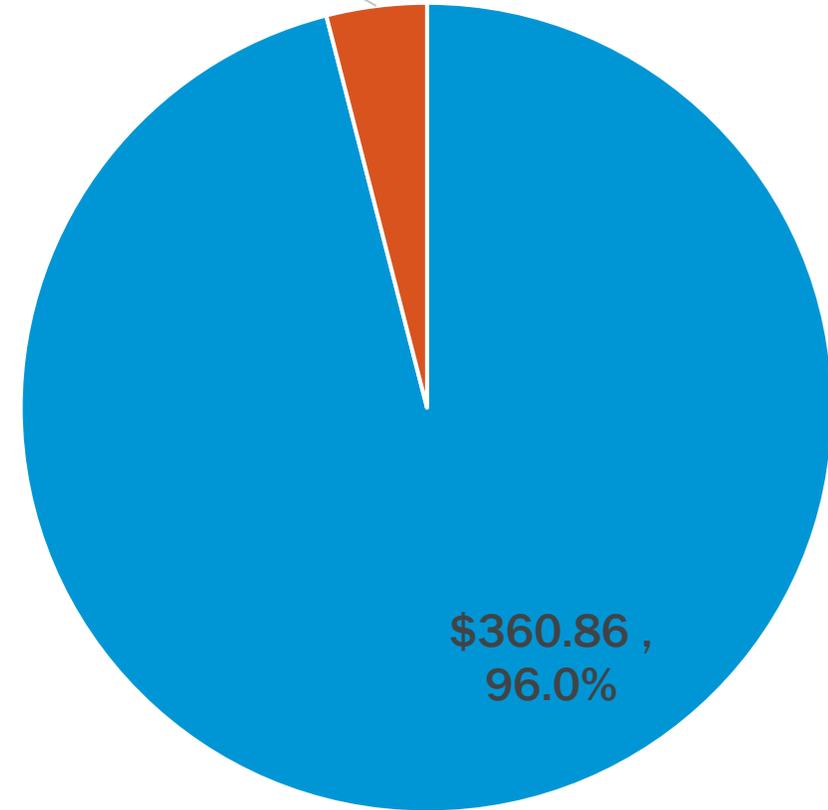
■ Remaining 2020 Appropriation ■ Reductions

Board of Adjustments and Zoning



- Vacancy savings
- Reduced travel, training and printing services
- Reduced on-call budget for alternates when Board members are absent

\$15.00 ,
4.0% \$ in thousands



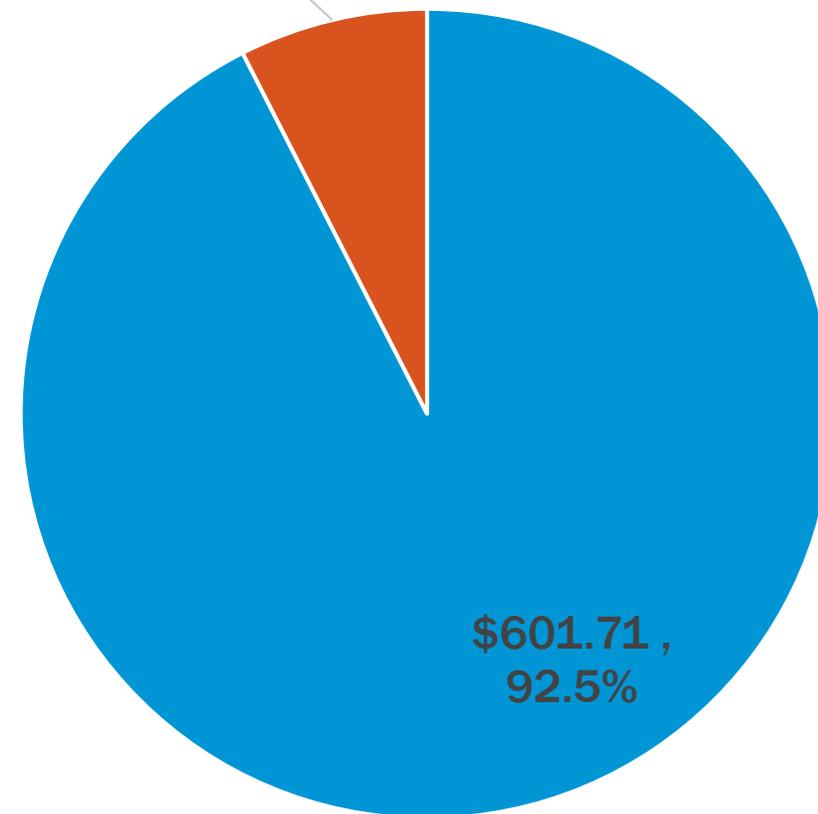
■ Remaining 2020 Appropriation ■ Reductions

Hearings Office



- Hold Paralegal vacant through July 1
- Holding Operations Coordinator vacant

\$ in thousands
\$48.79 ,
7.5%

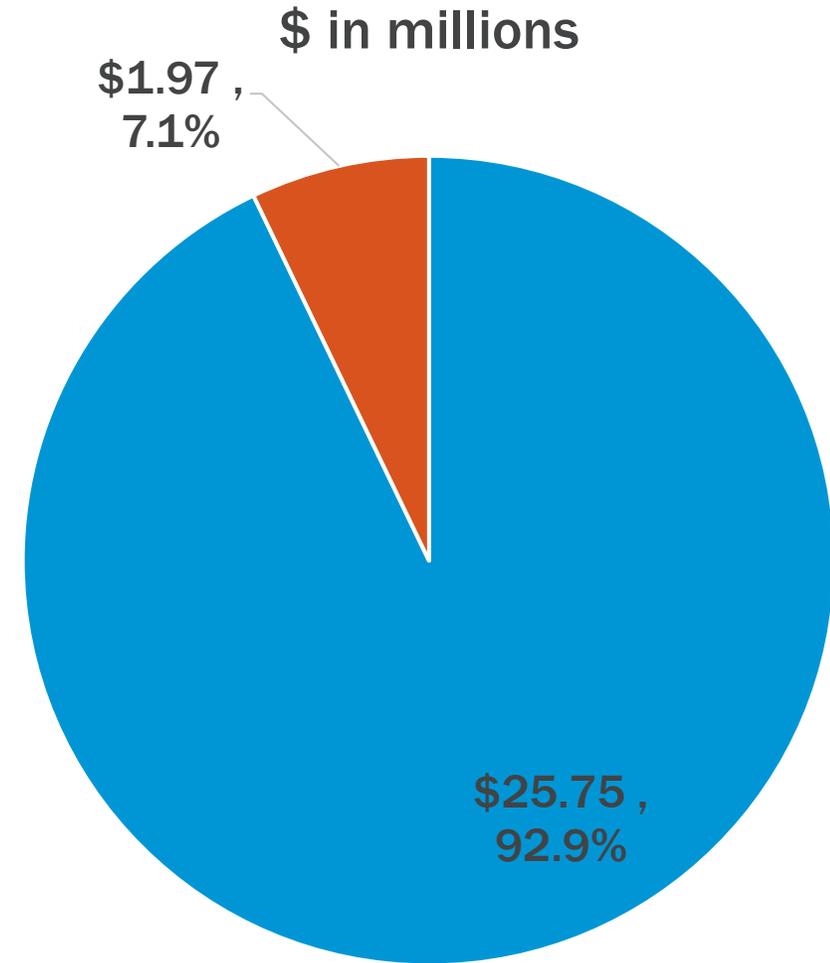


■ Remaining 2020 Appropriation ■ Reductions

County Court



- Vacancy savings from IT positions, a DUR Navigator, and a JA III;
- Forgo equipment replacement

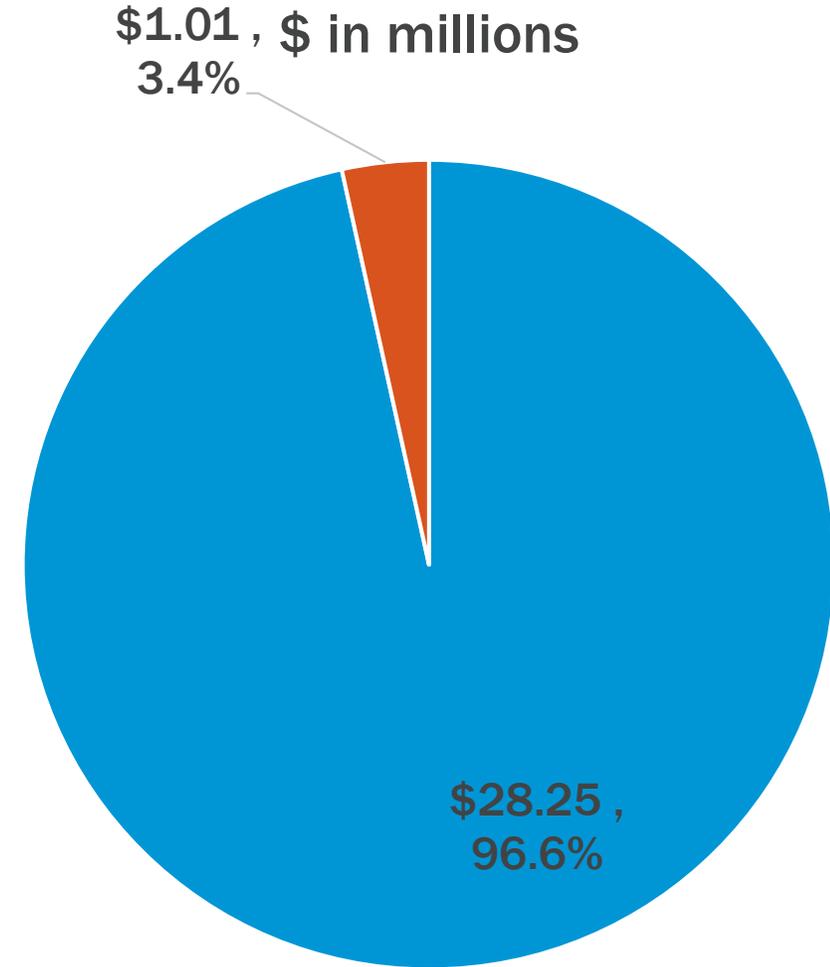


■ Remaining 2020 Appropriation ■ Reductions

DA's Office



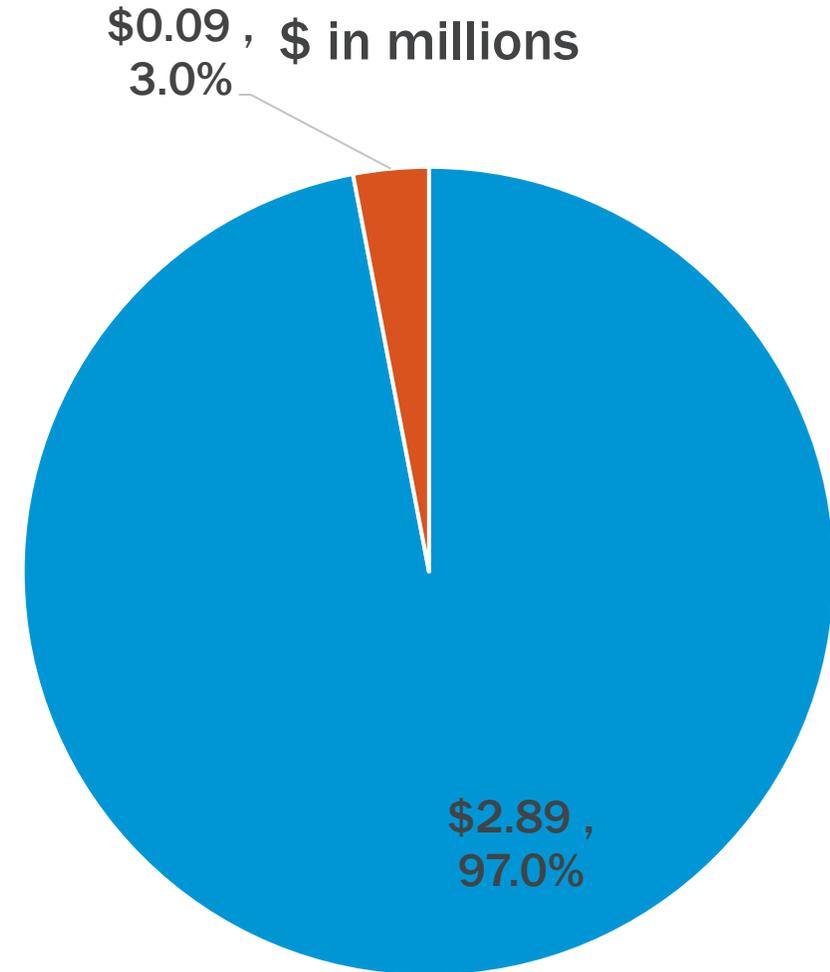
- Vacancy savings from Admin Staff;
- Reduce travel budget for out-of-state witnesses
- Reduced services and supplies



■ Remaining 2020 Appropriation ■ Reductions

Mayor's Office & Civic Events

- Savings in services and supplies due to fewer events
- When including the vacant mayoral appointee position, the reduction percentage is 7.33%

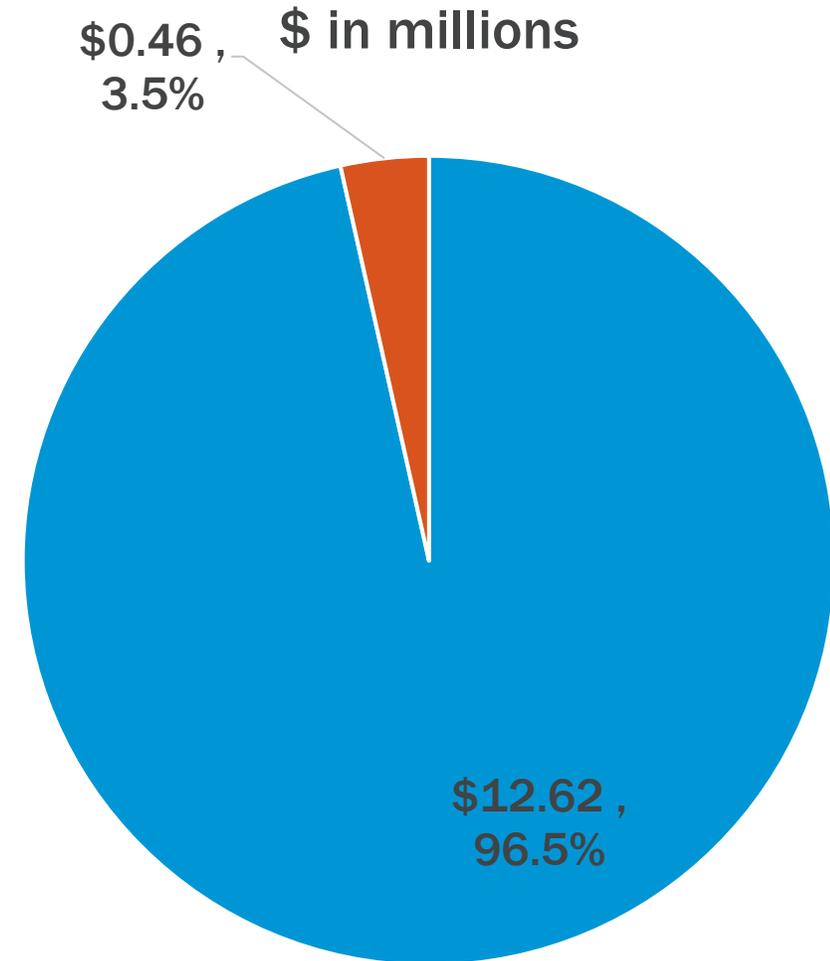


*Reductions in pie chart exclude vacant mayoral position

■ Remaining 2020 Appropriation ■ Reductions

Clerk & Recorder

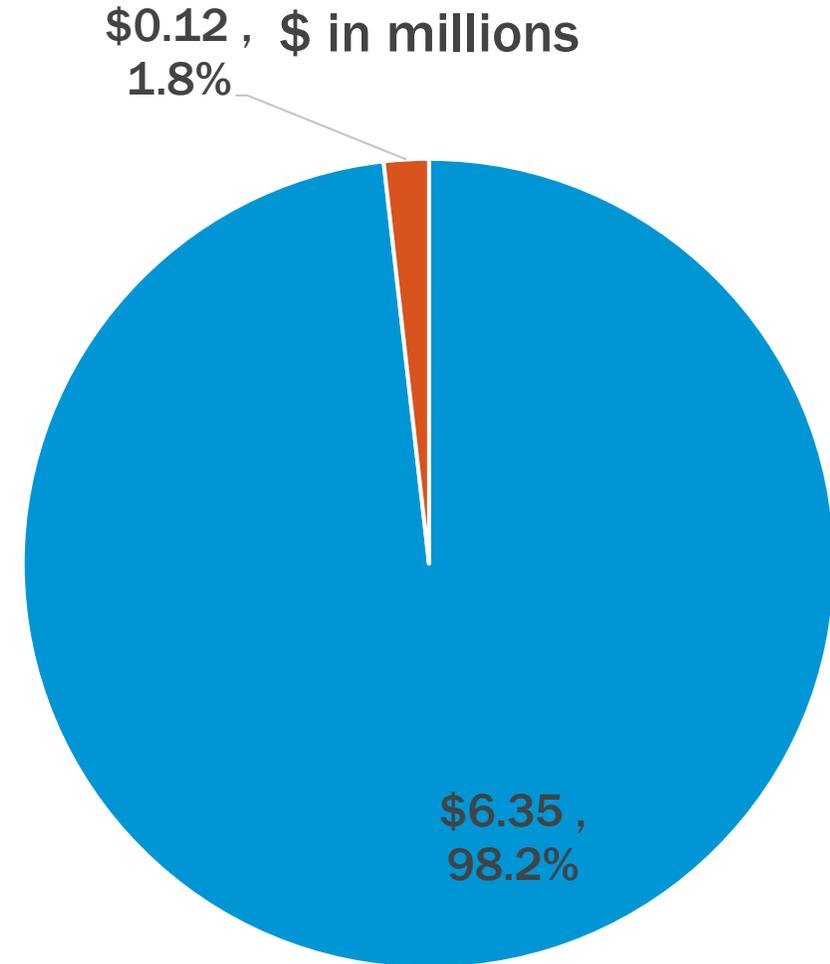
- Forgo warehouse lease spending by storing election equipment in-house; space is still limited.
- Reduced travel & training (required courses can be taken on-line)
- Received \$900k in unbudgeted equipment reimbursement revenue that will go to the GF.
- Vacancy savings from positions not essential to activities in 2020 due to COVID. These reductions are minimal and allow for us to support the 2020 election.
- When including the SRF transfer to the GF, the reduction percentage is 4.8%



*Reductions in pie chart exclude SRF transfer to the GF of \$165k
■ Remaining 2020 Appropriation ■ Reductions

City Council

- **General Fund Portion:** reduced services and supplies budgets in districts, central office, and vacancy savings
- **SRF Portion:** Transfer from the City Council SRF to General Fund Contingency from 5 councilmembers' SRF cost center and the central cost center
- When including the SRF transfer to the GF, the reduction percentage is 3.95%



*Reductions in pie chart exclude SRF transfer to the GF of \$143,146

■ Remaining 2020 Appropriation ■ Reductions