



Budget and Policy Committee

March 11, 2021

Agenda

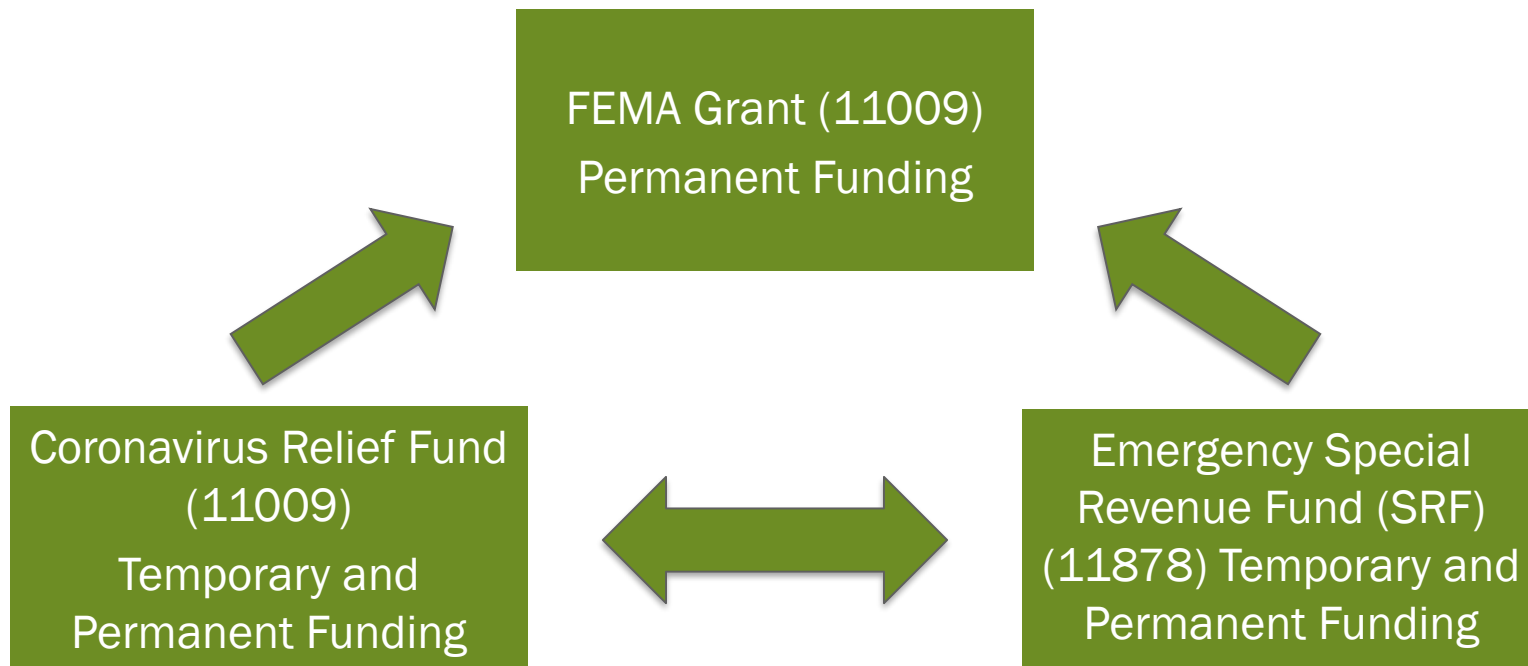
- Federal Funding Update
- Economic Conditions Update
- Upcoming Budget Items
- Next Steps



Federal Funding Update

Margaret Danuser
Rory Regan
Brendan Hanlon

COVID Funding Overview



Status of FEMA Approvals

Category	FEMA Advance (50% of 75%)	FEMA Obligation at 75% (current)	FEMA Obligation at 100% (pending)	Amount assuming pending and upcoming submissions	Category	FEMA Obligation at 75%/ at 100%
Shelter	\$10.2M	\$20.4M	\$60.4M	\$121.4M	DEN	\$4.1M/\$5.4M
PPE	\$6.1M	\$12.1M	\$16.2M	N/A	DHHA	\$37.7M/\$50.2M
Testing	\$4.4M	\$8.8M	\$11.7M	\$17.1M		
EOC Expenses	\$1.4M	\$2.8M	\$3.7M	N/A		
Vaccinations		N/A		\$3.8M approved, reviewing SOW		
CITY TOTAL	\$22.1M	\$44.1M	\$92.0M	\$142.3M		

FEMA Reimbursement Process

Budget

- Approval from grantor to expend funds on a given area (e.g., shelter)
- Requires City Council approval if in excess of \$500k (11009)
- Can grow based on version requests submitted to FEMA

Reimbursement

- FEMA provided 50% upfront
- Remaining funds secured after submittal of requests for reimbursement
- FEMA reimbursements payments are deposited in fund 11009

FEMA Funding Update: Emergency Shelter Budget Request Approval

- On March 10, FEMA approved the city's initial version request of \$60,446,662 for costs related to emergency shelter for those experiencing homelessness.
- The approval provides Denver with more budget capacity to continue its emergency response for people experiencing homelessness and comes at a critical time when the city is working to extend several contracts with hotels providing non-congregate shelter and other services.
- This approval clears the way for Denver to seek full reimbursement for those costs from FEMA in the coming months.

FEMA Funding Update: Vaccine Programming

- The city expects to receive \$3,758,237.20 for vaccine-related activities from FEMA.
- Denver is supporting broad and equitable vaccination access for residents, including fixed community vaccination sites for recreation centers and other locations in communities without adequate access to receive vaccines.
- Fixed sites are complemented by Denver's Mobile Vaccination Team and vaccination access at existing healthcare locations within communities, including pharmacies and neighborhood clinics.

American Rescue Plan Update

State and Local Aid:

- Known as Coronavirus Local Fiscal Relief Fund (CLFRF)
- 50% to be distributed within 60 days of bill's enactment; 50% distributed 12 months thereafter
- Eligible expenses include a broad definition of allowable uses, like:
 - lost revenue
 - economic recovery from the pandemic
 - necessary investments in water, sewer, or broadband infrastructure
- Funds cannot be used on pension funds
- End date for funding: 12/31/2024
- Coordinating with Council Leadership on next steps
- Presentation to Budget and Policy Committee March 25

American Rescue Plan Update

Select, Key highlights:

Proposal Area	Notes
State & Local Aid	\$350B to state and localities; more jurisdictions to receive direct funding; more flexible use vs. CRF
Public Health	Funding for scaled-up testing; vaccination allocations for community & mobile centers; funding for 100K new public health workers; PPE & pandemic supplies; addressing health disparities for underserved populations
Financial Support to Individuals	\$1,400 stimulus checks; enhanced unemployment through 8/29; SNAP benefit increase of 15% through September
Housing & Shelter	Eviction and foreclosure moratorium through September; additional funding for rental, mortgage and utility assistance; funding for emergency sheltering
Small Business	Additional paycheck protection program funding; economic injury disaster loans; additional shuttered venue support; restaurant revitalization program



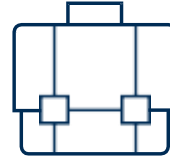
Economic Update

Lisa Martinez-Templeton

COVID-19 has had an immediate shock to the system



COVID-19 has already resulted in the steepest decline of US economic activity since World War II. Greatest initial impact was to service industries and retail (e.g. restaurant, tourism, retail)



Weakened labor market with unprecedented initial unemployment claims in March and April - 221,000 jobs in the Denver county are vulnerable to job loss, reduced hours, or furlough. Denver county experienced an all-time high unemployment rate in April of 13.4%. As of December, Denver's unemployment has dropped to 9.3%.



Denver's revenue was projected to decline by \$220.7 million in 2020; the worst drop in city revenue since 1933. Projections show a small incline for 2021 of 5% or about \$62.5M

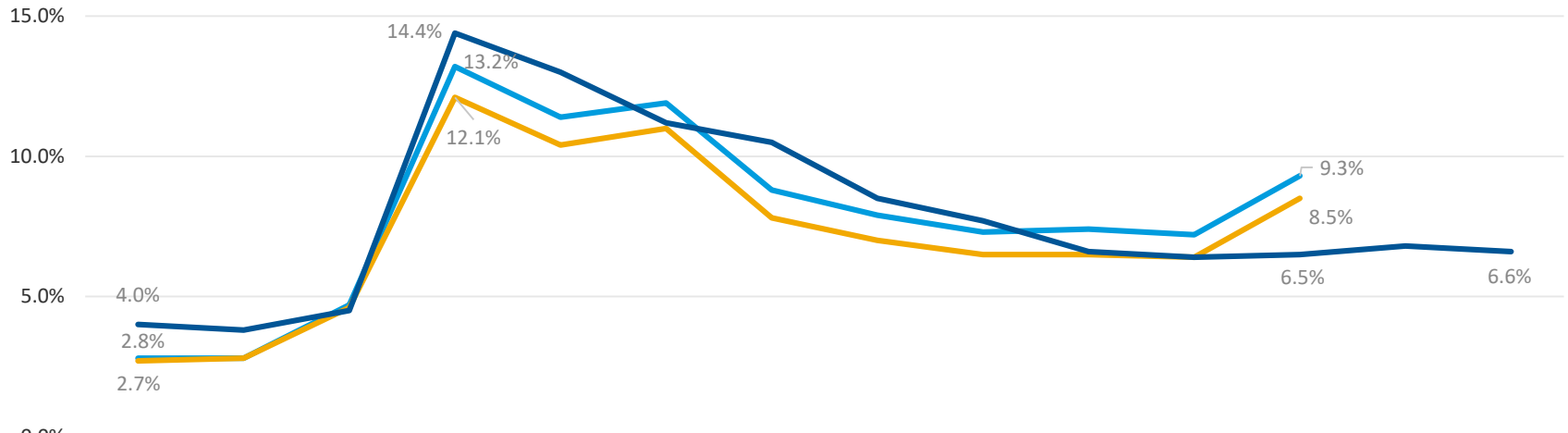


Business closures with almost half of jobs at risk affect small and medium businesses (SMBs) with fewer than 100 full-time employees.

Source: Pew Charitable Trusts

Unemployment

Unemployment Rate by Region, not seasonally adjusted



	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21
Denver	2.8%	2.8%	4.7%	13.2%	11.4%	11.9%	8.8%	7.9%	7.3%	7.4%	7.2%	9.3%		
MSA	2.7%	2.8%	4.6%	12.1%	10.4%	11.0%	7.8%	7.0%	6.5%	6.5%	6.4%	8.5%		
National	4.0%	3.8%	4.5%	14.4%	13.0%	11.2%	10.5%	8.5%	7.7%	6.6%	6.4%	6.5%	6.8%	6.6%

Percent Change in Number of Denver Small Businesses Open

Relative to January 2020

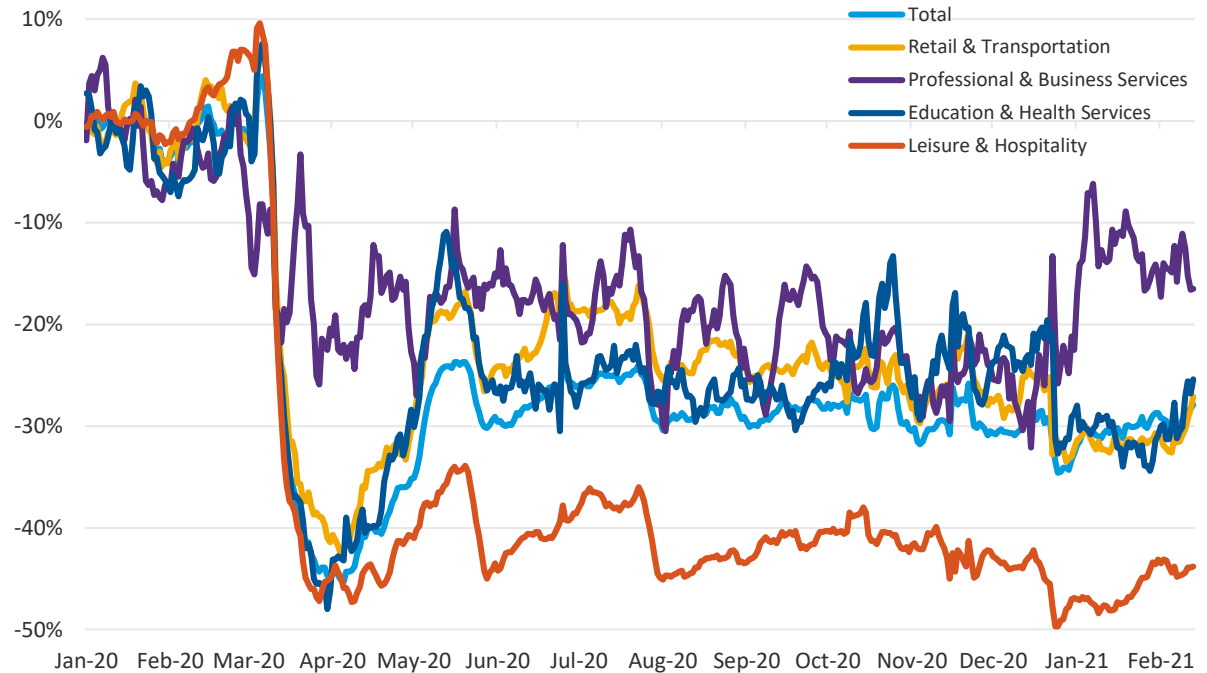
Total Denver: -27.9%

Retail & Transportation:
-27.1%

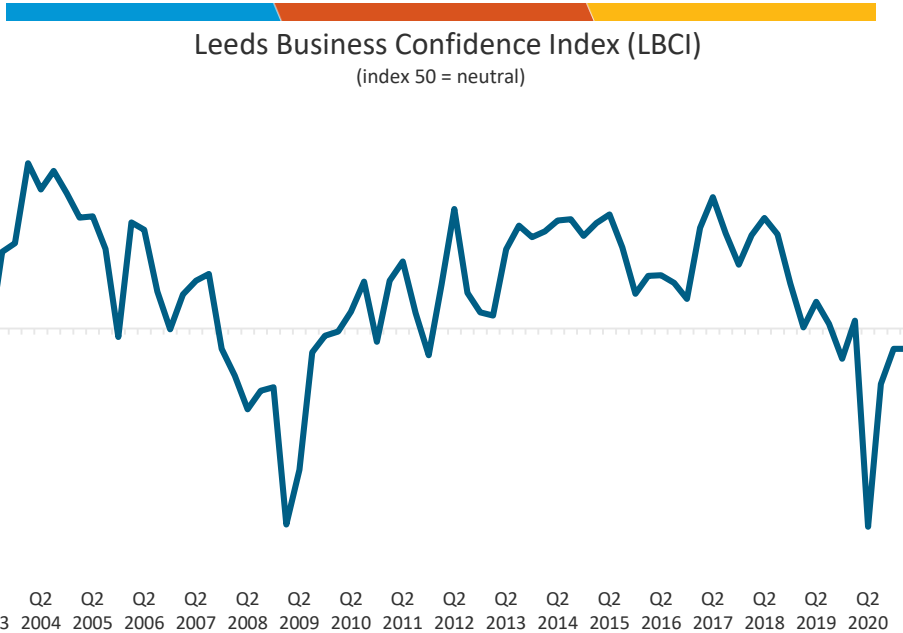
Professional & Business Services:
-16.5%

Education & Health Services:
-25.4%

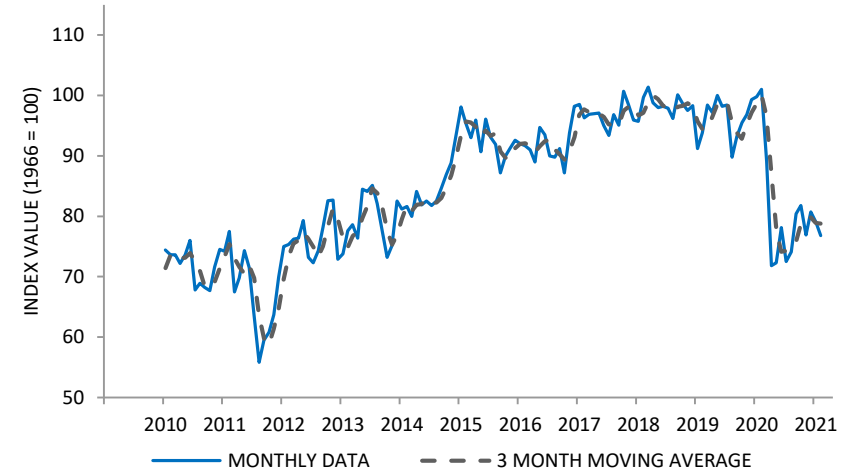
Leisure & Hospitality:
-43.8%



Business and Consumer Confidence Index



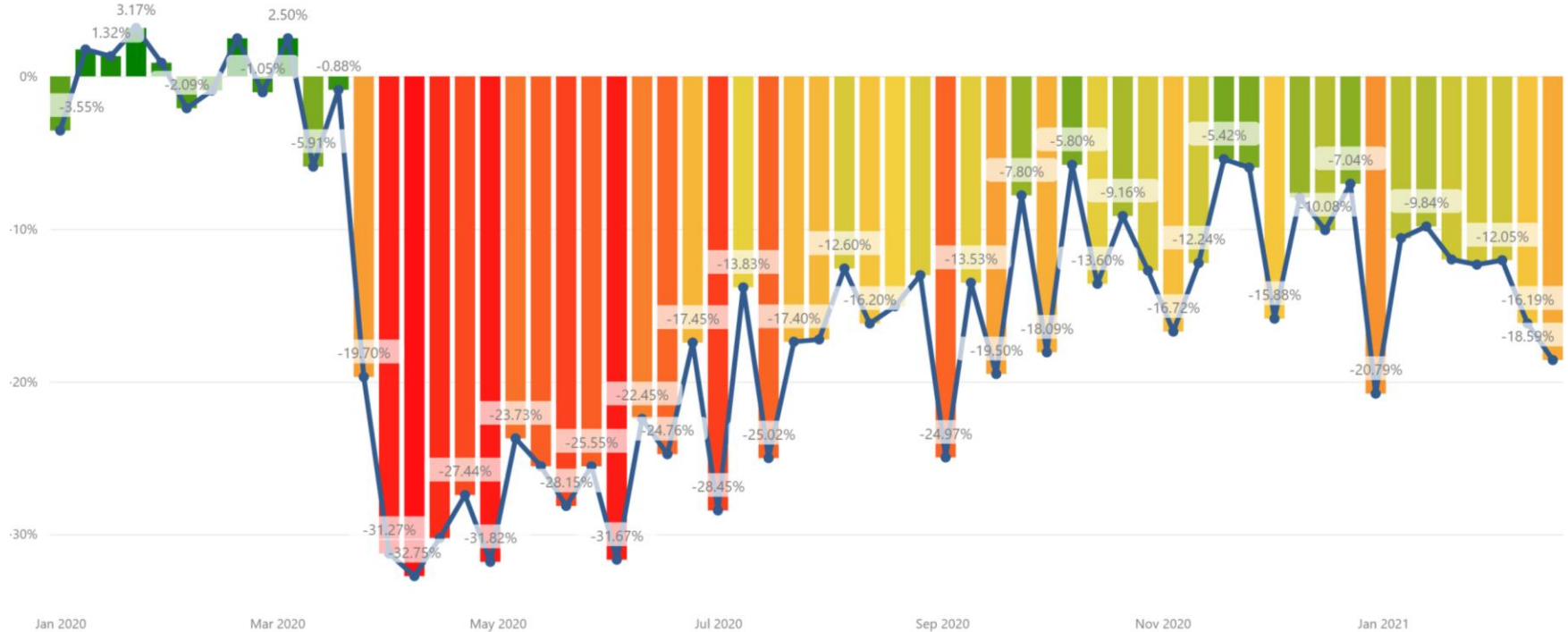
Consumer Sentiment Index



- Business Confidence ahead of Q1 2021 was unchanged from Q4 2020, however expectations are optimistic that a recovery is in sight.
- Consumer sentiment fell slightly in February from January. All of February's loss was due to households with incomes below \$75,000, with the declines mainly concentrated in future economic prospects.

Aggregate Consumer Bankcard Activity, Denver

Weekly YoY Growth, Denver



Optimistic Signals of Economic Recovery

- ✓ The U.S. economy appears poised **to take off**: expect hiring to pick up strongly this spring, particularly in hospitality
- ✓ Many businesses are moving forward with **reopening**; in some cases, we are seeing increased business investment
- ✓ The local **housing market remains strong**
- ✓ **Consumer spending levels** over the summer were better than expected; in early 2021, we are seeing signals of strong demand with well-to-do households ramping up spending by summer
- ✓ Additional **Federal fiscal stimulus and unemployment aid** largely propped up consumer spending in 2020; ongoing Federal stimulus in early 2021 creates confidence
- ✓ Denver continues to **attract** workers and businesses from higher-cost markets (remote and non)

Areas of Concern

- ✓ Considerable **uncertainty** remains regarding public health as well as sustainability of economic recovery to date
- ✓ **Fiscal impacts** to the City (lost tax revenue, etc.)
- ✓ Signs of an **inequitable economic recovery** (rapid economic growth could compound inequity - particularly for women and BIPOC)
- ✓ **Slowed rate of job growth** with jobless claims remaining stubbornly high
- ✓ Continued **stagnation in tourism and business travel** and related commercial activity (conventions, hospitality, etc)
- ✓ An increasing surplus of **vacant office space** in Downtown Core
- ✓ **Continued restrictions** on restaurants, entertainment and personal services



Upcoming Budget Items

Stephanie Karayannis Adams

Status and Timeline

- March 16 – supplementals
- End of March – close
- April – 2022 Operating & Capital Budget Kick Off including:
 - 2020 final close
 - 2021 YTD
 - 2022 Projections and Budget Process



Questions?