



Denver City Council

Summary Finance Committee

Date: Wednesday, August 2, 2006 1:30 PM Council Conference Room

Committee Members Present: Boigon, Chair; Faatz, Vice-Chair; Garcia, Lehmann, MacKenzie

Committee Members Absent: Brown, Wedgeworth

1. City Revenue Update

Summary of Discussion

Mel Thompson, Budget Director, summarized the status of the current City budget noting that:

- Total General Fund revenues increased 6.0% over 2005 year-to-date
- Lodgers Tax increase of 22% over 2005 year-to-date
- Fines and Forfeits increased 11.2% over 2005 year-to date
- Fees increased by 9.4% due primarily to Utilities over 2005 year-to-date
- Licenses and Permits increased 12.4% over 2005 year-to-date

Mr. Thompson noted that the original revenue growth estimate was 3.5%. He cautioned that some revenues have timing issues and are concentrated in the first half of the budget year. But overall, the budget picture is positive for the first time in five years, according to Mr. Thompson. He explained that sales and use taxes were up 6.1% over 2005 year-to-date. He reviewed the following categories:

• Public Utilities	+13.3%
• Transportation & warehousing	+35%
• Information Tech, Finance, Real Estate	+24.9%
• Sporting/Hobby/Book/Music	+30%
• Retail Trade	+1.4%
• Construction Trades	-2.1%
• Motor Vehicle & Auto Parts	-1.2%
• Arts, Entertainment, Recreation	-13.2%

Councilwoman Boigon requested information about what proportion of the total budget each category comprised. Mike Aleksick, Treasury, promised to get the information to the Committee.

Mr. Thompson said that expenditures were on track to date, but cautioned that construction activity is declining and medical costs for inmates are climbing. He reviewed the following potential 2006 supplemental requests:

– Police OT and classes	\$1,500,000
– Election Commission	\$600,000
– District Attorney	\$240,000
– Parks water	\$200,000
– Sheriff	\$1,000,000
– Technology Services	\$900,000
– Public Works	\$900,000
– Utilities and Fuel	\$1.5 to \$2 million

Councilwoman Faatz suggested beefing up police staffing to increase public safety with revenues from enforcement. Questions were also raised about the \$600,000 cost of searching for a body in the landfill and how the activity was monitored. Cole Finegan, City Attorney & Chief of Staff, noted that the Manager of Public Works and Police Chief kept the Mayor's Office informed.

Mr. Thompson discussed budgeting for 2007 noting that City agencies submitted a total of \$50 million in expansion requests for an estimated \$8-10 million in available funding. He also made the following points:

- Budget assumes modest revenue growth through 2007
- Budget will continue to align programs with key outcomes for achieving the City's goals
- Mayor is currently reviewing requests
- City Council reviews start on September 18th

2. Recommendations from the Mayor's Financial Task Force: Proposed Charter Amendments

Committee Action

The Committee requested actual language for the proposed Charter amendments to review and agreed to schedule another special meeting to discuss the it.

Summary of Discussion

Cole Finegan, City Attorney & Chief of Staff, presented the attached recommendations of the Mayor's Financial Management Task Force.

City Attorney Finegan described the process used by the Task Force noting that the group met seven times, heard hours of testimony from City agencies—including the Auditor and concluded that structural changes were needed as outlined in its attached recommendations to the Mayor. He also outlined the group's suggestions for a reserve policy as noted in the attachment.

Members requested copies of any proposed changes to the City Charter to implement the Task Force recommendations.

Shelley Smith, Committee Staff

8-7-06

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