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## Finance Committee Summary

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Wednesday, September 19, 2007      1:30 p.m.      3<sup>rd</sup> Floor Council Conference Room

**Committee Members Present:** Faatz, Chair; Boigon, Vice-Chair; Brown, Lehmann, Robb  
**Other Council Present:** Garcia

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### Agenda:

- 1) Agency supplementals (Risk Management, Public Works, Airport Enterprise Fund)
  - 2) Oracle/DT and Cedar Crestone contracts
  - 3) Cable Labor contract
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### 1) **Agency supplementals (Risk Management, Public Works, Airport Enterprise Fund):**

#### Committee Action

The Committee approved the following supplementals:

- A supplemental in the amount of \$400,000 to Risk Management for additional property loss funding - mostly vehicle costs, and to cover deductibles for claims occurring in early 2008.
- A supplemental in the amount of \$3.5 million to Public Works for expenses related to snow removal services in late February and March of 2007.
- A supplemental from the Airport Enterprise Fund (not from the General Fund contingency) to Denver International Airport in the amount of \$17,708,400 for expenses related to snow removal services and unexpected passenger service increases.

#### Committee Discussion

Ed Scholz, Budget & Management Office, outlined the General Fund contingency as follows (see attachment):

- For the first time, the City expects to spend all the contingency available – 2% of the General Fund is set aside to use for emergencies, until the end of the year, agencies continue to absorb costs when they can and incur as much savings as possible.
- As of September 19, the contingency reserve has expended \$11.5 million in additional funding and the balance of the reserve is \$7.4 million.
- Pending supplementals include Police, Fire, City Attorney's Office, Clerk & Recorder's Office, District Attorney's Gang Unit, and other agencies such as CSA (related to pay).
- If savings occur, Mr. Scholz will inform Council. He noted that this information would not be available until the end of 2007. **Any problems associated with funding this year impacts the 2009 budget.**

- The Budget Office continues to monitor overtime expenses related to Safety personnel including staff utilization. The anticipated Safety costs are for salaries, not overtime costs.
- Risk Management operates with a revolving fund for its expenditures. In some cases, the fund is reimbursed from insurances. The proposed supplemental would cover expenses for this year and early 2008.
- Denver International Airport is an Enterprise Fund and operates with its own capital fund account. The cost recovery for DIA operations are offset by various revenue streams. The following outlines the breakdown for the expenses:
  - 1) \$1,928,667 for snow removal expenses resulting from the blizzard in December 2006.
  - 2) \$6,749,086 for changes in the Airport's snow removal program.
  - 3) \$3,535,604 for increased costs to the security contract due to TSA mandates (guards).
  - 4) \$1,002,369 for changes in operations and personnel increases resulting from the runway incursions.
  - 5) \$1,420,000 for increased bus operations created by unexpected levels of passenger traffic (transportation to and from Mt. Elbert parking area).
  - 6) \$2,400,000 for baggage system maintenance contract, which is offset by matching revenues (reimbursement from airlines).
  - 7) \$672,674 for increased personnel costs for concessions, cargo development, and other areas.
- Prior Public Works' snow removal budget has been based on average snowfall and typically, the agency has given money back to the General Fund. This year's snow fall and expenses are extraordinary and the agency has created a new emergency snow plan. FEMA will be reimbursing the City in the amount of \$625,950.26 and the money will go directly into the General Fund. The unusual snow the City experienced this year has impacted many revenue streams including photo radar and parking.

## 2) **Technology Services on-call contracts – Oracle/DT and Cedar Crestone:**

### Committee Action

The Committee approved the following on-call contracts:

- A three-year Oracle on-call professional services agreement with DLT Solutions for an amount not to exceed \$1.5 million for consulting services on an as needed basis.
- A three-year on-call professional services agreement with Cedar Crestone for an amount not to exceed \$1.2 million for consulting services on an as needed basis.

### Committee Discussion

Molly Rauzi, Director of Technology Services, reported the City experiences efficiencies when their agency has utilized on-call consultants as resources on an as needed basis. Currently, there are nine contractors that would be used on an emergency or short-term basis to expedite work or bring critical resources when expertise is required; which can result in savings (see attachment). The benefits include the City's ability to negotiate better rates for smaller projects and the ability to respond quickly to critical outages. In addition, on-calls augment staff when workloads are heavy and they fill in when services need to be delivered on time. Tim Carrier, City Attorney's Office, stated that these types of contracts (professional services) do not require SBE/DBE percentages to the contracts.

Councilmember Boigon questioned where the City discussions were at regarding the safety communication towers. Ms. Rauzi reported the following:

- The Police Electronic Engineering Bureau has been brought into the Technology team, and equipment is being installed now – a more formal presentation is planned later. After the equipment is installed a period of time will be needed for field testing and after that, staff will need to verify building and street coverage.
- The City has received grants and funded for only six sites, it is still undetermined how to fill in the gaps and fund for a seventh site. It is estimated that an additional site would cost \$1.2 million, but it would require computer modeling and additional information to confirm feasibility and costs.
- Testing for the six sites cannot be done prior to the 2008 budget process, and it is not known at this time whether funding for a seventh site in 2008 would assure that a communications tower could be constructed in time for the Democratic National Convention.

### **3) Cable Labor contract:**

#### Committee Action

The Committee approved a two-year contract with Cable Labor in the amount of \$620,775.50 per year to provide cable labor services that will support all City agencies.

#### Committee Discussion

Richard Wilds, Technology Services, indicated the contract with Cable Labor would provide cabling services (voice and data) to multiple agencies; including emergency repairs. Tenlee Shoffstall, Purchasing, stated that SBE/WBE was considered in the bidding process and that most companies represented minority-owned businesses. Mr. Wilds added that Cable Labor has performed recent work for the City at the Cableland facility, due to a fire earlier this year.