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## Finance Committee Summary

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Wednesday, June 18, 2008

1:30 p.m.

3<sup>rd</sup> Floor Council Conference Room

**Committee Members Present:** Faatz, Chair; Boigon, Vice-Chair; Lehmann, Robb

**Committee Member Absent:** Brown

**Other Council Present:** Hancock, Lopez, Nevitt

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**Agenda:**

- 1) ***Budget discussions: Mayor's Office, Parks & Recreation, Public Works, Community Planning & Development/Neighborhood Inspection Services***
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Councilmember Faatz explained that the purpose for scheduling early budget discussions was to provide more understanding for Councilmembers and the public regarding how budgets are created and how decisions are made in conjunction with economic climates. Based on economic forecasts, it is expected that expenditures without adding or increasing services would exceed 4.8%. In order to maintain a balanced 2009 budget, the Mayor has asked City agencies to hold expenditure growth to 2.8%. He asked that agencies look for savings and/or revenue opportunities to close the projected gap. The Councilwoman asked citizens not to set in stone the budget conversations, but to use them as a tool for understanding and for Council an opportunity to provide meaningful influence to the budget process. To structure the meeting discussion, the following three questions were asked of agencies:

- a) **To meet the Mayor's requested 2.8% budget increase, what top three strategies and/or reductions is your agency considering closing the funding gap?**
- b) **If additional funding becomes available, what three expansion areas are your top priorities?**
- c) **How do your "belt-tightening" strategies and expansion goals correlate with the City Council's top five goals and priorities (Graffiti, Neighborhoods, Economic Development, Mobility, and Children & Families)?**

### **Mayor's Office (Administration)**

Amy Mueller, Mayor's Office, reported that the Mayor's administrative budget is \$1.5 million in 2008. The Mayor is anticipating that his budget will be \$1.6 million for 2009. The administrative budget mostly represents personnel costs – 19 staff – and he is intending on holding staff at that number. She stressed that the Mayor's Office will not be exempted from reductions and that they are looking at cuts just under \$100,000; which would probably come out of supplies, limited personnel, and events. Ms. Mueller noted that reductions would not be the same for all agencies. Councilmember Faatz questioned how the Mayor's reductions and/or expansions align with City Council goals. Ms. Mueller indicated that staff is focused on similar goals and the Mayor will protect programs and staff associated with transportation, the economy, and neighborhoods.

### **Parks & Recreation (P & R)**

Scott Robson, Acting Director for Parks & Recreation, stated the 2009 Parks & Recreation budget is based on citywide goals, City Council priorities, and the Game Plan. He outlined the budget discussion as follows:

- Current budget: Operations (\$47 million), Administration (\$4 million), Recreation (\$19 million), Parks (\$22 million);
- 2.8% of the budget represents approximately \$2 million in reductions;
- 75 to 80% of the budget is personnel costs;
- Reductions or holding expenditures will be achieved by: water conservation (bond upgrades for irrigation which should provide significant savings) and consolidation of staff. P & R employs significant on-call staff, especially during the summer;
- P & R goals align with City Council priorities – especially families and neighborhoods, including access to mountain parks;
- Revenue opportunities include fees for stormwater-related projects and new permitting for Red Rocks.

#### Questions:

- 1) Is the management consolidation plan moving forward? (Hancock) It is still being assessed and there are no details of the progress. (Robson)
- 2) Is the Summer Camp program covering its own costs? (Hancock) Most is covered, but not across the board. The shortfalls in this citywide program will be addressed by the Recreation Center Task Force, to make sure the programs are fully utilized. Councilmember Lehmann is on the task force. (Robson)
- 3) How will the swimming pool fee waivers impact revenue? (Hancock) There will be shortfalls but the agency will be assessing the impact after the program ends in mid August. (Robson)
- 4) How is P & R keeping their commitment to voters on how much funding is allocated to projects including parking maintenance and capital projects? (Robb) Irrigation is where the majority of funding is going along with restroom upgrades, sidewalk trails, and recreation center upgrades (equipment and heating and air conditioning upgrades). The additional mill levy money will go to capital projects, as committed to the voters. (Robson)
- 5) How is P & R going to provide same level of services considering current level staffing? (Lehmann) As part of the budget evaluation P & R is looking at various options for staffing allocation, including how the agency utilizes contractors. (Robson)

When does P & R make budget decisions and not include Councilmembers, asked Councilmember Faatz. Due to time sensitivity regarding free swimming and the need to notify Denver Public Schools, it was a great idea that needed to be acted upon quickly, stated Mr. Robson. Councilmember Lehmann asked Mr. Robson to convey to the Mayor that it was not a good practice to function on surprises. Councilmember Faatz added that Mayoral staff could at minimum contact Committee Chairs to inform them of decisions specific to the Committee of Interest and she asked that if there are any similar ideas and changes to please inform Council. Councilmember Robb requested that a mill levy discussion be scheduled as part of the budget discussions and stated that one of the areas of interest would be the budget for Park Rangers.

### **Public Works (PW)**

Bill Vidal, Public Works, stated that Public Works is approximately \$90 million and Wastewater is \$70 million. The 2.8% equates to \$3 million in reductions. He explained that the mill levy money is a separate discussion from operations budget, but that the CIP budget supplements projects such as

rotomill activities, chip seal projects, and traffic signal equipment. Public Works currently employs 1,100 employees. Mr. Vidal outlined budget considerations and programs as follows:

- Evaluating savings by replacing consultants with fulltime staff;
- Assessing parking facilities – currently, the facilities are under market;
- The chipseal program might be reduced in 09 and enhanced in 2010;
- Prior to 2008, PW reduced its budget by 22% and expanded services – achieved by higher recycling activities, overlaid more alleys, shortened graffiti removal time and pot hole repair;
- Expansions could include enhanced assistance for the poor and older neighborhoods which may include enhanced trash pickups, converting trash collections to barrel collections, looking at new parking technology, and sidewalk repair;
- Increased graffiti removal, replacing traffic signals with LEED approved lighting, working with Denver Public Schools for enhanced trash removal, and coordinating Solid Waste, Storm Sewer and Strategic Transportation Master Plans all correlate to City Council priorities;
- Since 2006, the City has increased its graffiti removal by ½ million square feet per year which has been equated to building a 10 foot wall between Denver and Vail. PW will focus on education and prevention.

Questions:

- 1) Does PW have the capacity to expand its recycling and trash collection programs? (Hancock) PW would like to increase trash collections and change equipment from dumpsters to barrels to create savings through automation, but PW does not have the resources and would mean trade-offs in other staffing. The goal for 2011 is to increase recycling to 30% of trash collected. (Vidal)
- 2) How has the mill levy funding impacted PW? (Hancock) It has reduced the maintenance budget because more funding is going into capital projects, and eventually this will create savings. Although the street paving is good, the savings won't occur immediately because snow conditions impact the streets causing deterioration conditions. The funding helps with maintaining infrastructure. (Vidal)
- 3) How is PW going to improve the need for recycling at developments with multi-family units? (Robb) It is anticipated that the Solid Waste Plan would address this issue. As indicated previously, the City does not have the resources. (Vidal)
- 4) Is Wastewater Management putting more resources into various water projects, such as parks, and foregoing needs related to stormwater issues? (Robb) The problems associated with stormwater are related to sand and salt particulates. It is reasonable to spend funds on water projects because it impacts stormwater functions and also helps the General Fund at the same time. Generally, the General Fund supplements funding for costs related to these issues. (Vidal)
- 5) Is there a Wastewater Management bond planned? (Robb) There is some planning, but the City is not prepared to talk about it, yet. (Vidal)
- 6) Wouldn't TABOR regulations impact how enterprise entities use funding for infrastructure activities? (Faatz) Yes. The City is looking at how it can meet the challenges for improving alley ways that are impacted by old and worn out storm sewer systems. PW has asked the City Attorney's Office to look at obtaining deeds to private alleys (approximately 200) to begin paving these areas, but the costs are an issue. In 2004, the City paved 1,000 public alleys in the amount of \$10 million; so 200 alleys could cost several million dollars. (Vidal)
- 7) Due to the budget situation and PW staffing decreases, how is PW going to continue its graffiti abatement and enforcement activities? (Faatz) PW has shortened the removal turn around time and will continue to do so. Although staffing has decreased, inventory and removal has increased and is reflective of great staff and a tribute to their work. (Vidal)

### **Community, Planning & Development (CPD)/NIS**

Peter Park, Community, Planning & Development, stated that the agency employees 200 people and the personnel represent approximately 94.6% in budget costs. CPD staff includes the Neighborhood Inspection Division. CPD's budget is \$17.5 million and 2.8% represents \$750,000 of that budget. In order to achieve the estimated \$750,000 reduction, CPD is looking at the following strategies:

- Reductions in management overhead – to be realized by consolidating functions and cross training where possible;
- Relying more on technology (permitting processes) and internal resources rather than contractors out-of-state;
- Inspections are down from four to three days response time (95%), individual complaints are down 40%, pro-active inspections are up 120%, which is helping to get compliance faster along with the Administrative Citation process.

### **Questions:**

- 1) Why is the City's GIS system for maps online outdated by three years? (Boigon) The City contracts every three years for a fly over analysis and is due to have this analysis this year. (Molly Rauzi, Technology Services)
- 2) How will the technology develop more capacity? (Faatz) The technology partners software (CRM) between the business plan and 311 to assist inspectors in the field. It has not been determined if the business plan is part of the 2.8% reduction. (Rauzi, Park)
- 3) Where will the 2.8% come from? (Faatz) Most of the 2.8% will likely come from vacancy savings. The unfilled positions will be eliminated. \$635,000 could come from the vacancy savings and staff consolidations and the remaining could come from supplies. (Park and Janice Alexander, CPD)
- 4) Is the 40% drop in individual complaints correlated to staff in the field or notices being issued in the field? (Hancock) It is too early to tell. (Park)
- 5) Are you planning on cutting back on historic and preservation staff? (Robb) No. (Park)
- 6) Are any of the vacancies you've mentioned in NIS? (Lopez) Most positions are in management and there are 22 NIS inspectors in the field. Out of the vacant positions, two are designated for NIS. Since the agency has changed how business is conducted, there is no back log for inspections.
- 7) Is more support staff required as you move forward on the Zoning Code update? It is hard to determine at this point and the decisions are challenging. The agency would appreciate fewer reductions. (Park)

Councilmember Faatz stressed that it was important to maintain the level of inspections currently provided by CPD/NIS and was concerned that NIS has two current vacant positions in this area. She noted she heard that CPD was planning on hiring another "management" position for public relations and felt that that decision didn't make sense given the type of budget climate the City is in now, and that inspections were also needed outside of traditional work times, for example on weekends, and evenings.

Councilmember Robb said it was brought to her attention that information linking the Assessor's Office and Main Street Zoning information is not available causing more work for outside parties and the activities to get the information is being done manually and taking longer. Ms. Rauzi said their

agency plans on updating the Assessor's information in 2009 and will look into the issue to coordinate the online/technology information collection.

Mr. Park said most of the agency goals touch on City Council priorities – green efficiencies, neighborhoods, and graffiti. There are 20 Transit Oriented Development plans in the works, half are completed this year, and it is anticipated that the other 10 plans will be completed in 2009. In addition, CPD staff is putting a lot of focus into the Zoning update including historic preservation planning so that the City is in a pro-active position rather than reactive. Councilmembers requested that the Zoning Task Force work be completed soon.