



Finance Committee Summary

Wednesday, July 16, 2008

1:30 p.m.

3rd Floor Council Conference Room

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

Agenda:

- 1) *Denver Employees Retirement Plan (DERP) amendments*
- 2) *Budget discussions: Economic Development, Education & Children, Human Services, Environmental Health*

1) **Denver Employees Retirement Plan (DERP) amendments:**

Committee Action

The Committee approved amending the Denver Employees Retirement Plan as follows: adds language that would allow any unclaimed benefits, interest, or property to be claimed by members or their beneficiaries past the five year abandonment period set by Colorado Revised Statutes; reinstates language that assures a member's retirement benefit will begin on the 1st day of the month following their termination, if all paperwork is completed; removes language that prohibits disability benefits from military service to conform to Uniformed Services Employment and Re-employment Rights Act; restores language to allow members whose birth year is on or after 1959 to receive the Social Security make-up benefit; and grants for the year 2008 only a limited additional payment to retirees or their beneficiaries.

Committee Discussion

Steve Hutt, DERP, reported that the plan has experienced consecutive double-digit returns in the last five years. Due to the economic strains, the plan did lose some gains last year and bonds are down by 5%, but the plan still remains 98% funded. He noted that the military service prohibition is being proposed to be in compliance with federal law. The additional limited payment for retirees is a way to provide an increase to benefits for them or their beneficiaries since they have not received any COLAs over the past five years, stated Mr. Hutt. This is not a lump sum to create a base building amount or permanent increase, but a one-time increase based on an appropriate calculation and sound actuarial cost data and approved by the DERP board. The proposed legislation has a sunset date of 2008.

Councilmember Boigon asked on behalf of a constituent if the language referring to “a subset of retired members” related to the limited benefit could be eliminated from the legislation. Mr. Hutt said he did not think removing the language would be a problem.¹

2) Budget discussions:

City agencies were asked to discuss their budget plans based on the following four questions:

- a) **What is your current budget and what amount does 2.8% represent to your budget?**
- b) **To meet the Mayor’s requested 2.8% budget increase, what top three strategies and/or reductions is your agency considering to close the funding gap?**
- c) **If additional funding becomes available, what three expansion areas are your top priorities?**
- d) **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)?**

Economic Development:

Andre Pettigrew, Office of Economic Development (OED), said the agency is comprised divisions related to Workforce Development, Housing, Business Development, and Small Business Opportunity. Mr. Pettigrew explained that it is their role to stimulate growth in communities through job creation, business assistance, housing opportunities, employment and skills training, and neighborhood development. Whereas the economy is soft, he noted that 400 new businesses have been established in Denver and a 4.1% increase in average wages has occurred. The following information answers the questions posed by Finance Committee:

- OED represents 7% of the total General Fund budget, federal funding represents 90% of their budget;
- 2008 budget is approximately \$4.7 million and the agency has maintained the same budget since 2007;
- 2.8% represents \$130,000 reduction;
- OED has 39 FTEs and has reduced FTEs by 4 positions in the past three years and eliminated two positions in 2008 in the Small Business Opportunity Division, due to realignment of the division;
- No transfer from the General Fund to the Business Incentives Fund was allocated in 2008 and there are plans to recommend this allocation for 2009;
- Plans for reducing the budget by 2.8% include eliminating two vacant positions, reducing travel and printing costs;
- The agency is looking at how to align services to effectively leverage current resources – OED has applied for new market tax credits and is looking at ways to increase partnerships;
- Strategic investment/wealth creation are critical initiatives to help neighborhoods and small businesses grow and revitalize – various agency funds have uncommitted dollars that could be used for goals related to economic prosperity (Better Denver-bond/infrastructure, people focus versus buildings, and Neighborhood Marketplace),

¹ Subsequent to the meeting, DERP legal counsel suggested removing the entire last sentence on page 8, subsection (d) related to the limited additional payment. Councilmembers approved the revision.

Greenprint Denver, transit-oriented development (market studies, business relocation, etc.) – and these initiatives are all related to City Council goals.

Questions:

- 1) How much funding for OED has been cut back by the federal government? (Faatz) Funding related to the Workforce Investment Act and Wagner-Peyser grants have been cut 35% over the past three years. (Pettigrew)
- 2) Related to industrial land, employment and transit development, where are people going to work? (Lehmann) These issues are addressed through the Workforce Development Division – areas for employment are broken down by sector and various funding streams, e.g. WIRED could be used to create jobs.
- 3) How much funding is in the Inclusionary Housing Fund (IHO)? (Robb) There are plans to make changes to the IHO legislation and City Council will be seeing minor recommendations soon. There is approximately \$837,000 in the fund. (Pettigrew and Terrance Ware, OED)

Education & Children:

Maria Guajardo, Education & Children, said the agency is focused on three primary objectives: school readiness, school engagement, and strategic partnerships. Child care initiatives and youth development are areas that the agency continues to strengthen and provide assistance. Many times their decisions are guided by Denver Public School decisions, commented Ms. Guajardo. The Lights on After School is a successful program that helps to deter graffiti and is supported by funding from Human Services. Statistics over five years have shown that this program has helped to increase academics. Ms. Guajardo reported the agency budget is \$1 million and 2.8% of that budget is \$28,000 in reductions. Eleven percent of the budget is funded by the General Fund and 90% is federal funding (Head Start monies). She added that programming and services are provided by 7 FTEs. The plan to reach the \$28,000 reduction is to increase partnerships to help fund the various programs, including working more with the City's recreation centers. Councilmember Lehmann noted that more awareness of all types of services for poor families is needed and suggested enhanced outreach to those families.

Human Services:

Valerie Brooks, Human Services, stated that the department is primarily funded by the state and federal government. The only General Fund support the agency receives in the amount of \$150,000 is for the Office of Strategic Partnerships (formerly under the Mayor's Office). This office focuses on writing grants and establishing partnerships with other local financial resources. The grants are not just for the department, but the entire City. The Human Service budget is approximately \$160 million and is based on a fiscal year beginning July 1st of each year. The budget from the state and federal government has not been finalized yet, but Denver is not anticipating any increases or decreases in funding for 2009. The department is in the 4th year of Denver's Road Home Initiative and is the pass-through agency for the human services mill levy that goes to Denver Options for other individual and family services. In 2007, the agency issued \$62 million in food stamp assistance and \$15 million in childcare assistance.

Temporary Assistance to Needy Families (TANF) funding was transferred in 2007-2008 to the Office of Economic Development to provide enhanced coordination of various case

management and workforce development activities. The goal was to increase work participation rate to 50% by 2008. Jay Morein, Human Services, noted there were two bills the department was monitoring – HB 1342 and HB 1250. He noted that HB 1342 would cut the childcare support enforcement program and Denver could lose \$560,000 in funding. HB 1250 is related to the County Contingency Fund (Country Administration Fund). Councilmember Boigon pointed out that this particular legislation was correlated to the CBMS conversion for the entire state. Ms. Brooks said the CBMS systems have improved dramatically and that the department is in fairly good shape now with caseload management and distribution of benefits. They are waiting to see if the state is going to execute any sanctions against counties from prior implementation problems.

Environmental Health:

Nancy Severson, Environmental Health, said their agency provides regulatory and environmental public health services in conjunction with Denver Health & Hospital Authority. This is their 11th year operating as its own agency and has gone from seven to five divisions over the past years. The agency budget for 2008 is \$9.9 million, including Denver Health the budget is \$57 million. The Enterprise Special Revenue Fund for assessment, clean up, and waste management for environmentally-related activities has \$5.2 million. Ms. Severson noted that 2.8% of their budget is approximately a \$400,000 reduction. They are hoping to achieve the reduction amount through revenue enhancements from municipal fees (animal control) and administrative hearings (compliance from the administrative citation process). They are looking at creative fundraising opportunities to obtain additional monies for community outreach, mental health, and safety initiatives of which some of them are related to individuals who are incarcerated. Agency staff is working with the Crime and Prevention Commission to strengthen these relationships and coordinate efforts. Ms. Severson added that Environmental Health has only increased its budget by 1% since 2003, and during this time has taken over the responsibility from Community, Planning & Development (CPD) of the residential housing program.

Councilmember Boigon asked who was responsible for management of childcare inspections, staffing, and licensing. The agency just entered into an agreement with the state, stated Ms. Severson. The state has added one more supervisor for inspections because there are 40 new sites to inspect as a result of the Denver Preschool Program (DPP). She will be meeting with James Mejia, Executive Director of DPP, to coordinate the implementation. Councilmember Boigon stated she supports giving preschool funding to Environmental Health to support childcare monitoring and facilities.

Sherry Purdy, Environmental Health, added that 13,000 health inspections have been conducted in 2008, the radium street removal project is on time and on budget, and animal control has responded to 27,031 calls. She said it is their goal to have four animal control inspectors in the field at any given shift (including weekends). Unfortunately, the agency only has one noise inspector with one back up. Right now, the only solution is to conduct a lot of cross-training and rely on the police department for their assistance in this area.