



Finance Committee Summary

Wednesday, January 21, 2009

1:30 p.m.

3rd Floor Council Conference Room

Committee Members Present: Faatz, Chair; Brown, Hancock, Lehmann

Committee Members Absent: Boigon

Other Council Present: Garcia, Johnson, Montero, Robb

Agenda:

- 1) *Emergency Medical Response Audit Report update*
 - 2) *2009 budget update*
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1) **Emergency Medical Response System (EMS) Audit Report update:**

Committee Discussion

Steve Coury, Auditor's Office, explained that the City adopted the 2007 National Fire Protection Association (NFPA) standards as part of the Denver Building and Fire Code. The key issue identified in the Emergency Medical Response System audit was that the NFPA standards are not reflected in City's 2008 Operating Agreement with Denver Health. The audit report focused on a data-driven analysis of performance parameters for the overall response system – an evaluation from an “answer” to an “arrival” method and was not about quality of care. The current Operating Agreement sets the response objective, defined as the amount of time an emergency response takes at 85% within 8 minutes 59 seconds, whereas, NFPA response objective is 90% within 9 minutes. The nine minute standard refers to the time from which a call is dispatched to when an advanced life support unit arrives at an emergency medical incident. There are varying “clock start times” to measure EMS but in the case of Denver Fire and Denver Health their “clock start time” only begins when the responding unit leaves for action. Mr. Coury explained that the audit analysis revealed weaknesses and ambiguities in the Operating Agreement, lack of effective monitoring of emergency medical response segments, and deficiencies at Denver's 9-1-1 Call Center. The trend analysis indicated that the City's emergency medical response times are longer than industry standards, including NFPA standards, which could mean that the City and Denver Health may not be in compliance with legal requirements. The Auditor's Office recognizes that the Operating Agreement is the overarching authority for established standards, but systemically there is minimal monitoring and managing of the entire process. Based on the review, the Auditor's Office proposed the following recommendations:

- Establish clear performance objectives and reporting requirements;
- Ensure that the Operating Agreement's terminology relates to measurable performance by matching process steps to computer aided data elements; and
- Monitor and report on performance of the entire system.

Councilmember Robb asked if the number of paramedics is adequate. Clay Vigoda, Auditor's Office, said their audit did not seek out that type of information in which that information is relative to standards of care. Stephanie Thomas, Denver Health, said it costs \$620,000 which includes two paramedics for each shift on a 24/7 schedule to add one vehicle to the Paramedic Division. Denver Health competes with other private emergency responders and Fire Departments that have paramedic-licensed firefighters. The hospital implemented their own emergency response school to encourage enrollment of minorities into this field including recruiting from its own employee population. Councilmember Hancock asked what the paramedic pay was. Ms. Thomas said she couldn't say offhand, but that she would get the information to Council. Councilmember Brown questioned when and why the NFPA standards were adopted. The Auditor's staff was not sure of the history. Councilmember Faatz asked that Council staff look into the history and provide the details.¹

Councilmember Garcia asked when Denver Health is expected to respond to the issues. Ms. Thomas indicated they were glad the audit is complete and that they agree with some of the Auditor's findings. At this time, Denver Health is focusing on the front end of response times in addition to performance standards and they are working with multiple stakeholders to develop standards that everyone should follow. Councilwoman Faatz commented that she hopes that Denver Health would consider re-opening its contract with the City to consider making changes and she is hoping to see that recommendation at the end of March when the final recommendations are posed. Councilmember Robb asked if anyone looked at other EMS models to benchmark these findings. Nancy Howe, Auditor's Office, said they did look at other EMS models including Minnesota and Atlanta's EMS structure and in both cases these cities have Oversight Committees established by ordinance.

Katherine Archuleta, Mayor's Office/Denver International Airport, stated that a monitoring group was pulled together to look at the issues to determine what Denver's standards should be, an update would be ready by January 30 and final recommendations, if any, will be ready by March 30. Councilmembers Hancock and Lehmann are the Council representatives on this monitoring group. She indicated that this working group is looking at all facets of Denver's EMS and will look at how duplication of calls at the front end of an emergency can be handled and improved, including how minutes can be saved. Denver Health and the City's Communication Center are currently running tests to get to that information. Councilmember Hancock said he was pleased to see this was happening because the "seconds" add up. Councilmember Faatz will schedule this item back to Committee.

2) **2009 budget update:**

Committee Discussion

Ed Scholz, Dept. of Finance-Budget & Management (BMO), stated that he will not know definitively what 2008 will show in its final tabulations for tax collections until mid-February. November sales taxes were down by 5.9% and Denver budgeted in 2008 3.6% growth in core sales taxes. Due to the declining economy significant sales tax losses were reported in top ten categories, including retail (-23.7%), retail clothing (-23%), and motor vehicle and parts (-27.7%). If core sales tax maintains the 5% decline for December, the 2008 sales tax

¹ Debra Bartleson, Legislative Services, confirmed that the NFPA standards were approved in May 2004 in conjunction with the City's Building Code revisions.

budget may fall short by \$10 million. If the core sales tax in December flattens and does better than October and November, the sales tax budget may fall short by \$8 million. BMO is projecting that total revenues will flatten out for 2009 and will show no growth over 2008. The combined gap may look as follows in addition to the expenditure savings already built into the original 2009 budget:

\$8 million (potential shortfall in sales tax for 2008)
\$27 million (amount of revenue growth built into the 2009 budget)
\$35 million (total potential 2008/2009 gap due to the economy)

Mr. Scholz noted that \$30 million was the original gap identified and solved during the 2009 budget process and at that time \$21 million in savings were built into the 2009 budget, but not identified. The goals of the City are to maintain core services and to avoid lay-offs. Employees have provided suggestions to balance the approach in meeting the budget shortfall such as furlough days, use of reserves, and across the board personnel savings measures. The budget savings include:

\$86 million (total budget gap)
\$30 million (savings built into the 2009 budget)
\$ 7 million (savings above the normal savings rate in the 2009 budget)
\$12 million (from Fund Balance)
\$4.9 million (collective bargaining agreement savings²)
\$5.4 million (suspension of bonus program in 2009)
\$4.5 million (freezing merit eligible CSA employees at 2.25%)
\$22,200,000 = savings still needed from departments

The Mayor has communicated seven letters to employees and Council to keep everyone informed and the budget revisions transparent. Today, a list of departmental savings proposals is before Council for their review and input (see attachment). The proposed savings list reach \$21.5 million towards the goal of the \$22.2 million needed to fill the budget gap. The \$18 million in Reserve Contingency will remain. Some of the larger savings proposals include:

- \$6.1 million = leasing large vehicle equipment trash trucks, bucket trucks, etc.
- \$2.5 million = charge public works bond projects for in-house street projects
- \$1.7 million = cancel only the April 2009 police recruitment class (slowing attrition rate)
- \$1.0 million = transfer 16 officers to DIA in lieu of overtime costs
- \$990,000 = delay replacement of non-patrol vehicles (Police)
- \$800,000 = return previous years' General Fund transfers from the electronic monitoring special revenue fund

Questions by Councilmembers:

- 1) What is the status of the police helicopter and horse patrol? (Brown) The division for horse patrol has three full-time staff, seven animals, and an animal care-provider. It costs \$550 per hour to fly the helicopter which patrols eight hours at night. Both

² To date, the Collective Bargaining Units have not agreed to pay cuts in 2009)

- programs could be cut out of the budget depending on what happens in 2009. (Chief Whitman)
- 2) How does the helicopter unit benefit policing? (Lehmann) The helicopter unit supports ground policing. The department has tried to find grants that will cover the costs of the unit, specifically with UASI. (Chief Whitman)
 - 3) Will Denver be getting some of the federal stimulus funding? (Lehmann) Yes, the City is working with City staff and federal lobbyists especially for additional transportation monies.
 - 4) Are furloughs anticipated and are these savings proposals being coordinated with "shovel ready" projects? (Hancock) The Mayor has communicated the possibility of furloughs and as yet no core services would be impacted by the proposals. A Strategic Task Force and department staff are working strategically together to determine the planning for services and projects and critical needs throughout the year, for example, irrigation and fertilizing for parks may change depending on the weather. (Scholz)

Councilmember Garcia said he met with the Mayor on these budget cuts prior to the holidays and confirmed that it is not the City's intention to reduce library and recreation center services and that most of the proposed cuts are painful they are balanced across agencies. The Councilman requested a briefing on the Electronic Monitoring System. Councilmember Faatz questioned how the City was going to accommodate the constituents where their libraries will be closed for renovations, specifically, the Hadley Library in her district. She asked that someone from the library contact her to explain their operational planning to meet the services in her district while libraries are closed. Mr. Scholz said he will be coming back to Committee at the next Finance meeting scheduled for February 4 to propose budget cuts that require City Council approval.