



Finance Committee Summary

Wednesday, July 1, 2009 1:30 p.m. 3rd Floor Council Conference Room

Committee Members Present: Faatz, Chair; Brown, Lehmann
Committee Members Absent: Boigon, Hancock
Other Council Present: Garcia, Johnson, Linkhart, Lopez, Robb

Agenda:

- 1) 2009-2010 Audit Plan
- 2) Agency pre-budget discussions: Mayor's Office, Community Planning & Development, Parks & Recreation, Public Works

1) 2009-2010 Audit Plan:

Committee Discussion

Auditor Gallagher explained that by Charter, the Auditor's Office must submit to City Council and the Mayor their audit work plan for the following fiscal year. He pointed out that City Council was provided hard copies of the 2009-2010 work plans, noting that the purpose of the plan is to identify departments, agencies, programs, contracts or other issues that require monitoring and sound auditing activities to improve efficiencies and procedures of the City. Kip Memmott, Auditor's Office, stated that the audit plan is reflective of performance auditing processes which create a higher level of commitment to internal and external controls, identification of program efficiencies or inefficiencies, and provides an independent, third party view of management's performance. Auditor Gallagher noted that audit alerts are also disseminated from his office as rapid communication to alert City representatives of potential risk areas identified by an audit.

Councilmember Brown asked if the \$51 million of stimulus funding to Denver will be audited. Mr. Memmott said it would be included in the multi-year program and that the City would also be audited by the federal government. Councilmember Faatz asked if Enterprise Funds would be included for audit to assure that funds are being used appropriately. Mr. Memmott affirmed that a series of audits are planned on these funds – DIA and Wastewater. Clay Vigoda, Auditor's Office, asked Councilmembers to provide feedback to the Auditor's Office regarding audits that should happen, prior to policy decisions. Mr. Memmott said the audit plan is a living document and that Councilmembers could recommend audits at any time.

2) Agency pre-budget discussions:

Committee Discussion

Councilmember Faatz stated that agencies have been scheduled to Finance Committee to discuss pre-budget planning for 2010. The discussion with each agency is based on the following questions:

- 1) What is your current budget? What does 7% reduction to your budget equate to in dollars? What is your anticipated budget for 2010?**
- 2) What are your top three priorities? With those priorities in mind, how will your agency assure that they are carried out within the current fiscal conditions? Define your core services. At this point in the budget process, what projects, programs, staffing, etc. are you planning on reducing? How do you intend on maintaining core services that your agency provides to Denver citizens?**
- 3) Is your agency a recipient of any federal stimulus monies? If so, how will this money assist your organization with services, projects, or staffing?**
- 4) Do your organizational objectives correlate with the City Council's top five goals and priorities (Economic & Environmental Sustainability, Neighborhoods, Safe & Clean City, Children & Families, and Well-Planned City)?**
- 5) What is your long-term financial planning if the economic climate changes and additional money becomes available by 2010? What are the immediate services or priorities that you would allocate to, if money is available? Conversely, if the economic climate worsens, where would you begin to reduce services, projects, or staffing?**

Mayor's Office:

Amy Mueller, Deputy Chief of Staff - Mayor's Office, outlined the pre-budget responses as follows:

- Current budget: \$2.8 million, 7% equates to a \$200,000 reduction;
- Mayor's Office has 19 FTEs and 2 vacant positions;
- Managing budget, fiscal accountability, Better Denver Program, stimulus funding are all priorities;
- Stimulus funding (\$52 million): 5% of a \$6 million energy grant will be allocated to Greenprint Denver budget in addition to other agencies that should receive stimulus funding (Office of Economic Development, Human Services, Public Works);
- Neighborhood conferences have been scheduled to obtain feedback from citizens as to how the City should plan for the next budget cycle;
- There are no plans to spend additional money, but restoring vacant positions would be a consideration.

Councilmembers Faatz and Robb requested the following information from the Mayor's Administrative Office: current list of people in Mayor's Office, how many of the Mayor's

administrative staff is paid out of other city agency budgets and provide list of who they are and their budget impact. Councilmember Robb asked if David Edinger was part of the administrative staff and who paid his salary. Ms. Mueller reported that Mr. Edinger is paid from the Dept. of Safety budget.

Councilmember Brown asked what was being considered regarding the two city lobbying contracts – federal and state. Ms. Mueller said it's been five years since the contract was bid, so the City will be conducting a re-bid this year. The total contract is \$240,000 and the cost is shared between the Mayor and City Council offices. Council President Robb stated that she is working with the Mayor's Office to find areas to reduce in the lobbying contracts. Ms. Mueller added that they gave the lobbyists notice in 2009 that the contracts would be less from Denver. Councilmember Faatz asked that city memberships be evaluated as well. RD Sewald, Mayor's Office, said he would talk to Council and see what the wishes of the entire Council are on memberships.

Community Planning and Development:

Peter Park, Manager of Community Planning and Development (CPD), provided the following pre-budget information:

- 2009 budget: \$17.8 million, 7% reduction is \$1.3 million, target 2010 budget is \$16.5 million;
- Top three priorities: new Zoning Code implementation, Development Services implementation, continuance of citywide and small area planning;
- Core services: planning and development services;
- Reductions: vacancy savings, consolidations (building capacity without spending more money), adjusting planning work programs, and looking at operational cost savings;
- CPD activities and Council priorities: guide strategic investments and sustainable development in TOD, major transit corridors, and downtown; inspection services (clean and safe neighborhoods); development services;
- Leveraging resources/stimulus funding: receiving \$31,000 from an ARRA-Energy Efficiency Community Block Grant for the ICC 2009 Code adoption.

Mr. Park noted that CPD's services are demand driven and the resources are the staff. There will be no training dollars or designation of money for the implementation of the new Zoning Code. The staff that will be assisting citizens on new zoning questions have been working on drafting the new code and they have been participants at public meetings for new zoning proposals and they are knowledgeable, explained Mr. Park. Councilmember Brown questioned how many neighborhood plans there are. Mr. Park said he'd get back to the Councilman, and noted that these plans are not legally binding.

Councilmember Lopez asked if there are any plans to expand commercial graffiti removal and to give Neighborhood Inspection Services more authority to enforce and to work on prevention initiatives. Molly Urbina, CPD, stated the agency is focusing on getting authorization forms out to get permission to remove graffiti and an internal group has been convened to look at graffiti issues and fiscal impacts. The agency does not have any positions to assign to prevention activities, stated Mr. Park. Councilmember Linkhart suggested that the agency consider combining inspection activities with Public Works.

Councilmember Garcia asked what impact the “permit bonanza” (free permits) had and if the agency would forego permit fees again. Jack Sinclair, CPD, said the value of the free permits is estimated at \$6 million. He noted they conducted a survey at the same time and that permit activities remained the same as last year during the same period of time. Ms. Urbina said they are currently evaluating the free program against revenue impacts and should have that information soon. Councilmember Robb asked if there was discussion to raise fees. Ms. Urbina stated that building fees were raised in 1999 and the agency is evaluating its opportunities to raise fees. Councilmember Faatz mentioned that Budget & Management has begun its review of all citywide fees and will be coming back to Finance Committee for Phase 2 discussions on this matter. She asked staff if all penalties were levied through the administrative citation process. Mr. Sinclair said that inspectors are writing tickets and that compliance has increased. Compliance means that fewer citations are being issued this year (26% less and revenue impact of \$250,000). Councilmember Faatz asked if the agency has begun to charge for abatement removal on the city’s tax bills to citizens. Janice Alexander, CPD, stated the City Attorney’s Office did not think that was a good way to go to collect for abatement expenses. The Councilwoman asked that someone from the City Attorney’s Office talk with her about it since other cities use this process successfully.

Councilmember Faatz asked if the agency hired its new communication manager and stated that creating that type of position during difficult budget times is unsettling to her. Mr. Park explained that this position would provide technical expertise related to the new Zoning Code activities and that he is working to get more staff in the field. The Councilwoman requested information on who was hired, the vacancy that was used to pay for the position, and the job description for the position.

Parks & Recreation

Kevin Patterson, Manager of Parks & Recreation (P&R), stated that P & R continues to seek grants and identify efficiencies to meet budget requests and he provided the following planning:

- 2009 budget: \$50 million, 7% reduction is approximately \$3.5 million, anticipating a budget of \$52 million in 2010 (P & R employs 750 permanent employees);
- Focusing on planning (Comprehensive and Game Plans), recreation and development (evaluating natural areas, national best practices, collaboration on graffiti programs, safety);
- Thirty two positions are vacant equaling \$1 million and will be held for savings in 2010;
- Not receiving stimulus dollars, but the agency has applied for transportation-related funding (River North project); funding from Mile High Tree Canopy, and tapping into energy funding;
- Game Plan will drive goals and 17 bond-related projects have been completed (information will be sent), 280 public meetings have been held utilizing 920 hours of staff time;
- Long-term plan focused on Master Plans – mountain parks, playgrounds, etc.

Councilmember Lehmann announced the partnership with Kaiser and P & R to provide free swimming and Recreation Center access for youth in Denver. Councilmember Brown asked what the agency’s position is regarding the recent controversy over dog poop bags in parks. Mr. Patterson said that he will be discussing the matter at the July 9 Parks Advisory Board meeting and said that the issue is much larger than the bags in the park. He means no disrespect to the Councilman, but he prefers to speak with the board first and come back to Committee with more details.

Councilmember Linkhart asked how the vacancy savings opportunity correlated to the 7% reduction. Fred Weiss, P & R, explained that savings are counted over an 18-month period and could only be counted if the amount saved is above that period of time. He clarified that position/vacancy savings does not reduce the budget base it just means that the agencies are not spending money out of the budget. Eliminating a vacancy saving (position) creates a permanent change to a budget.

Mr. Patterson added that \$150,000 will be spent from the Contingency Improvement Fund for various projects in 2010. Councilmember Faatz asked if the agency has reduced its staff for parks maintenance (mowing, irrigated areas, etc.). She also suggested that P & R examine the designations of natural areas and looked to Councilmember Lehmann for process input. Mr. Patterson agreed to look at the issues.

Public Works:

Bill Vidal, Manager of Public Works (PW), summarized PW's pre-budget planning as follows:

- 2009 budget: Approximately \$85 million, 7% reduction is \$6.2 million, anticipating a budget of \$80 million in 2010;
- Since the 2004 budget PW has reduced \$24 million and reduced staff by approximately 70 FTEs, saving \$6 million in the 2008 budget by leasing equipment and strategic fuel purchasing;
- The strategies for the next budget year include deferring maintenance where appropriate, not filling 57 vacancies (5% savings), PW has 1,100 FTEs; re-evaluating fees for booting and licensure, evaluating the use of smart meters (parking);
- PW is not looking at charging for trash or recycling services, and has negotiated a new trash pick up contract with Denver Public Schools;
- Key goals include maintaining what infrastructure the City has now (streets, storm and sanitary, fleet, buildings), assuring community safety (trash, graffiti, etc.), water quality, and implementing plans (Strategic Transportation Plan/STP, Solid Waste, etc.);
- Stimulus funding does not go into the PW budget, but stimulus monies will help with the Central Park Blvd. project (\$12 million), adding additional bike lanes (\$250,000), converting fleet to hybrids (\$7.4 million), and joint efforts with RTD for the Denver Union Station project (\$28 million).
- If possible, PW will put more concerted effort into lower-income neighborhoods to address the concentration of graffiti.

Councilmember Brown questioned what happens to non-spent budget monies for snow removal. Mr. Vidal stated that they budget for 10 to 15 snow occurrences annually and whatever is not spent goes back into the General Fund. He added that they typically return \$2 million annually back to the General Fund from the snow budget. The Councilman asked if the recycling services was paying for its own costs. The City has a long-term contract with Waste Management and so far the City is getting a return on the services, reported Bob Kochevar, PW, in addition to reduced tipping fees, which provide additional savings.

Mr. Kochevar said the recent hearings on the Solid Waste Plan have not been well attended, but that they have received 125 submittals for the online survey, and said the survey was calibrated to assure that each respondent that votes is counted only once. Councilmember

Faatz asked what the costs were to the City for its composting program. Mr. Vidal stated that it is a pilot program with 3,000 citizens participating, but that the pilot was state-funded in the amount of \$83,000.

Councilmember Johnson asked if a hiatus was planned for the STP plan. Mr. Vidal said they are continuously planning and identifying quick hits for using all resources to get plans done and implemented.

Councilmember Faatz questioned if PW was utilizing Wastewater Enterprise Funds appropriately and she said it would bother her if the wastewater fees were increased. Mr. Vidal stated that his purview includes General Fund and Wastewater Enterprise decisions. He reminded the Committee that one year's fee increase was postponed in order to study the issue. Red Oaks performed the study and found that the General Fund was supplementing the healthy/robust Enterprise Fund, which did not make sense. Right now, there is no plan to change rates, but PW is studying the recommendations. The Red Oaks study included the following recommendations and Mr. Vidal said he would forward the report to City Council:

- Wastewater – increase
- Street sweeping – could be increased by 70%
- Storm/sewer – no change

Councilwoman Faatz asked what the benefit was with the recent plan for relocating and purchasing land for the Decatur facility. Mr. Vidal said that the benefit would be that RTD would give the City a check in the amount of \$3 million. Councilmember Johnson announced that a City Council tour of the Decatur facility is planned for August 4 during the usual meeting time of the Public Works Committee meeting.