



Finance Committee Summary

Wednesday, August 19, 2009

1:30 p.m.

3rd Floor Council Conference Room

Committee Members Present: Faatz, Chair; Hancock, Lehmann

Committee Members Absent: Boigon, Brown

Agenda:

- 1) *Agency pre-budget discussions: District Attorney's Office, Auditor's Office, Office of the Clerk & Recorder, Denver Public Library, Denver City Council*
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1) Agency pre-budget discussions:

Committee Discussion

Councilmember Faatz noted that today's meeting will conclude agency discussions regarding the 2010 budget and potential budget reductions prior to the upcoming budget hearings. Invited to today's discussion are Mitch Morrissey, District Attorney; Dennis Gallagher, Auditor; Stephanie O'Malley, Denver's Clerk & Recorder; Shirley Amore, City Librarian; and Lauri Dannemiller, City Council Staff Director.

District Attorney's Office (DA):

Mitch Morrissey, District Attorney, said the DA Office is budgeted differently than other city agencies and is financially supported by Colorado Statute and Constitution. He explained that they are able to receive money through the confiscation process from civil or criminal actions (property, organized crime, etc.). For example, recent investigative actions brought in over \$1 million. Of that amount, the DA Office split the confiscated funds and was allowed to keep 25% of that money. The remainder of the money was allocated to the Denver Police Department (75%). Mr. Morrissey stated that this type of funding is used to pay for training and equipment needs, except for cars. Some of the DA's budget is used to pay for victims and victim advocate positions (3) because none of the General Fund is used to pay for these services.

The DA budget and reduction proposals are as follows:

- Current budget = \$17,830,600 (General Fund only)
- 14% reduction to budget equates to = \$2,496,284
- Anticipated budget for 2010 = \$17,044,571 (includes vacancy savings)

State funding (grants and VALE funds) help to pay for witness protection and investigative work. The City funds for diversion programs. The 14% reduction might result in less misdemeanor prosecution and youth diversion services. Mr. Morrissey noted that certain

statutory units such as the DUI Unit cannot be disbanded. Councilmember Hancock questioned what the differences in services are between Safe City and the DAs office for youth diversion programs. Steve Siegel, DA, explained that the DA diversion program is focused on youth offenders who are facing prison due to criminal behavior and who are at high risk of re-offending at the same level of criminal activity. The Safe City program is more programmatic and the focus is on the family.

Councilmember Faatz noted that Council approved a supplemental request for additional FTEs and asked how the budget reduction impacts those positions. Mr. Morrissey stated they are running short-staff and have 8.3 FTEs that will be used as vacancy savings. He is not replacing attorneys when they resign and they have taken steps to utilize more technology to streamline the work between the courts and police department. He is hoping that as they streamline more of the paperwork among these entities that it will result in saving millions of dollars, but at the same time he is concerned that he is losing talented attorneys. The DA Office will continue to focus on their core functions and ensuring public safety for all of Denver's citizens.

Auditor's Office:

Auditor Gallagher indicated that the Auditor's staff's work is critical in identifying fraud and unnecessary waste. He noted that it was anticipated that \$60 billion of the stimulus monies would be lost due to these issues if sound auditing practices aren't in place. He stated that Colorado is one of 16 states that will go through special auditing reviews for the money it will be receiving through stimulus funds.

Clay Vigoda, Auditor's Office, reported that the Auditor's Office budget is based on two sources – the General Fund and Denver International Airport (DIA). The following represents current budget and 2010 budget projects:

- Current budget = \$5,168,300 (General Fund)
\$1,153,800 (DIA Enterprise Fund)
- Projected 2010 budget = \$4,964,871 (General Fund)
\$442,450 (DIA Enterprise Fund)¹

Councilmember Hancock expressed concern that DIA is reducing its budget support for airport audits by 61%. He noted that at a time where DIA is increasing its build-out for airport expansion and improvements from various sources of funding including stimulus money, audits should be increasing not decreasing. He requested that someone check into this. Councilmember Faatz noted that this could pose a problem on contracts as well and she noted that a good example would be the recent concerns regarding expired contracts coming to Councilmembers late in the process.

Mr. Vigoda stated that the issue of timeliness contracting has been an issue raised with the Administration for a few years. A survey he conducted showed that approximately 80% of contracts had start dates prior to the execution of the contract. The Auditor's concern is the increased legal liability if contracts aren't signed in advance of contractors performing work. Mr. Vigoda cited a recent situation where Council approved a contract amendment in 2009,

¹ Subsequent to the meeting, the Auditor's Office corrected the DIA Enterprise Fund budget to accurately reflect the projected budget of \$1,155,236 for 2010. In addition, the Auditor's Office and DIA will be conducting audits on stimulus funding provided to the airport and the work performed by the funding.

but the actual work was completed in 2008. He also noted that the Auditor's Office believes that the on-call process is being mishandled. Councilmember Hancock said the contract issues need to be evaluated to determine where they're getting delayed. The Councilman believes that contracts should not move forward without all signatures. RD Sewald, Mayor's Office, said that this particular problem has been an on-going issue for years and that systemic changes need to occur to correct the problems. He said he would convene a task force from all executive branches of government to evaluate the entire contracting process. Councilmember Hancock said the process should be conducted quickly since bond projects have begun and any delay in these projects would cost the City money.

Clerk & Recorder's Office:

Stephanie O'Malley, Clerk & Recorder, commented that she believes improvements are needed in the contracting processes, and she noted that she attempts to sign all contracts no later than Wednesday every week. She requested to be included on the task force to be convened.

Clerk & Recorder O'Malley reported that her agency has been able to meet the 14% reductions so far. In the first quarter of 2009, the agency realized savings in the amount of \$70,000 by abolishing six limited positions, retirement of staff, and savings on ballot printing. She indicated she would like to keep two of the limited positions because the focus of work is on foreclosures and auctions. The following represents the current and projected budget for the Clerk & Recorder's Office:

- Current budget = \$6,062,100
- 14% reduction = \$900,000
- Anticipated 2010 budget = \$8,479,794

Ms. O'Malley stated that the 2010 budget increases are due to preparations for the statewide election in 2010. She explained that state law requires that the 2010 election be a polling election (\$300,000 cost). On-call compensation, postage costs, and overtime costs account for the projected budget increases. She stated that the November 2009 election will be a mail-in ballot election and the agency should incur savings in the amount of \$125,000. In addition, the agency will be moving into the Permit Center in 2010 which should result in savings of \$100,000 for lease payments. If funding is available, Ms. O'Malley would like to continue work on digitization enhancements and on-line records support capabilities including sufficient staffing. Councilmember Lehmann asked who will be training on records management processes. Ms. O'Malley noted that Records Management falls under Executive Order #64. There is a paid position in the City which performs this work and develops the retention schedules.

Councilmember Faatz asked what the status of the immigration challenge is. A hearing is set for August 31, reported Ms. O'Malley.

Denver Public Library:

Shirley Amore, City Librarian, reported that she is looking at a total reduction of \$4.75 million. One million can be realized by the abolishment of 6.5 positions, but she will need to find \$3.5 million which would come from services the library provides. The current and projected budget is as follows:

- Current budget = \$32,357,600
- Anticipated 2010 budget = \$28,717,876

Ms. Amore stated that they have changed how they work on the budget internally and they have linked the budget to a strategic plan. Last night, Library staff held a public meeting to ask citizens their opinion about prioritizing what is important and to identify solutions to the budget issues. Of the people who attended, most agreed that reducing library hours, closing a few libraries, and a combination of the first two options were the best solutions to get to the required reductions. In addition, a survey was conducted to obtain feedback from citizens and approximately 300 people responded. The criterion that was established for the survey to help with the prioritization included:

- 1) Geographic location
- 2) Demographics - low income individuals and families
- 3) Facility usage
- 4) Building limitations

Seventy-two percent of the respondents agreed that reducing library hours was the best solution. If libraries must close, it is likely that seven libraries would be impacted. Ms. Amore said she will be presenting the information and recommendations to the Library Commission Board. Councilmember Lehmann said she attended the public meeting and said she was impressed with the feedback. She suggested that the library bring its services to the school system and asked that selling buildings not be an option. Ms. Amore said the bookmobile deployment is used for getting services out to the community and that the library operates programs on volunteerism. She noted that volunteerism represents 100,000 hours or equates to \$2 million worth of work. Councilmember Faatz suggested that library buildings could function as space for registered neighborhood organizations and meeting space for other entities. Ms. Amore said they will consider all options and she will inform Council when the Library Commission makes its decisions.

City Council:

Lauri Dannemiller, City Council Staff Director, stated that Council priorities include contract approval, constituency services, policy development, zoning, and budget decisions. She explained that the 13 Councilmember's pay is fixed by Charter and is untouchable as far as options to reduce their pay. The City Council budget is comprised mostly of personnel expenses - 46 FTEs. The budget proposal to date is:

- Current budget = \$4.5 million
- 8% reduction = \$350,000
- 14% reduction = \$650,000
- Anticipated 2010 budget = \$4.2 million

Councilmember Faatz stated that Councilmembers can write checks back to the General Fund to help since they are not subject to furloughs and the same pay requirements. Ms. Dannemiller also noted that the budget does not reflect or include the "payback" by Councilmembers. She stated that some of them contributed in 2009 and she expects to see contributions in 2010 as well. Various steps that will be taken to meet reductions include: creating a fund to contribute cash for meals, reduction to the lobbying budget to include assistance from Denver International Airport, travel and training budgets have been

eliminated, staffing levels are being evaluated (\$10,000 reduction per Council office), and enhanced use of technology (legislative software system).

Councilmember Faatz said she supports the reductions and options for furloughs. Ms. Dannemiller said that some of the Council offices will use a combination of various leaves to make their budgets and because of travel reductions City Council may return approximately \$60,000 to the General Fund in 2009. She added that the legislative software will also help to produce savings once the system is up and running which is scheduled to begin in November.