



**DENVER**  
THE MILE HIGH CITY

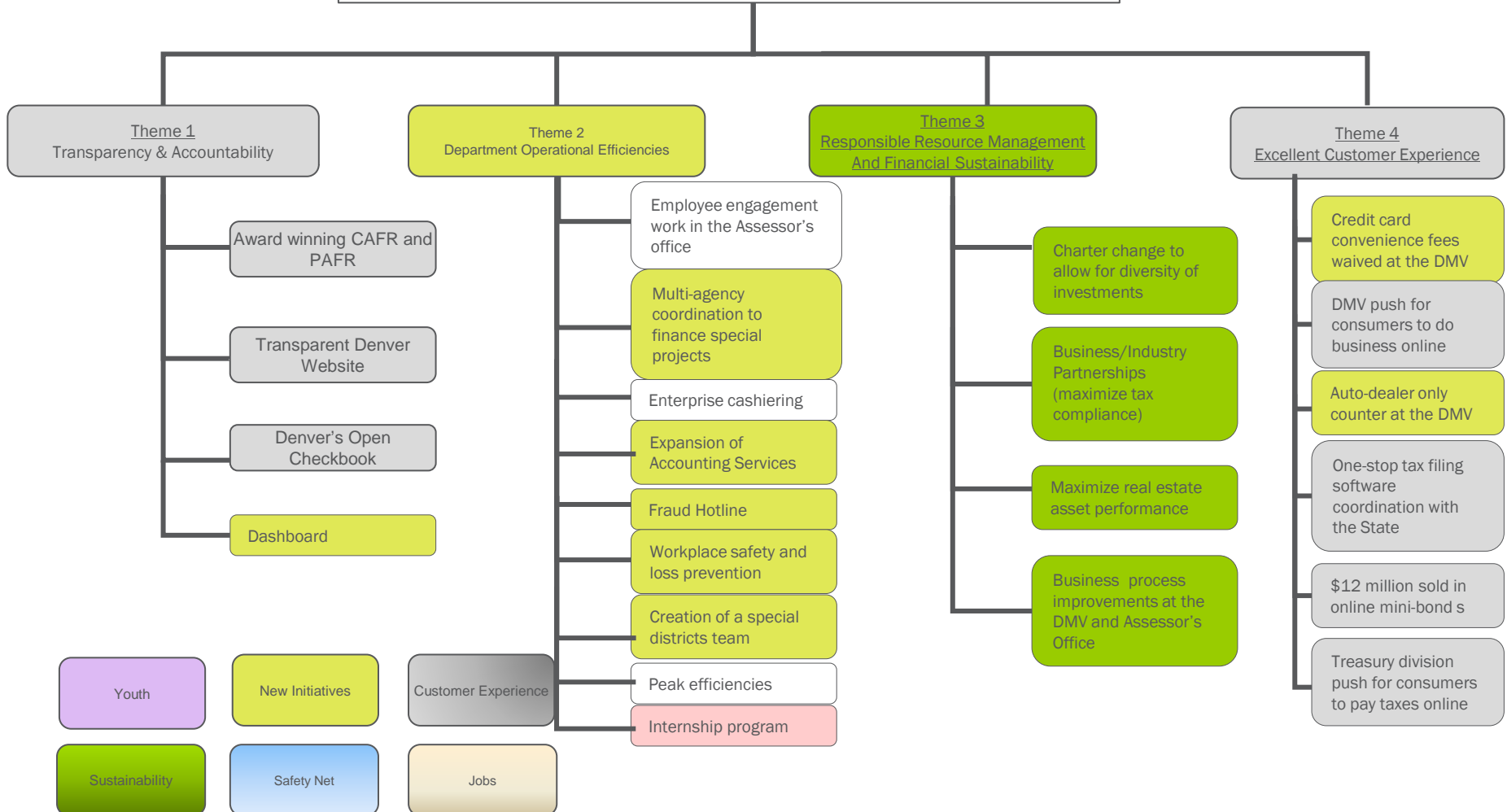
**DEPARTMENT OF FINANCE**  
**PEAK PERFORMANCE 2015 REVIEW**  
**MARCH 12, 2015**







2014 PERFORMANCE REVIEW  
2015 INNOVATION PLANNING






FOR CITY SERVICES VISIT | CALL  
**DenverGov.org** | **311**

**Our Vision:** To provide financial management that mirrors the best practices of the public and private sectors and maximizes the value for citizens






**Our Mission:** To ensure the delivery of effective and efficient City services through sound financial management












Performance Measure:	Standard/Goal:	Standard set by:	2013	2014	Progress:
Citywide Financial Condition					
Maintain AAA Bond Rating	AAA	Agency	AAA	AAA	
Maintain DIA's A+/A1 Bond Rating	A+/A1	Agency	A+/A1	A+/A1	
Net position (assets and deferred outflows)	Maintain	Agency	2012: \$1,782 billion	2013: \$1,930 billion	
% of Undesignated Balance in the General Fund	15%	Agency & City Council	19%	22%	
Debt per capita	Control per capita debt as a factor for bond rating	Agency	\$1,425	\$1,336	
Actuarial funded ratio of Denver Employees Retirement Plan	Maintain strong funded ratio	Agency	2012: 76.4%	2013: 76.4%	

Performance Measure:	Standard/Goal:	Standard set by:	2013	2014	Progress:
<b>Cash Risk and Capital Funding</b>					
Basis points by which return on investment portfolio exceeds Blended Benchmark*	6 Basis Points	Agency	-13 Basis Points	24 Basis Points	
Increase in online payments for agencies that removed convenience fees	in development	Agency	\$187M collected online prior to convenience fee removal	\$355M (90% increase over 2013)	
<b>Risk Management</b>					
Third Party Recovery (Subrogation) (auto and property)	Closure Rate >50%	Agency	80.0%	74.8%	
	Recovery Rate		58.5%	64.3%	
Workers' Compensation claims filed	Reduce	Agency	10% of Total FTE	7.6% of Total FTE	

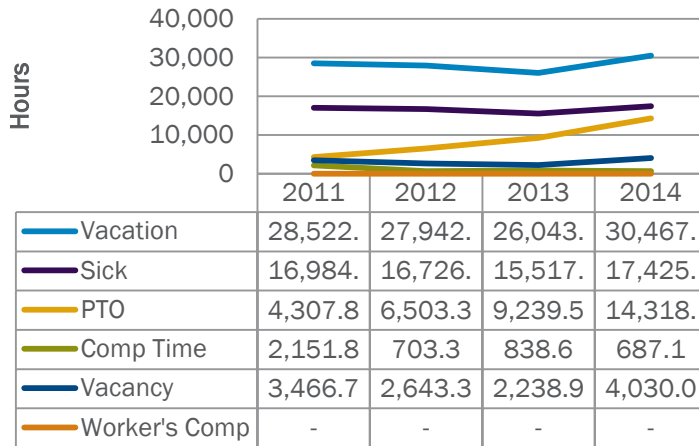
\*NOTE: Blended Benchmark is a weighted average index based on the composition of the portfolio and made up of the effective yield of the Merrill Lynch 3-month US Treasury Bill and the Merrill Lynch 1-5 year and 1-10 year Treasury and Agency.

Performance Measure:	Standard/Goal:	Standard set by:	2013	2014	Progress:
<b>Real Estate</b>					
Costs avoided through management of CCD's real estate	\$166,200	Agency	\$152,400	\$214,432	
Vacancy rates in CCD buildings	6-11% vacancy	Agency	9.5%	7%	
<b>Tax Compliance</b>					
Timely and accurate collection of sales tax (delinquency rate)	2013: 6.7% 2014: 6.3%	Agency	6.1%	6.1%	
Timely and accurate collection of occupational privilege tax (delinquency rate)	2013: 10.1% 2014: 9.6%	Agency	9.7%	10.5%	
Percent of business taxpayers registered to use online system	2014: 40% 2015 Goal: 48.5%	Agency	34.3%	44.2%	

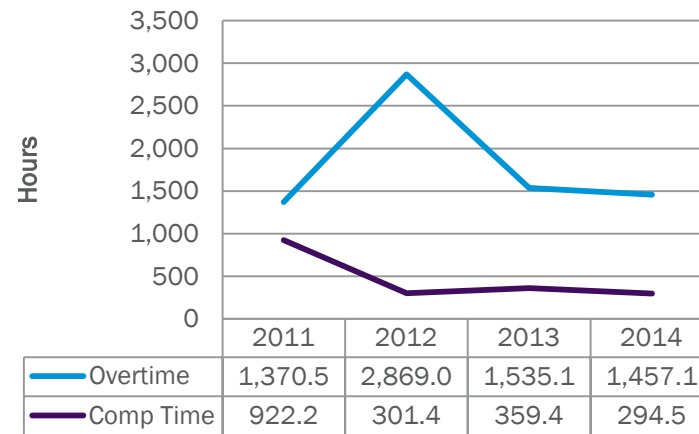
Performance Measure:	Standard/Goal:	Standard set by:	2013	2014	Progress:
<b>Motor Vehicle</b>					
DMV Lobby: average wait time (minutes)	2013: 40:00 2014: 38:00	Agency	44:21	36:17	
DMV Counter: average service time (minutes)	2013: 5:30 2014: 5:00	Agency	5:30	4:56	
Online/mail-in renewals	40%	Agency	35%	40%	
<b>Peak Performance</b>					
Hard/Soft Savings	\$10M Identified	Agency	\$13M	\$11.5M	
	\$5M Actualized		\$3.4M	\$5.4M	

Performance Measure:	Standard/Goal:	Standard set by:	2013	2014	Progress:
<b>Assessment</b>					
Sales verification of residential property	22 Per Day	Agency	22.8	28.1	
Personal property valuation protests	Reduce	Agency	91	53	
Ownership transfers from recorded documents	14 per day per technician	Agency	13.5 per day	14.3 per day	
<b>Office of the Controller</b>					
GFOA Award for Excellence for the CAFR	GFOA award	Agency	Achieved	On target	
Fiscal transparency	Published fiscal information	Auditor and Agency	Published fiscal information on Transparent Denver	Complete Phase 2- Financial Metrics on Transparent Denver	

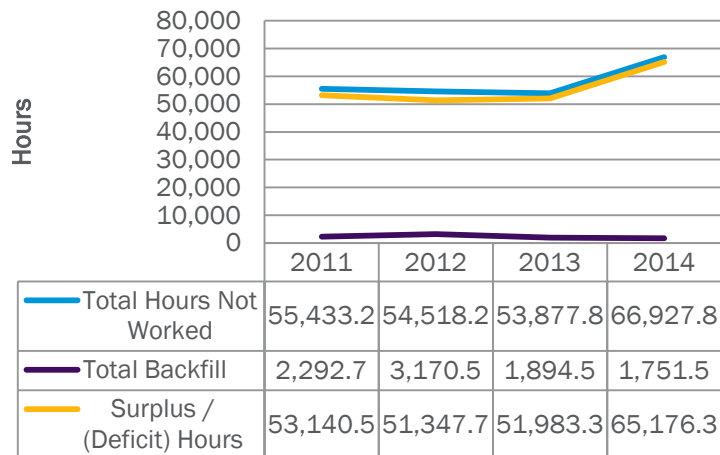
## Hours Not Worked



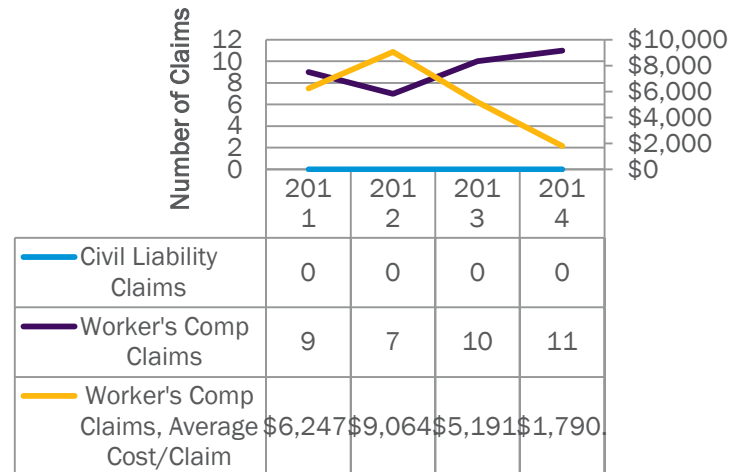
## Backfill



## Surplus / (Deficit) Hours



## Claims



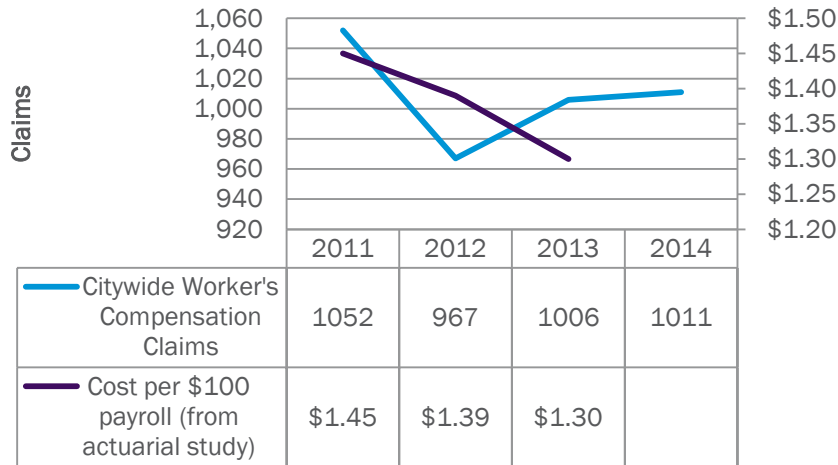


The Workers' Comp & Workplace Safety units are responsible for the identification, analysis and management of the city's risk and exposure to loss related to the activities of the city and its departments, agencies, and employees.

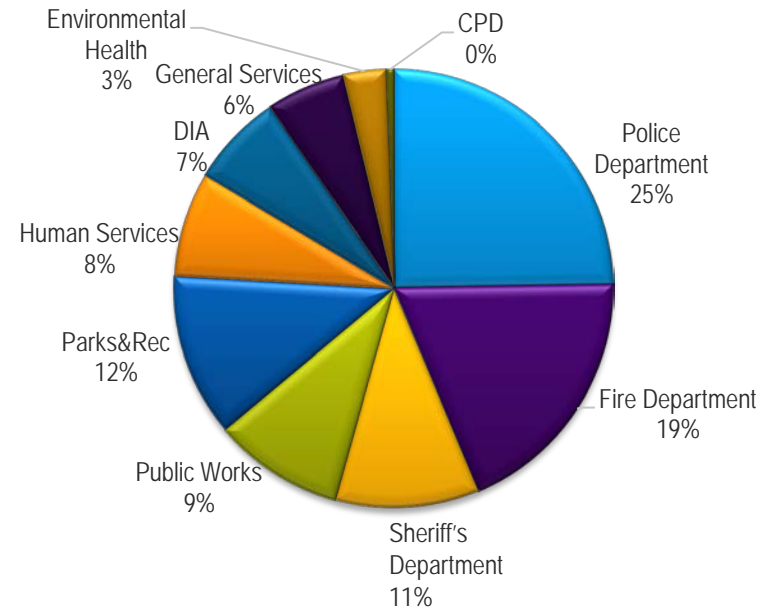
Strategy:

- Risk Management meets quarterly with city agencies
- Embedding Loss Prevention Administrator within safety agencies

## Citywide Worker's Compensation Claims



## Top 10 Agencies – % of Claims 2014



## Strengths and Areas for Improvement

DoF Engagement Scores	
2011	18.3
2013	19.3
Difference	+1.0

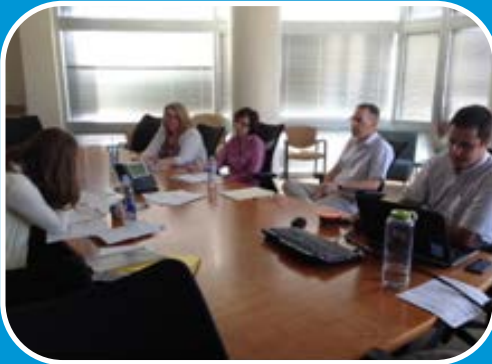
City-Wide Engagement Scores	
2011	13.1
2013	15.1
Difference	+2.0

### Areas of Strength:

- Understanding how our work relates to the success of the city
- Interest in the well-being of employees
- Expressing appreciation for a job well-done

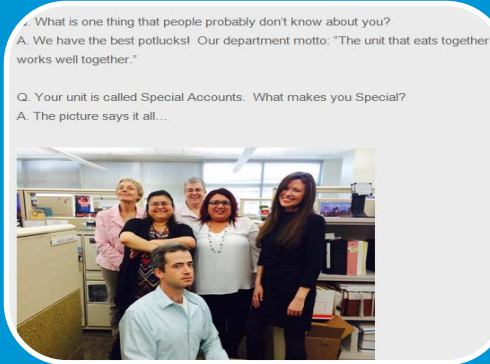
### Areas to Improve:

- Job preparation and training
- Including each workgroup in decisions and issues which affect them
- Understanding how the strategic goals of DoF support the Mayor's Priorities
- Communicating information that affects employees



## Job Preparation and Training:

- Develop Employee Handbook
- Cross Training
- Creating training tracks (BMO)
- Optimize City.U (Controller)
- Targeted Training (Treasury)
- Individual Development Plans



## Communicating with Employees

- Director meetings with employees
- DoF Employee Newsletter
- Director brown bag lunches
- Division staff meetings (DMV)
- All-employee meetings



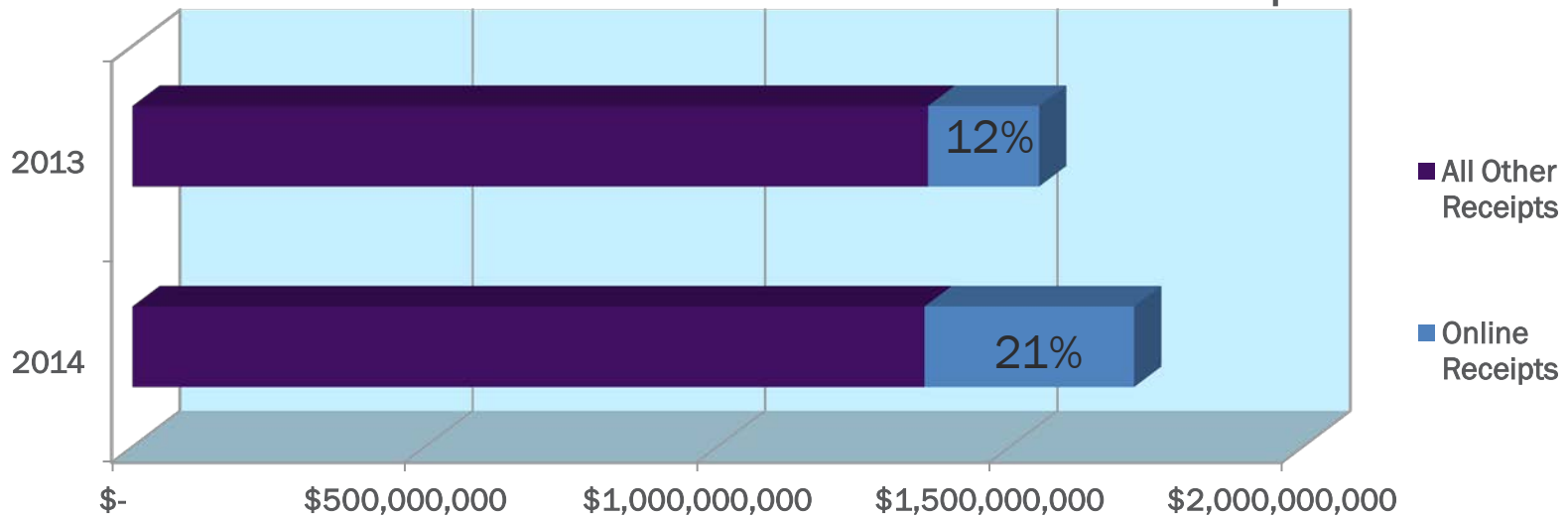
## Recognizing Success & Building Collegiality

- Quarterly Recognition Awards
- Controller's Office Club 23
- Culture of Promoting from Within

## Eliminate convenience fee on credit card transactions

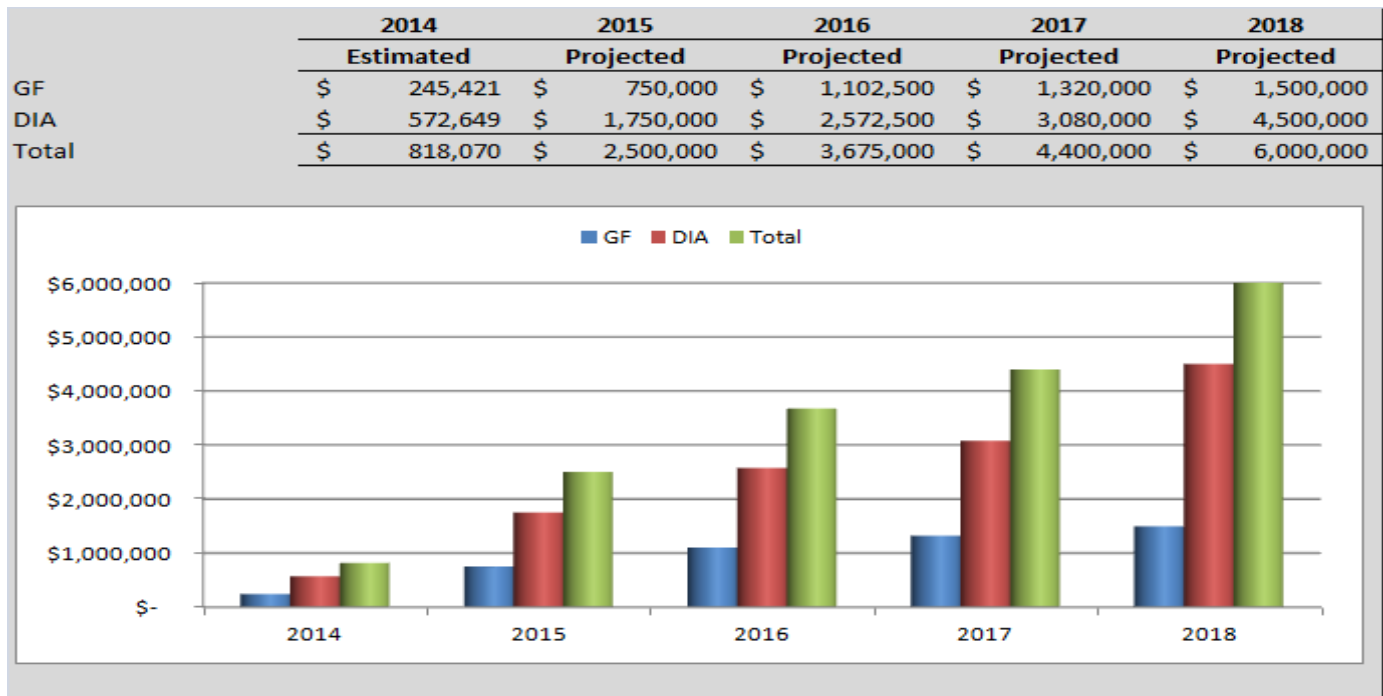
Metric	Baseline	Goal	2014 New Implementations Only
<b><i>Hard Cost Benefit</i></b> <b><i>Reduction in cost of processing checks</i></b>	\$187M collected online prior to convenience fee removal	To increase processing efficiency as well as increase customer satisfaction.	2014: \$355M (90% increase over 2013)  <i>*NOTE: \$2.9 million in convenience fees charges were waived in 2014</i>

Convenience Fee Removal – Online vs. All Other Receipts



# Charter Change for Investments

Metric	Strategy	Goal	2014 New Implementations Only	5 year Projection of 2014 Implemented Agencies
<b><i>Hard Cost Benefit</i></b> <b><i>Increase in return on investments</i></b>	<ul style="list-style-type: none"> <li>Yield curve positioning</li> <li>Market timing</li> <li>Added new asset classes</li> <li>Rebalance trades</li> </ul>	Increase earnings while maintaining safety	Net Increase in 2014 earnings by \$845,383	Projected Net Increase in 2018 earnings by \$6 million



## Creating a Culture of Process Improvements – DOF

- 322 Green belts
- 28 Black belts

## Initiatives

- Move to electronic and online processing
  - Excise Tax payments online
  - Property Taxes
  - DMV Renewals
  - Unpaid Fees and Fines (Returned Checks/Citations/Inspections)
  - Receipt of electronic documents allow quicker retrieval
- Financial sustainability audit comparison study
- Improved Cash Handling and Investments
  - Cashflow analysis for improved investment decisions

## Enterprise Cashiering

**GOAL: Standardize procedures and processes and provide for online transaction processing**

Metric	Baseline	Goal	Inception to Current	Projected 2015-2019
<b><u>Hard Cost Benefit</u></b> <i>Reduction in cost of processing checks</i>	Currently at \$0.78/check w/o ECS (no returned check costs included)	Reduction of \$0.05 per check with ACH conversion	\$45,000 as of December 31, 2014 Volume of 892,000 converted checks	\$80,000 Savings projected over 5 years
<b><u>Hard Cost Benefit</u></b> <b>Interest Income</b>	Current rate of return 1.37%	Check and credit card payments accelerate deposit of 2 days	\$54,000 as of December 31, 2014	\$106,000 as of December 31, 2014
<b><u>Hard Cost Benefit</u></b> <b>PCI Scan Costs</b>	4 scans in 2010 \$84,000	1 annual scan \$21,000	\$315,000 saved	\$315,000 saved
<b><u>Hard Cost Benefit Savings</u></b> <b>Credit Card Processing Fees</b>	OTC-Online (2.23%-2.09%) = .14%	(2.23%-2.09%) discount rate reduction	\$161,000 as of December 31, 2014	\$633,000 Savings projected over 5 years
<b><u>Soft Cost Benefit</u></b> <b>Staff time savings (3 min per OTC transaction)</b>	\$1.44 per OTC Transaction		\$1,286,000 as of December 31, 2014	\$2,300,000 Savings projected over 5 years
<b><u>Soft Cost Benefit</u></b> <b>Staff time savings (6 min per Online transaction)</b>	\$2.88 per Online Transaction		\$1,005,000 as of December 31, 2014	\$2,800,000 Savings projected over 5 years

## Facilities Condition Index and Performance Contracting

Resource Investment	Projected Contribution to Meeting 2020 Goals	Key Assumptions	Upcoming Benchmarks and Status
<ul style="list-style-type: none"> <li>\$900,000 for FCA assessment</li> </ul>	Data collection to inform condition of buildings and systems to inform energy reduction opportunities	Current average citywide Facilities Condition Index is 3.3% (good condition) <u>Facilities Condition Index Industry Standard</u> (amount of deferred capital maintenance/building replacement value) <ul style="list-style-type: none"> <li>0-5% Good</li> <li>5-10% Fair</li> <li>10%+ Poor</li> </ul>	<ul style="list-style-type: none"> <li>Maintain a FCI rating of “good” for all city buildings</li> <li>Address all buildings with FCI rating of “poor” (56 buildings) by 2020</li> <li>Utilize FCA data during 2016 budget process to improve nexus between capital and operating budgets</li> </ul>
Performance Contracting <ul style="list-style-type: none"> <li>No investment yet</li> </ul>	Mechanism to address FCA findings resulting in energy savings	Investment of energy efficiency projects that reduce energy consumption within facilities.	Tool to enable City to meet 2020 goals



## External Customers

### DMV:

**Goal:** To improve the customer experience, two primary strategies are employed:

1. Redirect customers to online transactions
  - Data mailer
  - Enhanced website
  - Credit card usage
2. Improve the customer experience in the branch offices
  1. Information monitors
  2. Dedicated renewal lines
  3. Improved emissions procedures

**Metrics:** Wait times and service time per transaction

**Next Steps:** Create a solution to processing the high volume of auto dealer customers

### Tax Compliance:

**Goal:** To enable online submission of tax filings by continuing to outreach to Denver business taxpayers regarding the City's online filing program for excise taxes.

**Metric:** 2014 for active registered users 44.15%  
2014 active usage 41.55%

**Goal:** Increase active registered users and usage in 2015 by 10%  
Increase active registered users and usage in 2016 by 15%

**Next Steps:** Electronic filing enables statistical auditing. Statistical auditing is generally considered to be more accurate, and the results are more defensible than a traditional block sampling audit. Statistical auditing can ultimately be easier (from an administrative and logistical standpoint) for both the taxpayer and Denver.

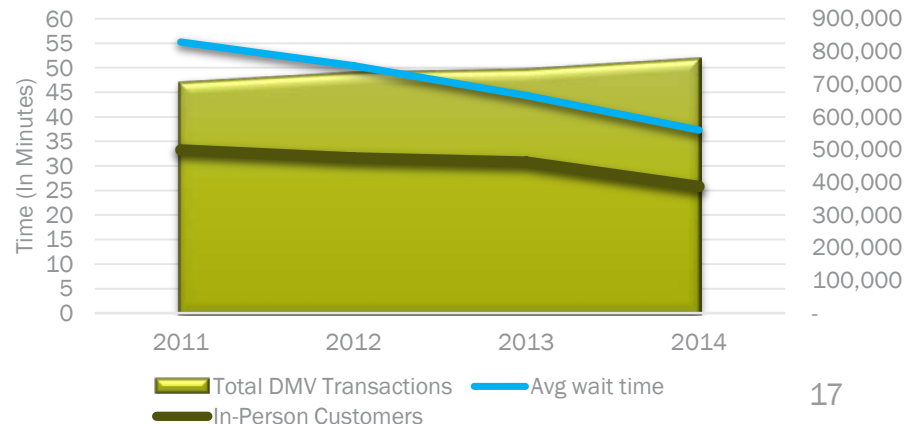
## Internal Customers

### Accounting Services

**Strategy** The Accounting Services team in the Controller's Office is a client focused group that provides financial management support to City agencies by request. Services include:

- Expertise in City financial processes and policies
- Team staffing structure provides back-up and eliminates agency risk of losing key personnel
- As part of the Controller's Office, Accounting Services works closely with the Accounting team, AP team, and Purchasing
- Ensures the client agency's financial processing is done according to City policies and procedures
- Allows the client agency to focus on its core mission

**DMV Wait Times vs Total DMV Transactions and Branch Customers**



- Improving customer service
- Continue to be excellent stewards of taxpayer money
- Continue to be transparent and accountable to taxpayers