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## Finance Committee Summary

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Wednesday, January 16, 2008

1:30 p.m.

3<sup>rd</sup> Floor Council Conference Room

**Committee Members Present:** Faatz, Chair; Boigon, Vice-Chair; Brown, Lehmann, Robb  
**Other Council Present:** Garcia, Hancock, Johnson

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*Agenda:*

- 1) *Digital television conversion – converter box*
  - 2) *State mandated Worker's Compensation requirements*
  - 3) *2008 CIP Budget – rescissions, appropriations, and mill levy funding*
  - 4) *Administrative citation process changes*
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### 1) **Digital television conversion – converter box coupons (demonstration included):**

Committee Discussion:

Darryn Zuehlke, Office of Telecommunications, stated that due to changes in the industry, effectively February 17, 2009, those households with TV's that use rabbit ears or rooftop antennas will not work without a digital converter (DTA). This new change only impacts TV broadcasting not satellite or cable. TV broadcasting is changing from analog form to digital communications. Mr. Zuehlke noted that 47% of customers in Denver have cable, 15% have satellite, and the remaining third have rabbit ears reception. In the United States, approximately 14 million homes still have rabbit ears/rooftop antennas. A converter box may cost from \$70 to \$150 and can be purchased by five certified retailers. Wal Mart and Best Buy will have the DTA converters. Customers of Comcast will be able to rent cable TV converters, which are different than the DTA converters. The federal government is offering a coupon/subsidy program to assist individuals in paying for the equipment. Beginning January 2008 and individual could get up to two free coupons each worth \$40 to purchase a TV converter (one coupon per converter). In 2006, Congress approved funding in the amount of \$1.34 billion dollars to help pay for this program. For information on the coupons, individuals could do the following:

- 1) Call 1-888-DVT(388)-2009 after January 1, 2008 to order converter coupons (it is on a first come, first serve basis);
- 2) Converter box could be ordered online at: [www.dtv.gov](http://www.dtv.gov);
- 3) Visit online at [www.digitaltips.org](http://www.digitaltips.org) for installation tips.

Councilmember Boigon asked what provisions have been made for the lower income households such as payment schedules, etc. No provisions have been created to date, stated Mr. Zuehlke. Councilmember Robb requested that Greenprint Denver and Tech Services be involved in some way to be proactive for future equipment (TVs) that will become obsolete and

the need to recycle this type of equipment. Mr. Zuehlke said he will follow up since this type of equipment would not be on a normal recycle, similar to computer recycling. A demonstration on how the converter box would work and the difference in the screen quality with a digital signal was conducted.

## **2) State mandated Worker's Compensation requirements:**

### Committee Discussion:

Linda Huennekens, Risk Management, explained that in July of 2007, Senate Bill 07-1176 passed, requiring that an injured employee covered under the Workers' Compensation Act of Colorado be allowed to choose between two physicians or one or more networks of healthcare providers. In addition to requiring a choice between two providers at the onset of an injury, the new law also allows employees to change to the designated provider not previously selected if the request is made properly within the first 90 days from the injury. Until this requirement, the City contracted with Denver Health Authority as its only provider for these services. In compliance with the new legislation taking effect on January 1, 2008, the City issued a request for proposal and seven written proposals were received. A City team comprised of staff from Career Service Authority, DIA, Police and Fire representatives evaluated the proposals based on experience, ability, pricing, clinical access and other criteria selected Concentra as the second provider for Workers' Compensation services. Councilmember Faatz questioned if there are any expected savings or costs for this new requirement? Dave Hutchings, Risk Management, indicated that the medical services are subject to a fee schedule so the savings and or costs should equal the maximum fees. Concentra agreed to bill the City based on percentages. The City received 1500 claims in 2005 and a total of 1300 in 2006.

## **3) 2008 CIP Budget – rescissions and appropriations, and mill levy funding:**

### Committee Action:

The Committee approved rescinding \$2,175,000 from the State Conservation Trust (Lottery) Fund and re-appropriating the funds to various Parks & Recreation projects (Gulch Park Systems-Planning, Sloan's Lake Park Pump Replacement, and Skyline Park Fountain Rehabilitation). In addition, the Committee appropriated \$25,139,000 of the 2008 capital mill levy funding (voter approved at the November 2007 election) to various projects identified through the Infrastructure Task Force and City staff.

### Committee Discussion:

Ed Scholz, Budget & Management, explained that the \$25.1 million is from the 2007 voter approved mill levy dollars for allocation into the 2008 CIP projects (see attachment). He noted that the additional funding would be for projects and/or additional phases to projects that were identified throughout the 2007 budget and infrastructure task force processes. He added that in future years, these funds will be appropriated as part of the annual budget process. Projects receiving the funding allocations were based on a variety of criteria including critical need, rehabilitation designs were completed, rehabilitation projects had existing CIP or matching funds, project needed advanced phasing, and the project was able to spend funding in 2008. The \$2.1 million was set aside during the 2008 budget process into the Parks Reserve for improvement projects pending the outcome of the 2007 November bond election. The funding will now be appropriated into three Parks & Recreation projects (Gulch Park

Systems-Planning, Sloan's Lake Park Pump Replacement, and Skyline Park Fountain Rehabilitation).

Councilmember Hancock asked if the information could be segregated by district. Mr. Scholz noted that Public Works is working on a map to track where projects are located and when projects should begin. Dan Roberts, Public Works said they will provide the information to Council once it is finished.

Councilmember Boigon noted that the projects identified today (irrigation and parks) is associated with planning and are projects that are of particular interest to communities and she was wondering if there will be a more thorough review at Public Amenities?

Councilmember Lehmann indicated that she would be amenable to that. Tom Hawkey, Parks & Recreation, noted that their agency is breaking down the projects and funding and will make that information available to Council. He stated that the added projects were based on priority. Councilmember Garcia questioned how the additional mill levy funding impacts the unimproved alley project program. Mr. Roberts stated that the additional funding changed the 10 year program to a 6 year program. Councilmember Hancock asked how the acceleration of projects/programs would impact employees. Most project work is under contract and City staff would evaluate workloads and would determine the need to increase contract amounts in order to complete the work. Generally, the General Fund pays for City employees under the CIP Program and mill levy funds pay for contracted work. Mr. Scholz stressed that the projects selected for completion in the CIP program were selected based on critical need and not constituency; he noted that funding will not be split equally throughout the City.

#### **4) Administrative citation proposed changes:**

##### Committee Action:

The Committee approved amending Chapter 2 of the Denver Revised Municipal Code (DRMC) to establish authority and requirements that agencies and departments must follow if they use the City's administrative citation process and permits agencies to adopt rules in conjunction with the citation process. The administrative citation process is an enforcement tool that will be used by multiple agencies to increase compliance to violations. In addition, the legislation amends Chapter 12 of the DRMC to repeal language related to the citation process that is redundant.

The Committee did not approve including the \$20 Victim Assistance and Law Enforcement (VALE) surcharge on citations pending further analysis and discussion.

##### Committee Discussion:

Councilmember Faatz explained that she supports the administrative citation process and goals for compliance, but she does not support adding the \$20 Victim Assistance and Law Enforcement (VALE) surcharge on citations. She explained that she worked on this particular surcharge at the Capitol and said she has concerns about using it for violations that do not have a "victim" associated with the offense. Councilmember Johnson concurred with the Councilmember and noted she felt it was regressive and impacts lower-income individuals. Councilmember Boigon said the City looks for other sources of funding and felt that the proposal would benefit the public and is not opposed to adding it to citations.

Christine McGroarty, Budget & Management, indicated the proposal to allow multiple agencies to use the administrative citation process was recommended by the Inspection Efficiencies Task Force. Currently, the only agency utilizing the process is Community Planning & Development (CPD) – Inspection Services. The task force was comprised of representatives from seven agencies and the recommendations were based on goals that include increased compliance, prompt compliance, and increased efficiencies. The following highlights the ordinance proposal:

- Establishes the authority/requirements that agencies and departments must follow if they use the citation process and authorizes agencies to adopt rules – agencies will require several months to prepare for the implementation;
- Agencies must follow the rulemaking, notification, and appeal processes established in ordinance;
- Agencies will not be required to use the process, it is only a tool for agencies to use to get compliance;
- A \$20 VALE surcharge would be added to all administrative citation fees – CPD's current citation process does not include the surcharge; and
- Includes a technical change to remove redundant language if the proposal is approved (removing language regarding CPD since the proposal would include CPD and other agencies and departments).

Ms. McGroarty stated that the proposal is a complicated accounting process. Generally, the agency would collect the fees and Treasury would account for the money and allocate it as appropriate. A citywide cashing system is currently being created for implementation of this process and should be ready by 2009.

Kerry Buckey, City Attorney's Office, explained that the VALE fund is used to provide restitution to people who have suffered loss and explained that the current citation process in code does not include the VALE surcharge. He noted that the City collects the surcharge for Denver and the state collects its VALE surcharge separately. If the Committee elects to remove this portion of the language, Mr. Buckey said he would revise the bill and exclude this provision. Councilmember Robb indicated she did not want the public to think the City was finding creative ways to get money. Ms. McGroarty reiterated that the goal was to get compliance, not additional revenue.

Molly Urbina, CPD, highlighted the success of this program at CPD (see attachment). She noted that compliance from the first citation in 2007 was at 76.43% and fewer cases are going to hearing. The administrative hearings officer is included in CPD's budget. Awilda Marquez, Excise & Licenses, noted that their budget also has funding for a hearing's officer due to the nature of their work. She indicated that this process would provide more opportunity for increased compliance in her agency and would help with staffing since she has only four inspectors in the field. Nancy Severson, Environmental Health, concurred that this process would help to reallocate resources back to the field and would provide for more cross training opportunities. She added that this proposal will also include working with Technology Services and the PILAR project (coordinated field inspection services).

The Committee questioned if the Courts are impacted in anyway with this proposal? Ms. McGroarty said she spoke to Ron Rayburn and he indicated there were approximately 250,000 cases in Court and that Denver Courts expected that the VALE fund would increase. This proposal is negligible to them and they do not feel it would impact them. Councilmember Boigon asked if a financial analysis was conducted and if the current fine structure was

sufficient? Ms. Severson said some fines were recently increased. Ms. McGroarty indicated that more work was required in this area and that fines will be built into the financial analysis later. She explained that the analysis couldn't be done yet until they know what agencies and what activities (inspections) would be included in the citation program. At minimum, City staff requested that Council move the administrative citation changes forward.

Councilmember Faatz said the changes to allow more agencies to utilize the process was a good recommendation, but said she wants to wait on the VALE surcharge because she did not want to fund victim services in this way. Councilmember Garcia agreed and said questions such as what kind of restitution would be given at the City level need to be answered. Councilmember Faatz suggested that a four-month goal be established to review the possibilities and for City staff to work with Councilmember Johnson on how to create more efficiency in the field for other inspections such as noise. Ms. Severson said that placing a four-month deadline on these issues would be difficult.

The Committee provided their comments as follows:

Councilmember Lehmann: Agreed to remove the VALE surcharge and move the other changes forward. Requested a budget analysis.

Councilmember Robb: Agreed to remove the VALE surcharge and move the other changes forward. Requested VALE analysis and assurance that public outreach of the new changes would be done.

Councilmember Boigon: Agreed to remove the VALE surcharge and move the other changes forward. Requested financial analysis and rescheduling back to Finance Committee.

Councilmember Johnson: Agreed to remove the VALE surcharge and move the other changes forward. Requested financial analysis and rescheduling back to Finance Committee. Requested more information regarding more types of inspections to be included in the program to create more field efficiencies.

Councilmember Garcia: Agreed to remove the VALE surcharge and move the other changes forward. Requested financial analysis and rescheduling back to Finance Committee.

Councilmember Faatz said she wanted the VALE surcharge removed from the legislation. She will schedule a review at Finance Committee or the appropriate Committee regarding these issues later this year for an update.