



Finance Committee Summary

Wednesday, May 20, 2009

1:30 p.m.

3rd Floor Council Conference Room

Committee Members Present: Faatz, Chair; Boigon, Vice-Chair; Hancock, Lehmann

Other Council Present: Robb

Agenda:

- 1) *Denver Health & Hospital Authority Operating Agreement amendments: EMS standards*
 - 2) *Denver Health & Hospital Authority supplemental*
 - 3) *Treasury Tax Rule #2 revisions*
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1) **Denver Health & Hospital Authority Operating Agreement amendments: EMS standards**

Committee Action

The Committee approved filing the proposed amendments to Appendix A-2 of the Operation Agreement defining EMS performance standards and how the criteria will be measured.

Committee Discussion

The City and the Authority have agreed on changes in the criteria and how to measure the EMS response times. Major points include:

- Denver has established its own equivalent to the National Fire Protection Association standard, primarily because the NFPA breaks down response time into many segments which are not reliable measurements with the Denver 911 CAD computer system. The overall response times are equivalent.
- The official timekeeper for determining response times is the City's Computer-Aided Dispatch (CAD) Administrator at the Denver 911 Communications Center.
- Disputes on times are reviewed by Manager of Safety and the Technical Services Group; if they can not resolve the dispute, it goes to the Mayor.
- The three segments Denver will measure are:
 - 911 call answering performance
 - Dispatch performance
 - Response performance
- Two-tiered response time for emergency calls will be measured from the time the call is answered by 911 until:
 - first responders arrive with basic life support (BLS; typically Denver Fire)
 - paramedics arrive with advanced life support (ALS; Denver Health)
- The goals are to be met by 11-30-09 (interim progressive goals are established).

- The goal for BLS is a total of 6:30 (6 min. 30 sec.) at 90% reliability:
 - 1:30 call answered and dispatched
 - 5:00 unit responds and arrives at scene
- The goal for ALS is a total of 10:30 at 90% reliability:
 - 1:30 call answered and dispatched
 - 9:00 unit responds and arrives at scene
- Denver Auditor's methodologies will be used for data analysis.
 - Inaccurate data (bad address; priority change; duplicate calls; out of jurisdiction, test calls) will be excluded for data analysis, but they will all be reported and tracked.
 - In severe weather conditions, the command staff can order slower response to help prevent accidents, and weather-delayed calls will be excluded but tracked.
 - DIA performance will be analyzed and reported separately because the response units are on-site and much closer to the scene.
- Performance will be reviewed monthly by Mayor's Office, City Council, Denver 911, Denver Fire and Denver Health.
- A Monitoring Group is in place to review ongoing performance and progress on a quarterly basis.
- Plans are being made for 2012 when St. Anthony Hospital moves to Sims & 2nd, which will impact transport time.
- All 911 ambulances will be staffed with 2 paramedics as soon as possible.
- HB 1275, signed May 19, provides for a 90-day provisional paramedic license on a name-only background check while a more in-depth check is completed, will help ease the shortage.
- Denver Health has committed \$500,000 to a paramedic training program.
- Some of the most important improvements include:
 - Deciding on common definitions across the system.
 - Process improvement at the Call Center.
 - Deciding on what to measure based on what is most important to the patient.
 - Realization that the system could and should be improved.

Dr. Gabow noted that costs for uninsured patients continues to rise sharply and has a huge impact on the hospital's systems. In 2007, the cost was \$275M; 2008 was \$318M; the projection for 2009 is \$360M.

2) Denver Health & Hospital Authority supplemental

Committee Action

The Committee approved filing a supplemental from the General Contingency Fund of \$856,000 for Denver Health & Hospital Authority (DHHA).

Committee Discussion

Ed Scholz, Budget Director, said that every spring, the City and Denver Health perform reconciliation for the prior year. For 2008, the City owes DHHA \$856,000. This is \$435,000 less than the City paid for 2007. The 2008 overages were in the following areas:

- Denver CARES: \$167,000

- supplemental payments to retirement system & sick/vacation payouts: \$99,000
- average daily census of 66 compared to budgeted 61
- Public Health: \$290,300
 - revenue loss on birth certificates: \$104,000
 - supplemental payments to retirement system: \$67,300
 - sick/vacation payouts: \$37,000
 - increased immunization cost: \$71,000
- Medical services at PADF and City and County jails: \$302,000
 - supplemental payments to retirement system & sick/vacation payouts: \$206,000
 - medical services: \$96,000 (total cost for 2008 is \$8.1M, a decrease of \$690,000)
- Prisoner care at DH Medical Center: \$174,000

Mr. Scholz noted the breakdown total is \$933,300, but this is offset by savings of \$77,300 on equipment the City bought for Park Hill clinic. DHHA is refunding this amount to the City. He noted that no new DHHA employees are coming into and paying into the Denver Employee Retirement Plan (DERP), which impacts payouts. Jail medical visits have increased by 7%, so the actual cost per visit has decreased from \$41.46 to \$38.64. DHHA has increased its ability to collect from third parties.

The General Contingency Fund began the year with \$18M. Supplemental appropriations from the Fund to Denver Union Station (\$1.5M), child care programs (\$2.5M), and the proposed one to DHHA (\$856,000) would bring the fund balance to just below \$14M.

3) Treasury Tax Rule #2 revision regarding sales and use tax on food & beverage

Committee Action

The Committee had no formal action to take on this matter but generally agreed with the concept and noted a need to further discuss sales and use tax policies.

Committee Discussion

Steve Erikson, Treasurer, and Chuck Solomon, Assistant City Attorney, explained the existing rule and the proposed revision. The Denver Revised Municipal Code provides for sales tax exemptions for food items for domestic, home or household use. Food sold for non-domestic consumption (i.e., at an office or work-site) is taxable, as are prepared food items meant to be consumed on the premises where purchased.

The current rule, which has been in effect since 10-1-88, contains a list of retail store types that typically sell food for domestic home consumption, based on store type and location. Treasury does not require these stores to collect sales tax on any but prepared food items, since the retailer does not know how and where the buyer will eat or serve the food. The customer purchasing food for non-domestic consumption is responsible for remitting use tax.

The proposed rule removes the store type and location as the determining factor. It would specify that if a retail store at a specific location has been approved by the US Dept. of Agriculture (USDA) to accept food stamps and/or SNAP benefits, that store is considered to sell food for home consumption, and the retailer is not required to collect sales tax on any items eligible for purchase with food stamps/SNAP benefits. Purchasers for non-domestic consumption would still be responsible for remitting use tax. The new rule would become effective 10-1-09.

The Committee generally agreed with the proposed shift from location-based to USDA-certification-based determination. Much of the discussion concerned how this tax is handled by campaigns, how donated food is handled, shifting the burden from the retailer to the buyer, how the retailers know, and the number of different taxing methods the City applies can apply to the hypothetical same six donuts used as an example through the conversation.

Mr. Ellington said that Treasury makes enormous efforts to inform businesses of tax rules and regulations and any changes. Tax guides are available on-line; information is printed on tax returns; staff attend trade shows and industry gatherings to speak about the rules. When confusion is discovered in any one trade or industry, explanations are sent to all others in that category.

Mr. Ellington said that sales and use tax are self-reporting taxes. Businesses in general do a great job.

Councilwoman Faatz told the Committee that at its next meeting, a different use tax issue will be discussed. She said this issue has highlighted the need for a comprehensive review of City tax policies to determine if they are reasonable.