



Finance Committee Summary

Wednesday, August 5, 2009

1:30 p.m.

3rd Floor Council Conference Room

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

Committee Members Absent: Hancock

Other Council Present: Garcia, Linkhart

Agenda:

- 1) *Agency pre-budget discussions: Dept. of Safety, Technology Services, Environmental Health, Career Service Authority*
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1) Agency pre-budget discussions:

Committee Discussion

Councilmember Faatz invited agencies 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 do the reductions 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?**

Dept. of Safety

Mel Thompson, Dept. of Safety, provided an overview of Safety's budget and stated that this department's budget is larger than Public Works, Parks & Recreation, Community, Planning & Development, General Services, Environmental Health, and Dept. of Finance combined budgets. Personnel accounts for 87.8% of the Safety budget. He noted that the Police Division is 60

positions over-authorized (over staffed) and Safety will not be recommending academies in 2010. Budget information is as follows:

- Total Safety budget = \$416,349,600 (Police, Fire, Sheriffs).
- Total reductions (18 month period) = \$65,720,000.
- Currently in negotiations with all three bargaining units – combined increases for all three divisions in 2009 is an estimated cost of \$12 million.
- Utilizing technology to create efficiencies (Police Records Management, Jail Management, Medical Services, etc.).
- Dept. of Justice Formula JAG grant was awarded to the city in the amount of \$2.8 million (Federal Stimulus money) and they are evaluating whether or not this money could offset their reductions.
- The Sheriffs were awarded a Justice Competitive JAG in the amount of \$509,592 which will fund a position for the Gang Reduction Initiative of Denver (GRID) in that department, but the Sheriffs must provide its own supplies and materials for the work that is to be performed under this grant.
- Reductions include: shifting 40 officers to Denver International Airport instead of paying overtime which saves the City \$4 million (these 40 are part of the 60 over authorized positions), vacancy savings, not paying sick time in 2010 and asking personnel to use it instead which will save \$6 million. The department is reimbursed for security work performed for the Colorado Rockies Franchise and other security work in the amount of \$2 million.
- Focusing on goals such as greenprint safety certification and graffiti reduction.
- Looking at reducing administrative positions versus front line people who typically interact with the public. There are no national standards related to population; the City looks at various things such as crime, programs, and policing strategies when evaluating staffing.

Councilmember Faatz voiced concern about the option of being paid for accrual time not used. She noted that the problem in the past was that individuals could not take time off because of work load (under-authorized strength). Mr. Thompson said in the past that was attributed to being understaffed by 100 officers, but since then it has not been a problem and he hasn't heard about it if there is one. He added that he was not aware of the Administration or the Civil Service Commission entertaining early retirement packages. A program in the early 1990s (SURF) actually lost the City money because of high costs upfront for early retirement and loss of institutional knowledge, but they could talk to the unions. Mr. Thompson noted that Safety employees have been working collaboratively to suggest various ways to reduce their budget including salary reductions and job sharing.

Technology Services

Molly Rauzi, Technology Services, said the agency will have expansions in 2009 from prior planning which will also include maintenance for new systems and services. She explained that an internal strategic group – Investment Technology Advisory Council (ITAC) - reviews all project work for city agencies and determines if a project should be considered or not. The council (ITAC) rates projects using the following criteria: mandated compliance, strategic fit, cost/benefit, sponsorship/readiness, and risk assessment. The following outlines Technology Services budget for 2009-2010:

- Current budget = \$37,069,100
- Reduction target = \$5,500,000
- Anticipated 2010 budget = \$31,569,100 (this amount does not include any expansions requested by Technology Services)

Councilmember Boigon noted that it wasn't efficient to use Ms. Rauzi as the ombudsman for problems associated with the city's technology systems and stated that this agency might need some additional staffing with these types of needs. Ms. Rauzi said she is working with Career Service Authority regarding vacant positions and how to utilize staffing more efficiently, especially in the areas of customer service. She added that they are also looking at capital equipment needs and considering deferring upgrades for certain types of equipment (PCs, radios, etc.). Councilmember Faatz cautioned that deferring equipment upgrades could cause structural deficits. Mr. Rauzi reported that they are not receiving any stimulus money directly, but agencies may receive funding that would off set some of their IT project costs.

Environmental Health

Nancy Severson, Denver Environmental Health (DEH), outlined the agency's budget and planning as follows:

- 2009 budget including all funding sources and Denver Health & Hospital Authority = \$60,619,497
- 2009 General Fund budget = \$10,624,000
- Total reduction to date = \$1.6 million
- Anticipated 2010 General Fund budget = \$10,692,487
- Reductions include: reduce programmatic scope of unfunded mandates, eliminate low risk consumer protection services (swimming pool inspections, meth lab investigations and tattoo parlor inspections), implement administrative citations in DEH programs, extend vacancy savings, and eliminate two vacant FTEs (air inspections and public health inspections).

Councilmember Boigon asked how their work overlaps with other agencies such as Parks & Recreation and Greenprint. Ms. Severson said they assist other agencies with similar initiatives such as Greenprint. For example, they work together on environmental issues such as clean air. Ms. Severson said DEH funds two positions from Greenprint, but they are part of the Mayor's Office and do not report to her. Amber Callender, Mayor's Office, clarified that two positions are physically located in the Mayor's Office, but their work is aligned with DEH.

Councilmember Boigon questioned what types of fees will be implemented under administrative citations. Sherry Purdy, DEH, explained that there is only one inspector for noise abatement and fines are needed to encourage compliance. DEH is getting more complaints regarding air, noise, and retail food issues. The Councilwoman stressed the importance of public health and safety regarding these issues and encouraged them to look into fees quickly.

Career Service Authority

Jeff Dolan, Career Service Authority (CSA), reported that their 2009 budget increased because they assumed responsibility for Human Resource positions at Parks & Recreation. He noted that their agency is 90% personnel and that recruitment is down 80%. The following is CSA's budget breakdown:

- 2009 budget = \$6,582,795
- Budget reduction = \$540,000
- Anticipated 2010 budget = \$7,584,458
- Current vacant positions = 5

- For 2010, all advertising is gone and no community outreach is planned for recruitments because the City receives large pools of applicants for all recruitments.

Councilmember Garcia questions if retirement options and/or incentives were being proposed to employees. Mr. Dolan said that there are discussions regarding these topics and that he is aware that Budget & Management is running numbers, but that these measures are the purview of the Administration and the Denver Retirement Board. He said that he's had discussions with Steve Hutt, Executive Director of the Denver Retirement Board, who said there are pros and cons, and costs associated with these types of retirement incentives. Councilmember Faatz stated that she has had a discussion with Mr. Hutt and at this time he told the Councilwoman that he would not be coming forth with any incentive or early retirement packages.

Councilmember Garcia said that reductions equate to lay-offs and that is what everyone needs to address. He asked how the process would work and if CSA is going to be able to manage that process citywide. Mr. Dolan said his staff has been working with agencies over the past six months to plan for potential lay-offs. There is a process in the merit system and there are criteria in place to determine how lay-offs are conducted. He noted that lay-off plans can be challenging because there are many things considered such as seniority (bumping rights), competencies, and special qualifications needed for a job. Sometimes employees can lose pay, and appeals are integrated into the process. Councilmember Faatz voiced concerns that an inexperienced employee could bump another experienced employee in areas that are critical to the city, such as inspections.