

MANAGEMENT AND FINANCE POLICY COMMITTEE

June 25, 2019

Members Present: Council Member David Gruber – Chair

Absent: Council Member Angela Lawson – Vice Chair, and Council Member Charlie Richardson - Member

Others Present: Deputy City Manager Jason Batchelor, T. Velasquez, M. Geyer, C. Dancy, G. Hays, S. Ruger, A. Morales, D. Brotzman, H. Hernandez, C. Boller, B. Shafer, M. Crawford, J. Ivey, A. Fogg, J. Tanaka, P. Williams, C. Walden, C. Brummitt, N. Fini, N. Campbell and T. Hoyle

MINUTES

Due to lack of quorum. May 28, 2019 minutes were not approved and will be presented at the July 23, 2019 Management and Finance Policy Committee meeting for approval. In addition, these minutes are information only.

CONSENT ITEMS**Sales Tax Chart**

April of 2019 was 8.9 percent higher than April of 2018.

Outcome

The Committee Chair thanked staff.

Follow-up Action

No follow-up needed.

SADDLEROCK SOUTH METROPOLITAN DISTRICT DISSOLUTION OF DISTRICT NO. 1**Summary of Issue and Discussion**

District No. 1 has reached the end of its life cycle and exists to solely carry out operations and maintenance functions for the assets of District 2 - 4. In addition, the property District No. 1 sits on is being developed into a commercial project. Once it is developed the Directors of District No. 1 will no longer own the property and therefore not be qualified as to serve as District Directors. Therefore, the Metro District wishes to dissolve District No. 1.

In order to dissolve District No. 1 in a manner that is cost effective and allows the functions of the District to be taken over by the residents of the remaining districts, they are proposing to form the Saddle Rock South Authority. State Statutes allow and provide for the formation of Authorities. The Authority will take over the operations, maintenance and administrative responsibilities once performed by District No. 1. All assets of District No. 1 will be transferred to the Authority.

Creating the Authority will allow residents to participate in the daily operations and functions of District No. 1. The Board of Directors of the Authority will be made up of residents who also

serve on the Boards for Districts 2 - 4. The Authority will not have power to impose taxes and will not impose additional fees on community residents.

On May 5, 2019, the Board of Directors of District No. 1 adopted a resolution deeming it in the District's best interest to dissolve. Upon receipt of the consent of the City, District No. 1 intends to dissolve.

Council Member Gruber asked about the legal aspect and what powers the Authority would have under the law. Jennifer Tanaka stated that under Title 29 they are allowed to create an Authority through contract. All three of the Districts would contribute to the operational costs and have member representational for the Authority board. The Authority does not have any more power than what the underlying Districts have. The Districts are anticipating to impose the same operational mill levy they currently have now. Council Member Gruber asked does the Authority have the ability to invoke or apply a mill levy. Jennifer Tanaka replied no. The Authority does not have the ability to impose a mill levy on top of what the Districts already have.

Council Member Gruber asked does the Authority have the ability to add a homeowners association cost on houses that are within the Authority. Jennifer Tanaka stated the Authority would have the power to impose a fee rate and a penalty charge, but the likelihood of that happening was pretty low, since recently all three Districts have converted from a fee to a tax based district.

Council Member Gruber asked, as far as documentation, would the City hold a copy or does the state. Jennifer Tanaka said certainly a copy would be provided to the City. It's an Intergovernmental Agreement (IGA) among the three Districts and a 2019 annual report will be required to be filed with the city and the local government.

Council Member requested that as Chair of the Management and Finance Committee this item be moved forward to Study Session.

Outcome

Moved forward to Study Session by Council Member Gruber, Chair.

Follow-up Action

Moved forward to Study Session by Council Member Gruber, Chair.

PROPOSED NEW AND AMENDED SERVICE PLANS FOR METRO DISTRICTS

Summary of Issue and Discussion

The city has received several requests from Metro Districts located along 64th Avenue, east of E-470 for a modification to the city model service plan. They are proposing to collaborate by forming a Transportation Authority to fund improvements benefitting several development projects in the area. The Aurora Regional Improvement (ARI) mill levy imposed within the city's model service plan allows for the formation of an Authority by three (3) or more districts to fund regional infrastructure with the pledge of their ARI mill levies collected from all member districts.

The property owners have determined that the imposition of the ARI mill levy required by the City is not sufficient to provide the bonding capacity necessary to fund the improvements of 64th Avenue along their boundaries, which is the priority of these property owners. Therefore, they are requesting a modification to their model service plans to impose 5 mills from year one instead of 1 mill that is provided for in the city's model service plan. It is important to note that these districts are zoned to include only commercial/industrial uses, no residential will be developed.

Council has in the past approved a similar increase in the ARI mill levy for other districts. The provision contains language that allows for the ARI mill levy to revert back to the model if the Authority being proposed does not form within a year. This is the only modification being proposed, all other provisions are compliant with the city's model service plan.

The process for City Council to consider approval of this modification of the model service plan is by Ordinance instead of Resolution as with other service plan modifications. The ARI mill levy provisions are very specifically identified in City Code, therefore, changes to the mill levy to be imposed must be established by Ordinance.

There are fifteen (15) districts, representing (3) projects requesting the increased ARI mill levy. The projects are High Point, Harvest Mile-Fullenweider and Porteos. There are eleven (11) proposed new districts (HM Metro Districts Nos 1-9 and BOWIP Metropolitan Districts Nos. 1-2) and four (4) existing districts requesting service plan amendments. These are more specifically described below:

Proposed Metropolitan Districts:

1. HM Metropolitan Districts Nos 1-9:
 - Location – Generally Southwest of 68th Avenue and Harvest Mile Road
 - Size – 959 acres
 - Type of District – Mixed Use to include Retail, Commercial, Office, Industrial, and Multi-Family Residential (3,000 residents)
 - Debt Limit - \$500,000,000
 - Current Development Status – Vacant Property, Framework Development Plans are being reviewed.
2. BOWIP Metropolitan Districts Nos 1-2:
 - Location – Northeast corner of 64th Avenue and E-470 (this parcel is pending annexation)
 - Size – 155 acres
 - Type of Development – Mixed Use - Retail, Commercial, Office, Industrial and Residential (2,600 residents)
 - Debt Limit - \$120,000,000
 - Current Development Status – Vacant Property, Framework Development Plans under review.

Proposed Amendments to Metropolitan Districts:

1. Velocity Metropolitan District Nos 4-6: These are the financing districts that serve the Porteos development. Porteos is an approximately 1,000 acre commercial/industrial development.
2. Colorado International Center (CIC) Metropolitan District Nos 10 & 11: These are the financing districts that serve the commercial/industrial portions of the High Point development.

Council Member Gruber asked once the groups are assembled how is that management structure going to work on the south side. Paula Williams said it's intended the HM Metro Districts Nos 1-9 and BOWIP Metropolitan Districts Nos. 1-2 and the Velocity Metropolitan District Nos 4-6 and CIC Metropolitan District Nos 10 & 11 will form a separate Authority pursuant to an IGA. It will be for regional improvements specifically to fund the 64th Avenue improvements.

Council Member Gruber said recently there was a discussion about the Saddlerock Authority, and he asked does the City have a Charter with the South Aurora Regional Improvement Authority (SARIA). J. Batchelor said there's a requirement if a district has an ARI Mill Levy. And there's a couple options, one is they can turn the money back to the City and use it for regional projects or alternatively they can join a larger regional Authority. So, when SARIA was formed the City could vote in the projects that were listed as regional but not in the terms of the funding piece. The City's main concern was the projects were truly regional and prioritized and they got done. Council Member Gruber said, then we'll absorb the road when it's completed. J. Batchelor replied, that's correct.

Council Member Gruber asked what will the Authority look like and what's the City's participation in that Authority. Paula Williams said the Authority will be an entity that will be formed by an establishment agreement and IGA between nine HM Metro Districts, four Velocity Metropolitan Districts, two BOWIP Districts, and the ten CIC Districts. There's a provision in the model service plan as well as an intergovernmental agreement if the districts issue an executed ARI Authority Establishment Agreement. The City has been offered the opportunity to execute an ARI Authority Establishment Agreement that provides the City no less than 30% and no more than 49% of the board members. They will serve as Board of Directors of the ARI Authority to be established and we will remit the mill levy to that new Authority. The City has a right to participate in that Authority Establishment Agreement if it wants.

Council Member Gruber said the part I'm struggling with is, that within this Authority we issue a Service Plan for a Metro District and it goes back to the Master Service Plan and the Authority will be organized under the state law with the IGA's. It makes it a bit nebulous because we don't have oversight of the state or oversight of the City. What I'm looking for is the binding document that associates the City. I understand the voting rights that you explained the City will participate, but I'm concern about specifically identifying two drainage culverts in that road. It's going to be a very expensive road, and I want to make sure the City has a strong position to insure the quality of the road and how that road is going to be turned over. J. Batchelor said the road will be constructed by the City's design standards and that's everything from the amount of road base and pavement standards and that all is in our technical manuals. Whether it's funded through a regional Authority or directly through a Metro District, if it's an improvement that would be turned over to us. We will be able to dictate the standards on how it's built before it will be turned over to us.

Council Member Gruber asked, do you anticipate the City will be participating on the board of this Authority? J. Batchelor said yes. One, helping folks understand how the regional pieces fit in the City's larger regional efforts and in this case it meets the other improvements, and so very much like the City did with the SARIA board.

Outcome

Moved forward to Study Session by Council Member Gruber, Chair.

Follow-up Action

Moved forward to Study Session by Council Member Gruber, Chair.

PROPOSED NEW METRO DISTRICTS

Summary of Issue and Discussion

For the November 2019 election cycle, the city has received requests for formation from the following proposed new districts:

Proposed Metropolitan Districts:

1. Pioneer Business Metropolitan District:
 - Location – Southwest corner of E Jewell Avenue and E-470
 - Size – 153.16 acres
 - Type of District – Commercial
 - Debt Limit - \$10,000,000
 - Current Development Status – under construction
2. The Commons at East Creek Metropolitan District:
 - Location – Southwest corner of E Alameda Parkway and E Mississippi Avenue.
 - Size – 6.95 acres
 - Type of Development – Residential- Single Family Attached, Paired Homes (125 residents)
 - Debt Limit - \$10,000,000
 - Current Development Status – Site plan approved
3. White Buffalo Metropolitan Districts Nos 1-3:
 - Location – South of 68th Avenue, on both East and West sides of Powhaton Road
 - Size – 248 acres
 - Type of Development – Commercial/Industrial
 - Debt Limit - \$60,000,000
 - Current Development Status – under construction
4. SLC Metropolitan Districts Nos 1-4:
 - Location – Southwest corner of E Colfax Avenue and Picadilly Road
 - Size – 348 acres
 - Type of Development – Commercial/Industrial
 - Debt Limit - \$156,000,000
 - Current Development Status – FDP under review

5. Painted Prairie Metropolitan Districts Nos 10-12:

- Location – Northeast Corner of East 56th Avenue and Himalaya Road
- Size – 634 acres
- Type of Development – Primarily Residential (1,806 residents)
- Debt Limit - \$300,000,000
- Current Development Status – Phase I under construction

Outcome

Moved forward to Study Session by Council Member Gruber, Chair.

Follow-up Action

Moved forward to Study Session by Council Member Gruber, Chair.

ELECTION COMMISSION

Summary of Issue and Discussion

Due to lack of a quorum the item was moved to the Management and Finance Policy Committee meeting on July 23, 2019.

Outcome

Item was moved to the Management and Finance Policy Committee meeting, July 23, 2019.

Follow-up Action

No follow-up needed.

CAREER SERVICE COMMISSION

Summary of Issue and Discussion

Due to lack of a quorum the item was moved to the Management and Finance Policy Committee meeting on July 23, 2019.

Outcome

Item was moved to the Management and Finance Policy Committee meeting, July 23, 2019.

Follow-up Action

No follow-up needed.

INTERNAL AUDIT Q1 PROGRESS REPORT

Summary of Issue and Discussion

Due to lack of a quorum the item was moved to the Management and Finance Policy Committee meeting on July 23, 2019.

Wayne Sommer provided a brief overview of the report

Through June 6, 70% of all engagements are active (20%) or completed (50%). The DOT/FMCSA Compliance engagement was postponed until the client completes their mitigation work. The Vehicle Replacement engagement was removed from the 2019

audit plan due to a lack of staff resources. 66% of all audit recommendations have been completed or closed. 34% are still pending action.

- Fleet Operational Review: Staff Auditor Michelle Crawford will meet with the new Fleet Services Manager to discuss the audit recommendations and ascertain his plan to address them.
- Citywide Energy Management: There were significant findings regarding controls over invoice payments. Public Works has recommended bringing an intern on board to help implement the City’s EnergyCAP software. This software can streamline the invoice payment process and provide information to better manage energy. It was questioned whether we can add any positions given the 2019 budget concerns.
- Disaster Preparedness Follow Up: Emergency Management and IT are taking steps to implement our recommendations.

As there was not a quorum, Internal Audit did not provide their complete report. They will return in July and deliver a report through the six months ending June 30, 2019. This will include an update on the House Aurora Partnership and Animal Shelter Live Release Rate audits.

Outcome

Item was moved to the Management and Finance Policy Committee meeting on July 23, 2019.

Follow-up Action

No follow-up needed.

MISCELLANEOUS MATTERS FOR CONSIDERATION

Summary of Issue and Discussion

- The next meeting is on Tuesday, July 23, 2019.

THESE MINUTES WERE APPROVED AS SUBMITTED



David Gruber, Chair of the Management and Finance (M&F) Committee

7/23/19

Date