

MANAGEMENT AND FINANCE POLICY COMMITTEE
WEBEX

Members Present: Council Member David Gruber - Chair, Council Member Marciano - Vice Chair, Council Member Gardner - Member

Others Present: Mayor Mike Coffman, Council Member Berzins, Council Member Coombs, J. Twombly, N. Freed, R. Venegas, T. Velasquez, G. Hays, N. Wishmeyer, S. Newman, T. Vaughn, K. Claspell, H. Hernandez, A. Jamison, D. Giordano, R. Allen, D. Lathers, A. Amonick, F. Gray, C. Argentar, C. Toth, J. Ehmann, T. Young, J. Hancock, R. Peterson, E. Watson, M. Clark, C. Dancy, D. Hudson, B. Boswell, M. Murphy, V. Rachael, A. Romero, R. Lantz, K. Skaggs, J. Orozco, M. Kipp, Chance Horiuchi Garrett Walls, and T. Hoyle

INTRODUCTIONS AND MINUTES

September 22, 2020 minutes were approved.

CONSENT ITEMS

September of 2020 was 6.6 percent higher than September of 2019. Marketplace Facilitator revenue came in strong and a late payment by King Soopers.

Committee Discussion

Council Member (CM) Gruber: Let me ask about trends. We're seeing that Adam's County is getting ready to go into a partial shutdown and Denver just did. It was announced there's a meeting with Arapahoe County today. Can you talk about the relationship between what happens if there are no shutdowns and what we saw in April?

G. Hays: Absolutely. The last time we had a shutdown. Our revenue was down 12.6% in sales truces. The 2nd worst I've seen in 20 years that I've been here. So, if there's another shut down that's my expectation.

CM Gruber: Especially during Thanksgiving and Christmas.

G. Hays: It also depends on the different levels of a shut down. However, if they shut it down like they did back in April's timeframe. Yes, it will get ugly fast once again.

CM Gruber: Let me go to the other way then. Let's say these trends that we just saw are better than expected and they exceed Leeds School of Business. The City Manager's office went into a very robust and disciplined process and identified things to cut. I understand the City employees were furloughed and did not fill critical positions that were empty and so on. Maybe this would be better to ask the City Manager or Deputy City Manager to answer. Could you address the process that the City would go through if our numbers come in higher and revenues are higher than expected.

R. Venegas: I'll take a stab at it and Greg can fill in some of the details. CM Gruber you and Greg identified that over the course of the summer departments we're asked across the city to propose 3%, 5% and 10% cuts. We would definitely want to do a few things if we're seeing increases in revenue

or any other indications or trends. One that we would want to understand is whether they are onetime or ongoing revenue sources. What we're seeing in some of the Marketplace Facilitator ordinances are some sizable payments, but we want to make sure. We would need to do more investigation with Greg and his team on whether those are in fact ongoing revenue sources and something we can rely on to meet any needs in the future. But the bigger thing is Gallagher and the proposal that we have coming in November. That's \$7M and if that doesn't get pass by the voters, we win have to find that revenue as well. You indicated the public health orders and any changes that will come from the county or the state. We saw significant increases in revenue when that occurred and sitting here on October 27th, we should be very cautious in the next 30, 60, 90 days before we start making any commitments about what we would be able to do with any kind of increased revenue. As I mentioned we did a lot of cuts across every City department. So, we would probably want to have a way for us to go back to the Council perhaps in the 1st Quarter after we get some more clarity on what's happening to really look comprehensively at those cuts. Before we start looking at adding anything. We would want to look at what in fact we removed from the budget when we were making cuts of \$25M and \$30M for 2020-2021. We would want to have a conversation with the full Council to really look at broadly speaking comprehensively. Here's what we took off the table and they were difficult cuts if we started that conversation. We would want to begin there with Greg. Come back perhaps with a Spring Supplemental if that ends up being the case. But right now, there's just so much. It's a broken record but there's so much unknowns right now and so many things that are yet to settle. Before we would be very confident in some of the revenue increases and projections that we're seeing right now.

G. Hays: I have one thing to add. Roberto is exactly right. We want to make sure that our property tax doesn't go down \$7M which is the next big hurdle. The next big hurdle is looking at sales tax in January and February. Remember in January and February of this year when you look at the chart, we were up 11% and 13.9% pre COVID before the excitement started. Next year in January and February that will be COVID effected. So, comparing those 2 huge months with what's going to be COVID effected is going to be our next big thing.

CM Gruber: I have one more question because we have had a number of asks that come up through the different Council committees. Roberto what will you recommend as far as vetting Council's new asks with the existing cuts and comparing them to like furloughs?

R. Venegas: Well as I mentioned, I think the Spring Supplemental would probably be the most ideal timing. We will begin those conversations in February and March. We would essentially work through the cuts that we have now and bring to the Council staff recommendations on some of the things that we think would be best to restore earlier rather than later. And then of course take the input of Council Members which have already opined and will on future things that they want to see restored. We have heard some discussion around perhaps restoring a furlough day or days and other things that might be more important that we made difficult decisions to have to cut. We would probably bring that forward in a Special Study Session or a Study Session devoted at looking at all those things comprehensively. One thing that we want to make sure to avoid is taking these requests in a vacuum. One request here and one request there. I think it's really important for the Council and the staff to be able to have a conversation about the budget city wide and really the priorities that we want to look at to restore. If we are so fortunate to get to that point where we have that choice. We want to be very thoughtful about making sure that what we restore is onetime or ongoing and making that determination. Feeling really confident with the numbers to the extent that they can be they're

solid decisions and we can see them in relation to all the other city-wide cuts. So, to answer your question CM Gruber, I think we would be looking at the 1st Quarter of 2021 to have that conversation for Council or staff to bring some recommendations to the full Council with obviously the input that we're receiving now and will be receiving in the next few weeks about your priorities for restoring cuts or adding new items to the budget.

Outcome

The Committee thanked staff.

Follow-up Action

No follow-up needed.

2020 FALL SUPPLEMENTAL

Summary of Issue and Discussion

Kerstin Claspell, Budget Office stated the 2020 Fall Supplemental Appropriation Request includes operating expenditures and capital projects that require appropriation adjustments for 2020 in the funds listed in Attachment A. Nearly all of the requests were identified and included in the 2020 projection in the 2021 Proposed Budget document. Alternatively, several items that were identified and projected are not included in this fall process. Those items that are subject to change will be included in the 2021 Spring Supplemental as needed.

The vast majority of requests included in this supplemental process have been previously reviewed by Council or Council Committee. Council review includes items included in the 2020 projection and reviewed as part of the 2021 Proposed Budget as well as items reviewed at either a Council Committee meeting or City Council meeting.

Many of the 2020 Fall Supplemental requests are associated with COVID-19-related balancing efforts. Budget reductions in the Capital Projects Fund will increase available funds and reduce the General Fund transfer to the Capital Projects Fund, helping to balance the General Fund. Uncertainty in the economy related to COVID-19 and future revenues has led to a conservative spending approach in other funds as well. Completed capital projects, and those that can be deferred, reduced, or eliminated were identified. Related budget reductions were included in the 2020 projection as part of the 2021 Proposed Budget. These items are indicated by including "2020 Balancing," in the title. Technical items are typically reallocations or zero-dollar amendments with appropriation offset by revenue, and accounting or other adjustments. These items are indicated by including "technical," in the title and may or may not have been reviewed by Council. Council review details are included in the narrative for each supplemental request.

The attachments for this agenda item reflect summary and detail information regarding the requested appropriation changes for each fund and department. Transfers result in a move of funding from one fund to another. The details of these appropriation amendments are found in:

- Attachment A: 2020 Appropriation Summaries by Fund; and
- Attachment B: 2020 Appropriation Detail by Fund.

The following discussion will identify and focus on significant changes included for this budget year, rather than the list in its entirety. Please see attachment B for details on each request.

2020 Supplemental Amendment Requests

Appropriation requests related to 2020 balancing total **\$13.9 million** across various funds and include completed, deferred, reduced, and eliminated projects:

- Capital Projects Fund: Reduction (lapse) of **\$4.9 million** for various projects to include the completion of Fire Station 15, Median Development in PROS, and ADA Assessment and Light Rail Restrooms in Public Works.
- Open Space Fund: Reduction (lapse) of **\$5.0 million** for various PROS projects to include Triple Creek Trail, Central Community Park, and Signature Park.
- Conservation Trust Fund: Reduction (lapse) of **\$3.1 million** for various PROS projects to include Central Community Park, Olympic Park Infrastructure, and Aurora Reservoir Gazebo.
- E-911 Fund: Reduction (lapse) of **\$885,000** for the deferred Public Safety Communications Console Replacement project.

Other significant supplemental items include:

- The appropriation of capital grant awards totaling **\$1.9 million** in the Gifts and Grants Fund for various PROS projects, including Parklane Pool renovation.
- The appropriation of one-time CDBG COVID-19 grant receipts of **\$1.7 million** in the Community Development Fund to help prevent, prepare for, and respond to the coronavirus.
- The transfer of **\$1.5 million** from the General Fund to the Capital Projects Fund and the appropriation of **\$1.7 million** in the Capital Projects Fund for the I-70/Picadilly Interchange project.
- The appropriation of **\$1.2 million** in the Capital Projects Fund for the design of two Southeast Aurora Regional Improvement Authority (SARIA) projects: Gartrell Bridge and Aurora Parkway Bridge. This phase is fully funded by SARIA.
- The appropriation of cash receipts totaling **\$889,400** in the Capital Projects Fund for street maintenance equipment in accordance with the Fitzsimons Redevelopment Authority IGA.

Committee Discussion

Council Member Marcano: I have one question around the 911 fund, specifically the console replacement. How does that intersect with any kind of training requirements for new dispatch protocols? I'm thinking about the codes program for example in any kind of training we would need to direct calls if they're emergency in nature. Medical emergencies rather than the emergencies of kind that are the more traditional response like we have today.

K. Claspell: Scott is that something that you could answer.

S. Newman: Sure, I apologize CM Marcano I'm not sure if I understand the question. The consoles are the furniture where the personnel physically sit. It houses the monitors and screens so today they

have a number of spare positions that are open at any given time on the floor because they have more positions than the fully staff level. So, presumably the additional staff would be able to occupy one of those spare spaces. But it shouldn't impact training because when we replace the consoles all around, then they would be replaced across the entire floor once. Does that make sense?

CM Marcano: That does. I think I just misunderstood what you meant by console. In this case, I thought it was kind of more like the display and more the type for the CAD actually. Not anything else, so just regard.

S. Newman: Just for your awareness as part of the CAD project. The monitors and the equipment used to access will be replaced next year as well. But that will come most likely either simultaneous or after the physical console replacements.

CM Gruber: So again, what we're primarily talking about is taking money that had not been spent and then transferring or taking that out of the budget and either deferring it or just holding it tight. The ordinance will then just outline that, and this will be the final ordinance required for the 2020 budget. Is that correct?

K. Claspell: That is correct.

The Committee recommended that this item is moved forward unanimously.

Outcome

The Committee recommended this item be moved forward to Study Session.

Follow-up Action

Staff will forward this item to the November 16, 2020 Study Session.

RESOLUTION FOR MINIMUM WAGE ASSISTANCE

The proposed minimum wage assistance resolution was postponed by Mayor Coffman and was not discussed at this meeting.

DIFFERENTIAL PAY FOR THOSE GOING OUT ON MILITARY PAY

Mayor Coffman provided a brief overview of the proposed resolution. The proposed resolution authorizes the City to pay differential pay to City employees when serving an active duty deployment in the National Guard or Reserves and must leave their employment in the City to fulfill their military duties and may experience financial hardship due to the loss of their City wages during deployment.

An analysis was done to determine the financial impact of authorizing the city to offer differential pay to employees who are on active duty military deployment in the national guard or reserves.

The financial impact of paying differential pay is estimated to be approximately \$100,000 per year based on a review of employees deployed during 2020. The \$100,000 was determined by comparing actual salary missed to Leave Without Pay based on an average hourly rate for military pay. Actual

military pay could only be determined by reviewing each employee's military orders, which was not done due to time constraints.

Summary of Differential Pay

Actual Salary Missed, YTD 2020 through 10.09.20	\$406,344.03
Estimated LWOP (based on average military pay of \$29.26/hr.)	<u>\$331,411.06</u>
Estimated Differential Amount	\$ 74,932.97
Annualized Differential	\$ 89,919.56
Medicare	\$ 1,303.83
Pension	<u>\$ 10,790.35</u>
Total Estimated Annual Differential	\$102,013.74

It is possible that some portion of the \$100,000 was retained as vacancy savings but must also consider if some or all was removed from vacancy savings and budgeted for another purpose or used to hire a contingent or cover Interim/Detail pay for another employee.

Does the Committee support moving the proposed resolution forward to a Study Session?

Committee Discussion

CM Gardner: So, I guess we would get a copy of the orders and that's how it is determined? And is it just based strictly on what the military pay is compared to the City pay or how does that work.

Mayor Coffman: It will be compared with the base pay in the military. If the base pay in the military is less than what they receive at the City, then that would be the difference.

CM Gardner: What is the average length that they would be away from the City job?

Mayor Coffman: It varies by branch of service. Usually I think the Air Force is a lot shorter than the others. I think with the Army, Marines, and the Navy you receive orders for a year. It's doubtful often times that they go for a year. But there have been instances back in the early days of the Iraq war during the occupation. In the Army people were extended beyond that year for about 14- or 16-months total. But usually its little less than a year. Council Member Gruber can you comment?

CM Gruber: I did get 6 months in a tent in Africa on my deployment before I retired. But then the guy who followed me got stuck with a year. So, I know they change it all the time on that. Terri could you describe the financial assessment that the City has done.

T. Velasquez: Sure. We took the members that were actually out on military leave to see what that difference would be. There's a combination of additional costs that comes with this proposal. Those include pension as well as salary. The total dollar difference is around \$100,000. We assume that could be somewhat offset with vacancy savings. But in general, that could be the potential cost up to \$100,000 a year based upon current activity.

CM Gruber: Dianna did you have anything to add?

D. Giordano: We actually had a short presentation. Because I did want to add that we have a SHIFT committee that's made up of employees from various City departments. And one of the items that they explored was military differential pay. And they thought it would be a good attraction and talent retention strategy that the City could possibly consider. So, there is a short presentation in the backup. But if there's any other specific questions we can certainly answer them. Alicia Romero is the liaison for military personnel in the City and she did some of the research. We do know that some of the other cities in Colorado have a very similar program. So that additional information is in your backup and we're glad to go over the presentation.

CM Gruber: Alicia, we do have a full agenda and we appreciate the fact that you put this together for us. Is there anything specific that we haven't addressed that you would like to add?

A. Romero: No, I'm just glad that you are tal<ng this to the table. I think it's really worthwhile and just a couple examples. My husband is Army Guard and was activated for COVID. He actually didn't get paid for 8 weeks just because of how it panned out. So, I think that this could really help ease that burden on service members in that situation. And also, when we were looking at his 12-month, long deployment. We were going to take about a \$1,200 a month hit on pay loss. We could absorb that but looking at some other service members that would be really difficult. And I know that a lot of service members are looking for places to come work that are military friendly. And right now, when we're trying hard to get really good talent, this would be really beneficial and worthwhile to have.

CM Gruber: I agree. My nephew is getting ready to deploy to Kuwait. My son is deployed for a year as-gunneto KutarrOatar, so r m very familiar with this. My only concern I have which what was discussed with the Deputy City Manager on the previous item and that was prioritization of resources against the City's. So, what I would recommend that if we approve this that we go back to that function and process the City Manager will run to determine what things to turn back on once revenue starts coming back in. In other words, I don't think that it's appropriate for us to approve this today to move it forward into the budget. But I do think it would be appropriate for us to vote on this today to be included in the requirements that the City Manager considers. While mak<ng decisions on what to fund and not to fund as the economy recovers. So, the motion that I'm recommending is to move this forward for approval. With the understanding that it will go into the funding process to be prioritized by the City Manager in the amended budget that will bring us into the spring workshop. Any comments on that thought?

CM Gardner: I have a quick question. So what's the City's policy. Are these individuals allowed to use leave or pay time off? Are they allowed to use that to make up the differential from city pay to what their military pay is currently?

D. Giordano: Not currently. They do receive 15 calendar days of military leave. But at the end of that they are not allowed to use leave to supplement at this time. When they come back is when we work through the pension issues and other items but currently that's not an option elected.

CM Gardner: Is that something that's not a best practice to allow them to use their accrued vacation and holiday pay and all that in lieu of the differential in pay? Or is that not something we've ever done before?

D. Giordano: It's not something we've done. But typically, what you see in other municipalities is the differential pay as opposed to allowing a kind of a double salary and utilize sick or vacation to cover their absence from work. And so that's because there's still a vacancy in the organization that might need to be filled. So typically, what we have seen is the differential pay as the best practice.

CM Gardner: I probably should have been a little more clear. Im not saying a double salary. What rm saying is to allow them to use enough leave to make up the difference.

D. Giordano: Yes, it's not something that we currently do or something that Im familiar with.

CM Gruber: Again, so what Im recommending that we move this forward. We don't necessarily, move the resolution forward for approval to Council. We move this forward to the City Manager to include in prioritization to come back at the spring workshop.

CM Gardner: I would agree to that.

CM Marcano: I'm fine with that strategy if that's how we want to go about it.

CM Gruber: Mayor any final comments?

Mayor Coffman: No. I just obviously hope that it gets ultimately approved so where there's not uncertainty for these families and that the benefit will be there.

Outcome

The Committee recommended to move this forward with the understanding that it will go into the funding process to be prioritized by the City Manager in the amended budget to bring forward for consideration in the Spring Supplemental budget process.

Follow-up Action

To be prioritized by the City Manager in the amended budget and brought to forward for consideration in the Spring Supplemental budget process.

TEMPORARY CAP ON THIRD PARTY FOOD DELIVERY FEES

Council Member Gardner provided a brief overview. This item was presented to the Business Advisory Board on October 6, 2020. The board discussed this item as a temporary measure to deal with the market distortions created by the pandemic and associated public health orders. The Board provided a favorable recommendation for the item with unanimous vote of the members present and included a recommendation for an earlier sunset if restaurants are allowed 100% capacity sooner than the current expiration date of March 31, 2021.

This proposed ordinance has several impacts and has a sunset date of March 31, 2021. The ordinance caps the commission that at third party delivery service can charge a local food establishment at no more than 15%. This cap cannot be offset by reductions in compensation that is paid to the delivery driver.

Additionally, this ordinance prohibits a third-party delivery service from listing a restaurant on their platform without written permission.

The ordinance also requires transparency on the receipt provided to the customer with itemization of fees and taxes charged in accordance with the service.

For non-compliance, the ordinance applies civil penalties that can be as high as the city fee schedule. This ordinance is similar to the one recently passed by the City and County of Denver. The Denver ordinance expires February 9, 2021 unless extended. Most of the market share for this industry is held by just a few large companies. Enforcement of the ordinance is anticipated to be handled within existing city resources.

Does the Committee wish to forward this item to Study Session for consideration of the full City Council?

Committee Discussion

CM Gruber: Trevor do you have anything to say.

T. Vaughn: The only thing I would say., is the plan is to enforce this with existing resources. We're anticipating there is a fairly small number of companies. They are aware of what Denver has implemented and that this has been implemented in some of the other cities nationwide. So, we are hoping that enforcement is fairly simplistic.

CM Gruber: Im concerned about putting government in between two independent companies. I've talked to some restaurants and the concern that they raised. If I choose to use it and it's expensive, I still chose to use it. If I choose not to use it then I chose not to use it. Philosophically, Im concerned about inserting government in there. I understand the points you made, and I understand COVID and the 50% that these are unusual times. But going the step further. You mentioned Door Dash, Grub Hub and Uber Eats for example. What if they say no? What if they come out with this and they say, you know what, we won't deliver in your area anymore. I want to consider some of the consequences.

CM Gardner: Yes, Im definitely sensitive to the unintended consequences. I don't expect it to happen but if it were to happen. I would be the first one to work to eliminate this. And I say that, because after talking to the Colorado Restaurant Association who has worked with the National Restaurant Association. They found out that in other cities this has not happened. It hasn't had any impact on restaurant sales. In fact, delivery orders have actually gone up. I also think it's in line with what you would typically expect from the private sector. If I'm told that I can't or you're going to lower the amount of money I can be reimbursed. Im not going to just stop operating and completely cut off that source of revenue. Im going to try to increase my volume to make up for that loss revenue. And I think the other piece of it that these delivery services understand this is a temporary measure. I think longer term more permanent consequences would be there if we were to do something like this permanently. But I think they recognize that we're talking 4 months or 5 months by the time that this were to pass. So, I think they understand we're in extraordinary times. And I think it's worth mentioning that these delivery companies, their costs associated with operating their service are relatively low and they don't have employees. They have the ability in most cases to still make money even at the lower cap for a temporary period.

CM Gruber: What if we put this in place and it turns out to have dire unintended consequences? It expires in March so there's probably nothing we can do. But typically, what we would do is we

would modify the ordinance. We would then bring that to Study Session. We would then vote on it. Which is usually about a 2-month process. Is there a way to put something within the ordinance that would allow Council to pull the plug on this earlier? If it turns out that it causes more harm than good.

CM Gardner: I don't want to answer that. I don't know. I would certainly be open to it if we could. Hans are you on the phone?

H. Hernandez, City Attorney: Yes, I am. First, we can always not enforce and advise the companies we are not going to enforce this. Second, we could also bring an ordinance to the floor which will bypass committees and Study Session. Because what you're describing Council Member Gruber is direct consequences. So, I'm quite sure that Council will vote it quickly it will reduce the timeframe for this to be removed from the Charter Code, as it is right now, it's a business regulation. We can always play with it and enforce it if we see that there is a big issue with this. We can decide not to enforce it. We can contact Council Member Gardner which is the sponsor of the ordinance and say that we need to revise this and we're bringing it to the floor quickly. But I don't think we can put anything specifically in the ordinance that's beyond what we already put that it will expire in March which would allow to be invalidated by a quick action of Council. Because in the Charter we have to go through the ordinance process to do it. However, we can shorten this as much as we can by bringing it directly to the floor.

CM Gruber: Okay. So, my request is that we will put this in the minutes but also in the read ahead for Study Session and Council. This has been discussed and if it turns out that through some means that this is causing more damage than good, we will consider expediting a cancellation ordinance. CM Gardner would you be okay with that?

CM Gardner: Yes, that's fine with me of course.

CM Marcano: Yes.

Committee agreed to move this forward unanimously.

Outcome

The Committee recommended this item be moved forward to Study Session and Regular Council as dual listed.

Follow-up Action

Staff will forward this to Study Session and Regular Council as dual listed.

AURORA'S CONTRIBUTIONS VS BENEFITS OF SCFD

Nancy Wishmeyer, Controller provided an overview. Through a .10% tax on sales and use tax, The Scientific and Cultural Facilities District provides funding to qualifying organizations across seven counties. SCFD tax dollars are allocated annually to participating organizations based on tiers: Tier I receives 64%, Tier II receives 22% and Tier III receives 14%. As a Tier II organization, the city of Aurora shares in the 22% funding allocation with other Tier II organizations in the district. Funding is allocated based on qualifying annual income, paid attendance, and free attendance.

Overview of SCFD contributions and benefits including estimate of what Aurora residents and others pay in sales and use taxes compared to the annual grant distribution from SCFD is attached. Total revenue sources and total expenditures for 2019 are outlined in the attached 2019 SCFD audited financial statements. The city of Aurora spends Cultural Division revenues on various city cultural programs including the Aurora History Museum, Visual Arts and Art in Public Places, the Fox Theater, and the Aurora Dance program.

Committee Discussion

CM Gruber: My concern with this. I always had a problem SCFD and I always fought it when I was on the Chamber of Commerce. The issue is not only do all of the major resources reside in Denver such as the zoo and the Natural History Museum and the theaters and so on. But the fact that the restaurant and hotel visits, that Denver receives as a result of having those is also a multiplier that Denver has. CM Gardner is there more that you would like to add?

CM Gardner: Yes. I have a similar comment that CM Gruber had. That's why I started asking questions about this last year. I know it has been something Council talked about for a long time. But I'm looking at various cultural type facilities that we could develop here in Aurora. It's pretty clear from this presentation that the net benefit to Aurora is that we're sending more money out then we are getting back and not to even account for as CM Gruber stated the multiplier effect for the bars and restaurants and other facilities that develop around these locations. I was able to get some estimates and what is in here is only what the City directly is receiving. But if you look through SCFD's available data of their financial statements and funding plans and things like that the total amount that comes back to Aurora facilities is about \$683,000. So, the amount of money that we're sending out is significantly greater than the amount we get back. I don't know today what the answer is. Other than to say it sure would be great if we could figure out a way to keep this revenue in Aurora and use it for a number of things. But most specifically to look at developing some of these cultural venues on our own. From my perspective that's something definitely there's a lack of and this is one example of why that is. Because we're sending money out for the benefit of Denver basically. I know that there's some considerations as far as how we could divest ourselves from the SCFD. The City Attorney's office had prepared an analysis of what that might look like. That's obviously a much longer-term thing. But I want to say thanks to staff for putting this kind of analysis or comparison together. Because it's helpful and demonstrates what I've suspected and what other Council Members have talked about as well.

CM Gruber: Yes, and the Citizens Advisory Budget Committee with Reno's dream for a venue or an entertainment venue.

CM Marcano: Yes, sir. I also just want to frankly echo both of the comments that both of you have laid out. I see an extreme lack of equity here and what we contribute versus what we receive. Frankly the amount that we're putting out to effectively benefit Denver's economy is something that we could really utilize locally to build up our own offerings. I'm curious to see what options will be available to us whether it's maintaining the partnership. But maybe getting more equitable outcomes for Aurora so that we can actually build these kinds of venues here as well. Or maybe exploring another avenue. I think that the partnership with SCFD does have some benefit to our residents and I would like to know if we can quantify that a little better as well. For example, how often are the free days at the art museum and things like that utilized by the citizens of Aurora. I would like to see us derive a

more direct benefit from this so that we can finally put together our own performing arts center and other things of that nature because we do need those attractions here as well.

Nancy Freed, Deputy City Manager: This isn't about the financial impact. However, the reauthorization of the SCFD came up about 4 years ago. And it was thoroughly discussed with these different views. I know the Chamber was not in favor of the current formula. That came all the way through Council. At the end Council did finally support the reauthorization. One of the theories behind the whole regional approach. And I understand it's unfortunate that the major venues are in Denver. But by having regional attractions available for the metro area not every community has to build a regional facility. All of our residents then go down to the museum of Nature and Science, Zoo, Art Museum, and Botanic Gardens and whatever. Without us having to build those. So that was somewhat of the theory as I remember it when the discussion came up before. I don't know what the alternatives are. It took a vote of the whole metro area to do the authorization. I don't remember how long the reorganization goes into the future.

CM Gardner: I think it's for 12 years. Does that sound right Council Member Gruber?

CM Gruber: It was something like that. It was voted by the citizens of Aurora. It's similar to the stadium tax and the regional transportation tax.

CM Gardner: To Nancy's point that's what I'm saying. If we're not sending this revenue to Denver or to the SCFD as it were. Perhaps we would have the money to build these facilities. And when this came about in the early eighties it made more sense. Because Denver really was a city amongst small towns practically, but Aurora is becoming its own city. It's time that we look for creative ways to develop things to draw visitors from the whole metro area. Especially some of the development on the eastern blanket of the city around 470 and I-70. We have great accessibility from all of the metro area in order to take advantage of that transportation network. Also keeping some of the money here really would allow us to stand out among the metro area.

CM Gruber: CM Gardner what are your thoughts? Because it's not a resolution. I could see a letter from Council to the Director of the SCFD. Saying we're concerned and that we are not seeing equitable revenue. Not a threat but an observation that we're concerned. I think a resolution might be almost punitive but a letter from Council might be all that's necessary. I'm not certain exactly how we would do that. I don't know if a letter is much less than a resolution. Hans, is there a venue or a product that we could use at Study Session that this letter is going forward? It wouldn't be a formal Council vote at a regular meeting.

H. Hernandez: We certainly can always pass a resolution. That's kind of the goal to indicate this is what we really want. However, the Management and Finance Committee might send a letter on behalf of the Committee. I'm not sure it's okay. But that may be a possibility that we're looking directly within about what can be done to improve Aurora's citizens participation or something like that. The point that it was renewed for 12 years. Our legal opinion is there is no way out on this state legislature change. There's the possibility a vote of the citizens to get out. But to be honest more or less we're stuck with this.

CM Gruber: So, CM Gardner it sounds like the easy choice would be for the Committee to send a letter or for a resolution. I don't want it to simply die. It seems that it's too important an issue. The

funding differences are too grossly different. As far as what we pay versus what we get. So, I'm thinking this would be the next step.

CM Gardner: I wanted to give this presentation before I dove into the legal analysis. But just when I did a quick cursory glance at it, it seems like there's two primary options. One as Hans said was changing the statute and that might be either by a letter or a resolution. Asking our state delegations that represent Aurora to work on that for us. So that might be one option. But the other option, a different approach might be like what you said CM Gruber, working on a letter to the SCFD director or Board or how that structure might be. Asking to make sure that Aurora has better representation if you will in terms of how that money is spent. I don't like that approach as much because the simple fact remains the money is leaving our city. It's going to somebody else to decide how to use it, but I obviously understand the political realities. That amending the statute and excluding Aurora would be a pretty tough hill to climb. I guess where I'm at is that I want to look at this legal analysis a little bit more. Perhaps either in November or December we do something a bit more formal whether it's a letter and or resolution for one of those two options.

CM Gruber: So, what I'm hearing. You recommend that we bring this back in November or December for further discussion.

CM Gardner: That's what I would like to do if that's okay with the Committee.

The Committee agreed unanimously.

Outcome

The Committee recommended this item come back to the Management and Finance Committee in November or December.

Follow-up Action

Staff will bring this back to the Management and Finance Committee in November or December.

2021 BID OPERATING PLANS AND BUDGETS

Summary of Issue and Discussion

Carol Toth, Manager of Accounting stated that state statute requires that each Business Improvement District (BID) organized within the city file their proposed annual budget for the upcoming year with the City Clerk for City Council review and approval.

The Havana Business Improvement District was approved for organization by City Council in 2007. The 2021 operating plan and budget anticipates project revenues of \$549,614 from property taxes, its portion of urban renewal tax increment from the Buckingham Urban Renewal Area, and specific ownership taxes. Combined with carry over funds from 2020, the total 2021 budget is anticipated to be \$1,003,040. As in 2020, no additional revenues will be generated from sponsorships. The Havana BID does not anticipate any major public improvements other than its continued communication, marketing, "virtual events", and branding efforts to capitalize on its strengths and economic development activities to promote the prosperity of the Havana Corridor. Due to COVID-related delays in receiving new property valuations from the County, the Havana BID might update their budget revenue projections prior to City Council approval.

The Fitzsimons Business Improvement District was approved for organization by City Council in 2011. The 2021 operating plan and budget anticipates funding from square foot charges of commercial buildings for its \$9,859 revenue and expected expenditures. The Fitzsimons BID does not anticipate any major public improvements for 2021; its expenditures are primarily directed towards administrative costs and parking enforcement.

The Porteos Business Improvement District was approved for organization by City Council in 2016. The 2021 operating plan and budget anticipates mainly public improvement fees and property taxes for its \$178,349 revenue and expected expenditures. The Porteos BID does not anticipate any major public improvements for 2021.

The Parkside at City Center Business Improvement District was approved for organization by City Council in 2017. The 2021 operating plan and budget anticipates developer advances, property taxes and privately imposed public improvement fees for its \$1,266,532 revenue and expected expenditures (General, Capital Projects and Debt Service Funds). The Parkside at City Center BID will continue the construction and financing of public improvements in 2021.

The Citadel on Colfax Business Improvement District was approved for organization by City Council in 2017. The 2021 operating plan and budget anticipates mainly developer advances and bond proceeds for its debt service for its \$817,439 revenue and expected expenditures (General and Debt Service Funds). The Citadel on Colfax BID anticipates the issuance of debt at the end of 2020 for the funding of public improvements completed by the developer and does not anticipate any other major public improvements for 2021.

The Painted Prairie No. 1 Business Improvement District was approved for organization by City Council in 2017. The 2021 operating plan and budget anticipates developer advances for its \$30,000 revenue and expected expenditures. The Painted Prairie No. 1 BID does not anticipate any major public improvements for 2021.

The Painted Prairie No. 2 Business Improvement District was approved for organization by City Council in 2017. The 2021 operating plan and budget anticipates developer advances for its \$25,000 revenue and expected expenditures. The Painted Prairie No. 2 BID does not anticipate any major public improvements for 2021.

The Tower Business Improvement District is anticipated for organization by City Council in 2019. The 2021 operating plan and budget anticipates developer advances for its \$75,000 revenue and expected expenditures. The Tower BID will continue the construction and financing of public improvements in 2021.

Does the Committee wish to forward this item as dual listed to City Council Study Session and City Council Regular Meeting as proposed? The dual listing is being requested due to timing of upcoming City Council meetings; the BID documents are required to be received by the city by 9/30/2020 and the deadline for City Council to approve or disapprove is 12/7/20.

Committee Discussion

CM Gruber: I think the plans are solid. However, COVID is obviously having an impact and will obviously have an impact. There are too many to go into great detail. I know as the counties go into lock down the Havana BID is especially going to be dramatically impacted. I'm also seeing the fact that life has changed as a result of COVID. That we are having more of these remote meetings and the number of office vacancies in Denver have increased dramatically. So, the result of that I'm concerned about how that will affect businesses as well. Since I brought this up.

Chad Argentar: I'll be brief. I think Chance is the best person to speak to as far as the revenue within the BID. I can tell you that they were a little handicapped with projections of revenue for 2021. Just because of the delay and the County assessments. So, the budget that they have was based on what they were generating this year. I believe the counting numbers just came through. So, I'm not sure whether that's a positive or negative as far as the values go. But I think Chance can probably speak to their activities and how things are going to be impacted along the corridor.

Chance Horiuchi, Havana BID: Thanks Chad. We did receive our access values after we submitted to the Management and Finance Committee deadline. Good news. The actual projected assess value is about \$6,000 to \$7,000 more than the preliminary numbers. The difference every year for a decade anytime there's an increase to the preliminary numbers versus the actual numbers. We always just add the increase to the Board reserves. Therefore, the budget line items that we present to Council. None of those budget line items typically change in the budget message. The main items that really change are the revenues and the Board reserves. So, for example this year for 2021 budget we are to receive \$115,423,393. So that difference with the preliminary numbers was applied to the Board reserves. One of the significant items on the 2021 operational plan. Is that we will be hosting virtual events. There will be more on workshops and trainings and advocacy for businesses to help them survive and overcome the pandemic. A lot of the marketing and branding will continue and in advertising we're negotiating contracts specifically for 2021. So those are the key major changes in the 2021 General Fund budget.

The Committee approved to move this item forward as proposed.

Outcome

The Committee recommended that this item be moved forward as dual listed.

Follow-up Action

Staff will forward this to Study Session.

2020 BKD AUDIT ENGAGEMENT LETTER

Nancy Wishmeyer, Controller stated the city's external auditors, BKD, LLP, provides the city with an engagement letter prior to the performance of the annual audit. The engagement letter outlines the various audits and other procedures that will be performed in the coming year and the fees associated with each. The engagement letter also outlines the responsibilities of city management and those of the BKD auditors.

The 2020 audit engagement letter with the fees and responsibilities outlined is provided for your review. As was the case in prior years, this year the BKD auditors will be performing audits of the city's 2020 financial statements, the Single Audit of federal grants, and the Scientific and Cultural

Facilities District (SCFD) audit. Additionally, the auditors will perform agreed upon procedures for the 720 Memorial Foundation, the city's various Post Employment Health Plans (PEHPs), and the city's 457 Deferred Compensation Plan.

Does the Committee have any questions about the engagement letter?

Committee Discussion

There were no questions.

Outcome

The Committee thanked staff. Information only.

Follow-up Action

Information Only.

INTERNAL AUDIT Q3 REPORT

Wayne Sommer, Manager of Internal Audit briefly reviewed the highlights. Through September 30, Internal Audit has completed 44% of scheduled engagements; 22% are currently active. In total, 66% of all engagements are either active or were completed during the three quarters this year.

Committee Discussion

CM Gruber: Let me ask you directly. As far as the audits you've completed and the responses you have received from the various agencies, are you concerned that anyone will stay noncompliant based on your findings, or do you think that they will become compliant?

W. Sommer: No sir, I believe they all will become compliant.

CM Gardner: If we do move forward with a specific Police department internal audit function, how will that change the work on it all because some of the engagements that you have completed have been related to APD?

W. Sommer: That's a very good question. We have developed an audit plan for the Police auditor when that position is filled. They will have a separate set of engagements that will focus mostly on issues related to the Police department that have a community facing aspect. The current engagements for Property and Evidence and also the Vice and Narcotics audit, those will stay with internal audit proper. We will continue to do those engagements and the Police auditor will have their own audit plan.

Outcome

The Committee thanked staff.

Follow-up Action

No follow up is necessary as this item was informational only.

MISCELLANEOUS MATTERS FOR CONSIDERATION

There was a brief discussion whether to combined November and December meeting. The Committee wished to keep both meetings. (November 17th and December 15th)

CM Gruber said rumors were floating around on a 5% increase in minimum wage for the city in 2021. And would like a brief review on the analysis that was conducted earlier about a 5% increase. There was a brief discussion on the 4 major items with the 5% proposed minimum wage and the impact it would have on the City. 1) The increase itself 2) the wage compression 3) the cost of contracts 4) compliance.

T. Velasquez stated the piece we have not done an analysis on was the compression aspect. That would take some time with the HR group. The compliance piece we anticipated 3 staff members to begin the process. That was probably the highest cost. It was estimated at \$333,000 which included the supervisor and 2 audit staff that would address compliance concerns.

CM Gruber said okay having all those 4 elements. The next question is we have already approved the budget based on expected revenues for 2021. If we then increase substantially the amount of money in our expenditures. We no longer have a balanced budget. How does that affect state law and our responsibility under state law?

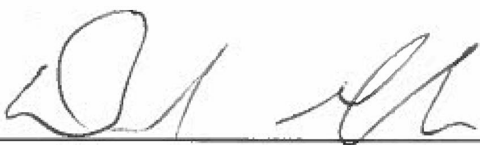
H. Hernandez stated there has to be a balanced budget. So, it's possible we would have to do a supplemental once we have the actual numbers of how much money we're going to use or it's possible that we Council reserves. However, the budget has to be balanced no matter what. We have no choice on that. We cannot borrow on this. We would have cut something out of the budget to pay for it. And then an ordinance would have to pass to appropriate for that. Something has to be done to maintain the balance.

Dianna Giordano said I just wanted to share. That based on our analysis the annualized impact for 2021 was just a little over \$2,500 and that was using current staff numbers. We know that the model is a little hard to predict because our staffing runs about a one-third of what our normal staffing models indicate just based on code. Some of the closures and the decreases to some of the recreation programs which is going to be hardest impacted group of employees by the proposal. Also, I wanted to share that Colorado just instituted a 2.7% increase to minimum wage. So, the new minimum wage for Colorado is \$12.32 per hour. So, the impact will be a little different than what we initially projected when we were analyzing all of that data.

Summary of Issue and Discussion

- The next meeting is on Tuesday, November 17, 2020 at 11:00 AM (WebEx).

THESE MINUTES WERE APPROVED AS SUBMITTED



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

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