

**MANAGEMENT AND FINANCE POLICY COMMITTEE
WEBEX**

Members Present: Council Member Gardner – Chair, Council Member Gruber

Others Present: R. Venegas, T. Velasquez, G. Hays, C. Dancy, J. Cox, S. Newman, R. Allen, H. Hernandez, D. Brotzman, S. Shanks, C. Waldron, T. Sedmak, B. Fillinger, M. Franks, K. Skaggs, A. Jamison, D. Hudson, M. Murphy, M. Franks, K. Claspell, L. Schmidt, B. Rulla, R. Lantz, L. Schmidt, J. Prosser, L. Dalton, K. Skaggs, Z. Zaslow, M. Ruddock, and T. Hoyle

INTRODUCTIONS AND MINUTES

June 22, 2021 minutes were approved.

CONSENT ITEMS

June of 2021 was 21.8 percent higher than June of 2020.

Outcome

The Committee thanked staff. Information only.

Follow-up Action

No follow-up needed.

A BALLOT QUESTION TO RAISE TAXES TO FUND AURORA’S EMERGENCY ACTION MENTAL HEALTH FUND

Summary of Issue and Discussion

Council Member Gardner gave a brief summary and introduced the two outside speakers. Zach Zaslow, Senior Director of Government Affairs of Children’s Hospital and Michael Ruddock of Healthier of Colorado.

The COVID-19 pandemic exacerbated the mental health and substance use crisis in Aurora. This resolution will refer to voters a .25% sales tax increase (\$17.4 million annually) to fund mental health services, suicide prevention programs, substance use disorder services and restorative justice programs through a separate fund and creation of a Board to make recommendations to Council on allocation of monies in the Fund. Funding from this measure will supplement rather than supplant current mental health, suicide prevention, and substance use disorder services.

Committee Discussion

Council Member (CM) Gruber: Children’s hospital is affiliated with the University of Colorado hospital. Children’s hospital and Colorado University hospital have done everything possible to dissociate themselves from Aurora. Colorado University Hospital is on the Anschutz Medical Campus and if you look at the web page. I don’t see by Google, that Aurora is on the web page and so, I’m a little bit concerned . I agree with everything you said, and this is a major problem. But I am wondering why Aurora would be funding a hospital that doesn’t even recognize Aurora as their location.

Zach Zaslow, Senior Director of Government Affairs of Children's hospital: CM Gruber thank you for the question. I would have to go and look, but I think the website is fairly clear that our main campus is in Aurora. We just built over the past couple of years a new health pavilion down on Potomac Street, that's primarily intended to serve the surroundings in Aurora. We have invested in that location to provide care to kids primarily in zip code 80010, 80011, and 80012. So, we're proud to be an important part of the Aurora community. At the same time, we also serve kids all over the state, all 64 counties and typically all 50 states every year. So, our main campus is in Aurora and we're proud of that. We're regional and a national provider. The other thing that I would just clarify. Our faculty is contracted through Colorado University of Medicine. We're separate, fully separate entity from University Colorado Hospital or University Colorado Health.

CM Gruber: Okay. Let's drill down a little bit into the funding sources. Children's Hospital is one of many that would be supported by this ordinance. The way this ordinance is written it's fairly loose with regard to the 5 or 6 priorities the money would be allocated. But with Children's Hospital, could you explain your normal source of funding? I know the state provides money and I know that Health Human Services at the county provides money. What would be the normal funding and what is deficit now?

Z. Zaslow: Thank you CM Gruber for the question. I think it's a good one. So, to be clear we're supporting this measure because it will invest in resources for the community. There's no guarantee that our organization will directly receive funds. We're supporting it because it's good for kids. To answer your question. We treat all kids regardless of their ability to pay. About half of our payers for their kids have commercial insurance. About half are kids who have Medicaid, CHIP or Tricare, so some form of public insurance that typically pays well below the costs of actually providing the care. That's the main revenue source that we have as a hospital that's providing direct services. The analogy I typically use is that if you look at a college athletics program or something. There are some programs that make money and some programs that lose money. All of them are important. And again, we provide services to all children regardless of their ability to pay. On mental health services in particular, we consistently lose money every year. Both Medicaid and commercial health plans do not reimburse very well for medical health services. I think that is partly why we have such a desperate shortage of providers in the state of Colorado and such long waiting lists for kids that needs services. We still provide those services and we do it at a significant loss of multiple millions of dollars a year.

CM Gruber: Okay, thank you. I read through the ordinance and the resolution. I didn't see anything in there saying that the tax monies that Aurora would provide will be limited to Aurora residents. Is there anything that addresses that? You talked about Colorado being the 6th in the nation for suicides and Colorado having many problems. But the money we're talking about specifically is money that will come from the pockets of Aurora taxpayers. How do we protect the Aurora taxpayer?

Michael Ruddock, Healthier of Colorado: That's a great question Councilman. Thank you. So, with the overseeing board that will be appointed impart by the Council and by the City Manager. There are protocols that have yet to be determine and it will be determined by that board. So, under applications provision. It gives the power to the board to establish policies and procedures for evaluating and prioritizing the applications for funding. So, within that process is likely where you would see the stipulation on awarding funds to local entities and organizations.

CM Gruber: Okay, so I'm concern about that. We're talking about having board members which will consist of professionals, drug users and people in drug recovery, as well as several others. I would like

to see something in there that will guarantee at the resolution level. The ballot language saying that this Aurora money will be used for Aurora residents. Are we CM Gardner going to have another discussion about all the elements of the bill, or are we just talking mental health right now?

CM Gardner: I'm not sure what you mean.

CM Gruber: Let me read it. The allocation revenues from the funds will be used for mental health prevention services the treatment for children, youth, adults, seniors, homeless individuals, veterans, suicide prevention programs and I'm good with that. A non-policing model for mental health response. This sounds like Crisis Assistance Helping Out on The Streets (CAHOOTS) program that we're trying to create. A separate funding source for CAHOOTS program that's tied to the police. That's interesting the ordinance that we're going to modify in result of this provided for the 2 per thousand police funding. However, if we're significantly short in the amount of money necessary on the tax revenues to support the 2 per thousand. So, to create another police organization. I'm a little bit concerned about the funding there. Opioid and substance abuse prevention treatment and recovery programs the issue that I have there is that the Attorney General has announced that Colorado is going to receive a significant, and I'm not going to say windfall, but a significant payment from the opioid companies. And that money will be distributed. Now I understand that Aurora is going to receive a substantial amount of that to be determined. But it's going to be well in the tens of millions of dollars. What I'm concerned about is that the specific language of this resolution talks to the fact that this ballot initiative will supplement the money that is already in the program. But if we get additional tens of millions of dollars into the Aurora budget as result of the opioid crisis and opioid settlement. I'm a little bit concerned about how we deal with that. Finally, the last one was on restored justice programs which I don't see as a mental health issue at all. Again, mental health is an absolute crisis and I understand that. I agree everything that's been said as far as mental health. I'm concerned about the Aurora taxpayer. About how the money is going to be allocated and as importantly, that this is a competing priority. I see health in human services as a county responsibility. We're a home rule city. I understand that and we can have our own programs. What I'm concerned about is mission creep and the idea that because this is a good idea that we should fund it. Whereas we still have significant road deficiencies, significant capital improvement deficiencies, and this will take the only remaining tool away from the city to pay for some of those capital improvements that we're talking about. We've had presentations to Council from Parks and Recreation and we're having other presentations about IT and other areas we need capital funding. And then we talk about the fact of putting a capital campaign together to create a separate fund whether its 25% or 50%. Yet to be determined. But another ballot initiative that would go forward next year or the year after, that ballot initiative would fund priorities of the city that is directly responsible for right now. If this passes that .25% increase will raise to Aurora to a combined 9% sales tax in the city. And raising that even further could be a nonstarter and dramatically affect many of the programs that we hope to fund with additional taxes in the future. Bottom line I'm very supportive of trying to help mental health and trying to help these problems that have been identified. But I'm also very concern about protecting the Aurora taxpayer. Again, we're talking retail sales tax, a very regressive tax. I want to protect the Aurora taxpayer and also look at other city priorities.

CM Gardner: First of all, I don't want to make what are these needs of the city the enemy of these needs of the city. I agree with you. I think there's transportation and capital related needs that the city has but this also is at least an equal need that we have here in the city. People have been talking about this as long as I've been around in Aurora. And that we're going to do this for transportation and we're going to do about a ballot measure. Council actually previously hired somebody and then change their mind.

This has been an ongoing conversation for well over a decade and here we are now halfway through 2021 and still have done nothing. So, it feels like we're getting to this point where we're just doing nothing about anything. Because nobody ever wants to move forward with a decision. And while I do, I'm sensitive to the fact that one item might make us uncompetitive compared to another item. I guess I don't think either one is less important than the other and frankly as for accountability to taxpayers that is why I'm always a proponent of whenever taxes are increased. It needs to be at the lowest level of government possible. Local government is the best place for taxes. I much rather have accountability here in our community than at the state level or in Washington DC. It does help Aurora address this issue but still having that local accountability as close to the borders as possible. And again, I think it's important to point out that I'm not asking Council to vote to increase taxes. I'm asking Council to let the voters decide if this is an important priority to them. I've heard from my constituents and I've heard from the community that this is something that is needed. I've talked to school counselors and I've talked to people in mental health commission and the resources are just not there. While I understand that we have these transportation and capital needs we need to build the case for that. And while we're going through the process, I don't think that it necessarily means we shouldn't take care of this other problem that we have in the community.

CM Gruber: I agree with what you're saying. I'm very sympathetic to the points that you're making. I will say this now. I don't think I'm going to support moving this forward. Since there are only us two members. Technically it would be a no vote. I would recommend you move it forward to Council for a full review. Because if we did have three, there would have been a good chance this would have gotten three votes. But having said that, I would like to have some more protection as to revenue that we were not anticipating that just showed up. Opioid lawsuit for example. I know that Congress and the President are working on a separate fund that is supposed to bring additional money. A lot of that money will be targeted to these areas. So, I would like to see language in there. The word supplement always concerns me because it means that it will go in here regardless of what else happens in the world. I would like that to be a little bit softer to state if we do receive additional money from either the federal government or state government or the opioid lawsuits that there can be something that Council can do with those funds other than be forced to put them into this pot. Does that make sense?

CM Gardner: Yes, it does, and I appreciate that. Also, I agree with you on that we can add some language to ensure that the services are for Aurora residents. I think that's a good point as well.

CM Gruber: That was my 2nd point. Thank you.

H. Hernandez: CM Gardner I just want to clarify. That this is a two-step process. Our ballot question will go first, if it's approved by the voters this ordinance presented to you was to give you an idea of more or less how that would look. We can always include all those comments into that ordinance to ensure that it's clear. The ordinance is not going to be moving forward until the ballot question is approved.

CM Gardner: I will move this forward. I believe I have it scheduled to be on the August 2nd Study Session so the full Council could review it. I want to also thank my two guests for taking the time to be here. Thank you.

Outcome

CM Gardner will forward the item to August 2, 2021 Study Session.

Follow-up Action

CM Gardner will forward the item to August 2, 2021 Study Session.

GERP UPDATE

Summary of Issue and Discussion

Steve Shanks, GERP Plan Administrator presented an overview of the plan and the funding progress of GERP.

- Created in 1967 for the exclusive benefit of employees of the City and their beneficiaries
- Covers general employees which excludes fire, police and elected officials
- A defined benefit plan designed to provide a steady monthly income in retirement
- Managed by seven voting trustees with input from fur non-voting representatives of the City

	<u>1/1/2021</u>	<u>1/1/2020</u>	<u>Change</u>
<u>Actuarial Value Plan net assets:</u>	\$539,466,232	\$ 504,806,469	\$34,659,763
<u>Unfunded liability:</u>	\$45,211,689	\$ 62,199,637	(\$16,987,948)
<u>Actuarial funded ratio:</u> <small>(actuarial value assets ÷ actuarial liability)</small>	92.3%	89.0 %	3.3%
Actual contribution rate	14.0%	14.0%	0.0%
Required contribution rate	<u>14.1%</u>	<u>15.3%</u>	<u>(1.2%)</u>
Difference	(0.1%)	(1.3%)	(1.2%)

Mostly due to higher than expected investment gains and a lower than expected cost of living

Committee Discussion

CM Gruber: This is very good news. I'm very pleased with the results and I'm very pleased with the management of the program. I think that right now we're in a world that I don't think we're in a free market anymore. What I mean is that with the government pumping trillions of dollars in the economy. I know that everything I've predicted as far as stocks has been wrong. They have gone up astronomically and I keep my fingers crossed that it stays that way. But some point in time the free market will return that's really what I'm concerned about. I don't think we'll ever know. Let me go back a little bit in a broader scale. Aurora is built out 50% to 60% percent and now we expect to see major development on the northeast side. We're approaching our annex limits in some of the areas on the east. The reason I'm bringing this up, is that city staff right now has had a pretty linear growth. The growth of city staff has

mirrored in some respect the growth of the city's population. At some point in time whether it's 20 or 30 years from now Aurora is going to be built out. At that point in time, I suspect that what will happen the number of employees will flatten out, so we won't see a growth in employees. Because I think growth in employees does help GERP returns. Have you looked at that factor, or am I reaching for something that doesn't really make sense?

S. Shanks: It definitely makes sense. We haven't specifically projected that yet, such as we would look to get estimates for when the change in growth would occur. Like you were saying that basically our projections out now are linear. We have experience studies every five years and at that time we're looking back at what has happened. But then we're also looking forward to what changes we expect to be there. So, we just had one of those studies within the past 2 years. So, within 3 years and when that happens. We would work with the City to see what the projections are as far as hiring and level of staff and salaries and such going forward. So, each 5 years we do look at that and see if projections for the future need to be changed going forward.

CM Gruber: Again, the concern that I have that when we flatten out and have filled in all of the space of the city and the number of employees no longer increases in the linear rate. Would the flattening of the number of employees impact the revenue model then have an impact on GERP? I know on the city budget the fact that we're growing every year is very important to the City. That if we stopped growing and we didn't see the additional revenues as result of that growth. We would have some serious problems within the city. I just wanted to make sure that GERP is looking at that as well.

S. Shanks: Yes, we do consider it and have those studies at least every five years and if something comes up in between, such as we expect a very fast growth in employees then we would have it earlier. But right now, I guess it isn't a giant concern of ours because we would have enough time to adjust to what the increases are and just keep an eye on it. Luckily, Terri is very retirement plan positive and for retirement plans. She keeps us well informed on City's aspect of this so that if we need to have an earlier experience study. We would get that information in plenty of time.

CM Gardner: My question only was on the expected rate of return the 7%. Has that been the expected rate for a long time? How often do we look at that? Can you tell me a little about that process? Just because I know from what I read other pensions plans have gotten into trouble for having an expected rate of return that's too aggressive.

S. Shanks: Yes. So that is looked at annually. It generally gets looked at every year or when we talk with the actuaries on what our assumptions are going to be for the next actuarial evaluation. We do look at that and it has gone down. For 2020 it didn't decrease but for 2019 it did go from 7.25% down to 7%. And before that, it was at 8% years ago and has been going down since then. Yes, there's always discussion and I'm sure for this year it'll be a lengthy discussion based on what the next 10 years looks like. As a plan, we're always looking very long term because we don't want to make changes. Say if we make a change based on a low expected return for the next 10 years. That can make it look like we need to change benefits or something like that. So, we don't want to make a change based only on the next 10 years. If that 10 years is going to be lower just because we had good returns better than we had forecast. Or like CM Gruber has mentioned we're going to come back to a free market at some point. And it could look quite different than what it looks like now with all the extra money pumped in. So, we do look at that hard. The good news is that after these good years that we had we would still grow up and be funded at a 6.50% rate also. That doesn't include a cost of living adjustment (COLA) for tier 2 people. But just assuming

the assumptions that we have the projection that we received as of January 1, 2020, showed that even with a 6.50% expected return that we would continue to improve our funding with the current assumptions. So, we're not in bad shape even if we lower that projected return.

CM Gardner: I appreciate that. Also thank you for the presentation and how well we are in the plan. Great job.

Outcome

The Committee thanked Steve. Information only.

Follow-up Action

The Committee thanked Steve. Information only.

WINDLER BUSINESS IMPROVEMENT DISTRICTS NOS. 1&2

Summary of Issue and Discussion

Cesarina Dancy, Development Project Manager introduced the proposed service plans. The City Council for the City of Aurora approved a Service Plan for WH Metropolitan District No. 1 and a Service Plan for WH Metropolitan District No. 2 on August 30, 2004. WH Metropolitan District No. 2 subsequently changed its name to Windler Homestead Metropolitan District. The City Council approved an Amended and Restated Service Plan for WH Metropolitan District No. 1 and an Amended and Restated Service Plan for Windler Homestead Metropolitan District on June 28, 2021. WH Metropolitan District No. 1 and GVP Windler, LLC have requested the City Council approve a Second Amended and Restated Service Plan for WH Metropolitan District No. 1 together with the Consolidated Service Plan for WH Metropolitan District Nos. 2-10 at a public hearing on August 2, 2021.

Metropolitan Districts are used throughout the city to assist in the financing of public improvements. However, Metropolitan Districts (MDs) are subject to certain restrictions that limit projects, especially those that include commercial development, which may require a wide array of public improvements and amenities. In such cases having a Business Improvement District (BID) along with the MD offers several advantages. BIDs unlike MDs can provide marketing and advocacy services, may offer additional flexibility related to types of public improvements it can fund and allows for the imposition of special assessments that can be tailored to the types of businesses.

Pursuant to the provisions of the Business Improvement District Act of Colorado Revised Statutes, the property owner, GVP Windler LLC is petitioning to organize the Windler Business Improvement Districts Nos. 1 and 2.

Per Colorado State Statute approval for creation of a BID must be given by the governing body of the municipality

if the City Council finds that:

- The petition has been signed and presented in conformity with state statute;
- The allegations of the petition are true; and
- The types of services or improvements to be provided by the district are those that best satisfy the purposes set forth in the state statute, then the City Council shall, by ordinance declare the district organized.

The petitions for the proposed Windler Business Improvement Districts Nos. 1 and 2 and the proposed Initial Operating Plans and Budgets are attached. The petitions state that the initial services and improvements to be furnished by the BIDs include economic development services, district identity/ image enhancement and advocacy on behalf of business and property owners within the districts. The petitions also state that the initial services and improvements will be funded by a mill levy on commercial property not to be greater than 50 mills.

The Operating Plan and Budget anticipates the initial maximum debt authorization for the Districts to be \$100,000,000 each. The initial budgets advanced by the developer for the year ending December 31, 2021 are \$50,000 each and are included as Exhibit B of the Operating Plan and Budgets.

The BID may be used to fund and construct public improvements in place of the MD. Therefore, an Intergovernmental Agreement (IGA) between the City and the BID is also being proposed (attached). The IGA includes language from the city's MD model service plan regarding imposition of the ARI Mill Levy (or payment in lieu) for areas of the BID that are not also within the MD. This will ensure that the city's intent for provision of regional infrastructure through the imposition of the Aurora Regional Improvements mill levy (ARI) is being met for this project.

City Council will appoint the initial members of the Board of Directors. This appointment is based on the recommendation of the petitioners. The members must be qualified electors of the proposed District. After this initial appointment, the new Board of Directors will address subsequent elections to the Board within the requirements set by City Council and State law.

Does Council wish to forward this item to the August 16, 2021 Study Session?

Committee Discussion

CM Gruber: You mentioned there would be two independents and the mills would be different. So, I want to make sure I understand. My understanding is that if a building goes up that building will pay the metro district their share of metro district taxes until the 40 years. If a Business Improvement District (BID) goes in, that BID goes on top of the mill. There is going to be additional mills applied and those will go on top of the metro district's mill. Do I have that right?

C. Dancy: I will defer that to Clint Waldron or Megan Murphy to answer exactly about how they're structured. But with my understanding that it was one or the other, but I've been wrong before.

M. Murphy: So right now, the proposed structure of the BIDs is that they're going to overlay the boundaries of Windler, or WH Metropolitan District No.1 or WH Metropolitan District No.2. Just little corners in the project because he has a lot of development to do before we have businesses that need improving to the business improvement district. Eventually, they will overlay property that's likely to be located in the metro district as well. Then the mil levies will stack or both that's being proposed. But please remember that the BIDs funding is slightly different improvements from the metro district.

CM Gruber: Thank you. That was my only question.

CM Gardner: I don't have any questions. I'm okay with moving this forward. Are you okay moving this forward CM Gruber?

CM Gruber: Yes, I am.

Outcome

The Committee recommended the item move forward to Study Session.

Follow-up Action

Staff will forward the item to August 16, 2021 Study Session.

INFORMATION TECHNOLOGY UPDATE

Summary of Issue and Discussion

Scott Newman, Chief Information Officer presented an update highlighting IT project accomplishments year to date, upcoming milestones, and cybersecurity status.

Completed Projects

Covid-19 Response

- Virtual Desktops for Staff
- Laptops
- Collaboration Tools
- E-Signatures / Remote Workflow

CARES Projects

- Device Deployments
- Cybersecurity Tools
- Network Infrastructure
- Citizen Engagement
- Continuity of Operations Planning Tool

Citywide Projects

- PCI-DSS Certification
- Accela Phases 1, 2 and 3

Committee Discussion

CM Gruber: You talked about Accela which was a money pit for a long time. We were dealing with Accela itself and then we brought in a contractor which was writing out workflow diagrams with the understanding city staff would pick that up. Where are we now and is city staff writing the Accela workflow routines or are we still outsourcing some of that?

S. Newman: It's a combination of both CM Gruber. Accela, the company, was falling down as you may be aware. They were falling down on the job in terms of implementation. So, we did outsource with a company called TruePoint to help with the scripting and the workflow process and at the same time cross training the City staff as well. Mostly the IT staff but some of the business units as well. As they're building it out at the same time showing them. So, IT staff has taken on a big chunk of that development

work, but we divvied it up and said these are the areas that we can accomplish, and these are the areas TruePoint will accomplish and here's the areas that the business units will help with. So, we have been marching forward with that. Probably since Phase 2 maybe a little bit prior to that. And it's been a good balance working it out. We do still have TruePoint on board right now but Phase 4 of Accela is the last big lift and the biggest phase to go live. So, after Phase 4 goes live later this year towards the end of this year or potentially the beginning of next year. We have to count holidays, vacations and what not. Once that's done then we anticipate that a lot of the TruePoint work will come to a close at that point.

CM Gruber: I think you're doing a really good job on this. I think you may have heard. I used to teach computer security at Colorado state, and I was a computer security guy most of my career. I'm happy that you've got the governance tools in here and the processes you're working on. Ransomware still bothers me like everybody fears. I think Dallas is being hit now with a ransomware attack. The critical part of that is backups. Backups that are independent of the network so you're downloading and breaking the chain so the ransomware can't find it. We didn't talk about that so are you doing something like that as well?

S. Newman: That's also on the radar CM Gruber. Thanks for asking that. Again, it's something that we have on the radar to get funding to do. You may be aware of already of Comm Vault. It's not one of the leading in the industry but it's one of the top backup vendors. And they do have some additional capabilities that we can leverage. But we need to look at how we approach that because today we do more the traditional backup method that most organization's do. And to your point we want to look at leveraging some cloud storage to off load some of that as well as the security approach to doing it, so we don't have that risk.

CM Gruber: I definitely recommend looking at something where you offload the critical and have at least one backup in the cloud away from anything that would be infected by the ransomware. Personnel retention, hiring folks on, could you talk about where you are with that? How are we doing as a city?

S. Newman: Sure. So probably the first 5 months of the year it was rough. We did have about 17% turnover in IT for various reasons. A couple were disciplinary, the rest were early retirements or other job opportunities, but it has balanced out. I was feeling a little bit worried. We did see some data from a lot of different research from firms in general across the workforce that there is a lot of turnover because of COVID, but that has balanced out now. We haven't had any turnover since May, and the last one in May was a disciplinary issue so I'm hoping now that has passed. Because the folks that wanted to move on and take early retirement have done so.

CM Gruber: Are you adequately manned?

S. Newman: Honestly, we could use additional staff. But it's part of the 2022 process that we submitted for a number of staff in different areas. We're actually looking at using professional services to augment staff. Specifically, we have a security operations center today that monitors the logs and monitors some of the activity. So, taking that same kind of concept and maybe taking some of the day to day just general administration tasks. Allowing a contractor company to handle those which would free up our staff to really dig into the new products and the projects that we need to implement and give them more time to do that. So that's the strategy that we're looking at. A little bit of an expansion of our staff footprint but then also automating their ability but a managed service provider that actually works 24-7.

CM Gardner: So, since we deal with personal information such as water billing, PROs, and other City departments. Are we subject to Gramm-Leach-Bliley Act (GLBA) or is that for private sector?

S. Newman: I believe that it's for private sector. But I would need to double check that with my cybersecurity officer, therefore I will do so.

CM Gardner: You talked about auditing and some of the training's we do. I'm curious, do we do actual testing, i.e. phishing testing and Clean Desk Policy those type of things. Just to make sure that we don't have a weak link, so to speak within the organization. Because a lot of times that's often the culprit for cyber security type incidents.

S. Newman: Yes, that's a very good question. We did our first phishing campaign this year. I can't remember the exact month, but it was early on. Also, we did our own phishing campaign and unfortunately the results were not good. They really weren't. And that's what showed us that the training wasn't being effective. So that's why we specifically deployed the new training model and are planning to roll that out in August. So that was not good and that's what we are planning to measure. We will continue to do those campaigns on a periodic basis. We have set up a new process to report that out through the management meetings with the rest of the departmental directors. So, we can get their support and additional strategies on how we can make the program more effective overall. In respect to the clean desk, that's something we have said repeatedly, we as a city we need to do better. We just haven't had the opportunity to get to that point yet.

CM Gardner: I know that's something that the private sector deals with a lot. Obviously, we have personal information as well, so I would assume that any testing that we can do is going to help strengthen our organization. Just as a comment and I don't need to tell you Scott, or CM Gruber about how complex all this is, but kudos to you and your group for last year. Especially, with the significant number of city employees that moved to remote and from my perspective as a council member. It was a relatively seamless process but I'm sure it wasn't quite as easy as you made it look. But moving so many staff remote and ensuring we have the proper security protocols in place and hardware and all that. I think it was incredibly complex task so just again kudos to the work you and your team did.

S. Newman: For the record, that I just love my staff. They're very hardworking and they're passionate and they really care about their jobs and what they're doing. And there's no way we could have been successful if it hadn't been for them. So really appreciate the comments. Thank you.

CM Gardner: I heard from the City Manager that because we're going to allow some of our staff to stay remote. We have been able to attract some good employees from other cities and that type of thing. So again, having a good process in place I think is benefiting the City all a around. So, thanks again for your presentation.

Outcome

The Committee thanked staff. Information only.

Follow-up Action

No follow-up needed.

RESOLUTION TO ENTER LEASE-PURCHASE AGREEMENT FOR SOFTWARE RENEWAL**Summary of Issue and Discussion**

The Information Technology department has an annual requirement to renew software licenses for the VMWare virtual server environment. This technology is required to run over 95% of the servers in use at the City. New licenses have been added over the years, resulting in multiple license renewals each calendar year with an escalating annual cost.

By entering a lease-purchase agreement, the Information Technology department can consolidate the renewals into a single renewal, and lock in the annual cost for the next 3 years. This will save the City over \$200,000 over the 3-year term. The proposed lease-purchase agreement requires an ordinance or resolution authorizing this agreement.

Does Council wish to forward this item to the August 16, 2021 Study Session.

Committee Discussion

CM Gruber: I have worked deals like this before when I was in the industry. I think it's good for us and it's good for the company that is selling it to us. The questions I have is does the deal lock in the company? Because we have our own leasing company within the City that we use for our heavy equipment and things like that. But is it a package deal where the leasing company is tied to it?

S. Newman: No sir. We just went with this leasing company because it's one that the reseller has worked with before. We actually were able to enter into a much smaller renewal through the same company back in May. But it didn't require a resolution because it was a much smaller one. It made it easy on that aspect. Teresa, I know is on the call so Teresa if I misspeak please let me know. When we spoke with Finance before regarding the leasing company that we use with the City. It's usually for larger purchases than what we're talking about here. So, this allowed us to move forward in an easier manner than if we used one of the companies for the larger items that the city normally uses.

GM Gruber: I can see doing it on here. Like you said the interest cost is \$11,000. I wonder whether or not it would be worth the City's effort to determine in the future if there were a way to do this. When I worked deals with Microsoft, and I worked deals with Cisco or other type deals where we did multiyear, we would do it the same way that you're working right now with the VMWare. And if the City was the leasing agent opposed to a third party, we would simply keep that additional savings. So, I think that trying to do it now, I agree with you. We would have to invent a better process which would probably take too much time. But it might be something worth looking at into the future for some of the other products that you're going to do. It works in addition to VMWare. It works with many the other tools that you're going to be buying or already operate.

S. Newman: Thanks for that CM Gruber that's one of the things we're considering. Not for the minor stuff but those large renewals that we have coming. We want to see if we have an option to do that as well, to your point save that costs over 3 years. And again, we spent time with Teresa and Andrew and some of the other staff on Terri's team and discussed how we can structure the financing potentially through the City's options. But we're still looking into that. And Teresa again I don't know if I am misspeaking or if there is anything that you want to add to that.

T. Sedmak: You're doing great. I would just add that time is an issue here. It would have taken us longer to go through the City's internal lease program. Also, there are legal documents and things like that, that need to be drawn up. This is just a more efficient way to do it. It allows the deal to get done within the deadlines. Certainly, we know that the City's financing is an option, but this is a better choice for this particular deal.

CM Gruber: I understand thank you. I'm good with moving this forward.

CM Gardner: I don't have any questions. I'm good as well. Thank you, Scott, appreciate your time.

Outcome

The Committee recommended the item move forward to Study Session.

Follow-up Action

Staff will forward the item to August 16, 2021 Study Session.

MISCELLANEOUS MATTERS FOR CONSIDERATION

- The next meeting is on Tuesday, August 24, 2021 at 1:00 PM (WebEx)

THESE MINUTES WERE APPROVED AS SUBMITTED



Curtis Gardner, Chair of the Management & Finance (M&F) Committee

9/12/2021

Date