

## **MF POLICY COMMITTEE MEETING**

January 25, 2022

Members Present: Council Member Gardner – Chair, Council Member Murillo, Council Member Zvonek

Others present: Council Member Marcano, Council Member Bergan, Council Member Sundberg, R. Venegas, T. Velasquez, G. Hays, W. Sommer, C. Dancy, T. Vaughn, R. Lantz, T. Sedmak, R. Allen, J. Cox, M. McGeady, M. Murphy, N. Wishmeyer, E. Cortese, J. Tana, D. Wilson, H. Hernandez, M. Crawford, D. Hudson, J. Ehmann, S. Van Buren, C. Kemm, D. Diorio, L. Saqib, D. Brotzman, J. Bajorek, K. Claspell, B. Orte, S. Newmann, S. Sunberg, A. Jamison, W. Douglas, D. O’Connor, D. Sisneros and T. Hoyle,

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### **INTRODUCTIONS AND MINUTES**

November 23, 2021 minutes were approved. Council Member Gardner was the only current Council Committee member present at the November meeting.

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### **DECEMBER 2021 SALES TAX CHART**

#### Summary of Issue and Discussion

An update on December Sales Tax Chart was given by Greg Hays. A single payment of \$1.8 million dollars was made from one company and would be set aside, while the development offices verify its purpose. He stated that the money would be paid back out.

Sales Tax from furniture, building materials, clothing, auto dealers, parks, and department stores stayed up. Revenue from restaurants was up by 37%, while beer, wine, and liquor stayed down.

#### Committee Discussion

Council Member Gardner: Council Member Zvonek, any questions?

Council Member Zvonek: None for me.

G. Hays: Thank you.

#### Outcome

Information only.

#### Follow-up Action

No follow-up needed.

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### **TITLE 32 METROPOLITAN DISTRICTS MAY 2022**

#### Summary of Issue and Discussion

Cesarina Dancy, a senior project manager with the Office of Development Assistance gave an overview of the metro districts that are in compliance or non-compliance with the city's model service plan, which was adopted in 2004, and updated in December 2021. Non-compliant districts have requested edits that are outside the general scope of the model and have to be approved by ordinance.

One existing district is seeking to add some new property to its boundaries; a boundary amendment.

Ms. Dancy stated that this agenda item would be part of the study session for February 7<sup>th</sup>.

#### Committee Discussion

Council Member Gardner: All right. So for our agenda, I'm going to make sure we stay on time because we have quite a few to get through. So first up is Jacob.

C. Dancy: This is Cesarina Dancy. I'm sorry Jacob.

J. Cox: No problem, just going to introduce you. Thank you.

C. Dancy: I'm actually going to cover this item today for the metro districts. If I haven't met you, I'm Cesarina Dancy, a senior project manager in the Office of Development Assistance. Today we have got a group of metro districts for you in anticipation of the May election cycle. There are just a few things I'd like to mention before we sort of dig in. We do typically present these to M&F as one item, but they will be divided into individual items should they be moved forward to study session and subsequently regular council meeting. Some will be approved by resolution and others by ordinance. We outlined that in the commentary as well. So what we have today is one boundary amendment, nine districts that are conforming to the city's model service plan, and a group of three districts that are serving one collective service area, which are not in compliance with the city's model. And we do have outside counsel on the call today for questions. I'm happy to go through the list and provide a summary of each district or if you prefer, we can just start with your questions should you have any about individual districts.

Council Member Gardner: I've been through this a couple of times, so I'm fine with just opening up to questions unless Council Member Zvonek would like a presentation.

Council Member Zvonek: Yes. Since I haven't done this, I'd like to get a chance to go through it just to understand it more. I mean, I've gone through the backup, but this would be helpful for me to see the presentation if possible.

Council Member Gardner: All right.

C. Dancy: Certainly. In 2004, the city adopted our model service plan and there have been some tweaks along the way, but the bulk of the service plan is pretty much based on that 2004 model. Council just approved some updates at the end of last year, some language, and some transparency issues. So when the model was adopted, the intent was that any new metro districts

that proposed a service plan would conform to that model. And we did outline some basic provisions within the model regarding maximum debt mill levy, the maximum term for debt repayment, and then an agreement to allocate a part of the mill levy to the ARI for Aurora Regional Improvements. So those are the three major provisions in the model. There's a lot of language in there. As you can see, it's a pretty comprehensive document and those were basically the guardrails that at the time the city wanted to adopt, to put into place. We do periodically request for new districts in the city or amendments to current service plans that have previously been approved to adhere to the model. In an even number year as we are in now, there were two election cycles that these districts are trying to get to. Once they leave the cities process, they still have quite a process ahead of them with the court.

So in even number years, we have a May election cycle and November. Odd election year, just the November. So, what we have today is everyone that's trying to move their items forward in anticipation of that May election cycle. The plans that are compliant with the model, truly the only edits that they have made are very specific and detailed to their district. Things like the name of their district, the location, the anticipated debt, et cetera. The red lines are very, very minimal and staff evaluates all of those as they come in and determine what is compliant, what is not. For those non-compliant, that means that they have requested edits that are outside of that general scope with the model and those have to be approved by ordinance typically. Then we also get things like we have today, the boundary amendment. That's an existing district that is seeking to add new property to its boundaries. So that's the three things we have today. There are other examples of things with metro districts will definitely come before the committee. The model compliant, the model non-compliant are the most common. So that's just a high level of metro districts in general, and I'm happy to talk through these, if that would be helpful as well.

Council Member Zvonek: No, I don't think that's necessary.

Council Member Gardner: Council Member Zvonek, any questions?

Council Member Zvonek: No.

Council Member Gardner: All right. Is this an action item that we need to move forward?

C. Dancy: That's correct. These would be on the Study Session agenda for February 7th if you chose to move all these items forward.

Council Member Gardner: All right, I'm fine moving it forward. Council Member Zvonek?

Council Member Zvonek: Yes, fine moving it forward.

Council Member Gardner: All right. Thank you.

C. Dancy: Thank you.

Outcome

The Committee recommended this move forward to Study Session.

Follow-up Action

Staff will move the items forward to Study Session.

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**PUBLIC BANKING ISSUE: MOUNTAIN WEST CREDIT UNION**

Summary of Issue and Discussion

Chris Kemm and Dan Diorio from Mountain West Credit Union (MWCU) stated that they were seeking the Council's support on a public banking issue.

Mountain West Credit Union is the regional tri-state trade association representing 119-member credit unions, 4 million credit union members, and \$58 billion in assets through Arizona, Colorado, and Wyoming.

The MWCU serves and supports the interests of credit unions through advocacy, community outreach, education, and training, public affairs, regulatory and compliance services, and strategic partnerships.

The Mountain West Credit Union is seeking the City's and Council's support in the push to pass legislation in Colorado that gives public entities a choice as to where to deposit monies. Under Colorado law, credit unions may accept public monies. However, currently, public entities cannot use credit unions. Since deposits are insured by NCUA, which is the same level as NDIC insured banks, public entities should be able to choose which financial institution offers the best deal for taxpayer money. Currently, public entities must use a bank.

27 states have authorized the credit unions to deposit public funds.

The bill is a bipartisan one, which has been drafted.

Council Member Gardner stated that the presentation was for information purposes only, because there's a potential impact to the budget.

Committee Discussion

Council Member Gardner: I'm going to make a quick change to the agenda. I'm going to have Dan and Chris from the Mountain West Credit Union Association talk briefly about the public banking issue. Because I know there are outside presenters, I want to have them go, and then we can get back to our agenda order. So Chris and Dan, are you guys available and ready? And Terri, I sent the presentation to you yesterday. If you wouldn't mind pulling those slides up.

T. Velasquez: And Tammy, can you go ahead and share those slides, please?

Council Member Gardner: All right, go ahead, guys.

C. Kemm: Good afternoon, thanks for having us. My name is Chris Kemm, I'm with the Mountain West Credit Union Association. I'm going on my 17th year there. I'm the VP of

Political Affairs. And thank you for allowing us to bring this issue before you. We are seeking the City Council and the city support on an issue going forward on public funds. This has been a longstanding issue. It's not a political issue at all, although others might believe that it is. But when I first came to the association in 2006, we had municipalities, particularly Saguache County, Fire Districts, water districts, PTA groups, small foundations that are associated with school districts. And we've had multiple cities come to us when there's federal funding, and they want to use credit unions as a pass-through on a nonprofit type status loan to the consumers. Credit unions have no prohibition on public funds. We can take any entity that wants to deposit or use us. The prohibition goes on the cities and the municipalities. There's a state statute under the PDP Act in Colorado that does not allow public entities to use credit unions as financial institutions. This goes back to the 1934 rule, wherein Congress enacted FDIC to cover any bank that needed to be federally insured. In 1934 credit unions were just coming into existence, so there was no federal insurer for credit unions at that time. It wasn't until 1970 when NCUA, the National Credit Union Association was created, and we became our own self-funder and a federal insurer under the federal government.

Since 1970, 27 states have changed their state statute specifically to strike the words FDIC and take out FDIC and substitute it with federally insured institutions. We have taken this on a couple of times in my reign, and it's become a political issue. And over and over and over again, our municipalities keep coming back to us for an answer and asking us to help them in this endeavor. So, we are moving forward. My colleague Dan Diorio, who's heading up our state affairs in Colorado and is our lead in the state legislature on this fight will give you a briefing. But before I did want to kind of give you an overview of our credit unions in the state, we do have 77 credit unions. We have over 2.1 million members in the state and just a little over 30 billion in assets. And if you want to put that in perspective, it's less than 15 percent of the market share in Colorado. So, we are still considered a mom and pop. Nationally, we're at seven percent of national assets across the country. So, we are very small in our endeavors. So, Dan I'll turn it over to you and if there's any questions, I'll be happy to answer.

D. Diorio: Thanks, Chris. I appreciate that overview. I'm Dan Diorio with the Mountain West Credit Union Association. As Chris said, heading up the Colorado State Affairs for the association, in particular, this issue for this legislative session for 2022. Wanted to just briefly go through for those who may not be aware or may only have a kind of a brief understanding of credit unions, how we are different from banks. Credit unions are not-for-profit financial cooperatives. We were formed by people with a common bond who were seeking to leverage and pool their resources to provide a means of thrift, and often a means of thrift for people of modest means and low-income means may not have had access to good quality financial services otherwise. As not-for-profit cooperatives, we do not pay income tax because we are not allowed to make a profit. We must, according to our charter and according to the laws of the U.S., and to the state of Colorado, we must return any profit back to our members. Members of credit unions are part-owners of the credit union, and so they are entitled to the benefits of that which are higher yields on deposits than a traditional bank, lower loan rates, and lower fees than a traditional bank, and direct no dividends into their accounts as well. But even though we don't pay state corporate income tax, I think it's important, especially as city officials, municipal

officials, and elected officials as we just heard the tax report at the beginning of this meeting that we, as credit unions, are required to pay all other relevant taxes.

That includes property taxes. That includes sales taxes, payroll taxes. You know, I think many of the taxes that are important to you all as city officials that come directly to the city, we are paying those taxes. So, it is just one thing which is the state corporate income tax because we cannot make a profit. You know, as Chris mentioned, we have 15 percent. It's actually just a little bit low; 15 percent is rounding up market share in Colorado. We are federally insured banks of FDIC and we have the National Credit Union Administration. We are insured to the exact same levels as the FDIC, \$250,000 full faith and credit of the United States government. You know, you'll see on a bank ad FDIC insured, you'll see on a credit union ad NCUA insured. It's the exact same. And so, I think it's important to realize that your money is just as safe and sound in a credit union as it would be in the bank. And an important distinction that you may hear from opponents of credit unions or detractors from credit unions is regarding the Community Reinvestment Act. Credit unions are community-based and locally owned institutions. We are integral parts of our communities. We were started by community members. We still have the common bonds of community members.

And so, you know who we are and being an active participant in our community and lending to populations throughout the community, regardless of their status, is essential to our mission and our philosophy. Back in the 1970s, banks were, unfortunately, discriminating against minority populations, low-income populations, engaging in redlining practices. And Congress passed the Community Reinvestment Act (CRA), which placed additional reporting requirements on banks and requires them to do a certain amount of lending and activity in those areas that they have otherwise neglected. Congress took a good look at credit unions and said, "We are not going to subject you to that because you are fulfilling your mission, which is to serve those low-income and modest means population. You're not engaging in discriminatory practices. We are not going to subject you to this regulatory scrutiny because you're not doing it." That's been affirmed over the years. It's something that we feel strongly that we continue to embody that in our mission and our philosophy. And again, that's been upheld over the years by Congress as they've looked at the CRA. So those are just kind of the big differences between credit unions and banks always want to make sure that that's understood. If you can move to the next slide.

This is, you know, as Chris mentioned, just a brief overview of the issue here in Colorado. Credit unions can accept public money, we can accept public funds, but it's public entities throughout the state that are not allowed to use credit unions. They have to use a state bank, national bank, or a savings and loan that's insured by the FDIC. Again, we're insured to the exact same levels, and your money is just as safe and secure in a credit union as it is in a bank. However, that statute's out of date. It needs to be updated from FDIC to federally insured. I think as you know, there's federal money coming into the state. There's additional state assistance and local assistance that's needed as we hopefully come out of the pandemic soon. But as the economy is still in flux and we feel that public entities including you all as stewards of taxpayer dollars in the city of Aurora, should be able to choose the financial institution that offers you the best deal, whether it be a bank or a credit union. Currently, the law says you have to use a bank. We would like it to say, "Go out and find the best deal for your taxpayer dollars." If you want to partner

with the credit union, great. If you would prefer to go to a bank, that's great as well. But have that choice, have that competition have that free market. 27 states have gone through this process and have said, "Yes. It's appropriate for credit unions to be able to serve public entities."

And you know, I've been at this association for four years and in the last two, I have seen a dramatic uptick in various types of public entities from your cities, your counties and your special districts to your district attorney's offices, your community colleges. They are looking to partner with credit unions. Sometimes it's come through existing relationships in the community. Sometimes it's happened just out of the blue. You know, an agency has shopped around and approached a credit union and said, "You're going to offer us the best deal." And our credit unions have had to say, "I'm sorry we could take your money, but you could get sued and we could get sued." And we've had a great response or a response from our public entities that have said, "This is crazy. I should be able to make my own financial decisions as to where I want to put this money because I'm being charged with being steward of taxpayer dollars." So that is the crux of the issue as far as where it stands in the legislature, it's in drafting right now. Representative Kyle Mullica of Northglenn and Adams County is going to be our prime sponsor. We are going to have, and we have them pretty much locked down, but I don't want to give out names just yet in case anything changes. We'll have bipartisan support in both the House and Senate. We have a Senate Democrat, a Senate Republican lined up to support it, as well as a House Republican as well. So, it'll be bipartisan supported.

It is a bipartisan issue in the state legislature. We have gotten great responses from both Democrats and Republicans who recognize the need for choice out there. And it's in drafting right now. It's a pretty simple change. We hope to have the bill introduced next week. But you know, we just appreciate your time and attention to this. We really want to earn the city's support and your support for this issue because we feel that now is really an excellent time to provide that choice as we come out of a pandemic, as we look at the different ways that we can maximize those taxpayer dollars. So, I'd be happy to field any questions about that, kind of where things stand with the bill and the legislature. We do have the Colorado Municipal League who has voted to support it, as well as the Special Districts Association. And we are talking to many of your peers throughout the state, up and down the front range to get them to support as well. And of course, as soon as the bill draft and the language is ready and we have the bill number, I'd love to send that along to have you go through any kind of formal process you need to do as well.

Council Member Gardner: Thank you for that presentation. So yes, just this is for informational purposes only because there's a potential impact to our budget. And just for awareness for the other council members we'll have this at our advisory committee once we have a bill number for the city to take an official position on. But I think Council Member Murillo is on as well now. So, Council Member Murillo and or Zvonek any questions?

Council Member Zvonek: I have just one quick question. I think, Chris, you mentioned that this has been tried in the past, but politics have gotten in the way. I assume that the politics are those maybe the Colorado Bankers Association who might not want to see an expansion of choice and in the free market for this. Is there more than that? I mean, am I missing something? What is the

legislative issue? Because it seems like a pretty common-sense thing to do. It's expanding choice. It's not mandating any local government choose credit unions over banks, just simply giving them the option. So, what am I missing beyond that, that might be there?

C. Kemm: That's a great question, Dustin. The last time it ran, we actually had overwhelming support in the House and the Senate. It died by one vote in committee, and it was the chair of the committee who killed it and basically made a broad statement of, "I didn't want public entities fighting in an election year." Which was probably the wrong thing to say at the time. And understandably, this is becoming an issue for the Colorado Bankers Association for reasons we cannot understand because the arguments are not one that hold water. We've sat back for many years and tried other alternate ways to try and make this happen, to stay out of the public eye of trying to make it some kind of political fight that it's not. The last time we did this in 2016, the special water districts were told to take their money out of banks because of the high risk of some of their investments due to a federal law change. And so, they overwhelmingly came to credit unions, asking if they can put just \$250,000 in deposits in CDs so that they can hold their money and get some modest returns on them. And those again were killed on behalf of the bankers, who are also at the same time telling them to take their money out of the banks. So as simple as it sounds with the bankers trying to make this an issue on their behalf. We're trying not to get into that. We're really trying to focus on our community's request. As Dan has mentioned, we've gone back to the cities, the municipalities. We've gone to the counties, and we've asked them to take it forward with their legislative process to raise more awareness over the years. And I think that's where we're at. We're back at that point where it's become such a public ask for a change that we've turned around and readdressed this. And as simple nature as possible, we're trying to keep the political process out of this. And just so you know there's not a single credit union in the state large enough to take anyone's city municipal treasurer. Just because of the regulatory requirements that go in that. This is a lot of small items that districts, and special districts and municipalities have asked us over the years to take, that simplistically they just not want to deal with the maximum on particular issues, or to have a choice on something small.

Council Member Zvonek: Well, Dan, I know that you said that the bill's in draft form and there's obviously a more formal process through our FSIR committee to get the support of the city, but I encourage you to do that because I think it's a common-sense idea that will be potentially good for taxpayers, which is what we should be focused on, not necessarily protecting any one industries market share. So that's all I have.

D. Diorio: Yes, I appreciate those comments. I just want to reiterate what Chris said. Which is that the banks are really the only one who will oppose this. They try to make it a political fight about banks versus credit unions. Again, we feel as strongly that this is a choice issue. And quite honestly, they don't want the competition, so they don't want a credit union to be able to play in their area. And so that's not the philosophy that we strive to do, which is, give everyone a choice if you're going to provide a better deal. If the bank provides a better deal than a credit union, great taxpayers win out. Credit union members are taxpayers too, and we just want the money to be used wisely.



Council Member Gardner: Okay, so we can stay on track. Council Member Murillo, do you have any questions?

Council Member Murillo: Thank you, Council Member Gardner. And apologies, I was having some technical issues and I jumped in towards the tail end of the presentation. You might have covered this so apology. What would be the benefit to a credit union if something like this were to pass? And how would that feel like on a community level? Are there any tangible impacts to community members if a credit union would be allowed this?

D. Diorio: Yes, certainly just with credit unions being able to offer those higher yields on deposits. We did a study, an economic study as part of this effort. Currently, per one million deposits public entities in the state are earning approximately \$1,900 in interest. If we were to allow credit unions to accept public funds, again per one million deposits, public entities could earn almost \$3,800 in interest on that. So, you're talking about double the interest that can be leveraged on taxpayer money. So that's certainly a benefit to the community because their money is going further, and those funds can be grown then obviously. Right? And if they're especially assistance funds, or even if their small CDs that you take out again. You're pushing the taxpayer dollar further. And there are also just those kinds of tangible ways in which Aurora Federal Credit Union for example was started for city employees. And yet they can serve city employees, but they can't serve the city itself and help provide those same benefits. That they're already providing to city employees, so I think there's a real tangible benefit for taxpayers there and being able to have an option to go out if there's a need for a new fleet of city vehicles. To be able to go to a credit union, get a lower loan rate, where you can save thousands, tens of thousands of dollars over the life of that loan. That's real money that's coming back to taxpayers that's using it efficiently. And that's where we feel the real benefit is, and we'd be happy to provide any kind of data regarding community involvement for credit unions. I know Canvas Credit Union has been paying off lunch debt in Aurora Schools for years and they partnered with them. And so, we do a lot to stay engaged in our community, again because that's how we're founded that's our mission and our philosophy.

Council Member Murillo: Thank you, I don't have any additional questions.

Council Member Gardner: All right. Appreciate the presentation, thank you very much.

D. Diorio: Thanks, everyone, for your time and attention.

C. Kemm: Thanks for having us.

#### Outcome

Information only.

#### Follow-up Action

No follow-up needed.

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**PAINTED PRAIRIE BUSINESS IMPROVEMENT DISTRICTS NOS 1 AND 2  
PETITIONS FOR EXCLUSION AND INCLUSION OF PROPERTY****Summary of Issue and Discussion**

Painted Prairie Business Improvement Districts 1&2 were approved by Council in 2017. They request to modify their boundaries to include property, as they've modified development plans.

**Committee Discussion**

Council Member Gardner: All right. Item 4b painted Prairie Business Improvement District. Who's making that presentation?

C. Dancy: This is Cesarina Dancy, again. I'll be taking this one as well. So, the Painted Prairie Business Improvement Districts Numbers 1 and 2 were approved by Council in 2017. Since that time, they have modified their development plans, essentially the location of residential, commercial, etc. And as such, the request is to modify their boundaries, so they need to include some property, while at the same time excluding other property because no residential property is allowed to be within the boundaries of a business improvement district. And we do have outside counsel on the call for this one as well if you all have any additional questions.

Council Member Gardner: Council Member Zvonek, any questions?

Council Member Zvonek: No.

Council Member Gardner: Council Member Murillo, any questions?

Council Member Murillo: No.

Council Member Gardner: Are you both okay with moving it forward?

Council Member Zvonek: Yes.

Council Member Gardner: All right, thank you for the presentation.

C. Dancy: Thank you.

**Outcome**

The Committee recommended the item move forward to Study Session.

**Follow-up Action**

Staff will forward the item to February 7, 2022 Study Session.

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**PROPOSAL TO CREATE COUNCIL AIDE POSITIONS****Summary of Issue and Discussion**

This proposal seeks to create a part-time council aide position, similar to the structure that exists at the state legislature. According to the proposal, \$350,000 would be allocated for the purposes

of each council member hiring a part-time aide, which would amount to approximately 29 hours per week. Each Council Member would get \$35,000 in their budget to hire aides.

Council Member Gardner emphasized that the aides would be strictly for council business.

Council Members Zvonek and Murillo were in agreement that hiring aides would help members of the council better run the city's affairs.

Clarification on benefits and structure were provided by City Attorney, Dan Brotzman, and Ryan Lantz, Director of Human Resources.

### Committee Discussion

Council Member Gardner: I'm going to give a brief little background on this and then open it up to other Council Members Zvonek or Murillo that have questions. Again, I want to try to stay on time for our agenda because we have quite a few items. Essentially, this proposal is to create a part-time council aide position similar to the legislative aide structure that exists at the state legislature. The proposal that I created would allocate three hundred and fifty thousand dollars to the City Council budget for the purposes of each council member hiring a part-time aide, so that would be up to 29 hours per week. Each council member would get \$35,000 in their budget to hire that individual and pay them. The duties obviously would vary quite a bit from each council member, depending on what it was that they wanted in or needed. But of course, there would be no political activities allowed. This would strictly be council business.

So, for little background of where I've been, I reached out and met with the HR director Ryan Lantz. We have an employee classification. I forgot the name of it. It's essentially a contract employee, so that's one possibility. The other possibility would be to hire these individuals as part-time employees, that part-time classification. And so that's one area I did reach out to Dan Brotzman to talk about the legal issues that Council allowed to have direct reports and essentially what we would do is have these individuals report through the city manager structure to each council member. So, each council member would have their leeway to hire and obviously separate if needed from who their aide was. I know there are probably going to be a lot of different opinions on what this would look like. And so, I wanted to just briefly talk about what I'm looking to do and then, open it up to discussion and or questions. So, Council Member Zvonek. Do you want to go first with questions or comment?

Council Member Zvonek: Sure. A couple of questions. You know, I've had a chance to talk about this a little bit. So first with the city manager, you'd mentioned this to me last time with them being reporting up to the city manager structure. I have a little bit of heartache over that because as I've mentioned, the legislative aide is up to 20 hours and if you separate, they're gone. I guess my question is if they're reporting up through the city manager system is that if we separate with them, if we decide that the aide is not working out, are they gone from the city, or do they just get moved somewhere else in the city?

Council Member Gardner: In most cases, they would be gone from the city. I mean, if the reason for the separation was a fire-able offense then they would be gone from the city. If it was a personality difference, I guess that would depend. In some cases, they could be reassigned to other parts of the city, and in some cases, they would have to find new employment. So, in that circumstance, I think it would depend a little bit. And obviously, if they were hired as part-time employees, they would have career service protection. I think from my perspective, where the due diligence is important is on the front end and the hiring to make sure you hire the right individual. Now obviously there will be times where that will happen, of course, but I think that's really where the real work happens upfront and making sure the right individual is selected.

Council Member Zvonek: Yes, I get that. So, I guess my feeling on this going forward is that one if we do it. I'd prefer it to be the independent contractor model where they would be at will to the individual members of council, that if there was separation and it could be, and it wouldn't necessarily be even if it was personality. And I get that. I've hired hundreds of people and I get that you can do your best due diligence on the front end. And sometimes it's just for whatever reason they interview great and you hit it off early, but it doesn't work out. And so being able to separate with them would be important, I think, and not just have them pushed somewhere else into the city's bureaucracy and have the employee stick around. So, I think we could work through those and get to that. The original concept of much like a legislative aide where it's up to 20 hours a week and you said think it's a 29. That would be fine, too. I think that just saying that there's a ceiling that you can go up to because I'm sure some members of council might not use them at all or use them a little bit less. And that's fine. The same thing happens in the Legislature. This really is an opportunity for somebody to learn and get some experience. And it should be that and not necessarily something that you're going to use as a career to get into the city bureaucracy if you will.

Council Member Gardner: Yes. Any other further questions or comments Council Member Zvonek?

Council Member Zvonek: That's it for me.

Council Member Gardner: Council Member Murillo?

Council Member Murillo: Thank you, Council Member Gardner. I really like this idea. I know you've been on council for a few years now. Same as I. Just this part-time capacity of being able to manage the different demands. I would say not every ward has the same volume of complaints, and I would say, Ward I feels it pretty strongly and it's difficult to manage with a full-time commitment in addition to that. So, I think, being able to ebb and flow to the needs of the Ward is really important. I'm real-time looking at Council Member Bergan's chat comments. I know. I like this model, and I don't know if this would be in lieu of the current structure or in addition to the three staff we have now. I'm assuming the former in lieu, but maybe you could clarify that for me. I enjoy working with those folks. I think there's a different level of capacity when you have to manage a workload and personality and issue areas and styles for 10 different members as opposed to solely being focused on one. So, I think that is a limitation of our current structure. So, I'm for it. I think it's a really positive step forward. I understand, since we are part-

time council members the part-time aide concept. And if I'm not mistaken, Council Member Gardner, you used to work at the state capital as an aide. I was an intern myself, so I didn't get paid but we probably did similar work. So, I like this proposal.

Council Member Zvonek: Council Member Gardner, can I ask a question of Dan? Just because as we think about moving forward, is it possible to do this kind of more at will, or does it have to be a part of the city manager structure for the ten of us?

D. Brotzman: The charter requires that all employees work for one of the appointees. So, in this case, it would be the city manager. I'd love to say this is truly creative and out there, but it currently exists. The mayor has an aide right now, has an assistant. They report through the city manager. So, what this is doing is taking that principle, which is a full-time position, and making it into a contract position. So, they'd be looking at the same way the mayor's aide is hired currently in just replicating that into a contract form.

Council Member Zvonek: And what type of benefit obligations does that, if any, require?

D. Brotzman: And I'm going to let Mr. Lantz answer that one.

R. Lantz: So, I can definitely provide some clarification on that. We do have an employee status called variable hour position, and it could be either benefit-eligible or non-benefit eligible. And if they don't work the hours required by the Affordable Care Act to be benefit-eligible in this case, they wouldn't be, then they would be considered non-benefit variable hours and they would be at will. So, they wouldn't be considered career service and have those career service rights. So, there's a lot of flexibility in terms of his classification and employment.

Council Member Zvonek: Okay.

Council Member Gardner: And I think to follow up to what Council Member Murillo said. As far as the difference in our current structure. For the current structure, essentially, what we have are folks to answer the phone right? And you know, I worked with Ryan to create a job description. I got a copy of the council aide job description from the City of Denver and then combined it with some of our admin job descriptions. And essentially the duties for these individuals would look different, depending on each council member, but things like responding to constituent emails. For example, we received 50 plus emails today about the camping ban, and I personally would like to respond to all those emails. But of course, you know that once we had our response ready, that individual could do that. They could attend community meetings on our behalf. They could respond to council requests. I think there's a variety of things that they do that are really significantly outside the scope of what our current support staff structure looks like. And I think that would be dependent upon each council member what types of things they had them do. Any further questions from the committee?

Council Member Murillo: Council Member Gardner, I have a follow-up question.

Council Member Gardner: Yes.

Council Member Murillo: Sorry. I understand there could be the option to create a benefit or non-benefitted position. What is this proposal including?

D. Brotzman: So, this proposal is for a non-benefitted position, I tried to mirror as closely as I could the legislative aide kind of setup and structure.

Council Member Murillo: I hear that. Is there any way just for knowledge's sake, that we could get a cost of what it would take to make this benefited?

D. Brotzman: So, yes, I asked that question, and it's going to vary pretty dramatically depending on health insurance, right? Is it individual or is it family? The cost varies quite a bit. I mean, it can be up to \$15,000 for family coverage. So, to answer your question, and maybe Ryan can expand on that a little bit more, the other benefits aren't quite as expensive to the city, but the health insurance can get pretty expensive depending on what type of coverage is selected. Ryan, do you want to add to that at all?

R. Lantz: No, you nailed it. It's really the medical that's going to be the most expensive and the other ones would just be grouped in together, but there is that option.

Council Member Murillo: Can I just get the numbers shared with me or the committee?

R. Lantz: Sure. Yes, I can definitely send it separately, but our average cost for medical benefits is roughly about \$12,500 per employee, depending on the plan and the tier of coverage that they have.

Council Member Murillo: Okay, thank you.

Council Member Gardner: Any further questions? Are you both okay with moving this item forward?

Council Member Zvonek: I want to see what you end up formalizing, so but as far as moving it forward to a Study Session and then coming down to exactly what this will look like. Benefit, non-benefit, and all of that. But moving it forward, I think, I'm fine with doing that.

Council Member Gardner: All right. Thank you.

Council Member Bergan: Council Member Gardner.

Council Member Gardner: Yes.

Council Member Bergan: Sorry.

Council Member Gardner: Who's speaking? I don't know who's speaking,

Council Member Bergan: It's Bergan.

Council Member Gardner: Okay.

Council Member Bergan: I would like to see what exactly do these differ from what we currently have with our administrative assistants? I would like to see that kind of side by side.

Council Member Gardner: I continue the job description that I worked on with Ryan Lantz. But as I talked about before, our current administrative assistants really, I mean, they answer the phones for us. I think there's a large number to more than that.

Council Member Bergan: They do more than that, if you ask them though.

Council Member Gardner: Maybe depending on the comfort level. But again, I think there are political considerations that come into conversation when you have one individual for 10 council members with each with different political workings.

Council Member Bergan: Okay.

Council Member Gardner: I'd be happy to share the draft job description with you.

Council Member Bergan: Okay. No, I appreciate that. My concern is that we're increasing costs to taxpayers, and I want to make sure that it makes sense.

Council Member Gardner: I agree. Appreciate that.

#### Outcome

The Committee recommended the item move forward to Study Session.

#### Follow-up Action

Staff will forward to Study Session.

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### **RESOLUTION TO AUTHORIZE RETENTION BONUSES FOR AFR/DISPATCH FROM ARPA FUNDS**

#### Summary of Issue and Discussion

Council Member Gardner stated that the purpose of this resolution is to reduce the high rate of attrition in these departments. Payment of retention bonuses would help keep present employees, while the city moves to hire additional hands.

Council Member Zvonek made the submission that the AFR is actually overstaffed, not understaffed. He agreed that the dispatch service is understaffed and that the retention bonus would serve them. He did not support the proposal.

Council Member Murillo supported the proposal, and the item was moved forward.

Committee Discussion

Council Member Gardner: All right, next item. Guess, I'm up again. Resolution to authorize retention, bonuses for fire rescue and 911 dispatch from ARPA funds, so this will look very familiar to the council members. This was the same resolution that came forward to pay retention bonuses to our police department and just flopping in both Aurora Fire and 911 dispatch. I have some information that I want to cover as far as retention from Aurora as it's compared to Denver, South Metro, West Metro, and South Adams County. The four closest other agencies to us. So in the last seven years, Aurora has had 101 separations, and probably worth pointing out that we have an authorized force of 424 and we've had one hundred and one separations. Denver's had 45, so less than half, and yet they have an authorized force of 1055. South Metro has had 57 separations in the last seven years and an authorized force of 646. West Metro has had 18 separations in the last seven years and an authorized force of 388 slightly smaller, though pretty similar, and again they've had 18 to our 101. And South Adams County in the last seven years has had seven separations. So that's a much smaller agency. There are only 70 members. That's only one piece of the puzzle. Of course, I think the other piece of that is the mandatory overtime that we've had to use to keep our stations open because as I'm sure most of you know, we have to have four members per rig. And so, to keep our fire stations open in service, we've had to use a significant amount of overtime.

In 2020, we used just over a thousand hours of overtime, and in 2021 that number is exceeded 10,000 hours of overtime in order to maintain staffing levels that are required. So, I think it's a combination of both of the attrition, which is like I talked about significantly higher than those other four agencies, as well as the mandatory overtime piece. The other element to this, obviously, is retention bonuses for 911 dispatch staff. As I'm sure you all know, we have a significant shortage and have had it for quite some time. And my belief is that by paying these retention bonuses, we can keep employees there while we are able to hire additional reinforcements, hopefully over the upcoming months. So that's kind of it in a nutshell, I think it's pretty straightforward and self-explanatory, but certainly, I don't know how much we want to get into questions today. I do have this on the list for items to talk about at the workshop on Saturday. So, you certainly can answer some questions today. But I think Chief Gray and some other folks from the fire department will be available on Saturday if there are further questions at that point.

T. Velasquez: Council Member Gardener, if you'd like, Jackie Ehmann, can speak to the financial impact of your proposal.

Council Member Gardner: Please go ahead.

T. Velasquez: Thanks. Jackie?

J. Ehmann: Sure. Really, it's the same calculation as it is for police, so we took the number of budgeted positions times the \$8,000 and then had to increase it for Medicare and FICA when they apply. So, for police, it came out to \$6 million dollars. For fire, it came out to \$3.6 million dollars. For Aurora 911, it's \$784,000. For each budgeted position to get the \$8,000.



Council Member Gardner: Thank you for that. Further questions?

Council Member Zvonek: Council Member Gardner, I have a couple of, I guess, questions and comments. I know that you talked about the attrition rate over the last seven years. I don't know if you have it handy and if not, we can wait till this weekend. But just looking at it in the last couple of years because I had a presentation in public safety two weeks ago from the Fire Department about their attrition. They show that their five-year average was 6.3 percent, but that had gone down in '21 to 5.3 percent and that currently that they're fully staffed. And in fact, if you take away the allotted staff members that they have for this year, there was a lot in 2022. And obviously, we are 15, 16 days into the year at that point. We are actually overstaffed. And so, it seems like a retention bonus for a department that is overstaffed, just doesn't seem appropriate. I totally agree with Dispatch. They have some significant problems. In fact, I've talked to that team and had them present, and they did not get the same bonus that fire did at the end of the year, the \$2,000 everybody else did. And so, I have a proposal I'll be bringing to the workshop that deals directly with dispatch, but not just with retention, because one of their more challenging problems is actually recruitment, getting people in the door. So, it's actually retention, recruitment, and referral bonus because I do think that dispatch has been hammered. I mean, they are a department of 91 people and have 30 people down. They have real retention issues. I don't believe that Aurora Fire has any real retention issues. They have a tough job, and nobody denies that. But I think that when you look at what's happened in our Police Department and in the Dispatch, that's real retention issues. And I would hope that we would look for other ways to support the Fire Department where there's a real issue. And I just don't believe this is it. And so, I won't be supporting this proposal for that reason.

Council Member Gardner: Council Member Murillo, any questions or comments?

Council Member Murillo: Yeah, I mean, I was not in support of an arbitrary retention bonus for our police department when that proposal came about. Especially in light of us being a national example of what not to do when it comes to policing in communities of color. After the Elijah McClain situation, I thought it was wrong. Just given all that we've gone through and because it was an additional bonus that to what they were already going to be receiving, which is that \$2000. Given that has passed, I do think that we should have some parity in how we're administering that bonus. So right now, I would be supportive of including our Fire Rescue and our 911 and public safety communications as well. I heard a very different picture communicating with the Fire Department, the Chief, different folks, about retention. You know, I don't necessarily agree that they don't have retention issues, but certainly, it looks different. But, you know, having been on council for four years, I know there's a nuance there, right? So, I would want there to be parity. So, I would support moving it forward and at this time, support the additional retention premium.

Council Member Gardner: All right. So, sounds like Council Member Murillo wants to move it forward. Council Member Zvonek doesn't. Obviously, I'd like to move it forward, so this will be on our agenda for Saturday for the workshop. Thanks for that.

Council Member Murillo: Council Member Gardner?

Council Member Gardner: Yes?

Council Member Murillo: I didn't mean to interrupt. I just wanted to let you know and the rest of the committee know, I need to jump off for a prior work commitment, starting at 2:00. That won't be an issue moving forward, it's just the first month of the year kind of got a little wonky, so unfortunately, I need to step off. But I just wanted to make that clear. We'll avoid that in the future.

Council Member Gardner: All right. Appreciate that. Thank you for letting us know.

#### Outcome

The Committee recommended the item move forward to Workshop.

#### Follow-up Action

Staff will forward to the January 29, 2022 Workshop.

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## **JUNETEENTH**

### Summary of Issue and Discussion

Human Resources Director, Ryan Lantz is proposing that Juneteenth be recognized as a legal holiday. It requires an ordinance amending the city code. He stated that recognizing this holiday would show support for and embrace Aurora's diverse community.

He added that providing an extra holiday would send a message that the city cares about the personal wellbeing of its employees, as well as make working in the local government more attractive.

Council Member Zvonek stated that he couldn't support the proposal because it wasn't presented forward by an elected city official.

Council Member Gardner voted to move this item forward to the whole council for discussion.

### Committee Discussion

R. Lantz: Thank you. So good afternoon, my name is Ryan Lantz, I'm the Director of Human Resources. I want to thank all the council members for the opportunity to present this proposal that we have here for Juneteenth as a legal paid holiday for the city of Aurora. This was brought to M&F Policy Committee on August 24th of last year and it was approved to move to study session. But due to multiple reasons, this item was delayed, and thought it would be good to bring it back to M&F Committee for review and consideration and then a request to move to study session. So, Juneteenth, National Independence Day, it's to celebrate annually on June 19th commemorating the emancipation of African American slaves. This became a bit of a hot topic last year as a federal government did sign into legislation on June 17th of last year to make this a federal holiday, enshrining June 19th as a national day to commemorate the end of slavery in the United States. Colorado has recognized this as a ceremonial only holiday since 2004, so it's not a

state-paid holiday. And I know last year, City Council did do a proclamation on June 28th for this to be a ceremonial holiday. It's worth noting that there's no obligation to make this a city paid holiday. This is both private sector, but also for any government or public employers.

Over the next few slides, I'll go ahead and just briefly show you for comparison's sake, what the federal government is doing for their paid holidays, the state of Colorado, and then Aurora. From a federal level, you could see here that there are 11 holidays. Now, they did add Juneteenth as the 11th holiday. I highlighted in red the ones that are the typical private employers' holidays. That's New Year's Memorial Day, Independence Day, Labor Day, Thanksgiving, and Christmas. So federal government does now recognize 11 paid holidays. On the state level, there are 10 holidays. One thing to note is that instead of Columbus Day at a federal level, it's Cabrini day. And then they do not, and they have not decided Juneteenth to be paid holiday. For the city of Aurora, we currently have 10 holidays. We do offer the day after Thanksgiving as a paid holiday, and that's a little bit different than the state and federal. And then for your consideration, I thought it would be good to go ahead and take a look at what other government agencies are doing, both in Colorado and then a few national cities for reference. The following data is here with Colorado. Some cities are still evaluating it. They are taking a look at their current revenues and then what kind of impact adding a holiday would have on their budget.

We did get some feedback from some of the other municipalities that they were waiting to see if the state of Colorado was adopting it in 2022 or if they're doing it for 2023, and that would at least have some level of impact on their decision. Other feedback we got is some of them were waiting to see what other cities were doing. Now with the surveys, we did have, 35 cities and counties confirm that they did add it for 2022. Here's just a list of 10 of the 35. In the supplemental materials, I have listed all of the cities. But I did want to point out that the city and county of Denver, as well as Colorado Springs, they have not added it for 2022 as a paid holiday. And then in terms of the other responses that we received, 11 cities, they haven't decided. They're still waiting. They're still evaluating. We have 15 cities that they actually responded with the surveys that they actually haven't discussed it at all. And then we have 53 of them that actually made the decision not to make it a paid holiday for 2022. And then nationally, well, you could see some of the cities that did confirm it as a paid holiday and then some that confirmed that they're not going to include it, at least for 2022.

So, our proposal is really to recognize that as a legal holiday. This does require an ordinance amending the city code pertaining to legal holidays. The other thing that we did notice through this process is that the 10th holiday that we have, the Friday after Thanksgiving is actually not in the city code. So, we do need to include that as an adjustment. And in terms of cost to the city, if we made this as an 11th holiday, so not substituting another one, but just adding this additional holiday, for a civil service and career service impact for our 24-hour services, it would be an extra cost of \$246,000. And then some of the support and reasoning for it, so I'm only listing six reasons here, but I do think they're pretty meaty and they're pretty impactful. The first one is just honoring Juneteenth and recognizing for what it is. It's really celebrating and recognizing emancipation. Then supporting and embracing Aurora's diverse community and considering the identity of the City of Aurora and the community, we really do think it's important to support

diversity within our community. Communities in themselves have their own identities and diversity is just a huge part of who we are. So, embracing our diversity only helps strengthen our identity, and I think it also honors our community members.

And then Civil Service Consent Decree, as you guys are all aware, we are just starting a journey to really improve our civil service responsibilities. So, this would send a strong message that we embrace, and we are honoring diversity and equity. Now for shifting over to our employees, we are all public servants, and we know it's tough not only to compete against private sector, but we're also competing against other cities and we also know that the current employment market is really tough right now. So, this helps to add the advantage of working in local government, and we think this would be an added benefit. In relation to that, we think it will help with attraction and retention of some of our employees. It provides other benefits and it sends a message to our employees. As we all know a lot of our employees that we work hard and we play hard, so we ask a lot from our employees. So being able to provide an extra holiday does send a great message of work-life balance to support, you know, their personal well-being as well as their families. So, we're requesting for approval to move this to a study session, if you guys determine it's appropriate and just want to see if you have any questions, comments, or concerns.

Council Member Gardner: Council Member Murillo, I don't know if you're still on, but if you are, I'll let you go first just because I know you have to hop off. Okay. She must be gone. Council Member Zvonek, any questions or comments?

Council Member Zvonek: Yes, first, a comment. So as far as moving this forward, and I know I'm still fairly new to this, but it would take an ordinance, correct?

R. Lantz: Yes, it does adjust the city code.

Council Member Zvonek: And is there an elected official who's bringing this forward?

R. Lantz: This would be something that, you know, as city management.

Council Member Zvonek: No. There's not an elected official that's presenting this forward. I just personally and I know that this might be the way that it works in the city management form government or I'm not comfortable bringing forward or moving forward a proposal that's not being carried by an elected official. All of us ran for office for the ability to impact policy. This is a pretty significant policy change for the city of Aurora. And so, the idea that we're just going to move it forward for consideration and vote in a larger public discussion among a group of elected officials without an elected official actually carrying it, I won't support it for that reason alone. And secondly, I think that we should wait and see what the state does. I mean, let the state determine whether or not they're going to move forward and if it ends up being a paid holiday at state level, fine. But I think as far as us doing at the city, if one of my colleagues want to bring forward a proposal to do it, great. Let's have that debate in that conversation. But until then, I can't support moving it forward.

Council Member Gardner: Thank you. Is there any additional presentation required on this?

R. Lantz: I'm sorry, I didn't catch that.

Council Member Gardner: I just asked, is there any more presentation or is that the end of the presentation?

R. Lantz: This is the end of the presentation.

Council Member Gardner: Okay. I'm okay with moving it forward for the whole council can discuss it. So, let's do that.

R. Lantz: Thank you.

#### Outcome

The Committee recommended the item move forward to Study Session.

#### Follow-up Action

Staff will forward to Study Session.

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### **SALES AND USE TAX EXEMPTION FOR DIAPERS**

#### Summary of Issue and Discussion

Council Member Gardner put this forward. It proposes to exempt diapers from sales tax collection in the city. He stated that from a hygiene and sanitation perspective, a diaper is a medical product, and a lot of medical products are already exempt from tax collection.

He added that he had made a presentation to the Business Advisory Committee, and the majority voted to support the ordinance.

Council Member Zvonek suggested that a broad-based and more comprehensive tax reform, which would give relief to Aurora's citizens would be more beneficial.

This item was moved forward to the study session.

#### Committee Discussion

Council Member Gardner: Next, sales and use tax exemption for diapers. Trevor, I don't know, do you want to go first? Do you want me to go first? What do you prefer?

T. Vaughn: If you want to go first and I can fill in any gaps that you want me to?

Council Member Gardner: Okay, thanks. So, this is an ordinance that I'm bringing forward to exempt diapers from sales tax collection in the City of Aurora. I brought forward an ordinance

last year to exempt menstrual products from the collection of sales tax, and this is somewhat of a companion ordinance. Some of you might know, there's also a proposed bill in the state legislature to exempt both menstrual products that they call feminine care products and diapers from sales tax collection in the state. And so, this would do the same thing on the city level. So, for a little background, you know, last year, when I brought forward the ordinance that menstrual products, we talked a lot about period poverty and some of those issues, and there are similar issues around diapers. Kids that have to go to school with plastic bags taped to them and other things like that because their families can't afford diapers. And while, you know, in some cases \$2 on a \$25 purchase might not seem like a lot of money. That could be a top ramen dinner for a family, and that could add up over time. And so, I think it's important to provide this type of relief.

Additionally, I think from a hygiene and sanitation perspective, a diaper is a medical product, and many other medical products we currently exempt from sales tax collection. It's worth noting I did present this proposal to the Business Advisory Board yesterday and the Business Advisory Board all members, but one voted to support this ordinance. They're in the process of typing up a letter, but there was one member whose objection was he didn't think the relief was enough to really make a difference, so it wasn't worth doing. But all other members of the Business Advisory Board voted to support this ordinance. And like I said, they're going to prepare a letter and I'll have that included in the backup when this item comes forward to study session. For the financial impact, I believe the amount of revenue to the city for sales tax for diapers is about \$570,000, and Trevor can correct me if I'm wrong, but I believe that's the number. So that is the amount of revenue, obviously, that the city would potentially miss out on if we were to move forward with this exemption. And I think with that, I'll open it up to questions. Council Member Zvonek?

Council Member Zvonek: Yes. So, first, as a dad of three kids, I'm very sympathetic to the cost of diapers and formula. In fact, I remember vividly my first two kids having a specific line item in my family budget for diapers and formula. My concern with this is a couple of things just to put on your radar. But first is, I think that having some sort of a broad-based tax reform that actually benefits the entire city would be more beneficial. I know that this is targeted for diapers, but my question is there are a lot of things that people are getting hit with right now that I wish we could cut sales tax on. Inflation creeping up to seven percent and no end in sight makes me nervous. But I also worry because I just had a conversation last week with city staff about all of our capital needs and this potential plan to go forward and ask the city to pay for higher sales taxes in order to fund our capital projects, which I think has next to zero chance of passing in the environment that we're in now. But I worry that this will create even more upward pressure on the city's budget to go to the taxpayers in a broad way and ask for a sales tax increase. So, while I typically somebody who will always favor less government money going into government because I tend to think it gets wasted a lot, I don't know that I could support this moving forward. My question is what's next and why not instead of taking a bit by bit piece, look at a more comprehensive tax reform that gives relief to all of Aurora's citizens.

Council Member Gardner: Yes, I mean, I agree with you, taxation and stuff, but I'm certainly ready to have a conversation about ways that we can make additional tax cuts to Aurora

residents. I am 100 percent on board with that conversation. So, but anyways, yes. I think as we move forward, this is probably another part of the discussion about city and county of Aurora and changing the way that we fund our city. We're not there today, but municipalities that are city and county like Broomfield or Denver, they obviously fund their city differently and they're not as sales tax dependent. And so that's certainly something that should enter the equation if and when we decide to have that conversation. Any further comments or questions?

Council Member Zvonek: No.

Council Member Gardner: Trevor, did you have anything you wanted to add?

T. Vaughn: No.

Council Member Gardner: Okay. So, it sounds like one to move forward, one not to move forward. So, I'd like to have this on the next study session.

T. Vaughn: Okay.

#### Outcome

The Committee recommended the item move forward to Study Session.

#### Follow-up Action

Staff will forward the item to Study Session.

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## **ELIMINATE OBSOLETE LICENSING PROVISIONS**

### Summary of Issue and Discussion

Manager of Tax and Licensing, Trevor Vaughn, highlighted a number of licenses that were either obsolete or redundant, and proposed that they be repealed.

### Committee Discussion

Council Member Gardner: All right, Trevor. Looks like you're up next in eliminating obsolete licensing provisions.

T. Vaughn: Yes, this is something that I brought forward in regards to some code provisions that we think are worth a look at eliminating. First one, dealing with mobile home park operator's license. This license, this is a bit of code that hasn't been enforced that we can't find any recent records of anyone holding this license. And I think the reason for that is that deals with some of the code provisions, which, unfortunately, I'm sorry, didn't include those in the actual packet to make it easy for you. But the code provisions talk about basically what a new home park looks like. And I think what happened is years ago there was a decision to kind of let that lapse and not require current mobile home park operators to have that license. And so there was no enforcement on that. We've kind of looked at that for a number of years as to what to do with that. The state now has a mobile home park oversight entity dealing with that and really with licensing, you probably don't want a situation where you end up revoking a license and shutting

down a mobile home park. That's usually not the goal you want. You want good service provision. So, we included this as far as the consideration for eliminating that code as a cleanup item.

Another provision in there has to deal with the retail seller's license and repealing that license, which is really duplicative of the business license requirement. We used to actually issue two of them and just issue a retail seller's license that was actually just right along with the business license. But as we switch systems, we didn't even really discern that from the business license requirement. And there's only one provision in there that talks about paying taxes, which is also a requirement of the business license. So, we don't believe that's needed any longer. The other one is the Christmas tree adjunct license. We require Christmas tree lots to obtain a license, which includes a fire code review to make sure we don't have fire issues out there. Also includes deposits for sales tax and for cleanup with the lots. However, there's a corresponding license for those that have Christmas tree lots that attach to their physical building, such as, you know, a department store that has a Christmas tree lot on there. And so, the Fire Department identified that this year and said, you know, with the way they do the operational permits now, they don't really believe a separate license for those is necessary anymore. There were only six of those that had obtained that license, so we are proposing to repeal that piece of code as well. So with that, I'll answer any questions.

Council Member Gardner: Council Member Zvonek, any questions?

Council Member Zvonek: No questions.

Council Member Gardner: Are you okay moving the plan forward?

Council Member Zvonek: Yes.

Council Member Gardner: All right, we'll move it forward. Thank you, Trevor.

### Outcome

The Committee recommended the item move forward to Study Session.

### Follow-up Action

Staff will forward the item to Study Session.

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## **2022 PROPOSED MANAGEMENT AND FINANCE POLICY COMMITTEE WORK PLAN**

### Summary of Issue and Discussion

Staff presented the 2022 work plan. Redistricting, review of audit reports, and quarterly IT updates are on the committee's calendar for February and March.

### Committee Discussion



Council Member Gardner: Next up, Management and Finance Committee Work Plan Proposed for 2022. Obviously, January is over. For February, a couple of things that I want to put on there. And then, Terri, I'll turn over to you to if you have anything you need to fill in the blanks. But we're going to have a presentation on ESG from Ryan Fraser at our February meeting as well as, and I don't want to put words in his mouth, I'll let him chime in. But I believe Council Member Zvonek wants to have a conversation about our review process for city council appointees. Council Member Zvonek, is that still the case?

Council Member Zvonek: Yes. So and I think Ryan, I had mentioned this briefly when I had my conversation with Laura's departments, but the idea of looking at the review process just generally across the board for the city, specifically looking at 360 reviews and then more common practice of having more regular check ins with direct reports just to get a better holistic view of employees performance. I think having a conversation of where HR, and I know they're working on this, where they are and how what we can expect going forward, especially as it relates to council appointees, but frankly, across the city enterprise at large.

Council Member Gardner: So, it sounds like for now, we'll have Ryan make a presentation about kind of the current status of those reviews. Is that what you're thinking?

Council Member Zvonek: Yes. And I think Ryan, correct me if I'm wrong, but I think this is a process that you're underway with right now. So, I think just having a presentation of where you are and when we can expect these to be implemented and maybe provide some feedback on it.

R. Lantz: Of course.

Council Member Gardner: All right. And are there any other items, Council Member Zvonek, which you want in the next couple of months?

Council Member Zvonek: No. Not anything specific right now. The one question I have, and I don't know if this is something, I guess the timing on is, if I understand that this year, we will be doing redistricting. It's my understanding, I think, that it does come to Management and Finance at some point in time. And I'm just curious as to when that would be and what that process looks like for us.

T. Velasquez: And I can follow up with the City Clerk's office and see the timing for that and get back to the committee.

Council Member Gardner: Yes, we need to have a presentation on redistricting before that process starts. So, the council can provide input on how we'd like that to go.

T. Velasquez: Okay.

Council Member Gardner: Let's either plan that for February or March. Maybe March, February is getting a little crowded, but let's talk about that offline, Terri.

T. Velasquez: Certainly.

Council Member Gardner: Depending on what else we have for February.

T. Velasquez: Okay.

Council Member Gardner: Looks like March has already has some stuff to do, short-term rentals, and a couple of other things, so maybe February. Okay, Terri anything else? Go ahead.

T. Velasquez: If I could. I just want to just remind the committee that you also serve as our audit committee. So that is why some of these items are placed on the agenda while certain things can move. Some are ongoing as a result of being that audit committee, such as internal audit reports and also reports from our external auditors as we complete our annual external audit. In addition, at the Committee's desire, we provide sales tax revenue updates each month. We also provide quarterly IT updates. Scott had one quick question regarding that. But before I turn that over to him, I also wanted to remind you that for all of our financings, we bring debt-related and investment-related information to this committee, as well as career service commission and other HR items. So, Scott, questions.

S. Newman: Thanks, Terri. And just to be brief for Council, as Council Member Gardner's already familiar we did present to Management and Finance Policy Committee (M&F) a couple of times last year, but I did check with the City Manager and IT is actually organized to report up to M&F. So, starting this year, as Terri mentioned, we want to bring that up as a quarterly presentation since we do have so many new members in the committee. I thought the March presentation would just be an overview. Here's IT staffing, IT metrics, the projects in front of us where we're at with some of the major projects, and our cybersecurity posture. But if there are any specific topics that you would like to discuss, then please let me know and we'll be sure to prepare those for the March and onward presentations.

Council Member Gardner: Appreciate that. Yes, I think that's always an illuminating conversation, so certainly looking forward to that.

T. Velasquez: Thank you.

Council Member Gardner: Terri, anything else we need to plug in right now? I know things will come up throughout the year, so don't want to get too wild, but it sounds like we have a plan, at least right now for February and March.

T. Velasquez: That sounds good. That's all I had.

Outcome  
Information only.

Follow-up Action

No follow-up needed.

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## **AUDIT REPORT: MAYOR AND CITY COUNCIL EXPENSES**

### Summary of Issue and Discussion

Council Member Gardner: Next item, the audit report, Wayne. So, for a little context for Council Member Zvonek, since you weren't on Council last year, as Terri just stated, the Management and Finance Committee is the Audit Committee for the City. And last year, early on in the year, it came to my attention that Mayor and City Council operating expenses for our card purchases and things like that had not been audited in quite some time, which obviously I had significant concerns with. I believe at the time we were told that that was at the direction of a prior city manager. And so, you know, I didn't necessarily think that there's anything illegal or unethical going on, but certainly, from an accountability and transparency standpoint, those expenses need to be audited on an ongoing basis going forward. And so that's the result. This audit is a result of that from the internal audit committee last year to audit mayor and council expenses. So, I will turn it over to Wayne.

W. Sommer: Thank you, Council Member Gardner. You have the report that was included in your agenda materials. Just a few quick highlights. This does represent 10 months of expenditures from January through October of 2021. We were not able to do a complete year in the first audit just because of the time constraints around the data becoming available through the normal course of accounting processes, then our ability to retrieve it, audit it, record it and report it. But going forward, we will be providing 12 months of data in each successive report. We're also going to be breaking up our work into quarters, so you'll be hearing from us on an exception basis at each of our normal quarterly reports on work done over the previous quarter on mayor and council expenses. We also will be going backward, as you had requested Council Member Gardner, as far as records are available. We know that there is a limited time for which purchasing card records are retained. So, we'll see how far back we can possibly go. But we'll take a look at those as well. As for this particular audit, you can see our opinion is that we believe that the Mayor and City Council are effectively complying with the rules of order and procedure for the scope period that we examined. We found a total of 11 of what we will call findings for which we have generated recommendations in the report. You'll see the first one has to do with missing approvals; there were some, I think it was a total of three, that we found in our sample that were missing appropriate authorization approvals.

We're recommending that the designated officials make sure that those forms are signed off on as evidence of a required review before they're moved forward for processing. The second finding had to do with inadequate detail, mostly this relate to not obtaining itemized lists for meal purchases when on travel. We had eight of these. The total for both of these findings is approximately \$1,300. We looked at just short of 98 percent of all the expenses on a dollar basis. We are comfortable that this compliance level is good for now. I will tell you that I believe going forward, knowing that the auditors are paying attention to this, we're liable to see better compliance as we move forward. And the fact that we'll also be looking at it on a quarterly basis, it'll be a timelier review than what has taken place in the past. We did make some suggestions for improving council's orders. There are some items that, we believe, need clarifying, such as the ability to upgrade within an economy class. I know most of the upgrade provisions and rules like

this typically deal with going from economy to business. But now that there are various levels of economy class, we think it would be good for a council to clarify whether someone can upgrade within an economy class.

There's also a term used that you can be reimbursed for the reasonable cost of a meal. There is no benchmark for what is reasonable nor who determines that. Also, reports are requested to be submitted in a timely manner. However, there is no benchmark for that either, or who determines what a timely manner is. I know, as a benchmark, staff is required to turn in travel expenses within ten days of the completion of a trip. There was one item, a paragraph reference, where the paragraph did not exist. We're also suggesting that there be some sort of review for coherence to make sure that everything that is cross-referenced within the rules going forward actually exists within the rules. We also, through some of our procedures, are suggesting that there be some joint training between Council and the admin staff so that they are seeing the rules together and are able to ask questions simultaneously and get a clear understanding of what's required under the rules in terms of processing travel and operating expenses. We also know that it can be intimidating for an admin staff person to question a council member about the validity of a particular transaction. We think it would go a long way for Council to give staff verbal permission to question those expenses so that they can feel some comfort in suggesting that a transaction perhaps be reconsidered as it may be problematic under the existing rules.

Also, purchasing (P)-cards are an excellent to use for travel because there's a greater level of documentation and tracking that goes along with those P-card. And we also suggest that Council consider applying the staff travel and expense policies to provide for some consistency across the city. In our next report, we'll have a table that compares existing rules with what city staff are required to do, so you'll have more information on which to assess that particular recommendation. We offer our audit clients the determination as to what you want to do with these recommendations. I think the ones that we've made regarding missing approvals and inadequate detail are fairly designed and benign, that is, non-controversial. We would recommend that those be accepted and then we would track those in our system and also track them through our subsequent audits to make sure that there's compliance there and we would inform you of any situations where there was non-compliance. And as for the items for clarification, that is solely up to the committee and council as to what they would like to do with those going forward since that's a matter of you generating your own rules for operations.

Council Member Gardner: Appreciate it, Wayne. First, going through this. I know we kind of added it midyear or whatever last year, but I think it was an important exercise to do, and I think it's important to do going forward. So, I appreciate you and your staff getting this done. Well, two things. First, I do think it's appropriate from a transparency and accountability standpoint to have this at a study session for all council. So, if you're okay with that, Wayne, I'd like to have staff get the same presentation scheduled for study session for the full council can hear it.

W. Sommer: Yes, sir.

Council Member Gardner: You know, similar length and the same presentation or whatever. But I do think I'd like council to know that the committee recognized the issue here and did get an

update on it. And I think again, from a public transparency standpoint, I think that's important. Secondly, as far as the recommendations, I agree with you that the further we can tighten up some of those rules, I think for the better. So, you know, I'd like to see an ordinance come forward to make those changes. Well, I guess my question is I'd like to bring something forward. Do we need to do an ordinance or resolution to make those rule changes?

W. Sommer: I'm not sure.

Council Member Gardner: That may be more of a city attorney question.

W. Sommer: I think it is. Okay, we can talk to them about that.

Council Member Gardner: Okay, I'll follow up with Dan Brotzman offline.

W. Sommer: Okay.

Council Member Gardner: Council Member Zovnek, any questions?

Council Member Zovnek: No, that was my question. Just with recommendations, obviously not the first part where it's just making sure we're in better compliance with the rules that are already in place. But the second part is it a resolution, is it an ordinance because I think that it does make sense to where there's ambiguity tightened it up makes a lot of sense.

Council Member Gardner: Yes, I agree. All right. Thanks again, Wayne. And then it looks like you're up next to talk about our 2021 annual internal audit report.

#### Outcome

Information only.

#### Follow-up Action

No follow-up needed.

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## **OFFICE OF THE INTERNAL AUDITOR 2021 ANNUAL REPORT**

### Summary of Issue and Discussion

Wayne Sommer gave an update of activities and engagements carried out by his office. A staff member was added to the team; the marijuana enforcement process will remain inactive until there are sufficient staff resources to deal with; culture surveys will be combined into one city-wide survey.

The P-card process would be discontinued, as it's not providing the expected value. Visit Aurora and APD Records Division Culture Survey have gone forward and will be completed. The Crisis Intervention Program is in process.

77% of recommendations have been completed over the last few years.

### Committee Discussion

W. Sommer: Yes, sir. And I know we're bumping up against the edge of the time, and so I will try to make this as concise as possible. We did add a staff member in 2021. Laiba Saqib has joined us as Michele Crawford moved over to become the police auditor. Since 2016, we have averaged about nine audit completions a year, which isn't bad. It's about four and a half engagements per auditor. They do work independently on these engagements. On occasion, we'll do teams, but mostly these are independent engagements for each auditor. I will note that under the very first chart on the thumbnail page 713 that reads currently slightly compared to 2021, that should say 2020. We had a pretty decent year in terms of being able to complete the engagements compared to the previous year. On thumbnail 715, you'll see a table that talks about the progress on our audits from this past year. I want to focus specifically on the columns. I noted it as active and inactive. We will be making some changes for these in our 2022 audit plan, the marijuana enforcement process, which is currently shown as inactive. That will remain so until we have staff resources sufficient to deal with that. The culture surveys that are referenced there for Aurora Fire and also for Planning and Development, we are going to combine all of our culture surveys into one citywide survey that we will do sometime during the first quarter of this year.

We brought it up this morning at the management meeting. We're going to provide management with some additional details, but we thought it would be more effective for us to combine all those into one and get a citywide baseline. The payroll and human resources process review that will also be set aside until the completion of the ERP project, at which time we'll have new procedures that we can actually review. It doesn't make any sense for us to review old ones since they're not going to be enforced anymore. The purchasing card monitoring, this is one that we began for 2020. Our purchasing card processes are fairly manual and paper sensitive, which doesn't mean we can effectively manage a monitoring process for those using our analytics capability, since the processes are mostly done outside of a system. The effort that we've put into it, we don't believe, is giving us the return that we actually want from an engagement like this. It's not adding the value that we think should be there, and so we're going to discontinue this for now. Hopefully, when the new ERP process is installed, we may be able to have more of an automated purchasing card process. In which case we'll go back and do some analytical monitoring of the transactions within that area. The citywide succession planning, we're going to be meeting with Ryan Lantz the beginning of next month to talk about if there's a way to combine this with an employee engagement survey that they are considering doing in Human Resources.

The Courts Case Management was requested by a council appointee in 2019; due to capacity limitations, we have not commenced any work on that, and we will now set it aside for future consideration. The Visit Aurora and APD Records Division Culture Survey, those both have gone forward and those will be completed. Crisis Intervention Program is also in process as well. The Canine Part 2 is moved to the police auditor's 2022 audit plan. And APD Senate Bill 217 compliance has been removed from the police auditor's plan being replaced by other items considered higher exposure. Michelle Crawford is online today if you want to ask her any particular questions about those. The other big item within our report is the status of our

recommendations. Those are on pages 716 and 717. We've got about 70 seven percent completed and this is a fairly steady rate for us over the last few years. In this quarter, though, we are taking some extra time to work with departments to do some implementation on some of the older items that are listed there. And we will provide a more detailed report on those in our first quarter report when we come back to you in April. The rest of the items there are basically information items that we include a report in terms of our additional activities. So, I'll stop right there.

Council Member Gardner: Council Member Zovnek, any question?

Council Member Zovnek: Yeah, just one question on the culture surveys. Do you have examples of what those look like in the past? I think those are incredibly critical across the city, of course, but I even think about the Aurora Police Department. I mean, one of my big concerns there, which is why we did the retention bonuses, is the fact that we're losing officers at a historic rate. And I understand that there's a whole host of factors. But I think that digging into the culture and frankly, the entire city, but in that department would be helpful. So, I'm just curious if you have a sample that I can look at that you've done in the past.

W. Sommer: Absolutely. We have a standard survey template that we use that's based on some work that Rensis Likert did in the sixties. We've updated it to be more useful for current times, but I'll be happy to share that with the committee so you can see just what kind of questions we're asking

Council Member Zovnek: And the timeline for that again, was Q1 of this year. Is that the goal citywide?

W. Sommer: Yes, sir. Q1 is our goal to issue that.

Council Member Zovnek: And what is that from a time frame perspective? When you start, how long does it take? And then she said that we would be able to kind of analyze the results of it.

W. Sommer: We usually like to keep the survey open for two to three weeks to give staff time to respond to it. It will be an anonymous survey. We find that those surveys do provide greater response rates, but we will provide demographic breakdowns by the department. So I am hoping that perhaps sometime mid-second quarter, we can have a presentation back to the committee on the results of that survey.

Council Member Zovnek: Okay, thank you. That's all I had.

W. Sommer: Sure.

Council Member Gardner: All right. Thank you, Wayne, for the presentation. Appreciate it.

W. Sommer: You're welcome.

Outcome

Information only.

Follow-up Action

No follow-up needed.

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**MISCELLANEOUS MATTERS**

Summary of Issue and Discussion

The next meeting is on Tuesday, February 22, 2022 at 1:00 PM (WebEx)

THESE MINUTES WERE APPROVED AS SUBMITTED

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2/25/2022

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Date