

MF POLICY COMMITTEE MEETING

July 26, 2022

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

Others present: R. Venegas, T. Velasquez, G. Hays, K. Rodriguez, B. Levine, J. Bajorek, T. Sedmak, S. Newman, J. Patterson, B. Fillinger, N. Wishmeyer, D. Krzyzanowski, W. Sommer, A. Jamison, L. Saqib, M. Stamp, C. Toth, R. Lantz, D. Hudson, J. Scott, M. Crawford, G. Koumatakis, R. Goggins, J. Edwards, C. Zapata, C. Dancy, T. Vaughn, J. Ehmann, K. Claspell, K. Beck, J. Andrews, H. Hernandez, R. Lantz, N. Peykou, S. Vanburen, D. Sisneros, and T. Hoyle,

INTRODUCTIONS AND MINUTES

June 28, 2022 Minutes were approved.

JUNE 2022 SALES TAX CHART**Summary of Issue and Discussion**

Bill Levine presented the June 2022 Sales Tax Chart. The sales tax in June grew by 8.9% compared to 2021. The city is 14.4% or \$16.5 million over the budget plan. Year-to-date, the city is up 10.7% or \$12.6 million over the 2022 budget plan for the first half of the year. Based on an industry-by-industry breakout of the growth, three sectors are showing double digit growth. These sectors are auto dealers and parts, other taxpayers which include online sales and movie theaters, and eating and drinking places. Seven sectors, including department stores, telecom/cellular, liquor stores, furniture stores, industrial sales, sporting goods/hobby/books/music, and electronics are showing negative numbers.

Aurora received a large sales tax payment of \$886,000 in June from a large HVAC company. The city almost never receives a sales tax payment from this company, meaning the payment is very likely from a large industrial-commercial project. This is considered a one-time payment and is not consistent. If this payment did not arrive, the sales tax growth would have been at 4.2% instead of 8.9% Given that this is a variable payment, the city should not count on this moving forward. There are concerns that growth seem to be slowing down over the recent months.

Committee Discussion:

CM Gardner: Well, if one was reading too much into this, they might think Greg gave up doing these monthly presentations right before the news started getting bad. So I guess you dodged a bullet there, Greg.

Greg Hays: You're sensing that as well?

CM Gardner: Thank you for the update, Bill. Appreciate that. Council Members Zvonek and or Murillo, any questions on our update? Council Member Zvonek, we couldn't hear you. It doesn't look like you're on mute, but for whatever reason.

CM Murillo: No questions for me, Council Member Gardner.

CM Gardner: All right. Thank you.

CM Zvonek: Is that better?

CM Gardner: Yes. We can hear you now.

CM Zvonek: Yes. No questions.

CM Gardner: So, I just wanted to clarify one thing that you said about the HVAC company, did you say they do not normally pay sales taxes at all or just normally not an amount like this?

B. Levine: When you look at the details, they have many months where their total sales taxes paid are zero. So, it's not that they've never paid the city before, but most months, it's either zero or a very, very small number. So, this is a very large, unusual one-time payment that we received.

T. Velasquez: And Council Member Gardner, we do have Jeff on from tax, if you want any more details, he can provide them.

CM Gardner: Yes. To pay \$886,000 just in sales taxes on an HVAC system, that would be quite the project, so it's surprising. But no, I appreciate that., we'll take all the revenue we can get. But I don't have any additional questions. Thanks again, Bill, for your update. I appreciate it.

B. Levine: Thank you for your attention. I appreciate that.

Outcome

Information only.

Follow-up Action

No follow-up needed.

CITADEL ON COLFAX BID BOARD VACANCY

Summary of Issue and Discussion

Cesarina Dancy, Senior Project Manager of the Office of Development Assistance, presented this item. The Citadel on Colfax Business Improvement District (BID) requested City Council to appoint an individual to serve on their Board due to a vacancy because the last remaining member of the Board has passed away. As per state statute, City Council has the authority to

appoint individuals to the board. Alan Westfall's, the single qualified elector, information is provided in the packet. A similar request for their Metro District will be coming forward to the Committee at a later time.

Committee Discussion:

CM Gardner: All right. Council Member Murillo, any questions?

CM Murillo: None for me.

CM Gardner: Council Member Zvonek?

CM Zvonek: No.

CM Gardner: All right. And are you both okay moving this forward?

CM Zvonek: Yes.

CM Murillo: Yes.

CM Gardner: All right. That'll move forward. Appreciate the presentation. Thank you.

C. Dancy: Thank you.

Outcome

The Committee recommended the item move forward to Study Session.

Follow-up Action

Staff will move forward the item to Study Session.

WARD RE-DISTRICTING UPDATE

Summary of Issue and Discussion

Kadee Rodriguez, City Clerk, provided an update on the ward re-districting. There are two public meetings left. After these, the Election Commission will approve a scenario on August 17th. Then, it will move forward to the M&F Policy Committee on August 23rd and September 27th. The September 27th date is only tentative should the Committee not come to a consensus on the first meeting date set. Once the M&F Policy Committee approves a plan, it will move forward to the October 17th Study Session. After this, it will go to the Council meeting on October 24th and November 14th. The public input survey on Engage Aurora remains open until August 3rd. The Engage Aurora webpage will stay up throughout the process which will allow residents to access the interactive maps and meeting information. The city will also provide a QR that will take individuals directly to Engage Aurora.

Prior to the August 23rd meeting, reviews of the criteria used to draft scenarios, requirements in the City Code and City Charter, current ward boundaries and population estimates, and proposed scenarios will be done. The review of the proposed scenarios will include population estimates, deviation from target population, and county presincts. Staff will provide the Committee with the public input survey results, comments from public meetings, current ward boundaries and population, scenarios drafted by staff, and the approved scenario from the Election Commission. Staff will continue to reach out to the public. Hard and soft copies of flyers can be sent to committee members to be distributed to constituents.

Committee Discussion:

CM Gardner: Kadee, one question I have on the process. Because it's an ordinance, if it gets final Council approval on November 14th, it would not become official until December 14th. Is that right?

K. Rodriguez: Yes, it's 30 days after the second publication. So the publication would be on that Thursday after November 14th. 30 days from then.

CM Gardner: Okay. Yes, that still meets the recommendation by this group that we have it finalized by the end of the year, December 14th. I don't know if we reach a consensus at the August 23rd meeting, if we could move that to Council sooner or if staff doesn't want to do that, and I don't know if this Committee has an interest in doing that. It still meets our deadline by the end of the year, though it's close. I just wanted to throw that out there, if Council Members Zvonek or Murillo have any thoughts or concerns or if we just want to go forward with this proposed timeline.

CM Zvonek: Council Member Gardner.

CM Gardner: Please go ahead.

CM Zvonek: Yes, I agree. So, if we can come to the consensus on that earlier one, and Kadee, if, as Council Member Gardner mentioned, if staff is okay with that, giving us time just so that we can try to get it in with a little bit more cushion before the end of the year, I believe that would be a good course of action.

K. Rodriguez: Yes. And I'm glad you brought that up. I was actually going to say that, if you don't need two meetings, we can always move up the October and November Council meetings.

CM Gardner: Okay. Great. Council Member Murillo, are you okay with that?

CM Murillo: Yes. I'm okay with that.

CM Gardner: Okay. I don't think I had any additional questions. Are there any other questions from the Committee?

CM Zvonek: Not from me.

CM Murillo: No.

CM Gardner: Okay. All right. Thanks, Kadee. We will look forward to next month then.

K. Rodriguez: Okay. Thanks.

Outcome: The Committee agreed to move the item to an earlier Study Session should they arrive at a consensus on the August 23rd meeting.

Follow-up Action: Staff will place the item on an earlier Study Session agenda based on the Committee's decision on the August 23rd meeting.

CABC PRESENTATION TO THE MANAGEMENT FINANCE COMMITTEE

Summary of Issue and Discussion

Jonathan Scott, the Citizens Advisory Budget Committee Chair, provided an update. From July 26th to 27th, they will have their workshop. They are set to go over the subcommittee reports from their five subcommittees namely: affordability, efficiencies, revenue, a departmental review of the fire department, and the 911 emergency call center. The Committee has been working hard to provide Council with opportunities, information, and advice on the budget from a citizen's perspective.

Committee Discussion:

CM Gardner: Great. Appreciate that. Council Member Zvonek, do you have any questions or comments?

CM Zvonek: No, just thanks for the work you guys are doing, Jono, I always look forward to your guys' presentations.

CM Gardner: Council Member Murillo.

CM Murillo: Yes. Same. Thank you for the work you all do too, review a very hefty part of the work that we do. I know it's not easy. And I guess the other thing a little tangential, is when I think about who's on the Budget Advisory Committee. I've always been interested and would love to just bring that up for a conversation again is the idea of having 2 appointees to that committee per Council Member with the interest of having more industry sectors of industry and different industries represented. I know that representation is important but so a little tangential to the conversation today. Council Member Zvonek I'm seeing your head nodding no.

CM Gardner: I think we already have 2 to the budget. It's the Business Advisory Board you're thinking of.

CM Murillo: Oh sorry, I apologize. Yes, you're right. My headspace is in a different space but either way I do think the inspiration though would be to model after the Budget Committee because again the more voices can always be a lot to manage. But in terms of having different industries represented on that other Board, I like that having 2 representatives on the Budget Advisory Committee allows us different experiences. So, not one person can solely represent all of the different ways you might live and work and play in Aurora. So, yes, that's where I was going with that. I apologize yes model the same structure that we have for the Citizens' Budget Advisory Committee for the Business Advisory Board. I'm just throwing that back out there for the group.

J. Scott: I agree with that. I really enjoy the different perspectives on the Committee having 2 appointees from each Council Member. So, I have learned from other perspectives and I believe others have learned from the wide range of perspectives that we have in that room. We've been unique and set-up as hybrid to where we have some meetings in person and some meetings online and there are different levels of involvement within the Committee. I would like to see a wider range of involvement overall, but there's a vast number that is heavily involved, and it's great to hear from their perspectives.

CM Gardner: Yes. I appreciate that. I have two questions. One, and maybe this will be in the final report that we get. But have you had any outside speakers come in? I know in the past, Visit Aurora and some of the department heads and things like that. What does your process look like for gathering the information that you all need? I know it's probably a little bit more difficult in a hybrid environment.

J. Scott: Yes, we have. Two highlights. Greg presented in depth more than he normally does, and that was a highlight of guest speakers. He's not really a guest. He's within the area anyway. But we had Bob Oliva. I will say that was one of the most informative. We extended the meeting multiple times, and it got to the point where we could have gone till 11:00 or midnight. He was interested in staying. Everybody was interested and involved, and it was very rich and informative and helpful on the retail side of revenue.

CM Gardner: Yes. Okay. Yes, good. I bet that was a really good presentation. And then my other question, just maybe a housekeeping thing. Will we include like we typically have in the past, the attendance record in the final report to Council?

J. Scott: We can do that if you'd like. Yes.

CM Gardner: Okay. Yes, that would be good information to have. I don't think there's any other questions. So, otherwise just, Jono, I appreciate your time on the Committee. As a former Chair, I know that it can be a lot of work, and feel like herding cats sometimes. So, I appreciate your work on that and Greg, also for your time doing those meetings and things like that. So just thanks to both of you. Really appreciate it.

G. Hays: You're welcome.

J. Scott: Thank you. Appreciate your work.

Outcome

Information only.

Follow-up Action

No follow-up needed.

Q2 2022 INTERNAL AUDITOR PROGRESS REPORT

Summary of Issue and Discussion

Wayne Sommer, Internal Audit Manager, provided the Q2 progress report. 62% of engagements are either active or completed. However, they do not anticipate that all engagements will be completed by the end of the year. During the year, as resources are limited or as they come across challenges with existing engagement, the auditors decide what to continue with the audit plan. Internal Audit is currently working through the culture survey data and are starting to draft reports. They are focusing primarily on the IT overview engagement for the second half of the year as it is another major engagement. Internal Audit will continue small engagements simultaneously to fill time from major engagements. Unfinished engagements in 2022 may be a part of the 2023 audit plan. Staff will decide if there is an added value to continue the engagement in the following year.

Directors and staff reduced the number of outstanding recommendations from 83 to 65. Staff continues to work hard on implementing the recommendations. Internal Audit produced audit reports for Visit Aurora, APD Property and Evidence, and the APD Crisis Response Team. The entire report for Visit Aurora was provided since the engagement was originally initiated in 2021. The APD Property and Evidence Report is normally a recurring engagement as a part of the CALEA Accreditation. However, APD is no longer pursuing a CALEA Accreditation. Thus, this item will move off the next audit and staff will instead go into the risk assessment mix. The APD Crisis Response Team Audit was conducted by Michelle Crawford, the Internal Police Auditor.

Committee Discussion:

CM Gardner: Appreciate that, Wayne. Council Member Zvonek, any questions?

CM Zvonek: None from me.

CM Gardner: Council Member Murillo.

CM Murillo: No, this looks good. Thank you for the update.

CM Gardner: Okay.

W. C. Sommers: The only thing I would add, Council Member Gardner, is normally at these quarterly reports, we would bring you the latest installment of the Mayor and City Council expense audit. This time of year, with vacations, etc., we weren't able to get all the documentation when we needed it in order to make it for this deadline. We will bring you that report in August and that will be completed then. We'll get back on the normal schedule.

CM Gardner: All right. Appreciate that. And then also not to put you on the spot, but in regard to retiring at the end of the year, just thank you for all your work for the city. I know there'll be plenty of time for goodbyes and all that. But since this is the first meeting that you've been at since you sent that email, I just want to recognize you and thank you for all the work for the city.

W. C. Sommers: Thank you, sir. It's been a pleasure.

Outcome

Information only.

Follow-up Action

No follow-up needed.

MISCELLANEOUS MATTERS FOR CONSIDERATION

Summary of Issue and Discussion

The next meeting is tentatively scheduled for Tuesday, August 23, 2022 at 1:00 PM (WebEx)

THESE MINUTES WERE APPROVED AS SUBMITTED

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9/25/2022

Date