

MF POLICY COMMITTEE MEETING

April 26, 2022

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

Others present: R. Venegas, T. Velasquez, G. Hays, J. Cox, N. Wishmeyer, T. Sedmak, K. Rodriguez, W. Sommer, J. Schneebeck, Z. White, J. Prosser, G. Koumantakis, B. Rulla, J. Gruber Tanaka, B. Dickhoner, A. Johnson, C. Smith, J. Culotti, B. Pesch, D. Krzyzanowski, C. Zapata, W. Keever, M. Noble, A. Barnes, J. Patterson, M. Stamp, J. Rustad, J. Calegari, R. Lantz, R. Allen, H. Hernandez, M. Crawford, D. Hudson, J. Ehmann, D. Brotzman, J. Bajorek, K. Claspell, B. Orte, S. Newman, A. Jamison, D. Sisneros, and T. Hoyle

INTRODUCTIONS AND MINUTES

March 22, 2022 minutes were approved.

MARCH 2022 SALES TAX CHARTSummary of Issue and Discussion

Greg Hays gave an update on the March 2022 Sales Tax. The sales tax was up 7.2% compared to March 2021 which is the only the second growth of less than double digits since November 2020. Auto dealers were up 23%, eating and drinking were up 20%, and utilities are up 18%. Building materials and furniture are also up. However, liquor stores and department stores are down. It was noted that the sales tax is not growing with the inflation rate, which is at 8.5%. Inflation, however, also affects non-taxed items such as groceries.

Committee Discussion

Council Member Gardner: Yes. That was actually one of my questions or maybe just observation. Inflation really started to increase at the end of last year, the beginning of this year, so it doesn't surprise me that we maybe saw a little bit of a slowing in March because it might have affected how consumers are spending and spending more on things like groceries that we're not taxing.

G. Hays: Correct. Yes. That's the downside of that whole inflation piece.

Outcome

Information only.

Follow-up Action

No follow-up needed.

ERP AND GERP PLAN AMENDMENTS

Summary of Issue and Discussion

Nancy Wishmeyer, Controller, presented the item. Amendments to the City Code related to the Executive Retirement Plan (ERP) and General Employees Retirement Plan (GERP) are requested. The code will be changed to eliminate the option where employees can move between plans. This will not allow employees that are being promoted to transfer to ERP from GERP. This will avoid IRS penalties where employees can transfer between pension plans with differing employer contribution rates. Currently, the IRS only allows transfers for the same contribution rate. For GERP, the employer rate is 7%, while it is 10% for ERP. Staff considered the option to match the employer rate of GERP to ERP, however, this was not believed to be financially feasible. Once the ordinance is in effect, it will be prospectively applied. The GERP Board approved this amendment and is in support of the change to the city code.

Committee Discussion

Council Member Murillo: Yes. I saw some furrowed brows. I understand the IRS consideration, but it just seems odd that like if you get a promotion to a role that would put you in the ERP, you wouldn't be able to take advantage. It seems like you're missing out on some of your benefits packages, I guess. I'm confused about how do we rectify that specific scenario?

N. Wishmeyer: Well, and, again, I think we were looking at the possibility of changing contribution rates because the plans do have different contribution rates, that that would be an option, but it would be a costly option. But I guess right now, we're in a situation where we're not in compliance with IRS rules because we do have differing rates.

Council Member Murillo: Sorry, I will let Terri or whomever answer as well. But my follow up question to that is in terms of IRS compliance. Like, actually not even that, the changing the percentage, would that have to be for everyone in the plan or just the person who is transferring over positions? I'm unclear. Maybe Terri can help answer that.

T. Velasquez: The contribution rates are set by plan and by a board approval, as well as City Code, which is governed by Council for those two plans. So those plans live within our City Code and that's why we're proposing an ordinance to change the code. But with regard to the difference between the two plans and maybe an inequity, I can just use myself as an example. When I became the Director of Finance, I had a choice at that time. The code wasn't closed. And I reviewed my choices. It was really, fairly comparable in the long term, even with the difference in contribution rates.

And the reason being is the defined contribution plan, which the Executive Retirement Plan is, is directed by each individual and what their choices are for investment. And usually, in a defined contribution, there's more risk involved for the individual, whereas GERP is a defined benefit plan. Based upon your highest average salary, you get a defined set amount of income. I chose to stay in the GERP plan. I just know that I probably wouldn't have picked the right investments and try to time the market or do something like that. So, I think that the difference in the

contribution rates is somewhat a factor of that additional risk that those who are in that plan do take on. From my personal perspective, I do believe they're fairly closely aligned in what the benefits might generate at the very end of someone's career.

Council Member Murillo: Okay. I appreciate the example, but I guess now I have more questions on why GERP is defined benefit and ERP is defined contribution. I guess, for me, where the dust settled after that explanation is, I'm just concerned that we're forcing that choice. I, personally, probably also would have chosen the defined benefit plan, but some folks might feel more comfortable with the defined contribution and would know how to maximize their choice. I'm assuming if that is the selection that they made, that they would feel more comfortable in determining their retirement that way. Now I'm struggling with the choice that we'd be making on somebody's behalf, but I also respect the compliance piece. So, I'm struggling with where I fall here because I'm struggling with taking away that choice. And yes, I guess it worked out for you, but it doesn't necessarily mean that somebody else wouldn't have benefited more or felt more capable of managing a defined contribution plan as opposed to just deferring to defined benefit.

T. Velasquez: You're probably right. As far as the standpoint of people's choices and who's more savvy at investing and who could do better in one plan versus the other. But I will say, our defined benefit plan for GERP, and I'm trying to recall the total number of participants in that plan. It's basically a majority of our career service employees plus people who've retired. So, I don't know. Is it about 5,000, Nancy?

N. Wishmeyer: I think it's less than that. It's in the 3,000 range.

T. Velasquez: Okay. The approximate number of people who are in that plan. And then I would say for the ERP plan, the defined contribution plan, you have probably 30 or less participants. There's a lot more portability, I would say, in that plan. When people come to an organization at a higher level, sometimes they're looking for more portability of a pension plan. I think that's why it was developed and that is part of the purpose that it serves. It has a little bit more portability for those individuals. I think they're each designed because they were based upon the type of employee that they serve. And maybe that helps explain some of that.

Council Member Murillo: Yes.

T. Velasquez: And then why they decided back in the early 2000s to change the contribution rate, I wasn't there, but I would assume it had to do with the additional risk of individuals investing for themselves versus being a part of a pool.

Council Member Murillo: So, I guess, again, that makes a lot of sense of why that would have developed in that different way. But, again, back to the portability and the choice. If somebody gets promoted, who's in GERP, can qualify for ERP, and then decides to leave, I would imagine there's not as much mobility once you start getting higher and higher. So, it wouldn't surprise me that if folks are looking for career advancement or change, they might have to move cities. Again, back to the fact that that's a less portable option. Are we doing a disservice to that specific

employee? I don't know. I'm not sure we'll resolve that, but I did want to express that I do have some lingering concerns. Is there any way to overcome those types of concerns that I've expressed?

T. Velasquez: We do have our legal advisor on as well. Jessica, I don't know if there's anything you can add to this. I guess my thought is the only way we could actually address this is what Nancy had previously mentioned, which would be a higher contribution rate for the GERP employees, which I think is a cost issue, and not an insignificant one.

J. Culotti: Yes. Hi, this is Jessica. I think Terri and Nancy have done a really great job explaining it. It is a very weird rule that the IRS has. You'd have to basically raise the contribution rates for everybody. I don't know how you would only raise it for the people who would have the ability to move. Very creative solution. Again, as Terri sort of expressed, it would be a cost issue that I think employees would be unhappy with as well. So, I totally understand your standpoint. It's frustrating. I get frustrated trying to navigate some of these weird IRS rules, but those are really the only options.

Council Member Zvonek: Do the employees that are in both GERP and ERP pay Social Security as well?

T. Velasquez: Yes.

Council Member Zvonek: Okay. I was going to say, why don't we do something that's similar to PERA right? I mean, with PERA I know that there are different divisions, but you have the options of a defined benefit or defined contribution. Obviously, the overwhelming majority of PERA members go into the defined benefit option, although a lot of people who work for the state will choose the contribution because they don't plan to be with the state government for that long. There's more portability with the DC than the DB plan. Is there not a way for us to have that type of option for all employees? Where when they start, they could go into GERP or they could go into ERP? And it doesn't matter if you're an executive or whatever, it's just that these are the two different types of plans, one's a DC and one's a DB. You create maximum choice for the type of retirement that an individual might want to have when they come into work for the city.

T. Velasquez: I guess we could do some research on that. Again, I think it comes back to having contribution rates that are the same, and because of the IRS aspect of it, and I think that going from the 7 percent to 10 percent for the number of employees in there, that would be very costly.

Council Member Zvonek: Right.

T. Velasquez: Maybe a future plan, another plan down the road, that would be something we would have to explore.

Council Member Zvonek: Right. But I think that the thing you're trying to solve for, and correct me if I'm wrong, is that people that are currently in GERP, they get promoted, become a director,

and then they're going into ERP. I'm saying, could we create a system where anybody at the beginning of your employment, you choose to go into the defined benefit or the defined contribution? So even if you are not an executive, you could go into ERP if that's what you chose. So, if I went to work for the city and I decided as someone with a job that doesn't currently qualify for ERP, and I said, "I want to go into ERP," then you have the higher rate, but that comes with the risk of being in a defined contribution or to the executive point. I think you pointed this out, Terri, if you're an executive and you want to stay in the defined benefit plan, that's fine too. It creates options, and from the get-go. But what you would say is once you choose at the beginning, if you choose to go into the defined benefit or the defined contribution, that's your choice. But you're locked in.

So then, you're not worrying about people having to transfer into a different program as they get promoted, you stay in the defined benefit, you stay in the defined contribution. I agree that the majority of people from a financial standpoint, are going to choose if you plan to be in the city for a while, the defined benefit. But if you're somebody whom you think might go out of government or not be around for 10, 15, or 20 years, you might choose the defined contribution plan. Because, again, it's the portability possibility. I just wanted to throw this out. I did a lot of work when I worked in the legislature with PERA and I think that the system that they have set, I wish they allowed more choice in the school division, but they allow lots of it at the state and the state division of PERA and that's how it works. You choose a DC or DB plan and once you pick it, you're locked in going forward, regardless of how far up the ladder you go.

D. Brotzman: Council Member Zvonek, this is Dan Brotzman.

Council Member Zvonek: Yes.

D. Brotzman: We recently created a hybrid plan giving the exact choice that you're talking about when you begin your employment for police officers. So, we have such a plan. So, we can create that plan. Let's talk about timing a little bit. That plan took several years to get put together and functioning and working. We're currently in violation of an IRS regulation.

Council Member Zvonek: Yes.

D. Brotzman: So, we need to handle this one first, and then begin working long term on a hybrid plan for general employees.

Council Member Zvonek: Okay. That makes sense. I just wondered why we had this bifurcated system already, but it sounds like there's been some work towards addressing it in other parts of the city, so maybe we could do it here.

Council Member Murillo: I was just going to thank Dan for bringing that up. That's exactly what I was going to bring up. Why couldn't we just model it after what we just did like a few years ago with the police? I forgot what it's specifically called, like Money Purchase Plan Options. I think that's a follow-up item, Council Member Gardner?

Council Member Gardner: So, okay, at least in the short term, how are you both on moving this forward?

Council Member Murillo: I'm okay.

Council Member Zvonek: I'm okay.

Council Member Murillo: Yes. Let's not be out of compliance with the IRS.

Council Member Zvonek: Yes. Let's get in compliance.

Council Member Gardner: Okay. And then I think what I'll do is I'll talk offline with Terri and strategize, maybe we'll get at least an initial presentation later this year and begin that process. But obviously, as Dan mentioned, that will take a significant amount of time, but perhaps in the next several months, we can at least get a kickoff going on that. So I'll keep everyone posted.

Outcome

The Committee recommended the changes and move forward to Study Session.

Follow-up Action

Staff will forward this item to Study Session.

2023 RE-WARDING UPDATE

Summary of Issue and Discussion

Kadee Rodriguez and Daniel Krzyzanowski presented an expedited schedule of the rewording and new numbers from the March 31, 2022 population estimate counts. The Election Commission is set to meet with Ward Council Members in May to review ward boundary options. Public meetings in each ward will be held from June through the beginning of August. Engage Aurora will be used for comment. In addition to this, the Communications Department stated that it might be possible for Engage Aurora to have a tool wherein the public can draw their own ward boundary lines as is done in Denver. The Election Commission will approve one plan on August 17th which will be presented to the M&F Policy Committee for initial review. A second review can be conducted in September and the plan will be then brought to the full council for approval in an October Study Session. The first reading will be done on October 24th while the second will be on November 14th. It will be effective 30 days after it passes the 2nd reading. The counties and the public will then be notified of the new ward changes. With this new schedule, the city will be ahead of the May 2023 deadline.

Outcome

Information only.

Follow-up Action

No follow-up needed.

TALLYN'S REACH METROPOLITAN DISTRICT CONSOLIDATION, AURORA CROSSROADS MD NO.3 AMENDED AND RESTATED SERVICE PLAN, BUCKLEY MD NOS.1-4 AMENDED SERVICE PLAN**Summary of Issue and Discussion**

Jacob Cox, Office of Development Assistance Manager, presented the items. Tallyn's Reach Metropolitan Districts 1 and 2 are requesting written approval from the city to enable the districts to move forward with a November 8, 2022 election for consolidation. They are required to have approval from the City of Aurora before filing requests with the District Court to consolidate. The city on approves to further the process and not the consolidation. The consolidation process is governed by Title 32 and requires various court filings before the election.

The service plan for Aurora Crossroads Metro Districts 1 through 3 was approved in April 2020. The districts are originally intended to be developed by the same developer. However, builders purchasing property in District 3 no longer have the desire or need for coordinated services among the three districts. With this, Crossroads MD 3 is seeking to bifurcate from the original service plan to serve the development needs of the property within its boundaries. No residents are residing or owning properties within the district and the project is being developed for commercial purposes. Crossroads MD 3 did not receive proceeds from debts issued for District 2 and needs to issue debt under a separate debt limit. Crossroads MD 3 is also formally changing its name to Crossroads East Metropolitan District.

The Buckley Metropolitan Districts 1 through 4 service plan was approved in November 2019. Buckley MD is requesting the city to adopt a resolution to increase the total area of inclusion for its boundaries and incorporate property. The property is to be acquired by a developer within the district.

Outcome

The Committee moved the items forward to Study Session.

Follow-up Action

Staff will forward these items to Study Session.

2022 HEAVY FLEET FINANCING ORDINANCE**Summary of Issue and Discussion**

Teresa Sedmak, City Treasurer, presented the item. The Fleet Financing Ordinance will allow the city to acquire heavy fleet vehicles through lease-purchase financing. Dump trucks, fire vehicles, public works trucks, and SWAT vehicles are expected to be acquired. The program was started in 2021 and has been consistently low on borrowing rates. However, interest rates are going up. According to the financial advisor, should they go to the market, the rate would be 3 to 3.5% and less than the cost of inflation. In 2021, the locked-in rate of financing was 1.98. They were able to advance purchase vehicles that were expected to be 5% more expensive if they waited for the acquisition.

Committee Discussion

Council Member Murillo: Yes. I was wondering if you could explain a little bit more about the need for the SWAT vehicles and what they were?

T. Sedmak: I don't have the expertise on that.

T. Velasquez : I think John Schneebeck can respond, are you on?

J. Schneebeck: Yes, the Bearcats are a little bit smaller than the Bear that we have right now, which is a 2007 vehicle, so it's reached the end of life and keeps on going in for repair. And there was a presentation, documents sent from SWAT, although I didn't have a copy of that, so I can't really elaborate too much more than just telling you that our current Bear's a 2007, and these two SWAT vehicles are called Bearcats, which is a smaller version.

Council Member Murillo: Okay. Before the Council meeting, can I get more information on what that particular vehicle is used for?

J. Schneebeck: Yes. We would definitely have somebody set up to respond if this goes forward.

Council Member Murillo: Okay. Thank you.

J. Schneebeck: Sure.

Council Member Gardner: And are you both okay with moving this item forward, pending getting the information to Council Member Murillo?

Council Member Murillo: Yes

Outcome

The Committee recommended moving the item forward to Study Session once information is sent to CM Murillo.

Follow-up Action

Staff will send more information to CM Murillo on the SWAT vehicles before forwarding this item to Study Session.

CITY OF AURORA DEBT POLICY

Summary of Issue and Discussion

Teresa Sedmak gave a background on the item. Aurora has a Dept Policy that is occasionally reviewed to keep it current regarding IRS regulations and SEC rules. It is required to be reviewed every three years and brought to Counsel regarding changes. The Debt Policy has been sent to the Bond Counsel for review and has been found to be current. The Bond Counsel,

however, recommended changes to add to the clarity of the document but do not change the substance of the policy itself. Changes include areas regarding issuance of debt, use of derivative vehicles, and post-issuance compliance. This can also be changed in accordance with a change in law or the will of the Council. Staff anticipates taking the item to Study Session for further discussion but will not be asking for a resolution on the changes.

Committee Discussion

Council Member Gardner: Appreciate that summary. No, I don't think we need to go through it line by line.

Council Member Murillo: You're right. It is a lot to go through. Perhaps I'll have something at Study Session.

T. Sedmak: Okay. Thank you.

Outcome

The Committee recommended the changes and move forward to Study Session.

Follow-up Action

Staff will forward this item to Study Session.

2021 EXTERNAL AUDIT ENGAGEMENT AND PRE-AUDIT LETTERS

Summary of Issue and Discussion

Nancy Wishmeyer presented the item. BKD, the external auditors, provide the city with an engagement letter at the beginning of each audit. It outlines services to be performed with the financial statement audit, single audit of federal grants, and the SCFD audit of cultural programs. It also includes procedures to be done on the city's 457 plan, 720 Memorial Foundation, and PEP Plans. In addition to this, the letter also contains responsibilities of external auditors versus city management and fees as per the contract. Before the final audit fieldwork, BKD also provides a pre-audit letter that provides more detail on the scope and timing of the financial statement audit. It talks about areas where a higher risk of error could occur such as those with large dollar amounts and a large volume of transactions. The auditors will then discuss their approach to address the risk areas and consider the possibility of fraud and how to address it.

Committee Discussion

Council Member Gardner: Nancy, I have a couple of questions. First question is, I don't remember if we talked about this last year or the year before on this Committee, but how many years have we been using BKD? I think we did a multiyear agreement, if I remember right. So how many years into that agreement are we?

N. Wishmeyer: Yes. A few years ago, we had finished up 15 years, and so now we're going on the next 20 years. So, the last audit with BKD, I believe, will be the 2025 audit, which will be

into 2026. So, yes, we'll be at the end of this contract term that we're in right now, it will have been 20 years.

Council Member Gardner: And then how do the fees compare this year to last year?

N. Wishmeyer: So, they increased fees about 2 percent per year.

Council Member Gardner: And was that contractual or is it per year they give us a cost or how does that work?

N. Wishmeyer: It's contractual. So, they gave us fees for five years.

Council Member Murillo: I think it's not specifically on the letter, but a question on the scope, since that's what it's covering. It says, "The single audit of federal grants." Could you elaborate a little bit more about what that means?

N. Wishmeyer: Right. We are required per the uniform guidance on grants, this is federal grant guidance. We are required to have an audit. They call it a single audit. It's an interesting term, I guess, but what it basically means is that the auditors will come out and do an audit of grants, federal grants, that fall within a certain scope. So they do an analysis of the total amount of grant money that we get from the feds, and they look at risk, they look at whether they have audited some of these programs in the past, they look at whether we've had findings in the past, and we're actually, right now, the city is a low-risk auditee, which means that we don't have to have quite as many programs audited. If we have more issues, we might become high risk, and then we'll have to have more programs audited. It's a single audit because I guess before a single audit, before that term was devised, the auditors would come out many times during the year and audit different grant programs. Now, they do it all as one in what they call the single audit, but they are auditing multiple grant programs just depending on the size of the program, dollar amounts, risk factors and whether we've had issues in the past.

Council Member Murillo: Okay. So, those are the criteria. Do we get to determine which of our areas are audited? I mean, that sounds silly to say out loud. Are they determining based on those criteria? BKD is determining which ones we are auditing? It sounds like a sample size almost.

N. Wishmeyer: So, they determine through criteria which programs, but then once they start looking at the program, they may select samples of transactions within those programs.

Council Member Murillo: Okay. I'm the Chair of our Housing Committee, and when I saw the federal grants piece, my first thought was like our HUD funding, our HUD grants. I'm curious, are HUD grants included? I mean, since it is federal dollars, would they be subject to review in the scope of the single audit of federal grants?

N. Wishmeyer: That's correct. They are. And a lot of times because the CDBG and the HOME programs have so much money. A lot of times the auditors in the past, what they have done is

they will just switch off, like one year, they'll do home, the next year, they'll do CDBG, then the following year, HOME again. So, they'll switch off because those are large grants.

Council Member Murillo: Okay. And, yes, I guess my thought is like as we're coming out of COVID I know a lot of the focus was just survival. Survival as an organization, survival of our people, and these different systems. I don't know if it's fair to say, but the requirements were relaxed. In some ways, folks are trying to be flexible and responsive as that immediate focus. I guess I'm just wondering, as we come out of COVID, not just for HUD funds, but that's the example I'm using since I'm Chair there and I guess more familiar with that pot of federal grants. Are we paying special attention to the last couple of years? Are we going through more scrutiny? Given that potentially, there is, I don't want to say oversight, but maybe more relaxed enforcement in some areas with federal funds, just in the interest of keeping people and different entities to be able to survive. Part of me feels like there should be a little bit more focus and scrutiny with just federal audits, and audits of federal dollars over the last couple of years just because of COVID. I guess I'm just trying to make sure we're covering all our bases in this what I feel and perceive to be a little bit more of a lax time.

N. Wishmeyer: Well, I'll say it from a personal standpoint. I don't feel that we have gotten off the hook and that it's more relaxed. This audit was a very intense single audit. We had more major programs reviewed than we've had in the last so many years. In fact, we were reviewed more like we were a high-risk entity and it was because we have received so much federal money. These are brand new programs, Obviously, CARES was audited. The CRF and ARPA SLFRF were audited. We received some other Treasury money for housing that was audited, and then other programs too, like highway programs, the FEMA programs. I mean, we've had multiple audits through the single audit process. I don't feel like anything's really been relaxed, and even the item of unpredictability that the auditors selected this year was based on SLFRF, so we had another area of the ARPA SLFRF that was reviewed. I think it's just as or even more intense review this year.

Council Member Murillo: Fair. I knew I wasn't using the right word. When I think of federal dollars, I don't at all think of a lack of reporting requirements. If we had all these new things that we had to take on because of this emergency situation and I understand that there was a very thorough analysis of those pools and pots of money. I just want to make sure that we, from an audit standpoint, are doing our due diligence and making sure that we maintain compliance with requirements that we were obligated to before this emergency situation if that makes sense. It sounds like there's a lot of work being done and there's like I don't have an issue with the process, but for sound peace of mind, making sure that we're not falling through in prior obligations in other HUD or not HUD federal grants that we were awarded prior to the pandemic that there's still oversight of those obligations because we had to prioritize other pools of money, if that makes sense.

N. Wishmeyer: That's a good point. No, I understand, and I agree. Not all of the grant programs that were audited were COVID related, but we were able to hire a grant compliance officer, so we have an additional position in Finance that will help coordinate compliance and grant management across the city, working with other staff within the controller's office. So, we do

have some extra help that way. When we are standing up some of these newer grant programs, we've got the ability to pull in some contract help to help us with that, and one of the contractors is actually an accounting firm that does do grant compliance and they have agreed to help us with some of that too, as some of those transactions and the beneficiaries are going through that program, they're going to be reviewing those transactions also.

Council Member Murillo: Okay. Thank you.

Outcome

Information only.

Follow-up Action

No follow-up needed.

QUARTERLY REPORT ON THE AUDIT OF MAYOR AND COUNCIL EXPENSES

Summary of Issue and Discussion

Wayne Sommer, Internal Audit Manager, provided a summary of the item. The Office of the Internal Auditor will be providing three months' worth of audits per quarter. Two exceptions were identified for expenses tested from November 1, 2021 through January 31, 2022, which have exception types 'inadequate detail' and 'improve expense guidance.' Exceptions totaled \$1,050.23 out of \$132,935.89. Changes approved to Council expenses will add clarity to the process and reduce the number of audit exceptions found in quarterly expenses.

Outcome

Information only.

Follow-up Action

No follow-up needed.

Q1 2022 INTERNAL AUDIT QUARTERLY REPORT

Summary of Issue and Discussion

Wayne Sommer presented the item. For the 2022 Audit Plan, 50% of plan engagements are active or completed. Some engagements were rearranged to compensate for the absence of one staff member that is set to return in early May. A citywide culture survey was concluded at the end of March and its data is now being analyzed. Preliminary findings were presented at the citywide level management. Further analysis is to be concluded at the department level. This will be followed by report drafting and discussion at various levels of management to maintain accuracy. Final work on the engagement is set to be completed by the end of Q2. However, this may be subject to adjustment given progress. Once the report is finished, it will be presented to the M&F Committee. The report was longer and more detailed with a list of specific status by recommendations. The number of pending recommendations has declined from 25% to 21% in the last quarter compared to last year.

Committee Discussion:

Council Member Gardner: The only question I have, and we might have talked about this before, so if we did, I apologize. Is the Marijuana Enforcement Division Audit on hold because of the retirement of Robin Peterson or why did we put that on hold?

W. Sommer: We originally put it on hold before Robin left because they were in the process of developing some of their processes and policies, and it didn't make sense to audit something that wasn't ready to be audited. And at this point, I don't know the status of Robin's replacement, but that engagement is still on our radar, and we will continue to evaluate that in context of other engagements as the audit plans move forward.

Council Member Zvonek: When you'd mentioned that the culture survey or audit was finished and you're still digging into that, what type of participation did you end up with? I know it's probably dependent upon the department, but citywide.

W. Sommer: Citywide, we had 46 percent participation, out of roughly 3,000 full-time employees. Not quite as high as we had hoped, and there were various reasons that we'll go into in the final report as to why that happened, but this was the first time we've gone citywide. Not everyone was used to this survey. It was pretty intensive because we combined it with the Human Resources Department doing an engagement survey. So, it was double the size it normally would be. And it was taking people on average about 20 minutes to go through the questions. So, in the future, we'll be looking for ways to speed up that completion process, but 46 percent is what participation we had this first year.

Council Member Zvonek: Thanks. I know specifically with the Public Safety Department's Fire Police Dispatch, I would be anxious to, as I'm on the Public Safety side, to see what those end up looking like, and diving into those when available.

W. Sommer: Yes. Those will certainly be coming back.

Council Member Zvonek: Great.

W. Sommer: We wanted to also let you know about some changes we're making to the audit plan. We have added an engagement at the request of Council Member Lawson. And this will be an audit of the Youth Violence Prevention Program. The engagement letter was included in your materials on thumbnail 225 or page 223, so that you can see just what it is we're planning to do. This is not unusual for us to add an engagement in this way. We've had a number of engagements in the past that have been requested by Council. Some examples include the AGRIP Program Review, the House Aurora Partnership, the Economic Development Rebates Tracking, Visit Aurora and also Mayor and City Council Expenses. So, this is not unusual, and we were able to fit this in because there was an engagement we had on our plan, it was a development assistance process review that we are now removing for the time being because there is a staff initiative internally to look at these processes and potentially make some changes. We didn't think it was a good use of our work to be redundant in that effort that's already going

on. And so, we will keep this one on the back burner and take a look at it at some point and decide whether it needs to get included into a future audit plan. And the last item before I conclude is just to let you know that we will be upgrading the current version of our audit software later this fall as it's being sunset, and that will be moving from a hosted version to a cloud version. That concludes my report.

Council Member Gardner: Wayne, I have a question on the Youth Violence audit. So, several of the items that are in here that are outlined are subjective rather than objective. Can you talk a little bit about how you will measure the effectiveness of the program? I mean, because obviously, when you're talking about subjective measures, the goals of the program and how those are interpreted are going to be different to different people.

W. Sommer: Yes. Typically, what we will do is we will look at what the measures or outcomes were established at the beginning, what was trying to be accomplished, and then we'll do a performance approach looking at, this is what you set out to do, here's what's actually been done, this is what we see, and these are our conclusions. You're right, those sometimes can be subjective, especially, if those outcomes weren't clearly established at the very beginning, in which case, our recommendation most likely is you need to clarify these outcomes so that the program can proceed more effectively.

Council Member Gardner: Okay. And then my next question is the Youth Violence Program has, in my opinion, at least, not been stood up long enough, in many cases to evaluate the effectiveness. And so, I'm curious if you all come to the same conclusion, would that be included in the report or is that not something you would make an opinion on?

W. Sommer: That is something we would consider as we go through the report. We have steps in our program that we ask ourselves, "Is there value continuing this engagement?" And that's usually based upon the information that's available for us to audit, and if it's sufficient for us to draw any conclusions going forward, we'll make a professional judgment as to whether or not we think it's worth the effort or if it's even possible to continue the engagement. Then we would make that known as we close the engagement off at that point.

Outcome

Information only.

Follow-up Action

No follow-up needed.

MISCELLANEOUS MATTERS

Summary of Issue and Discussion

The next meeting is on Tuesday, May 24 at 1:00 pm WebEx Meeting.

THESE MINUTES WERE APPROVED AS SUBMITTED



Council Member Gardner

05/30/2022

Date