

MANAGEMENT AND FINANCE POLICY COMMITTEE

November 28, 2023

Members Present: Council Member Zvonek – Chair, Council Member Jurinsky, Council Member Bergan

Absent: None

Others present: P. Sylvester, K. Skaggs, D. Hudson, H. Hernandez, T. Hoyle, T. Sedmak, L. Saqib, R. Venegas, T. Velasquez, A. Jamison, G. Koumantakis, C. Olukotun, W. Levine, D. Sisneros, K. Claspell, J. Ehmann, T. Taylor, J. Lorenzen, E. Cadiz, S. Van Buren, L. Callanen, C. Narajka, D. Falcon, A. Montoya, M. Stamp

APPROVAL OF MINUTES

October 24, 2023 Minutes were approved.

CONSENT ITEMS

Summary of Issue and Discussion:

3.a. September 2023 Sales Tax Chart

October of 2023 was 2.9 percent higher than October of 2022.

Committee Discussion:

CM Bergan: The inflation part, I don't have it in front of me, but why is it so high in 2022 year over year versus 2023? It seems low because inflation is crazy right now, so am I reading that wrong?

B. Levine: This is Bill Levine. I'm a budget analyst with the Finance Department. Inflation this year, for most of the recent months, has been running between 3% and 5%. That is comparing year over year. October inflation was 3.2%. This October's prices were 3.2% higher than October 2022. What I'm giving you is called the CPIU, or price index for urban consumers. That's the "U" part of it. That's a national figure. I will say two things. Inflation in Denver, specifically, is running more like 5% right now, so it is running higher than what I'm recording here, which is the National CPIU. They only do the CPIU every other month. That's partly why I don't use it, but it's certainly very relevant to know that prices in metro Denver are higher than they are nationally. Prices went up the most in 2022, and, speaking as a pained consumer, I know that when we think about prices, for example, at the grocery store, when we're thinking about what prices were two years ago, you really can take two years' worth of inflation, so it's the 3% to 5%, if I'm using national numbers, plus the 8% or so that we experienced in 2022. You combine that, and prices are, across the board, something like 13% higher for all goods. And, within the CPI, there are inflations for specific components. There are actually hundreds of them. So, there is new cars, groceries – and, even within groceries, break it out - but groceries is one of the areas where, even now, while inflation is sort of on the way down, inflation has been higher

than the CPI number itself. So, there are certain pockets of areas where we are going to feel more pain, and that is an example of one of them. I hope that helps.

CM Bergan: I think I was thinking construction, because I'm in the E-470 Board and we always talk about those numbers being pretty high. So, differences there.

B. Levine: Yes, and very possible.

GENERAL BUSINESS

4.a - City's Performance Management Program Overview

Summary of Issue and Discussion

Doreen Falcon, Management Program Administrator, gave an overview of the City's performance management program. She discussed the six components of the program, including position purpose, expectation and accountability, communication and relationship, corrective action and discipline, consultation and resources, and coaching, learning and development. Ms. Falcon also gave a walkthrough of the employee review cycle.

Committee Discussion:

CM Bergan: I think this is really great. My question is on the merit increase. Previously, average - I'm making up numbers, but 3% average, 4%, 5% - so is the pay for performance now at the same scale, or have you changed that scale?

D. Falcon: That's a great question. So, for instance, this year we have a budget of 5%. Each year the table will change based on whatever our budget is likely. There's a range of basically no increase whatsoever, so 0%, all the way up to 8% as the maximum amount somebody can receive. And it does also correlate with their compa-ratio, where they're paid at in their range. Let's say they're further into their pay range, and they're getting to the top. They're not typically going to be eligible for the 8%, even if they are a really high top-performer, because it's trying to kind of help people keep moving through the ranges they need to. The nice part about it is there are ranges. So, let's say if somebody is going to meet the expectations and they're at a specific compa-ratio, the supervisor has some wiggle room to be between 4% and 6%. What's really nice about it is that it allows us to be more sustainable that way. It's not a guaranteed 6%, 7%, or 8%, but there's some wiggle room to be able to make adjustments based on that.

CM Bergan: My second question is - working through that wheel of expectations, and the training, and the coaching, and so forth, and then corrective action - you can take corrective action anytime? If someone is really not performing, how long is that process?

D. Falcon: That's a really great question. And I can say that you are right. It's just kind of how it shows up on that screen, but it can happen anytime. That's really the idea behind setting those expectations. If you set very clear expectations, it should be pretty obvious when someone is not doing what they need to be doing. That can take place at any time. Obviously, the first thing we would have to say is "How can we help coach this person? How can we get them to where we want to be?", because we've already done a lot of work to get them here. "How do we help them be successful?" Then, if they are not, depending on the kind of circumstances and how

significant it is, they can move through it fairly quickly, especially if they are an introductory employee or in a promotional period and it's pretty evident early on that it's not working out, whereas, maybe, if it's somebody that's been here a little bit longer, we want to devote a little bit more time, depending on circumstances. So, it can really vary based on the situation and the severity of the situation. But yes, they can immediately start addressing it as soon as there are any signs of an issue happening.

Outcome

Information only.

Follow-Up Action:

No follow-up needed.

4.b 2024 Internal Audit Plan

Summary of Issue and Discussion

Sheree Van Buren, Senior Internal Auditor, discussed the 2024 Internal Audit and Police audit plans. She said they had concluded risk assessment activities and were proposing an Aurora Police Narcotic Section financial review, a Human Resources compliance review of hiring and separation, citywide expense review for compliance with existing policies, an information technology review with objectives TBD, an agreement management for service providers review for the existence of adequate controls, an asset management tracking review, and a staffing levels and overtime review. Ms. Van Buren noted the 2024 Police engagements, including firearms inventory, body-worn camera compliance, investigation caseload management, and special assignment selection.

Committee Discussion:

CM Bergan: Why is there not a plan for IT? You said something about it being done in the past. I would think that our risk in IT is great with cybersecurity and those types of things. Employees maybe need to be sure that they're not creating a risk within the IT department for the whole organization.

S. Van Buren: We finished an initial assessment of IT services in 2023, and, based on that assessment, we will develop the objectives for the IT engagement plan for 2024. So, we do have IT on our audit plan. We just have not developed the objectives yet. But yes, you are right. Cybersecurity is still a huge consideration, a huge risk, and we have been partnering pretty closely with Scott Newman, as well as the Information Security office, to ensure that we are remaining abreast of any new developments and anything that we may need to look at from an internal audit engagement side.

CM Bergan: My second question is, Water is not in there, nor the Planning Department. We get a lot of questions from developers on the effectiveness of our planning process. I know Laura Perry has a way to measure some of the things that we asked to implement earlier this year, but is there not an audit in either of those areas?

S. Van Buren: Not currently. However, we do keep some space in our audit year in case that becomes a higher risk or an area where you or management may be interested in wanting an

internal audit. So, we do add some buffer room in case new engagements or new areas pop up. We have the ability to add that into our plan and we can reorganize and reprioritize our planned engagements to be able to address any higher risk areas as needed.

CM Zvonek: I have one question. It was under the audits that are being done this year that we will wrap up next year, the non-competitive purchases. Does that include contractors? I've talked with Michelle about this, and I know that there are contractors that we've historically used, and so we just continually renew our contract with them to the point where we don't go out to RFP. Do you know if it includes that type of purchase, even though it's a service and not a product that we are contracting for?

S. Van Buren: I would have to get back to you. I have my colleague, Laiba, who is the engagement lead on that engagement. I don't know if she's able to answer that question at this moment, but we would be happy to get back with you, Council Member, and answer that.

CM Zvonek: I guess an easier way to say it is, "Does it include services as well as products?", because, again, I know that there are some service providers whose contract we renew every year without going out to bid.

L. Saqib: That is the audit that I'm working on currently. It includes any and every purchase that was made under the single source, sole source, and emergency purchase umbrella. That could include contracts, or any of the sort of issues that you were bringing up, and that was for single source and emergency purchases.

CM Zvonek: Thank you. The last question to the committee members is, "Are you good with this audit plan as presented?"

CM Bergan: I did want to add one more - Fire. What about Fire, because we do a lot with Police, and both Police and Fire are under consent decree?

S. Van Buren: Correct. We do have the specific Police auditor that will be focused on the Police audit, but if there's a specific area within Aurora Fire that would benefit from an Internal Audit engagement, that's also an area where we have some buffer room where we can include an engagement if a risk becomes present there.

CM Bergan: The risk was ketamine. We don't do ketamine anymore. When our paramedics do have to administer any kind of drug, is that audited? Council Member Zvonek, is that something that is being done within the consent decree?

CM Zvonek: I know that there are requirements to report any time you are using sedation for the purpose of restraint, and we had the conversation about the different kinds of sedatives that can be used for that. Going back to the point made earlier by Sheree about potentially doing other audits, we can look at public safety for these types of issues, and I think your point with Planning through PED is maybe coming up with other types of audits that we as Council believe should be included. It does sound like Michelle, Sheree, and their team leave space in their calendar for these extra audits that we think might be necessary. I think that exploring those others are helpful, and, I don't know for certain, but I would assume that a lot of the data that we would

want to see audited out of the Fire Department would probably already be readily available because of the consent decree.

Outcome:

Information only.

Follow-up Action:

No follow-up needed.

4.c ACLC Resolution

Summary of Issue and Discussion:

Teresa Sedmak, City Treasurer, introduced the resolution. The Aurora Capital Leasing Corporation (“ACLC”) is a wholly owned non-profit of the City of Aurora. The purpose of the corporation is to assist the City in the purchase, leasing and acquisition of property of any kind for the benefit of the City. ACLC is the vehicle utilized by the City to issue certificates of participation (COPs) to finance capital improvements and projects within the City. The members of the Board of Directors are employees of the City and historically have included the City Manager, the Deputy City Manager supervising Finance, and the Director of Finance. This resolution will appoint employees currently employed in those positions.

Committee Discussion:

None.

Outcome:

The Committee recommended the item move forward to Study Session.

Follow-up Action:

Staff will move the item forward to Study Session.

4.d 2023 Management and Finance Policy Committee Recap

Summary of Issue and Discussion:

Terri Velasquez, Director of Finance, recapped the 2023 Management and Finance Policy Committee and all the various items the committee reviewed and completed in 2023.

Committee Discussion:

CM Zvonek: Thank you, Terri, and to the entire team for all the support you’ve given us over the past year. I know that I appreciate it, and I will open it up if my colleagues have anything they would like to add.

CM Bergan: Just want to say “thank you” to everyone that is part of the M and F Committee, for all the work that you have done.

CM Jurinsky: I echo those sentiments.

Outcome:

Information only.

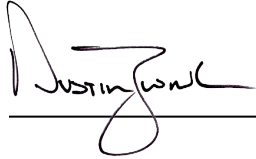
Follow-up Action:
No follow-up needed.

MISCELLANEOUS MATTERS FOR CONSIDERATION

There will be no meeting in December.

ADJOURNMENT

THESE MINUTES WERE APPROVED AS SUBMITTED



12-21-2023

Date