

CITIZENS’ ADVISORY BUDGET COMMITTEE (CABC)

Meeting Minutes

Meeting Date: 2 February 2021

Time: 6:30PM

Location: WebEx (Video-conference platform)

Next Meeting: 2 March 2021

Time: 6:30PM

Location: WebEx (Video-conference platform)

MISSION STATEMENT: The mission of the Citizens’ Advisory Budget Committee (CABC) is to study all phases of the budget of the City of Aurora and to make recommendations to City Council in regard to any and all budget matters.

The CABC accomplishes the mission by examining and evaluating needs and priorities as they relate to the budget and by making recommendations for action to the City Council.

ATTENDANCE

| Name | | Name | | Name | | Name | |
|------------------------------|--------------|-----------------------|----------|-----------------------------|---|--------------------------|---|
| Mustafa Abdullah | P | Idris Keith* | P | Don Seven | P | COA Staff | |
| Candace Bailey | P | Danielle Lammon | P | JulieMarie Shepherd Macklin | P | Greg Hays | P |
| Sunny Banka | P | Brian Matise | P | Katrice Traylor | P | City Manager Jim Twombly | |
| <i>Tikneshia L. Beauford</i> | <i>E</i> | Omar Montgomery | P | Chesca Smotherman | P | | |
| Reno Carollo | P | George Peck | P | Craig Upston | P | Public/Guests | |
| Kevin Cox* | P | <i>Joshua Reddell</i> | <i>E</i> | Michael Westerberg | P | Mayor Mike Coffman | |
| Michael Himawan | R | David Rich | P | Dustin Zvonek | P | | |
| Danielle Jurinsky | P | Jonathan Scott | P | | | | |

Key: P=Present; E=Excused; A=Absent; R=Resigned; *New Member

HANDOUTS

(Emailed to committee)

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| CABC February Agenda (<i>Sent 27 January 2021 via email</i>) |
| 5 January 2021 Meeting Minutes (<i>Sent 27 January 2021 via email</i>) |
| CABC Budget 101 Slide Deck, (<i>Sent prior to start of Budget 101 session 2 Feb 2021 via email</i>) |

MINUTES

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| 1. Budget 101 | 6:00-6:30pm Greg Hays proved a Budget 101 presentation. Attendance was optional but encouraged for CABC members who have joined Committee after February 2020. Returning CABC members were also welcomed for the refresher. | |
| 2. Call to Order | Michael Westerberg (Chair) called the meeting to order at 6:31pm. | |
| 3. Roll Call/ Establishment of Quorum | Roll call was taken by Secretary JulieMarie Shepherd Macklin and a quorum was present. | |
| 4. Approval of February Agenda | <p>Chair Westerberg entertained a motion to approve the February agenda.</p> <ul style="list-style-type: none"> • David Rich requested to have an update on the status of the bylaws changes included on the agenda. Chair Westerberg confirmed that this would be discussed both during the January minutes review and in agenda item #6. • Reno Carollo moved to approve the agenda as presented and Dustin Zvonek seconded the motion. The motion carried unanimously. | <p>Motion Carried Yes: Unanimous No: 0 Abstain: 0</p> |
| 5. Mayor and City Manager Discussion | <p>Chair Westerberg Welcomed Mayor Mike Coffman and City Manager Jim Twombly to the CABC Meeting.</p> <p>Mayor Coffman thanked members for their service and involvement with the CABC. He proceeded to provide several updates about the city and his vision and priorities in the upcoming year.</p> <ul style="list-style-type: none"> • He shared some of the City’s efforts to (assistance to businesses and non-profits in the form of loans and grants) • Coffman is still concerned about the hospitality industry. Many don’t realize that Gaylord is the largest hotel venue in the area. Gaylord and other venue spaces will be an area of focus coming out of the pandemic. Mayor Coffman is in conversations with CDPHE and nearby city leaders and Gov Polis. | |

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| | <ul style="list-style-type: none"> • One bright spot is that the “big three” or main economic catalysts in the city in Aurora (Anschutz, healthcare/bio science, Air Force and the aerospace industry) are “still in tact.” • Another bright spot: logistics supports for ecommerce have been accelerated in the last year. Our proximity to DIA, spaceport, and other multi-modal transit makes us well suited. • Unlike Denver, we don’t have large concentrations of office space that would have to deal with as more offices convert long-term to remote/hybrid work spaces. • In 2008 during the financial crisis, the City shortchanged its road maintenance fund and never really restored this. <ul style="list-style-type: none"> ○ Deficit for road maintenance has continued to grow – it’s over \$20m/year. If this is continually neglected, the costs become even greater and major reconstruction is necessitated instead of minor repairs/maintenance. This is more costly and disruptive to the city. ○ The Mayor is engaged in conversations on how to address this. Road maintenance “needs a place holder” – perhaps a percentage of growth in revenues and have this dedicated to road maintenance - may not be a large amount to start with but will help us get back on track. This would likely come from sales and use tax. City staff are working on determining the formula and what percentage would be needed. <p>Questions for Mayor Coffman from the floor:</p> <ul style="list-style-type: none"> • In addition to road maintenance, the CABC found two years ago that there is not a traffic management system for the city, and this was a surprising find. The lack of this overall system likely leads to the congestion of traffic in the city. Does this dovetail with road maintenance and infrastructure? <ul style="list-style-type: none"> ○ Smart City technology is being looked at. Currently, the focus has been on timing of lights to help manage traffic. | |
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- Coffman’s objective is to move the City away from that bedroom community characteristic where majority of workforce leaves in the morning and returns in the afternoon. Focusing on creating more walkable developments, TOD along 225 corridor, and primary jobs in the city can help Aurora create more primary jobs closer to where people live. This results in less stress on the transportation system.
- In addition to road maintenance, does the Mayor have other recommendations for CABC to focus on.
 - Deficits or areas in the budget where we could be more efficient. Coffman’s preference is to avoid levying fees since this runs counter to the spirit of seeking voter approval for tax increases.

Coffman’s closing remarks:

- Police/community relations have been in the spotlight. There are currently four investigations on-going right now. Looking at how to bridge these communities, particularly our communities of color are critical.
 - We will need to have the resources (money) to be able to expand crisis response teams. Currently one officer and one mental health officer. Considering (and currently running a pilot) of removing the LEO and instead sending a fire or other responder along with the mental health professional on select calls when there is not imminent danger.
 - If this type of structure is introduced more widely in the city, need to find funding. Possibly a referred measure that would request revenue from voters (Nov 2021) to address mental health related components of law enforcement.
 - This could also include more focus on youth violence prevention – Coffman is working on this with Council Member Lawson

Chair Westerberg then introduced City Manager Twombly for his comments.

- Opened with expressions of gratitude for CABC members’ time and efforts. Particularly Twombly noted his appreciation for the annual presentation and the novel and creative ideas that come from this Committee.
- The most over-used word of 2020 “uncertainty” and this is likely a recurring theme for 2021. There are no patterns, no consistency, making it hard to assess what revenue we can count on month over month.
- City Manager Twombly has been in this role since 2018 and he shared his approach to the budget process in 2019. Described the budgeting process (in a “normal year”) as incremental where requests are considered one at a time. In down times, we must look at the budget line by line to make decisions. This brought the City to the priority based budgeting process.
 - Twombly would like to get to a place of being able to look at outcomes/goals to inform budgeting process. This would complement the priority based budgeting process.
- Twombly shared that there are nearly 74 acres of raw land – and this makes Aurora relatively unique given that Denver and surrounding cities are fully built-out.
 - Additionally, there are areas such as NW Aurora where we will have to deal with replacements and repairs.
 - It is a balance: we have to fix and maintain outdated infrastructure but also build new and address the demands that come with new development (e.g. public safety, infrastructure).
 - Being a city that is experiencing age and growth at the same time – presents a unique set of challenges for budgeting and capital. Roads and bridges, fire, police – examples of core areas that are experiencing current needs for maintenance and upkeep but will also need to be expanded to keep up with growth.

Questions from the floor:

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| | <ul style="list-style-type: none"> • Does Twombly have guidance to inform priorities for CABC <ul style="list-style-type: none"> ○ Identifying efficiencies as the Mayor noted is an area the city is always evaluating. “How do we cut costs?” is a question we are always asking. ○ But we also need to look at revenues – what are we doing now? Are there services we are providing that we could be charging fees for and things we should reevaluate. <ul style="list-style-type: none"> ▪ As example of something that was reevaluated: Impact fees on developers was another area to reevaluate given all of the new development that is happening in the City. The finance team brought in an expert to study this and Council did ultimately approve a change to the impact fee structure. This will help assist in offsetting costs for some of the new projects necessitated by development. Capital budget will be a priority area. ▪ While CABC historically has focused more on operating, inputs on capital are welcomed too given that this is such a focus area in the future. • Has there been discussion about bonds for transportation/infrastructure? <ul style="list-style-type: none"> ○ The first step is to work with Council to establish priorities and then take it to the community to narrow that scope. Since we do not currently have the revenue to cover these major projects, eventually we will need to go to voters to ask for an on-going revenue structure. ○ Some projects would need to be bonded (for instance Morehead and Central rec center using marijuana revenues to bond). What package of priorities and projects will residents and business community support to address major infrastructure issues? This will be the ultimate decision factor. From there, yes, bonding is probably an option after we get initial revenue stream established. <ul style="list-style-type: none"> ▪ Greg added some additional context: pre-COVID, the city did compile a comprehensive list of all the deferred and wish list | |
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| | <p>capital projects. This totaled nearly \$2.4B. Dustin requested seeing that information broken out by area to see what portion of that is transportation related.</p> <ul style="list-style-type: none"> • Crime appears to be on the increase in Aurora. Could this be in part because police are not being proactive and does this come back to eliminating qualified immunity for law enforcement officers (state legislation)? Would you support taking similar steps to Greenwood Village to restore this (providing insurance for police officers) and if so, how would it be funded? <ul style="list-style-type: none"> ○ Twombly expressed that he would be concerned about taking action that runs counter to state legislative actions and goals. From a policy issue, it is a broader, more complex issue and does not have an easy fix. • How can CABCO best support these efforts/conversations around priority based and values based budgeting? <ul style="list-style-type: none"> ○ This work will largely be informed by the strategic planning process that includes community feedback previously collected from community meetings held virtually during 2020. Then Council’s input will inform the final document. This will provide specific outcomes and priorities to be developed directly from that process. • How much is the City spending on settlements paid out for police misconduct? <ul style="list-style-type: none"> ○ Over the past 4-6 years, it was averaging several hundred thousand dollars per year. ○ Greg clarified that due to the fund accounting structure, these settlements have come out of separate pools of money, not general fund dollars. | |
| 6. Approval of January Minutes | <p>To address David Rich’s request upon approving the agenda, Chair Westerberg asked the committee to specifically reference the attached bylaws changes. Chair Westerberg noted that if the Committee approves the minutes, these bylaws changes will next go to M&F for final approval.</p> <p>David Rich moved to amend the January minutes with a change on page 3.</p> | <p>Yes: unanimous No: 0 Abstain: 0</p> |

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| | <ul style="list-style-type: none"> • For clarity, Mr. Rich requested to have the clear outcome of the rollcall vote noted in the right column margin to mirror the voting outcome notations of all other votes. Westerberg seconded this motion. • The amendment was approved unanimously. <p>David Rich then moved to approve the minutes as amended. Chair Westerberg seconded the motion.</p> <ul style="list-style-type: none"> • The Chair called for any discussion. Jono Scott raised the concern of a possible situation where not having officer elections in January could theoretically result in a situation where there were no officers to run the January meeting should all appointees cycle out (term out or not be reappointed by their respective council member). • Further discussion suggested that this should rarely happen given the staggering of CABC member terms. • The amended January minutes were approved unanimously. | <p>Yes: unanimous No: 0 Abstain: 0</p> |
| <p>7. New Members</p> | <p>Chair Westerberg welcomed new members Idris Keith and Kevin Cox and invited them both to introduce themselves.</p> <ul style="list-style-type: none"> • Kevin Cox: Appointed by Council Member Hiltz. He currently serves as the Vice President of Aurora Public Schools Board of Education and is a member of Aurora Community Police Task Force. • Idris Keith: appointed by Nicole Johnston. Mr. Keith is looking forward to lending his voice in these difficult conversations. | |
| <p>8. Revenue and Budget Updates</p> | <p>Greg Hays presented the following updates:</p> <ul style="list-style-type: none"> • December Sales Tax Performance was up by 15.8% <ul style="list-style-type: none"> ○ Another very strong month ○ For context, Mr. Hays highlighted that starting in the September, the third-party marketplace facilitator came online. Of the 15.8% increase - almost \$800K is from this third-party marketplace structure. This | |

increase has mostly been from Amazon but the City is starting to see dollars from eBay and Apple.

- Also contributing to the strong December performance is the fact that this is the time to collect from all other taxpayers – these dollars increased by \$1.6m (many IT related projects/companies. But keep in mind these are likely one-time dollars)
- Tech/electronics, liquor (27% increase), grocery stores, furniture, discount stores were all showing increases in December. It is hard to assess if these trends will carry into 2021.

Question from the floor for Greg Hays:

- Given that we have had relatively small police settlements in the past, could the two large impending cases be more significant in terms of dollar amount and resulting budget impacts?
 - It is hard to assess right now. It would be like nothing we have seen.
- What is the status of marijuana revenues
 - These dollars are still increasing. 2021 budget is the first year the city is considering keeping this in the budget in a more permanent way.
- What is the impact of the occupational privilege tax (OPT) – could this change and have a budget impact?
 - Currently, the OPT is \$2/month employee and \$2/month employer – it was around \$5.6M in 2019. Projected to drop to \$5m in 2020 and then go back up to \$6m in 2021.
- In the past, when major cuts have been required “in a quick way,” where have these cuts typically come from (“surprise cuts”)?
 - It depends on if the “surprise” is one time or on-going. There are ways to quickly pivot and realize one-time costs: for instance, a hiring freeze (no new positions and keeping vacant positions empty). Hard layoffs are not

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| | <p>commonly done. For example, there have been no true lay-offs since great recession time period.</p> <ul style="list-style-type: none"> ○ If it is an “on-going” surprise, yes, that would be a different scenario. ● Occupational Privilege Tax follow-up – where does it go and how is it used? <ul style="list-style-type: none"> ○ Goes into the general fund for GF use. ● As we discuss all of these issues that have budgetary impacts, how does the discussion of the rise of houseless neighbors fit into these conversations? <ul style="list-style-type: none"> ○ Community housing fund – Largely funded by federal pass through dollars. CARES act dollars were funneled through here. Typically, it isn’t a general fund issue which is why it hasn’t come up as much in these budget updates. ● Regarding ACRT and Coffman’s comments about scaling up mental health. Is the city accessing every federal fund available and more generally how are we restructuring our public safety dollars given the increase in numbers of settlements the city is likely facing? <ul style="list-style-type: none"> ○ This is the perfect topic for future focus area. ● Does City receive Family First Funding <ul style="list-style-type: none"> ○ Greg connected with the staff point person who indicated Aurora currently does not participate in this program. Chair Westerberg asked Greg to have staff look into this and assess if it would be a viable option for Aurora to pursue. ● Were there overtime costs for existing staff who were working more or picking up work from positions that weren’t filled due to budget? <ul style="list-style-type: none"> ○ Yes – but it wasn’t necessarily a one-to-one ○ Bonuses were provided to those staff. ● Given federal level administrative changes, are there things on the horizon (relief, other dollars) with the new administration that the city would receive? <ul style="list-style-type: none"> ○ At this time, Greg is not aware of anything beyond CARES and some HUD dollars. But would welcome and use any dollars that might come in | |
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| | <ul style="list-style-type: none"> • Clarification on city bonuses – who received those? <ul style="list-style-type: none"> ○ First responders received hazard pay bonuses out of CARES dollars ○ City management decided that other staff not eligible for those CARES dollars also warranted a bonus in recognition of the hard work they had been doing. The bonuses were \$250. • How many employees received those bonuses? <ul style="list-style-type: none"> ○ Between hazard pay from CARES and other bonuses (which were already budgeted dollars for employee use) most employees received these bonuses ○ This equates to about 1,200 people. This was about \$300k as a line item. | |
| <p>9. Thoughts about CABC focus in 2021</p> | <p>To help inform the direction and focus of CABC for the coming year, Chair Westerberg asked that committee members check in with their appointing Council Members to assess how, if at all, their priorities have changed. This will inform the March meeting where we will set specific committee topic areas and composition.</p> <p>The Chair provided context as to how the CABC has define its work in the past. Pre-COVID, it was common to look at specific department reviews. Typically, speakers come in (usually City staff from budget office and other department heads) to help the committee understand budgetary issues. COVID shifted the Committee’s focus to be largely centered on cost savings and revenue generating ideas.</p> <p>As the most veteran member of the committee – George Peck reminded the group that the role of the CABC is often to “plant seeds” for Council. Recommendations may not always be taken and implemented right away. Even if an issue has been explored in the past, there is still immense value in continuing to bring these issues and recommendations back to Council.</p> <p>The Chair opened the floor for discussion about any initial ideas or requests regarding CABC’s focus.</p> <ul style="list-style-type: none"> • David Rich asked about a previous report that a past CABC had considered that presented ideas for revenue generation. | |

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| | <ul style="list-style-type: none"> • Craig Upston noted previous discussions of increasing the head count tax (occupational privilege tax). <ul style="list-style-type: none"> ○ Dustin Zvonek asked for clarification: would a change in the OPT have to go voters. Greg confirmed indeed it would be a question put to voters. • David Rich asked that transportation maintenance be a focus area given the \$20m/year (and growing) deficit that has yet to be addressed. • Candice Bailey: would like to look at alternative economic structures to support current deficiencies we have (infrastructure, construction, growth, etc.). | |
| 10. Housekeeping | <p>Open Comments (for the good of the order):</p> <p>A. Future 2021 Meeting Dates:</p> <ul style="list-style-type: none"> • March 2nd • April 6th • May 4th • June 1st • July 6th <ul style="list-style-type: none"> ○ Dates for the two-day Budget Workshop are still TBD. Likely will be late July. Greg will provide dates as soon as possible. • August 3rd • September 7th • October 5th • November 9th • December 7th <p>B. Future to-do's: nothing brought forward from the floor. Vice Chair Scott reiterated: if possible, connect with appointing Council Member regarding their budget priorities in advance of March's meeting.</p> | |
| 11. Meeting Adjourned | <p>Chair Westerberg asked for any further questions or comments. David Rich moved to adjourn the meeting and Jono Scott seconded the motion. The vote was unanimous vote Hearing no further discussion, the meeting was adjourned at 8:47pm.</p> | <p>Yes: unanimous No: 0 Abstain: 0</p> |



Michael Westerberg, Chair



JulieMarie Shepherd Macklin, Secretary

March 2, 2021

Date of Approval