

## MINUTES

### Workshop of the Aurora City Council

Saturday, February 1, 2025

COUNCIL	Mayor Coffman	Angela Lawson
MEMBERS	Françoise Bergan	Ruben Medina
PRESENT:	Alison Coombs	Crystal Murillo
	Curtis Gardner	Steve Sundberg
	Stephanie Hancock	Amsalu Kassaw
	Danielle Jurinsky	

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#### 1. Budget Update

Greg Hays, Budget Officer, Finance, gave an update on the budget. He prefaced it by saying it is very early in the process and numbers are changing. He stated that they were pretty close to budget on the operating side of the 2024 General Fund, and operating expenditures were very close to budget, but capital revenue fell off pretty drastically in the last quarter of 2024. He noted that 2026 is still not balanced. He expressed that the 2024 Operating General Fund year end is a net of \$2.1 million in additional reserve funds and \$2.6 million in operating revenue. Sales tax came in at \$2.1 million under the projection and auto use tax was \$1.9 million under projection. He noted that audit gave them \$3.4 million more, and interest, miscellaneous and other smaller revenues add another \$3.2 million, which ended up \$2.6 million to the good. On the expenditure side, they ended the year within half million dollars under projection, capital revenue significantly lower, mostly in the last quarter, and sales tax performance was up and down.

CM Bergan asked if they track the online sales tax versus in-store. G. Hays answered that they track places that are only online, but for stores that have online and in-store, the store does not separate the two, so they cannot tell.

CM Lawson asked if the City still gets the tax if they shop online. G. Hays responded yes.

G. Hays stated that the Capital General Fund yearend current projection is around \$5 million less, which was almost all in the last quarter, and capital impact fees dropped for the first time in years, about \$3 million from the previous year.

CM Bergan commented that capital impact fees dropping are unusual since they have had so much development. She asked if it was specific to a particular area. G. Hays responded that he will research that and get back to her on that.

Mayor Coffman asked what the projections would be for having transportation impact fees for commercial properties. G. Hays said he will see what they can do with that.

G. Hays expressed that the 2024 revenues for the Marijuana Tax Revenue Fund were 8% below 2023, which is good. A lot of PROS Funds did well and had better revenues than projected. He said the Cultural Fund, Development Review, e911, and Wastewater all had a great year. He stated they are looking into revenue shortfalls in the Fleet Fund, expenses at yearend that were not projected for the Risk Fund, missing revenues that are being researched in the Community Development Fund, more expenditures they have to put in for Gifts and Grants, and fixes needed in the Water Fund.

Mayor Coffman asked if things like golf in the PROS funds is dedicated by ordinance or do they go in the General Fund. G. Hays answered they are dedicated by ordinance, and golf specifically is an enterprise fund.

CM Jurinsky stated that a point of contention for her is the fact that they are supplementing \$10 million a year out of the General Fund into the PROS Fund, so saying they are doing well is vague. She asked if doing well means they can look at not supplementing them \$10 million out of the 2025 or 2026 budget.

G. Hays expressed that they are really early on and these are initial looks, but with each of them, there are rules for spending and they do have the ability to move some costs around in some cases from General Fund to other funds. He said saying something is doing well just means it is doing well in regard to the projection.

J. Batchelor added that increasing cost recovery efforts continue on the Rec Fund and they are moving in that direction, and they will give a more detailed update as they finalize this year and plan for next year.

CM Lawson asked what researching the underspending in regard to the Marijuana Tax Revenue Fund means, as that information is important for the Youth Violence Prevention Program based on the current budget that she received.

G. Hays said they would put it down in the packet, but he is not the best person to ask what they are spending it on.

CM Lawson wanted to know specifically for the Youth Violence Prevention Program if the money is going toward programs to help the youth instead of training or paying \$80,000-\$90,000 for a job position. She requested an in-depth analysis of what they are underspending in that particular program.

CM Sundberg requested looking back 6-10 years when analyzing PROS funding and subsidies to see if it was more self-sufficient or if the recreation centers affected it either positively or negatively.

J. Batchelor agreed, as they have added a number of rec centers, so when talking about increasing cost recovery in those discussions, they are trying to focus on the expectations of each rec center and different programs, and they need to look at that

over time. He added they will look at that and take that into account when talking about the historic change of the Rec Fund over time.

Mayor Coffman suggested their Washington lobbyists asking where the federal government is on the marijuana issue. G. Hays confirmed they will ask that question.

CM Bergan asked if they were still doing transportation as part of the Marijuana Fund. G. Hays responded that they still do some transportation, but will be shaving some of the transportation costs back in 2027. He added that throughout the five-year plan, they are giving some to the Capital Projects Fund and the Transportation Maintenance Fund.

G. Hays discussed General Fund balancing and what they are planning for 2026. He voiced they need to balance the previous pro forma and cover anything else that comes up between now and then, such as revenue or expenditures changes outside of their projection. He noted that the 2026 projection is based on assumptions and math, and it can and will change. He discussed population growth, stating that on a per capita basis, they have dropped FTE over time. He added that services over time are increasing, so cuts will not be painless. He said when they are talking about cuts and \$11.5 million, it has to come from FTE, which will affect service levels. He added that if they got rid of all vacant General Fund Non-Public Safety FTE, they still would not have enough to cover the shortfall.

Mayor Coffman asked what that number would be. G. Hays answered around \$8 million.

G. Hays expressed that they are still planning on taking domestic violence cases to the county.

J. Batchelor stated that for caseload, workload, and different components of the municipal court in regard to the domestic violence cases, they estimated up to \$3 million, and it will be up to Council on how much and what they want to cut from staffing. He added that they are still planning for the resolution from Council to begin writing domestic violence cases into county court July 1st, but some cases written in 2024 and the first part of 2025 will still go through the municipal court system. P. Schulte added that due to the date, they probably will not see savings until 2027.

G. Hays stated they have transferred costs to other funds for balancing and will continue to use it. He voiced that a proposed fire station was built into the \$11.5 shortfall in the pro forma, so they could save \$2.5 million by not opening it. J. Batchelor added that there is staffing for one fire station in the 2026 budget.

CM Bergan commented that it was extremely concerning if they can only open one fire station for staffing. She said Southshore Blackstone has been waiting 20 years for a fire station, and she is concerned about response times and what they saw in Los Angeles with the huge wildfires. She expressed that she has talked to the fire chief and Director of Water and they have the water for those instances, but did not know if they had the resources for the whole city in the event of a massive fire. She hoped to find funds to alleviate that.

CM Sundberg asked if Aurora had one of the lowest overall lodging taxes in the nation and if there was an opportunity there for impact fees for transportation and/or public safety.

CM Jurinsky responded that she is working on that. She said there are some intricacies in there on how much goes to Visit Aurora. She noted they just had a study done on comparisons of surrounding cities, and there is room there to make an increase, but it has to go to the ballot. She plans to bring something forward for the ballot this year. She added that she was told a 1.5% increase could potential be \$8 million, and the other option to have a conversation with Ryman Property Group on doing a tax increase would give them that difference, which would be a huge increase to Aurora's lodging tax. G. Hays stated that 8% would be \$9.7 million.

CM Gardner pointed out that they had a tax in place that the majority of Council voted to get rid of, and now they are trying to replace it with another tax that they have to go to the voters for to do exactly what they could have accomplished three months ago. He expressed not funding a fire station means people will die and he will not accept that, and Fire seems to always be the first on the chopping block.

CM Kassaw asked if they tried to get a federal grant in order to help the fire station.

Chief Oughton commented that the fire department is trying to do what they can to supplement the funding, and are currently looking at staffing for adequate fire and emergency response safer federal grants, which will provide \$5 million a year for three years of ongoing money for the payroll expenses associated with opening the two fire stations.

CM Jurinsky expressed that not opening a fire station is not an option that any of them are willing to look at. She added that the tax they got rid of was worth around \$6 million and not voted on, and right now they are looking at an \$11.6 million deficit for 2026. She said the lodging tax is not a tax on Aurora businesses or citizens, but for people coming into Aurora from other places. She share it is most appropriate to have people to vote on a tax increase and not have the tax be on the people of Aurora.

CM Sundberg asked CM Gardner for examples that Aurora has gone after the fire department for cuts, as he did not recall that.

CM Murillo expressed frustration that they are having this conversation when they had conversations about OPT and dedicating it towards the fire station. She shared that staff is having to execute decisions that Council makes, and they are trying to come up with potential ideas. She did not support taking from the fire station, but Council is asking staff to do the impossible. She added that staff told them many times that they would have a deficit before voting to remove OPT.

G. Hays stated that in the past they looked at programmatic reductions as opposed to across the board cuts, and they will continue that. He shared that in regard to OPT, it stated that they must not cut public safety, and staff wants to know if that

means just civil positions in police and fire or all police and fire, or does it include e911, court system, civil service, HR, and rangers.

CM Bergan asked for percentage statistics for 911, civil service, and PROs in terms of their overall budget.

G. Hays answered that when talking about public safety in the budget book, they use courts and legal, all police positions, Aurora 911, and all fire positions, which equals to 56%.

CM Bergan shared that they have to look at the impact on the public and safety first for residents.

Mayor Coffman commented that on the police side, they have pushed the police department to civilianize more positions that were previously done by sworn officers, so he was not in favor of touching any part of the police department.

CM Jurinsky asked if they could get through the entire presentation and then scrutinize where they are willing to look at cuts, as looking at anything to do with public safety is not an option.

Mayor Coffman expressed that if anyone has questions, they need to be able to ask them as they move through the presentation.

G. Hays stated that not cutting road maintenance also came out of the OPT, which made the assumption of capital transfer only, as there are people in the General Fund that work on roads. He explained that if they are saying all of public safety should not be touched, that means the rest of the cuts are in the rest of the funds, which is around 40%. He asked if Council's budget is included in that.

Mayor Coffman asked if there was any objections to cutting Council's budget and putting that on the table.

CM Bergan asked what the percentage to the budget was on that. G. Hays responded a third of 1% of the General Fund budget. He added that if they cut that budget ten times over they would still not get there.

CM Lawson asked what 1% for legislative was for. G. Hays answered that is Council.

Mayor Coffman shared that vacancy savings in non-public safety should be a consideration.

J. Batchelor noted that as they approach 2025 budget, they have significantly increased vacancy savings targets and have a pretty high assumption built in, but they will keep that in mind.

G. Hays asked for input on revenue ideas, including raising fees, tax increases, or eliminating exemptions.

CM Bergan stated that regarding elimination of exemption, they need to be really careful on how it affects residents currently in light of inflation. She asked why manufacturing equipment would not be taxed.

J. Edwards explained the exemption has been in place for a long time, and the main reason is to attract manufacturing companies to the city. He added that they do have several manufacturing companies within the city that use this exemption.

CM Bergan asked how they come up with the \$330,000 estimate for that. J. Edwards responded that some of them are very difficult to estimate, but believed this one came from a state study based off of population.

Mayor Coffman voiced that fees should be commensurate with cost of delivery and they should be adjusting those on an annual basis to reflect actual costs. He recommended debrucing property tax for law enforcement related purposes for public safety, as he thinks the public would support that.

CM Coombs voiced that in Arapahoe County people voted to debruce property tax for a wide range of uses that were not limited to public safety last year, so it seems there is willingness and understanding of debrucing. She wondered if putting a lot of different tax related questions on the ballot how would affect their ability to be successful with a debrucing of property tax. She pointed out that debrucing property tax immediately covers their shortfall and then some and is a reasonable place to focus, but wants to be careful with overloading the ballot with tax questions.

Mayor Coffman added that in relation to law enforcement, that could be the capital budget and not just the operational budget.

J. Batchelor ensured they would keep Council informed and coordinate all of these discussions when looking at tax increases for operational and capital needs.

Mayor Coffman expressed that he would like to see a third party economic analysis of the impact on their local economy in whatever course they take.

G. Hays explained that they will close out 2024 in February and March, and then update expenditure projections and revenue forecast. He said they expect projections in early to mid-March, and at the Spring Workshop they will discuss final approaches, CPF balancing, and anything else that needs to be talked about.

CM Jurinsky wanted to see a projection from the PROS Department on if they are doing well and headed in the right direction. She asked if they could see what the projections are to lowering the \$10 million supplement from the General Fund. She asked to see other department projections so they can look at the whole picture.

**2. Break**

**3. Infrastructure Task Force Update**

Sponsor: Curtis Gardner, Council Member / Françoise Bergan, Council Member

Laura Perry, Deputy City Manager

Outside Speakers: RD Sewald / Jake Zambrano

Jake Zambrano, 76 Group, explained their goal is to give a high level glimpse into the plan and program that they have been putting together. He walked through ideas

on outreach and communication and how they plan to drive to finality and process for that. Mr. Zambrano and Mr. Sewald's firms engaged with the city in November and began putting this plan together for questions for voters in fall 2026. He said they are doing a very in-depth dive into what the problem is and how to solve it. He gave some background information and listed who is on the taskforce.

RD Sewald, Sewald Hanfling Public Affairs, added that every step matters and the unanimous vote on the taskforce sent a good message to the community.

Mr. Zambrano expressed that the taskforce has a hybrid meeting monthly in the evenings. He shared that the real test will be when they get to the community engagement level, which will be 100% in partnership with Council.

Mr. Sewald stated that they want to make sure they are setting them up for success. They will come back to meet with Council repeatedly through the process and want people to understand the actions that Council is taking.

Mr. Zambrano added that this is going to be driven by quantitative research to make sure they are talking about things that are priority, and they are taking steps now to get that put in place. From there, they will make informed decisions on what to bring the Council.

Mr. Sewald added that in Q2, when they do the survey/poll, it needs to be big enough for the citywide piece, so they can really understand and get good and valuable information from each ward as they go into the communities, so they can frame out both the community's needs and the city needs to maintain infrastructure. They plan to do that twice so they are getting the most relevant information.

Mr. Zambrano shared that the comp strategy is simple, and they had a successful launch a few weeks ago at Murphy Creek, with good press coverage. He voiced that they already have strong communication channels with residents and very affective town hall strategies. For Q3 and Q4, he and Mr. Sewald offered to come to Town Halls to do a Taskforce presentation and update. He noted that they will also do HOA and metro districts.

CM Bergan said they are also disclosing conflicts of interest as part of the taskforce.

CM Hancock asked if there would be an online option as well for the surveys and how that would work.

Mr. Zambrano answered yes, that they would have both options. There will be a microsite built to allow for citizen input from their phone or home computer, and they will also offer that at Town Halls.

Mr. Sewald added that they have several meetings with the team and the taskforce, and every month they talk about if they have exhausted all current technology and communications. He said they have to honor the way people communicate and give multiple options for different types of communication and different times available.

CM Hancock asked if there will be information available for people to view what this is, what their input is, and why they are doing it, so they can understand it.

Mr. Sewald expressed that the question coming into the press is if this is a tax issue or not. He said it may be, but they are honoring the process of the taskforce and working through hearing this out.

Mr. Zambrano said there is already a microsite out there that will help participants educate themselves and allow them to start thinking about a solution.

CM Lawson asked if the long game is to get all of the constituent feedback to come up with a question for the ballot to see how the implantation will happen and how future councils will be able to navigate that issue.

Mr. Zambrano responded that is correct, that the next 18 months will be a public engagement and taskforce process, where the taskforce will bring options to Council. He expressed that around this time next year, they will be taking a question to the Council agenda for approval for the voters to decide on in November 2026.

Mr. Sewald stated that they have legitimate community meetings with Council in partnership and the feedback is real, because you understand the way they look at way they live in Aurora, the impacts, and the positives, so when Council goes out the second time, they can use that feedback to prioritize the city's needs.

#### **4. Retail Strategy Update**

Sponsor: Françoise Bergan, Council Member

Jeannine Rustad, Director, Planning & Business Development Services, Planning and Business Development

J. Rustad explained the reason for the retail strategy is because retail sales tax is 57% of the General Fund revenues and are important to helping the City provide services, and this will help create and maintain a healthy vibrant retail economy. The goals of the strategy are to improve merchant profitability, provide attractive shopping centers and experiences, and to keep people from outside the city and people inside the city shopping within Aurora. She expressed that the city is competing with major retailers in Colorado and nationally, and their goal is have relationships with property owners, businesses, property managers, and retailers. She noted that they provide incentives, including Nordstrom Rack and their restaurant program, and staff and elected officials can engage with neighborhood based businesses and economic organization. She added that they are studying a potential bid or downtown development association in the Colfax corridor and doing the small business consulting. J. Rustad explained that retail has revolved over time and evolution has changed a lot since the pandemic, so they need to be flexible to adapt to the changing times. She gave some history of retail development with the city and across the nation. She expressed that staff has done a tremendous amount of research working with Ward Council Members and visiting all the shopping centers in each ward to learn their conditions, what makes them successful, and indicators of trouble. They found that anything below 300 per square foot of building area indicates there may be trouble, and anything below a 90% occupancy rate is an indicator of trouble. In regard to retail mix, such as doctor's office, dentist, gym,

when they get to a point where the majority of a center are service businesses, that is an indicator of being unhealthy, whereas the presence of complimentary mixes with tenant mix, center appearance, landscaping, and an anchor tenants are signs of a healthy business. Staff determined that Aurora has four classifications of retail centers, which are primary centers, shadow areas, microcenters, and secondary centers. She added that they are hoping to make recommendations for secondary centers that can be revitalized or may need redevelopment. J. Rustad expressed that staff has also categorized challenges they see with various retail centers, including homelessness, crime, economic factors, operational, and low consumer traffic. They identified general retail strategies, which consist of addressing crime, attracting high volume retail and restaurants, encouraging existing operators to expand elsewhere in Aurora, working with property owners to tailor retail to the surrounding customer base, and coming forward with targeted recommendations for redevelopment.

She discussed data, challenges, opportunities, and preliminary recommended strategies for each ward. Ward 1 consists of \$14.6 million in annual sales tax revenue, 3 million square feet, 3% vacancy, low spending per capita, no strong anchors, a lot of development and redevelopment initiatives in place, a need for addressing crime, and a need to look at redevelopment of underperforming retail centers and areas. Ward 2 is a largely developing ward that consists of \$21.6 million in annual sales tax revenue, 1.3 million of building rentable area, 1.5% vacancy rate, high medium household income of \$89,000, a need to find strategic locations, has the ability to capture shoppers from outside the area. Strategies for this ward would be looking at the demographic and retail demand in capture studies, working with the developer to put retail in the appropriate locations, give incentives for anchor tenants, and coordination with property owners and managers to attract tenants. She added that they have an opportunity near the Gaylord to build on the entertainment district and take it down the street to make sure they have the nearby additional retail entertainment uses for high consumer traffic volume. Ward 3 consists of \$37 million in annual sales tax revenue, over 5.2 million square foot of rentable building area, 4.6% vacancy rate, housing income at \$61,000, a largely undeveloped city center, bisected by I-225, low performing town center mall, highest population density in the city, very successful Havanna business improvement district. Strategies for Ward 3 are continuing coordination with property owner and managers to retain retail and attract new retailers and restaurants, incentives, addressing crime and homelessness to keep the area for attractive for shoppers, and redevelopment of the town center. Ward 4 consists of \$38 million in annual sales tax revenue, over 5.2 million square feet of rentable building area, 2.9% vacancy rate, healthy medium income household income of \$68,000, challenges of car dependency, a need to encourage more tax producing retail and restaurants, the highest population density and large diverse mix of centers and businesses. Strategies for Ward 4 are working with centers and retailers to attract high volume retailers and restaurants, incentives to refurbish older buildings, continue to offer assistance to owners and operators to fill vacant, and small business incentives. Ward 5 consists of \$24.7 million in annual sales tax revenue, over 3.9 million square feet of rentable building space, 3% retail vacancy, medium household income of

\$81,000, challenges of older strip centers and microcenters that lack strong anchors, aging and outdated centers that are underperforming, challenges to access and visibility, opportunities of thriving power centers that attract customers from outside the city, high home ownership rate. Strategies for Ward 5 are working with the centers to attract high volume retailers and restaurants, consider incentives, potential urban renewal in some areas, and SBDC and small business consulting. Ward 6 consists of \$24.2 million in sales tax revenue, 3.1 million square feet of existing retail space, 4.5% vacancy rate, highest medium household income in the city of \$130,000, costly housing, farther away from the job space, many independent buildings and business owners that contribute to lower consumer traffic volumes, people going outside of the city to meet needs, a great location to capture residents within the ward, and good demographics, large areas of undeveloped land, thriving power center, high home ownership. Ward 6 strategies are to continue relationships with centers owners, managers, and retailers to maintain the good base, support shadow areas, develop a proactive approach of monitoring, and incentives for anchor tenants.

J. Rustad went over next steps. She said they are working on structuring the report and filling in details so each council member will be able to talk to constituents when they ask what is going on. She asked staff to incorporate best practices. They will evaluate funding options and implementation actions for the strategies and help Council determine priorities citywide and develop metrics for gauging success. She said they hope to finish the report in April and come to PED in May, and a resolution approval by Council in June at the latest.

Mayor Coffman asked to take the number of really unhealthy retail centers with a high vacancy rate that are not being retained properly and compare those to what they did at Chambers and Alameda with redeveloping it into multifamily apartments, restaurants, and different stores and make that a relatively significant part of the presentation.

J. Rustad responded that it would be very important in the strategy to use the sales tax generated per building square foot vacancy rates and give the top five areas that are in need of help.

CM Lawson expressed that she has 26 centers in her ward, and a lot of them are strip centers that are underperforming. She asked if it is possible to see where the actual underperforming centers are in the report so they can think about another development plan, as they are going to continue to go downhill.

J. Rustad suggested using the health indicators to flag which ones need the most intervention. She added that with the way strip centers are built out in the city, they could be in the conversation for redevelopment to get the highest and best use.

CM Gardner asked if the sales tax generated by ward given was purely retail sales tax or all sales tax generated in the wards.

J. Rustad answered she believes it was all sales tax, but she will verify that.

CM Gardner commented that they have a structural budget deficit, and because they developed with rooftops and strip malls, when there is an economic downturn, they end up cutting. He suggested looking at how the strip malls can be redeveloped into what retail looks like today. He added that they developed based upon retail sales tax, which fluctuates, and impacts them. He said Ward 2 had significant development of primary employers, distribution centers, and other types of employment other than retail sales tax and it made Ward 2 very strong when it came to the sale tax it generates for the city. He expressed that diversifying how they generate sales tax in the city is not just by retail stores, so they should look at Ward 2 as a good example on how they have been successful.

J. Rustad agreed that retail is one piece of an economic strategy, and their continued coordination to make sure they are bringing in primary employers, because if people work here, they are going to shop here. She voiced they will do what they can with retail, but still work in other areas of their economy and coordinate with partners.

CM Murillo uplifted the connection to the feasibility study that they are undergoing, as there was a lot of interest at the presentations, and this additional connection to that conversation will be helpful to include as part of that process. She added it would be helpful to bring the Full Council what the community is thinking, their feedback, and how the different strategies tie into the larger bottom line for the city.

J. Rustad agreed, and added that having some of these implementation items in the community development plan is very important, because they can help partner with other organizations to build on the momentum along Colfax.

CM Bergan, on behalf of MPT Sundberg, asked what the current incentives are they have in place. He also wanted to know about refurbishing.

J. Rustad responded the primary ones are Nordstrom Rack and the Restaurant Program, but staff is compiling a spreadsheet with every incentive across the board.

CM Bergan stated that a few years ago she asked her fellow colleagues to approve adding a couple FTEs over a few years to the retail team because she felt they needed more representation of all wards, so it is great that they are able to do this ward by ward and as a city. She thanked staff for all their work. She asked in regard to incentives, do they get a return on investment or are they going to put money into a particular center that will never achieve the goals they want them to.

J. Rustad agreed, and added that is what they need the metrics on, if they are getting more sales tax. They want to be able to recommend to Council where they think they will have the greatest impact.

**5. Miscellaneous Matters**

None.