

GRAND JUNCTION CITY COUNCIL WORKSHOP SUMMARY

August 8, 2013 – Noticed Agenda Attached

Meeting Convened: 1:00 p.m. in the City Hall Auditorium

Meeting Adjourned: 5:10 p.m.

Council Members present: All Councilmember present except Councilmember Boeschstein.
Staff present: Englehart, Shaver, Hazelhurst, Watkins, Romero, Kovalik, Franklin, Valentine, Evans, Prall, Rainguet, and Tuin.

Agenda Topic 1. Infrastructure continued – Leach Creek Dam

City Manager Englehart introduced the topic, and Engineering Manager Prall reviewed the history and the current situation with the project. Two years ago the National Guard offered to build Leach Creek Dam as part of their two week training exercises. Two crews were assigned that year and the work was not completed. This year, three crews were assigned over a four week period and the project is still not complete. The dam was to be 39 feet tall and it is currently at 12 feet tall. It can hold 16 acre-feet of water but was designed and planned to hold 250 acre-feet of water. The fear is that leaving the dam as is would create a worse situation if the 100-year flood event were to occur and the dam was breached after filling the retention area. The National Guard cannot return to complete the job for three years. The estimated cost for completion with a private contractor is \$600,000.

The discussion concluded with several Council and Staff members offering to make contact with people they know in the ranks of the National Guard to see if the project can still be completed by the National Guard in a timely fashion.

Agenda Topic 2. TABOR

City Manager Englehart deferred to Financial Operations Director Romero to open up the discussion. Ms. Romero explained how the TABOR calculation is figured and how the lesser of the “black box” calculation and the revenue limit from the prior year is used as the starting point for the current year’s limit calculation. Many different scenarios were discussed. There is currently no excess in the “black box” calculation. Next Ms. Romero addressed the property tax calculation and how the property tax excess is estimated for the budget and for transfer into the Parkway Debt Retirement account which the voters approved the retention of any excess to pay off the Riverside Parkway debt. However, property valuations are anticipated to be down again. Councilmember Chazen asked if the pre-TABOR amounts were added back in (voter approved taxes prior to TABOR) would that change the amount of the excess? Ms. Romero said it would not because that amount would be added back in when figuring the base.

Councilmember Chazen asked what the voter approved taxes were for 2013 and Ms. Romero replied \$17 million. The calculation is based on the percentage rather than the actual dollars. Councilmember Chazen asked if the property taxes are what are driving the excess. Ms. Romero said yes. Councilmember Chazen said he is hearing there will be a ten percent decrease in property tax revenues.

The accumulation of the excess in sufficient amount to pay off the debt will likely not occur until 2018 or 2019 but the debt cannot actually be paid off until 2021. The excess cannot be retained after the sufficient amount has been collected. The City has several opportunities to go before the voters, if the Council so chooses, before that date arrives in order to retain any excess after that. Due to the refinancing of the bonds, there will be a partial pay off in 2014 of the Riverside Parkway Debt (first issuance) and that will free up some monies for additional capital projects.

It was confirmed that the calculations presented will be used when developing the 2014 budget.

Agenda Topic 3. Reserves

City Manager Englehart then addressed reserves and how that term is defined. The City's estimated reserve (General Fund) was \$18.5 million last year.

Ms. Romero explained how the reserves are determined and what amounts can be included. She provided information on best practices of the Governmental Finance Officers Association (GFOA) and what the required reserve is under TABOR. Examples of how much other jurisdictions retain as reserves were provided and Grand Junction is basically in the median of the cities they are compared to. The City also has insurance coverage that would cover most catastrophic losses (not loss of revenue).

The City Council was fine with staying with the \$18.5 million reserve policy. Councilmember Chazen asked to see the fund balance of all other funds.

Agenda Topic 4. Cash versus Debt Financing

The City Council discussed cash versus debt financing. No one objected to debt financing as long as the question went to the voters.

Agenda Topic 5. Council Economic Development

Council Economic Development List. The City Council reviewed the items on the Council Economic Development list. City Manager Englehart noted that the list was reviewed with

Councilmember Boeschstein the day prior since he was to be absent at this meeting and he was in favor of funding everything at the same level. The exception is the Housing Authority Village Park item as it was a one-time expense. The **Pro Cycling** event is a question as Staff is not sure if they will pursue holding the race next year and have a leg in Grand Junction. The Economic Development Contingency was explained. City Manager Englehart indicated that Councilmember Boeschstein was in favor of making the contingency \$300,000.

Financial Operations Director Romero then addressed the other line items.

Colorado Mesa University \$1,000,000 – Councilmember Chazen asked if the City gets an accounting on how the \$500,000 for expansion is spent. Ms. Romero advised the City does get a list of properties purchased but not specific amounts. The other \$500,000 is a commitment toward the CMU classroom building. The term of the commitment was questioned with Ms. Romero clarifying that the option Council selected was \$500,000 for 15 years for a total of \$7.5 million. Council President Susuras stated he did not vote on that. Ms. Romero said she would check her notes but that was the Financing Option B which was selected by City Council.

Grand Valley Transit \$419,885 – The City contribution to GVT operations is based on population and has not changed for six years. Councilmember Norris advised that it was based on the 2000 census and she has asked GVT staff to look at the calculation based on 2010 census. Councilmember Chazen asked if the City has a contractual obligation to pay this amount. City Attorney Shaver explained that there is an ongoing resolution but the actual contract expired in 2005, however, the contribution has been honored since then. A ballot question to form an Authority and funding mechanism for GVT has been discussed by the partners for many years. The City's contribution does go toward operations. City Council was polled and the majority of members present supported the same level of contribution.

Grand Junction Housing Authority Village Park \$319,824 – This expenditure was a one-time expenditure and won't be in the budget again.

Economic Development Contingency – Ms. Romero explained what went into the 2013 allocation. Council President Susuras said he would like it to stay at \$500,000. Councilmember Doody agreed. Councilmembers Norris and Chazen wanted the amount to be higher. Others did not disagree to put \$1 million in economic development contingency as a starting point.

Colorado West Mental Health \$30,000 – The 2013 allocation was a first time request. Police Chief Camper did say that Colorado West is critical to Police operations. Councilmembers directed Staff to zero out the amount and advised that Colorado West could renew their request if they do indeed need the funding.

Downtown Business Improvement District (BID) \$13,466 – This is the City’s contribution toward the BID in lieu of taxes to continue to support the vitality and marketing of the downtown. The assessment is calculated on the square footage of City property. The amount was left on the list.

Pro Mountain Bike Race \$10,000 – This is the first year of a three year request cycle. The amount was left in.

The Standing Sponsorships \$10,000 – This amount encompasses requests that come forward throughout the year such as the Toy Run, the Military Ball, and the Hospice Gala, to cover some of their costs. Councilmember Doody advised that the Student Military Association has taken over the event and it will be held at CMU from now on. It was suggested that the amount stay the same as other requests will likely come forward.

Housing Resources \$5,000 – They use the funds to match grant dollars to help make low income housing more energy efficient and to fund other low income self-help programs. There were no objections to the funding.

Kids Voting \$4,500 – An organization that promotes civic education of students, provides voter registration of high school students, and conducts candidates’ forums. There was support to continue funding.

Business Incubator \$53,600 – This is an annual contribution of their operations. Council directed the amount remain.

Grand Junction Economic Partnership \$40,000 – This amount is for operations. Previously another \$60,000 was contributed for prospects, but that has not been requested or needed lately. The \$40,000 was left on the list.

Colorado Municipal League \$38,894 – The City’s annual dues payment as determined by population. The Council favored leaving that in.

Riverfront Commission \$17,121 – This amount funds a portion of their operations. It was left in with a request for an accounting of the use of the funds.

Western Slope Center for the Children \$20,000 – Their mission was explained with Chief Camper explaining how they assist the Police Department. The City Council agreed to keep the amount in the budget.

Mesa Land Trust \$10,000 – This funding goes toward operations. The history was discussed. The majority of Council agreed to continue this funding.

Associated Governments of Northwest Colorado (AGNC) \$7,800 – These funds are for annual dues. The majority of Council was in favor of keeping this in the budget with a request that the City Attorney look into the representation structure of the organization.

Chamber of Commerce \$6,000 – These funds are for the City's annual dues. The Council directed that remain in the budget.

Club 20 \$4,000 – These funds are for the City's annual dues. The City Council supported continued membership.

National League of Cities \$3,813 – These funds are for annual dues. The City Council agreed on continued membership.

Ms. Romero said that **GVT** additional funding (\$35,000), the dues for the **521 Drainage Authority**, and dues for the **Colorado Water Congress** will be added onto to this list.

Transportation Capacity. Deputy City Manager Moore reviewed the history of the Transportation Capacity Payment (TCP). Since 2004, the City has been responsible for building any transportation infrastructure needed for development. The policy varies from entity to entity within the valley. The City Attorney advised that a developer cannot be required to build to correct any deficiencies. The City set the fee based on 52% of what the City could require for the fee and is therefore behind in the amount it charges. Councilmember McArthur described how the fee compounds the effects of the Gallagher amendment as commercial development pays higher property tax anyway. Council agreed the best case scenario would be for all the valley entities to be on the same page. Councilmember Chazen suggested leaving the policy as is, talk to the other entities in valley in the meantime, have no fee structure change at this time, revisit the downtown subsidy, and update the Duncan study. The rest of City Council agreed. Councilmember McArthur offered to bring back feedback from builders and developers.

Potential Projects. City Council was directed to a drawing of the Schweisswohl property at 27 ½ and H Road, 77 acres near the Airport, where the owners want to develop through a public/private partnership. The property is for sale for \$8.1 million. The City has \$250,000 earmarked to start the process via zoning and infrastructure improvements. The Staff is looking for direction on whether or not to pursue.

Economic, Convention and Visitor Services (ECVS) Director Kovalik advised that Industrial Development Inc. (IDI) wants to meet with the City Council on September 24th and is interested in purchasing two of the Schweisswohl lots.

Councilmember Norris favored directing industrial development to existing areas such as Foresight Park. She would rather see infill take place first.

The majority of Council was not in favor of the City involvement with the Schweisswohl proposal but would support IDI pursuing it. Council will find out about IDI's intent at the September 24th meeting. The City Attorney said even so, IDI may look to the City for some infrastructure improvements.

The next potential project was out near the new Community Hospital Medical Facilities on the Pavlakis property (G Road and I-70 Business Loop). The owners want to pursue an event center (5,500 seats) and have asked for a letter of intent from the City. The City Council was not interested in pursuing the request.

Agenda Topic 6. Eroding Tax Base

A variety of options for raising more revenue were suggested including fees for services, formation of districts, advertising, and leasing unused office space/buildings. Selling surplus property was suggested as another possible source of revenue. Fee increases were also brought up including court fees. A revenue stream from FRAM drilling was also mentioned.

Agenda Topic 7. Next Steps August 19th Capital Meeting – Format

This was not discussed.

Agenda Topic 8. Other Business

The City Council will address Overlays and Neighborhood Plans in the future.

Utilities Manager Franklin advised FRAM is drilling away from the City's watershed.

With no other business, the meeting was adjourned.

**GRAND JUNCTION CITY COUNCIL
WORKSHOP
THURSDAY, AUGUST 8, 2013, 1:00 P.M.
CITY AUDITORIUM
250 N. 5TH STREET**

To become the most livable community west of the Rockies by 2025

Budget Philosophy and Policy Discussion

Continued from August 5, 2013

- 1. Infrastructure continued – Leach Creek Dam**
- 2. TABOR**
- 3. Reserves**
- 4. Cash versus Debt Financing**
- 5. Council Economic Development**
 - Transportation Capacity**
 - Potential Projects**
 - Overlays & Neighborhood Plans**
- 6. Eroding Tax Base**
 - Options for New Revenue**
- 7. Next Steps August 19th Capital Meeting – Format**
- 8. Other Business**