

GRAND JUNCTION CITY COUNCIL WORKSHOP SUMMARY

October 28, 2013 – Noticed Agenda Attached

Meeting Convened: 9:45 a.m. in the City Auditorium

Meeting Adjourned: 3:09 p.m.

Councilmembers present: All. Staff present: Englehart, Shaver, Moore, Schoeber, Watkins, Romero, Starr, Franklin, Tonello, Trainor, Brinkman, Camper, Valentine, Hazelhurst, Kovalik, Bowman, Taylor, Rainguet, and Kemp.

Agenda Topic 1. Avalon Theatre Naming Rights

This item was moved to follow Agenda Topic 2.

Agenda Topic 2. Addition of City Property to the Downtown Development Authority (DDA) District

City Manager Rich Englehart introduced this item and stated that it was a follow up to a discussion at an earlier Workshop. Harry Weiss, DDA Executive Director, advised that this matter came up because of the replatting of multiple properties to a single parcel of property for the Public Safety Complex. Two of the eight parcels were already in the DDA and the Assessor's office said that all of the property needs to be either in or out of the DDA. When looking at other properties in the immediate area, the parking lot on the east side of 7th Street, across from the Public Safety Complex, was out of the DDA boundary and would be a good property to include in the DDA to help create the connection of the core of downtown and the south downtown where the district extends all the way to Las Colonias, 7th Street being the main corridor. The effects are minimal for the City because they are all tax exempt properties so the inclusion will have no effect on the mill levy or the increment. It only leverages the DDA because if the properties are in the district, it will allow DDA funds to be spent for those properties.

Councilmember Chazen asked if the City pays a payment in lieu of taxes (PILT) to the DDA for City owned properties. Mr. Weiss said that the City pays a PILT to the Business Improvement District, but not to the DDA.

Mr. Weiss said that when they looked at other properties, they also looked at properties around Las Colonias, Whitman, and Emerson Parks, but there didn't seem to be any interest in bringing in the Emerson Park area at this time. He stated that the DDA Board is interested in working around the edges of Las Colonias Park to get private development and activity around the Park as well as helping the City with the interior improvements of the Park. Other properties being requested to be included in the DDA boundary are City owned properties located by Edgewater Brewery and the Botanical Gardens.

Councilmember Traylor Smith asked about a large parcel next to parcels which are being requested to be included in the DDA boundary. Mr. Weiss said that parcel is privately owned land and can only be brought into the district by voluntary petition. He said that Edgewater

Brewery is thinking about petitioning for their property to be in the district. He also said that Doug Simons and Bill Hilliard will be requesting their small parcel be included in the district on the corner of 7th and Main Street which half of the property is in the boundary and the other half is not, but that will be brought in as a separate item.

City Manager Englehart provided a larger scale overview which helped to define the area better.

Councilmember Doody asked Mr. Weiss how much money the DDA has invested in the City of Grand Junction over the years. Mr. Weiss said about \$18 million over the last decade for big public projects, but he was not sure how much during the existence of DDA.

Councilmember Norris asked if that was tax money that the City would have received otherwise. Mr. Weiss said that it is the TIF which he explained is reallocation of other taxing agencies mill levies. DDA gets a percentage of everyone else's tax levy, the City, the County, the Library, Special Districts, i.e. whoever has a mill levy on downtown property.

City Council was all in favor of moving forward with presenting an Ordinance to Council for including the properties proposed into the DDA.

Agenda Topic 1. Avalon Theatre Naming Rights

City Manager Englehart introduced this item and stated that Colorado Mesa University (CMU) was generous to share a report from a study that they had conducted for purposes of exploring naming rights at the University, St. Mary's Hospital, and a few others.

Debbie Kovalik, Economic, Convention, and Visitors Services Director, thanked CMU for sharing their study that they did in 2013 called "What's in a Name" with the Avalon Theatre Naming Rights Committee. It incorporated the studies from Community Hospital, St. Mary's Hospital, Hope West, Western Colorado Community Foundation, and Community Hospital Foundation. They looked at other studies from outside the community as well.

Ms. Kovalik said that the Committee recommends that the "Avalon" or "The Avalon" be included in the building in perpetuity. The Committee's goal would be to call it "The Avalon Performing Arts Complex"; it would then have the strongest marketing value. It would be up to the City if they would like to do a Request for Proposals (RFP) or not. The historical part of the building (the theatre) could be called something like "The Smith Family at the Avalon Theatre". They would like to call the multi-purpose room something other than the multi-purpose room, like "The Hall". It would function as a cinema, a rehearsal room, and a small performing hall. It will only seat up to 100 people. The rooftop terrace would be another opportunity for naming rights. In CMU's study, the average amount of giving was \$200,000. Specific name plaques of givers will not be placed on the building or on the seats. There will be a donor wall. They are looking for someone to sponsor the hearing loop for the hearing impaired. She explained how the hearing loop works. They will look for grant money to help pay for the hearing loop. Values for donations are established for persons wanting their name as donors. For 10 years, the

amount will be a lower amount than what the donation would be required for 25 years. None of the naming rights would be in perpetuity. The study found that communities have done the naming rights for 10 to 25 years only.

The name plates on the existing seats have been removed from the seats and will be placed on a plaque and put in the Avalon somewhere. Name plates will not be put on the new seats. The bricks in the front walkway of the building will remain in place, but none will be added.

Councilmember Norris asked what the average or the top donations are for the Avalon. Robin Brown, with the Avalon Theatre Foundation, said that the average donations are between \$10,000 and \$25,000 and highest donation was \$250,000. Ms. Kovalik said that, with the naming rights, there should be more donations.

Councilmember Traylor Smith suggested using technology for recognizing donors and advertising purposes. Ms. Kovalik described some ways where they will be using technology for advertising purposes including TV monitors that will display the show in the lobby areas and also would advertise future shows. They could also recognize sponsors using that technology.

Councilmember McArthur asked when the Avalon name was established. Ms. Kovalik said it was established in 1922. Councilmember McArthur asked about where the fundraising is at and expressed concern about the provisions with paying off the contractor, FCI. City Manager Englehart said he understands and they will look at applying for a Division of Local Affairs (DOLA) grant and possibly Community Development Block Grant (CDBG) monies to help with that.

The City Council was polled and they are in favor of moving forward with the naming rights recommendations. City Attorney Shaver said he will prepare a resolution for formal adoption at the next City Council Meeting.

Agenda Topic 3. Budget Workshop

City Manager Englehart went through an agenda for the Budget Workshop and advised that they will start out with the Enterprise Funds.

Greg Trainor, Public Works and Utilities (PW and U) Director, advised that the water system is very old and the budget is mostly operations and maintenance with very little growth related capital. Solid Waste service is provided for residential and some commercial customers. The Irrigation Fund was acquired in 1992 when the City took over the Ridges Metropolitan District. Most of the operating expenses for these funds are relatively flat. Capital Improvements are up because of replacing aging components, especially in the Water Fund. The sewer system (Persigo Wastewater Treatment Plant) had no rate changes in 2010, 2011, or 2012. There was a rate change in 2013 and another rate change has been proposed for 2014.

Solid Waste

Darren Starr, Manager, Streets, Storm Water, and Solid Waste, said that the Compressed Natural Gas (CNG) Fuel is saving the City money in the Solid Waste Fund. Capital projects include ten more fill stations that are needed for the CNG vehicles and a new roof is needed on the recycling building. The fully automated trash collection helped to reduce staffing levels. Recycling is a great incentive for customers. Rate increases in sanitation over the last 18 years has happened only seven times. Sanitation is seeing growth. He provided documentation to show that the City's rates are very competitive with the private sector. The City is the rate setter. The proposed rate increase would be 13 cents per collection for customers.

Councilmember Doody commented on the popularity of the Spring Clean-up Program. Mr. Starr said that it is very popular with customers as well as the Leaf Pick-up Program.

Councilmember Chazen inquired about the total debt that was shown in the handout. Terry Franklin, Utility and Streets Manager, explained that is the energy service savings program with Johnson Controls. It needed to be in an Enterprise Fund and that is where it was placed. Jay Valentine, Internal Services Manager, explained the energy service savings program in a bit more detail. Councilmember Traylor Smith asked when that debt will go away. Mr. Franklin said he believes it is eleven more years.

Councilmember Chazen asked if the Spring Clean-up and Leaf Pick-up programs are budgeted. Mr. Starr said that they are budgeted in the General Fund under the Storm Water and Streets. Councilmember Chazen asked Mr. Valentine if provisions for rate of return are put into the budget for capital costs for purchasing new equipment for CNG. Mr. Valentine said yes, they do calculate extra into the amount for fuel.

Councilmember Boeschstein said he appreciates the use of CNG and asked if the growth is because of annexations. Mr. Starr said there are new houses being built and used the Orchard Mesa area as an example. He said that they are also acquiring new customers in the area that used private service providers because of the new houses using the City's services.

Charging for curbside recycling was discussed. Mr. Starr explained that the cost for the recycling is incorporated in with the garbage rate because it is not cheap to recycle.

All Councilmembers were in favor of the proposed solid waste utility rate changes.

Water Services

PW and U Director Greg Trainor said that the water services are interconnected with all four providers, Ute Water Conservancy District, Clifton, Palisade, and the City.

Rick Brinkman, Water Services Manager, said that the capital improvements necessary for the water services are to ensure integrity of the system. It is a ten year capital plan. Old water pipes are being replaced with pvc. There is only thirty-one miles of pipe to replace.

Council President Susuras asked why the City's rates are lower than Ute Water or Clifton Water. Mr. Brinkman said that those entities were using their Plant Investment monies to run their systems and when the growth stopped, they had to start using operating money. They don't have investment coming in for expansion.

There was discussion about the impacts for the City if Clifton Water were to ask the City to take over their system.

Councilmember Chazen asked if there is money in the budget to look at fully automated controls. Mr. Brinkman explained that the system currently runs semi-automated every evening. There are only four plant operators, which is a low number for a plant that size.

Other questions and answers took place including the process for Ruedi Reservoir's water getting into the valley, fire flow deficiencies, testing the hydrants, the service to the Kannah Creek residents, gas and oil drilling concerns, and system flushing.

Councilmember McArthur asked if the debt service was from issued bonds. Mr. Brinkman said yes, borrowed from the State to replace pipe during the sewer elimination program.

Mr. Brinkman said that the proposed water rate increase would be an additional \$3.60 base rate for the average residential customer.

City Council was in favor of the proposed water rate increase.

Ridges Irrigation

Mr. Brinkman said the Ridges Irrigation Fund is very small. Electrical costs to run the pumps have gone up. The proposed rate increase is \$0.73 for single family units and \$0.60 for multi-family units.

City Council was in favor of the proposed Ridges irrigation rate increase.

Golf

Rob Schoeber, Parks and Recreation Director, summarized the golf course and rate comparisons. Tournaments are a great revenue source. The golf industry has declined because of the economy. He provided percentages, statistics on decreased numbers, and numbers of closed days due to the weather. The proposed increase for golf is 4% in season passes and \$1 per round for the green fee. The 1999 debt for a new driving range for Tiara Rado is close to being paid down; one more \$46,000 payment is due. The 2010 debt for the major renovation of the back nine and the new irrigation system has an annual payment of \$215,000 which is hard to meet because there are not sufficient operating revenues. There will be about a \$170,000 shortfall in 2013. Over the course of the year, they have tried to reduce the operating costs to help with the reduction of the revenues. The balance of the debt is \$3.4 million. Mr. Schoeber would like to restructure the debt payment from 15 years to 20 years to lower the annual payment. Conservation Trust Fund monies helps to make the debt payment.

Councilmember McArthur asked Mr. Schoeber if the City has ever looked at leasing out Tiara Rado Golf Course. Mr. Schoeber said that has been looked at, but it appears that the private sector nationwide is handing over the golf courses to the municipalities.

There is a portion of land at the golf course that has not been developed and perhaps could be sold to bring in some revenues to be applied towards the debt.

Councilmember Chazen asked about just paying interest on the loan for 2013 and not principal. Jodi Romero, Financial Operations Director, said that would not impact revenues in the General Fund. John Shaver, City Attorney, pointed out that it would be illegal to write anything off from the General Fund. Council President Susuras asked if it is legal to pay the interest only and extend the loan out for the principal amount. City Attorney Shaver said it is legal to extend or refinance the loan anyway Council chooses to.

Councilmember Chazen asked about additional fleet for the golf course. Mr. Valentine said that each golf course had a bobcat and the Parks Department General Fund had it in the budget to buy a new bobcat, however, the bobcat for Tiara Rado was given to the Parks Department which reduced the fleet charges for Tiara Rado.

Councilmember Chazen asked City Attorney Shaver if 10% of the payment can be written off. City Attorney Shaver said only if there were no other revenues coming in, however, because of the Conservation Trust Fund monies, forgiveness could not be allowed.

Ms. Romero stated that because the revenues are unknown for the remaining of 2013, Council may want to look at allowing an interest only payment plus whatever revenues would be available to pay towards principal for the 2013 payment.

City Council was in favor 5 to 1 (Jim Doody was not in favor and Barbara Traylor Smith had left the meeting for a couple of hours) to allow an interest only payment plus whatever principal could be paid for 2013. City Council was in favor unanimously for the proposed rate increase.

Two Rivers Convention Center Fees (TRCC)

Debbie Kovalik, Economic, Convention, and Visitor Services Director, said that last year's rates were increased per person for weekly or monthly users and negotiated with the users that increase would be good through 2014. No proposed changes are being requested for 2014. They are requesting a 10% increase in room rentals which includes the entire building and lobby.

Councilmember Norris asked if the fees charged for the Convention Center are competitive with other places that rent rooms. Ms. Kovalik said they are competitive, however a little bit to the high side of that range. TRCC has the ability to customize to a customer's need, whether they need a full room or a room and one-half.

Ms. Kovalik said they are also requesting a 10% increase for equipment and staging (the things that they rent that are owned by the Convention Center).

Council President Susuras asked how the Convention Center compares with Colorado Mesa University (CMU). Ms. Kovalik said that TRCC is a little bit more. CMU has more flexibility when it comes to the cost per person because CMU has student staffing that is supplemented by scholarship funds. CMU occasionally waives rent where TRCC does not. Council President Susuras asked if any of the initial loss of business to CMU has come back. Ms. Kovalik said that it has because business tends to flow where it fits best. For an organization that already has a signed contract for 2014, there won't be any changes to increase the fees.

Councilmember McArthur asked if the fees are charged by the person and additionally for the cost of lunch. Ms. Kovalik stated that each group's business is negotiated differently. Councilmember McArthur asked about the room rental fee range being between \$89 to \$3,274. Ms. Kovalik stated that \$89 is the smallest room and \$3,274 is the large ballroom. Stuart Taylor, Manager of Two Rivers and the Avalon, explained a bit more about the room rental fees.

All of City Council was in favor of the proposed TRCC fees increase.

Visitor and Convention Bureau (VCB)

Ms. Kovalik stated that 2013 has been a tough year. All other areas in Colorado are doing better from a travel and tourism perspective than Mesa County. The VCB Board met with the City Council and discussed programming opportunities and technology that are critical for Mesa County to remain competitive with the rest of the world. There is a huge international market with more opportunity for future growth.

Barb Bowman, VCB Manager, described software programs for on-line booking and smart content that is being requested for 2014. Smart content is a wonderful web search tool to market Grand Junction. The on-line booking would be extremely important to remain competitive. It would allow people to review rates and availability for hotels in Grand Junction.

Council President Susuras asked what are the costs of the programs? Ms. Bowman said they are requesting an additional \$45,000 in the budget for these.

Ms. Kovalik said that they are confident that revenue will be up in 2014 because there are already a number of solid events booked for 2014. The National Marketplace suggests that the hotel rates and fees will go up 8% in 2014, and occupancy is projected to go up 4 to 5%. Ms. Kovalik stated that VCB is proposing a budget with a 3% increase in revenues for 2014. She said that they have also prepared an alternative budget with higher revenues but are more confident with the 3% increase. She said that early in 2014, they will need to be aggressive and get more business.

Councilmember Chazen feels that, for systemic reasons, there should be an anticipated increase in revenues of at least 6%. Ms. Kovalik said that they are very confident in the 3% but not really willing to take the risk for 6%.

Ms. Bowman named a few new groups that will be coming to Grand Junction in 2014. She said that they are calling 2014 the year of recovery.

Councilmember Doody suggested that perhaps a business model be put together in 2014 to see what the VCB would look like if ran with a Board of Directors. Ms. Kovalik said that other VCB's do have their own 501(c)(3) entity and operate independently. She suggested maybe looking at other models of VCB's and see how they were set up.

Councilmember McArthur asked if the Federal Government shutdown had an impact on the VCB. Ms. Bowman said yes, but not as much as others.

Councilmember Boeschstein asked if it will help the VCB if they make the Colorado National Monument a National Park. Ms. Kovalik said absolutely. Ms. Bowman provided an update and said it would definitely bring people in. Councilmember Boeschstein mentioned that a downtown visitor center could be beneficial. Ms. Kovalik said that one thing that is in the proposed capital budget is a portable, mobile counter that would be used at the Convention Center and have it function as a visitor's information center in the downtown.

Council President Susuras asked what the increase percentage is in the budget that VCB is requesting. Ms. Kovalik said 6% over 2013. Ms. Romero explained that is over the 2013 amended budget. The most that would probably be seen is a 6% increase from the actual totals of 2013.

Council President Susuras asked what is the total dollar amount for revenue increase being requested? Ms. Bowman said \$72,000. Council President Susuras asked Council if they were in favor of the \$72,000 increase for 2014. All of Council was in favor except Councilmember McArthur. Councilmember Traylor Smith recused herself because she was not present for the entire presentation.

Councilmember Chazen suggested an incentive plan for VCB for increased revenues.

Recap of Budget to Date

City Manager Englehart recapped the 2013 amended and 2014 budgets. The personnel portion of the 2013 budget was \$41.1 million versus the 2014 budget proposed of \$42.0 million (which contains the remainder of the market implementation and the health insurance increase). There were 13 positions approved in 2013, some funded by revenues and some not. Two of the 13 positions were not filled and completely eliminated. One position in the Fire Department is being assessed whether or not it needs to be filled. Two positions have been eliminated in 2013. For the 2014 personnel budget, the Public Works and Utilities Director position will need to be filled, a project engineer for the RAMP project, which may be eliminated, funding known retirements coming up, and they will continue to look for any other way of saving in personnel. Workman's compensation and overtime are being looked at. Police are looking at a 4/10-hour schedule. For the market details, City Manager Englehart said that 224 out of 633 full time employees are at the market rate of pay and won't be getting a raise, 409 are below market and will be getting the second part of the market implementation.

Jodi Romero, Financial Operations Director, reported that October's revenues are showing an increase of about 4% from 2012, but it is not final yet. She said it is feeling more comfortable

moving into 2014 and taking care of any of the revenue shortfalls for the remainder of 2013, about a \$266,000 combined impact. In order to compensate for that, the following reductions have been identified: \$85,000 savings on some parks projects, Public Works has the potential of saving \$200,000 in their operating budget depending how the weather is during the year, the City Manager contingency is about \$240,000 to \$250,000, which he is considering freezing until the end of the year, and the Council has contingency which is somewhere around \$330,000. The City Manager has placed an Administrative order for selective purchasing. Internal Services Manager Jay Valentine and Fleet Manager Tim Barker are looking to see if there are any opportunities to save money within the fleet department. For capital projects, some do not have to be started until mid-year or the end of the year, so they could stay on hold if need be. It has been discussed to look at bringing back the employee cost savings program to see if employees can help to come up with ways to save money. Ms. Romero said they feel comfortable moving into 2014 with the budget as it is and having to make up for any further revenue reductions.

The majority of City Council asked that a way be found to put the other \$500,000 back into the budget for CMU because the City gave them their word that they will help them with the bond payment. City Manager Englehart said that there should not be a problem finding the \$500,000 to put back in for CMU. Ms. Romero said she will find another \$500,000 to put back in for CMU. CMU does not need that money until May 2014. Councilmember Boeschstein pointed out the money for CMU was deferred pending mid-year financial position.

Councilmember Chazen asked how the City accounts for Property Tax revenue because the County is anticipating about 9% loss. Ms. Romero said they are projecting a 4.8% loss for the City based on their preliminary evaluation.

Councilmember Chazen said he is concerned about labor, health care, and worker's compensation. It makes up for 67% of the budget. He said in all the areas of the budget that was cut, this area was not. Ways to reduce the budget in this area were discussed including asking the City Manager to monitor Staff for productivity. Councilmember Chazen would like to see more in the contingency accounts.

Councilmember Traylor Smith asked City Manager Englehart to keep Council informed when revenues are dropping too low so they can look at other ways to cut expenses.

City Manager Englehart assured Council that they will continue to watch and dig in the budget to find the shortfall. \$2.1 million dollars shortfall was found for the 2013 budget. He and all of the Department Heads are committed to the success of the organization.

Financial Operations Director Jodi Romero asked City Council to look at the 2014 proposed capital and the 2013 amended capital worksheet and bring back any thoughts for discussion at a later date. Regarding the economic development partnership sponsorships, memberships, and dues, nothing has changed except there has been a request from Todd Hollenbeck to increase the City's half of local match to a Federal Highway Administration (FHWA) grant for the Metropolitan Planning Organization (MPO) to \$33,967 which the 521 Drainage reduction makes

up for that. The Western Slope Center for the Children is requesting an increase to potentially \$30,000 if Council desires which would be around \$10,000 extra. City Council authorized the increase for MPO.

Police Chief Camper updated City Council on the Western Slope Center for the Children stating that it is the receiving body for child abuse and all sexual assaulted children investigations. They provide counseling and support for the kids and families. Other sources of funding are donations and United Way. They really operate on a shoe-string. The families and children respond very well to the program. Human Resources Director Claudia Hazelhurst said she is on the board and the center does get funding from federal agencies, the State, Mesa County, victims assistance. They also apply for numerous grants, including United Way, and have fund-raisers throughout the year. Councilmember McArthur asked about CDBG funds. City Attorney Shaver said they have not looked at CDBG funds, but certainly could in the future.

A poll was taken to increase the funding by \$10,000 for the Western Slope Center for the Children. City Council was in favor 5 to 1. Councilmember McArthur felt it should go to CDBG and Councilmember Norris had left the meeting.

Councilmember Chazen asked if they could meet again to talk about the \$40,000 to Grand Junction Economic Partnership (GJEP) because the County was talking about cutting their support for GJEP. City Manager Englehart said that the County had not actually cut the support, it's just not going toward their operations. City Manager Englehart said that the City used to contribute \$100,000 to GJEP and it was cut to \$40,000.

Operational Budget by Department

Financial Operations Director Romero asked City Council to look at the fees and rates resolution that has been prepared because it will come before Council on November 6th. She also asked City Council to look at all of the worksheets for the enterprise funds, internal service funds, capital, debt service, and the fund balance worksheets.

City Manager Englehart said this year's budget is a \$130 million budget. He appreciated all of City Council's patience. On the November 4th, discussion could be on what the future looks like and where to go.

Councilmember Boeschstein thanked the City Manager and the Financial Operations Director for providing updates throughout the year on where the budget is and where the City stands.

Agenda Topic 4. Other Business

There was none.

**GRAND JUNCTION CITY COUNCIL
WORKSHOP**

**MONDAY, OCTOBER 28, 2013
AT APPROXIMATELY 10:00 A.M.
IMMEDIATELY FOLLOWING THE SPECIAL MEETING AT 8:30 A.M.
CITY AUDITORIUM
250 N. 5TH STREET**

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

- 1. Avalon Theatre Naming Rights:** This item is a review of and request for approval for the marketing of the naming opportunities for the Avalon Theatre. The Avalon Theatre Naming Rights Committee includes Debbie Kovalik, Stuart Taylor, Bennett Boeschstein, Jay Valentine, Robin Brown, John Halvorson, Karen Hildebrandt and Kathy Hall. Establishing naming opportunities now will make it possible for campaign committee members to attempt to generate additional private contributions for the Avalon Theatre renovation project. After presenting initial recommendations to the City Council, the Committee has developed further recommendations to better define sponsorship opportunities. **Attach R-1**

- 2. Addition of City Property to the DDA District:** The City and DDA Staff are recommending the annexation of a number of City-owned parcels into the DDA district. **Attach R-2**

- 3. Budget Workshop**

- 4. Other Business**