

## GRAND JUNCTION CITY COUNCIL WORKSHOP SUMMARY

**January 6, 2014 – Noticed Agenda Attached**

Meeting Convened: 8:30 a.m. in the City Auditorium

Meeting Adjourned: 12:45 p.m.

Councilmembers present: All. Staff present: Englehart, Shaver, Moore, Schoeber, Romero, Tonello, Trainor, Valentine, Kovalik, Tice, Rainguet, Krause, and Tuin.

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### Agenda Topic 1. Discussion and Review of Partnerships with Mesa County

City Manager Rich Englehart introduced this item and said the intent was to go over all the City/County partnerships and agreements. In his opinion, there are no broken agreements and there is a great working relationship with the County. Although there have been challenges with the budget process, those items are being addressed individually. There is consistent communication between himself and County Administrator Tom Fisher. There have been successful negotiations for Procurement Services for the County led out by Internal Services Manager Jay Valentine; this process is working well. There have been continued talks for purpose of consolidation for better efficiency and cost savings with: Grand Valley Transit maintenance services with the County, HVAC systems with the County, and Fleet maintenance with the School District.

Councilmember McArthur inquired about consolidating the development review process rather than having many engineers looking at the same plans. City Attorney John Shaver said the City has tried to cooperate with the Districts to consolidate that process and it would be continuously encouraged.

Council President Susuras asked if there are conflicts regarding the buffer zones. City Manager Englehart said the County thinks the City should be participating at a higher level in assisting the Mesa Land Trust however Council has stated that The Three Sisters property is a buffer and that has been expressed to the County Commissioners. At this time, it is not a priority based on all the other needs.

Councilmember Boeschstein said he attends these meetings and future buffer areas have been identified to prevent sprawl. There have been numerous summit meetings between all local governments and there have been many significant conservation easements acquired between the communities. There are orchard owners between Palisade and Grand Junction who do not want to subdivide and want to preserve their orchards and vineyards. He suggested a presentation by Rob Bleiberg on the purchase of development rights program be given to the new Council.

City Attorney Shaver said there has been an agreement that created the Purchase of Development Rights Committee (PDR) which would be the strategic committee to determine best use of these funds. During the downturn of the economy, Council called for an informal modification to this agreement to reduce its obligation and instead review requests on a case

by case basis. There could be discussion to declare whether the standing committee should be reinstated. There are opportunities to talk without recommitting the funds.

Councilmember Chazen asked if the Intergovernmental Agreement (IGA) required a payment from the City. City Attorney Shaver said no, however when the PDR Committee was formed it was based upon the contributions to fund conservation easement acquisitions with the understanding that there would be banked resources. The Committee would then make recommendations on the acquisitions.

Council President Susuras noted that Mesa Land Trust was given a very valuable piece of land to trade for Three Sisters and recently the City agreed to an additional \$150,000 contribution. The City has been doing their fair share.

City Manager Englehart suggested that this be addressed at the upcoming Municipalities Dinner and Mesa Land Trust will be asked to make their presentation on the buffer zones at that time.

Councilmember Chazen said it would be wise to have a balanced discussion looking at both sides regarding the right to use public funds to do this and what the benefits are.

Councilmember McArthur said he also has concerns about the process and how it would affect the longer term by perhaps creating a sprawl instead of preventing sprawl.

Councilmember Norris said she would like to have the presentation for educational purposes.

Councilmember Doody said it will come down to a discussion on sewer and if there will be sewer lines in the buffer zones. The County allowed a Church to build and put in a septic system over the objections of the City. At some point in time the septic system will fail.

Council President Susuras inquired on the difference between Grand Junction Baseball Inc. and JUCO. Parks and Recreation Director Rob Schoeber said the legal name is Grand Junction Baseball Inc., but they are really one in the same.

Councilmember Doody asked about item 24 in regards to the Landfill, and Biosolids from Persigo and the County charging by weight. Persigo Manager Dan Tonello explained how negotiations with the County to reduce the cost per wet ton resulted in a significant cost savings for the City.

Councilmember Norris said in regards to 521 Drainage Authority, she feels this needs to move forward and there should be talks with the County. Funding for capital improvements was discussed including grants, a bond issue, and fees.

It was noted the rate study was deferred and the cost would be about \$49,000. It was suggested that the 521 members may need to participate to fund the needed rate study. City Attorney Shaver advised the Board has authorization to impose a fee however, the County is opposed. If it goes to ballot, a tax increase could also be put to the voters.

The cost of compliance with EPA regulations was estimated to be \$100 million. Council discussed how this unfunded mandate can be addressed.

Councilmember Norris then brought up the Riverfront Commission. The County's participation on the latest trail segment and their cut of the administrative funding was discussed.

Councilmember Norris referenced item 13, the Grand Junction Economic Partnership (GJEP). She said the County was financially supporting this committee.

Councilmember Norris next referred to item 38, the Aegis Agreement for the CAD/RMS in the Police Department. City Manager Englehart said although there had been talk of the County pulling out of this agreement, due to the work of Information Technology Manager Jim Finlayson, he does not think the County will pull out of this agreement at this point.

Councilmember Norris asked about item 66, the Drug Task Force which runs on grants. Is there any more grant money available and if not, is this something for the City to budget for? It was noted that this Task Force is staffed by existing personnel.

Council President Susuras asked about item 39, COPLINK. City Attorney Shaver said this was a database for the purpose of information sharing between all agencies through one source.

Council President Susuras asked about item 21 regarding Escrow Accounts. City Clerk Stephanie Tuin explained that an account was set up to pay for recording of documents and is reimbursed every couple months instead of cutting a check every single visit to the County Clerk and Records Office.

Councilmember Norris asked if there were any other agreements to talk with the County about such as snow removal. Public Works and Utilities Director Greg Trainor said at this point there is no need for a formal agreement. There has been ongoing cooperation and benefit for all parties involved for the fringe areas of the City and there has been no resistance to cooperation.

Councilmember Doody asked about the Orchard Mesa Pool Agreement. City Manager Englehart said the School District has been asked to financially partner in the utility portion of this agreement. A pool board may also be formed with a representative from each entity involved, including a Council representative. The County is financially back into this agreement. City Attorney Shaver said the ownership at the end of this agreement will lie with the School District because of the land ownership. The proposed term of the agreement is 20 years and, upon agreement with all entities involved, can be extended an additional 20 years.

Councilmember Boeschstein said it is beneficial to have these IGA's without cost to the taxpayers. Drainage has been an issue, a metropolitan district formation could be a solution. It would handle issues that overlap boundaries. Big picture solutions are needed.

Councilmember Chazen referred to item 3 and asked if the 21<sup>st</sup> Judicial District representative was Judge Care McLinnis. City Attorney Shaver said she is the primary, however the rest of the Attorneys are involved as well. The meetings are quarterly.

Councilmember Chazen asked who the representative is for the Animal Services Agreement. City Manager Englehart said it is Police Commander Bob Russell.

Councilmember Chazen asked about the Memorandum of Understanding (MOU) for Grand Valley Bus repair and the rate per hour being \$49. Internal Services Manager Jay Valentine said it is a two year agreement and 2014 will be the last year. The review process will take place this year.

Council President Susuras asked if there was an agreement with Grand Valley Transit for CNG fuel. City Manager Englehart said there is an agreement in place.

City Manager Englehart said the Land Use Housing Strategy group no longer meets and may be one to consider pulling from the list as inactive. Councilmembers Boeschstein and McArthur think the Downtown Development Authority (DDA) and Housing Authority should be consulted before terminating this group as there still may be a housing issue.

Councilmember McArthur asked if there is duplicity with the Riverfront Commission and Urban Trails. City Manager Englehart said there is a lot of detail surrounding these issues and there is overlap. It would be beneficial to talk with the partners involved and get Council's direction with this. Councilmember McArthur noted that transportation planning seems fractured and should be consolidated to show how it all relates. Councilmember Norris said a metropolitan district should also be talked about.

In regards to the Auto Theft Task Force, there should be discussion on why Palisade is not involved.

That concluded the discussion on the City County Partnerships.

#### Agenda Topic 2. Persigo CNG-BioGas Project

City Manager Englehart introduced this item. This project provides the opportunity to save the City money but is a major capital investment. Although it is not part of the budget for 2014, a supplemental appropriation can be made. This topic is also proposed for the City/County meeting. The County may be going towards CNG vehicles as well. Persigo Manager Dan Tonello said the County has been supportive through Grand Valley Transit (GVT). Mr. Tonello said the Persigo infrastructure is jointly owned by the City and County with the City being the designated manager. The designed capacity is 12.5 million gallons per day, although the footprint allows for a potential 25 million gallons per day. The average loading stands at 65%. There is a 50 financial year plan to expand Persigo in bits and pieces when needed. Mr. Tonello explained the process to get to methane gas. There is an equivalent of 400 gallons of fuel being produced every day. The proposal is to scrub the gas to a quality for the purpose of vehicle fuel

then transfer from Persigo to the CNG fueling station through dedicated pipeline. The second proposal is to change the primary source of gas from Xcel to Biogas from Persigo. Currently there are 300 gallons a day from Xcel being used. Persigo produces 400 gallons per day. There is opportunity to not just take care of current demand but the foreseeable future as well. The benefit and goal is to provide sustainable renewable energy. Councilmember Chazen asked if the process at Persigo could be changed to provide the maximum amount of fuel possible. Mr. Tonello said yes, and he explained the process in which this could happen. Internal Services Manager Jay Valentine said the CNG industry is evolving and anytime a there is a solicitation for a bid on a City vehicle, a CNG option is asked for.

The gas conditioning equipment needed for this project would cost \$750,000. To get the BioGas product from Persigo to the CNG filling site by a two inch pipe line would cost \$1 million, for total cost for the project of \$1.75 million. The request before Council is to obtain direction to go forward with a study to be conducted by experts to validate the research done by Mr. Tonello and Mr. Valentine.

One of the proposed routes is for the BioGas pipeline to run from Persigo to the CNG filling station along the Riverfront Trail. If Council approves, a cost will be estimated for this route in comparison to the possibility of the pipeline running along River Road where there are currently utility easements running along the corridor. After determining a cost, with these two options, a recommendation would then be given for Council's decision. Mr. Valentine said that the flooding issue of the Riverfront Trail has been addressed with the Trail Repairs project and is currently safeguarded against erosion.

Mr. Tonello said initially it was proposed for the BioGas to go through Xcel's infrastructure, but the answer recently from Xcel was that although this could be an option, it would end up costing the City more going this route rather than independently. Also a dedicated pipeline from Persigo will reduce liability exposure.

Councilmember Chazen asked if there was an option researched for putting in a filling station at Persigo. Mr. Tonello said it has been considered however, because Persigo is located about 5 miles outside the City, the cost savings over an extended amount of time would be make it more logical to have this at the current CNG filling station.

Mr. Tonello said hauling the fuel from Persigo to the filling station by truck was also considered, but the expenses and liability left the best option to still be having the direct pipeline.

Council President Susuras asked if anyone else in the United States is currently doing this. Mr. Tonello said he is not aware of anyone else in operation at this time, however there are some that are getting close to putting this into operation.

Mr. Tonello said the pipeline proposed would be a two inch pipe 5 miles long, delivering gas to the filling station at 20 psi.

Mr. Valentine said there are two options to look at. The first option would be for a company to pay for the infrastructure and pipeline; the benefit in a company doing this would be to make an incremental amount on the fuel and there would be credits that would be marketed to companies who are required to reduce emissions at a rate of \$.75 per gallon. The City would get a stable fuel price, although higher. The second option is the City could finance the construction using the ten year model; the cost of fuel would be less in the long run with this option. There is a \$30 million grant available through the Governor's office to put towards fueling systems and infrastructure for CNG, and this project would be a prime candidate for this grant. After the tenth year when costs are repaid for infrastructure, the City would actually make money at \$.19 cents a gallon. The financing for this project would come in one form or another from Persigo.

City Attorney Shaver said under the Persigo Agreement, the City and the County are the joint owners of Persigo, with the City being the manager who would make this recommendation, and the expectation would be that the County would agree.

City Manager Englehart noted that if the grant money was awarded for this project it could potentially allow for doing more such as a filling station at Persigo in addition to the piping to the existing CNG filling station. Mr. Valentine said the hope is for the customer base to increase.

Council President Susuras asked what the interest rate for the loan would be. Mr. Valentine said it would be 1.5%.

Mr. Tonello said his recommendation as Manager is to stop utilizing digester gas and get it to the fueling site, obtain credits from the government, and keep the tanks with Xcel for sale to the public and other entities. This would make the best financial sense.

Councilmember Chazen said because there are some concerns there should be an agreement in place between Persigo and the City in order to insure the City takes on the risk and responsibility.

The Council was unanimously in favor of going forward with the BioGas Project having Staff analyze and study both financial options and come back with definitive answers to prepare Council to make a choice between the two.

### Agenda Topic 3. Review of Current Sales and Use Tax Exemptions

City Manager Englehart said this topic is more review and educational. The City is already doing a lot in this area to promote economic development and this would also be incorporated into economic development strategy.

Revenue Supervisor Elizabeth Tice-Janda said the City currently exempts government entities and non-profits from tax. She then reviewed the other items that are tax exempt and provided

the reasons Council has made these exemptions. Much of the City's tax code focuses on taxing discretionary items which makes the City's revenues more volatile during economic downturns.

Council President Susuras asked if marijuana was tax exempt. Ms. Tice-Janda said it is not exempt because it is not FDA approved. Marinol, which is FDA approved, is exempt.

Ms. Tice-Janda explained the difference between sales tax and use tax noting there are credits for taxes paid to another municipality. City vendors are allowed to keep 3.33% of sales tax collected for compensation for filing on time. In 2012, there was about \$1.4 million kept by vendors due to this policy. The City is unique in many areas for a municipality: 1) the first fifty dollars in use tax is waived on an annual basis, 2) there is no renewal process on sales tax licenses, 3) no business licenses are required, and 4) building materials use tax is collected differently, and not as a down payment like in other municipalities. There is an internal auditor and there are external auditors contracted by the City. The City is the only jurisdiction in the valley who does their own sales tax administration.

#### Agenda Topic 4. Vending Machine Sales Tax Exemption Request

Revenue Supervisor Tice-Janda said the Council is being asked to consider waiving tax on vending machine sales. To make a change, the City would have to amend its definition of food.

The Colorado Vending Council representative Aldon Savoca said vending machine tax is arbitrary as there is no way for the State to determine how food purchased through a vending machine will be used (immediate versus at home consumption). Collecting the sales tax is another issue as vendors cannot add on the tax with these machines. The County and the State have both exempted vending machines from sales tax. Mr. Savoca contended that the exemption would help vending machine operators grow their businesses.

The financial impact to the City would be less than \$15,000 in revenue. Ms. Tice-Janda clarified that it will not affect non-food vended items.

Councilmembers Chazen, McArthur, Traylor Smith, Norris, and Boeschstein felt that candy and soda should be taxed like the County and State do. Councilmember Doody felt like neither should be taxed.

The direction of the majority of Council was to bring forward an amendment to exempt sales tax from food sold through vending machines with the exception of candy and soda and with a three year sunset clause.

Staff was also directed to come back with a presentation regarding taxing soda and candy, like the State, in grocery stores, etc. (non vended sales).

Agenda Topic 5. Potential Business Personal Property Tax Refund Policy

City Manager Englehart introduced this item and said this consideration would also be a benefit for economic development. Different options were presented.

Revenue Supervisor Tice-Janda said this is similar to how real property tax works based upon the location of equipment, furniture, machinery, etc. The biggest industry affected is oil and gas. In 2013, businesses declared \$730,000 in liability, with 1,692 businesses reporting. This request originally came from a discussion with GJEP because businesses feel like they are double taxed. If a refund is proposed, it could go into effect in 2014. Three options were presented: an across the board refund, a refund based on expanding their work force, or a refund on new investments. This would not impact the general fund, TABOR restricts the amount of revenues that can be collected and there is already an excess on property tax which goes toward early retirement of the Riverside Parkway bonds. It could delay repayment. This could be directed by Council on an annual basis by resolution.

Councilmembers were not in favor of bringing forward any option but wanted more analysis on the issue.

Agenda Topic 6. STARS Program

City Manager Englehart said direction and input is being requested from Council for suggestions and possible changes. Additional information was provided regarding the costs, the services provided, and other camp programs offered.

The majority of Council was in favor of leaving the program as is with the increase to \$84 as proposed for 2014. Councilmembers Norris and Traylor Smith thought there should be some change such as age or cost.

Agenda Topic 7. Board Reports

There were none.

Agenda Topic 8. Other Business

City Manager Englehart said the computer in the Council office is not functioning properly and because all of Council now has iPads, the question was posed if a Council computer replacement is necessary. Councilmember Doody is the only one who really uses it. City Clerk Tuin offered that a printer be transferred to Councilmember Doody's house or placed in the Council office to use in conjunction with his iPad for printing purposes as a solution. City Clerk Tuin will follow up on that.



City Manager Englehart advised the topics for next Municipalities Dinner will be the buffer zones and air quality. He announced that the Mineral Lease allocation will be coming from the State and the next workshop will be in the Green Room at the Avalon Theatre.

There being no further business, the meeting adjourned.

GRAND JUNCTION CITY COUNCIL  
WORKSHOP

MONDAY, JANUARY 6, 2014 8:30 A.M.  
CITY AUDITORIUM  
250 N. 5<sup>TH</sup> STREET

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

1. **Discussion and Review of Partnerships with Mesa County:** The City has entered into a number of partnerships with Mesa County, both formal and informal, over the years. A list of those partnerships is being provided for review and discussion. [Attach W-1](#)
2. **Persigo CNG-BioGas Project:** The purpose of this discussion to consider a plan for conversion of biogas produced at the Persigo Wastewater Treatment Facility, into a fuel readily available to be used in motor vehicles. [Attach W-2](#)
3. **Review of Current Sales and Use Tax Exemptions:** Review the City's current sales and use tax policy through existing tax exemptions. [Attach W-3](#)
4. **Vending Machine Sales Tax Exemption Request:** Consider request for exemption of food sales made through vending machines. [Attach W-4](#)
5. **Potential Business Personal Property Tax Refund Policy:** With this item the Council and Staff will review the business personal property (BPP) tax and consider options for a refund program as a means of economic development. [Attach W-5](#)
6. **STARS Program:** Summer Time Arts for Students (STARS) program is offered by the Grand Junction Parks and Recreation Department as an active camp for students in the 1st through 8th grades. This program began in 1997 and is offered for 9 weeks during summer months. [Attach W-6](#)
7. **Board Reports**
8. **Other Business**