

GRAND JUNCTION CITY COUNCIL WORKSHOP SUMMARY

September 30, 2013 – Noticed Agenda Attached

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

Meeting Adjourned: 3:05 p.m.

Council Members present: All except Councilmember McArthur. Staff present: Englehart, Shaver, Schoeber, Watkins, Romero, Franklin, Trainor, Nordine, Valentine, Swindle, Hazelhurst, Evans, Roper, Taylor, and Tuin. Also later Rainguet, Moore, Prall, Brinkman, and Kovalik.

Agenda Topic 1. Glacier Ice Arena

Robbie and Alan Koos, owners of the Glacier Ice Arena, announced they are working with an investment group and hope to have the rink back up and running by November. They asked Council to consider deferring Development Improvements Agreement requirements of parking and landscaping and to direct Staff to work with them on programming.

Council President Susuras said they would take their requests under consideration.

Agenda Topic 2. Mesa Land Trust (MLT)

MLT Director Rob Bleiberg and Libby Collins were present. Mr. Bleiberg explained the proposal to purchase two properties on either end of the Three Sisters property. Both properties (Meens and Files) have land on both sides of Monument Road and are being called the “bookends”. One property is under contract and one is close to being under contract. MLT is asking the City to contribute funds in order to leverage a Great Outdoors Colorado (GOCO) Grant and private contributions for the purchase price. Once purchased, the lands will be dedicated to the City with conservation easements.

Mr. Bleiberg lauded the benefits of the acquisition in order to augment the popular Three Sisters area. He intends to minimize the cost to the City. These properties will allow access to several trails on Bureau of Land Management (BLM) land. Mr. Bleiberg said he has submitted a grant in order to hire trails crew.

He addressed how he will reach out to the neighbors to ensure any concerns are addressed. He assured the City Council that MLT will not pay more than the appraised value and the property owners understand that condition. He has had appraisals on both properties.

Other concerns were raised as far as floodplain issues, protecting paleontology resources, the County’s participation (they are contributing to the purchase of development rights (PDR) effort), where the private contributions will come from, hard numbers on the economic impact, limitations placed on the property by virtue of the conservation easement, and the impact to the local residents.

In conclusion, MLT was asking the City Council contribute \$150,000 toward the purchases in 2014.

The City Council discussed various options as far as funding. Councilmembers Boeschenstein, Norris, Doody, and Council President Susuras expressed support subject to funding being available.

Agenda Topic 3. Budget

City Manager Rich Englehart introduced the discussion and how it is his intent to work together with the City Council to develop the budget. Staff has drafted the beginning numbers for operations, operating capital, and labor. There is still a \$2.5 million shortfall. The City Council sets fees and will be asked to provide direction on fees for 2014.

City Manager Englehart reviewed the capital spending from 2009 to 2013 noting that the City spent \$99.1 million over five years – with \$48 million in buildings and facilities, \$36 million in street, bridges, and lighting, and \$4.8 million in parks and land. The number of good years the City had for revenue allowed a buildup of the fund balance so that spending in capital could take place. Also included in the capital spending were \$40 million in Certificate of Participation (COP) proceeds.

City Manager Englehart explained the enterprise funds which include water, sewer and trash, and that they operate based on collection of fees (a business model). He then listed the internal service funds which operate as a business model with internal customers.

Regarding the proposed labor budget, City Manager Englehart said there are no additional full-time employees being requested and there is a request to implement the second half of the market adjustment on salaries. The other increase under labor is due to health care costs increase.

One area to look for adjustments is the Council's Economic Development Fund which includes a variety of community investments and the City's dues/participation to various organizations.

In summary, the City is looking at some one time revenues as resources for 2014 including accumulated funds from prior years and significant grants. Regarding General Fund revenues, they are looking at flat sales tax revenues, reduced property tax revenue, COPS grants expiring, and severance and mineral leasing fees increasing.

Internal Service Funds Discussion

City Manager Englehart then deferred to Internal Services Manager Jay Valentine to address **the Fleet Internal Services Fund**.

Internal Services Manager Valentine provided details of the Fleet Fund: the City has 644 pieces of rolling stock; all existing vehicles and equipment are accrued for by their corresponding department into the Fleet fund for eventual replacement. The City buys gas and diesel from LOCO but has its own compressed natural gas (CNG) fueling station. Fleet once had a large fund balance but in the down years the decision was made to reduce that fund balance to \$1.5 million. Purchases and replacements were down during the downturn so the City is trying to catch up with replacements. They continue to look at CNG options and recommend their purchase when the finances make sense. The City also looks for grant funding to help pay for CNG vehicles. In the Police vehicles, the technology ages at a different rate than the vehicle so the replacement for the technology is accrued in the Information Technology internal services fund on a different schedule.

Information Technology Director Jim Finlayson then addressed the **Information Technology (IT) Internal Services Fund**. He explained the areas where the IT Division charges other City funds: accruals for computer hardware replacement, direct charges for maintenance on specific software applications, and telephone charges based on cost and equipment replacement to name three. Hardware purchases include the purchase of a warranty for the life of the product, usually four years. As with Fleet, in the downtime the decision was made to reduce the fund balance, maintaining a \$1 million fund balance to cover major failure not covered by the City's insurance or warranties.

IT Director Finlayson identified areas of priority including monitoring internet traffic, maintaining firewalls and auditing security, maintaining compliance with policies regarding the City systems, and information within the system. Councilmember Norris requested a list of some of the areas of concern so that they can be prioritized.

Councilmember Traylor Smith asked how employees are made aware and protected from phishing schemes. IT Director Finlayson said the City has a spam filter that catches much of that type of activity but employee are also reminded quarterly as well as alerted when something new comes out.

Councilmember Boeschstein noted that the GIS system is not compatible with the iPads. IT Director Finlayson said his GIS division is working on solving that problem.

The **Communication Center Internal Services Fund** was addressed by Deputy Police Chief Mike Nordine. He provided the details: the Regional Communication Center has 24 paying entities it serves for both 9-1-1 and dispatch. The funding is from two sources: a cost share from the entities served based on usage and the 9-1-1 Authority Board surcharge that is on telephone services. The 9-1-1 fee is primarily directed toward capital expenditures. This year the City's internal expenses are also being paid out of this account.

The 9-1-1 Center is overseen by two boards – the Communication Center Board and the 9-1-1 Authority Board.

The Communication Center fund balance is being reduced in 2013 with an anticipated ending balance of \$100,000. The fund is facing decreased revenues primarily due to the use of cell phones and the decrease in the number of land based telephone lines. There is talk of legislation to add the surcharge to mobile devices. They are also looking at a change to 9-1-1 due to the change in technology where contact with a 9-1-1 center may be in the form of text, video messages, and pictures. That will be a challenge in the future as the Center currently is not set up to handle those methods of contact.

Councilmember Chazen inquired as the reason for the reduction in fund balance. Deputy Chief Nordine explained that it was a planned reduction in order to fund the building of radio towers and the new CAD system. Police Financial Analyst Kimberly Swindle clarified that nearly \$5 million has been invested in Communication Center infrastructure in the last five years.

City Manager Englehart explained how all the user agencies are engaged in the decision-making process when it comes to fees and charges and how they are determined for each agency. Ms. Swindle identified the percentage allocation for the major agencies: 57% City of Grand Junction, 29% Mesa County Sheriff's Office, 6% City of Fruita, and 2.5% Town of Palisade. The collaborative partnership structure at the Communication Center provides service for the smaller agencies that could not afford it on their own and is a model across the State. The State Patrol has its own statewide system and will likely remain separate.

Deputy Chief Nordine also mentioned the redundancy agreement set up with Garfield County in the case of failure and the plan to be able to provide communications with Utah agencies.

City Manager Englehart noted that each user agency will see an increase in the 2014 budget. Ms. Swindle noted that the Communication Center budget is 94% labor costs, 5% technology costs and 1% operational. Therefore, the need for a high fund balance in the Communication Center budget was not necessary. The 9-1-1 fund will continue to carry a fund balance. In the case of an ongoing disaster where additional staffing would be needed, funding would be solicited from the other user agencies as well as other agencies around the State, much like the City providing additional resources to the Front Range during the recent flooding event. Other support might be from insurance claims through the City's insurance company (CIRSA).

Regarding backup besides the redundancy agreement with Garfield County, the City also has a mobile communication center. The City Manager added that not only is the Communication Center built to a standard of "bomb-proof," there is also a backup generator for power supply.

Risk Manager Dave Roper explained the different types included in **the Self Insurance Funds**: Worker's Compensation, Property and Liability, Employee Health, and Unemployment Compensation. Maintaining fund balances in the insurance funds is very important and the goal is to have a fund balance equal to all the outstanding liabilities. There is no requirement to have a certain amount in reserve for Worker's Compensation but the City is required to have a bond in place.

Councilmember Chazen asked who determines the amount of reserve funds needed for each of the programs. Risk Manager Roper responded that is determined in house. An actuarial report may be ordered periodically but the in house projections are very conservative. Excess coverage covers the City above the cap and that is provided by National through Home Loan. The City may see an increase in premiums due to the flooding events in Eastern Colorado and the impact that will have on the City's insurer CIRSA.

Risk Manager Roper noted the target fund balance for the end of 2014 is \$2.7 million. That will mean a drawdown of one-half million dollars on purpose. It is not due to an increase in the expected losses. City Attorney Shaver advised that the City only pays on real liability or in extenuating circumstances where the defense would far exceed the cost. Neither the City nor does CIRSA settle nuisance cases.

Councilmember Chazen asked about unemployment claims in regards to seasonal and part-time employees. Human Resources Director Claudia Hazelhurst advised that the seasonal employees usually have a very short window of a break (six weeks). The bigger exposure is with the full-time employees. Unemployment cases are difficult to win.

Councilmember Boeschstein inquired about bicycle and pedestrian trails, including on canal banks, if they present special liability issues. Risk Manager Roper said no, none for skate parks either. City Attorney Shaver noted that is in part due to the City's trail maintenance. City Manager Englehart advised that funding is in the budget for sidewalk maintenance where those funds were cut in years past.

Councilmember Chazen inquired what the incremental increase for employee health insurance will be. Risk Manager Roper said the excesses in health insurance are not allocated to different departments as the anticipated loss is zero. The City has a wellness program which is part of the strategy of keeping costs down.

Councilmember Traylor Smith asked about any impacts from the Affordable Care Act. Risk Manager Roper advised that the net impact is about 3.8%. Information on the Affordable Care Act is obtained from a variety of consulting firms that have published free information as well as a number of local resources.

General Fund Fees and Rates

Fire Chief Ken Watkins addressed the revenues brought in by the Fire Department which amounts to about \$4.5 million annually, the bulk of which is the ambulance transport fees which are set by Mesa County. In Mesa County fees are bundled. Annually, the EMS coordinator assesses the fees and determines the annual amount. Chief Watkins advised that those fees are released by Mesa County in February/March each year and about two years ago, the City Council adopted a resolution that pegged the City's rate to the County's rate without it coming back each year to City Council. City Attorney Shaver added that method is also preferred due to the Medicare allowable rate and not wanting the City to be out of line with those rates. Any other fees such as

anything over the advanced life support or basic transport fee, such as the mileage fee and the standby fees, are brought to City Council for approval.

Chief Watkins then addressed the amounts written off either as bad debts or amounts outside the Medicaid and Medicare allowances. Finance Supervisor Sonya Evans advised the amount was \$4 million with the contractual allowance.

Chief Watkins advised that in 2014, the Department will be evaluating other options to improve efficiencies with what vehicles respond to what type of incidents.

Councilmember Chazen inquired if the fees charged for the services covers the cost of the service. Chief Watkins said there are a lot of elements other than what they are charging for so in a nutshell no, the fees do not cover the services provided. Councilmember Chazen asked if it were true that even if fees were raised, they would still be paid the same. Chief Watkins said it would be difficult to raise fees as those are set by the County. However, they could look at other charges for other services and they may get additional revenues from that. He noted it is rare for this type of service to break even. Even a private company would need a subsidy.

The process and rationale that led eventually to the service being provided by the Fire Department was explained by Councilmember Doody and Chief Watkins. Also with the Affordable Care Act implementation, the Department will be evaluating providing treatment in the patient's home and getting reimbursed for that treatment. City Manager Englehart asked for some sense from the City Council if the City should be looking at some of the other fees that can be charged and can be reimbursed since charging some of these fees could be very public and could be politically challenging. Some of the fees that could be charged include an extrication fee or rescue fee, a hazardous materials fee on a car accident, a charge to extinguish vehicle fires, and a structure fire fee (a fire department response fee). Some citizens might argue that these are the types of services that can expect their tax dollars to cover.

Councilmember Doody said he and Councilmember Norris have been working on a fire response committee and he would like to see some examples of locales that have a Fire Authority. Councilmember Norris said that if these fees are being charged by other departments and it is a common practice, then they should look at them. Chief Watkins said they did engage the services of a billing company to look at all the different things they could have charged in the past year, just as an example, and the company estimated the Department could have collected another \$200,000 (net). Chief Watkins felt that number was on the high side. There are other fees that could be charged such as for a paramedic evaluation (when EMS responds but the patient is not transported). Another instance could be a cardiac arrest call when the patient is already deceased. He suggested that he come back to the City Council after some research with the various fees that could be charged. The other side is that they do not want people not to call for help because of the fee.

Parks and Recreation Director Rob Schoeber addressed the recreation fees proposed. He distributed a worksheet of all the fees and then provided a quick overview. Recreation program fees are set as a break even proposition. Overall, recreation covers about 62% of operating costs.

The aquatics program does not break even. The adult athletic programs do make a profit. The other categories within recreation are the general programs and special events. The general programs come close to breaking even, however the special events are very volatile based on weather and attendance.

Mr. Schoeber then addressed the Parks Division. Parks comprise the biggest part and costliest part of the Department, yet it brings in the least revenue. The fees charged for parks use is very limited. Under cemeteries, there are fees charged. Under forestry and horticulture there is limited revenue stream. Charges for parks are field usage (contracts with organizations that use the fields), shelter rentals, the programming contract with the County for Long's Park, and stadium rental including the barn (regular users have contracts).

The third division is golf. Revenues include the sale of passes, green fees, cart fees, and tournament fees. City Manager Englehart said that they would like to have approval on the golf fees early so that they can begin to market the sale of annual passes. He noted that golf as an industry is struggling and the City's golf division is an enterprise fund. Mr. Schoeber said he will be addressing that in more detail under the enterprise funds discussion.

Mr. Schoeber said in general, the proposed fee increases are pretty minimal with some being to comply with the new software that requires a unit charge instead of by event.

Councilmember Chazen asked what the overall increase in revenue would be with the increases. Mr. Schoeber said he could calculate an estimate and get that to the City Council.

Councilmember Norris inquired about the City's day care programs, where are those fees as proposed? Mr. Schoeber said as part of the recreation programs, those fees are not proposed for an increase. The issue that has been raised is the charge for the STARS program being less than the private daycare operators. It was suggested that be discussed at a separate workshop.

Raising golf fees usually can be an issue. Golf fees were not raised in 2013. An increase of 4% is proposed for the annual golf pass.

Finance Director Jodi Romero explained that Staff would like to get the preliminary approval on the rates proposed so that those revenues can be included in the budget development. The actual approval will not come forward until first reading of the budget adoption ordinance.

City Manager Englehart noted that the enterprise fund discussion and discussion of the STARS program will be scheduled for another session likely October 14th. At that time Parks and Recreation Director Schoeber can provide the analytics on the golf pass increase.

City Attorney John Shaver provided an overview of the Municipal Court budget. It is \$600,000 and the revenues are comprised mostly of fines due to citations written by the Police Department. The Charter caps fines at \$1,000. The Judge develops a fine schedule. Staff is not recommending any fine increases. Fines are down due to the shortages in the Police Department.

Councilmember Norris asked about Code Enforcement. City Attorney Shaver said that Code Enforcement is back up and is now under the purview of the Police Department. Deputy Chief Nordine advised that Code Enforcement does operate primarily on a complaint basis but they are starting to be more proactive in the problem areas.

City Attorney Shaver advised that the legislature has authorized an increase in the maximum fine up to \$2,650 however the City's maximum of \$1,000 is set by Charter so more research is needed to determine if that change would require a vote or if the authority to make the change was granted was in the legislation.

Councilmember Traylor Smith asked if there is a way to analyze the cost versus revenue. City Attorney Shaver responded that they could but apportioning the time of the Staff involved would be the difficulty. A portion of the fines from animal control cases does pay the annual contract with Mesa County Animal Services.

Financial Operations Director Romero stated that the revenues do not cover the overall cost of enforcement but that is also not the intent.

Financial Operations Director Romero brought up the Rural Fire District Contract explaining the structure and how it is basically a pass-through of the District's mill levy to the City, less the District's administrative costs and their required TABOR reserve. There is no change to that agreement being proposed.

City Manager Englehart suggested that the continuation of this session be the following Monday (October 7th) and they find another time to hold the retreat.

Balancing

City Manager Englehart then asked Financial Operations Director Romero to review the balancing sheet.

Financial Operations Director Romero advised that she is projecting ending the year at a little over \$20 million in reserves. After deducting the minimum reserve balance of \$18.5 and the reserve for the 1% For the Arts Program about \$1.4 million is left to be allocated in 2014. From there, Ms. Romero began to review the general and capital funds balancing sheet which includes the 2014, 2015, and 2016 projected. Property tax is down and the revenues from the Rural Fire District contract will also be down due to decreased property tax. She provided some examples of the funding sources under grants and other fund resources. Next an overview of the expenses was provided.

Councilmember Chazen had questions on the operating margin and the amount of general fund revenue that would be available for capital expenditures. He also inquired as to the amount remaining in the capital fund (201). Ms. Romero explained that all monies in the capital fund are allocated to specific projects and there hasn't been any excess in that fund for a number of years.

It was pointed out that the sheet shows about a \$2.5 million shortfall not counting the Avalon Theatre Project contingency (if the City had to cover both the Avalon Theatre Foundation's commitment and received no DOLA funding) which would be another \$1,021,531.

Councilmember Chazen said he would like to see the detail for the internal services charges. Ms. Romero agreed to bring that back noting that internal services charges include Information Technology (IT) charges, Fleet charges, Communication Center charges, and insurance charges.

Ms. Romero explained the rest of the line items including operations capital, transfers, City Manager contingency, and building contingency followed by the debt payments, the TABOR transfer, major capital, and economic development.

Councilmember Chazen inquired about staffing in 2014. City Manager Englehart stated that there will be no requests for new full time positions and the plan is to maintain the same level of service.

City Manager Englehart then reviewed options for balancing the budget and indicated that he will work with the City Council to determine how that will be accomplished after the City Council has a chance to review the worksheets.

The next budget worksheet meeting will be October 7 in the Auditorium and will pick up with Capital Review, Economic Development Review, and Enterprise Funds Discussion.

Agenda Topic 4. Other

There was no other business for this meeting.

**GRAND JUNCTION CITY COUNCIL
WORKSHOP**

**MONDAY, SEPTEMBER 30, 2013, 8:30 A.M.
CITY AUDITORIUM
250 N. 5TH STREET**

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

- 1. Glacier Ice Arena**
- 2. Mesa Land Trust:** Mesa Land Trust seeks financial support from Grand Junction to purchase two important properties along Monument Road for inclusion in the City's park system along Monument Road. As the Meens property (13 acres next to Three Sisters) and the Files property (50 acres next the Lunch Loop parking lot) adjoin City-owned land to the east and west, they are referring to this effort as the Bookends Acquisition.
- 3. Budget**
- 4. Other Business**