

**5-2-1 Drainage Authority
Minutes Of The Board
December 9, 2009
Mesa County Courthouse
544 Rood Avenue, Training Room B, Grand Junction, Colorado**

Board Members present:

Dave Walker, Chairman
Mel Mulder, Vice-Chairman
Richard Bowman, Secretary
Craig Meis, Treasurer
Linda Romer Todd, Assistant Secretary

Technical and Authority Staff present:

John Ballagh	Grand Valley Drainage District, Manger
Nathan Boddy	Town of Palisade, Town Planner
Julie Constan	Mesa County, Senior Engineer
Ken Haley	City of Fruita, Engineer
Eileen List	City of Grand Junction, Environmental Svcs Manager
Trent Prall	City of Grand Junction, Engineering Manager
Bud Thompson	Mesa County, Project Manger
Eric Mende	5-2-1 Drainage Authority, Manager
Janice McDonald	5-2-1 Drainage Authority, Office Administrator
Jesse Kirkpatrick	5-2-1 Drainage Authority, Stormwater Inspector

Guests Present:

Jim Doody	Past 521 Drainage Authority Board Member & Chairman
Laurie Kadrich	City of Grand Junction, City Manager
David Karisney	Past 521 Drainage Authority Board Member & Chairman
Clint Kinney	City of Fruita, City Manager
Jon Peacock	Mesa County, Administrator
Vohnnie Pearson	Citizen, 630 Broken Spoke, Grand Junction, CO
Bill Wilson	WRC Engineering, Fruita, CO

Called to order

Chairman Walker called the meeting to order at 2:00 p.m. Ms. McDonald took roll call and declared a quorum present.

Review and adoption of the agenda:

Chairman Walker asked if there were any questions or changes for the agenda. Manager Mende indicated the next meeting date of January 28, 2010, should read January 27, 2010. Director Todd stated she would not be able to attend the meeting on January 27, 2010, as she will be at the Colorado Water Congress Meeting. No additional changes to the agenda were requested, Chairman Walker asked for a motion to adopt the agenda with the noted change in meeting date to January 27, 2010.

Motion for approval of agenda with date change: Director Bowman

Seconded: Director Mulder

Motion passed with voice vote of 5-0

- Consent Agenda:**
- Agenda Item 1 – Review and adopt minutes of the October 28, 2009, Regular Board Meeting and the September 23, 2009, Budget Committee Meeting**
 - Agenda Item 2 – Financial Reports**
 - Agenda Item 3 – Approval of IGAs and Program Description**
 - Resolution 2009-06 IGA with the City of Grand Junction**
 - Resolution 2009-07 IGA with the Town of Palisade**
 - Resolution 2009-08 IGA with the Grand Valley Drainage District**
 - Resolution 2009-09 IGA with Mesa County**
 - Resolution 2009-10 Program Description**
 - Agenda Item 4 – Public Posting of Meeting Location Resolution 2009-11**
 - Agenda Item 5 – 2010 Board Meeting Calendar**

Manager Mende stated that Resolution 2009-10 for the Program Description was left out of the Board's packet and has been distributed to them today. The IGA with the Town of Palisade was passed last night; Mesa County is scheduled for Monday morning; and the City of Grand Junction is scheduled for either Monday or Wednesday. Director Todd indicated the City of Grand Junction has the IGA approval on their Monday agenda. Ms. Constan stated that Mesa County's IGA approval has been moved to December 21, 2009.

Chairman Walker explained that it is acceptable protocol for either of the contributing parties or the Authority to approve the IGAs first. It is not important who approves them first. Chairman Walker asked if any of the Directors wanted to remove any of the items on the Consent Agenda for further discussion. No requests were voiced.

- Motion for approval of Consent Agenda Items: Director Mulder
- Seconded: Director Meis
- Roll call vote: Director Bowman, yes; Director Mulder, yes; Director Todd, yes;
- Director Meis, yes; Chairman Walker, yes
- Motion passed with roll call vote 5-0

End of Consent Agenda

Agenda Item 6 – Adopt 2010 Budget Resolution 2009-05

Chairman Walker reopened the public budget meeting from October 28, 2009, at 2:06 p.m. Manager Mende gave an overview of the of the cover sheet included in the Board packet. Chairman Walker asked Manager Mende to give additional detail regarding the minor reductions in 2010 expenses. Manager Mende explained expense adjustments included gas/electric and phone/fax/internet went down. Legal expenses also went down. Professional development and computer software license line items were reduced to reflect actual expenditures. Under public education program the \$23,507 was also less than what we estimated for year end. Basically the bottom line is we took about \$12,000 in additional reduction of expenses compared to what we had looked at in October, 2009. Manager Mende continued his overview of the cover sheet in the Board Packet.

Manager Mende gave an overview of the Comparison of Budget Proposals sheet dated December 9, 2009, in the Board packet. We did receive the revised Service Delivery Agreement from the City of Grand Junction on Friday of last week and incorporated that into the Board packet. There is also an Attachment A which is the scope of work. In preparing the column on your comparison sheet that says Grand

Junction 2010 Proposal, I did look at the agreement itself as well as the scope of work and used that as the basis of my analysis. The first item I would like to address comes under administrative activities and is listed as legal expenses. There is \$3,500 listed there for both the 2010 Budget and the GJ 2010 Budget. The assumption there is that the Board would want to have independent legal representation. Under accounting and audit line item, the 2010 Budget has \$4,000 and the GJ Budget has \$2,900. The difference there is that the \$2,900 is for an annual audit and I am assuming that the Board would like to continue with an independent auditor.

Director Meis asked Manager Mende if he put the budget comparison together. Manager Mende responded yes; he had prepared the comparison. Director Meis stated that we'll need clarification from Grand Junction then as he had assumed that Grand Junction had put these figures in their proposal. I appreciate the spreadsheet, but I didn't know who put it together so you are making assumptions that Grand Junction could clarify for us. We all had questions last week as to what was included in their \$200,000 proposal, and this really spelled it out very clearly which is why I thought Grand Junction put this together. Manager Mende indicated it was his analysis that is why I want to give you the information on where I'm coming from.

Chairman Walker asked Manager Mende what he used as a tool to determine these figures. Manager Mende stated he used the existing costs or the 2010 Proposed Budget costs less anything that was included in Grand Junction's agreement or their scope of work under included items in the \$200,000 lump sum. Chairman Walker asked if he is correct in assuming that you took Grand Junction's \$200,000 figure and based upon your best estimate of what each of those activities would cost just divided that into the comparison. Manager Mende replied no. The \$200,000 services contract includes a number of different things in it, and whether it was or was not included or would be an expense the Authority would have regardless of that service contract was part of the thought process in determining what that assumption was. The proposed agreement includes a number of things that are stated as being included. So when they are stated as included, then they are zero costs under their column. But there are certain costs of the Authority that will still carry forward that can't be or in my estimation can't be included in that cost. Director Mulder reiterated that Manager Mende is stating that there are some costs that cannot be included in the \$200,000. Manager Mende continued by starting at the top of the budget. The first line item under expenses is the Services Contract from Grand Junction with a cost of \$200,000 and directly below that you have wages. The wages are included in the Service Contract so you will see that indicated on the budget. The next set of line items includes the office lease which includes January through July as well as the utilities. Those are costs the Authority will have regardless of which proposal you go with. Below that you have office supplies, printing, postage, and other costs and those have all been designated as included in the \$200,000 Grand Junction proposal.

Chairman Walker asked if the \$3,500 indicated on the budget for legal expenses under the GJ proposal was an additional \$3,500 that you believe will be required in addition to the \$200,000 service contract for legal expenses? Manager Mende replied that was correct. Chairman Walker clarified that was Manager Mende's opinion not something you've received from Grand Junction. Manager Mende stated that was correct. Director Todd inquired if Manager Mende had asked Grand Junction any questions regarding this. Manager Mende stated we received the information at 1:00 p.m. on Friday, December 4, 2009. What I am trying to do is present this so we can have a discussion about it. Chairman Walker agreed that we should allow the City of Grand Junction to have input the proposal column. Manager Mende continued that he fully realizes that there may be a number of items where there may be questions or differences of opinions. What I wanted to do is present how I put it (analysis) together first so you have a clear understanding of why it is or is not in the analysis.

Manager Mende continued with the comparison budget explanation. The \$3,500 is for independent legal counsel that is under the Board's direction rather than using the City of Grand Junction attorneys. Auditing expenses of \$2,900 is an independent auditor. The organizational insurance is for the Authority itself and that is strictly for the liability of the Board members and management. The difference between the \$7,000 of the proposed 2010 Authority Budget and the \$5,571 for the Grand Junction proposal is the vehicle and office space insurance. External services line item is for the copier lease and cleaning service and again that is prorated for the seven months of the existing office lease. Computer software license there is \$1,500 included for ArcEditor software annual update that the Authority owns. The \$853 for dues and subscriptions line item is for the annual Special District Association dues which the Authority will have unless you can find a difference place to obtain your insurance. The Authority insurance for Board members and managers is currently through the Special District Association (SDA) and you have to be a member of the SDA to purchase the insurance. The next two items, public education and public participation programs, has a total of \$21,000 in both proposals. Those are direct costs. Those are the costs for the public service announcements, the billboard and other items. I am sure there are some questions there as far as what direct costs are included in the \$200,000 proposal for the service contract, but the scope of work that was provided by the City of Grand Junction was not specific on how many PSAs, or whether the billboard was or was not included. So to do an equal comparison, I would need to know what the dollar amount of what the subsidy would be for those direct costs. Right now we are running PSAs on four different local networks, and the billboard is about \$10,000. The cost of the PSAs that we are running right now is \$6,135. I don't know whether it is included in the Grand Junction proposal or not so I left it in. The only other line item of significance is the stormwater management training. It is listed under both proposals as \$45,000 cost. It is offset directly by \$45,000 in training class revenues. The scope of work in Grand Junction's proposal does mention that they will sponsor training, but what it states is it will sponsor two classes rather than the total we are doing which is four. What was not clear in the proposal was whether the revenues for the training class receipts would go to the Authority or whether those would be collected and kept by the City of Grand Junction in order to offset the cost of the training program. Right now we have it as a direct wash, and it is basically zero difference between the two proposals. The bottom line indicates a projected carryover for 2011 difference of \$19,304 between the two proposals. If you carry that forward into the 2011 which was the idea forwarded from Fruita to put together a two year budget, you'll see as you go through the various line item costs, a lot of the items that have to with the office lease that expires are no longer in there. So when you get to the bottom line for 2011 there is a more significant difference of \$63,903 between the two proposals. Under the current structure you'd be \$110K short in 2011, and under the Grand Junction proposal, assuming my assumptions are correct, the budget shortfall is almost \$47K in 2011.

Chairman Walker stated that before we can consider the bottom line on here with the Grand Junction proposal, it would be my suggestion that we hear from the representatives from the City of Grand Junction, and try to determine whether or not the Grand Junction proposal option within this proposed budget is how they feel it is going to roll out. Director Todd replied they would certainly like to have the opportunity. It is unfortunate that without Manager Mende asking questions that you presumed what the expenses of the City of Grand Junction may or may not be. I don't think that is a fair presentation for the City of Grand Junction. Manager Mende responded that the Board packets needed to go out Friday, and I received the Grand Junction proposal at 1:00 p.m. I didn't have any option other than to included it, and get the Board packets out. Rather than not have some type of analysis in there, I chose to do my own analysis and bring it up at this meeting so it can be discussed. Director Todd said she appreciated that.

Director Todd continued there are some items listed in Manager Mende analysis that are included in the contract proposal that was put forth. Mr. Prall stated that in regards to the \$5,200 for administrative

activities, the legal expenses of \$3,500, I believe the City of Grand Junction will be covering that internally. I don't believe we were going to have additional outside counsel covering that. On the accounting and auditing expense there is \$2,900 in there, and again I believe we were proposing to do that internally. The only catch to that would be if the Board wanted an external audit. Director Meis asked regarding the accounting and audit expense, if we separated those two on what the differential cost might be. I agree in particular that the accounting piece in particular would be part of the \$200,000. We would want a third party audit, and I don't know how you would wrap that up into your third party audit that already does the City of Grand Junction or if that was how you were going to do the audit for the Authority. Director Todd replied that we may have look at what the scope of the audit might be. If we are not having the operating costs coming through the Authority because it is all contracted out. You wouldn't be auditing FCI because you have a contract amount for the job they are doing. Mr. Ballagh stated that he believes statutorily the Authority is required to have a separate audit. Director Meis stated that is why he was asking, and he agrees the accounting side should be part of the service contract but on the audit side, we probably need to maintain that third party audit because this does need to function as a separate stand alone Board. Ms. Kadrach added that often times when authorities are attached this closely to a city or county, you can have a third part audit through the scope of the entities auditor as an addendum to the audit. Especially if there isn't a significant amount of operating costs but still meets the statutory requirements. That is not a level of detail we assessed. When I speak of auditing what I am referring to is if we were taking the operating costs and expending the \$200,000. Our audit would cover that money and that expenditure. Chairman Walker clarified that the audit Ms. Kadrach is referring to would not cover the audit needed by the Authority. Ms. Kadrach agreed and stated that is because we are not the Authority, and we are not proposing to be the Authority. The Authority may still have some auditing requirements and that is something we could look at whether it could be an addendum to somebody else's audit or a stand-alone audit. As Director Todd pointed out, sometimes you are dealing with those kind of operating costs that may be less expensive but sometimes it is a wash. Chairman Walker asked Manager Mende if the \$2,900 audit expense was based on the audit cost of last year, and Manager Mende replied, yes. Chairman Walker continued that it is clear that there needs to be an amount for a third party audit in that column, and asked the Board if they wanted to change that figure. Director Meis responded that it seems fair to leave it at \$2,900 for comparison sake.

Mr. Prall moved on to the next line item of organization insurance and stated that he thought we were going to cover that as part of the \$200,000 contract. Ms. Kadrach added that we will cover everything that is related to our employees and the cost of providing those services. On the other hand, the Authority still stands on its own, and the Authority may have insurance expenses that are required. Mr. Prall asked if that was what was covered under the \$5,571 amount. Manager Mende responded that is the correct amount as he had removed the normal office and vehicle insurance and left in the liability insurance for the organization. Mr. Ballagh added that the current amount for organizational insurance of \$5,571 is based upon a million dollar budget as a result I believe that amount would go down based on the current budget. Ms. Constan stated that in the past it was closer to \$3,000 when we were contracting with the GVDD and our budget was smaller. Chairman Walker asked if we should consider leaving a figure in there for the liability insurance that covers this Board but reducing it to an amount that we feel more closely reflects what our costs are going to be. Director Meis stated that you are discussing a \$1,500 difference here and in the grand scheme of things, if we are only at \$1,500 difference, we aren't making a change. I would leave it the way it is.

Manager Mende asked that before the discussion moves on he would like to go back to legal expenses. There are certain legal services that are going to be technically related, but there are also going to be legal services that the Board may want to be independent of the City of Grand Junction particularly your contract negotiations. If you are going to take the whole \$3,500 out, I don't believe that would be

accurate. There will be some level of legal services that the Authority will incur by themselves. Chairman Walker asked the Board if they wanted to talk about the \$3,500. Director Meis responded that he did not; I just want to take it out. I feel the City of Grand Junction covered it in their agreement. I feel confident that they've got quite a staff of attorneys over there. That is the whole point of talking about these partnerships and using the existing resources. Chairman Walker asked if it would be fair to assume in the Grand Junction proposal that legal expenditures that would be for Board activities would also be covered in the \$200,000 contract, or are you just including legal activities that are as a result of your own management of your Authority duties. Ms. Kadrach responded that from our perspective we would take care of the legal expenses. We do this with the Downtown Development Authority for example. There could be circumstances, as Manager Mende has brought up, where the Authority Board would rather have a different attorney. But our assumption would be that we could provide legal advice related to the scope of work for the operation of the Authority. Chairman Walker asks the Board if they are comfortable removing the \$3,500 for legal expenses from the Grand Junction proposal budget. All agreed.

Mr. Prall continued that the other expenses for external services for copier lease and cleaning services that was to be covered by the Authority as opposed to the City of Grand Junction. As far as the software licenses for the ArcEditor annual update, I will have to see if that is software the City uses or not and if we need it. Ms. Constan stated that at the time the Authority purchased this software, Mesa County did not have any additional licenses sitting out there, but that is definitely something that can be revisited. Dues and subscriptions are up to the Authority Board as to whether they want to continue their memberships or not. Director Meis asked if this was part of insurance costs. Manager Mende stated that the cost for the Special District Association is an annual due, but you have to be a member of the SDA to purchase the SDA insurance. Ms. Kadrach indicated that this would not be included in the \$200,000 proposal. Ms. Constan asked if the Colorado Stormwater Council dues were included in the \$200,000 proposal or would that be an additional expense. Mr. Prall stated that the City is currently a member of the Colorado Stormwater Council. Community and staff support will be covered. Ms. Kadrach stated that the items that are related to the Authority continuing to do your Board functions were never included in the City's budget nor would we want to take care of that operating expense. It is not an expense to do the scope of services as we understand them. This wouldn't even be appropriate for the City to get involved in. Mr. Prall continued that public education programs were included in the City's proposal. The number of billboards and PSAs were spelled out in Appendix A of the proposal. Manager Mende stated Appendix A states publish stormwater brochures and publications, but doesn't state what the frequency is. It states provide PSAs to local media outlets, and doesn't say or what the extent would be. In order to do a side by side comparison, there would need to be some dollar value assigned to that. Mr. Prall stated the intent of the proposal is to have that covered to meet the minimum requirements. Director Meis asked if the minimum requirements were spelled out in public education and outreach. Manager Mende replied that in the Program Description it states there will be a multimedia approach. It doesn't specify a direct cost/dollar amount within the Program Description. So to have a comparison analysis, you have to compare apples to apples for the same scope of work. If the City is proposing to doing only two PSAs as opposed to what I budgeted for four PSAs, that's not a fair analysis. Director Todd stated that we are in a budget crunch whether we are in a contract with the City of Grand Junction or we are doing the entire budget through the Authority. We should be cutting back to the minimum. We are not to say we're doing this just because we're doing that. We are trying to say this is what will happen under the budget we are proposing. Chairman Walker asked if it is fair to assume that the proposal from the City of Grand Junction with regards to public education is based on a different level than the Authority has been providing for 2009. Ms. Kadrach responded it is fair to say that what the City of Grand Junction has proposed is the requirements that are needed to meet the State commitment is what we'll do. That is what the director looked at when he valued the cost when preparing the proposal. Chairman Walker

reflected that regardless of what the cost is, the City of Grand Junction is going to meet the minimum requirements for the public education in their proposal. Director Meis stated the Program Description for the education/public outreach is very specific. So I would like that whoever is performing these services will be doing the bare bones minimum because that is what we said we would do. In my opinion as one member, I don't see us going above and beyond what we've suggested we would do. I would think, as was stated in the City's scope of work, you would meet the provisions of the scope of work which is the MS4. Chairman Walker stated that rather than taking time to discuss the wants, the needs of changing our level of public education, I think we just need to move to clearly know what the difference in cost is on the Grand Junction proposal. So I would suggest that instead of discussing this much further, that we just remove that \$21,000 from the Grand Junction proposal column. Manager Mende added that would not provide an equivalent cost analysis, because I've budgeting \$21,000 for a certain level of program. Chairman Walker stated that we are all clear on that. The Grand Junction proposal is to meet or exceed the minimum standards so we will know that when we make the determination as to whether or not we want to contract with the City of Grand Junction or not. That is my interpretation of what we need to do here. How do the other Board members want to proceed? All affirmed their agreement to remove the \$21,000 from the City of Grand Junction's proposal budget column.

Mr. Ballagh added that the CDPHE Permit Fee is an annual fee of \$2,700 and was not included in the 2011 proposed budgets of either the Authority or the City of Grand Junction.

Mr. Prall continued that the stormwater management training line item for \$45,000 is as Manager Mende described the revenue that comes in for that would also offset the expenses just as the Authority does now. Everything else is included as is stated on the proposal budget. Other than items discussed here the 5200 and 5300 line item series are accurate. The 5400, again, the City is incurring all vehicle, fuel, small tool and equipment costs so these figures are accurate. The next item would be the Bosley Wash Redesign and appropriately that is not included in the City's \$200,000 proposal. That is a cost that is over and above the proposal. There are also grant revenue that offsets half of that. Chairman Walker asked if that is a direct expense of the Board regardless of whom we are contracting with. Mr. Prall replied yes. The equipment replacement accrual for \$5,000, as far as the City of Grand Junction proposal, that wouldn't need to be in there. There shouldn't be any equipment you would be accruing that would remain with the Authority. Manager Mende stated that if it comes out of one proposal then it needs to come out of the other. Chairman Walker asked what equipment we are talking about. Manager Mende replied it is vehicles, computers, and office furniture. Director Meis added that if we'll recall the previous two years' budgets the Authority was accruing \$35,000 per year. That is a very health accrual. In my opinion that could be zero on both budget. The Board agreed to leave the \$5,000 in on both proposals as the comparison of the budgets will be based on the total difference between the two budgets.

Mr. Prall continued the contingency line item needs to be the same on both proposals as well. Ms. Kadrach asked if the contingency fund is related to the operating expenses, I would think the City would absorb that cost, and if it something that is something other than operating, you would want to have it in. Director Todd asked for an example of something that could come up outside of the operating scope that would need to come under contingency funds. Chairman Walker stated he can see using contingency funds for additional legal costs, additional public education/participation, or study funds.

Chairman Walker asked what the difference was between the City of Grand Junction's proposal on paper versus the above discussion. The difference was \$24,500. Director Meis stated the adjusted cost of the City of Grand Junction's proposal is \$365,019 with the severance package which is an 11%

difference. Obviously you have to pay the severance, but if you don't factor the severance in for purposes of on-going years for 2011, the percentage difference is 17%. Chairman Walker asked the Board members if they felt they have a pretty good idea of what the total cost of the Grand Junction proposal is. Director Mulder stated he would not be comfortable with the Grand Junction option until it is laid out on paper. The proposal that we have here does not take this item by item and makes assumptions.

Chairman Walker asked if the Board needed to go through the 2010 Proposed Budget as we have yet to discuss this. Is there a need to do that and run through line item by line item as we would if we were not considering contracting this out. Director Meis stated that it would be the third time we would have gone through that budget and does not see a reason to do that again. We did it as a committee where we came up with a recommendation and that recommendation lead to zeroing the revenue side as well as making changes on the expense side. I feel confident that this would probably be our budget if we stick the current set up with the exception that Manager Mende suggested that maybe the scope would be different on the public education program. I assumed that the public education cost was to meet the bare bones minimum of our MS4 permit so if he is suggesting that's going above and beyond the call of duty here, then there obviously a discrepancy. Other than that I think we are set. Manager Mende asked to address that because he feels that the Director Meis is not correct. I do consider the \$21,000 in there for public education and participation program to meet the minimum requirements of our program description. I don't think you can cut it back significantly. You may be able to find some cost savings of a couple of thousand dollars, but to assume you can cut that in half and still meet the minimum program requirements is not my opinion.

Chairman Walker asked the Board if we are comfortable with the budget numbers as they are presented in front of us with the changes we've made to the option we have with regard to how we proceed, but overall are the rest of numbers everybody comfortable with what the Budget Committee has come up with and what is in front of us here before we make the choice in which way we are going to go. Director Mulder stated we needed to recognize that the City of Grand Junction's proposal is an assumption of these numbers and that is the only comfort level I get is that it is just an assumption. Director Todd asked Director Mulder an assumption of which numbers. Director Mulder replied all numbers on the City of Grand Junction proposal. It is an assumption until I see this written on paper in a legal form before I will vote to authorize Chairman Walker's signature. Chairman Walker stated that this is what we have to go with. We have an offer from a contracting party who happens to be one of the Authority's contracting parties. Director Mulder stated it seems as if we would have to go with the third option and to allow this to go into January, 2010; pass the January, 2010, budget; then finalize this in January. That's the way I feel about it. Chairman Walker asked Director Mulder if he was comfortable with the line item figures as being correct to the point of where you can make a decision representing your organization as to what direction we move forward. Director Mulder stated, yes. Director Bowman asked if when we adopt a budget, if we are adopting the line items and the total budget amounts, or can we adopt budget with \$XX, we put placeholders in each of those line items, but we are not formally adopting those numbers. We would be adopting the bottom line for the 2010 budget. Manager Mende responded that you are adopting a total cost budget; you are not adopting a line item budget. Director Bowman continued that means you can almost put any number anywhere as long as the bottom line is correct. Where I am headed with this is, if we adopt a total bottom line number then at that point we have a 2010 budget. We can then come back and still negotiate with the City. Or we can still negotiate with Manager Mende, and say is this really what we need with the amount of development that has retreated? Do we need all of the staff or that kind of thing? If we adopt the 2010 Budget are there two competing proposals: the City of Grand Junction and possibly the proposed workload we have. Chairman Walker stated we have to adopt a budget today. That budget needs to reflect our best guess on what

our intentions are for 2010, and there is a dollar difference in the direction of keeping staff or in the direction of utilizing a contracting party. To be responsible in adopting the budget, we really have to have a pretty good idea of which direction we are going to go. That is my understanding of this. Director Todd added that we may have the opportunity to do amended budgets as well. So you adopt your budget with direction that you really feel things are going to go. So we would not be locked in saying we can't make a change in January or whenever if circumstances change. Director Meis shared that you usually do that only when revenue conditions change or an emergency event.

Chairman Walker asked for input from the City of Grand Junction on whether or not they need to know immediately for their staffing and other resources that they are going to have to have in place to begin to be the contractor for the Authority. Is this something that something that can be decided next month or the month after that? Is this a proposal that is good for today or 30 days? Ms. Kadrach responded that is a difficult question to answer; we have capacity today. If we knew we were going to be doing this work for a period of time; we would continue to have that capacity. We are looking at reducing positions right now. We will be shifting those workloads around. It appears as we are looking at that we are still going to have sufficient engineering and inspection staff to take care of the Authority. I wouldn't want to extend this offer through 2010 because I don't know what is going to happen in the second half of 2010. But I would say anytime within the next six months, we are still going to be in the position to reassign staff and reassign duties and pick up whatever might be helpful to the Authority. Beyond that, I would want to have another discussion as to whether we can make the internal adjustments or reassignments then. Chairman Walker asked if the Authority would be correct in assuming that this would be a six-month offer? Ms. Kadrach stated, yes. Director Todd added with respect to Ms. Kadrach's comments, the City of Grand Junction was only three months into 2009 when we were making changes. If the Authority is going to make the decision, I would personally be more comfortable if the decision was made sooner rather than later. I think six months might leave us hanging out. Chairman Walker asked, what is the expiration date of the offer the City of Grand Junction has made to the Authority? Director Meis stated he agrees with Director Todd's last statement. We have to make this decision. Ms. Kadrach added that she gave the City of Grand Junction's proposal to Director Todd to present to the Authority Board, and it is entirely up to Director Todd on how long she thinks the proposal should be in place. I am addressing from a capacity standpoint, and they are two very different things. Ms. McDonald shared that as an Authority staff member, she would like a decision. Mr. Peacock asked the Board to consider giving the Authority staff an answer and some direction. Leaving them in limbo for three or four months isn't necessarily going to be fair to the staff so probably make any transitions/decisions sooner versus later. Now does that mean today versus next month? Probably not, but I do encourage you to make a decision sooner rather than later.

Chairman Walker asked the Board members if they were ready to make a decision today as part of the budget approval process on how the organization moves forward in 2010. Director Meis stated he is ready to make that decision once he asks some questions regarding Grand Junction's scope of work. From a monetary/budget standpoint, I am clear. Directors Todd, Mulder, and Bowman all expressed their readiness to make a decision today as well as Chairman Walker. Chairman Walker continued that we know where we are at. We know we are hopefully working toward a vote today to either contract with the City of Grand Junction or to move forward one of the other options that are in front of us. All Board members affirmed the agreement.

Manager Mende stated there were two other financial considerations that need to be considered depending on what the transition period is if you go forward with the Grand Junction proposal. Your current labor costs are approximately \$18,200 per month. If you take us through the end of January, 2010, that is an additional \$18,000 that needs to be added in to your costs which effects the difference

in the proposal. The other consideration is you have an office full of furniture and equipment that you either have store or sell, So there is the potential you can make a little money by selling that stuff off or you are going to have some type of cost if you are going to store it.

Director Mulder shared that the budget proposal to us regarding the continuation of the Authority indicates we have a shortfall in 2011. If \$55,000 a year is what Manager Mende needs to find to continue in 2011, I feel reasonably confident he can find it.

Chairman Walker reflected we are comfortable as a Board that we have the information in front of us with regard to the numbers. We've said that. At this point we need to ask any questions with regards to specifics on the scope of services from the City of Grand Junction. Director Meis stated since the date on the contract was October 30, 2009, and the date on the next letter was December 4, 2009, I presume those will be extended. It does state in the City of Grand Junction proposal there will be quarterly meetings, and our IGAs suggest monthly meetings. Ms. Kadrach asked, what is the minimum the Authority would need to meet in order to still function as an Authority? I didn't know. I know you meet monthly now, but if you weren't overseeing operations, what would the minimum number of meetings that you would recommend. That is how we got to the quarterly. There was no discussion as to what would be good for the Board or good for us; it was what would the minimum need be to preserve the Authority. Director Meis asked if the Authority Board wanted to meet monthly, would that be OK with the City of Grand Junction. Ms. Kadrach replied if that is what you need, yes. Director Meis continued that currently when we have an Authority issue, we know who to call. With the City structure, we don't really know who to call. I think it would be very helpful for us to know the key people associated with the contract. To know who would be the points of contact, and maybe it is just one point of contact. To know who those contacts are, would be extremely helpful and probably give us more confidence with regard to knowing who is going to be the project manager. Ms. Kadrach responded that there are two key people. Number one would be me, because I would have to get permission from the Council to enter into the contract. It would be my signature on the contract. I would be responsible to provide those services and to complete whatever is required and for negotiating the contract. I would just as quickly assign that to Tim Moore who is the Director of Public Works and Planning, because he directly oversees the staff that will be carrying out the contract requirements. It is yet to be determine not knowing if the Authority is going to move in this direction or not, we would find someone in our engineering staff that would be the lead person that would implement the terms of the permit requirements, and then we would in turn assign someone from our inspection staff that would be the lead person. But we don't know who those are. If the Board chooses to move in that direction, it wouldn't take long to get that in position. Chairman Walker asked if there would be a point of contact from an organizational spot. Presently we have an office manager who creates the Board packets and the Board agendas. Would you have a designated person for that? Ms. Kadrach responded those folks are the support folks assigned to Tim Moore so we know who those folks are right now. What he is intending to do, if the Authority moves in this direction, is use his staff to complete the contract requirements. Administrative support is easier to let you know, because we know who they are. Chairman Walker stated currently we have a manager that develops the agendas for our meetings, how do you see that rolling out? Ms. Kadrach stated that would be Mr. Moore's responsibility.

Director Meis asked what the City's proposal regarding the hotline phone number? It was my hope that we would keep that number largely because it has been widely published. Mr. Prall responded that it was our intent to keep that number, because as you stated, it has been widely published. Director Meis stated regarding the enforcement piece again, this Board has entered into IGAs between the Authority. The City of Grand Junction would facilitate those if we go in that direction. Mesa County and the other IGA members want to make sure the steps we have worked out individually as far as issuing NOV's with

the Authority, and what we've worked out in those IGAs would be respected by the City. I know we are a little different. We are home rule. Ms. Kadrach responded that it is her understand that is the Board's role to define the intent behind, how the IGAs should be implemented, and direct us to meet that intent. That to me is the key role of the Board. If we have a meeting to talk about that every month, every two months or every quarter, we will. That to me is the most important piece of the Board. Manager Mende commented that as far as compliance aspects whether that be reviewing stormwater managements plans, doing inspections, or issuing NOVs, the Program Description specifically references Authority procedures. The question is will the City follow Authority procedures or Grand Junction procedures. Ms. Kadrach responded that we are working for the Authority in carrying out the contract so we follow what the Authority has asked us to do. I've tried to make this very clear. This is not an attempt by Grand Junction in any way, shape or form to take back the stormwater permit process and have it become an internal Grand Junction process. This proposal is to complete the work that the Authority Board has defined, and the priorities for that are completed under a contract for services if that is helpful financially for the Board and the participating agencies for a period of time. As we've talked about the revenue stream going forward, and I think I can comfortably say we could do that for two to three years. I don't know when that shift in work may change or occur, but we would be meeting with you on a regular basis. Ms. Constan shared that she is getting ready to take in front of the Board of County Commissioners a resolution that would upload issuing NOVs on behalf of the County by the Authority so that is why we are looking for a level of comfort. Director Meis stated the proposal states it is for a period of one year, and asked what the flexibility would be with regard about going beyond that one year. Ms. Kadrach responded she had talked with Mr. Moore about this. We put the one year in there because as I made this proposal through a Board representative, I didn't want the impression left which I clearly wasn't successful at to have it seem as though the City was trying to run the Authority. I really appreciated the feedback from the last meeting saying, do we want to switch something for twelve months, and then switch back? How efficient is that? As I visited with Mr. Moore about that we feel very comfortable we could do this for a three year period of time. Some of the contracts we enter into have it for a minimum even though the contract could be looked at annually a minimum of three years with renewals for a one to two year period of time after that. If that is what the Board wants to do so you won't have to think about what happens at the end of twelve months then that is what we would do. Chairman Walker reflected so it could say one year or three years or it could say one year with options to renew or a three year contract with annual review. A three year contract would be the same as a one year contract if the three year contract gave you an out within a reasonable period of time. Ms. Kadrach agreed. Director Todd stated she wanted to review some of the previous conversation. When we came in and talked about one year, we were talking about our respective budgets on a one year basis of where we all were with our budgets. I think that is where the one year came from. When the County came to Grand Junction and said what do you want to do, and we talked and put together the proposal. The one year time comment came from working on our annual budgets. Chairman Walker asked the Board if they had any additional questions regarding the contract term.

Director Mulder asked if the MS4 permit still going to be issued to the Authority? Ms. Kadrach replied yes. Director Mulder continued that the ownership will still be the Authority Board. I think there needs to be a termination agreement put into the City of Grand Junction's proposal. Ms. Kadrach replied that needs to go both ways. Director Mulder asked if we paid the City of Grand Junction \$200,000 for the twelve month contract, and we terminated the agreement after two months, do we get the balance back? Director Todd responded that we are all in partnerships here. In any contract you put out, you put out in good faith. We all live here in the Valley, and we are all looking at moving forward with whatever contract we work out.

Director Bowman stated he still has questions regarding a point of contact for the Authority as far as doing general things. Would that be you, Chairman Walker, in case someone needed to contact the Authority as the Authority? Now we have Manager Mende, before we had Mr. Ballagh, is there somebody that we need a point of contact? Ms. Kadrach replied from a staff perspective that would be Mr. Moore. From the contract, if you enter into a contract with us, that person would be Mr. Moore. However as a Board, you may say we want our Chairman to be the main contact and not have all the Board members contacting Mr. Moore on something so anything would go through the Board Chair to Mr. Moore. I've seen that work as well with boards. It is entirely up to you, from my perspective, Mr. Moore is going to be the contact for the Board members of the Authority if we enter into a contract. Chairman Walker asked if Director Bowman would be uncomfortable with that. Director Bowman replied no. Chairman Walker continued that as it stands now, anything with regards to the agenda or discussing regarding staff, the Board members are always accessible to make sure something is brought out at a meeting or even before or between if necessary. That is the way I feel our organization is setup. I am concerned about accessibility to a person within the City of Grand Junction, but I just think that is something that is going to have to just play out. Right now we have designated employees that are working just for the Authority, and Mr. Moore would not just be working for the Authority. I think we are all anticipating a reduction in our activity level too. I guess I'm looking for a balance there. Director Bowman shared I would hate to see the Authority lose its identity. Director Mulder asked if this agreement supersede our bylaws. Chairman Walker responded no; it would not change our bylaws at all. Ms. McDonald asked if the Authority hotline would be answered as the 521 Drainage Authority? If you are concerned about identity, are callers going to get the City of Grand Junction or are they going to get the 521 Drainage Authority. Mr. Prall stated it is his intent to have that answered that way. Obviously the support staff will have to pay attention as to which line they are picking up.

Director Bowman inquired as far as the IGAs we are all entering into, does it make a difference in uploading our permit? Do we need to check with the State, because everything is moving forward with the idea that it is the Authority without contracting to somebody else. I don't know whether that makes a difference with the State for uploading the MS4 permit or not. Mr. Peacock reminded that currently the Authority is contracted with Mesa County this is actually just changing the contractor. Obviously there is a difference in the business model as far as how we interact, but I think from the perspective of the Authority, these IGAs are still with the Authority. You are just changing one of your contractors from Mesa County to the City of Grand Junction if you choose to do that. Manager Mende added that Mr. Peacock is correct. From the State's perspective, as long as the Program Description is being met then it doesn't really matter who the Authority contracts with. There are a number of documents including the application to the State that give the Authority manager certain signature authority on various things. So one of the questions I had was how will that work? Will Mr. Moore be designated as the Authority Manager? And in particular to the current application to the State, I signed in three different places as representative of the Authority. If there is a change in model then somebody else is going to have to re-file that application and re-sign that because it would not be appropriate for my name to be on that any more. Ms. Kadrach replied that the Board would not have any signature responsibilities for any expenditure within the \$200,000. That is the piece that the City of Grand Junction will be taking care of and we will be using our signature/purchasing structure for that. Other items of authority from the Board, it would be very much like when I worked for the Mayor and the Council. The Mayor is signature for the documents representing the City of Grand Junction entity. So I would see the Authority's Board Chair or whoever the Board designates, would be the signature for that. If it was a document within the scope of work of the proposal, then it would be Mr. Moore. Chairman Walker asked if Mr. Moore and his staff would be available to prepare any of those documents even if it is just a Board activity. Ms. Kadrach replied yes.

Director Bowman asked if there was any negotiating room within the line items of the City's proposal. Last week the GVDD had a meeting with Mr. Moore and one of the questions that came up was the engineering costs on Bosley Wash. Mr. Moore did not commit, but it was asked if the City's engineering staff could assist with some of the design work, particularly the minor pieces. Is there room for negotiation on some of this work. Ms. Kadrich responded that there is room for negotiation as long as we have capacity. The \$200,000 is a reflection of keeping the permit and scope of work related to that. So there maybe some give and take on some different things or some added costs if the Board wanted to do some things internally. And there may be other opportunities internally with the partners of the Authority that we didn't have a couple of years ago related to this very issue. Chairman Walker asked if was fair to assume that your answer is saying the changes that are going to be required to make the Bosley Wash study a usable instrument the City of Grand Junction could bid on it just like we would have another contractor bid on it. Ms. Kadrich stated that is possible. We are doing the same thing right now. Work that we contracted with the engineering community a couple of years ago in addition to the internal work we were doing with our engineers is now being done in house. So I would assume the County is experiencing a little bit of that as well. It could just be a different situation than we were in previously. Mr. Peacock reflected that what he is hearing Ms. Kadrich saying, to make sure we are on the same page is that right now it covers the scope of work that's laid out. However, if there is capacity within your shop, and there are these needs, there would be an opportunity to discuss adding an additional scope of work into the agreement as it stands. Ms. Kadrich agreed. Mr. Ballagh clarified that the additional work would be for an additional cost. Ms. Kadrich stated she believes so but is not going to speak for Mr. Moore. I just know that when we look at the other \$200,000 is was to deliver the other scope of work, and I would be uncomfortable committing to something when I don't what we are talking about for scope of hours of work. If it was four hours of work, I could comfortably commit to that but I seriously doubt it is four hours of work so I would want Mr. Moore to take a look at that and figure out what the costs would be and before I could say it is in the \$200,000 contract price. Chairman Walker stated we have a \$45,000 figure to consider as part of the budget for the modifications needed for Bosley Wash. Is it a possibility that the City could take care of that at a lesser cost? Ms. Kadrich replied yes.

Chairman Walker asked if any of the other Board members had questions. No additional questions were presented by the Board. Chairman Walker stated he wanted to be clear about the City of Grand Junction option. The Authority Board would remain intact. The Board would go about its business electing officers and move forward with any change with the City of Grand Junction taking over the administrative activities. Is that what we are all assuming? And that the representative that the City of Grand Junction sends to the Authority Board would be representing the City of Grand Junction the best way possible even though the City of Grand Junction would be a contractor to the organization? As part of this budget process and the vote to whether or not to move into a contract arrangement with the City of Grand Junction, is it fair to assume that the representative of the City of Grand Junction would be a part of that vote? Ms. Kadrich responded that she thinks this is where the City of Grand Junction has a separation of duties that is helpful to the Board. Director Todd has no authority to operate this contract within the City of Grand Junction's charter. So if this Board decides to contract with the City, you are contracting under the authority of the City Manager as it is outlined in the charter. Director Todd can't make any decision related to that scope of work or assignments to employees or how the money should be spent. She has no authority from that stand point. Flip that around, Mr. Moore and myself have no authority to vote. Chairman Walker stated he understands, but right now Director Todd is in a position, unless we decide otherwise, to possibly give a \$200,000 contract to the City of Grand Junction. Ms. Kadrich apologizes as she misunderstood where you were headed. I thought where you were headed was as we went forward in this, would Mr. Moore be representing both sides of that. From my perspective, neither Mr. Moore nor I have any authority over Director Todd, and we do not have any

policymaking authority within the organization under our charter. Mr. Ballagh shared that if Director Todd owned an organization that was privately offering a contract to the Authority, and she stood to gain from it personal, she would be in a conflict of interest position. She stands to gain nothing as being a City Council person. Ms. Kadrach added at least no more than Director Meis did with Mr. Peacock being the contract person. Mr. Ballagh continued that the question of conflict of interest is not an issue. Mr. Peacock stated his agreement with these statements. I always look for personal gain in advising my Board members. Unless there is something I don't know about Director Todd's relationship with the City, I don't see any personal conflict.

Chairman Walker asked if there is any reason for any of the Authority Board members or myself to be concerned with the City of Grand Junction if it is faced with an issue where it would have to enforce against a property within the City of Grand Junction as the contracting party for the Authority? Is there going to be an issue there? Ms. Kadrach responded no. Our contract obligation to you if we enter into a contract would be that we uphold the requirements of the State. We're at risk from our own City in that the Council isn't going to want us to be jeopardizing the relationship that we participate in with the Authority and jeopardizing any kind of permit requirements. Nor has the Council ever said to us, you don't have to do what our own ordinances require and frequently I'm reminded of that. Chairman Walker stated that he knows you've been repeating that one to death, but it has been a concern. It is still somewhat of a concern at least within my Board, and so I felt like it needed to be asked again here before we move forward. Ms. Kadrach added if you move in this direction and there is every a specific circumstance that you are concerned with, then Mr. Moore is the contact or contact me directly because that is not the kind of work we do.

Chairman Walker continued that if the Board today decides to move forward with the City of Grand Junction as a contractor is the County willing to take care of the resolution for the Authority employees? Mr. Peacock stated it would certainly be our responsibility. He did visit with the three employees after the last meeting, and as we go through transitions due to economic circumstances, we certainly first try to find opportunities within the organization. The offer has been extended, and we have some discussion along those lines. Yes we would treat these three employees as County employees for that purpose. We don't know if there would be any appropriate opportunities and there may be terminations.

Chairman Walker asked if there were any other Board questions with regard to the City of Grand Junction proposal. Director Bowman asked if we make that decision today and it does go to the City to be the contractor, how quickly can we get something in place? Where I had hoped we would head today is we would adopt a 2010 budget. And then if the Board wanted to, we would enter into negotiations so that we got some of the detail that we are not seeing in your proposal now. That would give us a chance to negotiate and that kind of thing. Where if there is a decision made right now, in my mind it would be final, and then if we go with the City as a contractor then we've got a staff that would go away. But what happens if there are some sticking points within the negotiations? Ms. Kadrach stated it was her understanding that after we had our last meeting when you talked about the proposal with us, our Board wanted it to be clear that this was a letter of intent and not a negotiated contract. If the Board had chose to move in that direction, I had assumed there would have been some time period that we would discuss what the terms and conditions of that would be, and if that is something that takes 30 days then the \$200,000 would be one month less while you kept your folks in place. If we weren't able to come to terms of the contract, then your Board would make a different decision. We are here to do whatever the Board wants us to do. Mr. Peacock added that the County is on the hook to continue to provide appropriate staffing for the Authority. Specific individuals were not named in our agreement. It is stated that the County will provide a certain level of staffing. Director Bowman stated he would feel

comfortable in adopting a 2010 budget, and then opening up negotiations with the City and rather than making that decision final today. Chairman Walker stated that the only decision that would be final today would be the number on the budget that we choose to adopt. That would be determined by the decision of the Board as to whether or not we think we are going to move forward with the contract with Grand Junction or not. Manger Mende added that because the Grand Junction proposal is less in total dollars and you do adopt a total expense budget rather than a line item budget, the only difference is the Manager's severance package. So you could adopt the 2010 Budget as currently proposed, you would probably want to increase the contingency amount in order to cover that severance package, and then you could move forward. Director Bowman asked Manager Mende in the draft resolution you had a 2010 operation budget that included a carryover from a December, 2009, \$538,000. Manager Mende stated that was an error. Director Bowman added that needs to fixed if we move in that direction. Director Meis asked if the City of Grand Junction Council is OK with this proposal? Have you briefed them on this proposal? Director Todd stated that her conversations with her colleagues indicated that they would be supportive of this decision. I have spoken with each Council person individually and keeping them abreast of the conversations that we have had.

Chairman Walker asked for comments from former Authority Board Chairman in the audience. Mr. Doody stated that was a great dialogue. The reality of it is you have no contributions coming in. I haven't seen the new contract that is being proposed, but I guess from a philosophical standpoint, the Board will move from a management Board to a policy Board. I think there's an opportunity to do what you are here to do today and that is set the budget. I think you have some more work to do on the contracting piece. I would recommend to the Board that Larry Beckner look at your contract. That is what you pay him to do. And I would advice at least from a legal counsel you let him look at it. Mr. Karisney shared that he came to the Authority just before Mr. Doody and that was kind of just after the steering committee which included Mr. Prall, Mr. Pearson, Mr. Ballagh, Director Bowman and others who have been here a long time; since its inception. You've seen this whole thing develop, and it has been a learning process all the way along. I came in shortly after the steering committee studied the 33 basins; talked about the Valley floor; said this is what the need is; and was part of developing the Authority. If there were any one theme to the Authority, it was to be autonomous, to be separate, and to be representing those communities, but as an Authority really separate from those municipalities. That is where the 521 name came from. Certainly when we were doing this, funding was always the issue. Each year we would go through the budget process, and we were anticipating additional funds. None of us anticipated that there would be zero funds in some years. I understand your dilemma in which you are dealing with. Again as a philosophical level, the Authority was to be something separate from the municipalities it was representing. So separate that you don't have to be an elected official to be on the Board; your council can just appoint you to do that. When the Authority got to the point in having dedicated employees, it was a real milestone. That was the direction that this Authority was leading towards. The other philosophical part of this was that the Authority never was to be this additional government. We didn't want this to be big government; we wanted the Authority to work lean. One thought in this is, why not continue and keep the Authority and the dedicated staff intact, and they have to work through this lean time. What better test would that be than keeping this Authority at a reasonable size? Rather than kind of taking a step backwards and band aiding it for a couple years and trying to move on after that. Those are my thoughts. I've been away from it for a couple of years so the real specific budget items things I can't comment to. Just a couple of other ideas and going way back to when Tillie Bishop was on the Board, there were some very deliberate discussions as to who would be the liability insurer. We wanted Home Loan to be that. There were others that were less expensive, but Home Loan was a local person. We were supporting local folks. Larry Beckner was a very deliberate choice. We wanted Larry Beckner as the attorney to represent the Authority. Again he was separate from all the other municipalities. There really was a sense that this Board would be autonomous; it

would be its own Authority that would be representing these municipalities and possibly acquire more members. Mr. Wilson stated he is a representative of a consultant engineering firm. Our interest is in doing business with the Authority. I see an embedment of the staff and technological people that will not have the transparency that the Authority has at this point and time. Mr. Pearson stated that he sees the proposal from the City of Grand Junction is asking the Authority to sacrifice their three quality staff members in order to help the City with a budget problem. Two or three years from now if the Authority wants to staff up again, we are going to have a hard time in getting this kind of quality of employees. Unless you have some assurance that you have protection as long as you do your job, it is very difficult to get quality people. I see the only way you are going to survive as any kind of Authority would be to become a utility so you have your own source of funds. Otherwise you are at the mercy of the City of Grand Junction. Mr. Kinney stated that bringing back to the issue at hand which is your budget. With any budget, and everybody has gone through it this year, in my opinion it comes down to the level of service. If the critical question the Board is making is what level of service do you want to provide, by saving 11% per Director Meis' figure, you can provide a certain level of service. By spending the extra 11% you are going to likely be providing a different level of service. I think that is the fundamental question before the Board today is. With that 11%, you can go one way or another. That is certainly an important decision.

Chairman Walker asked if the Board was ready to entertain a motion. Director Mulder moved for the approval of Resolution 2009-05 adopting the 2010 Budget for the 5-2-1 Drainage Authority and accept the 2010 Budget Message dated December 4, 2009, for filing with the Colorado Department of Local Affairs. Chairman Walker asked what budget dollar amount Director Mulder is referring to in his motion. Director Mulder stated the budget I am referring to in my motion has a 2010 carryover amount of \$166,684.72 to 2011.

Director Mulder asked to revise his motion. Director Mulder moved for the approval of Resolution 2009-05 adopting the 2010 Budget for the 5-2-1 Drainage Authority and accept the 2010 Budget Message dated December 4, 2009, for filing with the Colorado Department of Local Affairs. This particular budget shows a projected carryover of \$74,309.72. Chairman Walker clarified with Director Mulder that the intent of the motion is to continue with the current Authority staff utilizing fund carryover. Director Mulder replied yes. Chairman Walker asked if everyone was clear with the motion. All affirmed their understanding. Chairman Walker asked Manager Mende if we are covering ourselves legally with that motion. Manager Mende replied yes. Chairman Walker seconded the motion and asked if there was any further Board discussion before voting. No questions were voiced.

Motion for approval of 2010 budget Resolution 2009-05: Director Mulder

Seconded: Chairman Walker

Roll call vote: Director Bowman, no; Director Mulder, yes; Director Todd, no; Director Meis, no; Chairman Walker, yes.

Motion does not pass with a roll call vote of 2 in favor – 3 opposed

Chairman Walker shared that his concern continues to be what Mr. Karisney shared earlier. We worked too hard to get an independent organization and I am worried about re-staffing this and actually getting to point that we need to be to get some things done two or three years down the road. I think it would be nice to have an opportunity to take a year and maybe pare down what our activities are and try to figure out what we need to do to have income in order to survive. Director Mulder stated that in the proposal I also took into consideration what Mr. Pearson indicated that this should be a utility. I also feel that Manager Mende is very capable of finding the money to operate this into 2011.

Director Todd moved that we accept the budget listed as the Grand Junction 2010 Proposal Budget as amended. Chairman Walker asked if the motion is to approve Resolution 2009-05 with the dollar amounts reflecting the Grand Junction 2010 Proposal Budget as amended? Director Todd replied yes. Chairman Walker asked if everyone was clear on the motion. Director Bowman stated no. Manager Mende stated there is no proposed budget for the Grand Junction proposal. Chairman Walker responded that he is not suggesting that. It appears to me that we had a budget number for the continuation of the Authority and we also have a budget number for potentially contracting with the City of Grand Junction. Director Bowman asked if you are talking about the comparison number. I was headed and my thought was that we adopt the 2010 Budget along with that we enter into negotiations with the City of Grand Junction to determine whether we will contract with them. Chairman Walker stated we have to adopt a budget with a dollar amount. To be fair we need to know what direction we are going. The dollar number in the first motion was very clear that it was attached to and part of the budget message. If we go in this other direction, I think we need to be just as clear. Director Bowman stated his thought is to use the dollar amount that we voted on the first time as the 2010 Budget along with that we would also have part of the motion that we would enter into contract negotiations with the City, not binding, but negotiations to see that we have an acceptable contract for the City contracting to do the operational services. Manager Mende stated the easiest way to do that is to go with Director Mulder's motion and amend his motion with the additional provision. Chairman Walker stated that the motion Director Mulder made was voted on did not pass. We have another motion that has been offered.

Director Todd asked to restate her motion. Mr. Chairman I would proposed that we move forward with the budget such as listed as the Grand Junction 2010 as amended with contracting with the City of Grand Junction for the operations of the Authority. Director Meis seconded the motion. Chairman Walker asked if the wording and legal implications of that motion sounded appropriate. Mr. Peacock stated that he believed it was appropriate, but asked the motion be repeated. Director Todd stated I am moving that we accept the proposed Grand Junction 2010 Proposal as listed on the blue column of the Comparison of Budget Proposals sheet as amended with contracting with the City of Grand Junction for the \$200,000 contract. Mr. Ballagh stated that I have great difficulty supporting something that has fuzzy numbers. What Director Bowman was saying was you have a budget and the earlier motion included the budget memo that was with it. If you passed a budget without the budget memo, you had numbers. Then if you so choose follow up that motion to adopt the budget with a position statement that you are going to negotiate with the City of Grand Junction. As long as you are not deficit spending and you are not moving into deficit spending, you are OK. Mr. Kinney stated to pass the budget all you've got is a bottom line number. If you are trying to follow what Director Todd is saying, then a second motion should be passed saying here's our policy direction, here's where we are moving. So then you'll have the legal of the number and the policy direction in the second motion is probably the cleanest way to do that. Director Todd stated so we pass the budget without the memo. Manager Mende suggested to make it clean, I would suggest that rather than havin a second motion identical to Director Mulder's, change something whether it is the contingency amount or something else so that it is not exactly the same as what Director Mulder proposed. Chairman Walker stated he assumes that it should more closely reflect the numbers we came up as we revised the worksheet, and then I would agree with Mr. Kinney that just as a statement of policy and to make sure everyone is clear, it really should be a motion if we are ready to do so as to whether or not we are going to enter into negotiations with the City of Grand Junction. Ms. McDonald reminded that Director Todd's motion with Director Meis' second is still on the table. Director Todd asked to restate her previous motion.

Director Todd restated her motion: Mr. Chairman without memo I move that we adopt a budget of \$365,019 on the expense side for 2010. Director Meis seconded the motion. Chairman Walker asked if

the motion has in what it needs to have in it? Director Meis replied yes. Mr. Pearson reminded that the total dollar amount determines whether you are going to use Grand Junction or not. So you don't have any flexibility if you go with a low number. Chairman Walker asked if everyone is comfortable with what they have heard. Chairman Walker asked if there was any further Board discussion for the motion that is on the table. No further discussion.

Motion for adoption of a \$365,019 expense budget for 2010: Director Todd

Seconded: Director Meis

Roll call vote: Director Bowman, yes; Director Mulder, yes; Director Todd, yes; Director Meis, yes; Chairman Walker, no.

Motion passed with a roll call vote of 4 in favor – 1 opposed

Director Todd made a motion to move forward with contract negotiations with the City of Grand Junction for the amount of \$200,000 for the scope of work as listed. Director Meis seconded the motion. Chairman Walker asked if everyone was comfortable with the motion. Director Bowman stated we are talking about contract negotiations. If we cannot get an agreement, then it is not binding. Is that correct? Director Todd stated that if you don't have an agreement, it is not binding.

Chairman Walker asked that the motion be repeated. Director Todd stated I motion to moved forward with negotiations with the City of Grand Junction for a contract for \$200,000 for the list of scope of work as attached. Director Meis repeated his seconding of the motion as well. Chairman Walker asked if there was any other discussion. None heard. Roll call vote was taken.

Motion to enter contract negotiations with the City of Grand Junction for \$200,000 for the scope of work listed as attached: Director Todd

Seconded: Director Meis

Roll call vote: Director Bowman, yes; Director Mulder, no; Director Todd, yes; Director Meis, yes; Chairman Walker, no.

Motion passed with a roll call vote of 3 in favor – 2 opposed

Agenda Item 7 – Manager's Report

Chairman Walker asked if any of the Board needed additional information on the Manager's Report than was provided in their packets. Director Todd asked if there was any additional information that the Board needed that was not in the packet. Chairman Walker asked Manager Mende to touch on his Manager's Report. Manager Mende stated the Manager's Report is in your Board packets. We've listed some public education information, operational statistics and some various updates on some various things. Do you have any questions? No questions heard.

End of Manager's Report

Chairman Walker shared from my opinion that it is only fair that we spend just a minute or two acknowledging that we are potentially going to be losing some really good staff as a result of what probably will be moving into a contract with the City of Grand Junction. I would like to say thank you. Director Todd added that going into this there were a lot of comments coming back to me about this being personal, and it absolutely was not. It was coming back and making business decisions. Never really been employed in my life, I always had to work to make business decisions that made a business go forward. I took the opportunity to do that here. It is not always easy. I think that working on various Boards that this is a great opportunity for the Board to move forward as purely a policymaking

Authority. I think that this Board in everything that is has gone through in its growing pains from the Board doing everything to being the managers out in the field up to employing staff and unfortunately economic times have changed that. Director Meis stated that on behalf of the County, we work very diligently with each of you to do what we can to help with the transition. I agree with Director Todd, this is a business decision. You all are very technically qualified and competent and it is unfortunate we're having to make these tough decisions.

Chairman Walker stated that we need to discuss our meeting in January, 2010. I would suggest that we continue with the idea of January 27, 2010, meeting.

Manager Mende stated that as he mentioned last Wednesday, you have a fiscal agent IGA between Mesa County and the Authority. You have a 90-day cancellation clause in it. So you'll need to take some action on that before you execute a new fiscal agent IGA or contract with Grand Junction. For me specifically, there is a provision that requires a 30-day written notice for my termination if it is not tied to the IGA termination. You are going to resubmit the MS4 application with probably the Chairman's signature before the end of the year because my name is on three different spots on that application.

Chairman Walker asked if the County can take care of the first obstacle, the notice. Director Meis replied yes. Chairman Walker asked that in the interim are we going to be able to rely on the County for any issues that arise in terms of administration. Director Meis replied that is what the County Administrator said. Ms. Constan stated she would relook at the MS4. More than anything, we'll just need to update who the legal contact is. Chairman Walker asked about TAC meetings. Ms. Constan responded that during the transition the whole TAC will need to work together to work out some of the details on this agreement to bring back to the Board. Chairman Walker asked the TAC that any discussion that needs to be brought to the Board, please email it to all of the Board members. Director Todd asked if there is a need to expedite anything for discussion for the contract prior to the end of January, 2010. Chairman Walker asked if the TAC had anything. Ms. Constan replied no, from a technical perspective a lot of the questions I had on the proposal were answered today.

Manager Mende stated that none of this discussion has given the Authority staff any clarification what so ever. I would like some direction from either the County or this Board. What is our termination date? You are going to open negotiations, but I haven't heard anything as far as a date for negotiations. Am I supposed to continue doing my job? I am assuming so. Give me some clarity. You are talking about holding TAC meetings, and I think that is my responsibility as well until you get rid of me. What do you want me to do for the next month or however long I have left. Chairman Walker stated his understanding is the County is going to be working with you to answer some of these questions. Director Meis confirmed that statement. Chairman Walker continued that as far as telling you what to do tomorrow, I'm under the impression that this Board has not made any final determination with regard to any employee agreements that we have with the Authority staff. You are technically employees of the County. Any other Board members want to comment on this.

Director Todd stated going back to the comments earlier in regard to the budget and making a decision today and moving on, we are talking about \$18,000 a month out of our budget for every month that we don't make a decision to do something. In fairness to the employees as they have stated, they would like to know. That is why I threw the question out earlier, I think the end of January is too long a period of time to bring things together to make whatever decision we are going to make. Chairman Walker explained that from a policy perspective this Board is in a position to make a suggestion to the County with regard to the Manager's position. The Inspector and the Office Administrator work for the Manager of the Authority. So it would be the Manager's decision with regard to the other two employees and the

Manager and other two employees are technically employees of the County. If anyone is wanting to make a motion to this Board today to terminate our employment situation with the management of the Authority, do it. Director Todd states I know this is a difficult conversation. I just look at making a decision and moving on not only from the County standpoint, but the longer something goes on the longer the employees are in limbo. What direction do they have? Can we give him job direction; no. So the expedition of the conversation and the negotiation needs to move forward faster so we can make a decision for the employees. Chairman Walker stated that it would be my opinion as one of five votes on this Board that we look for cooperation between the Authority Manager and the County in this transitional period. I assume that is going to happen. I would also say as one of five, I would be very uncomfortable not having an employee until we have hired our contractor to take care of the day to day duties for the Authority. If a motion was to terminate our employee, I would vote against that. Director Todd stated she would not make that motion. I am just talking about the time, and I threw it out as a question. Is time of the essence? We are looking at dollars besides the in limbo situation. Director Mulder reminded that Manager Mende has stated that he would sure like to know, and as Director Bowman brought to our attention, it is a negotiation. It doesn't mean it's a contract yet. Chairman Walker stated that this is an ugly situation for us to be in. We've made a decision to move in a certain direction, but we are not really ready to do that yet. Director Meis stated I guess we are assuming we are moving in that direction, assuming that all the terms and conditions that the City lays out are correct, and I believe they will be correct. And with that assumption I guess I would make a motion if you want specific deadlines or timelines, and I appreciate that I would want that too. But we do have a contract with the County on which we do have to give notice on which effectively changes the agreement that we have as an Authority as a contracting entity so I guess I'll just make a motion that gives notice to the County that the Authority is going to exit that fiscal agent IGA contract effective December 31, 2009, pending an acceptance of a contract with the City of Grand Junction. That gives definitive timelines. Obviously if you do have a time lapse in between there, I guarantee you the County is still going to fulfill the MS4 and meet the obligations somehow some way until we can get that agreement in place. Manager Mende reminded that the fiscal agent IGA requires a 90-day cancellation so you can't very well cancel it as of December 31, 2009, unless you were to revise the IGA yourselves and that requires action from both the County Commissioners and this Board. Director Meis stated he feels pretty confident that we could get the votes here since it is better for the Authority. I feel pretty confident I can get two votes with our Board if you so desire. I appreciate reading the intent to the letter of the law, but I feel pretty confident that we could suggest we'd like to have that date set at December 31, 2009, and move forward with a clean break at the start of the year with the Authority. Then work diligently on the transition with the TAC to certainly work with existing staff through the end of the year. Chairman Walker asked if the City of Grand Junction is ready to commit to possibly having a contract available to enter into by the end of the year. Director Todd responded yes. Director Todd seconded Director's Meis motion. Director Todd continued for discussion for the date of December 31, 2009, I assuming we would have to come together as a Board to give approval for that transfer to the new contract. Chairman Walker stated he doesn't think so. What I understand is we vote today to terminate the contract on December 31, 2009. Director Meis reminded that the motion was subject to an acceptance of a contract. Director Todd continued I feel representing the City for the Authority is that we need to have that full contract put before us; convene a special meeting; and get approval before you have that termination. Chairman Walker asked if the City and County could work that out possibly take the roll of calling a meeting the week of December 27, 2009. Director Todd stated that for further discussion as soon as the contract is drafted and the details worked out, we will get it emailed to all Board members so that we can get comments back prior to us meeting on December 30, 2009. Director Bowman asked if the Authority attorney, Larry Beckner, should look at the contract as well. Chairman Walker stated we have a motion and a second. Is everybody clear on the motion? Director Bowman stated he is uncomfortable with termination without seeing a contract and knowing that's the way we

want to go. I realize that leaves the Manager up in the air, otherwise it sure closes the door. At this point, my thought train and GVDD thought train is to enter into negotiation and see if we get an acceptable contract. Director Meis shared that his only goal with that doing is getting some certainty on the date. I appreciate why they would want that. If you put a definitive date, you also tend to expedite things versus leaving it out there. I want time to be of the essence. Right now having been through this a few times in my life, you have a very disenfranchised staff. You are not going to get a whole lot of productivity for the next three weeks. Needless to say better done sooner than later. Director Todd asked for comment back on the contract at least from the entities directly sent if you can't be here on December 30, 2009, for our discussion while we are trying to close something up. Chairman Walker added there is a lot of faith. We're moving forward based on just the assumption that we have a partner and that this partner is going to do what they say they are going to do. I have to move forward based on that. Any other questions before we vote on the motion.

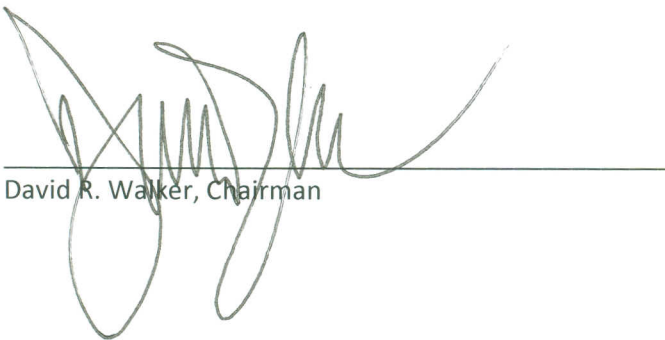
Motion that gives notice to Mesa County that the Authority is going to exit the fiscal agent IGA contract effective December 31, 2009, pending an acceptance of a contract with the City of Grand Junction: Director Meis

Second motion: Director Todd

Roll call vote: Director Bowman, no; Director Mulder, no; Director Todd, yes; Director Meis, yes; Chairman Walker, yes

Motion passes with a roll call vote of 3 – in favor and 2 - opposed

Is there any other business that needs to be discussed? None heard. Chairman Walker adjourned the meeting at 4:33 p.m. A special meeting of the 5-2-1 Drainage Authority Board Meeting to discuss an operational services contract with the City of Grand Junction will be held on December 30, 2009, at a time and place to be determined. The next regular 5-2-1 Drainage Authority Board Meeting will be held on January 27, 2010, at 3:00 p.m. at Mesa County Courthouse in Training Room B.



David R. Walker, Chairman