

**GRAND JUNCTION CITY COUNCIL
WORKSHOP**


**MONDAY, MARCH 10, 2014, 3:00 P.M.
CITY AUDITORIUM
250 N. 5TH STREET**

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

1. **Internal Controls on Financial Reporting**
[Supplemental documents presented](#)
2. **Discussion with Grand Junction Economic Partnership**
[Supplemental documents presented](#)
3. **Other Business**
[Supplemental documents presented](#)


**Internal Control and
Financial Reporting Structure**
March 10th, 2014

Jodi Romero, Financial Operations Director
Sonya Evans, Finance Supervisor
Jay Valentine, Internal Services Manager



Agenda

- ▶ Independent Audit: Lisa Hemann, CPA-Chadwick Steinkirchner, Davis & Co., P.C.
- ▶ Fiscal Stewardship and Accountability
 - ▶ Internal Control Environment
 - ▶ Fiscal Oversight
 - ▶ Policies, Principles, and Practices
 - ▶ Control System & Procedures
- ▶ Comprehensive Annual Financial Report.



Stewardship and Accountability

The internal control environment is a coordinated set of policies and procedures that reflect the comprehensive strategy of achieving fiscal stewardship and accountability.

Stewardship is the protection and prudent use of the citizens' resources in an effective and efficient manner.

Accountability is the responsibility to establish controls to ensure compliance with fiscal oversight and provide accurate and timely financial reporting for decision making.

Fiscal Oversight

- ▶ Internal Revenue Service
- ▶ State Of Colorado
 - ▶ Comprehensive Annual Financial Report filed with State Auditor's Office
 - ▶ Department of Local Affairs-Reporting of Annual Budget
- ▶ Continuing Disclosure (per bond covenants) - clearinghouse of information for easy access by investors
- ▶ Specific reporting to regulatory agencies (lottery, highway users tax, grant compliance)

Policies, Practices, and Principles

- ▶ Personnel & Compensation
- ▶ Procurement
- ▶ General Fund Reserves
- ▶ Other Fund Reserves
- ▶ Investments
 - ▶ Risk is limited by term, type of investment, and diversification
 - ▶ Governed by the Charter and C.R.S.
 - ▶ Limited to investments such as US Government and Agency obligations and collateralized deposits
 - ▶ Managed externally

Policies, Practices, and Principles

- ▶ Accounting and Financial Reporting
- ▶ Debt
 - ▶ Pay-as-you-go
 - ▶ Evaluate debt only when a major capital project
 - ▶ Recently confirmed A+ credit rating
- ▶ Risk Management (self insurance, health, property, worker's compensation)
 - ▶ Risk control, safety & accident prevention training, wellness programs, third party coverage for excess coverage
- ▶ Capital Asset Management
- ▶ TABOR Calculation
- ▶ Economic Development (in process)

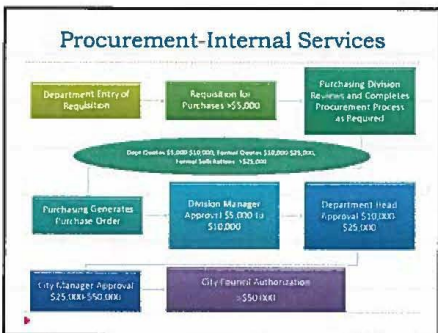
Control Procedures

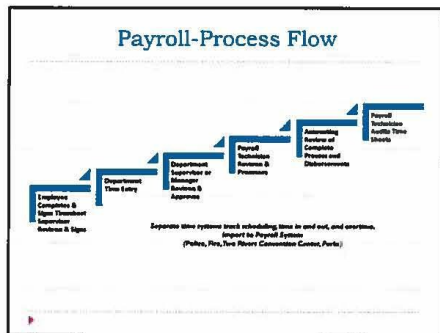
Areas of controls, review, internal & external audit

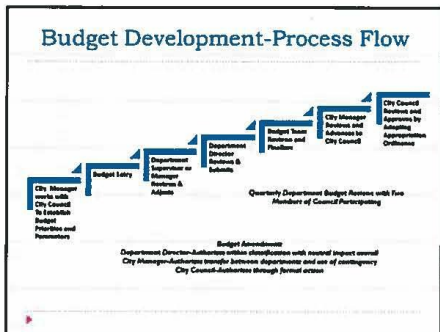
- ▶ Procurement
- ▶ Expenditures & Accounts Payable
 - ▶ Software System Controls
 - ▶ Manual Control Procedures
 - ▶ Manual Review
- ▶ Payroll
 - ▶ Human Resources-Employee Management
 - ▶ Accounting-Payroll
- ▶ Budget

Procurement-Internal Services

- ▶ Maximize the value of public funds in procurement and to maintain an ethical, quality procurement system with the framework to support ethical procurement practices.
- ▶ Effective and Efficient program to promote the City's best interest through intelligent activities and fair dealing with the vendor community.
- ▶ From an economic standpoint, competition in public purchasing is an indispensable means for improving the quality of commodity purchases, encouraging innovation among suppliers, increasing the City's latitude of choice and, most importantly, assuring the reasonableness of costs.
- ▶ Competition coupled with standardization and economies of scale will maximize the City's opportunity to obtain the greatest value for the tax dollar.







- ### Control Procedures
- Areas of controls, review, internal & external audit
- Accounts Receivable & Cash Management (billing and revenue collection, reconciliation)
 - Separation of billing v.s. cash collection
 - Rotation of positions
 - Review of write-offs and adjustments
 - Deposit reconciliation, review, and verification (separate staff and divisions)
 - Bank Accounts (multiple/separate verification of wires, independent reconciliations, limited signers)

**Certificate of Achievement for
Excellence in Financial Reporting**

The Government Finance Officers Association established the Certificate of Achievement for Excellence in Financial Reporting Program in 1945 to encourage and assist state and local governments to go beyond the minimum requirements of generally accepted accounting principles to prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure and then to recognize individual governments that succeed in achieving that goal.

The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting.

The City of Grand Junction is approaching 30 years of receiving this award.





Top Five Reasons to Locate Your Business in Mesa County, Colorado

5. Low Utility Rates

GRAND JUNCTION MSA'S UTILITY RATES ARE SOME OF THE LOWEST RATES AROUND, LOWER THAN ARIZONA, CALIFORNIA AND FLORIDA.

4. Low Taxes

COLORADO RANKS 16TH OVERALL ON THE STATE BUSINESS TAX CLIMATE INDEX FOR 2012. THIS IS A COMPILATION OF CORPORATE, INDIVIDUAL INCOME, SALES, UNEMPLOYMENT INSURANCE AND PROPERTY TAXES.

3. Educated Workforce & Exceptional Talent

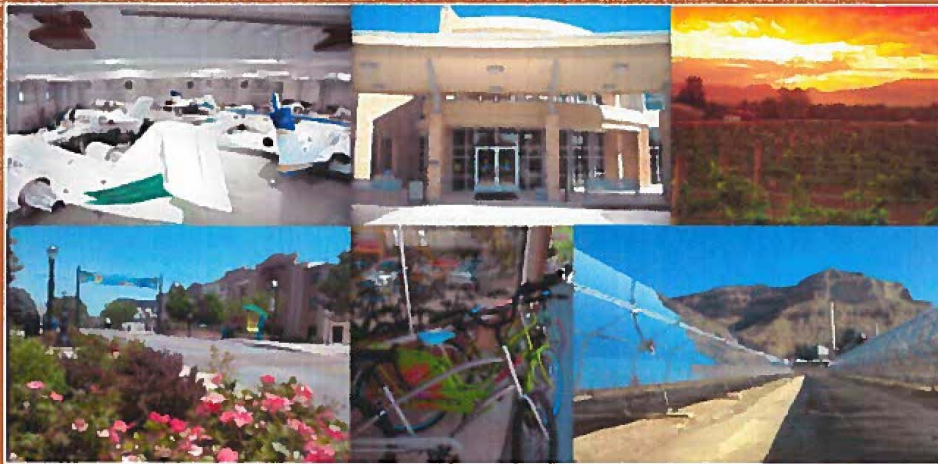
35% OF THE WORKFORCE HAS A BACHELOR'S DEGREE OR HIGHER. ENGINEERS, ADMINISTRATORS, EXECUTIVES, ARTISTS, FARMERS, RANCHERS, IT PROFESSIONALS, PUBLISHERS, GRAND JUNCTION MSA IS HOME TO ALL.

2. Affordable Housing & Low Cost of Living

MEDIAN HOME PRICE ACCORDING TO ZILLOW.COM IS CURRENTLY \$178,900 AND THE COST OF LIVING IS BELOW THE NATIONAL AVERAGE.

1. Quality of Life!

ENJOY THE NEW WEST AND BE PART OF A COMMUNITY THAT IS "SPIRITED BY THE OUTDOORS." THE GRAND JUNCTION AREA HAS MORE OPPORTUNITIES FOR OUTDOOR RECREATION WITHIN A 100-MILE RADIUS OF ITS BOUNDARIES THAN ANY OTHER CITY IN THE WESTERN U.S. IN FACT, GRAND JUNCTION IS RECOGNIZED AS THE 7TH SUNNIEST CITY!



The Grand Junction Economic Partnership is a private non-profit incorporated organization and the official economic development agency of the Grand Junction area. This partnership represents the cities of Grand Junction and Fruita, the Town of Palisade and Mesa County.



Services for Local Businesses

WE SERVE AS A CONNECTOR BETWEEN YOU AND LOCAL COMMUNITY MEMBERS AND SERVICES THAT CAN ASSIST YOU IN EXPANDING YOUR BUSINESS.

- ✓ CUSTOMIZED JOB TRAINING PROGRAMS THROUGH THE WESTERN COLORADO COMMUNITY COLLEGE AND THE MESA COUNTY WORKFORCE CENTER
- ✓ SITE SELECTION ASSISTANCE
- ✓ MARKET ANALYSIS AND CUSTOMIZED RESEARCH FOR YOUR PROJECT
- ✓ BUILDING OR BUILD-TO-SUIT COORDINATION
- ✓ ACCESS TO REGULATORY AUTHORITIES
- ✓ COORDINATION OF STATE AND LOCAL GOVERNMENTS
- ✓ FAST TRACK PERMITTING
- ✓ EMPLOYEE RECRUITMENT AND LABOR MARKET ANALYSIS
- ✓ INCENTIVES/GRANT APPLICATIONS
- ✓ PROJECT ASSISTANCE
- ✓ FINANCIAL CONTACT



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Mesa County, Colorado

Electricity: \$.05/kwh

Natural Gas: \$.53/therm

Industrial Rent: \$4.28/sqft/yr

Office Rent: \$9.59/sqft/yr

County Sales Tax Rate: 2.0%

Colorado

Flat Income Tax Rate: 4.63%

State Sales Tax Rate: 2.9%

Property Tax: \$1,012.00 per year
(For a home worth median value of \$220,000.00)

Business and life flourishes in Colorado.

Compare the facts.

Santa Clara County, California

Electricity: \$.03/kwh to \$.20/kwh

Natural Gas: \$.69/therm

Industrial Rent: \$11.79/sqft/yr

Office Rent: \$22.83/sqft/yr

County Sales Tax Rate: 8.625%

California

Income Tax Rate: 8.84%

State Sales Tax Rate: 7.25%

Property Tax: \$1,386.00 per year
(For a home worth median value of \$220,000.00)





5th Safest Place to Live and Avoid Natural Disasters in the US

New York Times, April 30, 2011



LOCATION

Located along Interstate 70 and US Highway 50 on the Western Slope of Colorado and only minutes from the Grand Junction Regional Airport, are shovel ready sites awaiting a data center. Mesa County is pro-growth and pro-business.

CLIMATE

The climate in Western Colorado provides mild weather and dry cool air that is well suited for data centers. Mesa County's climate also provides a great environment for free cooling for up to 8,678 hours or 99.1% of the year. Temperatures range from 36° F in January to 93° F in July. Average annual relative humidity is 35%.

AMENITIES

The area boasts a 230,000 volt transmission line that encompasses Mesa County with substantial data lines throughout the valley. The area has two Tier 1 providers. Mesa County has plenty of redundant fiber running throughout the area with multiple paths of diversity. Our Tier 1 providers have the ability to provide Ethernet and MPLS and provide up to 10Gig of bandwidth or more if needed.

DEFINING ATTRIBUTES OF MESA COUNTY

- Available power and scale up potential with options for onsite generation through solar
- Average temperatures are a low of 40° F to a high of 65° F
- Close proximity to network connectivity, redundant fiber and exceptional bandwidth
- Pro-growth and pro-business jurisdiction
- Local private businesses actively interested in purchasing rack space
- Local renewable energy resource potential in solar and natural gas
- Good inventory of available land with multiple sites ideal for data centers
- Just minutes from a regional airport and 4 hours from multiple international airports
- Population of 147,000. Mesa County Colorado includes the City of Grand Junction, City of Fruita & Town of Palisade



GRAND JUNCTION economic PARTNERSHIP

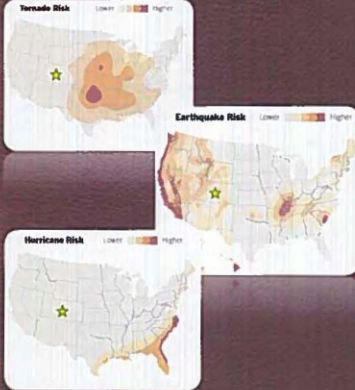
Meriah Campbell, MBA
Business Development Manager
Ph 970.245.4335 | FX 970.248.1346
122 N. 6th Street | Grand Junction, CO 81501

www.gjep.org





WEATHER RISK



"One of the big values of GJEP is knowing who to contact and the processes to go through, whether it's the city, the county, or federal government agencies. With the Xcel project, there were irrigation districts and water districts that had to be contacted. GJEP is like a knowledge reservoir and is aware of all that's changing. It's like a one-stop shop for information to get projects done; it's a good first stop, many times it's the only stop."

-Fred Eggleston, Xcel Energy



BUSINESS ENVIRONMENT

Area Rankings

- Farmers Insurance Group 12th most secure places to live
- 5th Safest Place to Live to Avoid Natural Disasters
- 7th Sunniest City
- 12th Best Small Place for Business & Career
- Top 10 Best Places to Live on \$100 a Day
- 6th Best Hunting and Fishing Town in the US

Colorado's Ranking

- 5th Best State to do Business
- 5th Best State to Make a Living In
- 9th on the Small Business Survival Index 2011: Ranking the Policy Environment for Entrepreneurship across the Nation
- 11th "Best State for Business in 2012"

Available Incentives

- Enterprise Zone Tax Incentives
- Mesa County Business Loan Fund
- Private Activity Bonding
- Job Training Assistance & Grants
- Expedited Permitting with City and County
- Business Personal Property Taxes
 - Mesa County can waive up to 100% of a business' personal property taxes
- And more.....

WHY HERE? WHY NOW?

- Competitive energy prices under \$0.05/Kwh
- Mild climate with cool dry air
- Low no risk of natural disasters
- World class outdoor activities year around
- Mesa County can waive up to 100% of business personal property taxes
- Low cost of living, low utility rates and low taxes
- Pro-business environment with exceptional business resources
- Educated workforce through Colorado Mesa University & Mesa County Workforce Center



GRAND JUNCTION economic PARTNERSHIP

Ph 970.245.4325 Ex 970.245.4346 | 122 N. 6th Street | Grand Junction, CO

March 4, 2014

Sam Susuras
250 N. 5th Street
Grand Junction, CO 81501

RECEIVED

MAR 07 2014

Dear Sam,

I hope that you are well, and thank you for your considerable service to our community. I am a great fan of Grand Junction; thank you for all you do to make it a place of peace and hope.

As you are likely aware, two years ago, our community opened The House, A Safe Place for Western Slope Teens. The City supported this effort with operating support in year one and with a Community Development Block Grant to purchase the home where the teens now reside.

Here is the good that has been accomplished in our community in the past year as a result of this effort:

- ❖ Teens who stayed at The House saw a **157% increase in employment**
- ❖ **Eighty-four percent** of teens who stayed at The House found stable placement
- ❖ Of the teens that The House made contact with at six and 12 months after they left the program, **77% and 80% remained in stable housing arrangements**, respectively
- ❖ The House program remodel and program poured in just under \$400,000 into our local economy. Many of these dollars would have been spent in Denver or Washington if Karis had not secured them for The House

On behalf of the Karis Board of Directors, thank you for helping bring hope, promise, and self-sufficiency to our homeless teens.

Thank You!



Cary Eidsness

3/4/2014

BLM
Grand Junction Field Office
Katie Stevens, Field Manager
2815 H Road, Grand Junction, CO 81506

RE: Coal Lease by Application

Dear Ms. Stevens,

The City of Grand Junction is excited about the prospect of new economic development in our region, and as such supports the Red Cliff Mine proposal, and asks your agency to approve the coal leases in the most expeditious manner possible.

Several issues identified during the Scoping Phase of the project either have been properly addressed, or are more properly to be dealt with in subsequent site-specific NEPA analyses.

Hunter Canyon is not eligible for Wilderness designation, owing to the amount of development already present, including oil and gas wells, pipelines, roads, and trails. Furthermore, there has been no Congressional action concerning this, which would be required for such a designation to occur.

Water concerns are also unfounded, as the mine will be required to comply fully with State rules concerning discharge, and very little water is expected to be produced by the mine in any case.

As for concerns relating to greenhouse gas production, the coal in this region is low in mercury and sulfur, making it an especially clean product. Due to its abundance and efficiency, coal will be providing energy for decades to come, and it would benefit all if the best coal is used. With its high BTU rating and low sulfur and mercury content, the roughly 78 million tons of coal deposits located in the proposed leasing area qualify as some of the best coal available.

Clearly, there will be economic benefits to Grand Junction if this mine proposal were to come to fruition. Although the coal reserves themselves are located in Garfield County, the loadout and workforce will come largely from the Grand Junction area. This will create many direct jobs, and many more indirectly, as local businesses will provide the services necessary to maintain the operation, and as workers and their families circulate the relatively high wages offered by mining jobs. The City of Grand Junction will also benefit from the increased revenue generated from the collection of various taxes associated with the construction and operation of the mine, and from FML monetary distributions.

Lastly, there is nothing to our knowledge that would preclude coal leasing within your Field office area. Both the current RMP and the one under construction (all options) allow and anticipate coal mining in the region. This also fits well with the BLM mandate to manage publically-operated lands for multiple uses.

On behalf of our citizens and City Council, we sincerely hope that the BLM will see fit to approve these coal leases.

Sincerely,

Sam Susuras - Jviation Correspondence regarding Invoice

From: Jason Virzi <Jason.Virzi@jviation.com>
To: sams@ci.grandjct.co.us
Date: 2/25/2014 2:49 PM
Subject: Jviation Correspondence regarding Invoice
CC: Jim.Trott@jviation.com
Attachments: GJT AIP 53 RTR Timeline 02.20.14.pdf

Dear Mayor Susuras,

As a follow-up to the voicemail that we (Jviation) received from you yesterday and subsequently our return call to you, I wanted to provide you with correspondence that we sent Ms. Jordan & Ms. Lucas at the airport last week (please see attached). The attached letter details the level of effort incurred by Jviation for the Remote Transmitter Receiver (RTR) project that we invoiced \$92,000 last month and also voices our concern of the local media portrayal of our firm. Ms. Jordan and Mr. Wood have agreed to sit down with us tomorrow at 11:00 am at the airport administration offices to discuss the project further. It is our hope that we can bring the authority up to speed on the RTR project and any other projects that they may have questions about. If you are free to join us, we would certainly welcome the opportunity to discuss with you as well.

If you have any questions, please give me a call.

Sincerely,

Jviation, Inc.

*Jason Virzi, P.E.
Project Manager*

Direct 303.524.3025
Email Jason.Virzi@jviation.com
Cell 303.957.7581

900 S. Broadway, Suite 350
Denver, CO 80209
Main 303.524.3030
Fax 303.524.3031
www.jviation.com

JVIATION®

February 20, 2014

Ms. Amy Jordan
Grand Junction Regional Airport
800 Eagle Drive
Grand Junction, CO 81506

Ms. Kathie Lucas
Grand Junction Regional Airport
800 Eagle Drive
Grand Junction, CO 81506

RE: **Project Timeline**
Grand Junction Regional Airport (GJRA)
Grand Junction, Colorado
Remoté Transmitter Receiver (RTR) Conceptual Level Design
AIP Project No. 3-08-0027-53

Dear Ms. Jordan & Ms. Lucas:

Given the recent events and inquiries at the GJRA Board Meeting held on February 18, 2014, regarding Jviation's "mystery bill", we have decided to provide GJRA with a rough timeline for services rendered to complete the RTR Conceptual Level Design. Please keep in mind that all of the information below has been provided to GJRA via monthly project status update meetings and meeting minutes since 2009. In addition, several items were provided to GJRA last week, including our original scope of work, proposed fees, FAA reimbursable agreements and a copy of the grant application executed by GJRA that would have been helpful at Tuesday's Board Meeting, had it been presented. Had this information been shared with the Airport Board, the negativity portrayed towards Jviation in the Daily Sentinel and other media could have been avoided.

In summary, here is a brief timeline of the services performed:

- 1/19/2012—Initial RTR Meeting with GJRA, FAA (Bob Brown) and Jviation held at GJRA.
- 2/15/2012—First RTR relocation meeting, held at Mead & Hunt's (M+H).
- 4/18/2012—Meeting with GJRA (Tippetts), FAA OPS (Barbara Bowen/Dan Davis), and Jviation at FAA SEA ADO to discuss status of RTR Project.
- 4/24/2012—GJRA signed and submitted initial preliminary design reimbursable to FAA for \$30,000.
- 5/21/2012—RTR teleconference with FAA, GJRA and Jviation.
- 8/28/2012—Jviation provided GJRA with the proposed grant application to review, sign and submit.
- 9/11/2012—GJRA signed and submitted the grant application to the FAA.
- 2/12/2013—Site visit with GJRA, FAA and Jviation.
- 3/21/2013—Conference Call with Jviation and FAA Staff (Dan Davis, View Vo, and Kien Nguyen) to discuss preferred siting options.
- 3/27/2013—RTR status meeting held at Denver ADO office with GJRA, FAA, M+H and Jviation staff.
- 4/15/2013—FAA completed their proposed scope of work, allowing Jviation to begin finalizing proposed scope of work.
- 4/17/2013—Created Uranium mill tailing exhibits based on previous studies.
- 4/29/2013—Created/Sent Technical Memo, which analyzed FAA's siting report, preliminary cost estimates, RTR site work option exhibits.
- 5/7/2013—Review draft of Reimbursable Agreement to ensure all items were included.
- 5/31/2013—Sent draft scope of work (SOW), including Reimbursable Agreement to GJRA, M+H, FAA OPS, FAA DEN ADO.

Main 303.524.3030
Fax 303.524.3031

900 S. Broadway | Suite 350 | Denver, CO | 80209

ENGINEERING & PLANNING

JVIATION.COM

- 6/6/2013–Submitted a revised SOW to GJRA, M+H, FAA OPS, FAA DEN ADO.
- 6/7/2013–Reviewed SOW comments from FAA (Dan Davis).
- 6/7/2013–Received SOW approval from M+H, whom Jviation was a sub consultant for this work at this point.
- 6/10/2013–Submitted our proposed fees to M+H.
- 7/8/2013–Checked with M+H on status of proposed fees.
- 8/1/2013–Attended handoff Meeting with FAA via phone conference.
- 8/2/2013–GJRA submitted correspondence to FAA assuring conceptual level civil design will be completed.
- 8/26/2013–Created a preliminary schedule for construction (EA, RTR, RW, etc) for Dan Davis, GJRA, M+H.
- 8/29/2013–Issued for Review (25% Design) Submittal – emailed plans, mailed CD + hard copies.
- 9/4/2013–Submitted GJRA approved SOW to FAA for concurrence/acceptance.
- 9/18/2013–Attended project update meeting at Denver ADO.
- 10/1/2013–Revised the preliminary schedule for construction (EA, RTR, RW, etc) for Dan Davis
- 12/17/2013–Reviewed and addressed comments from FAA on IFR set.
- 12/20/2013–Received FAA concurrence on SOW & Fees.
- 1/7/2014–Issued for Final Conceptual 25% Design - emailed plans+ responses, mailed CD + hard copies
- 1/8/2014–Discussed with GJRA that Jviation would be invoicing them for entire project, since the Phase III EA under M+H had been put on hold. Since our Engineering Services Contract had expired at this point, a separate standalone contract for this project was sent to GJRA with our invoice.
- 2/13/2014–Jviation provided GJRA with several documents that the airport was missing for their files, including the original signed grant application, FAA reimbursable agreements, and our original SOW & Fees.

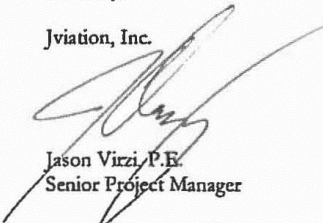
As we requested yesterday during our discussion with Kathie, we very much welcome a face-to-face meeting with representative(s) of the GJRA Board and members of the Airport Staff to clarify any questions that the Board and Staff may have regarding this issue and any other unresolved matters that GJRA may have with Jviation.

Given our long standing tenure with GJRA, Jviation would appreciate any further matters regarding our company be addressed to us directly, so we can avoid having our name cast in negative light in the local media.

If you have any questions pertaining to this matter, please feel free to give me a call.

Sincerely,

Jviation, Inc.



Jason Virzi, P.E.
Senior Project Manager

cc: Mr. Steve Wood, Chairman Grand Junction Regional Airport Board
Mr. John Bauer, FAA DEN ADO
Mr. Marc Miller, FAA DEN ADO
Mr. Jim Trott, P.E., Jviation Project Director
Mr. Mike Quinn, P.E., Jviation Construction Manager
File

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