

GRAND JUNCTION CITY COUNCIL WORKSHOP SUMMARY

April 14, 2014 – Noticed Agenda Attached

Meeting Convened: 5:02 p.m. in the Fire Department Administration Training Room

Meeting Adjourned: 9:30 p.m.

Councilmembers present: All. Staff present: Englehart, Shaver, Moore, Romero, Camper, Tonello, Finlayson, Lanning, Valentine, Kovalik, Moberg, Tice, Hazelhurst, Evans, Ancel, Carson, Watkins, Marak, Arellano, and Tuin.

Agenda Topic 1. Legislative Update

Revenue Supervisor Elizabeth Tice introduced this item and said there were quite a few new bills introduced into the State legislature. The Urban Renewal Reform Bill was introduced and there will be changes made that will impact the Urban Renewal Authority provisions. A new requirement with this bill, as written, is one of the seats on this board must be filled by a County Commissioner. This bill will also limit the property tax increment to the Urban Renewal Authority to the same as the sales tax increment. This bill is sponsored by Colorado Counties and Colorado Municipal League (CML) is against this bill. There are more amendments expected.

Council President Susuras asked if the reason Colorado Counties are sponsoring this bill is to give more authority to the County on the Urban Renewal Authority Board. Ms. Tice said yes, and to limit the financial impact on counties. The Urban Renewal Authority is set up by a municipality, yet the County has to share a portion of their revenues, and has not had a say in where revenues go.

Councilmember McArthur asked if the bill still has a clause that states there must be approval by any tax entity that might be impacted. Ms. Tice said it does not; approval is not required unless they allocate more property taxes than the municipal share of sales tax. They are allowed to agree to a higher funding allocation.

Ms. Tice said the other bill introduced is a worker's compensation reform bill which will impact the City as an employer. It will increase the maximum lump sum payable from \$60,000 to between \$80,000 and \$160,000 and will give employees more time to file objections. The concern is that it leaves medical treatment guidelines open to interpretation as it gives the Director or the Administrative Law Judge discretion.

Ms. Tice said it also gives the employee the freedom to go from doctor to doctor to get a different diagnosis if the employee does not agree with the initial physician.

Ms. Tice said the next bill is the presumptive liability bill that would mandate local governments, special districts, and anyone who has firefighters on staff to make sure they have an insurance policy or pay specific premiums in case of a circulatory or heart malfunction. CML is opposed to this bill also. This bill is an unfunded mandate and there are other funding mechanisms being looked at. The goal is to access federal lease money. The Post Traumatic Stress bill received a lot of testimony and will most likely be a study bill.

Ms. Tice reported that Senator King received funding for fire fighter aircraft. If the bill passes, there should be air fleet by this summer. One helicopter will reside in Mesa County, the other in Jefferson County.

There were several marijuana bills, one of which is an industrial hemp regulation which will provide more regulation and oversight, however there are no restrictions on how much can be grown.

There is a bill regarding modification on the penalty structure for the Oil and Gas Conservation Commission which will increase the fines from \$1,000 to \$15,000 per day, and will remove the cap of \$10,000 for non-environmental impact damages. This bill is getting mixed reviews.

Council President Susuras asked for an example of a non-environmental impact damage. Ms. Tice said an example would be a spill that was contained before any damage done to the environment; this type of offense would be fined regardless of whether it was contained or not. This bill is HB-1356. Another oil and gas rebates bill mentioned was HB-1297 which addresses multiple well heads on one drill pad.

That concluded the Legislative Update.

Agenda Topic 2. Bomb Squad Update

Police Chief Camper introduced this item. The City Bomb Squad is comprised of personnel from both Police and Fire. He introduced the Bomb Squad members in attendance. Fire Chief Ken Watkins said this is a good combination of expertise from both departments. Officer Ancell provided a history of the Bomb Squad which was established in 1980. The Squad is accredited through the FBI. Bomb Squad training is six weeks, and ongoing training is required to stay certified as a squad. The FBI pays for the first six weeks of training as well as re-certification and associated costs in exchange for any mutual aid requests within the region at no cost. Officer Ancell reviewed the equipment for the Bomb Squad including the robot, the bomb suit, an xray system, a pandus disrupter, and a bomb trailer. The Northwest All Hazards Region has contributed toward the equipment over the years. The Bomb Squad's coverage area is fourteen counties in Western Colorado and Eastern Utah, approximately 280,000 square miles, serving about 433,000 citizens. This is the only bomb squad between Salt Lake City, Utah and Denver. The Squad responds to between 35 and 60 calls a year. The type of calls the Squad responds to ranges from family explosives to dignitary protection and bombing scenes. Examples and stories of calls the Squad has responded to were provided. The Squad also provides training to other agencies. Events such as the X Games held in Aspen are requesting the Bomb Squad's services and pay for some of the expenses. The expenses associated with the Squad would otherwise be absorbed by the City. There have been more requests for bomb sweeps at major events since the Boston Marathon bombing.

That concluded the update.

Agenda Topic 3. Internal Controls in Financial Reporting (continued from March 17, 2014)

City Manager Rich Englehart introduced this item and said this is the third meeting to talk about this subject matter.

Accounting Supervisor Sonya Evans spoke on the topic of City hiring and payroll processes. Ms. Evans talked about how records are kept for each individual employee. She provided an overview of the payroll technician responsibilities, how payroll is documented, and processed. She then explained the budget development process and how the budget team is established.

Financial Operations Director Jodi Romero said from the first to last step in the budget process, there are City Council workshops scheduled with Council. The budget process is an ongoing process year round. The budget entry stage usually starts in September. Ms. Romero said City Manager Englehart came up with the idea of having quarterly budget reviews and it has been a great way to communicate with Council about the complex parts of the budget.

Councilmember Chazen asked if budget entry is an annual or monthly amount. Ms. Romero said it is an annual budget. She referred to the financial report regarding revenue and expense comparisons from the year before.

Ms. Evans then talked about the budget amendments process and the parameters involved. A department director can authorize transfers within the operating classification. The City Manager can authorize transfers between individual departments to balance the overall budget, use of contingency, or between classifications. City Council authorizes all other changes through formal action.

Councilmember Chazen asked about transfers in the budget in order to balance. Ms. Romero said transfers do not cross over classifications unless authorized by the City Manager.

Ms. Evans talked about accounts receivable and cash management processes. There is separation between billing and cash receiving. The internal audit is conducted by different Staff members including herself and Aeron White for process review with different departments, however there is a separate internal auditor, Elizabeth Tice. Ms. Evans said there are different rotations within these positions so that no one person performs all those functions. Ms. Evans addressed write offs, an example being an ambulance transport bill where the patient passed away. If the debt goes to a collection agency, it is no longer a receivable balance and is written off. If a collection agency is able to collect that debt, it is considered a credit towards the bad debt write off and would not be credited to accounts receivable. Cash and check deposits are made via armoured vehicle or are wired. For any department handling cash, there is a cashier, and a known amount that the department starts with each day. A receipt is provided for every transaction, then a reconciled at the end of every day. Supervisors and Managers in each department get involved with secondary counts for over/shorts if the cash drawer is off. There is also a limit of four individuals of whom do not work in the Accounting Department who are signers for accounts. Another area of control is inventory, the two largest for merchandise control are Stores Warehouse and the Golf Pro Shops. For inventory control procedures, there

are software systems to track receipts and transactions. An impromptu independent count by the Finance Department is done once a year. Capital assets are assets with a \$5,000 value or more. Policies are in place for capital thresholds and for government, most capital is in infrastructure. There are guidelines in place with how to place a value on it. Assets are valued at cost and depreciation is calculated separately. The software system calculates what the depreciation is and it is recorded annually. If there is a request from Council, the market value of a right-of-way can be provided. Ms. Evans then gave a summary of the grant management process. Most grants are reimbursement requests. The compliance review process is handled by the grantors, and the City's independent auditors review federal grants.

Councilmember McArthur asked if the City has the ability to do compliance review on grants for the Airport. City Attorney Shaver said the City has the ability; it is up to Council to decide whether to pursue such a review.

Council President Susuras said the Airport Authority Board seeks grants on their own, and it is between the board and the grantors on how that money is used.

That concluded that portion of the Internal Controls review.

Agenda Topic 4. First Quarter Financial Report

Financial Operations Director Romero distributed the Financial Report. Ms. Romero said due to the many items on the agenda, she would not give a presentation but would take any questions from Council after they have had a chance to review the report.

Agenda Topic 5. Persigo Biogas Discussion and Options

City Council direction is requested on one of four options in the conversion of methane gas produced at the Persigo Wastewater Treatment Facility.

City Manager Englehart introduced Public Works and Utilities Director Greg Lanning. He noted that this item is tentatively on the Council agenda to go forward depending on the Council's direction. City Manager Englehart noted Council has given direction to go forward with a Request for Proposal (RFP) in order to look at options associated with this project.

Public Works and Utilities Director Greg Lanning introduced himself and gave an overview of Persigo Biogas options and the process.

Internal Services Manager Jay Valentine said this is a cutting edge project of turning methane gas into compressed natural gas (CNG). There are options on how to proceed. An RFP has been completed per Council's authorization. The lowest bid was \$2.8 million, of that amount \$ 1.3 million is the pipeline phase for transporting the gas from Persigo to City Shops. The equipment for processing and scrubbing the gas will cost \$1.5 million. \$1.5 million is the cost is needed just to provide the product whether it is placed in the Xcel system or transported to Shops. The other option being considered is a filling station for slow-fill at the Persigo Plant.

Persigo Manager Dan Tonello said the comparison Mr. Valentine is making is the option of a dedicated pipeline compared to putting the gas into the Xcel system and then the additional four filling stations.

Council President Susuras inquired about the 10 additional slow-fill stations at City's current location. Mr. Valentine said this is currently in design. The cost for this is \$350,000 and there has been a grant awarded for this.

Mr. Valentine talked about Renewal Identification (RIN) credits. RIN credits started when the Energy Policy Act established the renewable fuel standard. It is designed to catalog each renewable fuel produced. The demand for RIN credits is predicted to outpace the supply. For Option 1, a dedicated pipeline, the pros are: the City would produce and consume its own fuel, fuel would be a stable price, in the long term it would be a quicker payback, and it would eliminate the methane flare. The cons would be: More gas would be produced than can be used currently which would cause a storage issue. Other considerations are: under the assumption of .65 cents per RIN, return on investment in ten years will be .3%, in fifteen years the return will be 5.2%, the fifteen year return would be the better investment. For Option 2, selling the gas to Xcel, the pros are: maximum gas production to the pipeline, RIN credits would be at maximum value, and elimination of the methane flare. The cons are: the gas is not tied to vehicle fuel, additional equipment and testing for the gas would be necessary and cost around \$800,000, there would be less revenue, the pipeline may be off limits. There would be no return on investment in ten or fifteen years. Option 3 would be to use an energy service provider who would buy all the equipment and would offer the City gas at a reduced rate. The pros for Option 3 are: no upfront cost, the provider takes the risk, and there would be profit sharing after initial investment is recouped. The cons would be: a fuel charge of \$2.00 per gallon and the long term benefit is not great.

Mr. Tonello said the benefit with going with Option 3 would be the City would have a stable fuel cost for the next ten years, however, the price would be considerably more at \$1.75 to \$2.00 per gallon of gas.

Mr. Valentine said the Option 4 is to do nothing with this project. This would mean no risk for the City and the methane would continue to be flared off.

Mr. Tonello said currently the City is on the verge of not meeting the air quality standard with the methane being flared off at Persigo. Once the line is crossed, there will have to be measures taken for better confinement. City Attorney Shaver said there are two standards, the PM 10, which are the larger particulates such as diesel and larger types ash, and the PM 2.5, the smaller particulates such as dust which are more of a hazard and tougher to deal with. City Attorney Shaver said there are two incentives for utilizing methane: 1) the elimination of flare and 2) the elimination of the consumption of diesel.

Councilmember McArthur asked if the option of moving the CNG fuel by truck to the fueling station could be an option. Mr. Tonello said that option has been looked at, however, long term it would be more expensive.

City Attorney Shaver said the County would be involved in this venture and there is a joint meeting scheduled to discuss this project on April 30, 2014. Mr. Tonello said there have been conversations with the County Commissioners regarding this project, and the goal is to create a win/win situation for all parties involved.

Mr. Valentine reviewed the different cashflow and payback models.

Mr. Tonello said with the dedicated pipeline option there would be a stable price of fuel for a longer period of time. The life expectancy of the pipeline would be 100 years. Between now and year 2050 there is about \$40 million of plant capacity projects based on current flow projections. Currently, the Plant Expansion Fund has \$7.6 million which will not be used until 2035. This project will not result in a rate increase. The operational fund is separate from the expansion fund. Grant funding has and will be looked into.

Council President Susuras asked about the funding for Option 1 for \$1.3 million for the gas line. Mr. Valentine said it would come from the Persigo fund for future expansion. There is enough funding to have 20 fueling stations total. Currently there is enough storage to handle the peaks and valleys of usage. Mr. Tonello said if more storage would be needed in the future, it would cost about \$140,000. As the community grows, methane use will grow as well as the need for more vehicles. The recommendation would be to have the methane gas as the primary source and have the Xcel connection remain intact to use as a secondary source. If there were to be a mix of the fuels, it would not be an issue. There have been meetings with Xcel and the Xcel engineers were comfortable with the City's equipment proposal. If the Xcel pipeline option were to be used, it would be at Xcel's discretion. City Attorney Shaver said if there happened to be an upset with Xcel, the City may not be allowed to connect to their system, there may have to be an indemnity written into the contract. Regarding having City and Xcel gas at the fueling station, it would not involve the Public Utilities Commission (PUC) since the fuel is for City operation only; the bio-methane could not be sold to public consumers. Mr. Tonello said much of the equipment for critical services is being converted to natural gas, in the event of a pipe break, with two pipelines, it would make for a better comfort level. There is enough right-of-way along I-70 and the frontage road for the pipeline. The proposal is for the pipeline to go along River Road to Redlands Parkway, then along the Riverfront Trail corridor.

Councilmember Boeschstein thanked Staff for bringing this forward. His preference is Option 1.

Council President Susuras said his preference is to move forward with Option 1.

Councilmember Chazen asked if there was enough electricity back-up if power were to be lost to keep the dedicated pipeline in operation. Mr. Tonello said yes; what is proposed is a 40 horse power generator for backup. The gas and electricity are independent of one another.

Mr. Tonello said currently the digesters run at about 60% of their designed capacity. Once there is a need for additional gas, the digesters would run at 90% capacity for maximum output.

Councilmember McArthur said he preferred Option 1 for the long term benefits, and it would not be tied to a second party risk.

Councilmember Traylor Smith said Option 1 would be her preference for environmental reasons, and she like the redundancy of having two pipes. The pipeline construction will also allow fiber installation to Persigo. She thinks the projections for return on investment (ROI) are conservative.

Councilmember Chazen agreed with Option 1, although he felt more research needed to be done.

City Manager Englehart asked how this will effect RFP's going forward. Mr. Valentine said it would be a design/build process and the contract will be brought back to Council.

Councilmember Norris said she is in favor of Option 1 also, although she would like the ROI's to be continuously monitored as this is the only option with any return.

Councilmember Doody said he prefers Option 1.

Mr. Tonello said he would recommend keeping the current company the City is purchasing equipment from for purposes of training Staff.

This item will move forward for appropriation authorization pending the joint County meeting. An appropriation will also make grant funds more available. There is much work to yet be done.

Councilmember Doody left the workshop.

Agenda Topic 6. Economic Development Plan

City Manager Englehart handed out two documents containing comments from Council and Staff, one dated April 7 and one dated April 14. There has been a collection of Council comments on turning goals into action. He reviewed some of Council's comments. His intent is for Council to go page by page discussing the changes that were suggested. The "Quality of Life" and the marketing components will be heavily discussed.

On the draft from April 14, all comments in blue ink are excerpts from the National League of Cities' publication. The American Planning Association comments have been taken out. A change is proposed to change "Invest in Quality of Life" to "Invest and Develop the City's Public Amenities". There was quite a bit discussion on the change but Council as a whole agreed to accept the change. The question was asked if past documents using the term "Quality of Life" should be revisited. Those favoring the new terminology felt that was not necessary.

City Manager Englehart said once this is a final document with action steps, the final chapter will be data put together by the Economic Development Division which will be added to complete the document.

Discussion continued on changes to the Plan.

Councilmember Norris suggested an addition to the mission statement indicating the City is open for business like "A City with a vibrant business climate". City Manager Englehart advised that the Mission Statement is taken from the Comprehensive Plan.

Councilmember Chazen suggested investing and marketing be two separate thoughts.

Councilmember Boeschstein asked if the City gets their economic indicator information from the University or other resources.

Councilmember Norris said she would like to see the City compare itself with other similar cities at least annually.

City Manager Englehart pointed out the addition of an Action Step on page 4 to require the Economic Development partners who receive City funding to report to the City (Grand Junction Economic Partnership and the Business Incubator). In regards to capital investment in the community, he suggested that the Avalon Theatre investment could be a separate action step.

Another addition is including incentives and potential tax policies that relate to broadband and cellular infrastructure. City Manager Englehart asked Information Technology Manager Jim Finlayson to elaborate.

Mr. Finlayson explained that if a municipality has a strategic plan, it can then work with private service providers to make sure the cell towers are where they are needed for coverage. It could benefit the City to be a part of this rather than the service providers being on their own with this issue. The only thing that is not truly private is First Net, this technology has the frequency and is allocated to public safety. There is also a need for broadband infrastructure with everything going mobile and cellular. Councilmember Chazen referred to Mr. Finlayson's document regarding the balance of wireless and fiber. Mr. Finlayson said both go together, fiber is the backbone, however, most people will use wireless. Another role for the City could be to provide or coordinate the installation of the conduit infrastructure, then all the carriers would work through the City for access.

City Manager Englehart said there are discussion with GJEP with how zoning is looked at and how industrial can blend with it. This is important data. There is also desire to work with the Airport.

Council President Susuras suggested there should be an economic development tax to support economic development using Pueblo as a model.

Councilmember Norris thought that public safety should have its own category.

Councilmember Chazen said his concern is that there is funding left specifically for economic development. This document will direct economic development and he wants to be sure it is clearly understood.

City Attorney Shaver said this is considered a policy which can be changed by ordinance or resolution if Council desires. He would recommend this be approved by resolution.

City Manager Englehart said there should be conversation on the topic of marketing. Council Chazen said if there is no expertise with marketing in-house, the City should solicit outside in order to get ideas for marketing the City.

Councilmember Chazen said he would like to set a process to include goals and objectives for those needing funding out of economic development.

Council President Susuras said the Plan should be passed first, then the discussion on financing and marketing can occur. There was quite a bit of discussion on the process.

Councilmember Norris said she did not think the Plan was ready to go forward. She would like more communication with the City's partners before passing a resolution adopting a plan.

Council decision was to wait for a final document with the revisions made and allow more time for issues to be resolved.

Agenda Topic 7. Other Business

There was none.

There being no further business, the meeting was adjourned.

**GRAND JUNCTION CITY COUNCIL
WORKSHOP**

**MONDAY, APRIL 14, 2014, 5:00 P.M.
TRAINING ROOM, FIRE ADMINISTRATION BUILDING
625 UTE AVENUE**

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

1. Legislative Update

[Supplemental documents](#)

2. Bomb Squad Update

3. Internal Controls in Financial Reporting (continued from March 17, 2014)

4. First Quarter Financial Report

[Supplemental documents](#)

5. Persigo Biogas Discussion and Options: City Council direction is requested on one of four options in the conversion of methane gas produced at the Persigo Wastewater Treatment Facility. [Attachment](#)

6. Economic Development Plan

[Supplemental documents](#)

7. Other Business