

**GRAND JUNCTION CITY COUNCIL
MINUTES OF THE REGULAR MEETING**

July 2, 2014

The City Council of the City of Grand Junction convened into regular session on the 2nd day of July, 2014 at 7:00 p.m. in the City Auditorium. Those present were Councilmembers Bennett Boeschstein, Martin Chazen, Jim Doody, Duncan McArthur, Sam Susuras, Barbara Traylor Smith, and Council President Phyllis Norris. Also present were City Manager Rich Englehart, City Attorney John Shaver, and City Clerk Stephanie Tuin.

Council President Norris called the meeting to order. Councilmember Boeschstein led the Pledge of Allegiance, followed by a moment of silence.

Certificate of Appointment

Kirk Granum was present to receive his certificate of reappointment to the Downtown Development Authority/Downtown Grand Junction Business Improvement District. Mr. Granum expressed his appreciation for being allowed to serve again.

Council Comments

Councilmember McArthur said he spent a week assessing water levels downstream. He reported the water levels are in good shape: although not as high as in 2011; it is encouraging news for the next year or two.

Councilmember Boeschstein said he attended the St. Baldrick's head shaving event at Edgewater Brewery for childhood cancer awareness. June 25th was Bike to Work Day; over one hundred bicyclists attended the free breakfast at City Hall and then rode through downtown Grand Junction. He also attended the Colorado Municipal League conference in Breckenridge, CO; there were a lot of good sessions and discussions with fellow municipal councilmembers. Of specific interest was the talk by Jim Echlin, Director of the Colorado Water Conservation Board, regarding the water plan being developed for the State of Colorado. He also noted the many sustainable initiatives Breckenridge has put in place, such as reusable grocery bags with the Breckenridge logo that sell for ten cents, the town's use of solar power, and a free bus that is available within the town limits.

Councilmember Chazen said on Friday, June 20th, he had the privilege of throwing the ceremonial first pitch for the Grand Junction Rockies. Since it had been a long time since he had thrown a baseball, he asked his 14 year old neighbor to coach him. After Councilmember Chazen made a successful first pitch, he had the ball signed by the

players and then gave the signed ball to his coach. He also went to the Associated Governments in Northwest Colorado (AGNC) meeting on June 26th where they had discussions on the Roan Plateau regarding negotiations between the leesees and the lessors of some federal government leases. The federal government is looking to cancel some of the leases in order to recover some money. If this happens, beneficiaries of the lease sale monies may be required to pay the funds back to the Federal Government. The City of Grand Junction is a case in point; the City was the beneficiary of \$ 3.5 million dollars in lease funds and used them to help pay for the 29 Road Bridge. AGNC is taking steps to help protect municipalities and counties from this “claw back” of having to pay cancelled lease funds back to the federal government. On July 1st he attended the Forestry Board meeting. The Board announced they are upgrading their training manual and discussed requirements for class B and C licensing, which include tree spraying/trimming and lawn care businesses. He encouraged owners of these types of businesses to contact the Forestry Board to ensure their licenses are current. The Board is also planning to hold a Western Slope Tree Care workshop on December 4th.

Councilmember Doody mentioned he was pleased to have just seen a picture of the City's founder, George Crawford, on his tomb that is now above the Cemetery. He complimented former Councilmember Bruce Hill on his dream to have Mr. Crawford looking over Grand Junction. He noted Mr. Hill formed and led a committee that collected money to clean and add Mr. Crawford's statue to his tomb. He encouraged everyone to visit.

Councilmember Traylor Smith attended the Grand Junction Housing Authority meeting and will expound on their activities at a later date. She mentioned she is an alternate on the Parks Improvement Advisory Board and attended their latest meeting, but since Councilmember Susuras is a board member, she deferred to him to provide information.

Councilmember Susuras visited the construction site for West Star Aviation's new hangar that will house painting and refurbishing operations for larger aircraft. To date, West Star Aviation has only been able to provide these services for smaller aircraft. When the new hangar is completed, West Star will employ an additional 50 people with the hopes of adding another hundred positions.

Council President Norris attended the Grand Valley Regional Transportation Committee (GVRTC) meeting. GVRTC is working on a 40 year plan for the Grand Valley road system and offered a call-in session for citizens who wanted to offer suggestions on the future of transportation in the valley. She mentioned the City had received quite a few comments on the closure of the downtown water feature. Council President Norris explained that after a few years of discussion with City Staff regarding the health risks posed by the lack of adequate filtration to maintain the quality of the water, Council agreed to close the feature on June 30th. This was a necessary but difficult decision. City Staff was challenged to suggest an alternate solution for the public and they proposed to

rearrange the fencing at the Lincoln Park-Moyer Pool to make it available free to the public. This solution was accepted and she noted the additional benefits of the Lincoln Park-Moyer Pool location, such as adequate parking, restrooms, concessions, and picnic tables. She thanked the Staff for their contribution and reiterated the reasons for the move are to provide a healthy and safe environment for the public.

Citizen Comments

Bruce Lohmiller, 445 Chipeta Avenue, #25, wanted to address the status of some cases where the statute of limitations had been allowed to lapse. He read rule CSR4. He said he spoke to Sheriff Spiess regarding four finished case reports that were not being pursued, including a 1998 perjury memorandum that was allowed to expire. He also asked if Council had come to any conclusion regarding his suggestion from the June 18th City Council Meeting to allow camping at Whitman Park.

CONSENT CALENDAR

Councilmember Doody read Consent Calendar items #1 through #4 and then moved to adopt the Consent Calendar. Councilmember Boeschstein seconded the motion. Motion carried by roll call vote.

1. Minutes of the Previous Meetings

Action: Approve the Summary of the June 16, 2014 Workshop and the Minutes of the June 18, 2014 Regular Meeting

2. Setting a Hearing on Vacating a Portion of Hacienda Street Right-of-Way

Proposed Ordinance Vacating a Portion of Hacienda Street Right of Way for the Proposed South Rim Hollow subdivision located at 2012 Hacienda Street.

Action: Introduce a Proposed Ordinance and Set a Public Hearing for July 16, 2014.

3. Construction of Radio Tower Site in the Town of Collbran

This request is for the Grand Junction Regional Communication Center (GJRCC) to enter into a contract with G4S Technology LLC for the construction of the communications tower and shelter at the Mesa County Road and Bridge site in the Town of Collbran.

Action: Authorize the Grand Junction Regional Communication Center to Sign Final Contract with G4S Technology, LLC for a Total of \$309,956.77 to Construct a Communication Tower and Shelter.

4. Persigo Waste Water Treatment Plant Flow Equalization Basin Floor Repair

This request is to award a construction contract for repair of a floor section on the north flow equalization basin at the Persigo Waste Water Treatment Plant.

Action: Authorize City Purchasing Division to enter into a Contract with Mays Construction Specialties Inc. for the Persigo Waste Water Treatment Plant Flow Equalization Basin Floor Repair Project in the Amount of \$74,950.

ITEMS NEEDING INDIVIDUAL CONSIDERATION**Public Hearing-GSI Annexation and Zoning; Rezoning, Located at 543 31 Road**

[File #ANX-2014-170 and RZN-2014-171]

A request to annex and zone the GSI Annexation, located at 543 31 Road. The GSI Annexation consists of one parcel of 0.707 acres and no public right-of-way. The requested zoning is a C-2 (General Commercial) zone district.

A request to rezone 0.728 acres located at 543 31 Road from a C-1 (Light Commercial) to a C-2 (General Commercial) zone district.

The public hearing was opened at 7:15 p.m.

Brian Rusche, Senior Planner, presented this item. He described the site, the location and explained this item is for two separate requests on two separate lots that make up one property. The north half of the property is Lot 1; the south half is Lot 8. The north half is GSI property (he described them), and was previously a church that has been remodeled. The south half is vacant and is being requested for annexation. It fronts the I-70 Business Loop. The applicant held a neighborhood meeting and the neighbors supported the request. Mr. Rusche detailed the goals of the Comprehensive Plan and said the request meets them. He described the current zoning on the properties. The north half is C-1 and the south half is I-1. The combined request will result in the entire lot being zoned C-2, thereby making the entire lot consistent with the Comprehensive Plan.

Councilmember Boeschstein asked if the C-2 zoning will allow for industrial uses, such as manufacturing even though it is a commercial zoning, not an industrial one. Mr. Rusche said he is correct. The C-2, General Commercial zoning, has provisions for industrial-type uses with indoor as well as outdoor storage options. Mr. Rusche stated this rezoning is the best fit for what they have planned for this site.

Councilmember Susuras commented on what a good job Mr. Rusche did on the presentation. He also agreed with the Planning Commission's finding that the rezoning is consistent with the goals and policies of the Comprehensive Plan and the criteria of the Zoning and Development Code have all been met. He will support the proposal.

There were no public comments.

The public hearing was closed at 7:23 p.m.

Resolution No. 20-14-A Resolution Accepting a Petition for Annexation, Making Certain Findings, Determining that Property Known as the GSI Annexation, Located at 543 31 Road, is Eligible for Annexation

Ordinance No. 4633-An Ordinance Annexing Territory to the City of Grand Junction, Colorado, GSI Annexation, Approximately 0.707 Acres, Located at 543 31 Road

Ordinance No. 4634-An Ordinance Zoning the GSI Annexation to C-2 (General Commercial) Located at 543 31 Road

Ordinance No. 4635-An Ordinance Rezoning 0.728 Acres from C-1 (Light Commercial) to C-2 (General Commercial) Located at 543 31 Road

Councilmember Boeschstein move to adopt Resolution No. 20-14, Accepting the Petition for Annexation, adopt Ordinance Nos. 4633 and 4634, the Annexation and Zoning Ordinances, and adopt Ordinance No. 4635, the Rezoning Ordinance, for the GSI Property at 543 31 Road and order publication of the Ordinances in pamphlet form. Councilmember Susuras seconded the motion. Motion carried by roll call vote.

Contract to Convert the Digester Gas at Persigo Waste Water Treatment Plant to Compressed Natural Gas (CNG), Construct a Pipeline to the Existing CNG Fueling Station, and Authorize a Grant Application to the Department of Local Affairs (DOLA)

Several years ago, the waste water division contracted with an engineering firm to help identify any beneficial uses of the biogas produced at the Persigo treatment facility. Persigo “flares” or burns off approximately 100,000 cubic feet per day of digester gas. Digester gas is methane that is created as a byproduct of processing waste.

This action will allow the Purchasing Division to sign a contract with BioCNG, LLC who is the selected contractor capable of converting digester gas to compressed natural gas and designing and installing the pipeline to transport the gas to the City fueling site.

In addition, the Department of Local Affairs (DOLA) is launching a Compressed Natural Gas (CNG) Initiative to fund projects that promote and advance the use of CNG as a vehicle fuel. The Persigo Biogas project is an eligible project. This is a request to authorize the City Manager to submit an application to the Colorado Department of Local Affairs for a \$500,000 grant to partially fund Phase 2 of the project to construct the pipeline.

Greg Lanning, Public Works and Utilities Director, introduced this item. He presented the background on the project. The biogas is a byproduct at the Persigo Waste Water Treatment Plant and about 100,000 cubic feet of gas is flared off daily. He reviewed the various meetings held and the steps that were taken in the process. The process began on January 6th when Purchasing was given direction to proceed with a Request for Proposal (RFP) to solicit proposals from contractors interested in a design/build for this project. On April 14th, a workshop and presentation were held to review four different options for a dedicated pipeline which showed a payback for the project cost in about ten years. On April 30th, at a joint City and County Persigo Board meeting the City Councilmembers voted unanimously to proceed with the pipeline project. However, the Board of County Commissioners deferred their decision until they had more information. On May 13th, City Purchasing followed up with the County Commissioners with a presentation. On May 19th, the Commissioners approved the project. On May 21st, a Council meeting was held to consider the supplemental appropriation of the project in the amount of \$2.8 million, and to authorize negotiating the contract.

Jay Valentine, Internal Services Manager, addressed the contract. Mr. Valentine reiterated that Staff received permission in January to develop an RFP which was to include a mandatory site meeting at Persigo. The site visit was held in March with three firms attending; two RFP responses were received. The evaluation team evaluated both proposals. Both firms were capable of completing the project so the low bid was recommended. It is a design/build contract not to exceed \$2,799,796. A copy of the contract was provided to the City Council which included their proposal.

Kathy Portner, Neighborhood Services Manager, addressed the proposed grant application. The timing of the contract is perfect for a grant opportunity. There is some federal funding coming down through the State to help with fueling stations for attainment areas, such as the City. The Department of Local Affairs is partnering with those funds and has encouraged the City to apply. The application will be for a \$500,000 grant.

Councilmember McArthur asked if there are any potential capacity issues that would require the equipment to be expanded. Mr. Lanning said the current design has room for expansion of the production gas, although there may be a slight chance of producing more depending on changes to the plant. Gas will be able to be stored in the line and in the digester, which will allow for a storage cushion. Councilmember McArthur said he was concerned about the increase in the generation of raw material. Mr. Lanning said they have anticipated an increase in the production of gas over time and the equipment can handle an increase. Councilmember McArthur asked what amount was initially budgeted for the project. Mr. Lanning answered \$2.8 was the target from the onset. Mr. Valentine said \$3 million was a guesstimate due to the newness of the process being considered. Councilmember McArthur asked if there are agreements from the other participating members that need to be completed. Mr. Valentine said this project was

presented to the Board of County Commissioners and they approved this project with the \$1.50 per gallon cost. The City currently has an Intergovernmental Agreement (IGA) with Grand Valley Transit through City Fleet, and when this agreement is renewed next year it will include the price of the fuel, purchased through Fleet.

Councilmember Boeschstein said this is a creative and innovative way to reduce pollution and use an alternative fuel source for the City and GVT. He did have a concern regarding construction of the pipeline along the Riverfront Trail; he hopes the construction will not interrupt trail use, but if it does that a detour would be provided during construction. Mr. Valentine stated that the contract includes repair of the Riverfront Trail if damaged by construction of the pipeline, and any disruption of trail use will be kept to a minimum with a detour route provided.

Councilmember Chazen noted that the grant would only fund Phase 2 and asked for more information on why the contract is split into two phases. Mr. Valentine explained the requirements of the grant state that the part of the project for which the grant is being applied cannot be under contract at the time the grant application is submitted. Therefore the grant application will be submitted during the first phase, which is the engineering and design and acquisition of permits and equipment; the second phase will be construction of the pipeline.

City Manager Englehart said this approach is similar to that used with the Avalon Theatre Project.

Councilmember Chazen clarified the resolution only deals with the \$500,000 grant and asked if another resolution is required in order to authorize the contract since it has two phases. City Attorney Shaver said a manager can be legally authorized to sign a contract by a motion that has been seconded and carried with a roll call vote. Councilmember Chazen expressed his concern about the gas commodity pricing; he asked what protections are in place for the Persigo ratepayers since the money is coming out of the Persigo reserves, and ultimately the ratepayers will be responsible for reimbursing the reserves if the gas price goes above \$1.50 per gallon. Mr. Valentine said those concerns have been taken into account in the modeling. For example, City Fleet and GVT have agreed to pay the \$1.50 per gallon contract price. If the price exceeds the \$1.50 mark, no agreements have been put in place to protect the ratepayers. City Fleet is also accepting some of the risk by agreeing to pay the contracted price even if gas prices are below \$1.50 per gallon, which would be a benefit to the ratepayers. The only possible provision for the ratepayers would be in next year's renewal IGA with GVT. Councilmember Chazen asked what the City and GVT are currently paying Xcel Energy for CNG. Mr. Valentine said the latest wholesale price from Xcel was 89 cents per gas gallon equivalent; the City adds 7 cents per gallon for administrative costs, which puts the final cost around 98 cents. Councilmember Chazen mentioned that if the City and GVT proceed with this agreement, the taxpayers will require an explanation for why City Fleet

and GVT are contracted to pay \$1.50 per gallon if the commodity price is below that amount. Mr. Valentine stated that at this time, there are no agreements in place to address those specific concerns, but one of the benefits for City Fleet and GVT is a stable budgeted fuel price. Councilmember Chazen said he has no problem moving forward with the technology and reaping the environmental benefits, but continues to have concerns regarding the revenue since one side or the other is benefiting or subsidizing the price.

Councilmember Doody asked City Attorney Shaver who makes up the Persigo Board. City Attorney Shaver stated under the October 13, 1998 agreement, which is the governing agreement for Persigo, the Board is made up of seven City Council members and three County Commissioners. Councilmember Doody clarified that the City will sell CNG to the City and County Fleets. City Attorney Shaver added, the City and the County jointly own Persigo, but the day-to-day operations are managed by the City. Councilmember Doody stated he will support the project. He also commented that this has been talked about for a long time, referred to the Conserving Our Resources Efficiently (CORE) group contributions, and how the City has been a leader in energy efficiency when they started buying the CNG vehicles. He is proud of the Staff, and mentioned some of the National award ceremonies he has attended where Persigo was recognized.

Councilmember Traylor Smith commented on how valuable the project is and commended everyone for thinking outside the box and utilizing resources that don't look like resources. She encouraged other City employees to think outside the box, bring ideas forward, and use resources wisely.

Councilmember Susuras appreciates all the work that has been put into this project. He also asked for public clarification on where excess gas will be used, if at all, if more gas is produced than the City has capacity to store.

Mr. Lanning said the production is estimated to be 400 gas gallons per day, but they do not anticipate demand will be that high when production is first on line. If there is excess gas a small portion will be flared off, and some is already burned for heating at Persigo. It is anticipated that all the gas produced will be used within a few years.

Councilmember Chazen asked if Persigo is classified as an Enterprise Fund. Mr. Lanning confirmed that it is. Councilmember Chazen then asked if it is common for an Enterprise Fund to draft IGA's with an outside agency (is it usual to have an Enterprise Fund deal with an outside entity to draft an agreement). City Attorney Shaver said it was neither common nor uncommon, but IGA's can be created by the policy boards. This Board did not have a consensus so was not able to move in that direction. Councilmember Chazen asked if GVT clearly understood they will be paying more for gas than the current price. Mr. Valentine confirmed GVT did understand the pricing and City

Manager Englehart followed up with both the County Administrator and Todd Hollenbeck, the GVT Manager, regarding the pricing.

Council President Norris asked if the additional right-of-way properties needed for the project have been secured. Mr. Lanning stated there are four properties for which the City has not secured the rights of way; more work is required. Council President Norris said the contract mentioned some portions of the Riverfront Trail have already disintegrated and clarified the contractor will not be responsible for areas not specifically damaged by the construction of the pipeline. She then asked what monies, if any, have been set aside for trail repairs not caused by the pipeline construction. Mr. Valentine said the Parks and Recreation Department had money in last year's budget to fix damaged trail sections. Since the capital budget covered those repairs he is unsure of the areas mentioned in the contract, but does not anticipate additional expenses for trail repair. Council President Norris clarified that funding for this project is coming out of Persigo reserves, which were set up to fund projects, and is not being funded by the City. She wanted to know how funding this project will affect the reserves and if they foresee any problems with future funding. Mr. Valentine said before deciding to fund the project with the reserves, they verified there were no projects needed during the time frame in which the funds were to be replenished so it would not negatively affect ratepayers or rates. Council President Norris asked if the payback to the reserves will be more than what was borrowed. Mr. Valentine said as long as the proposed price and the other contracted items remain the same, the fund stands to gain \$1.3 million. Council President Norris noted this return would be an advantage for the ratepayers and the City. Mr. Valentine reiterated as long as the parameters remain the same, the investment return will be 5.25%, which is a better return than current investment rates.

Councilmember Doody asked Mr. Lanning how much surface disturbance is anticipated during the construction and installation of the pipeline due to boring underground. Mr. Lanning said only a couple areas will need to be bored; most of the sections will be trenched using a small ditch witch, which is less disruptive and less expensive, and which may reduce the cost of the project.

Council President Norris commented the City has acquired a lot of CNG vehicles in anticipation of this project. She is glad the City is now looking toward completion of the project.

Resolution No. 21-14—A Resolution Authorizing the City Manager to Submit a Grant Request to the Colorado Department of Local Affairs' (DOLA) Energy and Mineral Impact Assistance Program CNG Initiative for Construction of the Persigo Biogas Project

Councilmember Susuras moved to authorize the City Purchasing division to enter into a contract with BioCNG, LLC in the Amount of \$2,799,796 to convert and transport Biogas

from Persigo to the CNG Fueling Station and 2) adopt Resolution No. 21-14 authorizing the City Manager to submit a grant application to the Colorado Department of Local Affairs' Energy and Mineral Impact Assistance Program CNG Initiative for partial funding of the project. Councilmember Boeschenstein seconded. City Attorney Shaver asked for an amendment to the motion stating the contract is not to exceed \$2,799,796. Councilmember Susuras amended his motion to include that language. Councilmember Boeschenstein seconded the amended motion. Motion carried by roll call vote with Councilmember Chazen voting NO.

Non-Scheduled Citizens & Visitors

There were none.

Other Business

There were none.

Adjournment

The meeting was adjourned at 8:02 p.m.

Stephanie Tuin, MMC
City Clerk