

Grand Junction, Colorado

April 14, 1976

ROLL CALL

The City Council of the City of Grand Junction, Colorado, met in recessed session Wednesday, April 14, 1976, at 7:30 p.m. in Council Chambers at City Hall. Members present and answering roll call: Larry Brown, Harry Colescott, Jane Quimby, Elvin Tufly, Robert Van Houten, and President of the Council Lawrence Kozisek. Councilman Karl Johnson was absent. Also present were City Attorney Gerald Ashby, City Manager Harvey Rose, and City Clerk Neva Lockhart.

PUBLIC SERVICE FRANCHISE

Council President Lawrence Kozisek said that Council members met the afternoon of April 13 with its negotiator and reached what it considered its "bottom line" with respect to the Public Service Franchise. Public Service has been made aware of that information. He asked if Public Service accepts Council's "bottom line."

Attorney Jim Robb responded that the City presented through its negotiator, Mr. Rovira, the question of:

1. The City wanted an increase in the franchise as proposed by the negotiator on the undergrounding fee from one (1) percent to three (3) percent;
2. That the City Council presented through the negotiator a request for the reduction in the term of the proposed franchise from twenty (20) years to ten (10) years; and
3. The City requested that any franchise approved be made retroactive to the expiration date of the last franchise (September of 1975).

Mr. Robb stated the position of the Public Service Company for the reasons expressed to the City's negotiator were:

1. On the underground fees - No
2. On the reduced term of the franchise - No
3. If the two parties could adopt a franchise on the retroactiveness of the franchise - Yes

The President of the Council concluded that the franchise has been rejected by Public Service Company.

Mr. Robb said the negotiations are what he would describe as "at a temporary impasse."

President Kozisek stated this is as a result of Public Service Company.

Mr. Robb said Public Service Company has prepared a statement (copies for each member of Council) and Public Service Company would be happy to go through the statement for the reasons that these were not simple questions Council asked, and certainly the answers are easily given but there are some real ramifications to the answers that have been carefully considered.

President Kozisek said those same questions were brought out through the entire period of the negotiations, and Council has heard the reasons for them already. He asked "has not the three percent undergrounding been broached before, rejected before, and the City given in then to a one percent, and as a last-ditch effort by giving up such things as an escalator clause, come back to it again and had it refused again?"

Mr. Robb said the City, through its negotiator in months of negotiations with first Mr. Rose and then Mr. Rovira, has had excellent negotiations with Public Service Company. As a result, there are many (and numerous) innovations in the proposed franchise. He said the reasons, which he would be glad to go into as far as the three items presented yesterday in response to the Company, bear further discussion. He said the Company has met many, many hours with negotiators as Council is aware. The meetings personally with the City Council have been necessarily brief as contrasted with meetings with negotiator. His suggestion was that the Public Service Company meet with the City Council at any public meeting at any time Council would set in an effort to go over each of the terms of the franchise in an effort again to resolve this temporary impasse. He said that in an effort to clear the air, so to speak, Mr. Rovira has presented Council with the results of his negotiations in the form of a proposed franchise.

President Kozisek stated it has been rejected.

Mr. Robb continued that Public Service Company presented a draft of a proposed franchise which it will withdraw at this time. He made this statement on behalf of Public Service Company with the idea that the Company and this Council meeting personally and not through the negotiators in an effort to come to some conclusion.

President Kozisek asked Council what its pleasure would be in any further meetings with Public Service Company.

Councilman Brown responded with a couple of points. His feeling was that through negotiators and directly the Council has been going through intensive negotiations for a year with looser negotiations before that. Yesterday he felt there was more flexibility than it now appears there actually was and today it becomes apparent there wasn't. He thought it was time for the Council to turn among itself for a while and consider different options and consider investigation of the different options. He

feels Council has gone down the road a long way with Public Service.

Councilwoman Quimby commented that she thought the "temporary impasse" was passed yesterday afternoon when the suggestion was made that the negotiators get back together in order to reach an agreement.

Mr. Robb said apparently his presentation to Council has been shortened, so he asked if he might present copies of the prepared statement to Council. He stated that the statement attempts to set in perspective the negotiations, the differences in the franchise, the reasons behind the answers to the question opposed by Council yesterday. He hoped each member of Council would review it. He suggested there is the desire to both parties to reach a mutually agreeable franchise that could be presented to the people of Grand Junction in a Special Election which Public Service Company felt should be set for July 13. He reiterated public Service Company's desire and willingness to meet with the City Council to discuss a franchise that can be presented to the voters of the City of Grand Junction. He indicted their willingness to meet in whatever form Council would desire.

President Kozisek stated that is what the City has been doing for the past year through its negotiators. If at any time Public Service Company felt it was not receiving the word of the Council through its negotiators, why did not Public Service Company come before the Council and ask for just exactly what it is asking for now. He said that he feels, personally, there has been less than good faith as expressed yesterday during the past year's negotiations. He continued that practically every meaningful alternative offered by the City has been flat out rejected by Public Service as non-negotiable. President Kozisek asked "what are negotiations for if they are non-negotiable?"

Mr. Robb replied that the statement, which he would not belabor by reading, sets forth the many, many items that are incorporated in the proposed franchise that are innovative, imaginative, something new in franchise negotiations insofar as Public Service Company is concerned. They benefit the City of Grand Junction, the citizens of Grand Junction and the customers of Public Service Company. Mr. Robb stated the Company has worked diligently, and he would not get into an argument in terms of the good faith. He felt he had expressed himself yesterday when he stated that both sides have exercised good faith in negotiations, and they have continued for a long time. He asked again for a sit down between the parties, Public Service Company and the City Council, to go through a proposed ordinance that does not differ that much between the version presented by the City's negotiator, Mr. Rovira, and the one by Public Service Company. He said that to his knowledge this has not been tried. He stated that Public Service Company is willing to try and it is also willing to by-pass the July 13th date.

President Kozisek asked why, if negotiations were in good faith, the statement outlining the innovations was not presented before.

Mr. Robb said the statement was just prepared today. He did not want to mislead Council -- there is nothing different in the statement. What he was suggesting was that the franchise that has been presented does contain clause after clause after clause of new, innovative approaches to the franchise question.

Councilman Brown commented that there are some things in the proposed franchise that are very nice and that he appreciates having them. He stated he also recognizes that they have a dollar value of about seventy-three cents. He would then have to go back to the same old thing -- when Jane (Councilwoman Quimby) said yesterday that maybe this was the time when sincere negotiations would be accomplished and that the two parties could resolve the issues -- he felt that time was a year ago when the City Council committed a bunch of money to a negotiator -- we were going to get into this thing and do right by these people for the next twenty or twenty-five years -- these things have not been kid's play as he has been serious from the start. He stated that he feels it has been one-sided as always there is another statement, a rehash of history, more meetings, but when you get right down to the nitty-gritty it is the same thing as in the past. He said there is no way he can rationalize in his mind any justification for, at this time, continuing with Public Service. He feels this is what the Mayor means by "good faith." The City Council keeps conceding, the City keeps meeting and it keeps talking and it gets nowhere.

Councilman Van Houten concurred with the remarks of Councilman Brown. He indicated that a quick scan of the statement from Public Service contained some statements that were palpably on the face of them untrue -- they are self-serving. It did not lead him to believe that Public Service is in good faith trying to negotiate. Comments: "Unlike some comments, there have been no threats to discontinue payments to the City." Councilman Van Houten agreed there have not been any threats made to discontinue payments to the City, but he felt there was certainly the implied impression during yesterday's discussion which caused Councilman Van Houten to make an issue of it for that purpose that Public Service at this point had no responsibility whatsoever to continue any payment to the City and that they had been doing it out of the goodness of their heart. That is number one. Number two. "In negotiating a franchise, several large considerations must be kept in mind. The Council is endeavoring to obtain the most favorable terms available in order to increase its revenue to meet the ever-increasing cost of City government." Councilman Van Houten stated this is not so. This Council, at least he himself, is looking at this from the standpoint that he feels it is only just and fair that the City of Grand junction get equal treatment with other cities in the State. He does not feel that the City has been nor is it receiving equal and fair treatment when compared with other cities. It has nothing to do with the revenue as far as the City is concerned. It is the cost to the citizens. It is perfectly all

right for the eastern slope to come over and take our water, Denver can corner the Oil Shale money that may desperately be needed to protect the interest over here, not only in addition to that we are also pumping dollars from Grand Junction to Public Service's operation in other cities. He felt it was absolutely unjust and unfair. He did not think in the whole situation that there has been any consideration whatsoever taken from Public Service's standpoint the fact that they do treat other cities more favorably, yet they turn around and tell the City Council that this is not so. Councilman Van Houten felt there has been considerable concessions on the part of the City during the negotiations. He did not feel there had been any on the part of Public Service.

Councilman Tufly commented that at yesterday's meeting, Council asked what particular things could be negotiated. Council was given two things it thought apparently on the surface could be negotiated. Council offered something in that line and both suggestions were refused. He asked what good it would do for the Council to get together with Public Service to negotiate when there is nothing left to negotiate. He stated he did not mind sitting down with Public Service if it had something to offer which in turn offset something the City has to offer. He did not feel it would be worthwhile to continue the same "song and dance."

Councilman Van Houten commented that when this Council negotiates and makes an offer, it is at that point officially saying "we will do this." He felt the Council is negotiating with negotiators who have to take the offer back to Denver to find out if it is a negotiable item. He stated he has no interest in negotiating when the Council is committed but the other side is not.

Councilwoman Quimby referred to the statement and asked if she understood correctly that there might be a possibility of an increase in the undergrounding fee if it were done in some other form than the franchise.

Mr. Robb said that recognizing the importance of the undergrounding and the concept insofar as the modernization of the electrical services in the community and the long-range benefits to the citizens in this community, the Company would go to the long-range planning commitment with regard to the undergrounding. That is the reason for that expression in the statement.

Mr. Robb requested Council's permission for the statement by Public Service to be made a part of the record. President Kozisek deferred to the members of Council.

Councilman Brown approved so long as the record also clearly show that that is all that it is -- a submission by Public Service . .

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President Kozisek: After a refusal of the final suggested negotiations . . .

Councilman Brown: . . . that the resemblance of that and what may or may not be the truth may or may not be coincidental.

The following Public Service Statement was read:

PRESENTATION TO CITY COUNCIL

APRIL 14, 1976

On behalf of The Public Service Company, I appear before you this evening with the intention of reporting to each of you on the efforts of The Public Service Company and your negotiator, Mr. Lou Rovira, to come to some satisfactory agreement concerning a franchise which could be presented to the voters of Grand Junction for their approval. There have been many statements made both privately and publicly during the past few months and particularly during the past few days that prompt me to review with the council and members of the public and media present tonight the background concerning these latest efforts at negotiating a franchise.

The last franchise between the City of Grand Junction and Public Service Company commenced in 1950 and ran for a twenty-five year term which expired September, 1975. That franchise provided for a franchise fee of 1 percent of revenues received by the company on gas for the first ten years and 2 percent for the next fifteen years and 2 percent on electric revenues for twenty-five years. Recognizing that this franchise would be expiring on September, 1975, Mr. Temple on behalf of The Public Service Company, and Harvey Rose, City Manager, commenced negotiations for a new franchise. These negotiations continued for a period of months commencing in March of 1975, and resulting in a meeting on May 7, with the City Council.

The City Council had many questions concerning the terms of a new franchise which had been discussed between Mr. Temple and Mr. Rose. Several of those questions were responded to by Mr. Jack Reed, a Vice President of Public Service Company, at a later meeting in a personal appearance before the City Council.

The City Council engaged Mr. Lou Rovira on June 24th as its negotiator. Although the franchise expired in September, 1975, Public Service Company has continued to make payment to the City under the provisions of the old two percent franchise as evidence of its good faith in desiring to continue its relationship with the City of Grand Junction and enter into a franchise consistent with policies of the company and the Public Utilities Commission and the best interests of the City and its inhabitants. The citizens of Grand Junction are also customers of Public Service Company and certainly their interests are of vital concern to the franchise which is being negotiated.

Unlike some comments made in the media, there have been no threats by Public Service Company to discontinue any payments to the City

under the terms of the old franchise during the pendency of franchise considerations. The fact that the franchise expired in September necessarily means that there is no legal obligation on the part of the company to make any payment; however, the company never considered such an alternative and has continued to make payment under the old franchise. As a result of some really hard negotiating, a franchise prepared by Mr. Rovira was presented to the Council for its consideration which provides for a franchise fee of 3 percent of revenues on the first \$10,000.00 and 2 percent thereafter. This represents a very substantial increase of approximately 45 percent in revenues to the City of Grand Junction. In addition, provisions have been included in the proposed franchise that were not present during the old franchise. These provisions include technological improvements, construction and design of facilities, an open space program, annexations by the City, underground distribution lines in new areas, overhead conversion at the expense of the company, continuing review of an undergrounding program, cooperation with other utilities all to the betterment of the inhabitants of the City of Grand Junction.

In negotiating a franchise several large considerations must be kept in mind. The Council is endeavoring to obtain the most favorable terms available in order to increase its revenue to meet ever increasing costs of city government. The company agrees with this concept and the franchise which Public Service Company is proposing to the City Council is the best franchise or most sophisticated franchise available to any city in the service area of Public Service Company.

The consumers or customers and citizens of Grand Junction must under the laws of our state and the Charter of Grand Junction ratify any agreement by an election. Public Service Company is a privately owned utility and must charge its customers for its product and be able to make a profit in order to pay for its taxes, supplies, operating costs, maintenance costs, and the construction of new facilities to meet the growth in its service area. The ultimate cost to the customers or citizens of Grand Junction must be balanced in negotiations with the City of Grand Junction.

Another interested party which must be considered in discussing a franchise is the Public Utilities Commission of Colorado which exercises the ultimate approval of any franchise approved by voters in the City of Grand Junction.

Under the terms of the franchise proposed by Public Service Company, revenue to the City of Grand Junction will increase approximately 45 percent; for example, using 1975 revenue figures the Public Service Company paid \$122,288.00 in franchise taxes. Applying the new formula negotiated by the City and Public Service Company or 3 percent of the first \$10,000.00 and 2 percent thereafter, the company would have paid \$177,903.00.

The City proposed that an escalator clause based on the Consumer

Price Index be included as part of the franchise. This would mean, for example, that if the Consumer Price Index rose 6 percent in one year the \$10,000.00 limit or stopper would raise to \$10,600.00. Hypothetically, this would increase the level of the 3 percent payments. This the company has indicated it cannot accept due to several factors. One, franchises are in effect throughout the State of Colorado which contain what is popularly referred to as favored nation clause. To institute an escalator clause in Grand Junction would simply trigger the favored nation clause throughout the state and create a precedent which economically would be unwise for the company and perhaps unacceptable to the Public Utilities Commission. Two, the escalation clause would have minimal effect insofar as users of electricity in Grand Junction are concerned. At the present time there are 49 electric customers in the revenue category above \$10,000.00 and only 8 gas customers -- this out of a total in 1975 of 9,566 gas and 11,632 electric customers. Next, the City revenue under the proposed franchise fees increases from two percent to three percent up to the \$10,000 level. Inflation is something effecting the City government, each of the individual customers and citizens of Grand Junction and the Public Service Company. The franchise fee will necessarily reflect inflation rates. Inflation produces unfortunately higher utility rates after being approved by the Public Utilities Commission. Next, the company through new customers is constantly expanding and thereby increasing revenues which will increase franchise payments to the City of Grand Junction. Next, there has been over the period of years a constantly increasing growth in the usage of electricity and gas by customers of Public Service Company. With increased attention to conservation methods, this growth may diminish. The total effect of these factors means that the franchise to the City of Grand Junction will continue to climb in proportion to the inflationary rate.

In attempting to strike a balance between the impact statewide to Public Service Company and the minimal effect of an escalator clause in Grand Junction, the company has to consider the terms of the economics statewide and thereby reject this provision.

The City of Grand Junction has suggested that a shorter term of franchise would help solve the matter. The old franchise was for twenty-five years. The Colorado Statutes through the Colorado Legislature state that a franchise should not be longer than twenty-five years. This provision of twenty-five years in the Statute has not been changed and I suggest it is a recognition by the State Legislature that a franchise is a meaningful instrument between the utility and the city in terms of promoting a stable relationship. As a result of negotiations the Public Service Company has agreed to a twenty year term rather than a twenty-five year term. The City suggests a ten year term. Again, the company must look at the impact on its operations in the context of its service area within the State of Colorado. There are no other franchises with a ten year term. The longer term assures the ability of Public Service Company to engage in long-term financing, long-range building programs for plant and facilities

and the ability to upgrade continually the electric and gas service it furnishes to the City. The company is not able to enter into a ten year franchise with the City because of these reasons.

Next, the City of Grand Junction has proposed that a change be made in the underground fee set aside by the company for undergrounding the electric facilities in Grand Junction. In the franchise negotiated between Mr. Temple and Mr. Rovira, it was proposed that a one percent underground fee be set aside for this purpose. The City wishes now to increase that one percent set aside to three percent. Again, such a provision would trigger the favored nation clause in franchises throughout the state and would probably not be acceptable by the Public Utilities Commission. This is the best thinking of the experts within the Public Utilities Company. The company has indicated and reiterates its desire to enter into long-range planning programs in total cooperation with the City of Grand Junction for the undergrounding of electrical facilities. This could be accomplished through a letter of intent from Public Service Company to the City of Grand Junction. I believe there is a general consensus that the history of the company's undergrounding has been more than satisfactory to all parties concerned. The company would continue these procedures and, in order to assure the City Council, would be pleased to enter into a letter of intent or letter of understanding with regard to undergrounding.

The City has requested that the franchise payments due under the new formula of three percent on the first \$10,000.00 be more retroactive to September, 1975.

This amounts to approximately \$50,000.00. The Company would be agreeable to this request if this proposed franchise could be agreed upon.

Because of the time limits presented in the Colorado Statutes and Municipal Election Code and City Ordinances, any franchise would have to be submitted to the citizens of Grand Junction for approval at a special election on July 13, 1976. This is because a special election on this matter could not be held within sixty days of the primary election which this year will fall on September 14, or sixty days after the general election. In other words, if a special election is not held on a franchise on July 13, a special election could not be held until January, 1977. This, of course, is another reason for the urgency of the Council adopting a franchise.

The franchise proposed by Public Service Company is the result of long negotiations and strikes a reasonable balance between an increase of revenues to the City and the realization that the costs to citizens of Grand Junction and customers of Public Service Company be held to a minimum. Public Service Company has increasing costs as a result of the inflationary factor just as the City has costs for its governmental operations. The proposal presented is an effort to treat all parties concerned in the

fairest possible manner. The proposed ordinance is the most sophisticated franchise in the State of Colorado, and we believe would be acceptable to the Public Utilities Commission. I think the fairness of the proposed franchise is demonstrated by the tremendous work done by individual members of the Council, its negotiator, City Manager and the Public Service Company. The company has continued to work towards a goal of reaching a reasonable franchise which can be beneficial to the City of Grand Junction and also the customers and inhabitants of the City of Grand Junction.

Some additional studies have been performed. In 1975, under the old franchise, the fees to the City of Grand Junction amounted to \$122,000. Under the new franchise formula, this would amount to \$177,000. It has been projected that in 1976, under the proposed franchise, fees to Grand Junction would amount to \$191,000, and these would increase by 1980, less than four years from now, to \$260,000. Over the life of the franchise the total to the City is estimated today at \$8,000,000. This does not take into account the growth of our area, but is based upon present customers. Additional growth would increase these figures.

We believe the franchise is fair, reasonable and strikes a balance between the City, its citizens and the Public Service Company.

. . .

Mr. Robb stated that at this time Public Service would withdraw the Ordinance which was presented by Mr. Rovira to Council yesterday.

President Kozisek asked if the other members of Council felt there was nothing more to be gained by returning to the negotiating table.

Councilman Tufly said he would not mind sitting down with Public Service at the negotiation table again provided Public Service can submit something else that Council can accept.

Councilwoman Quimby stated that she is fairly new at the game of playing negotiations and she is getting tired of playing the game. She thought yesterday's meeting indicated some serious negotiations would be forthcoming.

It was moved by Councilman Brown that:

1. The City's Power Committee be resurrected;
2. It be mandated to investigate all options ranging from competing services to complete buy-out to rent to growth receipts tax to revocable permit and other options that may be available;
3. The Power Committee evaluate and consider each and every one of those options listing pros and cons, costs and profits;

4. The Power Committee issue a published report to Council;
5. All deliberations be public;
6. Report be presented to Council by October 15;
7. Public Service Election fee be refunded; and
8. Public Service's proposed franchise ordinance be withdrawn, which motion was seconded by Councilman Van Houten.

Councilman Colescott stated that if Public Service has something more to offer, he would be perfectly willing to negotiate.

Councilman Tufly asked if recalling the Power Committee is really the answer. It appeared to him that this franchise is now Council's problem as he felt the Power Committee had served its purpose.

President Kozisek said there are four things Council can do now in an effort to provide electrical and gas service to the citizens of the community. The first, issuance of a franchise, has been in the work process for a year and a half with the result tonight of no franchise. Secondly, purchase at a fair-market price and operate these utilities as a City-owned utility. Third, allow the Public Service Company to use the streets and alleys of the City of Grand Junction for the distribution of gas and electricity by revocable permit. Fourth is the adoption of an ordinance allowing the same use of the streets and alleys for the same distribution. He noted that the first two options can only be accomplished by a vote of the people while the last two options can be handled by the City Council. He stated that Councilman Brown's motion incorporated all four options.

Councilman Brown stated that the Power Committee had a fantastic amount of expertise. He felt Council never really made use of this expertise. As he recalled, it seemed that some of the Power Committee's deliberations and findings were given short shrift by Council as it rushed to negotiate a franchise with Public Service.

Roll Call result: Council members voting AYE: Van Houten, Brown, Kozisek. Council members voting NO: Quimby, Colescott, Tufly. The President declared the motion lost for lack of a majority.

Mr. Temple of Public Service requested permission to address Council.

It was moved by Councilman Van Houten and seconded by Councilman Brown that the meeting be adjourned. Roll call result: Council members voting AYE: Van Houten, Brown. Council members voting NO: Quimby, Colescott, Tufly, Kozisek. The President declared the motion lost for lack of a majority.

Mr. Temple stated that he, too, does not feel that negotiation is a game of any sort as it involves hard work. He reviewed the past year and a half of negotiations and attempts to get the franchise before Council. He noted the three-pronged effort and stressed the importance of the customer or citizen.

Members of Council remind Mr. Temple that Council represents those same citizens. They took exception to the innuendo of yesterday and today that Council is trying to "screw the people."

Mr. Temple continued that Public Service is willing and desirous of sitting down with Council and negotiate a franchise. He stated he would have figures from other cities which through his ineptness he has not previously had available. He stated that Public Service would have all information in detail.

Councilman Van Houten asked why it was that when the Power Committee was in session and it requested the figures from Public Service it was impossible to get them.

Mr. Temple replied that it was not impossible. He stated there was some specific information with respect to Grand Junction of which Public Service does not keep records with specific reference to Grand Junction. That information is kept by division. Mr. Temple stated that information was available to the Power Committee. He noted that the entire report was filed with PUC on the whole company which shows how Public Service has to report to PUC and how the bookkeeping system is set up under the direction of the PUC.

Councilman Colescott asked Mr. Temple if what he is suggesting is another proposed franchise which Public Service is willing to sit down and discuss to which Mr. Temple replied that it is.

President Kozisek asked Mr. Temple if he was willing to sit down and negotiate an escalator clause. Mr. Temple: "No."

President Kozisek asked Mr. Temple if he was willing to negotiate anything other than a twenty-year franchise. Mr. Temple: "Anything less than twenty-year franchise, No."

President Kozisek asked Mr. Temple if he was willing to negotiate equality with total benefits now being paid to other communities. Mr. Temple stated this is the information he was alluding to earlier and Public Service would have some officer of the Company present to give Council any information in this respect, although Mr. Temple said Public Service does not feel there is any.

President Kozisek stated this information is something Council through its Power Committee and its negotiators has requested for over a year. Council has been told this information is not available. Now all of a sudden it can be presented.

Councilman Brown stated that he has heard all of the rationale by

Public Service as to why it cannot concede points of the franchise numerous times. But when the discussions come to the point of giving the citizens of Grand Junction a fair shake, Public Service doesn't want to talk. Councilman Brown endorsed getting information by investigating options.

Councilman Tufly stated that he believes it is now the City Council's position to investigate the different avenues. He did not feel the Power Committee should be reactivated. He said that since the City and Public Service is at a stand-off on the present franchise ordinance, he would suggest that if Public Service has other alternatives to offer the City Council should listen to the proposal. In the meantime, Councilman Tufly proposed that the City consider an interim ordinance which would place the fee at three percent (3%) until such time as a franchise is presented which Council can accept. During the interim, the City Council and the City Staff needs to get involved in exploring all avenues.

Councilman Brown's feeling was that the Power Committee would be doing the investigative work for Council. He would not advocate any power to that group.

Councilman Tufly said that he was never comfortable with the information he received from the Power Committee because he felt it was one-sided.

Councilman Van Houten commented that he was on that Committee. He stated that the group requested permission to come to Council to explain what it had found and to obtain direction from the Council. The Committee's request was totally ignored.

President Kozisek said that because of pressures of some type, the Council at that time chose to rush into negotiations.

Councilwoman Quimby noted that Public Service knows it will be negotiating with the City Council and asked who the Public Service representative or representatives will be. Mr. Temple replied it would be himself and a vice president of the Company, both fully empowered to make any decisions for the Company.

City Manager Rose agreed with Councilman Tufly's remarks and stated that firstly, a study should be done regarding the other options that were not studied in the initial part of this two years ago. He did not know that the Power Committee would be the appropriate choice as he was not sure that the original members of the Power Committee would even be interested in continuing its work. He proposed that the Staff present the research material to Council. Secondly, he suggested that Council meet with Public Service representatives as it does no one any harm to hear what Public Service has to say. Public Service would be interested in explaining why they are where they are on the former proposal. They may either convince Council or in the process they may convince themselves that they are wrong or the end result may be in the same position. Thirdly, the point about temporary action to

get the revenue must be considered or a direction to the Staff to look at ways to cut fifty to sixty thousand dollars from the Budget for this year must be considered.

It was moved by Councilman Tufly to direct the City Attorney to draw up an interim ordinance reflecting a rental fee of three percent (3%) of the gross for electrical and gas service to be considered by Council at its next regularly scheduled meeting.

It was moved by Councilman Brown to direct the Staff to immediately look into all the options available around the country for providing electrical and gas service; which motion was seconded by Councilman Van Houten. Motion carried unanimously.

Consensus of Council was to show its willingness to sit down with Public Service provided there is something new to offer. When Public Service representatives are ready to present something new, they should contact the City Manager and/or the City Attorney and arrange for a meeting with Council.

ADJOURNMENT

It was moved by Councilman Brown and seconded by Councilman Van Houten that the meeting be adjourned. Motion carried.

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Neva B. Lockhart\Neva B. Lockhart
City Clerk