

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

March 2, 2009

The City Council of the City of Grand Junction convened into regular session on the 2nd day of March 2009 at 7:00 p.m. in the City Auditorium. Those present were Councilmembers Bonnie Beckstein, Teresa Coons, Jim Doody, Bruce Hill, Linda Romer Todd, Doug Thomason, and Council President Gregg Palmer. Also present were City Manager Laurie Kadrich, City Attorney John Shaver, and Deputy City Clerk Juanita Peterson.

Council President Palmer called the meeting to order. Councilmember Coons led in the Pledge of Allegiance followed by an invocation by TJ Dickerson, Young Life Grand Valley.

Proclamations/Recognitions

Proclaiming Full Support and Participation for the 2010 Census through the Formulation of a "Complete Count Committee" in the City of Grand Junction

Proclaiming March 2009 as "Western Slope Honor Flight Month" in the City of Grand Junction

Appointments

Councilmember Todd moved to re-appoint Jeannine Howe, Gisela Flanigan, Kat Rhein, and appoint Melonie Buchanan for three year terms expiring February 2012, and appoint Lancer Livermont for a two year term expiring February 2011 to the Commission on Arts and Culture. Councilmember Hill seconded the motion. Motion carried.

Certificate of Appointment

Donia Moore was present to receive her certificate of appointment for the Visitor and Convention Bureau Board of Directors.

Citizen Comments

There were none.

Council Comments

Councilmember Coons stated that today is Dr. Seuss' Birthday and several Councilmembers had the opportunity to read Dr. Seuss books to children in local

elementary schools. Councilmember Todd gave special recognition to Councilmember Thomason as he read to four different classes.

CONSENT CALENDAR

Councilmember Thomason read the Consent Calendar and then moved to approve consent calendar items #1 through #5. Councilmember Hill seconded the motion. Motion carried by roll call vote.

1. **Minutes of Previous Meeting**

Action: Approve the Minutes of the February 18, 2009 Regular Meeting

2. **2009 Fees and Charges for Parks and Recreation**

The City Council is asked to review and approve the 2009 Parks and Recreation fees and charges for programs and services. The document includes recreation, golf, aquatics, facilities, forestry, and cemetery. The Parks and Recreation Advisory Board reviewed and approved the proposed fees and charges at the February 12, 2009 meeting.

Resolution No. 23-09—A Resolution Establishing the 2009 Fees and Charges Policy for the Grand Junction Parks and Recreation Department

Action: Adopt Resolution No. 23-09

3. **Setting a Hearing for the Parkway Complex Annexation, Located at 2789 Riverside Parkway** [File #ANX-2009-018]

Request to annex 1.264 acres, located at 2789 Riverside Parkway. The Parkway Complex Annexation consists of two (2) parcels.

a. **Referral of Petition, Setting a Hearing and Exercising Land Use Jurisdiction**

Resolution No. 24-09—A Resolution Referring a Petition to the City Council for the Annexation of Lands to the City of Grand Junction, Colorado, Setting a Hearing on Such Annexation, and Exercising Land Use Control, Parkway Complex Annexation, Located at 2789 Riverside Parkway

Action: Adopt Resolution No. 24-09

b. Setting a Hearing on Proposed Ordinance

Proposed Ordinance Annexing Territory to the City of Grand Junction, Colorado, Parkway Complex Annexation, Approximately 1.264 Acres, Located at 2789 Riverside Parkway

Action: Introduction of Proposed Ordinance and Setting a Hearing for April 13, 2009

4. Setting a Hearing for the Ajarian Annexation, Located at 2954 D ½ Road [File #ANX-2009-021]

Request to annex 17.78 acres, located at 2954 D ½ Road. The Ajarian Annexation consists of two (2) parcels and includes a portion of the D ½ Road right-of-way.

a. Referral of Petition, Setting a Hearing and Exercising Land Use Jurisdiction

Resolution No. 25-09—A Resolution Referring a Petition to the City Council for the Annexation of Lands to the City of Grand Junction, Colorado, Setting a Hearing on Such Annexation, and Exercising Land Use Control, Ajarian Annexation, Located at 2954 D ½ Road and Including a Portion of the D ½ Road Right-of-Way

Action: Adopt Resolution No. 25-09

b. Setting a Hearing on Proposed Ordinance

Proposed Ordinance Annexing Territory to the City of Grand Junction, Colorado, Ajarian Annexation, Approximately 17.78 Acres, Located at 2954 D ½ Road and Includes a Portion of the D ½ Road Right-of-Way

Action: Introduction of Proposed Ordinance and Set a Hearing for April 13, 2009

5. Amendment to Action Plan for 2007 Community Development Block Grant (CDBG) Program Year [File # CDBG-2007-08]

Amend the City's Action Plan for the Community Development Block Grant (CDBG) Program Year 2007 to revise use of previously-allocated funds.

Action: Approve the Amendment to the City's 2007 CDBG Annual Action Plan to Reflect the Potential Use of the Head Start Funds (CDBG 2007-08) for Remodeling in Addition to the New Construction Alternative

ITEMS NEEDING INDIVIDUAL CONSIDERATION

Funding Recommendations for Arts and Cultural Events and Projects

Commission on Arts and Culture recommendations to the City Council for grants to support arts and cultural events, projects, and programs in Grand Junction.

Allison Sarmo, Cultural Arts Coordinator along with Commission on Arts and Culture Chair Kat Rhein, presented this item. Ms. Rhein stated the budget for 2009 is \$46,500 with the City of Grand Junction granting funds of \$36,000 and the Colorado Council on the Arts granting \$10,500. The Committee has received 24 grant requests totaling over \$73,000. The Commission on Arts and Culture have chosen eight projects for recommendation to fully fund for the purpose of reaching the largest community base.

Council President Palmer asked how many entities come back each year and request grants. Ms. Rhein said about three-fourths are returning from the previous year.

Councilmembers Coons and Hill applauded the work of the Commission.

Councilmember Doody asked what kind of economic engine has this committee been to the community. Ms. Sarmo responded that there has been a \$27 million dollar impact in this community because of the work of the Commission on Arts and Culture.

Councilmember Hill moved to approve the recommendations from the Commission on Arts and Culture for Grant Funding. Councilmember Thomason seconded the motion. Motion carried.

City Manager's Report

Laurie Kadrach, City Manager, gave her report on the recommended budget adjustments which targeted four principles in reduction strategies. Those being: a possible fuel rebate for July 2009; moving up capital projects; the National League of Cities (NLC) prescription drug program for low to moderate income households; and local preference bidding for Mesa County businesses. This reflects cutting operational spending by more than \$6 million this year. City Manager Kadrach said there is a concern on the economic outlook, but not panic. This is the first time in 25 years the City has seen a 10% reduction in sales tax revenue. City Manager Kadrach implemented a three month spending delay at the beginning of the year and the situation is serious enough to make budget adjustments now.

This spring a Citizen Budget Advisory Committee will be formed to participate in the City's budget process for the next year. There will be four or five positions available for those who have the expertise and would like to apply.

Reduction of expenses began last fall because the City relies heavily on sales tax and that revenue stream was decreasing. There has been a hold on personnel hiring, and a reduction in operating costs. The City is prepared with a responsive budget strategy. Food, prescriptions, and fuel are not subject to sales tax. Retail activity is down by 5% which is better than the national economy. Four principals are being suggested 1) continue to provide essential public services, 2) keep a high-performing team in place, 3) keep "high" need capital projects on track, and 4) stay focused on the #1 future obligation, Public Safety.

Personnel budget reductions are in the amount of \$2.1 million. By holding authorized positions, the City Manager will review any open positions and consider immediate transfers of needed personnel, look at reductions in overtime, and delay the implementation of the classification and compensation adjustments.

Council President Palmer asked for clarification on the \$2.1 million on labor reduction. City Manager Kadrach clarified by saying it is the total of the five budget reductions.

City Manager Kadrach continued her presentation by adding more recommendations on implementing a fuel rebate for July 2009 for utility billing customers, moving up some capital projects, the NLC prescription drug program, and consideration of local preference bidding.

Council President Palmer asked City Attorney Shaver if authorization is needed by Council on these budget reductions and if so, does it need a motion and a vote, and asked Council if they want to vote one at a time or in mass.

Councilmember Todd stated that she thinks the authorizations should be one at a time.

Councilmember Hill added that he would like to hear the whole presentation before they decided. Council President Palmer concurred.

City Manager Kadrach continued by stating that she is seeking authorization to move forward in moving up sewer and water capital projects which can be funded at a 0-.1% interest rate through the Water and Power Authority. These would be monies coming out of enterprise accounts and not dependent on sales and use tax revenues. These are all projects that need to be done and have been scheduled for later. It would be better to take advantage of those dollars when construction costs are more favorable.

Councilmember Coons asked about the process of funding through the Water and Power Authority. City Manager Kadrach replied that there is an application process and the City's projects get ranked on a list. The City has already been given preliminary approval for the projects listed with the exception of the aeration project. It is anticipated that funding for that project will be available in 2010.

Utilities and Street Systems Director Greg Trainor also confirmed that these are revenue producing projects. This loan process has been done before and has been fairly routine within the municipal water and wastewater industry in Colorado.

City Manager Kadrach talked next about the Prescription Drug Card Reductions. This is an avenue where there could be up to 20% reduction in cost for certain prescription drugs through the National League of Cities. There is not much information available yet, but it would involve an administrative cost. Once more information is available, it will be brought forward to Council.

City Manager Kadrach addressed local preference bidding. There is a large degree of community support for this. Staff's recommendation is to provide a bid list to City Council to identify how close a local bidder is to the lowest bid in order for the Council to make a policy decision.

Council President Palmer asked if this would be a case by case basis. City Manager Kadrach stated yes, and there would be a change on the bid documents and how they are presented to Council.

City Manager Kadrach spoke about the next recommendations that are more for the citizens' information as it has already been discussed with City Council. They are supporting the elimination of the business personal property tax by the State legislature. City Staff has also looked at the City's bonding requirements, streamlining development review process, and ways to generate tourism. The economic benefit of tourism is a significant impact. The City wants to keep generating sales tax dollars by keeping people coming to visit the community.

City Manager Kadrach also gave an overview on the City's savings approach. The current fund balance is at \$20 million which is expected to be used for urgent needs, revenue shortfalls, and to sustain critical capital projects. It is equivalent to 13% of the City's total budget. The goal is to hold this reserve money and to balance the budget within the appropriation that the City Council authorized.

City Manager Kadrach went on to talk about how the federal stimulus package is so new it is not yet known how it is going to affect the City. The assumption is very few dollars will be distributed to the City of Grand Junction. She listed the funds known to be coming to

the City. The Staff is researching how the City can apply for funds specified for public safety.

City Manager Kadrich advised that twelve staff members have been designated to study the stimulus bill and to find the best ways to put this stimulus money to work. Ms. Kadrich noted that one possible project for stimulus funds is the I-70 Business Loop widening project but the City would have to spend around \$400,000 to design and prepare for the project. When pressed for more specifics and if that is guaranteed, Ms. Kadrich deferred to Public Works and Planning Director Tim Moore.

Tim Moore, Public Works and Planning Director, stated that there is an opportunity for these funds to help advance I-70B widening project, likely \$10 million. There is currently \$4 million allocated as it is the #1 priority in the region's transportation projects. The question is not if the project will be built but rather when it will be built. \$10 million will only fund a piece of the project as the entire project would cost \$40 million.

City Manager Kadrich mentioned that what is being forecast is that things may be getting better as early as April or as late as next year. City Staffing is at a ten year per capita low. Baseline indicators demonstrate the City is likely to experience a stronger than average recovery. The City will continue to remain in touch with local, state and national leaders for their read on the economy and how the City may be affected. By planning ahead, the City should be able to make reasonable decisions and not overreact. The City of Grand Junction Administration is looking at the best practice of cities who are already making reductions. The goal is to keep everybody on the same page.

That concluded the City Manager's presentation.

Council President Palmer called a recess at 8:15 p.m.

The City Council meeting reconvened at 8:25 p.m.

Councilmember Hill asked to talk about the fuel rebates.

Councilmember Todd voiced about her concern about making a decision right now regarding fuel rebates when there are too many variables; she would prefer to wait until June or July for the decision.

City Manager Kadrich clarified the fuel rebate by stating that what she is asking Council to authorize is what the fuel savings would be. It would be analyzed in June prior to any rebate being processed and the analysis would be to each utility account.

Council President Palmer stated that because of the nature of an enterprise operation, the City trying to break even, it can be assumed there will be some cost savings.

Authorization by the City Council would allow Staff to determine the formulas and set those processes in place. If there was not a fuel savings at the time, it would not be passed on.

Councilmember Todd cautioned the City Manager about setting the expectation.

Councilmember Beckstein raised her concern about the City not giving false hope right now in that this is something to be expected this summer.

Councilmember Coons stated that should the trend continue as it is now, that there will be a rebate, and state that clearly to the City utilities customers. No guarantee is being stated.

Councilmember Hill mentioned that this discussion is about creating dollars to promote consumer confidence. Perhaps there are ways those dollars can support other popular programs like spring clean up, or should the dollars be a benefit to the payers in the future. There has to be an expense ratio when deciding on a rebate.

Council President Palmer said that Council ought to look at giving the citizens some hope instead of no hope. A rebate mid-year could make a difference.

Councilmember Coons concurred and added that it speaks to honesty and credibility in government.

Councilmember Hill suggested it can be looked at again closer to midyear.

Councilmember Doody talked about the capital projects being moved up in the water and sewer fund. The City Manager asked Greg Trainor to address the question.

Utilities and Street Systems Director Greg Trainor identified regular water and sewer projects and moving some of those projects to 2009 instead of 2010, 2011, and 2012. In the case of water, \$2 million additional new water line replacements and \$2.7 million in sewer line and interceptor repair and replacements in addition to the City's regular programs.

Councilmember Todd asked for clarification on the dollars for these water and sewer projects. City Manager Kadrach said those are the projects to be funded by the low interest dollars from the Water and Power Authority. That will not affect the rates.

Councilmember Doody then asked City Manager Kadrach to clarify the local preference bidding. Ms. Kadrach said it is Staff's recommendation that preference be to Mesa County contractors.

More discussion ensued about the cost and benefit of moving dollars and capital projects forward in the water and sewer funds. It was noted that there is more flexibility in these enterprise funds than in the general fund. However, it was reiterated that in order to be “shovel ready” for the I-70 B widening project that may qualify for stimulus funds, general fund monies, \$400,000, will need to be spent to prepare.

Councilmember Hill stated that he is very supportive of moving up the capital projects, but he also is concerned that they hold themselves accountable to the 2010 budget.

City Attorney Shaver clarified that the general fund can borrow from the enterprise funds.

Councilmember Thomason asked City Manager Kadrich how the capital projects should be re-prioritized. City Manager Kadrich clarified that there are only two big projects going forward out of the general fund; the Big Pipe Project which is nearly complete, and the 29 Road Project, which is in partnership with Mesa County. The projects being moved up are to be funded from the water and sewer funds and the loan payment to the Water and Power Authority will be the same as the current budget allocation. Borrowing the money at a zero or low interest rate will allow the City to do bigger projects now while construction costs are low and also will give local contractors more work. Some general fund dollars will be reallocated to fund the \$400,000 needed to prepare for the 170B widening.

Councilmember Todd directed the discussion to local preference.

Councilmember Hill said it is his understanding that the City’s purchasing policy directs Staff to bring Council their recommendation for the best value for the contract. The City Council has always had the discretion to select a local contractor over the low bid if they feel it is in the best interest of the City. The change proposed is how the information will be brought to Council. Ms. Kadrich concurred.

More Councilmembers expressed their concerns about expressing that there is to be a change in policy when, as Councilmember Hill stated, the City Council has always had that option but what will change is that more detail will be provided by Staff so Council will have the information to make the decisions on a case by case basis.

Council President Palmer stated that Council wants to make sure that it is a competitive environment, yet retain the right to have the ability to choose a local bidder.

Councilmember Todd pointed out that a local preference can hurt the local contractor when they bid on jobs in other communities.

City Attorney Shaver talked about value versus costs when awarding contracts, and the possibility of rewriting the policy to have it be more value-centered.

Councilmember Hill mentioned that it should be case by case basis review and make decisions with good foundation.

Discussion continued with the other factors that may play into the decision being identified such as the economic impact the contractor's workforce may have on the community, just to name one example.

Councilmember Todd next asked about the reserve fund which is at 13%. Will these monies be used to move ahead the capital projects or growing the funds? City Manager Kadrich would not recommend spending the funds as the City already has had a very capital intensive program. Over 35% of monies goes to capital projects. The forecasting in the future has not been the same as it has been. If the City Council wished to use the reserve funds for capital projects, up to \$13 million can be used. The rest is restricted by TABOR for the operating account.

Councilmember Hill agreed with the City Manager's characterization of the reserves and her recommendation to retain them.

Councilmember Todd asked if there is any possibility of increasing those reserves. City Manager Kadrich said it was thought there would be that opportunity but under current conditions and current sales tax collections, that is not possible.

Council President Palmer asked if City Council would like to make motions on each of the four issues separately.

Councilmember Beckstein stated that there should be a conversation on the prescription program.

City Manager Kadrich stated that the National League of Cities, of which the City is a member, could entitle particular groups to a discounted prescription program. It is being asked of City Council to move forward with exploring this option.

Councilmember Doody expressed his concerns that this is more of a County issue through Human Services than a City issue. Councilmember Beckstein concurred.

Council President Palmer gave authorization to look into this prescription program with Council's concurrence.

Councilmember Todd mentioned that the only issue that needs a motion would be the enterprise capital projects issue.

Councilmember Doody asked about the capital projects, specifically the gas and aeration projects. Utilities and Street Systems Director Greg Trainor responded that yes, those projects would be move forward.

Council President Palmer asked for a motion.

Councilmember Coons moved to give Staff authorization to look at the feasibility of the fuel rebate, move up the capital projects that were discussed and to look at providing Council with additional information to look at the added value of local preference bidding differently. Councilmember Hill seconded the motion. Motion carried by roll call vote.

Non-Scheduled Citizens & Visitors

There were none.

Other Business

There was none.

Adjournment

The meeting was adjourned at 9:33 p.m.

Juanita Peterson, CMC
Deputy City Clerk