

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

**September 13, 2010**

The City Council of the City of Grand Junction convened into regular session on the 13<sup>th</sup> day of September 2010 at 7:01 p.m. in the City Auditorium. Those present were Councilmembers Bruce Hill, Tom Kenyon, Gregg Palmer, Bill Pitts, Sam Susuras and Council President Teresa Coons. Councilmember Bonnie Beckstein was absent. Also present were City Manager Laurie Kadrach, City Attorney John Shaver, and City Clerk Stephanie Tuin.

Council President Coons called the meeting to order. Councilmember Hill led the Pledge of Allegiance followed by a moment of silence.

**Proclamations**

Proclaiming the Week of September 17 through September 23, 2010 as “Constitution Week” in the City of Grand Junction

Proclaiming October 2, 2010 as “Oktoberfest Day” in the City of Grand Junction

Proclaiming September 27, 2010 “Family Day – A Day to Eat Dinner with Your Children™” in the City of Grand Junction

**Recognitions**

Rob Schoeber, Director of Parks and Recreation, introduced this new program, “Yard of the Month”. There are beautiful yards across the valley and the Parks and Recreation Department wants to take the time to recognize them. He introduced Tom Ziola, Parks and Recreation Forestry/Horticulture Supervisor, who was the “brainchild” of the recognition. Mr. Ziola said it was initiated by the Desert Garden Club and the department picked it up from them. He gave a background of the Yard of the Month and how this is judged. He then announced the September Yard of the Month award goes to Michelle Alford at 405 Belford Avenue who unfortunately could not be present. A sign is placed in the winner’s yard and a plaque is given to the individual.

Council President Coons advised that she was one of the judges and mentioned there were some very qualified judges for the competition.

**Council Comments**

There were none.

**Citizen Comments**

There were none.

**City Manager's Report**

City Manager Laurie Kadrach presented a slide show and report on sales and use taxes. Collections are up slightly from the same month last year. The County collections were down due to a one time refund the County made last month. If collections stay on this same trend, the budget should balance by year end. The next slide showed the sales tax collections since January 2009. Although there are increases, it is still well below previous years' collections.

Regarding sales tax enforcement, since it is vital to provide services to the community, compliance is necessary. The City has enforcement for those that are not in compliance. A chart was presented that showed the number of accounts out of compliance. City Manager Kadrach explained each category. The ones collecting the least amount of money (those that file quarterly or annually) are the majority of those that are delinquent.

Council President Coons asked for clarification on what "voluntary compliance" is. City Manager Kadrach said they all must file, it is the filing cycle that is voluntary.

Councilmember Kenyon asked about the percentage delinquent. City Manager Kadrach said that 5% are more than nine months delinquent. Mr. Kenyon asked if businesses have been seized that are delinquent. City Manager Kadrach said they have, but not consistently. Enforcement was based on three priorities – physical location within the City, the amount and level of delinquency, and their history of filing.

Councilmember Palmer asked about the level of delinquency being made a priority. City Manager Kadrach said more than \$300 owed. She added that there are penalties for late filers and the penalties increase for repeat offenders. The goal though is to keep the vendors in business. Enforcement will be stepped up as a new person has been assigned to enforcement.

Councilmember Kenyon asked, if they refuse to pay, are there criminal penalties? City Attorney Shaver said they can be prosecuted criminally.

Councilmember Palmer asked what message should be sent to the taxpaying community. City Manager Kadrach said that the account should be paid within a nine month period or the City will move toward a seizure process. There are a variety of methods being used to get vendors into compliance.

Councilmember Susuras asked when the seizure process starts. City Manager Kadrach said that once a business is past nine months overdue, the City moves into a stronger enforcement posture in most cases, but there are some exceptions.

Councilmember Susuras asked how long the seizure process takes. City Manager Kadrich responded that most move quickly and many times the business will get assistance from family or others to get into compliance.

City Attorney Shaver said it does depend on the individual circumstances. Once it is determined that a business is in distress, the process moves fairly quickly.

Councilmember Susuras asked if all the legal work is done in house. City Attorney Shaver answered affirmatively.

## CONSENT CALENDAR

Councilmember Palmer asked to pull item #7 for individual consideration.

Councilmember Susuras moved for adoption of and then read the Consent Calendar Items #1 through #6. Councilmember Hill seconded the motion. Motion carried by roll call vote.

1. **Minutes of Previous Meeting**

*Action: Approve the Minutes of the August 30, 2010 Regular Meeting*

2. **Setting a Hearing on Prohibition of Medical Marijuana Commercial Activity**

On August 30, 2010 the City Council considered prohibition of the operation of medical marijuana centers, optional premises cultivation operations and medical marijuana infused products manufacturing operations in the City. Following consideration, the City Council requested the City Attorney write an ordinance prohibiting the same. The ordinance is presented here for consideration.

Proposed Ordinance Prohibiting the Operation of Medical Marijuana Businesses and Amending the Grand Junction Municipal Code by the Addition of a New Section Prohibiting Certain Uses Relating to Marijuana

*Action: Introduction of a Proposed Ordinance and Set a Hearing for October 4, 2010*

3. **CDBG Subrecipient Contracts for Funds and Projects within the Community Development Block Grant (CDBG) 2010 Program Year** [File #CDBG 2010-03; 2010-05; 2010-08]

The Subrecipient Contracts formalize the City's award of a total of \$52,782 to various non-profit organizations allocated from the City's 2010 CDBG Program as previously approved by Council.

*Action: Authorize the City Manager to Sign the Subrecipient Contracts with the St. Mary's Foundation Foster Grandparent Program, the Center for Enriched*

*Communications dba Counseling and Education Center and the Center for Independence for the City's 2010 Program Year Funds*

4. **Contract Award for Visitor and Convention Bureau Web Site Marketing Services**

In an effort to promote Grand Junction as a visitor destination, Staff is requesting a contract award for Web Site Marketing. The selected firm will work together with the Grand Junction Visitor and Convention Bureau (GJVCB) to meet marketing objectives.

*Action: Authorize the Purchasing Division to Award a Contract to Miles Media of Sarasota, Florida in the Amount of \$125,000 for Web Site Marketing Services*

5. **2010 Railhead Lift Station Replacement Project**

The existing Railhead Lift Station serves an area extending from the Appleton neighborhood on the northeast to the commercial/industrial area near I-70B and I-70 on the southwest. The existing station is over 28 years old and is failing, with monthly repairs required to keep it operational. A complete failure of the lift station could result in sewage spills reaching the Colorado River. This project will replace the aging lift station with a new lift station that will operate for at least 50 years.

*Action: Authorize the City Purchasing Division to Enter into a Contract with M.A. Concrete Construction, Inc. in the Amount of \$198,168.60 for the Completion of the 2010 Railhead Lift Station Replacement Project*

6. **Federal Aviation Administration Airport Improvement Program Grant AIP-46 at the Grand Junction Regional Airport and Supplemental Co-sponsorship Agreements for Construction of a Perimeter Fence**

AIP-46 is a grant for \$4,150,000.00 for the construction of perimeter fence that was designed with the previously approved AIP-44 grant for \$497,361.00 for the design of the southern Perimeter Fence which will replace all fence from 27 ¼ Road to north of the Speedway on the east end of the Grand Junction Regional Airport property. The Supplemental Co-sponsorship Agreements are required by the FAA as part of the grant acceptance by the City.

*Action: Authorize the Mayor and City Attorney to sign the original FAA AIP-46 Grant Documents for the Construction of the Southern Portion of Perimeter Fence at the Grand Junction Regional Airport and Authorize the City Manager to Sign the Supplemental Co-sponsorship Agreements for AIP-46*

7. **Change Order #1 to the Construction Contract for the 29 Road and I-70B Interchange Phase Project** moved to individual consideration

### ITEMS NEEDING INDIVIDUAL CONSIDERATION

#### **Change Order #1 to the Construction Contract for the 29 Road and I-70B Interchange Phase Project**

Change Order #1 to the Construction Contract for the 29 Road and I-70B Interchange Phase Project would increase the contract amount by \$283,000. Because funding for the project is being shared equally between the City and County, the City's share of the Change Order cost would be \$141,500. This Change Order is necessary because the actual conditions being encountered in the field do not fit with the original design and additional construction work must be added to the contract to ensure that the structure will meet the 50 year design life.

Tim Moore, Public Works and Planning Director, was present for this item.

Councilmember Palmer expressed his dismay that this change order is coming forward. He thought such items as these would have been already included in the contract.

Mr. Moore explained that a certain amount of contingency was built into the contract but when these changes that will affect the contingency come up, they are brought to City Council. In designing the contract, the City did much investigation in order to eliminate as many uncertainties as possible because if a contractor has to go into a project with uncertainties, they will charge more from the beginning. When these different soil conditions came up, the City determined what the best approach would be and then presented that to the contractor.

Councilmember Palmer has seen a number of change orders in the past and he wondered if the low bidder may have bid low and then come back with changes. Mr. Moore said that does not happen very often. In this case, they are not charging the taxpayers more money, they are paying for what they need. The same contractor would have been selected as the unit price was still the low bid.

Mr. Moore said the question posed by Councilmember Palmer was also their question so they researched it and in only 2% of the cases the change orders were with contractors from out-of-town.

Councilmember Susuras asked how much contingency is usually built into projects. Mr. Moore said, with this large contract, the contingency is \$350,000.

Councilmember Kenyon noted the change order is quite large but it sounds like they are having to replace the subsoil to avoid settling. Mr. Moore said that is correct.

Councilmember Pitts asked if there is potential that this would happen in another area. Mr. Moore said that potential is reduced for this project as most of the subgrade has now been exposed.

Council President Coons said it makes sense to build into the budget a contingency because many times unknowns occur.

Councilmember Susuras moved to authorize the City Purchasing Division to execute Change Order #1 to the Construction Contract with Lawrence Construction Company, of Littleton, Colorado for the 29 Road and I-70B Interchange Phase Project, changing the total contract amount to \$19,595,363.34 thereby increasing the contract by \$283,000. Councilmember Pitts seconded. Motion carried by roll call vote.

**Public Hearing—St. Martin's Place Veteran's Housing Rezone, Located at 415 S. 3<sup>rd</sup> Street** [File #RZ-2010-073]

Request to rezone 0.28 acres located at 415 S. 3<sup>rd</sup> Street from C-1, (Light Commercial) to B-2, (Downtown Business) zone district in anticipation of developing the properties for multi-family dwelling units for homeless veterans.

The public hearing was opened at 7:54 p.m.

Scott D. Peterson, Senior Planner, presented this item. He described the site, the location, and the request. The Planning Commission recommended approval on August 10, 2010. He asked that the Staff Report and attachments be entered into the record. The request meets the goals of the Comprehensive Plan and the criteria of the Grand Junction Municipal Code.

The applicant did not wish to speak.

There were no public comments.

The public hearing was closed at 7:55 p.m.

Councilmember Susuras noted that the requests meets goals 4, 5, and 6 of the Comprehensive Plan and he will support it.

Ordinance No. 4434—An Ordinance Rezoning St. Martin's Place Veteran's Housing from C-1 (Light Commercial) to B-2 (Downtown Business), Located at 415 S. 3<sup>rd</sup> Street

Councilmember Kenyon moved to adopt Ordinance No. 4434 and ordered it published. Councilmember Palmer seconded the motion. Motion carried by roll call vote.

**Public Hearing—Issuance of Certificates of Participation to Finance Certain Improvements to Sam Suplizio Field/Ralph Stocker Stadium**

Second reading and public hearing on an ordinance to consider the proposed execution and delivery of one or more series of Certificates of Participation (COP's) in an aggregate principal amount not to exceed \$7,800,000.

The COP's represent assignments of the right to receive certain revenues pursuant to a Lease Purchase Agreement between the Grand Junction Public Finance Corporation, a Colorado non-profit corporation, as lessor and the City as lessee. The proceeds will be used to finance the construction of certain improvements to Sam Suplizio Field/Ralph Stocker Stadium. The improvements include replacing the existing press boxes, adding concourse and concession areas and adding box seating.

The public hearing was opened at 7:57 p.m.

City Manager Laurie Kadrach presented this item which is an option to form a partnership with JUCO to make capital improvements to the Suplizio Field and Stocker Stadium. JUCO and other involved organizations are 501(c) 3 entities, so Build America Bonds are not eligible for these improvements. Therefore, they are considering Certificates of Participation for the financing of these improvements. One of the requirements by the IRS is that Council must find that these are 501(c)3 organizations. In order to do the project, the City will have to pledge the assets to the partners and then lease them back. It is a community facility. The proposal is a partnership with Grand Junction Baseball Inc., JUCO, Parks Improvement Advisory Board (PIAB) and National Junior College Athletic Association (NJCAA.) Part of the agreement is to allow JUCO to use the field for the tournament. The City will be pledging the use of lottery funds for a portion of the payment. Lottery funds can only be used for Parks Improvements and the City receives about one half million annually in those funds. The improvements will improve safety and accessibility of the stadium. It will also provide improved seating.

Councilmember Palmer asked about the members of PIAB and, if that organization would dissolve, how will that affect the repayment. City Manager Kadrach said PIAB will be dedicating upfront funds; they will not have an ongoing financing obligation.

In response to questions as to why the City is investing money for this purpose, City Manager Kadrach would say there is such a great need for this facility. It is used for many events and may have the potential for more events with these improvements. JUCO has been held in Grand Junction for 50 years. With these improvements a new contract for 25 years has been agreed to. The impact of that one week tournament is \$4 million annually.

The project is for \$8.3 million and the economic impact is \$14.5 million. The project team will be GJ Baseball, Inc. and FCI Constructors. The project will begin in June 2011 and be completed by the next year's tournament (June 2012).

City Manager Kadrich reviewed the terms of the agreement: 25 year contract for JUCO, a pledge of lottery funds of \$215,000, and \$300,000 from Grand Junction Baseball. The financing method includes the City pledging the stadium to the Public Finance Corporation and then the City will lease it back. The lease payments cover the payment of the debt which is not City debt.

Councilmember Palmer asked for an explanation of who the Public Finance Corporation is. City Manager Kadrich said it is a local organization that was formed to handle these types of transactions.

The public hearing requirements include the presentation, the TEFRA (Tax Equity Fiscal Responsibility Act of 1982) Hearing (an IRS Code requirement), the taking of public comment, and the adoption of the ordinance which authorizes the issuance of the Certificates of Participation.

There was a discussion to clarify the payments and the maximum payment.

Councilmember Pitts asked about the numbers for the economic impact as they seem low. City Manager Kadrich said that is just for the JUCO tournament.

Diane Schwenke, 528 Greenbelt Court, Chamber of Commerce Director, encouraged the Council to go forward. First, from the Chamber view, for the sake of putting people to work, especially construction workers, and with construction rates lower. Also it will guarantee the JUCO Tournament here for years to come. It is a win-win-win.

There were no other public comments.

The public hearing was closed at 8:20 p.m.

Councilmember Susuras asked what the City is doing to encourage the contractor to hire local workers for this contract. City Manager Kadrich said the City always encourages this except if there is a technical expertise needed which is not available locally.

Councilmember Kenyon asked if the Council needs to state that the entities are tax exempt entities and that this hearing is a TEFRA Hearing. City Attorney Shaver answered affirmatively.

Ordinance No. 4435—An Ordinance Authorizing the Execution and Delivery of a Ground and Improvement Lease Agreement, a Lease Purchase Agreement, a Continuing Disclosure Certificate, an Official Statement, and Related Documents by the City; Approving the Forms of Related Documents; and Providing for Other Matters Relating Thereto (Sam Suplizio Field /Ralph Stocker Stadium)

Councilmember Kenyon moved to find that the entities in the transaction are tax exempt and that the hearing meets the requirements of the TEFRA. Councilmember Susuras seconded the motion. Motion carried by roll call vote.



Councilmember Hill moved to adopt Ordinance No. 4435 and ordered it published in pamphlet form. Councilmember Pitts seconded the motion. Motion carried by roll call vote.

### **Public Hearing—Issuance of Certificates of Participation to Construct Public Safety Buildings**

Second reading and a public hearing to consider the proposed execution and delivery of one or more series of certificates of participation in an aggregate principal amount not to exceed \$36,300,000. These certificates represent assignments of the right to receive certain revenues pursuant to a Lease Purchase Agreement between Zions First National Bank, as lessor, and the City, as lessee. The proceeds will be used by the City to finance the construction of a police station, emergency communication center and the possible remodel of the existing shops building to serve as Fire Station #1 and the Fire Administration building.

The public hearing was opened at 8:24 p.m.

City Manager Laurie Kadrach presented this item. The project is similar to the previous item but for a much larger dollar amount. In the last year, community input has been sought on what action should be taken related to public safety facilities. What was heard was: act now, reduce the scope of project, build in phases, pay with existing resources, and use existing buildings when possible.

City Manager Kadrach noted what has happened since the last proposal: construction prices are less, additional funding has become available from E-911, and a different design has been discussed. A project has not been developed yet but it is believed that for the dollar amount being proposed, it can be done within the funding being requested.

The City has heard public safety is the number one priority. A twenty year public safety capital plan is being developed but is not complete. The scope is, as of yet, undefined but it will meet the highest priorities. One possibility is using the City Hall building (build a third floor) for E-911. The City has been downsizing (down 80 positions) and that has freed up space in the City shop area. This area may be able to be remodeled and be used for Fire Station #1.

The Project Team is Blythe Design and Shaw Construction, the same team that was identified for the prior Public Safety project. Humphries Polis was also involved and their work has been purchased by the City. The financing opportunity would not require a payment until 2012; this would enable the City to use the money set aside for the viaduct (29 Road Project). The dollar amount going towards the viaduct project is \$5.8 million; the Public Safety project would use \$1.7 million of those monies and the remainder could be used for capital or other budget use. The rest of the funding will come from the E-911 board. Those dollars would be up to \$500,000 per year and would cover the E-911 center.

Councilmember Palmer asked if the E-911 money will be affected by the passage of Proposition 101. City Manager Kadrach said yes but the board would still pledge the funding based on the old rate. Councilmember Palmer asked if that will affect the ability to go forward with the 800 MHz radios. City Manager Kadrach said the bulk of the operation of the center is paid by the City of Grand Junction so that will affect the ability to do other projects, but she is confident the financial obligation can be met.

City Manager Kadrach explained Build American Bonds can be used for this project which means that some of the interest is paid by the federal government and there is no reserve required. This will allow more of the money to be spent on the construction. There is a favorable market to issue bonds and the City would have an A+ credit rating. The financing method is similar to the Stadium Project. There will be a trustee and the City will lease the building from the trustee. The financing will be for thirty years and the estimated annual payment is \$2.2 million.

Councilmember Susuras mentioned the paperwork which said the payments start at \$3.43 million. Financial Operations Manager Jodi Romero said the \$3.43 million was before the federal subsidy.

City Manager Kadrach said they are recommending that Zion's National Bank in Denver be used as the trustee as this is a large and complex transaction. There are no local banks that can offer these services.

She reviewed the schedule: the debt would be issued in October, in the fall/winter the City would have the designs in place, in the spring begin construction, and in June 2012 the first lease payment would be due. The project is estimated at \$22 million.

Councilmember Palmer asked when will occupancy begin? City Manager Kadrach responded two years or less depending on the construction of the E-911 center. As there is no project developed yet, she is hesitant to say with any certainty.

Tonight is the Public Hearing and then adoption of the ordinance will authorize the issuance of the COPS and name the trustee.

Councilmember Susuras referred to the three different budget scenarios; if the amendments pass, would the City still be able to afford the lease payments? City Manager Kadrach said that these facilities are still needed and they can still commit to the lease payment, but that may mean there will be no street projects.

John Borgen, 313 Dakota Court, was in favor of the project and urged the City Council to approve it. He still thinks everything in the previous bond issue is needed and this is a way to get started. He encouraged the City Council to get involved with getting information out to the public as it becomes available. The Council needs to counter any misinformation that gets out in the public.

Paul Peterson, 2042 Wrangler Court, has toured the Police facility and anyone who has taken a tour truly understands the need. This project will benefit emergency services and will benefit the entire community.

David Stassen, 608 Devon Drive, is the President of the Grand Junction Peace Officers Association, and a Police employee, encouraged the Council to support it. There was a fire in the basement of the Police building last week when some of the mold in the wall caught on fire. This room also has the sewer lift station and the sewer gnats came up. The women's locker room has sewer gnats. The trailers have better technology than what is inside the Police building. They almost had a fire in the E-911 center. Water came through the roof and the equipment sparked. In the investigations conference room, the roof leaked and destroyed about \$3,000 of equipment that will need to be replaced. The employees will get the job done regardless of the facility but, on behalf of the employees, he encouraged the Council to approve the ordinance.

Dennis Simpson, 2306 East Piazza, said he is in favor of the project but he cannot support it in its current form that does not go back to the electorate for approval. The legal advice given is a result that a few bond attorneys have convinced a few judges that this financing mechanism is not debt. He asked the City Council to step back and realize that this is debt. If admitted that it were debt, the Constitution would require the Council to ask the citizens to go into debt. The money pledged in 2012 could be used for providing services rather than paying for this financing. In this downturn, it would be more responsible to go to the electorate. The decision commits thirty years of City Councils. He questioned the amounts presented, including the amounts being paid to the bond salesman. The contract should be bid out and the City should look for the lowest price. He didn't understand why the City is doing this when there is no plan. He suggested the reason is fear that the amendments will pass. He does not think the amendments will pass. He also recommended the City Council make sure they are paying the market rate. He figured this to be about a \$60 million commitment.

Diane Schwenke, 528 Greenbelt Court, Chamber Director, said the Chamber is in support of this project as it stimulates construction work in the community. Also, they support meeting the need for public safety facilities. The contractors selected are local and the use of Build America Bonds will save the taxpayers money.

There were no other public comments.

The public hearing was closed at 9:03 p.m.

Councilmember Pitts said he is quite proud of the Staff for coming up with a plan for a public safety project, the timing is great and the percentage of interest is great. The meetings the City Council has had all over the City and the number of service clubs they have presented to, what they heard was that it is needed and do it now. There has been public input. The community is aware. He is in favor of going forward.

Councilmember Hill said the Council dug through the information that came out of the ballot question in 2008; public sentiment was not about public safety, it was about a tax increase and a debrucing question. The community came back and said don't rule out any options. The City did respond with putting forward construction projects in the water and sewer funds. He believes the Council was listening to the community and these projects will start to fulfill the needs of the community.

Councilmember Palmer said this has been Council's number one priority for several years. The opportunity to finally solve this issue is well overdue and he commends the Staff and City Manager for looking at all the options. He has listened to hundreds of citizens that have said a way must be found to solve this problem. He is proud they found a way and he will support it.

Councilmember Susuras mentioned that he, Councilmember Pitts, and Councilmember Kenyon used this as a portion of their platform when running for Council and he will support it.

Councilmember Kenyon said he hears "it's about time," and it is "way overdue" but also continues to hear, "it is not a time for new taxes". The Council charged the City Manager to find a way and she has. He will support the project.

Council President Coons reiterated that Council listened and looked for ways to fund the project and cut down to the essentials. The timing is right and the project will be shared with E-911. She cannot see any reason to turn this project down.

Ordinance No. 4436—An Ordinance Authorizing the Execution and Delivery of a Ground and Improvement Lease Agreement, a Lease Purchase Agreement, a Continuing Disclosure Certificate, an Official Statement, and Certain Related Documents by the City; Approving the Forms of Related Documents; and Providing for Other Matters Relating Thereto (Public Safety Buildings)

Councilmember Hill moved to adopt Ordinance No. 4434 and ordered it published in pamphlet form. Councilmember Palmer seconded the motion. Motion carried by roll call vote.

Council President Coons called a recess at 9:15 p.m.

The meeting reconvened at 9:26 p.m.

### **Contract Award for Visitor and Convention Bureau Advertising Services**

In an effort to promote Grand Junction, Staff is requesting a contract award for Advertising Services. The selected firm will work together with the Grand Junction Visitor and Convention Bureau (GJVCB) to target audiences and develop a comprehensive tactical marketing plan.

Debbie Kovalik, Economic, Convention, and Visitor Services Department Director, presented this item. She explained the contract is with a new company after a rigorous SOQ and RFP process. The VCB has used the same company for the last eighteen years. Three agencies were presented for the contract to the panel. The VCB board, a number of who are present, recommend CCT Advertising for the award. There was a large focus on the financial responsibility as well as campaign and research capabilities and having no conflict with competitors of the City of Grand Junction.

Councilmember Palmer asked if this is the first time this company has been awarded this contract and how long is the contract for? Ms. Kovalik said this is the first time for this company and the contract is for one year, renewable for three years. The VCB board was really enthusiastic about CCT's experience and new perspective.

Councilmember Palmer asked why the contract is for three years. Ms. Kovalik replied that, in these times, the VCB has to be more nimble than they have had to be in the past. The interest in their business was triple what it has been in the past due to the state of the economy.

Councilmember Kenyon said it was interesting the board would choose a new company. He asked about CCT's other clients. Ms. Kovalik said one client is Rocky Mountain Health Plans and another is Grand Junction Economic Partnership. They had 21 other accounts that were similar in size. They have been in contact with the VCB regularly for the last two years and wanted to make sure they were in the queue to bid on the next contract. They have a staff member that is "google" certified. Another client is Golden, Colorado and they have done a lot with little money.

Councilmember Kenyon noted that this money is lodging tax and is very important to invest these funds in advertising. He looks forward to working with the new company.

Councilmember Hill asked about the three presentations that were made to the entire board. Ms. Kovalik said the full board dedicated an entire day for these presentations. She is excited about setting the bar even higher.

Councilmember Susuras said the request meets goals 4 and 12 of the Comprehensive Plan and the funding comes from the lodging tax.

Councilmember Hill said he is supportive because of the process that the VCB board went through and he supports the proposal.

Councilmember Kenyon moved to authorize the Purchasing Division to award a contract to CCT Advertising of Denver, Colorado in the amount of \$375,000 for advertising services. Councilmember Susuras seconded the motion. Motion carried by roll call vote.

**Resolution Opposing Amendment 60**

Amendment 60, an initiated ballot measure to amend the Colorado Constitution, has been certified for consideration by the voters of the State of Colorado at the November 2, 2010 election. Amendment 60 would among other things change Article X, Section 20 of the Colorado Constitution (TABOR) to create additional restrictions on the collection and use of property taxes.

Laurie Kadrach, City Manager, presented this item. The information that is before the community is exactly out of the resolution, it is not a staff report, it is a summary from the Council's resolution. She reviewed what Amendment 60 proposes to do: allowing out-of-state residents to vote on property tax issues, require school districts to reduce their non-debt mill levy by 50% between 2011 and 2020, requires property tax questions to be voted on only in November elections and must be independent of debt issues, voter approved tax questions expire every 4 years, requires government enterprises to pay property tax, and requires local governments to reduce their mill levies to offset the increased tax revenue. The Persigo Wastewater Treatment Plant and the City's Water Plant would have to pay an estimated increased expense between \$1,700,000 and \$2,500,000 in property tax. The cost of paying the taxes would cause a significant increase in the water and wastewater rates users pay. It could require the City to pay property tax on the Two Rivers Convention Center, Lincoln Park Pool, Lincoln Park Golf Course, Orchard Mesa Pool and Tiara Rado Golf Course, including the requirement for the water and sewer funds to pay property taxes (all enterprise funds).

Councilmember Kenyon asked to whom the property tax is paid. City Manager Kadrach said it would be paid to the property tax collector and then divided up according to the various mill levies. In essence, this shifts the cost of the property tax from the general property tax to the rate payers of the enterprise funds.

Councilmember Kenyon noted that may change the classification of some enterprise funds. City Manger Kadrach agreed for the Two Rivers Convention Center. He noted that he does not want the public to think their water rates will automatically go up to cover these taxes.

Councilmember Hill noted that comment is valid, those rates may very well have to increase to cover those costs. He noted the requirement to go back to the voters to revisit the question of using excess revenues to repay the Riverside Parkway debt.

Councilmember Kenyon agreed noting it is particularly offensive because it presumes the votes previously taken were false and then they have to be revisited every four years.

Council President Coons asked what impact it would have if voters did not approve of the early repayment of the Riverside Parkway debt. City Manager Kadrach said it would make repayment later. Councilmember Hill noted the purpose of that question was to save nearly \$10 million in interest and to free up those funds for other projects.

Resolution No. 37-10—A Resolution Opposing Amendment 60 on the November 2, 2010 General Election Ballot

Councilmember Susuras moved to adopt Resolution No. 37-10. Councilmember Hill seconded the motion.

Council President Coons commended Council for being willing to take a stand.

Councilmember Hill said it goes much deeper than other issues coming before them so he asked the public to please read the amendment before voting on it.

Motion carried by roll call vote.

### **Resolution Opposing Amendment 61**

Amendment 61, an initiated ballot measure to amend the Colorado Constitution, has been certified for consideration by the voters of the State of Colorado at the November 2, 2010 election. Amendment 61 would among other things change Article X, Section 20 of the Colorado Constitution (TABOR) to prohibit the State from incurring debt and limit how local government incurs debt.

Laurie Kadrich, City Manager, presented this item. Her presentation followed the same format as the previous item. This would be an amendment to the State Constitution. It would limit the State from incurring debt and how local government incurs debt. It requires all local government borrowing to be voter approved and that debt be repaid within 10 years.

Councilmember Palmer noted that elections are not free, they can cost up to \$100,000. A number of issues going to the voters would eat up any savings in the cost of elections.

Amendment 61 also requires that once the debt is retired (the Riverside Parkway debt) the amendment would require the City then reduce their revenues by that amount. There would not be enough property tax to cover the reduction so there would have to be another type of refund.

Councilmember Pitts noted that the amendment says reduction by an amount annually. It is possible the City would have to reduce by \$7 million every year.

Councilmember Hill noted that it is a method to ratchet down at a faster pace.

Council President Coons noted that the shortened finance period would nearly prohibit going forward with any debt.

Resolution No. 38-10—A Resolution Opposing Amendment 61 on the November 2, 2010 General Election Ballot

Councilmember Hill moved to adopt Resolution No. 38-10. Councilmember Pitts seconded the motion.

Councilmember Hill noted there is a reason for longer term contracts because the revenue isn't generated that can make payments in a shorter term. The concept of having revenue to be able to afford debt over a ten year period, for example the Riverside Parkway, once the payment is made the budget has to be reduced by that payment. This amendment will cripple government.

Councilmember Kenyon said the Amendment is crafted to disrupt municipalities from borrowing and that will cripple the ability to provide services. The State is not in the position to cash fund any project. The ability to save up is not there.

Council President Coons said it comes back to what kind of community one wants to live in. The existing economy is already struggling to create construction jobs.

Councilmember Kenyon said he can understand some of the anger, from what has happened at the federal level, but this amendment is not reasonable.

Motion carried by roll call vote.

### **Resolution Opposing Proposition 101**

At the November 2, 2010 election voters will decide Proposition 101, an initiated change to Colorado law.

Proposition 101 would amend Colorado law to change State income taxes and reduce various fees and taxes on motor vehicles and telecommunications services. Even though this measure is a statutory change, it would require a statewide election to amend or repeal the proposition if it is approved by the voters.

Laurie Kadrich, City Manager, presented this item. She stated this is a citizen initiative for a change to the State Statutes. It affects sales tax on the purchase of a vehicle. The City does collect sales tax from the sales of vehicles so this will affect the local tax base. It also decreases the cost of specific ownership tax on vehicles and a decrease in licenses, vehicle registration, and a decrease in State income tax. It eliminates taxes on leases and on telecommunications. It would freeze the E-911 surcharge to the 2009 levels.

Councilmember Susuras said this is the most dangerous because of its appeal to the voters and how it will save them money.



He urged a campaign against it. City Manager Kadrich responded that the City is prohibited from campaigning for or against a ballot measure.

City Attorney Shaver stated the Council, however, is not prohibited from those kinds of actions.

Council President Coons noted there are also indirect impacts from the reduction in State revenues.

Councilmember Pitts agreed with Councilmember Susuras about it being dangerous and he said that without these revenues the burden falls to the State which does not have any funds to back fill.

Councilmember Hill said quality of education is going to be wiped out by this. It is the most likely to pass because citizens are mad about rate increases and they may not realize how devastating it will be.

Councilmember Kenyon said it goes beyond reason and makes it devastating. The State has no ability to back fill; the entire state budget will be consumed by K through 12 education. He cannot support this.

Resolution No. 39-10—A Resolution Opposing Proposition 101 on the November 2, 2010 General Election Ballot

Councilmember Pitts moved to adopt Resolution No. 39-10. Councilmember Hill seconded the motion. Motion carried by roll call vote.

### **Non-Scheduled Citizens & Visitors**

There were none.

### **Other Business**

There were none.

### **Adjournment**

The meeting adjourned at 10:25 p.m.

Stephanie Tuin, MMC  
City Clerk