

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

**January 20, 2011**

The City Council of the City of Grand Junction convened into special session on the 20<sup>th</sup> day of January 2011 at 6:01 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. Also present were City Manager Laurie Kadrach, City Attorney John Shaver, and City Clerk Stephanie Tuin. Absent was Councilmember Bonnie Beckstein.

Council President Coons called the meeting to order.

Councilmember Bonnie Beckstein entered the meeting at 6:03 p.m.

City Manager Laurie Kadrach addressed the City Council to provide a timeline and to clear up any misconceptions that are out in the community. The misconception is that the Request for Proposal (RFP) for concessions at Tiara Rado and Lincoln Park Golf Courses was issued when funds were short at Two Rivers. The current agreement with Pinon Grill expired in February 2009. It was agreed that the contract would be extended until February 2010. Another extension was granted in January, 2010 until February 11, 2011. There were questions as to the financial picture of the existing contractor at that time. Recently, there was a review of the financial statements and it appears there may be some discrepancies. Specifically, that the amount of money submitted by the contractor seems to be lower than what the sales tax returns indicated.

Councilmember Palmer asked if Pinon Grill is still running the establishment. City Manager Kadrach said they are but the process is in place to allow Two Rivers to take over on an interim basis until the RFP can be sent out. Councilmember Palmer asked about the letter advising the contractor of the conditions needing to be met for the extension to occur. City Manager Kadrach replied that both Parks and Recreation Director Schoeber and the contractor, Steve Hoefer, signed the letter.

Councilmember Hill asked if the purpose of the meeting is it to clarify or if direction is needed. He was the one that suggested Two Rivers be the default operator. He asked if the contract was extended, why can't Pinon Grill continue until the RFP process occurs?

Council President Coons stated the reason she asked for the meeting was because she wanted all to hear the same information. Regarding the size of the discrepancies, she asked if it could have been a simple bookkeeping error or what is the nature of the City Manager's concern? City Manager Kadrach said it is a significant concern so she felt she should provide information to the Council that she is going forward with an audit. The current vendor may make statements that the actions are unfair and perhaps retaliatory. Council President Coons said she wanted the information to be provided to Council before any such statements were made in public.

Councilmember Pitts asked if this just came to light the day before. Council President Coons said she only became aware of this yesterday.

Parks and Recreation Director Rob Schoeber said they were missing five of the financial statements required and the information that was provided was just what was owed and the rent statement. It was only recently that the Financial Operations Manager was able to compare those statements with the sales tax returns and saw some discrepancies.

City Attorney Shaver advised the contract did specify the form that financial statements were to be provided and they were not provided in the form specified.

Councilmember Beckstein said there was a contract, the vendor did not perform, so why was this not addressed, and why were they allowed to bid on the latest proposal?

City Manager Kadrach said that was not, until now, a part of the bidding process. Bidders are not screened for these types of services. She recognized that should not be the case and has changed the policy so that if a contractor is not performing to the existing contract they will not be allowed to bid. Financial statements are required for the City to do business with any company.

Councilmember Hill asked if there is documentation on how the City dealt with the contractor being out of compliance. City Manager Kadrach said there were ongoing communications and they were documented.

Councilmember Palmer objected to making allegations in such a public forum. He asked if the allegations can be proved. City Manager Kadrach said she met with the current contractor and gave him the information that afternoon and advised him that a full audit will be taking place.

Councilmember Palmer asked, if the allegations prove true, what will the next steps be, recovery of the lost dollars? Will there be criminal charges? City Attorney Shaver said the agreement was very specific and there were very specific standards. If there were underpayments, then there could be civil action to collect. He would caution any specifics as to the source of the information. The contract does allow for an audit and an audit will go forward. There are several remedies hypothetically, collection through a lawsuit, legal authority for collection of taxes, and criminal violation under the sales and use tax code.

Councilmember Palmer said his charge is to be a good steward of the public funds and he wants policies consistently applied.

Councilmember Pitts questioned the limits to their questioning. He can't make a decision unless he knows the answers.

City Attorney Shaver suggested Councilmember Pitts ask his questions and he will be responded to.

Councilmember Beckstein questioned whether it would even be a Council topic. She suggested the meeting is too soon. The City Manager will enforce as necessary whatever is discovered.

City Manager Kadrach asked if the City Council wants the City to just look at the current period of time or would they want the City Manager to go back the entire term of the contract. Presently they are only looking at the current contract term.

Councilmember Pitts noted that three extensions were given to a vendor who may not have been honest with the City and questioned why this has been continuing.

Councilmember Hill said his hope is that the discrepancies are remedied and there is no issue. He is conflicted.

Councilmember Susuras noted the audit is not finished so no one should be accused of anything. He thought at the last session that Pinon Grill would be allowed to continue until the new RFP was completed.

Councilmember Beckstein agreed and thought others felt that way too. She feels that someone jumped the gun. She would like to leave the topic of the discrepancies as that is the City Manager's responsibility. Her concern is that the bid process was partial to Two Rivers getting the contract. The appearance is that the numbers were doctored. City Manager Kadrach said no one doctored the numbers. The people that did the rating changed their own numbers. As can happen in a scoring situation, one changes their opinion after seeing another presentation. Councilmember Beckstein said it does not appear that way.

Council President Coons said this is exactly why she called this meeting, so the City Council and the community have the same information.

Parks and Recreation Director Rob Schoeber described how the RFP process was put out. As with all RFPs, City Staff conducts the review of the RFP. Councilmember Hill argued that it does not have to be that way. Mr. Schoeber said that Two Rivers bid came in on time but it was later in the process when that occurred, so the review committee was expanded to include private business people. He then detailed the review process, the application, the interview, and the food tasting. Grading sheets were distributed to each committee member. Nothing was discussed about scoring among the committee members until all of the scores and comments were tallied. Two Rivers was not treated any differently.

Councilmember Kenyon asked exactly what services Pinon Grill was to provide. The understanding is that the operator has to do what he needs to do to make money. What will be allowed there in the future? City Manager Kadrach said the primary purpose is to provide food and beverage service to the golfers and events at the golf course. Special events were not to be in conflict with the golf. If there are events when there are still people golfing, there still needs to be accommodations to the golfers.

City Attorney Shaver offered to read that section of the contract.

Councilmember Hill said asked if the information that the facility will not be available to groups under Two Rivers is not true. City Manager Kadrach responded affirmatively.

City Attorney Shaver read from the contract, paragraph E, and others.

Councilmember Kenyon asked if the City owns the equipment. City Attorney Shaver said the City owns some and the operator owns some and ownership is very detailed in the contract.

City Manager Kadrach said the current provider has had difficulty providing concessions at both Tiara Rado and at Lincoln Park so it has been discussed to split the two facilities into different contracts.

Councilmember Susuras asked if Mr. Kennedy and Mr. Hoefer is still operating the restaurant. City Manager Kadrach said Mr. Kennedy is not but Mr. Hoefer wants to transition out of the business on February 4, 2011.

City Manager Kadrach noted this information on the finances has only been brought to light in the last week.

Councilmember Pitts asked for confirmation that the current operator wants to discontinue. City Manager Kadrach said she told him the contract expired February 11<sup>th</sup> and Mr. Hoefer said he wanted to be out by February 4<sup>th</sup>.

Councilmember Palmer said he appreciated the update and the Council will address any policy issues that come up.

Councilmember Pitts concurred.

Councilmember Palmer said his opinion is that the financials should just be reviewed for the term of this contract.

Council President Coons said the purpose of the meeting was to have clarification on information to them and out to the public and that was accomplished.

### **Other Business**

Councilmember Hill asked about the workshop with the Airport since fence permits are issued administratively and there was no time element in the motion; he wanted some clarification.

Council President Coons agreed that it needs to be in a short time frame.

Councilmember Pitts asked if the fence permit would be issued for the entire fence. City Attorney Shaver said it is not uncommon to break a fence of that size into separate permits.

**Adjournment**

The meeting was adjourned at 7:03 p.m.

Stephanie Tuin, MMC  
City Clerk