

GRAND JUNCTION CITY COUNCIL WORKSHOP SUMMARY
November 17, 2014 – Noticed Agenda Attached

Meeting Convened: 3:05 p.m. in the City Auditorium

Meeting Adjourned: 7:15 p.m.

Council Members present: Boeschstein, Chazen, McArthur, Norris, Susuras, and Traylor Smith. Staff present: Englehart, Shaver, Moore, Romero, Evans, Hazelhurst, Kovalik, Starr, Tonello, Lanning, Guillory, Gilbertson, Finlayson, Taylor, Camper, Roper, Schoeber, Tice, Bowman, Valentine, and Tuin. Also present were Amy Jordan and Ben Johnson from the Grand Junction Regional Airport.

City Manager Englehart mentioned discussion on Agenda Topic #2 will be delayed until Fire Chief Ken Watkins arrives.

Agenda Topic 1. Foreign Trade Zone Consultant

City Manager Englehart introduced the item; he mentioned funds had been set aside for this from the Economic Development Fund and asked Council for direction on scheduling approval of the contract. Elizabeth Tice, Management and Legislative Liaison, defined Foreign Trade Zone (FTZ), explained the areas in which it provides tax free commerce, and listed the benefits a FTZ could provide the local economy. She explained a specialist in international trade is needed to determine if this certification would benefit the Grand Valley. The individual chosen is David Spooner; he will provide a cost benefit analysis detailing the risks and expenses for the City, and the benefits it would provide to the City, local businesses, the community, and other economic development efforts. If the City decides to proceed after receiving this information, he will also provide details on how to obtain a FTZ certification. The agreement is to pay an hourly rate for services not to exceed \$50,000; this amount has been budgeted.

Councilmember Susuras asked if the \$50,000 is a retainer and if the cost will go over \$50,000. Ms. Tice said it is not a retainer; the amount of \$50,000 was determined by Staff as a maximum spending limit. City Attorney John Shaver explained the budget limit and hourly rate were set to ensure there would not be any ongoing costs.

Councilmember McArthur asked how much Mr. Spooner's hourly rate is. City Attorney Shaver said the negotiated rate is over \$600 per hour.

Councilmember Susuras asked for clarification on when materials and products are taxed. Ms. Tice said companies would not pay tax on materials coming into the country to be used for manufacturing and no tax would be paid if the completed product is shipped overseas or to another FTZ. The only time tax would be paid is if the completed products entered the U.S. economy.

Councilmember McArthur asked who approves FTZ certifications. Ms. Tice said the FTZ Board is comprised of the U.S. Secretaries of Commerce and Treasury.

Council President Norris asked how many people in the U.S. do this type of consulting work. Ms. Tice said the City had a difficult time finding people that specialize in this process.

Councilmember Boeschstein asked if this contract was competitively bid. Ms. Tice said this was a sole source bid. City Attorney Shaver explained professional services contracts can be exempt from competitive bids because it is based on the credentials and qualifications of the respondents.

Councilmember Boeschstein asked if local companies dealing in international trade and if the Grand Junction Regional Airport (GJRA) had been contacted regarding the City pursuing this certification. Ms. Tice said they have spoken with Amy Jordan and Ben Johnson from the GJRA. Ms. Jordan said the GJRA Authority Board is interested to see the analysis results. Councilmember Boeschstein said Seth Anderson of Loki, LLC is interested in the FTZ.

Councilmember McArthur asked if the proposed FTZ will extend to Montrose. Council President Norris said the estimated radius is 60 miles, but it is subject to change. Councilmember McArthur suggested contacting Montrose to see if they would be willing to share the cost.

Councilmember Susuras introduced Amy Jordan and Ben Johnson from GJRA, who were present.

Councilmember Chazen asked for clarification on what services will be provided for the \$50,000 and expressed concern that the cost would exceed this amount. Ms. Tice said in addition to the previously mentioned services, Mr. Spooner will also help identify the total cost of the certification process. City Attorney Shaver advised the fee agreement will include periodic updates from Mr. Spooner.

Councilmember McArthur asked if the cost benefit analysis will be specific to Grand Junction and the Western Slope. Ms. Tice said that the benefit side of the report will be tailored to the local area. The Economic Development partners are in the process of identifying companies that might benefit from this certification.

Council President Norris said this part of the process will help the City determine if the certification will help current companies and recruit companies to the area which would be an economic development component. She asked if the City is willing to spend \$50,000 to see if this is something that will help local companies grow.

City Manager Englehart said he and Ms. Tice met with the County Commissioners; they were interested in this project. He feels it is worth pursuing and noted the budgeted amount would come from budget years 2014 and 2015.

Council President Norris mentioned Councilmember Traylor Smith would like to be the Council's representative on this committee and asked if Council is in agreement with pursuing this project. All in attendance agreed.

City Manager Englehart asked for approval of the consulting contract to be added to the November 19th Consent Calendar.

Agenda Topic 2. Circulatory and Cardiac Malfunction Insurance – To be discussed later.

Agenda Topic 3. Budget Workshop

City Manager Englehart reviewed the agenda.

Revised Economic Development Worksheet

Regarding the Museum requests, City Manager Englehart asked for clarification and direction on how \$78,500 from a Trust Fund should be distributed to the local Museum.

There was a discussion on the Museum's specific request with the majority of Council wanting to limit funding to the Museum facilities within the City limits. The County's ballot question in 1974 for Museum funding was brought up with the question of the amount, the discretionary language in the ballot question, and the validity of the obligation since it has not been certified for many years.

The City Council agreed to appropriate the Trust Funds for Museum and Library purposes and to meet with Museum officials before deciding on the distribution.

Councilmember Doody entered the meeting.

Regarding the Colorado Mesa University (CMU) Sports Commission, City Manager Englehart referred to line 8 in the worksheet regarding their request. The other contributors to the Commission understood it was a 2015 request and planned to donate in 2015; the City will move the fund allocation from 2014 to 2015.

Revised Capital Worksheet

Ms. Romero stated the Mesa County Federal Lease Grant for the Public Safety Training Facility has been added as line 8 in the worksheet; this was the only change.

City Manager Englehart said CMU asked the City to run this project through the City's procurement system and they will manage it. The City will appropriate funds for the whole project, however, once the project is complete the asset needs to be transferred from the City to either the County or CMU.

City Attorney Shaver said the request states the City is ceding the money “for and on behalf of the Law Enforcement and Fire Training Center”.

City Manager Englehart said this is a three way partnership between the City, County, and CMU.

Councilmember Boeschstein asked if the water line was Clifton’s and if they would be participating. Bret Guillory, Engineering Program Supervisor, said Clifton Water will be donating a 100,000 gallon tank.

City Manager Englehart said that amount is a carry forward to 2015; the whole amount will be appropriated.

Fund Balance Worksheet

Ms. Romero said the Fund Balance Worksheet includes the partial market implementation for labor, the health insurance increase, and Parks Patrol additional hours. She noted some General Fund highlights: the projected 2015 ending fund balance, 2014 budget savings, and a possible second payment from the Avalon Theatre Foundation (ATF) in the amount of \$250,000. This would leave an estimated \$415,000 that Council could appropriate.

City Manager Englehart feels the City will be able to reconcile fully with the ATF in 2015. If these funds become available, it can be earmarked for capital. He mentioned the City has applied for a Department of Local Affairs (DOLA) grant for Leach Creek which may free up an additional \$200,000.

Councilmember Boeschstein asked about the status of the Avalon marquee and if there is funding.

City Manager Englehart said there are a number of items that weren’t part of the initial project scope for the Avalon but are critical to the operations. ATF will continue to sell pavers and focus on funding these items. The ATF is talking about starting Phase II in three to five years.

Councilmember Chazen asked for clarification on transfers and the contingency fund.

Ms. Romero pointed out the contingency detail in the right hand column of the worksheet and explained the rest of the worksheet. She detailed the transfers in which included the portion of the Community Development Block Grant that pays a portion of the coordinator’s salary, the transfer from the Cemetery’s perpetual care fund, and the self-insurance portion of the health insurance. The contingency amount is from the Council’s ED Fund Worksheet, line 41.

When asked for details on the increase of expenditures, City Manager Englehart explained that operations and personnel expenses are down from last year. The

increase is due to Internal Service Charges (Fleet, IT, and Communication Center) and some grant projects.

Council President Norris suggested Councilmember Chazen review the analysis and bring back to Council anything he feels should be discussed further. She also noted the City is short police officers and currently their pay is not at market; she asked Councilmember Chazen to look at this issue as well.

Ms. Romero mentioned they will also discuss a restructure of the golf debt, but it will be a separate discussion. She noted the detail for the Interfund Charges are on slide #6.

Interfund Charges Followup

Ms. Romero said the major changes to Interfund Charges are for Fleet Services, Facilities, and IT.

Internal Services and Enterprise Funds Capital Project Worksheet

Ms. Romero mentioned some capital projects have been deferred to 2016 and 2017; the projects in these funds have their own source of revenue.

Greg Lanning, Public Works and Utilities Director, reviewed proposed capital projects in both the sewer and water enterprise funds. Projects included flowline replacements and water efficiency improvements at Somerville Ranch. All of the projects are programmed in the Fund's ten year capital plans. There are no capital expenses planned for Solid Waste or Ridges Irrigation in 2015. An updated rate sheet was distributed.

Councilmember McArthur asked if grants are available for water line replacements. Mr. Lanning said historically the City has applied for and received low interest loans for such projects. Grants are typically not available for this type of project.

Councilmember Boeschstein asked if fire flow is adequate in urbanized areas. Bret Guillory, Engineering Program Supervisor, answered fire flow is very good within the City system. Some areas Ute Water services may need some upgrades.

Mr. Lanning said on the operations side there is a proposal to move Water Administration Services out of their current building into the old engineering building. This would allow better use of the current building and they would lease the engineering building from the General Fund for \$18,000/annually.

Agenda Topic 2. Circulatory and Cardiac Malfunction Insurance

Ms. Tice introduced the item and provided background on the legislation that mandates this insurance for Fire Fighters. The law requires payments to Fire Fighters for specific circulatory and cardiac malfunctions. She reviewed the available options: joining a

trust, purchasing insurance through a vendor, or self-insurance. DOLA will reimburse municipalities the first year's premiums.

Discussion ensued regarding the impacts, the costs, and how best to offer this insurance by January 1st, through a statewide trust or self-insurance. Staff advised they will continue to evaluate the options and bring back a recommendation to Council. No decision was required at this time.

Agenda Topic 3. Budget Workshop (cont.)

Internal Services Funds

City Manager Englehart explained the Internal Services Funds are higher in 2015 than in previous years because the City has funds available to put back into the Internal Services Funds through the Internal Services charges. City Manager Englehart also explained why the Internal Services Fund expenses were higher; there has been extensive investments in IT, Fleet Services, and the Communication Center. Also noted is the upcoming review of software and the associated maintenance agreements. These significant increases should not be needed in 2016.

Ms. Romero reviewed the highlights listed on the City Council Budget Workshop handout for the following areas: Information Technology, Fleet, Self-Insurance, the Communication Center, and Facilities.

Fleet: Jay Valentine, Internal Services Manager, noted fuel costs have decreased and all vehicle solicitations ask for alternative fuel vehicles to be included in the bid. He has set a fund balance target of \$1.5 million for Fleet Services.

Communication Center: Ms. Romero explained E911 transfers and noted they fluctuate depending on projects. She also mentioned some cost saving measures to be implemented.

City Manager Englehart added when the Communication Board makes the decision to use either wireless or broadband the capital expenses associated with the implementation, such as towers, will impact the budget.

There was a discussion on how 911 surcharges are assessed, the future funding of the Communication Center, and the challenges of advancing technology on operations and charges; these issues will require a larger discussion with the County.

Facilities: Ms. Romero said the Facilities operating budget remained flat; utility charges may increase up to 5% for 2015, which includes increases approved by the Public Utilities Commission. It is hoped this increase will be offset by other cost saving measures such as the Solar Garden.

Enterprise Funds

Ms. Romero reviewed the highlights and noted the impacts of rate increases.

Persigo Presentation

Public Works and Utilities Director Greg Lanning introduced and reviewed this item. He noted that non personnel operations remained flat; however there are two personnel requests for a lab analyst and shift supervisor. Other increases are for capital expenses. He listed the major expenses from the Capital Projects handout.

There was a discussion regarding Persigo purchasing Fire Station #4, including the Station's suitability for Persigo operations. Mr. Lanning advised he will be presenting the Persigo budget to the County. Other items discussed were the Persigo Agreement, septic elimination plans, and Persigo's long term capital plans. It was noted that a new rate study is planned for 2015.

Golf Debt Restructuring

Ms. Romero introduced the topic noting a decrease in play which is a national industry trend. She reviewed the highlights and gave a brief history on the debt.

City Manager Englehart advised the golf debt has been a difficult challenge, but everything has been done on the operational side to bring this internal loan into balance. He noted without the Tiara Rado renovations the City would have probably lost the golf course, especially given the drought and the Redlands water situation in 2008.

Rob Schoeber, Parks and Recreation Director, referred to the Golf Course Comparisons handout and highlighted changes that were implemented this year which resulted in a reduction in expenses and increased revenue. He advised that a debt payment can be made in 2014, although it will be short of the goal by about \$77,000. Sales for season passes will add up to \$200,000 to the year end revenue projection.

City Manager Englehart said Council previously decided debt payments would be applied first to the driving range principal and then to interest.

Ideas were brought up to increase the number of rounds sold; concerns were expressed about competing with private industry and trying to drive volume by price.

Mr. Schoeber mentioned there has been discussion about restructuring Lincoln Park to be a family/student course and separating it from the Tiara Rado enterprise fund. Comments were favorable regarding restructuring Lincoln Park.

City Manager Englehart listed the options regarding the current debt: extend the debt by five years, extend the debt and lower the interest rate, or forgive the debt which

would free up Conservation Trust Funds. The last option might create a TABOR issue. Councilmember McArthur suggested treating it like a line of credit loan.

The consensus was to extend the debt (option A), build up the fund, and review it again next year.

Parking Fund

Ms. Romero reviewed the highlights as listed in the handout.

Visitor and Convention Bureau

Ms. Romero reviewed the highlights as listed in the handout.

Deb Kovalik, Convention and Visitor Services Director, explained what some line items include: Professional Development includes trade show travel expenses and fees and Administrative Overhead includes a 5% administration fee from the lodging tax which covers support services. She addressed the amended 2014 projected increase; she remains cautious for 2015 with a 4% increase in the occupancy rate and has plans to work with those in the lodging industry on using internet booking and rates.

Two Rivers and Convention Center (TRCC)

Ms. Romero reviewed the highlights.

The TRCC building has been moved into the Facilities System; many repairs were done in 2014, so no capital improvements are listed for 2015 under this line item. Also noted was the decrease in Worker's Compensation premiums due to training and management.

Avalon Theatre

Ms. Romero reviewed the highlights as listed in the handout.

Ms. Kovalik explained the difference in the business plan from 2014 to 2015 is in large part due to unanticipated Interfund Charges (technology and facility charges) and the minimum wage increase.

Stuart Taylor, Convention Services Manager, reviewed opportunities and events at the Avalon Theatre; he is happy with the progress thus far.

Ms. Romero distributed a line item budget to the Council.

City Manager Englehart wrapped up the workshop saying it has been a good budget process, even with the challenges that remain. He looks forward to the upcoming year.

The Council requested a line item budget with 2014 Adopted Budget and 2014 Amended Budget included.

Agenda Topic 4. Board Reports

There were no Board Reports.

Agenda Topic 5. Other Business

There was no other business so the meeting adjourned.

**GRAND JUNCTION CITY COUNCIL
MONDAY, NOVEMBER 17, 2014**

**WORKSHOP, 3:00 P.M.
CITY AUDITORIUM
250 N. 5TH STREET**

To become the most livable community west of the Rockies by 2025

Supplemental Documents

1. **Consultant Contract for Foreign Trade Zone:** Staff is requesting City Council authorize the City Manager to enter into a contract with Barnes & Thornburg LLP to evaluate the merits of a Foreign Trade Zone. **Attachment W-1**

2. **Heart and Circulatory Malfunction Benefits:** Staff would like to discuss the options for insurance coverage for heart and circulatory malfunctions for Firefighters. Senate Bill 14-172 requires local governments to maintain accident insurance, self-insure or participate in a self- insurance pool/trust to provide particular benefits to firefighters. The bill also created the Firefighter Benefit Cash Fund and appropriated funding to reimburse local governments for the first year of premiums. **Attachment W-2**

3. **Budget Workshop** Supplemental Documents
 - Enterprise Funds
 - Internal Service Funds
 - Fund Balance Worksheets

4. **Board Reports**

5. **Other Business**