

**GRAND JUNCTION CITY COUNCIL WORKSHOP SUMMARY**  
**November 3, 2014 – Noticed Agenda Attached**

Meeting Convened: 3:00 p.m. in the City Auditorium

Meeting Adjourned: 8:00 p.m.

Council Members present: All Council. Staff present: Englehart, Shaver, Moore, Romero, Evans, Tice, Valentine, Starr, Watkins, Camper, Hazelhurst, Schoeber, Lanning, Kovalik, Finlayson, Roper, Rainguet, Prall, Gilbertson, and Tuin.

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Agenda Topic 1. The Colorado Mesa University (CMU) Sports Commission presentation

Rick Taggart, Jen Stoll, and Derek Wagner with CMU were present. Mr. Taggart advised that by forming a sports commission, they will be able to seek outside sporting events to come to Grand Junction. A commission will compete for events nationally and regionally. Bringing events to town will bring a positive economic impact to the community via the dollars spent by visiting families and participants while in town. This will include traditional and non-traditional events, with State and Regional competitions. The events will benefit the community by contributing to diversity and stability of the local economy.

Ms. Stoll identified the vision to establish the greater Grand Junction Sports Commission and the mission. She detailed the funding sources, the creating of the 501 (c)(3), establishing the board of directors from the funding partners, and developing organizational bylaws. The next steps will be the strategic and tactical, which will be the marketing materials, traveling to industry tradeshows, conducting a comprehensive facility/venue assessment, a calendar audit, and hosting a post audit stakeholder workshop.

The current funding has been from CMU at over \$138,000 annually. Through a partnership of community entities and resources, an opportunity exists to expand sport tourism in the community. CMU will take the lead. They have spoken to Fruita, Palisade, and Mesa County. Right now they are asking for City participation and funding, and a designated liaison from the City.

Councilmember Susuras asked for clarification if the funding was for 2015 or 2016. Mr. Taggart said for 2016. Council President Norris asked if the money is needed in 2015 to bid on future events. Mr. Taggart said they must first identify events that fit this market.

City Manager Englehart said Council could allocate for 2015, and if it continues, then approach the Economic Development (ED) partners. It was agreed by Council to contribute \$15,000 for this upcoming budget year, but there was no future commitment at this time.

**Budget Workshop**

City Manager Englehart introduced this item and said he was very proud of this budget process and of the work Staff has done. This budget was well thought out, and City Manager Englehart believes there is a light at the end of the tunnel. The Council will see a very conservative approach; a reduction in labor and in operations. There is a reduction overall even with the inclusion of changes. There is an increase in the facilities accounts. Throughout this review, there will be some decisions that will need to be made.

**Agenda Topic 2. City Council's Economic Development Fund**

Financial Operations Director Jodi Romero advised sales and use taxes are up 4.8% for this month. Council President Norris asked what the last 3 month average was. Ms. Romero responded about a 4.5% increase.

City Manager Englehart said Council will notice on the Economic Development (ED) worksheet the changes are highlighted. Ms. Romero said they are all reflected from the last discussions at the workshop. The changes are: Item #10, the Arts Commission budget was moved to this section; Item #28, for Catholic Outreach, the 2014 contingency will be used at Council's direction; Item #35, the Advertising and Marketing Plan was added with the use of contingency, this is for associated costs in marketing; Item #39 is for Grand Junction Economic Partnership (GJEP) Job Incentive Program which will be earmarked and set aside for 2016; Item #41 is the \$15,000 for the Greater Grand Junction Sports Commission just presented by CMU; and Item #42 is the Museum's request of \$115,553. City Manager Englehart noted the potential revenue source for the Museum's request is the Haywood Trust in the amount of \$78,500. This Trust was left to the City for disbursement with the stipulation it be used for museums or libraries. City Attorney Shaver said the Trust is not specific and Council could use their judgment on disbursement. Consideration can be deferred until after the meeting on November 13<sup>th</sup> with Museum representative Peter Booth.

**Agenda Topic 3. Wrap up Capital**

City Manager Englehart noted that the discussion will begin where it left off. Referring to the Capital Projects Worksheet, he noted Items #21 and #25 were added back in (Leach Creek Flood Control Dam and the VA Hospital turn lane).

Financial Operations Director Jodi Romero noted Parks and Recreation starts on line #27. Rob Schoeber, Parks and Recreation Director, began his presentation. He reviewed the request and the funding sources including Open Space Fees, Conservation Trust Fund proceeds, and grant funding. Major projects included Riverfront Trail repair, Las Colonias Park development, and Matchett Park development.

Councilmember McArthur asked about impact of the Yellow Billed Cuckoo on projects. There was a discussion on timing, the comment period, and getting the local Fish and Wildlife staff

involved in the planning. City Attorney Shaver explained the cuckoo has been designated as endangered; the designation of habitat is what is at issue now.

Councilmember Boeschstein expressed that the State Department of Natural Resources is on the City's side; they are aware there was only one isolated sighting of the cuckoo bird.

Mr. Schoeber said Item #29 has been broadened for grant matching to include both Matchett and Las Colonias Parks. These would be grants with matching funds. Ms. Romero explained the only impact on the Capital for Parks and Recreation is for Item #31, cemetery repairs.

City Manager Englehart noted that Council has allocated over a million dollars in the Parks Fund over the last two years to get all the facilities rated "poor" into the "good" category. The only remaining one is Whitman Park.

Councilmember Chazen voiced concern that capital is not being allocated for maintaining the infrastructure already in place. Mr. Schoeber said that \$2 million was spent on 16 capital projects in recent years. The only items remaining are the restrooms at Emerson and Whitman Parks; otherwise the parks system is in good shape.

Councilmember Boeschstein complimented Staff on a good job of going through each park and systematically upgrading them with ADA improvements.

Councilmember Traylor Smith asked about lights at Cronkite Park. She was contacted by someone in the private sector who said if there were lights there, they would use the Park at night. City Manager Englehart said this could be a project for the Sports Commission to address.

Mr. Schoeber said for Item #30, skate park improvements, they will work with the local skateboarders at both parks. \$10,000 is in this year's budget with the additional \$15,000 in 2015. Item #31 is the Cemetery Irrigation repair and replacement which will replace a 60 year old system. Item #32 will be grant funding from DOLA for landscaping and design of the amphitheater at Las Colonias Park. Councilmember Boeschstein asked if this included the grant from the Lions Club. Mr. Schoeber said they contributed \$10,000 just for the design, but they have committed \$300,000 over five years for the amphitheater. Item #33 is the Horizon Park Pipe project which will be a partnership with Grand Valley Water Users (GVWU). On the west end of the Park there is an open gate which has been a safety issue. The City will pipe the entire canal from east to west and GVWU will do the gate work. Item #34 is the sliding glass door replacement at Orchard Mesa Pool.

Councilmember Boeschstein asked about the Urban Trails Committee and the projects noting they are going to provide a list of trail projects. City Manager Englehart said they are still working on the re-organization of the Urban Trails Committee, but they are going to assess and re-do the old Master Plan. In the meantime some of the trails have been taken care of in the

“Safe Routes” program. Both the Horizon Drive Trail and the pathway to the Fairgrounds were mentioned as priorities.

Next, Convention and Visitor Services (CVS) was addressed. CVS Director Debbie Kovalik explained Item #36 is two warming cabinets which are needed to transport food from Two Rivers to the Avalon for events. City Manager asked Ms. Romero if the item could be moved into this year since it was such a small amount. Ms. Romero said there would be funds for this in 2014.

Under Facilities, Internal Services Manager Jay Valentine provided an update on the facilities assessment to include Two Rivers and other buildings. They are just waiting for the data to be compiled. Once this report is completed they will have a computer program which help put estimates together for repair and critical replacements of systems. The \$100,000 proposed for 2015 will address the most critical items.

City Manager Englehart said with those projects, the capital budget is in balance. Items on the back of the work sheet are the “B” list. The Fire Departments Hydraulic Stretchers were debated as to whether to replace all of them at once or a few at a time. That has not been decided.

That concluded the capital discussion.

#### Agenda Item 4. Fund Balance Summary

City Manager Englehart referred to the Fund Balance Summary worksheet which identified where each of the funds stood currently.

Ms. Romero updated the Council on where she anticipates the funds being as of 2015. She said they are estimating \$19.2 million in the General Fund which will be \$725,000 above the minimum reserve of \$18.5 million. The Enterprise Fund balances are down, Internal Services Funds are up. The projected 2014 ending and 2015 beginning fund balance is \$54.2 million, which is a better position than last year. There will be more information provided at the November 17<sup>th</sup> workshop.

City Manager Englehart said right now there is \$725,000 available for allocation. They will have a menu of options for Council to consider to allocate those funds. Last year they were able to balance to \$18.5 million, so this year is a better position than last year.

#### Agenda Item 5. TABOR Calculation

Ms. Romero referred to the TABOR calculation handout noting the local growth rate and the Denver/Boulder CPI allowed growth of 3.73%. She explained the calculations. There are two properties that did not get their tax exempt status filed on time but the City did not include them in the calculations as it would artificially inflate the City’s local growth component.

City Attorney Shaver advised the entities have now filed their forms, but since they were not on time, it will affect the final certification.

Councilmember Chazen asked when the City can defease the Riverside Parkway bonds. Ms. Romero said the earliest is 2021, with full payoff in 2024.

#### Agenda Item 6. General Fund Overview 2015 and 2015 Outlook

Ms. Romero explained the handout sheet which shows the 2014 adopted and 2014 amended budget, the 2015 requested budget, and in the last column, the change.

Councilmember Susuras asked Ms. Romero the reason for the \$2 million increases in sales tax and how that is calculated. Ms. Romero said there are several economic indicators which lead them to project a 3% increase in sales tax collection. They believe that is a conservative estimate.

City Manager said that with the indicators in the valley, with the new Wal-Mart and Subaru moving to a new location and bringing in a new franchise, these are the factors on which they based the budget.

Councilmember Chazen asked to define Intergovernmental Revenue. Ms. Romero explained these are grants, both State and Federal. The transfers in are CDBG, the \$500,000 CMU for the classroom building, the share of the CDBG funds that pay the salary of the coordinator, and the Cemetery Perpetual Care Fund interest.

City Manager Englehart noted increases in 2015 are due to making up in interfund accounts for Fleet and IT. Ms. Romero said reductions in labor and operations are due to making Facilities its own Internal Services Fund.

#### Agenda Item 7. General Fund Department Budgets

Ms. Romero reviewed the highlights by Department in the General Fund and their corresponding line item changes. Every area was impacted by health insurance increases, the creation of Facilities as an Internal Service Fund, and the increase in interfund charges for facilities, utilities, and information technology. Other factors include costs for the election, the "Safe Routes to Schools" project, completion of the COPS and other grants, and increase in utility costs.

Councilmember McArthur asked if worker's compensation is self-insured. Dave Roper, Risk Manager, replied yes and explained how the City determines the budget based on experience.

Ms. Romero reminded them that part of the reduction in the Parks and Recreation budget was due to moving the Arts Commission Grants to the Council's budget.

Councilmember Chazen said that he would like to see IT, Fleet, and Facilities compared from last year to this year.

Agenda Item 8. Labor Budget Overview

City Manager Englehart explained there are several options in this area that Council can use the \$725,000 mentioned earlier.

Claudia Hazelhurst, Human Resources (HR) Director, began her presentation with some statistics relative to the City. The City is the 8<sup>th</sup> largest employer in Mesa County, currently there are 641 full-time employees; this is down from a high of 701 in 2009; the seasonal and part-time employees are at 317 during peak season, and there are 178 different jobs within the City organization.

Ms. Hazelhurst briefly described the reduction of the 12 positions and the addition of 18 positions from 2012 to current. Ms. Hazelhurst explained the City is continuing to look at how to do business.

Councilmember Boeschstein asked Ms. Hazelhurst to explain how the City endured the recession. Ms. Hazelhurst explained the City took their time and did a staff reduction program. There was also a pay decrease across the board.

Ms. Hazelhurst addressed the pay philosophy and the four tenets that HR looks at: the City stays fiscally responsible to its citizens; it is a market-based plan; it attracts, develops and retains a highly qualified workforce; and it maintains competitive pay by not leading or lagging the prevailing market.

Ms. Hazelhurst recapped the pay increases since the reduction. The trends that were seen in the wage market was a growth of 1.1% projected in changes in pay ranges for the market in 2015. The Front Range growth as compared to the Western Slope projections for 2015 is 1.4% versus 1%. The local public sector employers are reporting pay adjustments of 3.9% for School District #51, 2.5% for the State, 2.6% for CMU, and 3.7% for Mesa County. Ms. Hazelhurst said the administrative support and labor trades are now at or slightly above market.

Council President Norris asked about Public Safety wages. Ms. Hazelhurst reported these are still under market. She advised overall there are still 117 employees at or above market.

Councilmember Chazen asked about performance adjustment versus a market adjustment. He asked about when proficiency comes into the picture and this was explained by Ms. Hazelhurst.

Ms. Hazelhurst explained the benefit comparison to market with the same group of employers. The City is starting to fall a little behind, but HR continues to watch this. She explained the City is doing much more with the wellness initiative compared to other agencies. The City has

relatively low health insurance premium increases and the City has added other programs to help impact health care costs.

Dave Roper, Risk Manager, explained the recent benefit change history and the history of health insurance cost increases. Mr. Roper said the City really doesn't know increases or decreases until the end of the year. Rocky Mountain Health Plan has always worked with the City on cost control measures. The City looks at the long term rather than the short term for cost control.

Ms. Hazelhurst begin with wage and benefit trends with the minimum wage increase, legislative mandates that impact pay, benefit coverage and costs, the retirement of employees increasing in the next 3-5 years with a quarter of the workforce retiring, rising health care costs for both employees and employers, and labor increases for specialized positions in the coming years.

Councilmember Chazen inquired about any unfunded liability in the Retiree Health Program advising he would like to full picture before deciding on the allocation of the \$725,000.

Dave Roper, Risk Manager, John Shaver, City Attorney, and Sonya Evans, Finance Supervisor, gave a briefing of the difference between what is an unfunded liability, and what counts as assets, with the retiree health care benefit. The City employees fund the liability. Mr. Roper said the Government Accounting Standards Board (GASB) rules do not allow the City to count the funds paid by employees as an asset since it is employee-funded and not in a trust.

City Manager Englehart suggested the City Council use the \$725,000 for a partial implementation of the market adjustment noting four options being presented. They are full implementation of the market in 2015; implementation over 2 years of 2.5%, implementation over 2 years of 1.25%, or an across the board adjustment of 1%. In addition to that, the employee share of health insurance premium increase, which is approximately \$36,000 could be covered by a portion of the health rebate from Rocky Mountain Health Plans (RMHP). The majority of the Council was in favor of the implementation over 2 years at 2.5% and picking up the employee share of the premium increase. City Manager Englehart said Council could even re-evaluate it mid-year to include the other portion of the market implementation if revenues are above projections.

Also Mr. Englehart asked the Council to use a portion of the \$725,000 to extend the Parks Patrol program.

The majority of Council was in favor of a partial market adjustment implementation at the 2.5% level, covering the employee portion of health premium increases, and extending the Parks Patrol program.

It was agreed to continue with Enterprise and Internal Services Funds at the next workshop on November 17<sup>th</sup> and to start earlier.

With no further business, the meeting adjourned.



**GRAND JUNCTION CITY COUNCIL  
MONDAY, NOVEMBER 3, 2014**

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

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

- 1. Colorado Mesa University (CMU) Sports Commission**
- 2. Updated Economic Development Listing**
- 3. Wrap up Capital**
- 4. Fund Balance Summary**
- 5. TABOR Calculation**
- 6. General Fund Overview 2015 and 2016 Outlook**
- 7. General Fund Department Budgets**
- 8. Labor Budget Overview**
  - Workforce, Staffing**
  - Pay Philosophy, Wages, Market**
  - Health**
  - 2015 Budget and Other Considerations**
- 9. Enterprise Funds**
- 10. Internal Service Funds**
- 11. Board Reports**
- 12. Other Business**