

**GRAND JUNCTION CITY COUNCIL
WORKSHOP SUMMARY
October 2, 2006**

The City Council of the City of Grand Junction, Colorado met on Monday, October 2nd, 2006 at 7:02 p.m. in the City Hall Auditorium to discuss workshop items. Those present were Councilmembers Bonnie Beckstein, Teresa Coons, Bruce Hill, Gregg Palmer, Jim Spehar, Doug Thomason, and Council President Jim Doody.

New City employees were introduced by Department Directors.

Summaries and action on the following topics:

1. **BOTANICAL GARDENS:** The Board of Directors of the Western Colorado Botanical Gardens is asking the City for financial assistance to help with the daily operation of the Gardens.

Interim City Manager David Varley reviewed the history of the Gardens and the background on the request. He said the Gardens are located on City property and have a long term lease of \$1.00 per year. The Botanical Gardens is not connected to the City but they have cooperated in several projects. Mr. Varley said the City maintains the parking lot and said the City in 2003 also contributed \$50,000 to help with the Gardens. He said in April 2004, the Botanical Gardens told the City they were concerned about their water bills which averaged about \$450 per month, at that time they were using drinking water for irrigation. Mr. Varley said the Gardens asked the City to assist them in developing an irrigation system that could use water from the Colorado River and reduce their monthly bill. He said Public Works moved 10 cubic feet per second (CFS) of City water rights on the Colorado River to the Botanical Gardens location and identified a number of alternatives for supplying the irrigation water to the Gardens. In 2006, the City spent \$10,800 to install a new system that would allow the Gardens to use raw water from the Colorado River to irrigate their facility and said this has dramatically reduced their monthly water bill. In January 2006, the Botanical Gardens Board of Directors met with the City Council at a workshop to again discuss the financial issues faced by the Gardens. He said at this meeting the Board presented a "Plan of Action" which detailed specific actions that were to be taken to help get their finances in better condition. The report from the Botanical Gardens listed the progress they have made in achieving their Plan of Action. Mr. Varley said the Botanical Gardens is now meeting with Council to report on their progress and ask for additional assistance to help keep their doors open. Lastly, the Gardens asked to use a run down building on the adjoining property for storage, but due to the shape of the building, the City decided to demolish the building and is now in the process of purchasing a shed for the Gardens' use. Mr. Varley said the Gardens request is the desire to have the City subsidize their operation in one way or another and said the list contains the specific requests of the Botanical Gardens. Mr. Varley reviewed a number of possibilities of what the City could do to help the Gardens.

Councilmember Coons asked about the water for the public bathroom and questioned if the City is paying for that. Mr. Varley said the Gardens pays the water bill, but the City helps with the cleaning of the restrooms.

Councilmember Palmer asked if the Gardens are current on their water bills. Mr. Varley said they are behind a couple of months on the water bill and said they are also behind on the cleaning bill as well.

Beth Campbell, President of the Board of Directors for the Western Colorado Botanical Gardens, said the Gardens are behind on most of their bills. She said the Gardens do great at growing gardens, fund raising, and capital projects. She said the Gardens do get a lot of grants, but have trouble with operating capital. She said the Botanical Gardens spoke with the City Council at the end of 2005 regarding the irrigation system and said that system saved the Gardens a lot of money last summer and they are grateful for the \$1 per year lease and for the storage building. Ms. Campbell said they have tried everything and said they have also approached every bank. Ms. Campbell said the Gardens have an active Board that meets once a month to figure out ways of keeping the doors open. She said even with all of the fund raisers that the Gardens have, that money only goes so far and the ongoing income of memberships and admission is just not enough to keep up with the regular monthly bills. She then deferred to Kim Swindle, the office manager for the Botanical Gardens.

Kim Swindle said she is the office manager, has an accounting background, and is a realtor. She distributed up-to-date financials to Council.

Councilmember Thomason asked for the number of employees on the payroll. Ms. Swindle said there is one full-time person and four part-time people. She said the full-time employee has resigned after 8 years, so they are going to replace that position with a part-time position.

Ms. Swindle said the packet that was given to Council addresses a number of items that must be paid, such as electric and/or anything that could be shut off. She said without power the Gardens could not heat the facility and the plants would die. She addressed other items that are included in the "must-pays" which is payroll, the mortgage payment, and butterflies that have been drawing people to visit the facility. She said cash on hand is \$5,271 which will pay for the last concert, the Xcel bill of \$1,258, payroll taxes for the month of September, the mortgage payment, and sales tax. She said their building has lost two glass roof panels which costs over \$500 each and said their deductible is \$500. She said in the packet there is a list of vendors and creditors that are owed and said the total amount owed and past due is \$21,905 which includes payroll taxes for the next payroll and out of that \$8,000 are "must-pay" bills and \$13,200 are past due bills.

Councilmember Hill thanked Ms. Swindle for all of the information. He asked if the pro forma that was put together on August 22, 2006, included all the personnel needed to run the facility and also if the \$165,000 included salaries and benefits for those positions. Ms. Swindle said yes and it also includes an executive director and marketing person. Councilmember Hill asked about a

cash infusion. She said a cash infusion in some form is what is being requested and said the Gardens does not have a large donor that they can count on every year.

Councilmember Palmer questioned the request to be placed under the Parks and Recreation Department. Ms. Swindle said they researched other Botanical Gardens to find out how they are making it and said most of them were under the umbrella of their Parks and Recreation Department or another entity.

Councilmember Palmer questioned if the Gardens do become part of the Parks and Recreation Department, would the City be liable for their debt.

City Attorney John Shaver said those questions would all be negotiated. He recommended not taking on liability without taking the corresponding assets.

Councilmember Coons questioned how this works with the Avalon Theatre.

City Attorney Shaver said the Avalon is an asset to the City and it also belongs to the City. He said the Gardens should be willing to bring in a balance sheet to show assets and liabilities if the City is to be willing to maintain the facility.

Councilmember Spehar asked what the Gardens assets on the balance sheet looks like. Ms. Swindle said over a million dollars and the remaining balance on mortgage is \$108,000. She said they will get a balance sheet to Interim City Manager David Varley the following day.

Bob Suydam said he has been associated with Gardens for six years and is currently on the board. He said his history has been with the oil and gas business and with the boards backing, he has gone to the oil and gas industry for support and is currently active in that right now. He said they had an energy audit completed through Housing Resources which listed that the lexan on the green houses are brittle. He said the estimate to replace the lexan panels on the two green houses would cost \$16,000 to \$18,000. The next item is that the greenhouse is currently heated by a boiler and said they had a system where the greenhouse was heated by the sun during the day, but that system failed about two years ago. He said the estimate to repair that system is about \$2,200 to \$2,500. Mr. Suydam said the last and most important item is that there is one wall to the north of the building that is just bare concrete which means heat loss. He said the cost of blue board and stucco to cover the wall would be \$2,500 to \$3,000.

Councilmember Hill questioned the value of the volunteers that contributes to the Gardens. Ms. Swindle said they have 100 volunteers that contribute over 7,500 hours to help maintain the gardens each month.

Council President Doody questioned if the Gardens had any restricted funds.

Ms. Swindle said the Gates Foundation out of Denver gave a grant of \$20,000 to finish Secret Gardens and will give another grant which requires a match. She

said that grant has a deadline and said they may be willing extend that deadline out some. She said capital is not the problem; it is the operating expense that is the problem.

Bennett Boecheinstein, a new board member, said Botanical Gardens in other cities are centerpieces for culture and have become wonderful amenities for the cities.

Joel Prudhome, also a board member for 3 years, clarified that the fixed assets of the \$1.1 million does include depreciated value. He explained some of the functions and educational programs that they have at the Gardens.

Denise Roberts, also a new board member, said the board is working really hard to keep the facility going and asked Council for their support.

Council President Doody asked how and would it be possible for the Parks and Recreation Department to assist the Botanical Gardens and make it work.

Joe Stevens, Director of the Parks and Recreation Department, said it is possible. He said the issues are philosophical and said there are some similarities that the City does with the Avalon. He said the Parks and Recreation Department has some expertise that could take care of some of the operational components. He said other cities have developed a 501c3 partnership with their Botanical Gardens. Mr. Stevens said the funds should be tripled not just doubled for the purchase of butterflies and for marketing. He said there is a way to make this work and feels they could utilize efficiencies with marketing.

Councilmember Spehar said there was a precedent set from past Councilmembers and current Councilmembers not to provide non-profit organizations with operating funds. He said an organization like this is just digging a hole deeper by raising money to build more facilities that cost more money to maintain. He feels if the City decides to take on this facility, the City should do this in an organized manner and evaluate all of the maintenance needs of the facility.

Mr. Stevens said he is not prepared to make any recommendations at this time and feels that a ten year business plan should be developed.

Councilmember Palmer said he is a member of the Gardens and feels that the Gardens is a value to the community. He said the City has done more for the Botanical Gardens than any other non-profit organization. He feels that the Board has done a marvelous job and should be commended. He agrees with Councilmember Spehar with the fact that generally the City does not get involved with the non-profit organizations. He encourages everyone to visit and support the Gardens and become a member.

Councilmember Hill said the closest analogy is the Avalon Theatre. He said if the City takes over the assets and the debt, then the Board and volunteers can focus on events and activities. He is proposing that Council, through Staff,

consider purchasing the facilities by relieving the debt, to allow the facility to do their activities.

Councilmember Beckstein would like to see, through Staff, what it will cost. She said the City cannot always pick up the tab but is willing to see what the outcome might be.

Council President Doody said the Gardens have tried to make it successful. He said it is an asset to the City, the Chamber, and the School District. He said the City has the resources to put this package up for review to make an effort to keep the doors open.

Councilmember Palmer said he would be willing to have that discussion and also feels that the Gardens is an asset to the City.

Action Summary: The Council directed Staff to develop a set of options for Council to consider and to look at long term uses if the butterflies don't make it.

Council President called a recess at 9:40 p.m.

The meeting reconvened at 9:54 p.m.

2. **UPDATE ON TABOR AND STRATEGIES:** Review and discuss options for a City ballot question(s) for April, 2007 to possibly override the revenue growth restrictions, so that the City may retain the revenues that it collects for specific purposes and/or authorize the use of debt.

Administrative Services and Finance Director Ron Lappi reviewed this item. He said it is fortunate that there hasn't been a major impact from TABOR due to the amount of growth. He said the City has tried to deal with TABOR at the ballot once, and it failed. He referred to the various tables presented to illustrate the amount of TABOR impact that will vary in the future. He said the report contains two alternative questions for Council to consider. Mr. Lappi said the proposal is not to change the main focus of TABOR; any new taxes or debt would still have to go to the voters. He said proposed question #1 is to keep the revenue streams to address the current infrastructure demands. He said a discussion has taken place about using the kept revenue to repay debt, such as the Riverside Parkway. Question #2 then includes any future voter-approved bonds in order to use those growing revenues in excess to meet the community needs. He said the City could go to the voters every few years to see what the community's needs are. He said that he talked to Dee Wisor, the City's bond counsel, and he believes that alternative #2 will pass the one question requirement. The difference between the two questions presented is what Staff believes will be helpful to the City. Mr. Lappi then reviewed the advantage of each option.

Councilmember Spehar asked how much interest would the City save if the Riverside Parkway bonds are paid off early. Mr. Lappi said by paying off the bonds 4 years early, the City would save \$5 million in interest.

Mr. Lappi said by using the money now to pay off the debt would free up other resources and said the first question will not free up any resources in the future.

Councilmember Spehar said that is an excellent idea to free up money and said it may be better to accumulate the money and pay the debt off as quickly as possible.

Mr. Lappi said the second question would keep the voters in charge on how the money is used and said that would be keeping in the spirit of TABOR.

Councilmember Hill said to be fiscally disciplined the City cannot put debt on TABOR because it is not a sure thing. He said the City cannot predict TABOR refunds to repay bonds. He suggested doing some community polling before taking it to the voters.

Councilmember Spehar said using these refunds for the purpose of advancing payments and saving interest is an excellent idea, but questioned taking the second question to the voters.

Mr. Lappi said the first question will save some interest for the City, but it will not buy any value to the organization in the long term.

Councilmember Hill said paying the debt off earlier would be a significant benefit for the community.

Mr. Lappi explained that once the debt is paid off, then there is no debt service in the TABOR calculation and the refunds become huge. Unless there is additional voter-approved debt, there is no long-term benefit.

Councilmember Thomason questioned if other Colorado municipalities or communities are having this same discussion or is Grand Junction unique because of our financial situation right now.

Mr. Lappi said most all other communities have de-Bruced and said this is one of the very few places that has not been able to retain revenues.

Councilmember Palmer questioned if most communities de-Bruced long term or for a specific project. Mr. Lappi said most of the communities have totally de-Bruced.

Councilmember Hill said fundamentally what this community requires is project-specific spending. He said there is some appeal for question #2 and said it is not about just finding money, but it is the revenue sources that come from outside the community that could benefit the infrastructure.

Councilmember Spehar said most of the refunds go to the corporate taxpayers. However he feels it is not worth the risk to go with question #2.

Councilmember Coons questioned if it is worth polling how people understand the two questions.

Councilmember Beckstein said voters take voting seriously. She said the voters will challenge where the dollars will go and the community will listen.

Mr. Lappi said having the election in April will give the community the message that the City wants them to understand the question.

Councilmember Thomason favored making it simple and easy to explain the language of alternative #2 to the community.

Mr. Lappi suggested amending question #2 to “voter-approved capital projects”.

Councilmember Hill said there is nothing wrong with either question, there is just an extra step with question #1 in that they will have to go back to the voters with another question for each project.

Council President Doody said he liked question #2 and said the average person could read it and be able to understand it. He suggested that Council take a poll and said that he liked question #2, Councilmember Spehar supported question #1; Councilmember Palmer supported question #2 with the added word of capital; and Councilmembers Beckstein and Thomason also liked question #2.

Councilmember Coons said that she personally likes question #2, but said her political preference is question #1.

Councilmember Hill said that he is thrilled with either one of the questions, but supports question #2 with capital added to that question.

Action Summary: Staff was directed to amend question #2 with the word capital added and go forward with placing such a measure on the April, 2007 ballot.

3. **APPOINTMENTS TO BOARDS AND COMMISSIONS:** A brief update on board vacancies and an opportunity for City Council to discuss the issues the boards are facing and/or any particular expertise needed on the various boards.

City Clerk Stephanie Tuin reviewed the upcoming vacancies and asked for Councilmembers to indicate which interview teams they would like to serve with Housing Authority and Parks and Recreation Advisory Board being the first two that will be scheduled.

Action Summary: City Clerk Tuin obtained volunteers for interviewing each of the boards.

ADJOURN

The meeting adjourned at 11:05 p.m.