

**GRAND JUNCTION CITY COUNCIL
WORKSHOP SUMMARY
October 30, 2006**

The City Council of the City of Grand Junction, Colorado met on Monday, October 30th, 2006 at 7:14 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.

Summaries and action on the following topics:

1. **UPDATE AND REVIEW OF THE CITY'S 2006/2007 BUDGET:** Staff reviewed the proposed changes to the 2006/2007 Biennial Budget. Interim City Manager David Varley introduced the topic and the format of the discussion. He addressed the salary adjustments and how they are determined in the "off" year. Mr. Varley said the cost of benefits has increased substantially and the increase is being absorbed partially by the City's funds and the employees are being assessed 12% of the increase. He said additional staffing was approved in 2006 with a net increase of 28 full-time employees. For 2007 seven additional full-time positions were approved. Mr. Varley said the Management Team is recommending an additional four full-time positions. One of the positions discussed in detail was the proposed Financial Manager for the Police Department.

Mr. Varley then reviewed the sales tax collections for 2006. Councilmember Spehar expressed that, although he recognizes being the value of being conservative, he was opposed to continually predicting an artificially low growth rate. Mr. Varley concurred that is an ongoing discussion.

Councilmember Hill agreed noting City Council had the same conversation last year.

Ron Lappi, Administrative Services and Finance Director, displayed a graph of the sales tax collections for the last eighteen years and said overall Staff does try to be as accurate as they can be without over projecting. Certainly, an adjustment can be made midyear. He pointed out the 8% projection for next year is 8% over the growth that has taken place this year and also includes inflation.

Councilmember Palmer asked if the City has excess minimal working capital. Mr. Lappi said usually yes and Staff anticipates an excess this year. He said the goal is to keep the minimal working capital long term.

Mr. Varley advised the expectation is that the revenues will be over the TABOR limit and, without voter approval to retain those revenues, the excess will have to be refunded to the taxpayers.

Mr. Varley continued with the budget overview advising the City makes annual contributions to the Old Hire Fire and Police Pension funds and that will continue in 2007. Mr. Varley then addressed the increases in the enterprise funds and the reasons for those increases.

Councilmember Hill asked for additional explanation on the increase in subsidy for Two Rivers Convention Center and the decrease in subsidy for the Avalon Theatre. Joe Stevens, Parks and Recreation Director, noted that some of the change was a reallocation of resources; additionally in 2006 the revenue stream increased. However, no such adjustment has been made for 2007.

Mr. Lappi said, regarding the Capital Improvement Project fund (CIP), the total amount for both years is expected to reach \$140 million.

Council President Doody called a recess at 9:10 p.m.

The meeting reconvened at 9:25 p.m.

Mr. Lappi referred the City Council to the table labeled "TABOR Compliance". He said the expected refund for 2006 is \$7.8 million. The severance tax and mineral lease severance taxes are over the budgeted amount by \$2.2 million and those will be part of the refund. That is unfortunate when the revenues are distributed to the community specifically to deal with the impact due to growth. Regarding the increase in the cost of benefits, Mr. Lappi advised that the increase in benefits went from an estimated 10% to 18%; an increase of about \$200,000. The City is adjusting its contribution for the cost of employee and dependents premium for health insurance from 90% to 85%. Mr. Lappi then quickly reviewed changes to other funds, and referred to the Capital Improvement Project Expenditures and Transfers chart. He said the bulk of the capital expenditures over the next two years is for the Riverside Parkway project which is 43% of the overall budget. Mr. Lappi said there was a complete list of Capital Improvement Projects provided to Council which shows how the budget has been changed for these projects for 2006 and 2007.

Councilmember Hill proposed that Council have a discussion for the needs in the community from the Strategic Plan where the City could apply the additional revenues. He suggested adding it to the agenda for the Additional (lunch) Workshop on November 13th.

Councilmember Spehar cautioned that those funds might be better served toward capital needs or saving those funds for capital needs in the future.

Councilmember Palmer said there are also many community requests for assistance and a discussion on those would be appropriate. He suggested another part of that discussion should be to look at projects that were moved out in the ten-year CIP due to the increased costs of construction for the Riverside Parkway.

Action Summary: The City Council thanked Staff and wrapped up the discussion.

ADJOURN

The meeting adjourned at 10:58 p.m.