

GRAND JUNCTION CITY COUNCIL WORKSHOP SUMMARY
September 25, 2015 – Noticed Agenda Attached

Meeting Convened: 10:09 a.m. at the Lincoln Park Hospitality Suite

Meeting Adjourned: 3:10 p.m.

City Council Members present: All were present; Rick Taggart arrived at 10:10 a.m.

Staff present: Moore, Shaver, Romero, Hazelhurst, Schoeber, Lanning, Camper, Watkins, Evans, Valentine, Tuin, and Kovalik

Agenda Topic 1. Introduction

Interim City Manager (ICM) Moore stated the goals for this meeting: 1) review capital, 2) Economic Development (ED) and Operating Budgets, and 3) Revenue/Expenses and how to fill the gap. ICM Moore referred to the State of the 2016 General Government Budget attachment that Financial Operations Director Jodi Romero compiled and said this, along with information from this meeting, will be useful at the next Council Workshop to be held on September 28th which will be dedicated to the budget. ICM Moore also said Department budgets focused on explaining services provided, pending needs, and areas and services that could be cut. Regarding the ED budget, it has grown more than any of the other budgets and it too is not balanced; individual items need to be reviewed for relevance and prioritization.

Agenda Topic 2. Department Presentations

Parks and Recreation

Rob Schoeber, Parks and Recreation (P&R) Director, said labor expenses account for the bulk of his budget at 65%; other notable items are Interfund Services which includes Information Technology (IT), Operating/Supplies, and Utilities. Priorities and needs for P&R are the development of Las Colonias and Matchett Parks and maintenance for existing facilities which includes shelters, restrooms, and turf replacement. He also presented plans and an estimate to renovate Whitman Park which he was asked to do following the Homeless and Vagrancy Meeting; these proposed plans have not gone out to bid and are not included in the 2016 P&R budget.

Council President Norris asked what the estimated turf replacement cost is. Mr. Schoeber said it will be \$300-400,000.

Discussion ensued regarding how to fund a renovation of Whitman Park and transition its use. Suggestions included integrating the Park with Museum of the West and Downtown events, contacting other communities to see how they dealt with similar issues, finding other funding sources like Community Development Block Grants (CDBG), and fencing the Park at night.

Police Chief John Camper suggested implementing a mixed-use park with the understanding that due to the location and lack of parking it would continue to have some transient activity.

Mr. Schoeber went on to present phasing options and possible funding streams for Las Colonias along with graphs showing how P&R and specifically the golfing program have increased service with a smaller Staff; rounds of golf have also increased. He listed and explained programs P&R would consider cutting: weed abatement, Lincoln Park Pool, and the Arts Program. Councilmember Kennedy commented that all of the potential cuts contribute to ED and/or are positive contributions to the community and should not be cut.

Councilmember Chazen asked Mr. Schoeber to explain how fees and rates are determined. Mr. Schoeber said fees are reviewed annually by the Parks and Recreation Advisory Board; some fees are raised yearly, but this year they proposed raising them all, specifically cemetery fees. However, programs that most need to have fees raised are typically the ones that also have scholarship programs necessitating the scholarship amounts also be raised. Council President Norris was reluctant to increase fees for recreational programs as they are the most important for area children. Councilmember Taggart suggested building an inflationary rate into the fee structure to keep fee rates current; this would also allow Council only to look for exceptions to the increase.

Councilmember Chazen asked what the net impact of P&R is on the General Fund (GF). Ms. Romero said she would compile that information for each Department and present it at another meeting.

Public Works

Greg Lanning, Public Works Director, said the department is down 4.5 FTEs (full time equivalents) and now has 133 employees, which accounts for about \$31 million of the budget. The Enterprise Funds are self-sustaining and cover things like water and sewer costs; the cost of building and maintaining roads comes from the GF. He further explained under which departments specific services fall and listed underfunded priorities, such as paving, chip sealing, and sidewalks. Mr. Lanning finished by saying this department is also doing more with less.

Jodi Romero, Financial Operations Director, explained that although the City's revenue has increased, expenses, specifically those related to Information Technology (IT) have grown. Also some grants have expired.

Councilmember Kennedy asked if a gas tax had been considered. He felt in order to maintain and expand infrastructure, this should be considered. ICM Moore said this had not been brought up earlier and should be added as a consideration.

Councilmember Chazen asked Mr. Lanning if he had looked at any other areas for cost savings besides contracting. Mr. Lanning said he considered privatizing some Divisions like the Streets Division which realizes some savings, but most of what they do are day to day things like filling pot holes. However, Engineering could almost completely be privatized but a few engineers

would still be needed to oversee projects; he cautioned against outsourcing the Traffic Division due to liability concerns.

Councilmember McArthur suggested centralizing the Engineering and Planning Divisions with the County like the Building Department. Concerns were raised regarding how projects would be prioritized and possible conflicts regarding each entity's policies.

Council President Norris asked Mr. Lanning what the status and costs are on the 1st and 7th Street and D Road projects. Mr. Lanning said the completion of 1st Street had to wait for the water and sewer lines to be installed. The lines are now in and the State will fund the reconstruction of the intersection; funding for 7th Street will be requested in the 2016 budget; D Road is completed.

Councilmember Boeschstein asked Mr. Lanning if the upgrades to 1st Street have been estimated. Mr. Lanning said the improvements of adding sidewalks, curbing, gutters and expanding it to three lanes with a center turn lane from North Avenue to Ouray Avenue would be \$2.5 million.

Councilmember Taggart suggested adding fees to help cover the cost of some services like Spring Clean-Up. Council discussed how best to present changes like this to the community.

Fire Department

Fire Chief Ken Watkins said the Fire Department (FD) is heavier on labor, at 123 FTEs, because they strictly provide service. He said some discretionary costs have risen due to changes in Medicare's policies, however Staffing and most of the contracted service costs have remained steady with the exception of the ambulance billing contract which costs less than the FTEs and their associated costs were; ambulance billing revenue has increased by 9%. Since more people are eligible for insurance through Medicare and Medicaid due to the changes implemented by the Affordable Care Act (ACA), they have had a higher volume of calls; however, this has not translated into additional revenue.

Chief Watkins said in light of these changes the FD is trying to be proactive by checking on patients recently released from medical care to make sure they are following their prescribed medical protocol; it is hoped this will cut down on future 911 calls. He explained penalties are now being assessed for patients returning for medical care for the same issue within a certain period of time; some communities are instituting "para-medicine" by working with EMS (Emergency Medical Services) for follow up visits; there is value in not having patients relapse. Home Health Care agencies do not favor this concept because they provide follow up care services.

Councilmember Chazen asked why transport fees have remained flat when service is going up. Ms. Romero explained there was a \$200,000 difference between the amended and adopted revenue in 2015 due to the delay in finding out the 2016 County rate increase in addition to Medicare and Medicaid's contractual allowances. Ms. Romero proposed implementing an

Emergency Medical Service fee to help cover costs related to the additional calls and expenses. Sonya Evans, Finance Supervisor, said the transport rate increase has not kept up with the contractual allowances. Chief Watkins said the EMS Resolution states the County is to evaluate rates annually, but they failed to do so for about four years and the rates have yet to catch up. For example, local mileage rates are less than half of other communities in the State; a statewide survey has been proposed to see what corrections should be made. Councilmember Chazen said the increase in services and the revenue restrictions are costing the City. Ms. Evans said the revenue reported is conservative and explained write offs have shifted with contractual allowances; Medicaid only pays 13%.

Councilmember Chazen asked why this was not set up as an Enterprise Fund since it is a fee for service. City Attorney Shaver said in 2005 it started out that way, but was changed when it was determined it was not sustainable due to the complexities of service. He went on to say he felt the bigger question was the relationship between the County and their mandate to have “wall to wall” coverage which created a larger coverage area for the City than rural districts and if the County would revisit the service areas. This question then flows into the Fire Authority discussion and if there is a better way to deliver service by consolidating all fire and EMS providers under one umbrella and funding source.

Councilmember Chazen asked what the net loss was for transport services. Ms. Romero explained transport services made a profit and helped offset the tax dollars needed to run the rest of the FD.

Council President Norris said these revenue concerns are a valley-wide issue and this could be a ballot question; some communities are not able to afford new equipment, provide training, or hire personnel. Councilmember Taggart asked why the County sets rates for a service the City provides. City Attorney Shaver said this protocol is based on legislation for the Colorado Department of Health (DOH); since the DOH provides services through the counties they were assigned the task of setting rates.

Chief Watkins explained fire prevention expenses have increased due to more fire prevention plans being submitted for business remodels, more fire inspections being requested for business relocations, and more school programs being provided due to State mandates. The following reductions have been implemented: 19 firefighter positions have been converted to EMS positions, the ambulance billing service was privatized, a Deputy Fire Chief position was replaced with an Emergency Manager, and part time EMTs (emergency medical technicians) have been hired to help reduce overtime hours. To find other possible reductions they evaluated FD services, other than core services, which are duplicated within the community. Suggestions included reducing or eliminating specialty teams such as the Hazmat, Technical Rescue, and Wildland Teams and reducing the fire prevention program. He noted the Safer Grant, which funds three positions, will expire in 2018 and then listed some vital FD needs (hoses, breathing masks, the Training Center, and a North Area Fire Station) and revenue ideas (increasing Fire Prevention Fees, increasing various fees related to transports, implementing a

Response Fee, cost recovery from partners for Specialty Teams and the Training Center, a dedicated Public Safety Tax, and a District Tax).

Councilmember Kennedy asked if calls increased during burn season and if so, could a fee be added to the burn permits to help cover those costs. Chief Watkins said there was an increase and it would be good to look at that correlation, however Mesa County Health Department is looking into creating a county-wide permit.

Police Department

Police Chief John Camper said the Police Department (PD) has 112 Sworn Officers and 85.5 civilians; the majority of the budget covers labor. He noted the PDs workload is up (the Communication Center by 48% and criminal activity by 7%), but the staffing level has remained the same as that of 2010.

Councilmember Traylor Smith asked what caused the increased calls and activity; the population has not increased. Chief Camper said he was not sure, but all law enforcement agencies have seen an increase. He expressed concern regarding Priority 3 response time; these calls are the least emergent, but since there are so many Priority 1 and 2 calls, their wait time is increasing. He named the PDs priority needs: more dispatchers, a Quality Assurance analyst, more detectives, reinstating a Traffic Team, and purchasing body worn cameras. He noted as a result of not having a Traffic Team, traffic tickets and therefore revenue is down and detectives normally assigned to other cases are needed to investigate fatal traffic accidents; the impact of any cuts in the PD would be people, which he does not recommend.

Councilmember Kennedy asked for detailed information on how a Traffic Team could increase revenue while reducing accidents, calls, and EMS responses. Chief Camper said statistics typically show increased enforcement in high complaint and accident locations reduce injury and fatal accidents and has a positive impact on citizen's perceptions of the PD.

Councilmember Chazen asked if most universities provide their own campus police. Chief Camper said most do, the City has an unusual arrangement with Colorado Mesa University. Councilmember Chazen asked if there were any issues hiring and retaining officers. Chief Camper said they are hiring some of the best recruits ever and turnover has gone down.

Administration

ICM Moore listed the divisions included in the Administration Department that has 57 FTEs. He summarized some challenges of this department: facility maintenance is not on track due to a lack of funds; IT continues to grow requiring more hardware, software, and storage; Fleet Service costs are rising and scheduled replacements have been pushed out; and the Planning Division is busier due to the changes in the Economic Development Plan.

Ms. Romero noted Internal Support Divisions are impacted by changes made in other areas; for example if a Traffic Team was created it would have an impact on Municipal Court.

Councilmember Kennedy said IT should look into virtualization of networks to help reduce costs in all departments.

Councilmember Chazen said he thought since Fleet had accelerated purchases of CNG (compressed natural gas) vehicles their expenses would be down. Jay Valentine, Internal Services Manager, explained the grant was only for the incremental cost, not the base cost. Councilmember Chazen asked if the reserves would be restored due to the accelerated purchases. Mr. Valentine said in order to keep the budget flat, they will not be restored. Councilmember Chazen then asked if the Fleet and Facilities reserves will be sufficient by the end of 2016. Mr. Valentine explained the reserves are funded through accruals and the amount depends on the desired level of expenditures; the accrual is currently zero for facilities.

Agenda Topic 4. General Fund Budget

Revenue

Councilmember Taggart suggested choosing 10-12 benchmark fees and revenues to compare similarly sized municipalities in the State in order to identify areas that could be adjusted. A concern was raised that fee changes may be a TABOR (taxpayer bill of rights) issue. Ms. Romero explained fees do not require a vote, but are subject to revenue limitations. Council President Norris said the City is the only full service city still operating under TABOR.

Labor

Ms. Romero reviewed and explained the General Fund Balancing Summary worksheet and noted the negative amount listed under Intergovernmental is due to the expiration of the COPS Grant and the end of the Avalon Theatre Foundation payments. Councilmember Taggart expressed concern the City is not charging enough since basic expenses are not able to be covered. Ms. Romero commented the City's tax burden is much less than other communities in part due to the City's regional draw for retail sales, although the City has lost some of that advantage. She then listed expenses which included labor and health insurance.

Cost sharing ideas for health insurance were suggested and included: reduce the City's premium share, only offer a high deductible health saving plan, create disincentives for unhealthy lifestyles, and have employees pay a higher percentage if they choose a preferred provider option.

Councilmember Chazen was concerned the budget presented was not truly flat. Ms. Romero explained the Summary numbers are just a starting point which is why each department has suggested ways to increase revenue and decrease costs. It was agreed priorities need to be determined.

Interfund Charges

This area includes IT and has the largest increase over the amended budget. Over half of this budget is for software systems maintenance; these systems were reviewed and no cuts were able to be made as many areas including emergency services are dependent on technology.

Fleet Services submitted a close to flat budget and Facilities is budgeted with a slight increase due to lower utilities charges. Ms. Romero explained the charges for the Communication Center are the portion the Police and Fire Departments contribute to the county wide program. She then detailed labor expenses, and noted the ¼ % sales tax transfer is for FD breathing masks.

Capital

Council decided, for the most part, that rather than go through the specific line item requests, they will determine a bottom line amount and leave the details on how it is allocated to Department Heads; they would like to refrain from being pulled in multiple directions and focus more on revenue opportunities.

Councilmember Traylor Smith said she would like to review revenue ideas and see if they can increase the budget. Councilmember Boeschenstein agreed with Councilmember Traylor Smith and said he needed to leave. He left the meeting at 2:08 p.m.

Ms. Romero went on to explain the Capital Balancing Summary sheet; the sheet was reviewed and various items were explained. Councilmember Kennedy suggested adding a column that prioritized the Department's requests to help Council know what is needed most.

Economic Development

Ms. Romero explained the ED spreadsheet and reviewed the ED partner's requests. Councilmember Taggart asked why some ED requests were listed in the B column when Council had already committed to them. Ms. Romero explained Council had not given direction as to which fund these payments should be made from and if they should be written off, paid back to the departments, carried forward, or come from CDBG. She also pointed out \$18.5 million in reserves had been set aside and included internal loans and the required TABOR emergency reserves, which was why a negative ending balance showed on the 2016 projected budget. Ms. Evans clarified that column B items were not included in the General Fund Balancing Summary.

Councilmember Taggart noted \$940,000 is needed to balance the budget without dipping into the reserves; however this would not cover items in the B list.

ICM Moore concluded saying information on the Riverside Parkway and other revenue sources would be discussed at the next meeting and noted fees could be implemented in 2016, but new or changes to existing taxes, like the gas tax, would require a vote; the earliest election could be held in November 2016.

City Attorney Shaver cautioned fees do go into the "black box", which is projected to be in excess now; additional fees may have to be devoted to the Parkway Fund and therefore may not truly affect some of these current issues.

Ms. Romero concurred and noted the State Severance Tax is currently creating a TABOR excess issue for the State and they may be putting these funds through the TABOR Limitation Model; the City is also considering using this model which means these funds would not be subjected to the same limitation twice.

City Attorney Shaver explained there is a provision in TABOR that if a government entity collects revenue for another government entity and if the revenue benefits the impacted communities it should not be passed through TABOR, but there is no legal guidance so this consideration is dependent on the State.

Councilmember Taggart asked if the City could reinvest the funds in the Riverside Parkway and General Fund reserves in order to gain more interest. City Attorney Shaver said there are significant statutory limitations and mentioned the City has an investment policy; he said he will distribute the policy at a later meeting and then deferred to Mr. Valentine who sits on the State Investment Board. Mr. Valentine said the only thing that can be changed is the duration, not the instrument which is prescribed. He said the City's policy limits terms to five years and the current interest rate on these instruments is .5 %.

Councilmember McArthur said he has an opportunity to participate on the National League of Cities Economic Environment and Natural Resources Committee, but it would require travel and he was reluctant to commit to the expense. He asked for Council's input as to whether or not they think it would be worthwhile.

Councilmember Kennedy asked what the 2015 budget is for City Council's Travel and Meals. Ms. Evans said it is \$35,000, but it has already been exceeded.

ICM Moore said the amount included the trip to Canada which was not anticipated.

Councilmember Kennedy suggested increasing that line item to \$40-45,000. Ms. Romero said these expenses have varied depending on how much the Council has participated in outside meetings.

Councilmember Traylor Smith supported Councilmember McArthur's request.

Council President Norris asked what the benefits would be compared to the cost. Councilmember McArthur said he would forward the committee information to the Council and discuss it later.

Mr. Lanning let Council know improving the left turn lane at 25 and F ¼ Road is a required project.

The meeting adjourned at 3:10 p.m.

**GRAND JUNCTION CITY COUNCIL
FRIDAY, SEPTEMBER 25, 2015**

**BUDGET WORKSHOP RETREAT, 10:00 A.M.
LINCOLN PARK HOSPITALITY SUITE
1307 NORTH AVENUE**

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

- I. 10:00-10:15 Introduction-Tim Moore** [Attachment](#)

- II. 10:15-11:45 Department Presentations**
 - A. Parks & Recreation – Rob Schoeber**
 - B. Public Works – Greg Lanning**
 - C. Fire – Ken Watkins**
 - D. Police – John Camper**
 - E. Administration – Tim Moore**

- III. 11:45-12:15 Lunch Break**

- IV. 12:15-2:30 General Fund Budget-Jodi Romero**
 - A. Revenue**
 - B. Labor**
 - 1. Labor Detail**
 - C. Interfund Charges**
 - D. Capital**
 - 1. Operations Capital**
 - 2. Major Capital**
 - 3. Capital Detail**
 - E. Riverside Parkway Revenue-Tim Moore** [Attachment](#)
 - F. Economic Development**
 - 1. Economic Development Requests**
 - 2. Economic Development Worksheets**

- V. 2:30-3:00 Next Steps-Tim Moore**
 - 1. Follow Up from This Workshop-September 28th**
 - 2. October 5th-Internal Service Funds, Enterprise Funds**
 - 3. October 19th-Fund Balance Worksheet/Budget Wrap**
 - 4. November-Budget Adoption**

- VI. Adjournment**