

December 16, 2014

The City Council of the City of Fort Morgan, Colorado, met this day in the Council Chambers of City Hall. The Honorable Mayor Terry L. McAlister called the regular meeting to order at 6:03 p.m.

The Pledge of Allegiance was given.

Roll Call: Present: Honorable Mayor Terry L. McAlister
Councilmember Christine Castoe
Councilmember Kevin Lindell
Councilmember Damon Mussman
Councilmember Lisa Northrup
Councilmember Ronald Shaver

Absent: Councilmember Joe Segura Jr. (Excused)

The meeting was also attended by City Manager Jeff Wells, Police Chief Darin Sagel, City Treasurer Jean Kinney, Engineering/Public Works Director Brad Curtis, Water Resources/Utilities Director Brent Nation, Community Services Director Josh Miller, Assistant City Attorney Jason Meyers, Golf Professional Ty Hamer and City Clerk/PIO John Brennan.

RESOLUTION AMENDING THE BYLAWS OF THE AIRPORT ADVISORY BOARD

Engineering/Public Works Director Brad Curtis said this proposed amendment to the bylaws would allow up to two members of the Airport Advisory Board to be non-residents of the city, as long as they were residents of Morgan County. The council had discussed the matter previously and the airport board had voted in favor of the amendment, Curtis said.

Councilmember Ron Shaver offered a resolution to approve the Resolution amending the bylaws of the Airport Advisory Board, which was seconded by Councilmember Christine Castoe and approved on a unanimous vote of 6-0, with Councilmember Joe Segura Jr. absent.

APPOINTMENTS TO THE AIRPORT ADVISORY BOARD

Shaver said the airport board had two terms that would expire at the end of 2014, and one member had applied for an additional term. The other member with an expiring term did not want to continue but the board had an application for that vacancy, and the board had voted unanimously at its previous meeting to accept both of those applications. Shaver made a motion to accept the applications from Vernon Tryon for an additional term and Heath Kuntz for a new term on the Airport Advisory Board. That motion was seconded by Castoe and approved unanimously (6-0, Segura absent).

PRESENTATION ON FINDINGS OF UTILITY STUDIES

City Manager Jeff Wells said the city had conducted rate studies on most of its utility funds and provided an overview of the results. He said the electric fund would need a rate increase, and a presentation by the rate consultant would provide details of that study in the next agenda item. No rate increases were contemplated for the gas, water or sewer funds for 2015, Wells said, and a rate study for the sanitation fund would be completed in 2015 and may indicate an

adjustment. Overall, Wells said, the rate studies provided good news about the financial state of the utility enterprises and the adequacy of the current rate levels.

PRESENTATION OF DRAFT FINDINGS OF ELECTRIC RATE STUDY AND REQUEST TO SET A PUBLIC HEARING

Wells introduced rate consultant John Krajewski of JK Consulting Inc., who reviewed a PowerPoint presentation on the rate analysis and its findings. He said wholesale electric cost increases and the fact that the customer base rate for electricity had not been raised in many years made it necessary to adjust city electric rates with a proposed 6.6 percent increase.

Krajewski and Wells noted that the wholesale power cost from the Municipal Energy Agency of Nebraska were projected to increase 12 percent in early 2015, but Wells said some new rate structuring plans in progress with MEAN would likely help reduce some of the city's costs. Krajewski also noted that the city's base charge for electric customers was extremely low and should be increased to better reflect the city's billing, administrative and other actual costs of operating the electric utility.

Wells said the staff was asking the council to accept the findings of the electric rate study and to schedule a public hearing on the proposed rate increase for Jan. 20. Councilmember Lisa Northrup made a motion to accept the findings of the electric rate study and set a public hearing on the rate increase for Jan. 20, 2015. That motion was seconded by Castoe and approved unanimously (6-0, Segura absent).

(At the end of this meeting the council reconsidered this motion and voted unanimously to change the date of the public hearing to Feb. 3, 2015. See entry in these minutes following executive sessions.)

PRESENTATION ON WATER, SEWER AND GAS FUND RATE STUDIES

Water Resources/Utilities Director Brent Nation reviewed the findings of rate studies conducted by consultants for the water, sewer and gas funds.

The water study recommended no increases for 2015 or 2016, with small rate increases of 2.5 percent recommended for several years starting in 2017. That was primarily due to the onset of construction of the Northern Integrated Supply Project, which would require a very large investment by the city. Nation said the city had prepared well for the NISP financial impact, raising rates early and saving sufficiently that the initial payments for the project could be paid in cash. Nation also pointed out that the city plant investment fees were extremely low and overdue for an update, and an increase in those fees would likely be brought before the council in early 2015.

The sewer fund was also looking at no rate increases for the period from 2015 to 2017, Nation said, noting that the final payment on the wastewater treatment plant would be made in 2015 so all debt on the plant would be retired. He said sewer plant investment fees were also too low and an increase would likely be brought forth soon.

Nation said a full analysis was not done on the gas fund but a general review led the consultant to not recommend a rate adjustment at this time.

Shaver made a motion to accept the three rate studies, which was seconded by Northrup and approved unanimously (6-0, Segura absent).

PRESENTATION AND POSSIBLE ACTION ON STORMWATER FEE

Curtis reviewed the background on this issue, which had been in the exploratory stages for several years. He said numerous options were examined and staff felt the best way to

implement a stormwater fee would be to combine a stormwater utility with the existing sewer fund enterprise.

Much discussion followed among council and staff regarding how to assess the fee on the various sizes and types of customers, with a consensus ultimately emerging that tying the fee to the number and size of customer water taps was the most feasible at the outset. More discussion ensued about the level of the fee, and how the fee would be integrated into the city's utility billing system.

Wells said the exact dollar amount of the fee could be determined later, because setting up the stormwater enterprise and preparing the billing system would take at least several months. He said staff recommended that council approve moving forward with those actions, and noted that the specifics of the enterprise and the policies governing it would evolve as this work proceeded.

Northrup made a motion to direct staff to move forward with the recommendations presented at this meeting, which was seconded by Castoe and approved unanimously (6-0, Segura absent).

PRESENTATION AND DIRECTION ON GOLF COURSE POINT-OF-SALE SOFTWARE

Wells said this matter was being brought to the council because it was unclear how the proposal fit within the city's procurement policy. He said the city was not proposing to spend more than the \$10,000 that would require council approval, but that the "barter" proposal presented might mean a much larger "imputed benefit" to the vendor involved. The software vendor did not offer its product and service for purchase but instead required that the city give the company two tee times per day at the golf course in exchange for the software and marketing services. The procurement policy did not address such a transaction, Wells said, and it might be something that should be addressed with a future revision of that policy.

Mayor McAlister questioned how a barter arrangement like the one proposed in this instance would be viewed if a vendor for equipment like a lawnmower offered that product in exchange for golf tee times. Discussion of this followed, along with discussion of how to account for the transaction in the finance office and how it would be viewed by the city's auditors.

Castoe offered a resolution to direct staff to move forward with the transaction after checking with the financial auditors regarding the acceptability of this type of transaction. That motion was seconded by Northrup and approved on a vote of 5-1, with McAlister voting against and Segura absent.

RESOLUTION AUTHORIZING CARRYOVER OF FUNDING FOR CAPITAL PROJECTS TO THE 2015 BUDGET

Wells explained the reasons for this resolution, which would allow payments to be made from funds appropriated for 2014 on projects that would not be completed until 2015. An exceptionally large number of capital projects and various other circumstances resulted in some of the projects not being finished before the end of the 2014 budget cycle, he said.

Northrup offered a resolution to approve the Resolution allowing carryover of 2014 budget items, which was seconded by Shaver and approved unanimously (6-0, Segura absent).

RESOLUTION ACCEPTING A GRANT FROM THE DEPARTMENT OF LOCAL AFFAIRS

Wells said DOLA had asked the city to consider hosting one of its Best & Brightest interns, which would be a master's degree student who would work for the city with the cost to be subsidized through the grant.

Shaver offered a resolution to approve the Resolution accepting the grant, authorizing the mayor to sign the grant agreement with the Department of Local Affairs and authorization for the

expenditure of the funds for the Best & Brightest program. That resolution was seconded by Castoe and approved unanimously (6-0, Segura absent).

RESOLUTION AUTHORIZING STAFF TO SEEK A MATCHING GRANT FROM THE DEPARTMENT OF LOCAL AFFAIRS TO UPDATE THE CITY'S COMPREHENSIVE PLAN

Wells said the city's comprehensive plan was overdue for a rewrite, and the city had been setting aside money for that project for several years. The cost was expected to exceed the \$100,000 saved to date, Wells said, so staff was proposing to seek a DOLA matching grant for \$90,000 to pay for the rest of the cost.

Northrup offered a resolution to approve the Resolution authorizing city staff to apply for a matching grant with the Department of Local Affairs for the expenditure of funds for a comprehensive plan. That resolution was seconded by Castoe and approved unanimously (6-0, Segura absent).

CONSENT AGENDA BY RESOLUTION

City Clerk/PIO John Brennan presented the Consent Agenda for Council consideration as follows:

CONSENT AGENDA

- A. Approval of the disbursements and payroll for November
- B. Approval of the minutes of the Dec. 2, 2014 City Council regular meeting

All matters listed under the Consent Agenda are considered to be routine business by the Council and will be enacted with a single motion and a single vote by roll call. There will be no separate discussion of these items. If discussion is deemed necessary, that item should be removed from the Consent Agenda and considered separately.

Councilmember Damon Mussman offered a resolution to approve the Consent Agenda as presented, which was seconded by Castoe and approved unanimously.

PUBLIC COMMENT / AUDIENCE PARTICIPATION

Jenni Grubbs of Fort Morgan, a reporter for the Fort Morgan Times, spoke to thank the council members and staff who had assisted her when she fell on the City Hall staircase following the Dec. 2 council meeting. Mayor McAlister said he was glad Grubbs was doing well and spoke about the importance of the media attending council meetings to help disseminate information.

REPORTS BY OFFICIALS AND STAFF

Wells noted that his monthly written report was in the council meeting packets. He said he had received compliments from the Morgan County Commissioners regarding the previous evening's quarterly city-county meeting, and how the commissioners appreciated the positive relationship the county and cities had been able to build. Wells also announced that he had once again won the Rotary Club Chili Cookoff, for the third year in a row.

Community Services Director Josh Miller announced that all of Riverside Park was expected to be open by early the following week, including the east entrance and the fishing pond area.

BIDS, MEETINGS AND ANNOUNCEMENTS

Brennan announced current bids and upcoming meetings. Northrup spoke about the city's activity for the Christmas Capital of the Plains campaign the preceding weekend, which was a golf course and range using limited-flight "birdie balls." She said it was fantastic and a great time for kids, and complimented Golf Professional Ty Hamer on the great job he did.

EXECUTIVE SESSIONS

The regular portion of the meeting ended at 8:31 p.m., and Mayor McAlister announced that the first of three scheduled executive sessions had been canceled. That session had been published as follows:

EXECUTIVE SESSION for the purpose of determining positions relative to matters that may be subject to negotiations, developing strategy for negotiations, and/or instructing negotiators, under C.R.S. Section 24-6-402(4)(e); AND THE FOLLOWING ADDITIONAL DETAILS ARE PROVIDED FOR IDENTIFICATION PURPOSES: Development incentives.

Councilmember Castoe then made a motion to proceed to the next scheduled executive session, which was seconded by Shaver and approved unanimously (6-0, Segura absent) That executive session had been published as follows:

EXECUTIVE SESSION for a conference with the City Attorney for the purpose of receiving legal advice on specific legal questions under C.R.S. Section 24-6-402(4)(b); AND THE FOLLOWING ADDITIONAL DETAILS ARE PROVIDED FOR IDENTIFICATION PURPOSES: Pending water court case.

This executive session began at 8:56 p.m. and concluded at 9:30 p.m., and was attended by the mayor and five council members (Segura absent) along with Wells, Nation, Assistant City Attorney Jason Meyers and Steve Sims.

On the advice of the city attorney, the recording of the session was turned off at 8:58 p.m. because the discussion constituted a privileged attorney-client communication. The recording was turned back on at 9:26 p.m.

At the conclusion of the executive session the council returned to the regular open meeting, where Castoe reported that the council had met in executive session for the purpose stated on the agenda. Castoe made a motion directing the city attorney and special counsel to file a statement of opposition in cases 14CW3130 and 14CW3131 and to waive any potential conflict for special counsel. That motion was seconded by Shaver and approved unanimously (6-0, Segura absent).

Councilmember Damon Mussman then made a motion to proceed to the next scheduled executive session, which was seconded by Castoe and approved unanimously (6-0, Segura absent). This final executive session had been published as follows:

EXECUTIVE SESSION for a conference with the City Attorney for the purpose of receiving legal advice on specific legal questions under C.R.S. Section 24-6-402(4)(b); AND THE FOLLOWING ADDITIONAL DETAILS ARE PROVIDED FOR IDENTIFICATION PURPOSES: Council benefits.

This executive session began at 9:32 p.m. and concluded at 10:35 p.m., and was attended by the mayor and five council members (Segura absent) along with Wells and Meyers.

On the advice of the city attorney, the recording of the session was turned off at 9:35 p.m. because the discussion constituted a privileged attorney-client communication. The recording was turned back on at 10:34 p.m.

At the conclusion of the executive session the council returned to the regular open meeting, where Castoe reported that the council had met in executive session for the purpose stated on the agenda. Castoe said there was nothing further to report, and no motion was made.

At that point City Clerk/PIO John Brennan informed the council that the motion made earlier in this meeting to set the public hearing for the electric rate increase had contained an incorrect date that would not allow sufficient notice of the hearing to electric customers. Northrup made a motion to reconsider that earlier motion, which was seconded by Castoe and approved unanimously (6-0, Segura absent). Northrup then made a motion to set the public hearing on the electric rate adjustment for Feb. 3, which was seconded by Castoe and approved unanimously (6-0, Segura absent).

Mayor McAlister adjourned the Dec. 16, 2014 regular meeting at 10:40 p.m.

/s/ Terry McAlister
Mayor

/s/ John Brennan
City Clerk