

August 7, 2012

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 6:00 p.m., noting that the members of the council had gathered at 5 p.m. at the City Complex for a tour of departments related to development of the budget, as was published with the meeting agenda.

The Pledge of Allegiance was given.

Roll Call: Present: Honorable Mayor Terry L. McAlister
Councilmember Scott Bryan
Councilmember Debra J. Forstedt
Councilmember Brent M. Nation
Councilmember Lisa Northrup
Councilmember Joe Segura Jr.
Councilmember Ronald Shaver

The meeting was also attended by City Manager Jeff Wells, Police Chief Keith Kuretich, Community Development Director David Callahan, City Treasurer Jean Kinney, Human Resources/Risk Management Director Michael Boyer, Water Treatment Plant Superintendent John Turner, General Accountant Chris Bostron, Payroll Technician Laurie Whitney, Parks Superintendent Doak Duke, Inventory Control/Building Maintenance Superintendent Doug Hofman, Recreation Superintendent Joshua Miller, Accounts Payable Technician Lori Lammers, Water Distribution/Wastewater Collection Superintendent Mitch Church and City Clerk/PIO John Brennan.

Mayor Terry McAlister began the meeting by stating that because of other commitments for a party of interest in one agenda item, that item would be moved up from its position on the agenda and taken up first.

PRESENTATION AND POSSIBLE FINAL APPROVAL ON SECOND READING OF ORDINANCE NO. 1127, VACATING THE ALLEY BETWEEN MAIN AND STATE STREETS SOUTH OF RIVERVIEW AVENUE (HAMPTON INN)

Community Development Director David Callahan reminded the council that it had approved this ordinance on first reading in May, along with a resolution approving a subdivision improvements agreement that is a part of the ordinance, subject to final details of that agreement being worked out between city staff and the developer. All of the necessary documents were now in order and the ordinance vacating the alley could receive final council approval, he said.

Developer David Amin and contractor Mike Brown briefly described the expected timeline for the project, which called for full completion in about 10 months.

Councilmember Ron Shaver offered a resolution approving the second reading of Ordinance No. 1127, which was seconded by Councilmember Brent Nation and approved unanimously.

PRESENTATION OF THE FINAL 2011 FINANCIAL AUDIT

City Manager Jeff Wells noted that all of the finance department staff was on hand and said the staff had worked very hard on this audit to demonstrate to the residents of Fort Morgan that the city was doing a good job handling the public's money.

City Treasurer Jean Kinney reviewed some sections of the audit and explained to the council how she reads an audit and what she looks for. Council and staff discussion of portions of the audit followed. Wells encouraged the council to direct any questions it might have about any of the information in the audit to either him, Kinney or auditor Tim Mayberry before the final version of the audit was presented.

Mayberry then briefly reviewed the audit, noting that it was a draft and that the audit had come out about as he had expected, considering the staffing changes in the finance department, the conversion to a new financial software system and other challenges in the past year. He said he had no real concerns about where the city stood financially.

Wells said the final version of the audit would be brought back to the council for approval and acceptance when it was completed.

UPDATE FROM MORGAN COUNTY ECONOMIC DEVELOPMENT CORP.

Cassandra Wilson, executive director of the Morgan County Economic Development Corp., briefed the council on the activities of her office in recent months. Wilson indicated that things were going well in Morgan County and she felt the local economy was beginning to turn in a positive direction after the recession. She said she had been meeting regularly with City Manager Wells and communication and dialogue between her organization and the city was good, something which had not always been the case.

Mayor McAlister said he was glad that Wilson was visiting the council regularly and the two entities were having this communication.

RESOLUTION ADJUSTING WATER RATES

Wells said the city staff had spent a lot of time looking at water rates and the state of the city's water fund, including reserves and needed capital expenditures. Water rate consultant Tom Ullman of Farnsworth Group went through a PowerPoint presentation on the water fund, noting that the council had discussed the city's water rates several months ago so he was now focusing on the reserve levels in the water fund. He discussed the council's options for setting reserve levels, and noted the risks to the water fund of having a large percentage of its water use by three major companies, and also the chance of an emergency with the city water system that would entail a large expense to repair.

Ullman said he was again recommending a 5 percent rate increase, as he had done several months ago but that was put on hold pending this discussion of reserve levels. Given the future infrastructure needs of the water system and the impending expenses related to the Northern Integrated Supply Project (NISP), Ullman said it would be better to raise water rates as soon as possible.

Discussion followed about the status of the NISP project and the city's options if that project did not come to fruition. Wells said the staff was recommending approval of the resolution raising water rates by 5 percent, adding that future incremental rate increases recommended in Ullman's rate study would be brought to the council for approval individually in the future.

Nation offered a resolution approving the increase in water rates as recommended, which was seconded by Shaver. Councilmember Scott Bryan then stated that he did not like having to raise water rates but felt that it was necessary, and apologized to city water customers and especially those on fixed incomes. Wells then noted that the council should specify the effective date of the rate increase, and the council consensus was to make the effective date Sept. 1, 2012. Nation stated that he would include that effective date in the resolution he had offered, Shaver affirmed his second of that resolution and the resolution was approved unanimously.

CITY MANAGER CONTRACT

McAlister said Wells had been working as city manager for some time without a contract, and the council had been holding negotiations on an agreement with Wells, in consultation with attorney David Zwisler of the Mountain States Employers Council, who was present at the meeting. A contract had been finalized to the satisfaction of both the council and Wells, the mayor said.

Zwisler said the contract reflected all of the issues discussed during the negotiations, and was agreeable to and enforceable by both parties, and the council could follow whatever process it would normally use to approve a contract.

Wells said he fully intended to sign the contract and thanked the council for the thoughtful way it approached the negotiations.

Councilmember Debra Forstedt offered a resolution to approve the contract with Wells as city manager and authorize the mayor to sign the contract. That resolution was seconded by Bryan, who noted that the process was truly a negotiation, with both sides having to give ground on some details, and was by no means a rubber-stamp issue. The resolution was approved unanimously.

BIDS FOR MATERIALS FOR THE SHERMAN STREET ELECTRIC REBUILD PROJECT

Inventory Control/Building Maintenance Superintendent Doug Hofman reviewed the bidding process for this purchase, noting that bidders could submit bids on all or just some of the needed materials for the project. Four companies had submitted bids, Hoffman said, but only one met the specifications on all of the requested items. That company's total bid was only \$2,600.14 more than the sum of the lowest prices for each of the items among all of the bids, so to simplify the process of obtaining the materials the city staff was recommending acceptance of the bid for all materials from Western United Electric Supply of Brighton in the amount of \$83,152.08.

Bryan offered a resolution to accept the bid from Western United Electric Supply as recommended, which was seconded by Forstedt and approved unanimously.

BIDS FOR A PARKS DEPARTMENT BUCKET TRUCK

Parks Superintendent Doak Duke reviewed the bid process for this purchase, for which two bids had been received – one for a new 2012 forestry bucket truck and the other for a used 2006 model, both including a \$5,000 trade-in credit for the city's old bucket truck which was no longer able to pass the required inspections.

Duke explained that the 2006 truck would require overhauling of the bucket-leveling equipment every five years at substantial cost, while the new model would not require this because it had hydraulic leveling features. He also said the older truck was already six years old and posed a risk of high maintenance and repair costs, while the new truck had the most desirable feature of hydraulic leveling and would give the city a more reliable, long-term piece of equipment.

The bid for the newer truck was \$118,400, which was more than the budgeted \$95,000, Duke said, but money was available from leftover budgeted funds in the New Streets Projects capital budget for 2012, so staff was requesting approval to accept the bid for the newer truck and use those funds to make up the \$23,400 cost difference between the purchase price and the budgeted amount for the purchase. Council and staff discussion of the relative costs and benefits of the two trucks followed.

Nation offered a resolution to accept the bid from National Utility Equipment Company of Birmingham, Ala., in the amount of \$118,400 for a 2012 Altec LRV 56 Forestry Bucket Truck, which was seconded by Councilmember Lisa Northrup and approved unanimously.

BIDS FOR A 64-NICHE COLUMBARIUM FOR THE CEMETERY

Duke reviewed the bid process for this purchase, for which two bids were received. Staff recommended acceptance of the low bid from Cold Springs Granite Company of Cold Springs, Minn., in the amount of \$13,941, and expenditure of approximately \$1,050 for construction of a concrete foundation and a crane service to unload the columbarium, with the total not to exceed \$15,000.

Shaver offered a resolution to accept the bid from Cold Springs Granite and approve the additional expenses for a total not to exceed \$15,000 for the purchase and installation. That resolution was seconded by Nation and approved unanimously.

CREATION OF A RECREATION AD HOC COMMITTEE

Wells explained that the formation of this committee had been discussed by the council previously and action was postponed until a new recreation superintendent was in place, which had been accomplished with the hiring of Joshua Miller. Wells said the committee would review and analyze the city's recreation programs and make recommendations to the council about which programs are the most feasible, cost-effective and necessary.

At this time staff was proposing guidelines for the goals, composition and duration of service for this committee, Wells said, and seeking council direction to move forward in soliciting members for the committee.

The committee would offer recommendations to city staff and council on the depth and range of recreation programs, the costs of service and fee structure for these programs, the adequacy of facilities and the involvement of parents/participants in the programs, Wells said.

The proposed makeup of the committee would include one or two members of the city council, residents of the city and the county, and representatives of the senior center and the school district, he said. Staff was recommending a limit of nine members, but the city wanted as much community participation as possible so if a large number of people applied for the committee the idea of subgroups to examine specific areas of the recreation programs could be considered, Wells said. The committee would be expected to function and report to the council for at least 12 months.

Bryan suggested adding representation from the youth segment of the community as well. Wells said that with council approval staff would begin soliciting applications and come back to the council for approval of appointments to the committee.

Forstedt made a motion to direct staff to proceed with the formation of the recreation ad hoc committee, which was seconded by Northrup and approved unanimously.

2013 BUDGET PREPARATION CALENDAR – BUDGET AND CAPITAL EXPENDITURES FOR THE WATER FUND

Wells, Kinney, Water Treatment Plant Superintendent John Turner and Water Distribution/Wastewater Collection Superintendent Mitch Church reviewed the budgets and the major capital expenses anticipated for those departments in 2013. The staff members answered several questions from the council about specific line items, and no formal action was taken.

CONSENT AGENDA BY RESOLUTION

City Clerk John Brennan presented the Consent Agenda for Council consideration, said Consent Agenda being in words, letters and figures as follows, to wit:

CONSENT AGENDA

- A. Second reading and final approval of Ordinance No. 1129, Amending Chapter 15, "Garbage and Refuse," of the Fort Morgan Municipal Code (2010)
- B. Approval of the minutes of the July 10, 2012 City Council special meeting
- C. Approval of the minutes of the July 17, 2012 City Council regular meeting
- D. Approval of the minutes of the July 23, 2012 City Council special 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 Nation offered a resolution to approve the Consent Agenda as presented, which was seconded by Shaver and approved unanimously.

PASSED, APPROVED AND ADOPTED this 7th day of August 2012, the vote upon roll call being as follows: Ayes: Mayor McAlister; Councilmembers Bryan, Forstedt, Nation, Northrup, Segura and Shaver. Nays: none.

PUBLIC COMMENT / AUDIENCE PARTICIPATION

Davina Chappell-Haley of 1103 State St. told the council she was the owner of the only residence on the block where the Hampton Inn was planned, and wanted to know why she had not been notified of the plans for the hotel and what the impacts would be on her property. Community Development Director David Callahan explained that the city had followed the statutory requirements for notification, and offered to meet with Chappell-Haley individually to review the plans and the potential impacts.

REPORTS BY OFFICIALS AND STAFF

Wells reported on a western Colorado water tour hosted by the Northern Colorado Water Conservancy District the previous week, an upcoming presentation on youth engagement to be given by him and Councilmember Forstedt at the Colorado Municipal League, and a recent meeting of the Western Area Power Administration on a new green energy initiative that could have substantial impacts on rural electric utilities such as Fort Morgan.

BIDS, MEETINGS AND ANNOUNCEMENTS

Brennan announced current bids and upcoming meetings, and announced that the railroad crossing at West Street would be closed for parts of two days the following week for work by the BNSF Railway.

Nation then said he was formally announcing his resignation from the council effective at the end of this meeting. He said he had always believed he would be on the council for at least the

four years he had committed to when elected, but because of opportunities in front of him he had to step away from the council. He encouraged other residents of Ward 1 to consider serving on the council, which he said had been a great experience for him. Nation thanked the other council members and said it had been a very productive council for the past couple of years, and encouraged the council to continue its good work on the things that are important. He also thanked the city staff for their hard work and dedication that made his job on the council easier. McAlister and several council members expressed regret that Nation was leaving the council and thanked him for his service.

EXECUTIVE SESSION

The regular portion of the meeting concluded at 9:00 p.m., with Wells asking the council to reverse the order of two executive sessions scheduled to follow on the agenda. The second scheduled executive session, listed as Item #18 on the agenda, would be taken up first, and the other session, listed as agenda Item #17, would likely not be necessary, Wells said. Forstedt made a motion to convene the second scheduled executive session. That motion was seconded by Shaver and approved unanimously. This executive 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: Power generation.

This executive session began at 9:18 p.m. and ended at 10:31 p.m., and was attended by the mayor and council members along with Wells and Joe Yavorski.

Following the conclusion of the executive session, the council returned to open session where Forstedt reported that the council met in executive session to discuss issues related to negotiations. Forstedt made a motion to instruct staff to go forward to carry out further investigation of the proposed project and negotiations related to the project. That motion was seconded by Nation and approved unanimously.

The other scheduled executive session was not held. That executive 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 agreement.

Mayor McAlister adjourned the August 7, 2012 regular meeting at 10:32 p.m.

/s/ Terry L. McAlister
Mayor

/s/ John J. Brennan
City Clerk