

March 12, 2019

**CITY OF GUNNISON COUNCIL
REGULAR SESSION MEETING MINUTES**

5:30 P.M.

The City Council Regular Session meeting was called to order at 5:30 P.M. by Mayor Pro Tem Jim Miles with Councilors Mallory Logan, Bob Drexel, and Leia Morrison present along with Western Liaison Max Oldham, City Attorney Kathy Fogo, City Manager Russ Forrest, and City Clerk Erica Boucher. Additional City staff present were Electric Superintendent Will Dowis, Information Technology Director Mike Lee, Community Development Director Anton Sinkewich, and Parks and Recreation Director Dan Ampietro. Executive Director of the Gunnison Valley Regional Housing Authority, Jennifer Kermode, was present along with a handful of interested citizens. The press was present. Mayor Jim Gelwicks was absent. A Council quorum was present.

PUBLIC HEARING

To receive public input on the proposed increase to the City of Gunnison Electric Rates.

Mayor Pro Tem Miles called the public hearing to order at 5:30 p.m., on Tuesday, March 12, 2019, in the Council Chambers of City Hall, 201 West Virginia Avenue in Gunnison, Colorado. Present at the hearing were Mayor Pro Tem Miles, Councilors Logan, Drexel, Morrison, City Manager Forrest, City Attorney Fogo, City Clerk Boucher, Electric Superintendent Dowis, and Western Liaison Oldham. Mayor Pro Tem Miles stated that the purpose of this public hearing was to receive input on the proposed increase to the City of Gunnison Electric Rates.

Mayor Pro Tem Miles asked for proof of publication for this hearing from the City Clerk who confirmed that the public hearing was posted in the City official posting places and was published in the *Gunnison Country Times*. He then asked for a staff report. Electric Superintendent Will Dowis summarized and reminded Council of the City's purpose for increasing electric rates in 2019 based on the results of the 5-year assessment produced by MEAN for Cost of Services. The overall average of the increase is 7.1%, with a bandwidth of plus and minus 3%. The City is proposing a flat rate and a time of day increase in order to align costs better with production and operating expenses. Peak time hours are 6:00 am - 9:00 am and 5:00 pm - 10:00 pm. The purpose of increasing electric rates is to continue to build the Electric department's emergency fund reserve, to prepare and budget for up-coming electric infrastructure such as the purchase of a sub-station in 2021, and to plan for capital replacements. City Manager Forrest confirmed that the increase is not to pay for salaries, but to plan and be prepared for the future.

Mayor Pro Tem Miles called for comments from the public.

Steve Schechter, 912 N. Blvd, was first to approach Council. He distributed a prepared written statement to Council for the record which he summarized verbally. Mr. Schechter used the majority of his three minutes to encourage Council to consider moving the yearly true up date to April 1 for net-metering ratepayers so that excess solar production in the spring, summer, and fall months can be credited in the winter months when solar production is less than consumption. Mr. Schechter suggested that a yearly true up would be more in line with current City policy and would show the public that Council is serious about promoting solar in the City. He also suggested that Council needs to examine MEAN's avoided costs that do not encourage large PV systems. He stated that according to Lazard's Levelized Costs of Energy that coal production for electricity is more expensive than wind and solar. He noted that MEAN and the City should look into the avoided costs or it could be a matter for the Colorado Public Utilities Commission to evaluate.

Brenda Freeburn, next approached Council to ask why the City has decided to increase the flat rate fee more than the usage rate. Increasing the flat rate fee can put more of a financial burden on residents, especially for those not using a great amount of electricity and for those who may not be able to afford the flat rate increase. She suggested that the greater rate increase should go on the usage fee so residents are paying for what they are using.

Superintendent Dowis explained that the fixed cost (service cost/meter cost) helps pay for electric functionality, such as transformers and wires. The fixed cost also is used for capital replacements and infrastructure. Dowis mentioned that the City's fixed costs, even with the

proposed rate increase, is still lower when compared to other electric providers' fixed costs rates.

Ralph (Butch) Clark, 519 E. Georgia Avenue, came before Council and noted his appreciation for the previous comments. He suggested to Council that the City use some of their accumulated funds to create a large storage battery which may help even out electrical costs and would complement solar development. The price of storage batteries is becoming less expensive. Next, Mr. Clark also mentioned an article about how businesses are turning to self-generation renewability and self-storage reliability to even out the costs of their electrical power production by working with local power companies. This work encourages community resilience.

Mayor Pro Tem Miles asked if the City had received any additional comments. The City Clerk stated for the record that Superintendent Dowis received a letter from Joseph Engleman dated February 19, 2019, which Dowis responded to via email with information from Andrew Ross of MEAN explaining the proposed rate increases. On March 12, 2019, just prior to the start of the public meeting the City Clerk received an email from Richard Stenson. Hard-copies of the email were distributed to Council prior to the start of the public hearing and his email was entered into the record.

Councilor Logan asked the Clerk if she received an email from George Sibley. Clerk Boucher said she had not. Council had received the email from Mr. Sibley. Councilor Logan said she would forward the email from Mr. Sibley to the Clerk to become a part of the record.

Mayor Pro Tem Miles called for final comments. With no additional comments made, he closed the public hearing at 5:47 p.m. and Council went into Regular Session.

Citizen Input:

Director of the Gunnison County Chamber of Commerce, Celeste Helminski, went before Council to thank them for their participation in the Mardi Gras parade on Tuesday, March 5, 2019. She mentioned that it was a successful event and appreciated Council's participation.

Council Action Items:

Councilor Morrison moved to approve the February 26, 2019, Regular Session meeting minutes. Councilor Logan seconded the motion.

Roll call, yes: Logan, Miles, Drexel, and Morrison. So carried.

Roll call, no: None.

Ordinance No. 2, Series 2019; First Reading: *An Ordinance of the City Council of the City of Gunnison, Colorado Amending the Rates to be Charged by of the City of Gunnison Electric Department for Electricity Consumed.* Councilor Logan introduced Ordinance No. 2, Series 2019, and asked that it be read aloud by title only by the City Attorney. The City Attorney read Ordinance No. 2, Series 2019 by title only. Council Logan moved adoption of Ordinance No. 2, Series 2019 on first reading. Councilor Drexel seconded the motion.

Councilor Morrison stated concerned about increasing the flat electric rate and how the increase could cause additional financial burden for some of the residents in Gunnison. Discussion ensued and it was stated that the Electric department has made an effort to balance varying real costs of electricity and the fixed rate costs; however, any increase will have a financial impact on Gunnison households especially for those on a fixed income. Dowis said that the average residential bill on the old rates was \$69.27 and the average bill with the proposed rates \$73.76 using 700 kWh as the average. Councilor Logan noted that lower income households may be affected more by the proposed rate increases because they will have to pay the flat rate increase and likely a higher usage rate for their less energy efficient homes. The increase to the monthly commercial service charge was mentioned. Superintendent Dowis spoke about MEAN's use of coal generated electricity. He mentioned that a large part of MEAN's current portfolio is coal-based, but they are beginning to expand into renewables more. Dowis also mentioned that the City's contracts with MEAN will be expiring in the next few years and that would be a good time to negotiate as MEAN is diversifying their portfolio and including renewables.

Discussion ensued about the City generating and storing its own solar energy production. Staff reviewed how if a resident or a business is producing 25 kWh or less, then reimbursement is at a 1:1 rate. Over that amount, reimbursement is at the wholesale rate. This could be a larger policy discussion. City Manager Forrest also mentioned that the City has been having conversations with MEAN, Western and other local power producers regarding sustainability and resiliency. Council would like to see more transparency regarding MEAN and their agendas and their direction in the future. Council suggested engaging with other MEAN municipalities as they begin their contract negotiations, such as Glenwood Springs and Aspen in order for Gunnison to be best prepared when

it is time for our contract negotiations.

Executive Director of the Gunnison Valley Regional Housing Authority (GVRHA), Jennifer Kermode, was in the audience and confirmed that the CARE program is still available to assist with housing weatherization for eligible residents. LEAP residents can also qualify for the CARE program. GVRHA also recently hired Loren Ahonen who will be researching and putting forth grant opportunities that have an energy-efficiency and sustainability components to them.

Roll call, yes: Miles, Drexel, Morrison, and Logan. So carried.

Roll call, no: None.

Selection of Lazy K Developer. City Manager Forrest reviewed the process the City took to select a developer for the West Gunnison property (aka Lazy K). The City received five proposals which were narrowed down to three after an open house where the developers gave presentations on their proposals and the public asked questions. The three finalists were Fading West, Gatesco Inc, and High Mountains Concepts (HMC). The three finalists presented at a second open house where the public ranked the proposals and developers and provided their feedback to the City. The Lazy K selection committee took into consideration the public's feedback, rental units versus for-sale properties, references, financials, and delivery expectations. They decided to recommend local development company High Mountain Concepts to Council. High Mountain Concepts received the most positive public feedback and said they are willing to participate in a public input process throughout the creation of the 56 units. High Mountain Concepts was also willing to continue discussions about deed restrictions with the City. The City will require a specific pro forma from High Mountain Concepts identifying actual price points, the product to be received, and for transparency. City Manager Forrest explained that if Council approves the selection committee's recommendation the next step would be a MOU with High Mountain Concepts and followed by a development improvement agreement.

Council requested staff to add into the deal points of the MOU that since High Mountain Concepts will not have to pay for the property that at least two housing units are reserved for City employees to use and that the possibility of solar is included the design of the units.

Steve Schechter noted his support of the selection committee's choice of High Mountain Concepts and suggested that Council require solar on all units.

Taryn Mead, a Seasons Schoolhouse board member, came before Council to also note her support of High Mountain Concepts because they supported a nature-based pre-school and she liked HMC willingness to work with other local eco-conscious developers to create educational opportunities on the property.

Ms. Kermode also voiced her support for HMC. She stated that GVRHA will be a key partner throughout the deed restrictions process and can be of assistance if the City chooses to use a lottery system to select recipients for the units as a lot of up front work will need to be done. She believes this development is appropriate for the neighborhood and is in line with Gunnison's need for affordable housing. Council directed staff to add the inclusion of two units for City employee housing and that High Mountain Concepts should consider solar energy capabilities into their units. It was also noted that staff should address traffic flow and construction noise with HMC prior to building.

City Manager Forrest also put forth the suggestion to retain local housing expert Willa Willaford through the next phase of the project to assist staff and contribute her expertise. Her work up to this point has been very valuable for staff to keep the project moving forward.

Councilor Drexel moved to direct the City Manager to negotiate a memorandum of understanding that would include the listed deal points with High Mountain Concepts. Councilor Logan seconded the motion.

Roll call, yes: Drexel, Morrison, Logan, and Miles. So carried.

Roll call, no: None.

Councilor Drexel moved to authorize the City Manager to enter into an agreement with Willa Willaford in an amount not to exceed \$7,800 to assist staff with Phase Two of the project. Councilor Logan seconded the motion.

Roll call, yes: Morrison, Logan, Miles, and Drexel. So carried.

Roll call, no: None.

Parks and Recreation Semi-Annual Report. Parks and Rec Director Dan Ampietro gave his semi-annual report to Council. Notables in the report were: 1. The City did not receive the GOCO grant for Lazy K. November is the next grant cycle for GOCO; 2. The City is waiting to hear back about the Gates Foundation grant it applied for regarding IOOF. Council needs to decide if they want to proceed with some kind of construction at IOOF Park in 2019; 3. The City may apply for a DOLA grant this spring for Ohio Avenue. Construction on Ohio Avenue will not likely occur until 2020; and 4. Barker Rinker was in Gunnison February 27-28 and met with Parks and Rec

stakeholders to receive input on Phase Three of the Community Center. A non-statistically valid survey will be available March 18 - April 5 to receive public input on Phase Three. A brief discussion occurred regarding program enrollment numbers and the best way to get feedback from participants. The aquatics center is hiring lifeguards and maintenance work will be completed on the roof this spring.

City staff and Council gave reports.

With no further business, Mayor Pro Tem Miles adjourned the Regular Session meeting at 7:12 p.m.

Jim Miles, Mayor Pro Tem

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Attest:

Erica Boucher, City Clerk