

AUGUST 26, 2014

CITY OF GUNNISON COUNCIL
REGULAR SESSION MEETING MINUTES

7:00 P.M.

The City Council Regular Session meeting was called to order at 7:00 P.M., by Mayor Drexel, with Councilors Riggs, Ferguson, Steinbeck and Hagan present along with City Attorney Fogo, City Manager Coleman, City Clerk Davidson, Acting City Manager/Community Development Director Westbay, Finance Director Collins, WSCU Liaison Ballesteros, several citizens and the press. A Council quorum was present.

Mayor Drexel introduced Stefano Ballesteros, this year's WSCU Liaison. Stefano is currently the Student Government Vice-President of External Affairs. He is a senior and is from Texas. He is majoring in politics and government. All of Council welcomed Stefano.

Consideration of Minutes:**Regular Session Meeting Minutes of August 12, 2014.**

Councilor Riggs moved and Councilor Hagan seconded the motion to approve the Regular Session Meeting minutes of August 12, 2014, as submitted.

Roll call vote, yes: Ferguson, Drexel, Steinbeck, Hagan. Motion carried.

Roll call vote, no: None.

Roll call vote, abstain: Riggs, she was not present at the meeting.

Pre-Scheduled Citizens:

Dick Bratton, Gunnison Valley Partners and Tyler Carlson, Evergreen Development. Dick Bratton came forward and introduced Tyler Carlson of Evergreen Development Company. He thanked Council for allowing them to speak with them this evening since their next available date to come to Council isn't until mid-October. City Manager Coleman passed out a page outlining the Tax Increment Financing (TIF) process and informed Council Mr. Bratton and Mr. Carlson approached him regarding plans on how to initiate development on the annexed Gunnison Rising parcel. He noted that the Gunnison Rising Annexation Agreement outlines the responsibilities and requirements for development to occur on that parcel. Mr. Bratton then discussed the following topics with Council: the property is zoned and ready to go; there is significant infrastructure required and the cost of that proposed infrastructure is approximately \$7 million; he is looking at possible revenue sources and mechanisms for funding that infrastructure; and Evergreen Development has experience in developing and funding commercial neighborhood grocery centers. Mr. Carlson then reviewed the funding tools that are available for these types of developments. The options are: to do nothing which will essentially kill the commercial development project; funding from private equity/private debt investor sources; fee waivers; tax credits from sales and/or property taxes; and full use of City capital improvement funds. The incremental sales tax funding establishes a baseline and the initial investment is paid back through new generated sales tax from the development. Incremental property tax works in a similar method as the property is developed and the property tax valuation increases, the differential tax is used to pay back the investments. A Special Assessment District can be established with a mill levy set on the property valuation. If the City utilizes capital improvement funds with a direct investment into the project then the City carries all the risk. Mr. Carlson then explained about the formation of an Urban Renewal Authority (URA). His company is working on one in the City of Thornton. He recommends this option of the URA formation along with the combination of City-only revenue sharing, metropolitan district funding and City capital improvement project funding. The URA is a great tool although it does require separate accounting for the Authority and involves more government. It can also affect County and School District tax funding. Discussion ensued and Council consensus was to gather more information on these funding tools and to discuss them further at a future work session meeting. Council thanked Mr. Bratton and Mr. Carlson for their presentation.

Unfinished Business: None.

New Business:

Action to Award City Hall Improvements Bid to PCI. This item was discussed at last week's Council work session meeting. Community Development Director Steve Westbay stated the remodel work is to be completed by December 31st and the HVAC system installation should be complete by November 15th. The Contract with PCI is in an amount not to exceed \$130,087.34. City Attorney Fogo stated that an exhibit containing the required certification language regarding hiring of illegal aliens needs to be attached to the Contract. City Manager Coleman stated he will get that exhibit attached to the Contract prior to signing.

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Councilor Ferguson moved and Councilor Steinbeck seconded the motion to approve the Construction Contract, as amended this evening, with Professional Contractors, Inc. (PCI) in an amount not to exceed \$130,087.34.

Roll call vote, yes: Ferguson, Drexel, Steinbeck, Hagan, Riggs. Motion carried.

Roll call vote, no: None.

Discussion and Possible Action on City Reserve Fund Policy. City Manager Coleman and Finance Director Collins addressed Council. The City Manager stated the Policy as presented can be passed as presented, can be amended per Council's direction and passed this evening, or can be discussed at a future meeting. Director Collins clarified some items in the Policy. She explained the following: the Tabor required reserve is separate from the unrestricted fund balance; the only restricted fund balance in the general fund is the 3% TABOR reserve; the Policy sets the levels to be maintained as unassigned fund balance; Council can authorize by an ordinance the transfer of excess unassigned reserves to committed reserves for a designated future capital expense; the minimum and possibly the maximum calculations should be based on operating expenditures and not on total annual expenditures; and staff is recommending, that to be fiscally prudent, a General Fund unrestricted, unassigned cash reserve be maintained at a minimum of 33% and a maximum of 40% of operating expenditures. Discussion ensued. Councilor Hagan is not comfortable with the 40% maximum level. Director Collins invited the Councilors to come talk with her if they have questions or would like further clarification. Council thanked Director Collins for the flow chart that helped explain the fund classifications. Council consensus was to gather more information and to discuss the Policy at next week's Work Session meeting.

Ordinance and Resolutions:

Ordinance No. 7, Series 2014; Re: Mid-Year 2014 Budget Additional Appropriations; 2nd Reading. Councilor Ferguson introduced Ordinance No 7, Series 2014, and asked that it be read by title only along with the budget appropriations sections by the City Attorney.

Councilor Ferguson moved and Councilor Steinbeck seconded the motion that Ordinance No. 7, Series 2014, **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GUNNISON, COLORADO, ADOPTING AN ADDITIONAL APPROPRIATION FOR THE FISCAL YEAR ENDING DECEMBER 31, 2014**, be introduced, read, passed and adopted on second and final reading this 26th day of August, 2014.

Roll call vote, yes: Drexel, Steinbeck, Hagan, Riggs, Ferguson. Motion carried.

Roll call vote, no: None.

Ordinance No. 8, Series 2014; Re: Amending Chapter 2.20, Purchasing Policy and Procedure of the Gunnison Municipal Code; 1st Reading. City Clerk Davidson informed Council that the Ordinance is a matter of housekeeping. The Purchasing Policy was approved by Council on July 23, 2013. The City has been operating under the Policy since that time. The Purchasing Policy is included in Chapter 2 of the Gunnison Municipal Code but it was never adopted by Ordinance to be included in the Code. This Ordinance corrects that oversight. The City Attorney has reviewed the Ordinance and has no changes.

Councilor Steinbeck introduced Ordinance No. 8, Series 2014, and asked that it be read by title only by the City Attorney.

Councilor Steinbeck moved and Councilor Riggs seconded the motion to approve Ordinance No. 8, Series 2014, **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF GUNNISON, COLORADO, AMENDING CHAPTER 2.20, PURCHASING POLICY AND PROCEDURE, OF THE CITY OF GUNNISON MUNICIPAL CODE**, be introduced, read, passed and ordered published on first reading this 26th day of August, 2014.

Councilor Hagan asked for clarification on the bonding requirement. City Manager Coleman stated the bond required in section 2.20.150 is a fairly standard bond requirement in municipal projects of \$100,000 or greater.

Roll call vote, yes: Steinbeck, Hagan, Riggs, Ferguson, Drexel. So carried.

Roll call vote, no: None.

Resolution No. 6, Series 2014; Re: Setting Marijuana Ballot Questions for the November 4, 2014, General Election. City Clerk Davidson informed Council that the Ballot Issue and Ballot Question numbers were set by the Gunnison County Elections Office. Those number designations are the only changes from the original ballot language that has been discussed by Council for the past month. These two questions are not TABOR taxation questions and are therefore considered Ballot Questions. The first question regarding medical marijuana is Ballot Question 2B and the second question regarding retail marijuana is Ballot Question 2C.

Councilor Ferguson introduced Resolution No. 6, Series 2014, and it was read by title only by the City Attorney.

Councilor Hagan asked the City Attorney about the wording difference in Medical Marijuana-infused products manufacturers in line three of Ballot Question 2B and the retail products manufacturing facilities in Ballot Question 2C. City Attorney Fogo stated the difference in terminology reflects the original ballot language that was written and passed at different times. She will confirm the language once again. The Resolution language can be changed if the original language is different.

Councilor Ferguson moved and Councilor Riggs seconded the motion that Resolution No. 6, Series 2014, **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GUNNISON, COLORADO, REFERRING TWO BALLOT QUESTIONS TO THE REGISTERED ELECTORS OF THE CITY OF GUNNISON WHETHER THE OPERATION AND LICENSING OF MEDICAL MARIJUANA CENTERS, OPTIONAL PREMISES CULTIVATION OPERATIONS, AND MEDICAL MARIJUANA-INFUSED PRODUCTS MANUFACTURERS; AND THE OPERATION AND LICENSING OF RETAIL MARIJUANA STORES, RETAIL MARIJUANA CULTIVATION FACILITIES, RETAIL MARIJUANA PRODUCTS MANUFACTURING FACILITIES, AND RETAIL MARIJUANA TESTING FACILITIES SHOULD BE ALLOWED IN THE CITY OF GUNNISON,** be introduced, passed and adopted this 26th day of August, 2014, with the ballot language to be changed to reflect the original Ballot Amendments language if it is different.

Roll call vote, yes: Hagan, Riggs, Ferguson, Drexel, Steinbeck. So carried.

Roll call vote, no: None.

Resolution No. 7, Series 2014; Re: Setting Marijuana Taxation Ballot Question for the November 4, 2014, General Election. City Clerk Davidson stated that per State Statutes, Ballot Issues concerning taxes are listed first on the ballot order and are termed Ballot Issues. The Marijuana Tax Issue in this Resolution is Ballot Issue 2A.

Councilor Riggs introduced Resolution No. 7, Series 2014, and it was read by title only by the City Attorney.

Councilor Riggs moved and Councilor Ferguson seconded the motion that Resolution No. 7, Series 2014, **A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GUNNISON COLORADO, REFERRING A BALLOT QUESTION TO THE REGISTERED ELECTORS OF THE CITY OF GUNNISON TO AUTHORIZE THE IMPOSITION OF AN ADDITIONAL FIVE PERCENT SALES TAX ON MARIJUANA SALES WITHIN THE CITY OF GUNNISON AND A 5% EXCISE TAX ON THE CASH VALUE OF THE TRANSACTION ON THE SALE BY A RETAIL MARIJUANA CULTIVATION FACILITY OR RETAIL MARIJUANA PRODUCTS MANUFACTURING FACILITY TO A LICENSED MARIJUANA ESTABLISHMENT OUTSIDE THE CITY OF GUNNISON, ALL REVENUES DERIVED FROM SUCH TAX COLLECTED BE SPENT TO DEFRAY COSTS ASSOCIATED WITH THE SALE AND USE OF MARIJUANA IN THE CITY,** be introduced, read, passed and adopted this 26th day of August, 2014.

Councilor Riggs asked if the City is only proposing the excise tax on retail transactions but not the medical product. City Attorney Fogo stated that most municipalities are not taxing medical products and there are some legal questions being raised on this issue around the State. Discussion ensued about the required tracking of plants for both medical and retail sales and how there is not supposed to be cross-over of the intended product use. Councilor Riggs also asked about the language included in the second to last "whereas" on page one and the language in Issue 2A. City Manager Coleman and City Attorney Fogo explained the language is trying to

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capture all of the possible wholesale product transactions and that the language terminology is straight out of the State Ballot Amendments.

Roll call vote, yes: Riggs, Ferguson, Drexel, Steinbeck, Hagan. So carried.

Roll call vote, no: None.

Councilor Ferguson encouraged all citizens to get informed and to vote on the issues. Councilor Steinbeck asked about the County allowing cultivation of marijuana. City Manager Coleman stated they do not allow retail sales of the product, only grow operations, and then wholesale sales to licensed retail outlets.

City Attorney Kathleen Fogo: reported she attended the CML Municipal Prosecutor's Boot Camp in Denver last Friday and it was a good session.

City Manager: Ken Coleman reported the following: the survey for the Comprehensive Plan is being developed and should be finalized soon; Staff will conduct the annual budget development session all day next Wednesday and that will be followed by the Staff and Council Work Session on September 16th; the Parks and Rec Master Plan consultants selection group heard 3 presentations and will make a recommendation at next week's Work Session; the annual dog swim at the pool was held last Saturday and 30 dogs participated without incident; the replacement Community Center heat exchanger arrived today and installation work will start tomorrow or Thursday; the West Elk Bike Classic bike ride over Black Mesa will take place this weekend and Councilor Hagan will be a participant; and discussions continue with MEAN regarding electric rates. City Manager Coleman asked Council if they would like to start the budget work session meeting on September 16 at 3 or 4pm. Council consensus was to start the meeting at 3pm. He met with a representative from DOLA today and she was very complimentary of the DOLA-funded City projects.

Acting City Manager: Community Development Director Steve Westbay Departmental Report. Director Westbay reviewed the past six months information included in the report. The following was discussed: three major grant applications were submitted with two of the three being successful; the Comprehensive Plan update was started with project consultants being interviewed and selected, and many public input meetings were conducted; the Comprehensive Plan survey was developed and is being finalized; the Courthouse redevelopment plan was reviewed; construction activity has been steady during the first half of the year; the City Hall remodel project was initiated; the annual bike safety rodeo and the community clean-up were conducted; Dennis Spritzer was appointed as the District Fire Chief; the Tri-Annual emergency drill was conducted in June; several community training programs were conducted; and the Fish and Wildlife Service is scheduled to publish a final decision for the Gunnison Sage-Grouse listing in early November. Director Westbay commended his Staff for all of the great work they do for the community and citizens. They are very pro-active in their approach to their work. Council and the City Manager thanked Director Westbay and his staff for all of the hard work they accomplish.

City Clerk: Gail Davidson reported she is preparing for the start of the 2014-2015 Youth City Council program.

WSCU Liaison: Stefano Ballesteros reported that everyone is excited for the start of the school year. There was a lot of excitement from the freshmen and transfer students at orientation. It should be a good year.

Non-Scheduled Citizens: None.

City Council Discussion, Meeting Reports, Items for Work Session:

Mayor Pro Tem Ferguson: reported there are two more weeks at the Gunnison Valley Observatory. They will be hosting the Cub Scouts again this year and hosted 84 people with that group last year. The Observatory's mission is to generate excitement for science and technology. Even if it is raining, visitors enjoy interesting programs.

Councilor Riggs: informed Council that today marks the anniversary of the passage of the 19th Amendment, granting women's right to vote. She attended the Pro Cycling event last week and enjoyed seeing the teams. It was a good day, and WSCU's "Running of the Red" during the bike race was shown on the BBC newsfeed. It was good media exposure.

Councilor Hagan: thanked CD Director Westbay and Building Official Jansen for their 2 days work building the deck at the Habitat for Humanity house. Many Western students participated in painting and landscaping work at the Habitat house during their orientation program. He participated on the Parks & Rec Master Plan consultant selection committee. Councilor Hagan thanked all of the US Pro Cycling Race volunteers. He was the volunteer coordinator and they had 43 volunteers participate of the 70 who signed up. City staff was great. It was exciting to see the three circuit laps through the City during the start of the race.

Councilor Steinbeck: reported she attended the Pro Cycling race as well. It was tremendous and she met a lot of people who were attending the race, some from out of town. The racers were friendly and signed autographs. She too visited the Habitat for Humanity house. She made donuts and handed them out to the students who were helping. She is working on a Western Homecoming committee, and there will be several reunions this year. Councilor Steinbeck then asked the City Manager about the progress of the VanTuyt Ranch Farm Project. The City Manager stated that nothing is happening yet. An RFP asking for project proposals will be prepared for next year. Councilor Steinbeck then mentioned several lots in need of improvements. There are several empty lots in the Industrial zone that need attention. City Manager Coleman informed Council the Code Enforcement Officer is actively reviewing those properties and asked Council to get any problem lots location to him. The City's Compliance Task Force (CTF) has met and one on-going nuisance property has been greatly improved. The line-of-sight at intersections is also being addressed. Councilor Steinbeck informed Council as a point of history, the State of Colorado was the second state to allow women to vote. Wyoming was the first.

Mayor Drexel: reported he enjoyed the US Pro Cycling race as well. He was proud of the community at the race event. He met and talked with two representatives from the Town of Frisco who might be considering hosting the race in the future. He attended the Firemen's Pension Board meeting on August 14th. There are 33 Fire Department retirees in the program and one surviving spouse. The retirees receive \$300 per month and the spouse \$150 per month. There is over \$2 million in the retirement fund. He will be attending the Region 10 meeting the end of this week.

Adjournment: Mayor Drexel called for any further discussion, and hearing none, adjourned the meeting at 8:49 P.M.



Mayor



City Clerk