

MARCH 22, 2022

**CITY OF GUNNISON COUNCIL
REGULAR SESSION**

5:30 P.M.

The Gunnison City Council Regular Session meeting was called to order at 5:30 p.m. by Mayor Pro Tem Mallory Logan. Councilor Freeburn, Councilor Miles, and Councilor Gelwicks attended the meeting in Council Chambers, located at 201 W. Virginia Avenue. Also attending the Regular Session in-person were City Attorney Kathy Fogo, Public Works Director David Gardner, Electric Superintendent Will Dowis, Community Development Director Anton Sinkewich, City Manager Russ Forrest, City Clerk Erica Boucher, Municipal Judge Jim McDonald, Court Clerk Annie Chaivre, and Western Liaison KC Wenzel. Attending the Regular Session online was Mayor Diego Plata. A handful of interested residents attended in-person and online. A Council quorum was present. The press was present and attended online.

PUBLIC HEARING

Mayor Pro Tem Logan opened the public hearing at 5:31 p.m. on Tuesday, March 22, 2022, in Council Chambers located at 201 W. Virginia Avenue in Gunnison, Colorado. The public hearing was available remotely. Present at the public hearing were Mayor Pro Tem Logan, Councilor Freeburn, Councilor Miles, and Councilor Gelwicks in Council Chambers. Also attending the public hearing in Chambers were City Attorney Kathy Fogo, Finance Director Ben Cowan, City Manager Russ Forrest, Public Works Director David Gardner, Electric Superintendent Will Dowis, Community Development Director Anton Sinkewich, City Manager Russ Forrest, City Clerk Erica Boucher, and Western Liaison KC Wenzel. Mayor Plata attended the public hearing online. The purpose of the public hearing was to receive input on the proposed 2022 electric rates.

The Mayor Pro Tem asked the City Clerk if the public hearing had been properly noticed. The City Clerk responded that the public hearing was properly noticed. The notification was posted on the City's bulletin boards, website, and in the local newspaper.

The Mayor Pro Tem called for staff comments. Public Works Director Gardner and Electric Superintendent Will Dowis came before Council. Director Gardner reminded Council that they approved a three percent increase for the electric rates during the budget process to cover the decrease in hydro allocation with Western Area Power Administration (WAPA). Municipal Energy Association of Nebraska (MEAN) had to supplement that power loss with a higher rate, which was the three percent. After the hydro power loss, natural gas prices doubled and tripled resulting in an increase for MEAN, which resulted in a needed five percent increase for City electric rates. The rate increase is a pass through for the City to cover the incurred expenses from higher natural gas prices and a decrease in WAPA allocation. Staff recommends the five percent increase to cover costs. Without the percentage approved, the City would experience a budget shortfall of \$324,000 annually. A resolution to pass the increased rates will be presented to Council and will likely be implemented for the May 10th billing cycle. If Council chooses not to approve this rate increase, staff would very likely be before Council next year to ask for an even greater increase to cover costs that would occur for this year and next year. Staff wants to keep up with increased costs through smaller rate increases rather than a large increase in one year.

Council had no questions for staff at this time. Mayor Pro Tem Logan asked for comments from the public.

Steve Schechter, 912 N. Blvd., stated that he served on the Gunnison County Electric Association board of directors for five years during which two rate studies were conducted. He said that not all rate studies are the same. He said the City's rate study looked to be generic and should have a study that coordinates with the Strategic Plan and Climate Action Plan. He stated that NMPP Energy, which is associated with MEAN, should not do the study because of the potential conflict of interest. Council should select a different organization to perform the study to consider other items like solar, stationary batteries, needs for low-income residents, and possibly reassess rates for large commercial blocks. In summary, Mr. Schechter recommended that Council hire a rate study contractor who is not also the energy supplier and to tell the contractor what the City wants out of the study in relation to its planning documents.

George Sibley, 315 W. Ohio Avenue, stated that he understands that the rate increase partly reflects the climate crisis and water shortage. He thinks that each Council meeting should start with Council asking itself about the climate crisis. He mentioned the Gunnison County Behavioral Mental Study and how it revealed the high poverty level in Gunnison. He expressed concern about how any rate increase affects low-income residents harder than most and they are essential labors in the Valley. He stated that the cost of housing is also very high, and he would like to see Council continue to address this issue. The community needs to take care of each other.

Jeff Delany lives in Crested Butte and is a member of Gunnison County Climate Crisis Coalition. The Coalition commented on Gunni CARES and supports the plan. However, he did have a few questions. He mentioned that John Cattles presented at the Climate Action Conference at Western in February 2020 and presented an emission factor of 0.5 for the City's energy electrical generation which is purchased from MEAN. That number is consistent with what is on MEAN's website (45% renewables and 4.4% nuclear), but the Gunni CARES document includes two different components listing Gunnison at 74%, which is almost 30% points higher than what MEAN publicly states. In another place in Gunni CARES, the percentage is 57% percent, so there is confusion about the portfolio of electrical generation that the City uses. He also mentioned that Aspen and Glenwood Springs also purchase power from MEAN and they are both listed at 100% renewable.

Mayor Pro Tem Logan stated that she couldn't specifically explain the differences in percentages but thought Gunnison's percentage includes the WAPA allocation. City Manager Forrest stated that these questions are related to the sustainability plan and not specifically about the electric rate increase. He confirmed with Mr. Dowis that in the last report from March 2021, the percentage was 74%. The 57% represented where the City is now with the reduction in allocation. The City Clerk stated that the Coalition's comments were forwarded to the MEM sustainability interns.

Tess Peterson lives at 620 N. Wisconsin and attended as a representative of Luke Danielson's organization, Sustainable Development Strategies Group. She read a prepared statement that acknowledged the need to increase rates and revenue, but also wanted to acknowledge the benefits of improving avoided costs for residential and large-scale solar in the community. She stated that more attention needs to be given to lack of access to affordable electricity for low-income households and to have incentives for energy conservation. She encouraged the city to address both of these issues at the same time and select a third-party to conduct an energy rate study which can develop the best rate design system available. To date, the City has only received consultations from MEAN. She added that studies from the Energy Information Administration show that, on average, fixed rate charges are burdensome to low-income households and block rate changes. She stated an understanding of low-income households using more energy per square foot, but SDSG would like to see evidence that low-income residents are using more energy in term of total kilowatt hours. SDSG understands that this could be accurate because low-income residents tend to reside in poorer quality of housing that are less energy efficient and are vulnerable to Gunnison's extreme temperatures; however, SDSG would like to see a study supporting the claim that low-income residents are using more energy based on a comparison of housing square footage, associated household income, and by tracking usage at the meter. Ms. Peterson acknowledged that the City is working hard to improve energy efficiency through various programs as well.

Keriann Conroy, 706 W. Ruby Avenue, stated concern about low-income household energy efficiency, energy rates, and electrical rates. She supported the statement made previously and would support a study to gather evidence for the claims being made that low-income households are using more electricity. She would like to see more data on that topic and more information regarding a decision on rates made to protect low-income households from a greater energy cost burden.

No one online made a comment for the record.

The Mayor Pro Tem asked the City Clerk if her office had received any additional comments. She stated that the City had not received any additional comments.

Mayor Pro Tem Logan asked for questions or comments from Council. Councilor Gelwicks stated that he appreciated many of the public's thoughtful ideas and they were worthy of consideration.

Councilor Miles thanked the public for bringing these concerns to Council.

Jim Averill, 301 S. 14th, approached Council and stated that in March 2022, Tri-State will complete a 4% wholesale rate reduction for its members. The first 2% was implemented in 2021. He was seeking explanation of why Tri-State could reduce their cost, as MEAN is increasing its cost and removing 7% nuclear and adding 3% additional coal to their projected 2030 mix. He thought using nuclear is better than using coal and wants to see the cost of services study conducted by a third party.

Mayor Pro Tem Logan called for final comments from those online and in Chambers.

With no other comments, the Mayor Pro Tem Logan closed the public hearing at 5:53 p.m.

Citizen Input. Steve Schechter, 912 N. Blvd., approached Council. He stated that Gunnison needs to look more at renewables for energy productivity because water is not as reliable as it was previously. Local energy generation should be produced and integrated into the system. Gunnison must think ahead.

Joe Dix, 321 N. Colorado Street, spoke about snow removal. He thanked the City for doing a great job of clearing and cleaning the roads and gutters. He asked Council to consider the possibility of having the Streets and Alleys department clear out the dirt and asphalt that is deposited in the right-of-way after the snow melts near residents' yards. It would be helpful to those residents.

Council Action Items.

Approval of the March 8, 2022, Regular Session meeting minutes. Councilor Miles moved and Councilor Freeburn seconded the motion to approve the March 8, 2022, Regular Session meeting minutes.

Roll call, yes: Freeburn, Miles, and Logan. So carried.

Roll call, abstain: Gelwicks.

Roll call, no: None.

Mayor Pro Tem Logan recommended moving Agenda Item I. to follow Agenda Item C. if there was no objection. There was no objection from Council.

Letter of Support for Gunnison Arts Center for Enterprise Zone Tax Credit Program. Councilor Gelwicks moved and Councilor Freeburn seconded the motion to authorize the Mayor to sign a letter of support on behalf of the City of Gunnison for the Gunnison Arts Center for the Enterprise Zone Tax Credit Program.

Roll call, yes: Miles, Logan, Gelwicks, and Freeburn. So carried.

Roll call, no: None.

Annual Municipal Court Report. Municipal Judge Jim McDonald gave Council the Municipal Court's annual update. Highlights of the report were: 1) the Court has primarily returned to live hearings, but defendants can appear via Zoom with good reason; 2) the new Court Clerk, Annie Chaivre, is a great addition and provides wonderful customer service; 3) the City successfully held its first jury trial in over 10 years with excellent support from the Clerk's Department and Parks and Recreation; and 4) COVID-19 is likely the reason for a decrease in citations over the last two years as people were not out as much. Discussion occurred about the diverse trends in caseloads that he experiences in the multiple communities he serves as judge. Judge McDonald shared that he prefers working with the public in-person as it often results in a more effective educational experience. Council thanked the judge for his work.

Direction to Staff on Fire Station and Roads Ballot. City Manager Forrest started the discussion by sharing with Council that the Fire Protection District Board met the previous day and had a productive discussion about consolidation and what that entails for the District as an organization. City Manager Forrest reviewed the two scenarios that Council should consider related to this topic. One scenario consists of maintaining the current relationship between the City and the Fire District and support funding for roads with an additional sales tax. The second scenario focuses on the consolidation process with the Fire District and support for the funding of roads with a smaller sales tax as in the first scenario, since the City's current mill levy would also help fund roads. This scenario would be a two-year process and include the City being included in the District and paying a District property tax.

Jake Jorgensen and Kara Snawder of RRC Associates were introduced and gave a power point presentation on the recent online survey results regarding the November 2021 ballot initiatives. Mr. Jorgensen stated that one of the primary purposes of this survey was to learn more about the public's opinions regarding the 2021 ballot. There was strong survey turnout, which was open for 10 days in March and was emailed to City utility customers.

Kara Snawder, senior analyst at RRC, reviewed the key findings. The survey focused on public's reactions to the past election on two main components. One component is the wording of the ballot question and the second component was how the public felt about fire operations and the current structure of the Fire Protection District. Around 60% of those who responded indicated that they voted in favor of Question 2B because they thought it was important to improve and preserve roads as well as support fire operations and services; however, some expressed disagreement with bundling the items together. 55% of respondents who said they did not vote in favor Question 2B do not support any new taxes. Survey results about the current Fire District's structure suggested that the public does not know or understand the structure well enough to make a decision determining if it should be changed. The open-ended comments were more revealing as respondents shared their opinions directly. Major themes of the open-ended comments were objection to any new tax and the impact they would have on individuals and small businesses. There was also objection to an on-going tax for a new fire station that would eventually be completed, and the overall management of funds and government transparency. Housing was also mentioned as a greater need in the community. Ms. Snawder reviewed the demographic information collected in the survey for cross tabulation purposes.

A brief discussion occurred about how people are generally feeling uncertain at this time about the economy due to national and international events. There are still multiple months before the next election where a lot could still change. Respondents will likely be engaged in an upcoming election as over 75% of people said that they were "Likely" or "Very Likely" to vote. City Manager Forrest reminded Council that this survey is just a snapshot in time. More education and outreach on the issues, especially related to the Fire District, would be helpful for the community to make a decision. Council was pleased with the number of responses and amount of information given in the comments. It may be helpful to survey the community again in the early summer to get an understanding of what they are feeling closer to November. There was no Council direction given to staff.

Discussion of Annexation Agreement for Gunnison North. Community Development Director Sinkewich came before Council. He stated that the City is interested in annexing properties to the north of City limits to facilitate necessary expansion of the City's electrical infrastructure. Staff is recommending Council approve the execution of the Gunnison North Annexation Agreement, and the annexation of the three properties in serial order by approving Ordinances Nos. 1, No. 2, and No. 3, Series 2022. The properties are located on the north side of Gunnison City limits with existing uses consisting of the City's North Electrical Substation, a church, residential dwellings, storage buildings, a winery, and an office. Surrounding uses include vacant commercial, single family, and multifamily residential. Upon completion of the annexation process, the properties will be subdivided to facilitate land transactions within the annexation area to make the City's North Electrical Substation expansion possible. The land transactions are listed as Exhibits D and E.

Director Sinkewich noted a change in the annexation agreement in Section 3 and the final details are being worked out between all parties. The revised agreement will state that the City will pay for a total of three taps between the two properties at the time of connection. The agreement also includes the land uses for the lots. They will be defined as commercial or industrial and include specific types of facilities that are not allowed.

AJ Cattles, owner current of Gunnison Secure Storage, LLC was in the audience.

Discussion occurred about future and current access and/or easements for the subdivision to avoid accessibility issues in the future.

Council took a break and returned from recess and to the Regular Session meeting at 7:12 p.m.

Ordinance No. 1, Series 2022: *An Ordinance of the City Council of the City of Gunnison, Colorado, Annexing a 4.48 Acre Parcel of Land Known as "Gunnison Secure Storage Subdivision, Lots 1 And 2" into the City of Gunnison, Colorado, and Approving and Authorizing the Execution of an Annexation Agreement Between the City of Gunnison, Colorado, Gunnison Secure Storage LLC, and Rocky Mountain Christian Ministries.*

Councilor Freeburn introduced Ordinance No. 1, Series 2022, and read it aloud by title only.

Councilor Freeburn moved and Councilor Miles seconded the motion to adopt Ordinance No. 1, Series 2022, on first reading.

City Attorney Fogo said that these ordinances and the properties associated with them must be adopted in serial order for the City to maintain its 1/6 contiguity for statutory requirements.

Roll call, yes: Logan, Gelwicks, Freeburn, and Miles. So carried.

Roll call, no: None.

Ordinance No. 2, Series 2022: *An Ordinance of the City Council of the City of Gunnison, Colorado, Annexing a 6.69 Acre Parcel of Land Known as "1040 State Highway 135, Gunnison, Co." into the City of Gunnison, Colorado, and Approving and Authorizing the Execution of an Annexation Agreement Between the City of Gunnison, Colorado, Gunnison Secure Storage LLC, and Rocky Mountain Christian Ministries.*

Councilor Freeburn introduced Ordinance No. 2, Series 2022, and read it aloud by title only.

Councilor Freeburn moved and Councilor Miles seconded the motion to adopt Ordinance No. 2, Series 2022, on first reading.

Roll call, yes: Gelwicks, Freeburn, Miles, and Logan. So carried.

Roll call, no: None.

Ordinance No. 3, Series 2022: *An Ordinance of the City Council of the City of Gunnison, Colorado, Annexing a .76 Acre Parcel of Land Known as "City of Gunnison North Substation" into the City of Gunnison, Colorado, and Approving and Authorizing the Execution of an Annexation Agreement Between the City of Gunnison, Colorado, Gunnison Secure Storage LLC, and Rocky Mountain Christian Ministries.*

Councilor Freeburn introduced Ordinance No. 3, Series 2022, and read it aloud by title only.

Councilor Freeburn moved and Councilor Miles seconded the motion to adopt Ordinance No. 3, Series 2022, on first reading.

Roll call, yes: Freeburn, Miles, Logan, and Gelwicks. So carried.

Roll call, no: None.

Approval of Annexation Agreement for Gunnison North Annexation. Community Development Director Sinkewich clarified that this agenda item is the agreement that was discussed earlier in the meeting and prior to the reading of Ordinances No. 1, No. 2, and No. 3, Series 2022. Councilor Gelwicks mentioned that as part of this annexation there should be removal of the property from the Gunnison County Fire District because this land is soon to be a part of the City, which is not currently a part of the Fire District. City Attorney Fogo confirmed that this issue should not be a part of this annexation agreement, but it needs to be addressed. Gunnison Rising and Van Tuyl fall under the same issue. This is work for the Fire District to resolve through a petition, if the City and District do not consolidate.

Councilor Miles moved and Councilor Gelwicks seconded the motion to authorize the Mayor to execute the Gunnison North Annexation Agreement.

Roll call, yes: Miles, Logan, Gelwicks, and Freeburn. So carried.

Roll call, no: None.

Firemen's Pension Report. The Firemen's Pension is solvent.

Staff, Western Liaison, and Council gave brief reports. During reports, City Manager Forrest, Public Works Director Gardner, and Council briefly discussed the concern of members that the public shared about having NMPP Energy conduct the City's utility rate study. Director Gardner stated the NMPP Energy, who does the City's rate study, is a third party that collaborates with the City and helps the City determine the rates. It is the City that informs NMPP Energy of the needed revenue for infrastructure and operating costs and NMPP Energy helps develop the rate structure for how the City can receive that amount. MEAN is not involved in the development of the City's rate structure.

With no further business before Council, Mayor Pro Tem Logan adjourned the Regular Session at 9:41 p.m.

Attest:



City Clerk




Mayor Pro Tem