

July 3, 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.

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/City Attorney Jeffrey Wells, Police Chief Keith Kuretich, Community Development Director David Callahan, Human Resources/Risk Management Director Michael Boyer, Light & Power Superintendent Doug Linton, Recreation Superintendent Josh Miller, Streets Superintendent Jim Willis, Network Administrator Nelson McCoy, Wastewater Treatment Plant Superintendent Mike Hecker, City Treasurer Jean Kinney, Gas Superintendent Tony Behrends and City Clerk/PIO John Brennan.

APPROVAL OF MINUTES OF THE JUNE 19, 2012 CITY COUNCIL REGULAR MEETING

Councilmember Brent Nation offered a resolution to approve the June 19, 2012 regular meeting minutes as presented, which was seconded by Councilmember Scott Bryan and approved unanimously.

COUNCIL ACTING AS THE LOCAL LICENSING AUTHORITY – APPROVAL OF MODIFIED PREMISES FOR A SPECIAL EVENT PERMIT PREVIOUSLY APPROVED FOR THE ELKS LODGE

Police Chief Keith Kuretich explained that the Special Event Permit had been approved by the council on June 5, but it was discovered during a pre-event visit by the police department that the licensee had intended to sell and serve alcohol in a larger area than depicted on the map that accompanied the application for the permit, due to the submission of an incorrect map. Because the city no longer requires state approval of Special Event Permits and there had been no public comment or opposition to the approval of the original permit, city staff was recommending approval of modified premises as depicted in a new map submitted by the applicant.

Councilmember Ron Shaver made a motion to approve the modified premises for the Special Event Permit for the Elks Lodge for events on July 7 and 8, 2012, which was seconded by Nation and approved unanimously.

COUNCIL ACTING AS THE LOCAL LICENSING AUTHORITY – APPLICATIONS FOR LICENSE RENEWAL AND MODIFICATION OF PREMISES FOR THE QUEEN LOUNGE

City Clerk/PIO John Brennan said these applications had been submitted simultaneously, one for renewal of the liquor license and the other for a modification to the licensed premises. He noted that the Queen Lounge was still operating under a stipulation and agreement stemming

from violations in 2011, but that no new violations had occurred and the police department had seen a dramatic reduction in calls for service to the establishment since the time of that agreement. The change to the premises consisted of an extension of the bar inside the Queen Lounge by 10 feet, and did not involve an expansion of the premises. Brennan said staff was recommending approval of both the renewal and the modification of premises.

Councilmember Debra Forstedt made a motion to approve both the renewal of the Tavern Liquor License – Malt, Vinous and Spirituous Liquors, and the application for modification of the premises for the Queen Lounge at 112 W. Kiowa Avenue. That resolution was seconded by Bryan and approved unanimously.

PUBLIC HEARING ON AN APPLICATION FOR A MINOR SUBDIVISION AND AN ORDINANCE REZONING PROPERTY NORTHEAST OF THE INTERSECTION OF SHERMAN STREET AND BURLINGTON AVENUE

Mayor Terry McAlister reviewed the procedure to be followed for the public hearing, and Brennan confirmed that public notice of the hearing had been properly provided. Community Development Director David Callahan reviewed the application and explained what was being requested, which was a split of the property into two lots. Callahan said the rezoning was necessary because a lot this size could not be split in the current industrial zone, and he told the council that the Planning Commission had held a public hearing on the application June 25 and recommended approval of both the subdivision and the rezoning, with conditions imposed by city staff.

After several comments and questions from council, Forstedt made a motion to close the public hearing, which was seconded by Shaver and approved unanimously.

City Manager/City Attorney Jeff Wells then advised the council of its options for action on this item. Shaver offered a resolution to approve the Colorado State Minor Subdivision (Case SD-12-002), which was seconded by Nation and approved unanimously.

Nation then offered another resolution to approve the first reading of an ordinance to change the zoning from Industrial (“I”) to General Business (“B-2”) for the property (Case SD-12-002 Colorado State Minor Subdivision and rezoning), which was seconded by Northrup and approved unanimously.

COUNCIL ACTING AS THE BOARD OF ADJUSTMENT – PUBLIC HEARING ON AN APPLICATION FOR A VARIANCE ON PROPERTY NORTHEAST OF THE INTERSECTION OF SHERMAN STREET AND BURLINGTON AVENUE

Callahan explained that this request had been processed and the public hearing scheduled on the belief that the applicant wanted a variance on the entire property just approved for subdivision and rezoning (Case SD-12-002). But staff had learned later that the owner has an interest in further dividing the property, so the variance request was premature, it had been withdrawn and there was no need for the hearing.

No further action was taken.

BIDS FOR ELECTRIC DEPARTMENT SERVICE TRUCK

Light & Power Superintendent Doug Linton reviewed the bid process for the vehicle, which would give the department a more versatile vehicle that could be used for numerous purposes and would replace a 1989 vehicle. Only one bid was received, and staff was recommending acceptance of that bid plus a number of needed options for a total cost of \$51,253, which was below the budgeted amount of \$55,000.

Councilmember Scott Bryan questioned the request for an optional extended warranty and asked if that was the usual practice. Linton said it was not but the extended warranty was being requested this time because it was the first time the department would be purchasing a diesel vehicle. Some discussion followed on the cost and benefit of the warranty, with Linton directed to bring back more information on what the warranty would cost and what it would cover.

Shaver then offered a resolution to accept the bid from Stone Motors not to exceed \$51,253, pending more information on the extended warranty. That resolution was seconded by Nation.

The council then further discussed the benefit of the extended warranty, with several members stating they did not feel it was worth the cost, and Linton adding that he would not have a problem with removing the extended warranty from the purchase.

Shaver then amended his resolution to exclude the \$2,950 cost of the extended warranty from the amount authorized for this purchase, making the total cost \$48,303. That resolution was seconded by Nation and approved unanimously.

BIDS FOR HBP PAVING PROJECTS

Streets Superintendent Jim Willis said the city had budgeted \$750,000 for street rebuilds in its 2012 capital improvement budget, which included \$288,584 in state Highway Users Tax Funds. He reviewed the planned projects for 2012 including the locations, the reasons for the work and the scope of the work, as well as the bid process and results. He said staff was recommending approval of the low bid from Martin Marietta Materials in the amount of \$509,677.63 for these project as well as acceptance of unit prices for other patching work.

Northrup offered a resolution accepting the bid of \$509,677.63 and the unit pricing for other services from Martin Marietta Materials, which was seconded by Nation and approved unanimously.

DISCUSSION AND ACTION ON A RESOLUTION ADJUSTING SEWER RATES

Wells introduced Tom Ullman of the Farnsworth Group, which had performed a sewer rate study for the city, a summary of which was included in the council packets. Wells said staff was recommending a 10 percent increase in sewer rates because the current rates were not sufficient to continue to meet revenue requirements and bond covenants, and also pay for needed capital improvements to the sewer system and treatment plant. He said this would be the only increase in sewer rates planned for the foreseeable future, and would increase the average consumer bill by about \$2 a month.

Ullman noted that city sewer rates had not been changed since 2004, and that the city needed to be able to pay for both the debt on the treatment plant and needed capital improvements. Discussion followed about the extent of these capital projects as well as others that may be needed to meet new federal compliance regulations. Wells said these could potentially be very costly.

Councilmember Joe Segura Jr. asked whether city staff had communicated with entities such as Log Lane Village and others who would be affected by the increase. Wells said this had not been done but he appreciated the need to consult with other entities and customers. He said the sewer rate increase was scheduled to be effective July 1, 2012, but could be delayed until August 1 if there was council support for that change.

Shaver offered a resolution to increase the sewer rates as presented in the resolution and an attached exhibit listing the rates. That resolution was seconded by Nation and approved unanimously.

2013 BUDGET PREPARATION CALENDAR – DISCUSSION OF RESERVE LEVELS IN CITY FUNDS

Wells noted that the council had discussed this issue previously but more discussion was needed to give the staff direction on setting policies regarding the reserve levels in various funds, which affect utility rates, investments and other issues. Wells presented a slide show from a consulting company outlining the process for assessing the many factors involved and determining appropriate levels for reserves.

City Treasurer Jean Kinney then presented slides with specific information on the city's gas, electric, water and sewer funds, using three different formulas that could be used to set policies for the reserve levels that should be maintained in each fund.

Council discussion followed, with the consensus being that policies were needed to establish reserve levels for city funds. Mayor McAlister said reserves had been a very important consideration for the city council during the years he had been on the council, and the city should have written policies stating what numbers should be used for these reserves. The mayor also said the city should adapt to a new reality regarding its investment policies, because interest income had virtually disappeared in recent years.

No formal action was taken, but staff was directed to bring back specific proposals for reserve policies and investment policies.

2013 BUDGET PREPARATION CALENDAR – REVIEW AND DISCUSSION OF EMPLOYEE TOTAL COMPENSATION

Wells reminded the council of the salary survey conducted this year by the city and the effort to bring all employees up to the minimum threshold of market ranges. He said the city's benefits package was outstanding and a great incentive to work for the city of Fort Morgan, but making the salary structure more competitive to attract and retain the best employees was still an important goal. Wells reviewed a proposed plan to bring all city employees to the market salary ranges for their positions within three years, with funding of that plan subject to the city's ability to pay for it in each budget year.

Council discussion followed, with some saying it was a good plan and wise to make the city competitive, and Bryan expressing the opinion that the market ranges were not realistic for Fort Morgan because the salary survey included many more-affluent communities.

McAlister said he thought the plan was a good thing to do, but asked Wells to also get answers to questions raised by Bryan, such as the city's voluntary turnover rate and adjustments to the market salary ranges. No formal action was taken.

2013 BUDGET PREPARATION CALENDAR – UPDATE ON WATER RESOURCES, UTILITIES AND COMMUNITY SERVICES DIRECTOR POSITIONS

Before this discussion began, Councilmember Nation said that he would be excusing himself from this agenda item because he would be interested in one of the positions to be discussed. Nation also said if the council directed Wells to move forward with the position Nation would be stepping down from the City Council and actively seeking that job. Nation then left the council chambers.

Wells then began the discussion by talking about the necessity of these positions and how to fill them.

Wells said the position of Water Resources Director had been vacant since Gary Dreessen retired the previous year, and was a key position because of the importance of water for the city and its future. Wells also said Brad Curtis had been hired as the City Engineer but was doing

much more, spending a lot of time supervising various departments, and the position of Water Resources and Utilities Director would free up Curtis to do more engineering, Wells said there was funding in the current budgets of the water and wastewater departments to pay for this position for the remainder of 2012, and in future years he would propose using the budgets of the four main utility funds – water, sewer, gas and electric – to each pay for 25 percent of the cost of the position. He emphasized that this would not be creating a new position, as the vacancy created by Dreessen’s retirement had never been filled.

Wells then addressed the other vacant director position that had not been filled, that of Community Services Director. Wells said city staff was still evaluating what to do with that position, and because the city had just hired a new recreation superintendent he would like to see how things evolved under those circumstance before looking again at the community services position.

Some council discussion followed, with several members mentioning how important the water resources position is to the city and expressing support for the idea. Wells said no formal action was required and funding was available in the 2012 budget to pay for the position, adding that the purpose of the discussion was to keep the council informed so that the funding for the position would not be a surprise as the 2013 budget was developed.

Nation then returned to the meeting.

2013 BUDGET PREPARATION CALENDAR – PRESENTATION OF THE 2013 BUDGET AND CAPITAL IMPROVEMENT EXPENDITURES FOR THE GAS FUND

Wells provided the council members with a budget worksheet for the gas department for 2013, and pointed out that it included a line item for pay adjustments. He said that line item would be used throughout the budget preparation process, to show the council how much funding was being requested for the employee compensation plan discussed earlier in the meeting, but that line would be eliminated and those amounts would be added into the salary/wage line item before the final budget was presented for approval in the fall.

Gas Superintendent Tony Behrends then answered several council questions about the gas department budget, and no formal action was taken.

PUBLIC COMMENT / AUDIENCE PARTICIPATION

None.

REPORTS BY OFFICIALS AND STAFF

Wells thanked the staff of the electric department for the help provided during the recent grass fire in the Last Chance area, replacing poles and restoring service. Wells said Fort Morgan donated this help to be a good neighbor. Wells also talked about several recent and upcoming city infrastructure projects, a new recycling pilot program starting at the county landfill, and compliments that had been received about the condition of city parks, golf course and other facilities despite the recent stretch of hot, dry weather.

Wells then introduced Josh Miller, the new recreation superintendent, who briefly described his background and experience for the council.

McAlister then noted that several council members and staff had recently attended the Colorado Municipal League annual conference, and asked the council members to briefly describe their experience and what they gained from the conference. All said it was an invaluable and worthwhile training and networking opportunity, and several noted that officials of many other municipalities were envious of Fort Morgan’s solid financial condition.

BIDS, MEETINGS AND ANNOUNCEMENTS

Brennan announced current bids and upcoming meetings. Councilmember Forstedt noted that Colorado Plains Medical Center had recently been named the 6th-safest hospital in the state in "Consumer Reports," which she said should be a point of pride for the community.

Mayor McAlister adjourned the July 3, 2012 regular meeting at 9:17 p.m.

/s/ Terry L. McAlister
Mayor

/s/ John J. Brennan
City Clerk