

September 18, 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 5:00 p.m.

The Pledge of Allegiance was given.

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

EXECUTIVE SESSION

Councilmember Debra Forstedt made a motion to convene a scheduled executive session, which was seconded by Councilmember Scott Bryan 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: Purchase of property.

The executive session began at 5:02 p.m. and concluded at 5:48 p.m., and was attended by the mayor and councilmembers along with City Manager Jeff Wells, Community Development Director David Callahan and Legal Intern Jason Meyers.

REGULAR MEETING

Mayor Terry McAlister reconvened the regular meeting at 6:02 p.m. The meeting was also attended by City Manager Jeff Wells, Municipal Engineer Brad Curtis, Community Development Director David Callahan, City Treasurer Jean Kinney, Human Resources/Risk Management Director Michael Boyer, Parks Superintendent Doak Duke, Golf Professional Tyler Tarpley, Streets Superintendent Jim Willis, Legal Intern Jason Meyers and City Clerk/PIO John Brennan. McAlister then reviewed the particulars regarding the executive session just held, and asked Forstedt to report on the session.

Forstedt reported that the council met in executive session to instruct negotiators on the purchase of property near the airport, and said she was suggesting that the council discuss the property appraisals publicly.

McAlister then said that since the negotiations began regarding the property needed by the city to expand and relocate the runway at the Fort Morgan Municipal Airport, he had always said that the negotiations would be open and public. He said this was in keeping with that approach, and the city was committed to an open process and did not intend to change that. The mayor said the city has just received the appraisals for two properties the preceding Friday, and was now providing copies to the landowners who were present at the meeting as well as the media and the public.

To outline the process the city intended to follow, McAlister said the landowners could accept the appraisals and the city would make formal purchase offers for the amount cited in the appraisals, and would expect the landowners to either accept the offers or come back with counter-offers within seven days.

If the property owners wished to get their own appraisals, the mayor said the city would pay for those up to the amount that the city's property appraisals cost for each property. The new appraisals would have to be completed within 60 days and those appraisals would be made public, he said. If the owners did not choose to get additional appraisals, the city would add the cost of a new appraisal to its offer, the mayor said.

Property owner John Longacre told the council that he was told by the FAA that any additional payment for the land beyond what the FAA would pay would have to be paid by the city. City Manager Jeff Wells said the appraisals had established the fair market value for the land, that was what the FAA would pay, and that would be the offer from the city.

Forstedt made a motion to direct staff to proceed with the negotiations as the mayor had outlined in public at this meeting. Bryan asked Forstedt if she would add a timeline to her motion, setting a specific date by which the negotiations would have to be completed. Wells said the process outlined called for the landowners to either accept the offer or bring back a counter-offer within seven days or get a new appraisal and make a counter-offer within 60 days, and Wells said he could provide an update to the council at its next meeting.

John Longacre then told the council there were more issues besides the value of the land, and McAlister said the city had made an honest offer and wanted to purchase the land.

Forstedt's motion was allowed to stand without amendment, and was seconded by Bryan and approved unanimously.

Forstedt then left the meeting for another obligation, saying she would return as soon as possible.

More discussion followed among the council members, the property owners and city staff about the issues and history surrounding the proposed runway project, the city's attempt to purchase the necessary land and other past property purchases in the area of the airport.

PRESENTATION AND POSSIBLE ACTION ON AIRPORT RUNWAY PROJECT

Community Development Director David Callahan provided a brief update on the airport, noting that the Fort Morgan airport's weather information was now available on the television Weather Channel. He also said the city's new airport consulting engineering firm had begun defining the scope of the runway project, and he would have a separate consultant review that work and the proposed costs. No action was taken.

BIDS FOR REPAIR OF HAIL DAMAGE TO ROOFS AT CITY FACILITIES

Human Resources/Risk Management Director Michael Boyer said this item was essentially a continuation from the last council meeting, at which bids for repair of vehicles damaged in the same hail storm were approved, and these repairs would be covered with the same single \$10,000 deductible paid by the city for all damage from this event.

Boyer reviewed the roof damage, noting that many buildings were damaged but several were not sufficiently damaged to qualify for full repair, but the city would receive an appearance allowance for those buildings. The facilities qualifying for full repair were all in the swimming pool area, with costs estimated by the city's insurance carrier at \$13,622. The only qualifying bid, from Roof Check of Longmont, came in at \$19,345, and CIRSA had agreed to pay that higher price, Boyer said, recommending that the city hire Roof Check and move forward with the repairs.

Councilmember Lisa Northrup offered a resolution to award the bid to Roof Check at the amount specified, which was seconded by Councilmember Ron Shaver and approved on a vote of 5-0, with Forstedt temporarily absent from the meeting.

SELECTION OF A BROKER FOR HEALTH INSURANCE

Boyer reviewed the process of accepting bids for this service, saying that five companies had submitted proposals and a staff committee had narrowed that to two finalists: the city's current broker, HUB International, and IMA Inc., both with offices in Denver. Boyer said he was recommending that the city retain IMA Inc., which had proposed a commission of \$45,000, versus HUB International, which had proposed a commission of \$37,000, and outlined the reasons for this recommendation. Those reasons included a larger team dedicated to the city's account, better analysis tools and other factors, Boyer said. He said he would be willing to call IMA to see if they would reduce their fee or match what the city was currently paying, which was \$41,000 to HUB.

Council members and Wells then questioned Boyer about the service provided by HUB in the past, whether he felt IMA's high cost was justified by the greater resources the company would provide, and whether the city had experienced a drop in claims or costs under HUB. Some council members said they did not believe the extra expense was worth it, while others said paying for more resources out front could achieve better results. Some council members also expressed reservations about asking one bidder to lower its price without giving the same opportunity to the other bidder.

Shaver offered a resolution to accept the bid from HUB International for \$37,000 for the city's insurance broker services. That resolution was seconded by Segura and approved on a vote of 5-0 with Forstedt temporarily absent from the meeting.

PRESENTATION AND POSSIBLE ACTION ON ELECTRIC AND GAS RATE ADJUSTMENTS AND TARIFF AMENDMENTS

Wells introduced Mike McFadden of McFadden Consulting Group, who reviewed a PowerPoint presentation on gas and electric rates. McFadden reminded the council that the city had greatly reduced both gas and electric rates in late 2011 to repay customers the over-recovered money that had built up in the reserves of those utility funds. The gas rate had automatically been raised back up to the previous level in July 2012, he said, but the electric rate would now need to be increased to reflect the actual costs of power supply now that the over-recovered funds had largely been repaid.

Forstedt returned to the meeting at 7:34 p.m.

McFadden said the percentage change on the average residential bill due to the electric rate increase would be 68.29 percent, or about \$27.02, but he explained that the percentage change was deceiving because of the large decrease implemented last year. He said it was still a rate increase and would be felt by the customers in their bills, but the new proposed rates were still lower than they were before the 2011 decreases. He said that decrease was made necessary because the city had not adjusted rates for three years prior to that change.

Questioned about why the changes were so drastic and not done in smaller percentages over a longer time, McFadden said this approach was aimed at repaying the over-recovered costs as much as possible to the same customers who had overpaid in the past.

Wells said the staff's plan was to make the new rates effective Nov. 1, and the staff was working with McFadden continuously now to ensure that such a situation did not arise again.

Wells said the staff was also proposing to amend the net metering tariff under the electric tariff to change to monthly instead of annual rebates. He said a 30-day notice of this proposed change would be provided to ratepayers as required, and a public hearing scheduled for Nov. 6.

That same public hearing would allow public input on a resolution calling for the electric rate adjustment, with the change to be retroactive to Nov. 1 if approved by the council. No action was taken, and McAlister called for a recess of the meeting at 8:14 p.m. The meeting resumed at 8:32 p.m.

2013 BUDGET PREPARATION CALENDAR – START OF PRESENTATION OF BUDGETS FOR THE GENERAL FUND

Staff members including Streets Superintendent Jim Willis, Parks Superintendent Doak Duke, Golf Professional Tyler Tarpley, Wells and City Treasurer Jean Kinney reviewed the budgets for the Streets, Parks, Golf, General Government and City Treasurer departments and answered council questions. No action was taken.

CONSENT AGENDA BY RESOLUTION

City Clerk/PIO John Brennan presented the Consent Agenda for Council consideration as follows:

CONSENT AGENDA

- A. Approval of the disbursements and payroll for August
- B. Approval of the minutes of the September 4, 2012 City Council regular meeting
- C. Approval of the minutes of the September 11, 2012 City Council regular meeting

Councilmember Forstedt offered a resolution to approve the Consent Agenda as presented, which was seconded by Shaver and approved unanimously.

PASSED, APPROVED AND ADOPTED this 18th day of September 2012, the vote upon roll call being as follows: Ayes: Mayor McAlister; Councilmembers Bryan, Forstedt, Northrup, Segura and Shaver. Nays: none.

PUBLIC COMMENT / AUDIENCE PARTICIPATION

None.

REPORTS BY OFFICIALS AND STAFF

Wells thanked the city staff for its hard work on several special events the preceding weekend, including the Fall Harvest Car Show, the Colorado State Disc Golf Championships and a large high school cross country meet.

BIDS, MEETINGS AND ANNOUNCEMENTS

Brennan announced upcoming meetings, noting that no bids were currently open. He also reminded the public that applicants were being sought for a vacancy on the city council.

Mayor McAlister adjourned the September 18, 2012 regular meeting at 9:14 p.m.

/s/ Terry L. McAlister
Mayor

/s/ John J. Brennan
City Clerk