

**CITY OF CENTRAL
CITY COUNCIL MEETING
July 1, 2014**

CALL TO ORDER

A regular meeting of the City Council for the City of Central was called to order by Mayor Engels at 7:12 p.m., in City Hall on July 1, 2014.

ROLL CALL

Present: Mayor Engels
Alderman Spain
Alderman Gaines
Alderman Heider
Alderman Voorhies

Absent: None

Staff Present: City Clerk Bechtel
Attorney McAskin
Utilities Superintendent Griffith
Police Chief Krelle
Fire Chief Allen

The Pledge of Allegiance was recited by all present.

ADDITIONS AND/OR AMENDMENTS TO THE AGENDA

The agenda was approved as presented.

CONFLICTS OF INTEREST

No Council Member disclosed a conflict regarding any item on the agenda.

CONSENT AGENDA

Alderman Gaines moved to approve the consent agenda containing the regular bill lists for June 5, 12, 19, 26, 2014; and the City Council minutes for the meeting on May 30, June 3 and 9, 2014. Alderman Spain seconded, and without discussion, the motion carried unanimously.

PUBLIC FORUM/AUDIENCE PARTICIPATION

No one requested time to address the Council.

INTRODUCTION

Alderman Gaines introduced Brandon Daruna, the new Gilpin Ambulance Manager. Mr. Daruna previously worked for Denver Paramedics and resides in Golden with his family. The Council and those present expressed their welcome with a round of applause.

SECOND READING AND PUBLIC HEARING

Ordinance No. 14-03: *An ordinance extending the period of vested property rights for a Site Specific Development Plan known as the Final Plat for Eureka Heights Village Filing No. 2 and establishing an expiration date of such vested property rights of December 31, 2021.*

Utilities Superintendent Griffith explained that this proposed ordinance would extend Prospectors Run LLC existing vested property rights as granted in Ordinance No.08-06 associated with the Final Plat ending May 26, 2013 and which were extended again in Ordinance No. 10-06 to December 31, 2016 and per this proposed request to December 31, 2021.

Economic conditions have slowed the build out rate, and they expect to move towards full build out in about 7 years. The lenders are requiring additional time on the vested rights extension due to increased construction costs and lending requirements as stated in the attached letter.

Mayor Engels opened the public hearing at 7:18 p.m. and invited comment. Rita Lee, owner/builder for Prospectors Run stated she is available for any questions and thanked Council for their consideration. Mayor Engels closed the public hearing at 7:19 p.m.

Alderman Gaines moved adopt Ordinance No. 14-03: An ordinance extending the period of vested property rights for a Site Specific Development Plan known as the Final Plat for Eureka Heights Village Filing No. 2 and establishing an expiration date of such vested property rights of December 31, 2021. Alderman Spain seconded, and without discussion, the motion carried unanimously.

ACTION ITEMS: NEW BUSINESS

Ordinance No. 14-04: *An ordinance of the City Council of the City of Central, Colorado amending certain provisions of Article I of Chapter 16 of the Central City Municipal Code.*

Attorney McAskin gave the background as follows: Ordinance No. 14-04 proposes minor revisions to Chapter 16 of the Municipal Code (the "Zoning Ordinance"). Section 16-10-20 of the Municipal Code requires that any proposed amendments to Chapter 16 of the Code (the Zoning Ordinance) be referred to the Planning Commission for study and recommendation.

Planning Commission is scheduled to hold a public hearing on Wednesday, July 2, 2014 in order to consider the proposed revision to the Zoning Ordinance. Notice of the public hearing was published on June 12, 2014. Following the conclusion of the public hearing, Planning Commission will make a recommendation to City Council regarding the proposed ordinance.

City Staff desires to clarify that the location and extent process, as the same exists under state law, is not applicable to the development of any public facilities within the boundaries of the City.

The proposed ordinance clarifies: (1) the non-applicability of the location and extent process for public facilities within the City; and (2) that any public entity applicant proposing a public facility (including the City of Central) will be required to submit and adhere to the same requirements as applicants for private development.

Alderman Voorhies moved to adopt Ordinance No. 14-04: An ordinance of the City Council of the City of Central, Colorado amending certain provisions of Article I of Chapter 16 of the Central City Municipal Code and set the Public Hearing for July 15, 2014 at 7:00 p.m. Alderman Heider seconded, and without discussion, the motion carried unanimously.

Ordinance No. 14-05: *An ordinance authorizing the City of Central to enter into a Promissory Note and related documents for a short term loan from Evergreen National Bank repayable within the same fiscal year for a principal amount not to exceed \$233,724.00 and an interest rate not to exceed 5.75% secured by a Deed of Trust on certain City owned property.*

Finance Director Flowers' written report gave the background as follows:

As was previously discussed with Council, a number of unanticipated activities over the course of the first two quarters of 2014 have severely restricted the City's overall cash flow. The receipt of FEMA grants, work on the Nevada Street rock wall, and the required lease purchase of a new front end loader all prior to receiving the City's annual gaming revenue distribution in late August have the possibility of contributing to a restriction in cash flow. Once the annual gaming distribution is received the cash flow issue will be significantly improved. However, in the interim, in order to guarantee that the City's cash flow remains healthy, Council and staff determined that a short term loan is prudent. The cash gained from the short term loan will enable the City to continue all operations and programs and still complete work on the above projects as well as other unanticipated events. Once the annual gaming distribution is received, the City can repay the loan in full at that time. The loan matures on December 31, 2014. Therefore, the City must pay the loan back in this fiscal year, as is required under TABOR in the absence of advance voter approval to decrease interest charges or continue making monthly payments of \$6,788.69 until maturity on January 1, 2018.

Ordinance 14-05 authorizes the City to execute the short term loan and all related documents in the amount of \$223,724 with a maturity date of December 31, 2014. The City owned townhome as well as the City's Visitor Center have been used as the collateral for this loan. In addition, the City has assigned to the bank its right to receive rent from the townhome as further collateral.

As stated above, while the City is not currently experiencing a cash flow issue, the projects that will be going on during the 3rd quarter in conjunction with the amount of this unbudgeted expenditure have the potential for one to exist. Rather than waiting to see when and if additional cash flow is needed and facing the possibility of having to hold checks while the loan is obtained and the documents approved, staff is recommending obtaining the short term loan at this time. In doing so, the City will be assured that the planned expenditures will not cause any cash flow issues during the second half of the year. This proposed loan will provide \$223,724 in cash flow. \$3,724 in title fees and loan origination fees are included in the total amount of the loan.

Mayor Engels summarized this as a short term bridge loan until gaming revenue is received.

Alderman Gaines moved to adopt Ordinance No. 14-05: An ordinance authorizing the City of Central to enter into a Promissory Note and related documents for a short term loan from Evergreen National Bank repayable within the same fiscal year for a principal amount not to exceed \$233,724.00 and an interest rate not to exceed 5.75% secured by a Deed of Trust on certain City owned property loader and set the Public Hearing for July 15, 2015 at 7:00p.m. Alderman Spain seconded, and without discussion, the motion carried unanimously.

Ordinance No. 14-06: *An ordinance authorizing the City of Central to enter into a Municipal Lease Purchase Agreement and related documentation with Deere Credit Inc. for the lease and purchase of a 4WD loader.*

Finance Director Flowers' written report gave the background as follows:

Over the course of the year it has become apparent that the City's existing front end loader was in need of major repairs and was not operating properly. The Public Works Department

received quotes for making the necessary repairs and determined that it was likely to cost approximately \$40,000 just for the known repairs. Considering that the loader was over 20 years old and would only require more costly repairs in the future, and that the equipment is essential to many of the Public Works projects, staff and Council determined that the lease purchase of a new loader was appropriate. Although this capital expenditure was budgeted in the 2014 Budget, the down payment for this lease purchase will be funded in two ways: the sale of the existing loader (City received \$22,256.50 on the sale) and the reallocation of \$20,000 from the Water Department's capital improvement line item. As the new loader is currently available and ready to be delivered, it is appropriate to adopt the lease purchase agreement to complete the financing aspect of this purchase.

The City has secured financing with Deere Credit Inc. for the purchase of the new front end loader. The total cost of the loader is \$135,614.45. The total financed principal amount is \$92,614.45 (total cost reduced by a \$43,000 down payment). The annual interest rate is 3 % with the term of the financing for three years. Total interest paid over the lease/purchase period is \$6,992.51. Payments will be made on a monthly basis in the amount of \$2,766.86.

Funding for this lease purchase will come out of the General Fund, Public Work Department under line item 01-431-7420 Lease Purchase Payments and the Water Fund, Capital Improvements line item 50-433-7421.

The City Attorney has reviewed the Lease Purchase Agreement and drafted Ordinance 14-06. There are no legal issues. As TABOR does not allow the City to enter into any multiple year debt or financings, this lease purchase agreement is based upon an annual budget appropriation and annual renewal.

Alderman Spain moved to adopt Ordinance No. 14-06: An ordinance authorizing the City of Central to enter into a Municipal Lease Purchase Agreement and related documentation with Deere Credit Inc. for the lease and purchase of a 4WD loader and set the Public Hearing for July 15, 2015 at 7:00p.m. Alderman Voorhies seconded, and without discussion, the motion carried unanimously.

Resolution No. 14-12: *A resolution appropriating additional sums of money to defray expenses in excess of amounts originally appropriated in the 2013 Budget for the City of Central.*

Finance Director Flowers' written report gave the background as follows:

The City's 2013 Budget was adopted under Ordinance 12-14 on November 20, 2012. City Council subsequently adopted Resolution 13-24 appropriating additional funds for the General, Historic and Impact Fees funds. Although Resolution 13-24 was expected to cover all unanticipated expenses that would be incurred throughout the remainder of 2013, there were minimal expenses that were unanticipated. Therefore, an additional supplemental appropriation is necessary in order to remain in compliance with statutory budget law.

Two (2) of the City's funds require supplemental budget appropriations due to unanticipated expenses throughout the year. The funds and amounts of additional appropriations needed are shown below:

	<u>Original</u>	<u>1st Supplemental</u>	<u>Revised</u>	<u>Increase</u>
General Fund	\$4,197,332	\$4,535,332	\$4,615,085	\$79,753
Water Fund	\$ 736,041	None	\$ 738,141	\$ 2,100
Total Increase in Appropriations				\$81,853

The requested increases in allocations for all funds are reflective of the 2013 year-end actuals as reflected in the audited financial statements. A brief description of each fund's requested increase is shown below.

General Fund	Repairs to Heavy Equipment	50,483
	Special Legal Counsel for Litigations	7,552
	Device Fee Rebate to Century	4,331
	Reflect Original Amt of Debt Transfer	17,387
	Total	\$ 79,753
Water Fund	Additional Professional Services for for Litigation and Court Cases	2,100
	Total	\$ 2,100
TOTAL REQUESTED INCREASE IN ALLOCATIONS		\$ 81,853

- The expenditures for repairs to heavy equipment are repairs that were necessary in relation to accidents and/or insurance claims. The expenditures were reimbursed by either the City's insurance carrier or the at-fault party and these reimbursed amounts have been recognized as revenues. In prior years the expenditures and the revenues were netted against each other and nothing was recognized. In order to better track both the expenditures and reimbursements, both have been recognized for 2013.
- The City needed to retain the services of special legal counsel related to a couple of law suits that were filed against the City.
- The device fee rebate issued to the Century casino was slightly higher based on the projected number of devices for the fourth quarter of the year. As with the insurance payments above, the rebate is recognized as an expenditure and the device fees are fully recognized as revenues.
- The Water Fund had additional expenses related to water court cases and legal representation necessary for those trials during the fourth quarter of the year. While the actual amount of those unanticipated legal expenses was approximately \$80,000, savings in others line items and programs within the Water Fund made up the difference. Therefore, a supplemental appropriation of only \$2,100 is necessary for the difference between the savings realized and the additional expenses.

Adoption of Resolution 14-12 is necessary to ensure that the City remains in compliance with state budget laws. Not formally appropriating additional funding could put the City in violation of TABOR as well as other state laws.

Alderman Spain moved to approve Resolution No. 14-12: A resolution appropriating additional sums of money to defray expenses in excess of amounts originally appropriated in the 2013 Budget for the City of Central. Alderman Voorhies seconded, and without discussion, the motion carried unanimously.

STAFF UPDATES

Utilities Superintendent Griffith thanked the Public Works crew for their extra efforts on the City clean-up and noted the cost for the dumpsters for the event was \$4,100.

Alderman Heider asked Police Chief Krelle if there will be a street closure for Casey Street for the July 4th events. Chief Krelle stated that Casey Street will have a manned closure to restrict vehicles.

COUNCIL COMMENTS

Alderman Gaines thanked staff for their work on the clean-up and repairs to the townhome.

Alderman Voorhies thanked the Public Works crew for their assistance at the Lou Bunch event.

Alderman Heider thanked staff for organizing and set up of the Opera Picnic and for bringing the loader with ice.

Mayor Engels thanked all the staff involved with the events and noted that the Lou Bunch event was improved by the band on the street for the dance and the Opera Picnic was equally improved without a band.

PUBLIC FORUM/AUDIENCE PARTICIPATION

Kathleen Ashbaugh, 440 Spring Street, left her comments with the Mayor to ask when the homeowners will be told that they own their water line since there was no information in the recent water bill.

Terri Metallo, from the Mountain-Ear introduced herself as the new reporter.

At 7:40 p.m., Mayor Engels adjourned the meeting.

The next Council meeting is scheduled for July 15, 2014 at 7:00 p.m.

Ronald E. Engels, Mayor

Reba Bechtel, City Clerk