

The City Council of the City of Trinidad, Colorado met in Special Session on Tuesday, December 10, 2013, at 1:00 p.m. in City Council Chambers at City Hall pursuant to the following call:

CITY OF TRINIDAD
TRINIDAD, COLORADO

SPECIAL MEETING

There will be a Special Meeting of the City Council of the City of Trinidad, Colorado, on Tuesday, December 10, 2013, at 1:00 p.m. in the Council Chambers at City Hall

The following items are on file for consideration of City Council:

- 1) Resolution of the City Council of the City of Trinidad, Colorado, levying general property taxes based upon the 2013 certification of valuation to help defray costs of government for the City of Trinidad, Colorado, for the 2014 budget year
- 2) Resolution authorizing health insurance benefits for City employees and their dependents through CIGNA Health Care for plan year January 1, 2014 through December 31, 2014
- 3) First reading of an ordinance amending the City of Trinidad's Annual Budget for the fiscal year beginning on January 1, 2013, and ending on December 31, 2013, to identify projected additional expenditures from the Power & Light, Water and Gas Funds, and setting a hearing date for consideration of said ordinance

The meeting was called to order at 1:00 p.m.

Roll call was taken.

There were present:	Councilmember	Shew, presiding
	Councilmembers	Bolton, Bonato, Mattie, Miles

Also present:	City Manager	Acre
	City Attorney	Downs
	City Clerk	Garrett

Absent:	Mayor Pro-Tem	Velasquez
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The pledge of allegiance was recited.

Resolution of the City Council of the City of Trinidad, Colorado, levying general property taxes based upon the 2013 certification of valuation to help defray costs of government for the City of Trinidad, Colorado, for the 2014 budget year. Finance Director Lonny Medina addressed Council. He advised that the County Assessor finalized the Certification of Valuation and has said the City of Trinidad will be getting \$1.227 million, almost \$1.228 million, from property taxes. The City's assessed value of the property is \$69,840,940 and the City's mill levy is 17.579. Of the tax revenue, 2.338 mills, approximately \$163,000, is to support the library; Fire and Police Pension Association gets 1.112 mills for approximately \$77,700; the General Fund will receive almost \$987,000 from 14.129 mills. This is based on the County's assessment and taxes at 100%. Councilmember Shew asked how the certification coincides with the budget. Finance Director Medina answered that there's minimal change from the preliminary assessment used for budget purposes, only about \$700, so the budget was left alone. Councilmember Miles noted that it is above the 2013 projected. Finance Director Medina agreed that it is a little above. He added the amount in the budget will be different because the City receives some back taxes and we don't receive 100% from the County of what is projected. Councilmember Bolton asked how this compares to last year. Finance Director Medina said it hasn't changed a lot; it has decreased by about \$40,000. Councilmember Miles pointed out that the 2012 actual was lower, whereas this is higher. Medina said if we were looking at the mill levy itself and the valuation, we are down about \$40,000. It won't tie to the 2012 actual because the City doesn't receive 100% of the property taxes because some people don't pay their property taxes. Councilmember Miles asked if she's correct that might happen in 2014 again. Finance Director Medina said that is correct but the certification from the County Assessor is at 100%. Councilmember Miles surmised that the actual is the net of the back taxes. Councilmember Bolton asked what line item in the budget the revenue appears in the General Fund. Finance Director Medina pointed to page 2, property taxes, the pro rata share. They need to add together the General Fund, Library and Fire (and Police) Pension fund. Councilmember Miles moved to adopt the resolution and the motion was seconded by Councilmember Bolton. Upon roll call vote the motion carried unanimously.

RESOLUTION NO. 1421

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TRINIDAD, COLORADO,
LEVYING GENERAL PROPERTY TAXES BASED UPON THE 2013 CERTIFICATION
OF VALUATION TO HELP DEFRAY COSTS OF GOVERNMENT FOR THE CITY OF
TRINIDAD, COLORADO, FOR THE 2014 BUDGET YEAR

Resolution authorizing health insurance benefits for City employees and their dependents through CIGNA Health Care for plan year January 1, 2014 through December 31, 2014. City Manager Acre said this is the annual resolution which allows the City to acquire health insurance for the City's employees. The proposal is to change carriers from Rocky Mountain Health Plans to CIGNA Health Care. Within the resolution it reflects the increase in the cost as well as the cost the employees will participate in. He said the increase to employees is 5% above the percentage they currently pay. Councilmember Shew asked what increases the employees will pay and Councilmember Bolton asked the total savings to the City by making this increase to the employee portion. Finance Director Medina stated what he thought he recalled with respect to the employee increase to be \$60 to \$80 for an individual and the other levels of coverage would be different. He estimated the savings to be \$110,000. City Clerk Garrett advised that the employee only generic coverage employee cost will increase by \$35.42 monthly; brand employee only will increase by \$49.66 per month; employee/spouse generic coverage employee cost will increase by \$77.91 monthly; brand will increase by \$109.21 per month; employee/children generic coverage employee cost will increase by \$70.85 monthly; brand will increase by \$99.29 per month; and family generic coverage employee cost will increase by \$113.33 monthly; brand will increase by \$158.86 per month. She noted that the monthly premiums are split between two checks per month and that the savings identified by Mr. Medina can vary due to the City's census. Councilmember Shew asked the difference in coverage. City Manager Acre said that the plan is basically the same as the City's current plan, however the emergency room co-pay will increase from \$150 to \$250 and with CIGNA the deductible and copays will be combined for maximum out-of-pocket. The deductible is still \$3,000 but that goes towards the out-of-pocket. Councilmember Mattie commented that for those who use their policy there's not quite as dramatic of an impact. City Manager Acre added that the HRA will not be continued because the money in that fund has been expended. It was used to offset the total deductible a person paid. That fund was previously put in place as a result of the City having been self insured. Although that money has dried up he said the account will be retained in case the City is able to get money back through the CIGNA self-insured plan. Upon inquiry from Councilmember Shew, City Manager Acre said the CIGNA plan is a partially self-insured plan. The premiums will fund the health insurance plan. Councilmember Shew asked if there is to be some money paid up front. Finance Director Medina answered that the City's first payment needs to be made in December to fund the plan. City Manager Acre added that the City pays the premiums in advance and the employees pay at the end of the month (current month's premium). Councilmember Mattie asked the change to the City. City Manager Acre said the City premium increased the same overall. Councilmember Mattie surmised that there was an increase to all and the City is asking employees to pick up part of it and the City is picking up a portion. City Manager Acre said the current split between the City and employee is roughly 80/20 – a little more for brand and a little less for generic. The budgetary proposal is that the City pick up 5% less. Councilmember Bolton said according to her calculations the City will only be saving approximately \$84,000 by doing this. Finance Director Medina reiterated his recollection that it is around \$110,000. Councilmember Miles asked if there has always been a 5% gap in what the City pays between the brand plan and the generic plan. Finance Director Medina responded affirmatively. Councilmember Shew asked how the money that was in the fund to help offset deductible was built up (HRA account). City Manager Acre explained that when the City went from a self-insured plan (to a fully-insured plan) there was some money in an account and the money was moved to help offset deductible costs. Councilmember Bolton asked how much will go back to the General Fund from the HRA account. City Manager Acre said none will but that the fund can be built back up. He said his understanding is there are IRS rules that prevent the City from putting that money back into the General Fund. It has to be used for the employee's benefit. Finance Director Medina upon inquiry said there's a \$10,000 balance in that fund which will be used for claims through December 31, 2013. Councilmember Bolton asked if the ACA taxes and fees are part of Obama Care, estimated at \$20,000 to be split among each of the funds proportionately. City Manager Acre said that is correct and that the City was hit with some of those costs this year and had to absorb them. Now they are anticipated and covered in the budget. Councilmember Miles asked how the tax is levied; what gets the city to \$20,000. Finance Director Medina said he believed it is based on the number of employees and is spread over one year's time. City Manager Acre told Council that any employer who offers health insurance has to pay the fees or pass them on to their employees to pay. Councilmember Bolton asked where we are with union negotiations. City Manager Acre answered that as far as he is concerned there's nothing left to negotiate. Furloughs and the insurance percentages are both management decisions. There were other items discussed like vacation buy out. Councilmember Bolton opined that it doesn't sound like much negotiation took place whatsoever. City Manager Acre said much of that is because of where we are with budget and what decisions they needed to make. Councilmember Bonato added that he understands there were only two meetings. Councilmember Bolton agreed, she's only seen two items and she's only heard of two meetings. Councilmember Bonato reiterated his earlier opinion that City Attorney Downs should have been present for those meetings. City Manager Acre reiterated his position that it is his decision as to who sits in with him in negotiations and that his way of operating is that if the union doesn't have an attorney present the City doesn't need one either. The attorney can be brought in when they need advice. The union brought up a couple of items that he said he determined was non-negotiable. These two items are non-negotiable. No one has anything else to negotiate. They will be re-negotiating the entire contract next year. Councilmember Bolton asked if with the employees having to assume an additional 5% in insurance costs if it doesn't put them at over a 60% increase over two years with no raises. City Manager Acre said that is an unfortunate fact. Councilmember Bolton said that Council needs to see that negotiations continue. Councilmember Mattie asked on what points. There were no other points of contention. He asked what she's hoping to negotiate. Councilmember Bolton answered that negotiations to her are where the parties meet and there's some give and some take, but all she sees is take and negotiations are considered over. Councilmember Mattie said it seems to him if two principles to an issue meet and agree to discuss an issue and there's a common understanding about which Council has no control, such as the increase in insurance rates and the limited funding and the situation the City finds itself in, they can only do what they can do. He added that he supports the employees as much as anyone. Together we are stronger. He continued that at his workplace his insurance increased too and although he is not happy about it he understands, citizens didn't allow the County to de-Bruce, citizens did not pass a tax increase. There were things that didn't happen so governmental entities are being asked to maintain the level of service with little or less money. He asked what the alternative is. To have negotiations for points where there are no alternatives is fruitless. It is also counterproductive to a cooperative spirit. It is not as though the City is hanging the employees with the total insurance package – the City is picking up a sizable amount of that increase, as much as we are able to do. Councilmember Bonato said he's heard in the last couple of days or weeks only things about the 5% cut and the increase in the insurance. That's all he said he knows has taken place. He said he doesn't know what the union is asking for or what the City can afford to do. He said he agrees with Councilmember Bolton – we are taking it but he doesn't think it is right. Councilmember Mattie again asked what the alternative is. Councilmember Bonato said if we get an employee making \$30,000 per year and they are hit with a 5% cut and increase in insurance, realizing it takes two people in a household to make a living, but they will not make it.

Councilmember Mattie asked how they are to resolve that. Councilmember Bonato said that's why they need communication and reiterated that Council hasn't heard anything except the 5% cut and the increase in the insurance. Can't they negotiate for a happy medium? These guys are out at 2:00 a.m. fixing water lines in 15 below weather trying to get things done to help people in the City. He said he personally can't go out and do that work, nor could other staff members. They have to take care of the City employees and find a happy medium. He continued that there are three vacant positions – the Power & Light Superintendent for over two years, the Public Works Director for over one year and we had two or three employees leave the utilities departments. He asked where the money is for those positions. Then the Finance Director has to step up to the plate and say the City needs to update the computer system for \$250,000. He opined that we can do without the computer system but we can't do without the City employees. He said he thought there are more negotiations that can be done. He added that he thought there are other ways to find other money to save. Councilmember Miles commented that Council has been discussing this for over a month. She asked where there are additional savings because she has gone through the budget twice and can't find any. Also, she reminded Council that they talked about a 10% reduction and landed at 5% instead. She said they've gone through this and asked that she be shown what they want to pull out of the budget. Councilmember Bonato said there is \$1.5 million in cash flow reserve and thought Council said they wanted that to be at \$1 million. He suggested the City take that money plus the \$250,000 for the computer system. He then asked City Manager Acre if he plans on having the Public Works Director do three jobs. He opined that one man can't do that and questioned where the City's getting the money to hire that position at this time if we don't have the money to help our City employees. City Manager Acre answered that the position is built into the budget. Councilmember Bolton stated that she has a list of questions she still has from going through the budget. She said there is the Public Works Director and Utility Superintendent positions in the budget, each in three departments. The Public Works Director has a salary of \$94,800 and the Utility Superintendent has a salary of almost \$72,000. She asked City Manager Acre if he is proposing these positions be covered by one person. City Manager Acre said he is and will take out the Utility Superintendent's position. It was included in the budget when the budget was prepared because Jim Fernandez was still working. The \$72,000 will come out. Councilmember Bolton asked about pager pay. In the budget it is at \$8,100 in each department except Power & Light where it is listed at \$8,300. She said it should be \$7,800 per department and the landfill doesn't carry the pager. There's \$8,000 right there, she said. Between the superintendent position and pager pay there is \$80,000. City Manager Acre reminded that they are looking for \$800,000. Councilmember Bolton said then they need to take \$500,000 from the cash flow reserve. Councilmember Shew asked if the \$1.5 million reserve is a must. What is the minimum? Finance Director Medina answered that two months of reserve is used because property taxes don't come in until March or April. There will be some time the City will have without money coming in. To be safe the City needs between \$1 million to \$1.5 million to continue operations. Councilmember Bonato asked if in the past the City had just \$1 million. Finance Director Medina said he's only seen the \$1.5 million in the budget for the past two years, but that he wasn't sure what it was before that time. Councilmember Miles pointed out that the current draft of the budget with all of the changes has available funds for future appropriations at \$25,000. She said she's seen that slide from as much as \$400,000 to \$25,000. She also said she looked at the cash flow reserve and says it works hand and glove with funds available for future appropriations. The only time Council talked about reducing the reserve to \$1 million is if we could have found ways to make the fund balance available for future appropriations to be considerably higher. Council saw drafts of the budget that had as much as \$471,000 at one point. Council can't cut it close on all fronts. Councilmember Bolton said the City still has the TABOR reserve. Councilmember Miles stated that the TABOR reserve comes out with a great deal of pain. Councilmember Bolton asked if she was the only person who has a recollection of Council agreeing to a \$1 million cash flow reserve. Councilmember Miles reiterated that the two work hand in glove and we really aren't in healthy shape with \$1.5 million. Councilmember Mattie added that he doesn't know that Council agreed to a particular amount. Councilmember Miles said they could live with a lower cash flow reserve if the fund balance for future appropriations looked healthy. It is not healthy. It is \$26,000 down from the 2013 projected of \$800,000. That's the \$800,000 we need to make up. They can't do it out of reserves. We are basically there. We have zero reserve for future appropriations and we have two months of cash flow. She said that's pretty skimpy. The City hasn't gotten a raise either – people aren't shopping here, sales tax, property tax and severance tax are all down and health insurance costs are going up. The City has to live within its means. She concurred that Council did not agree to take the \$1.5 million reserve down to \$1 million under all circumstances. Councilmember Bolton continued that she saw in the budget where the licenses and permits increase from \$23,000 in 2013 to \$84,000 in 2014 and asked what that is based on. Finance Director Medina said it is going in with business licenses from the current \$10 to \$50. Councilmember Bolton asked about the proposed increases to water and sewer fees. Finance Director Medina answered that those will only be reflected in those funds. However, the landfill fees are in the General Fund. Councilmember Bolton asked if the calculations are built in from the landfill fee increases. City Manager Acre answered that the increase is between \$40,000 and \$60,000. The proposed increase will be from \$4/yard to \$5/yard and staff will look at \$6/yard. Councilmember Bolton asked the number of cubic yards the City landfill handles per year. City Manager Acre said he will have to get that for her because he didn't have the information with him. Councilmember Bolton continued that the City Manager budget shows a \$13,000 increase and said we've lost the main IT position which isn't shown in the projection. She also asked about a line item for unemployment insurance in the amount of \$2,500 showing up in the City Manager's budget and nowhere else. City Manager Acre said the additional wages are in anticipation of hiring an IT Director. Andrew Riddle is filling in right now but will be leaving mid-year. He was part time last year. His position was increased to a full-time position. City Clerk Garrett explained that the unemployment shown as a projection was for an actual unemployment claim. The City doesn't pay unemployment insurance; rather we pay actual unemployment claims when they arise. Councilmember Bolton asked about car, clothing and travel and mileage in the Finance Department. City Manager Acre explained that the car allowance is paid to the meter readers who use their own vehicles for their jobs and the clothing allowance is for them as well. Travel and mileage is for the Finance Director or other employees going to conferences or something of that nature. Councilmember Bolton asked why the meter readers are in the Finance Department instead of the proper enterprise fund. Finance Director Medina answered that their wages would have to be allocated to all of the utility funds. Instead the General Fund gets a service reimbursement from those utility funds. Councilmember Bolton asked if the Colorado Welcome Center employee's wages are pursuant to a state contract and if so, if they are subject to furloughs. City Manager Acre said they are but he will have to check with the state. Councilmember Bolton asked about capital outlay in the Miscellaneous Fund for equipment in the amount \$10,000 with no description. Finance Director Medina said that is for the computer software. It is proposed to cost \$50,000 for the first year. \$40,000 will be paid from the utility funds and \$10,000 from the General Fund. He confirmed that this is for a software lease. Councilmember Shew asked the difference between a lease and buying it, reminding that Councilmember Miles had previously asked for that information. Finance Director Medina said he hasn't gotten those numbers back yet. They are in negotiations. City Manager Acre clarified that the budget reflects the software

being leased, not purchased. Councilmember Bolton asked about a clothing allowance in dispatch, noting that it was not in the budget prior to 2013. City Manager Acre said he'd ask the Chief about it. Councilmember Bolton next pointed to capital outlay in the amount of \$53,000 for the landfill and recalled \$35,000 of it was for a tarp system the previous Public Works Director wanted but is not longer necessary since the City acquired the adjacent property. City Manager Acre said they are still carrying that amount in the budget for drainage and other improvements based on what the State is telling the City to do. He added that he thought he had mentioned that previously to Council. Councilmember Bolton said the library hasn't had a librarian all year at a salary of \$30,000. The 2013 projection doesn't reflect that amount and the 2014 budgeted salary amount has increased. City Manager Acre said he's made an offer to someone to fill the Library Director position and he will be promoting from within for the Assistant Director. They'll be working within their budget to keep it the same for next year. Councilmember Bolton said it reflects \$112,000. City Manager Acre said the only increase in salary is four cents per hour for longevity. The projections show the library without having a Director all year. There was someone there part time so it is a reduction in the projections for 2013 and we'll see a slight increase in 2014. He confirmed that the 2014 wage reflects the 5% salary reduction for the planned furloughs. Councilmember Bolton said it looks like it will be a substantial increase. City Manager Acre said he'd get Council the numbers. Councilmember Bolton said throughout this discussion they have found at least another \$78,000 which could be used to offset the 5% increase in insurance costs to the employees. City Manager Acre said if that is Council's desire they can do that, but it is not staff's recommendation. He opined that it would put the City in a precarious position not just next year but in years beyond. They are trying to find the \$800,000 gap. That is a deficit in our financial situation that will increase. We are trying to keep the City from going bankrupt. Councilmember Bonato said he read in the Chronicle News the City had \$4.18 million in grant money. He asked when the City has to pay the match, if it is when the money is received or in installments. City Manager Acre said it depends on the grant and the grantee. Typically the City expends the money and then gets reimbursed in grant money. In some cases the City pays a percentage. There is money budgeted for grants we have outstanding. Councilmember Bonato asked if the City has to have the matching funds for the \$4.18 million in grants. City Manager Acre said we do and the matching funds are used by the City when we do the project. Councilmember Bonato asked how much the City is in debt on matching funds. City Manager Acre said as staff applies for grants we come before City Council. The City allocates the money from the 1% Capital Improvement Fund if it is eligible to pursue that grant. The City is not in debt, per se. It would be illegal and also the City has the Capital Improvement Fund to match the grants. Councilmember Miles asked that she be given the information on the computer lease arrangement and offered her assistance in that regard because she has experience. Councilmember Shew commented that the point has been made that the money is not there. The City wants to work with the City's employees, but there's only a few things to work with at this time. The future for the next City Council is really tough. This Council has to get the budget done. All budgets are a work in progress. If Council passes this resolution it is a part of the budget. He called for a motion. Councilmember Mattie moved to adopt the resolution. He said he thought City Council has a fiscal responsibility to recognize the employees and those who pull the yoke out every day and go to work and make it happen. But they also have a fiscal responsibility to plan for 2014 through 2016. There is \$5 million needed for the water system. A lot of things require the City's attention. He added that he came from a coal miner UMWA family and has been an employee for many years. He said he's personally taking furloughs and increases in insurance costs. He concluded that he understands that he must do those things as an individual so the group is better. The motion was seconded by Councilmember Miles. Upon roll call vote the following votes were cast:

Aye – Mattie, Miles, Shew

Nay – Bolton, Bonato

The motion carried by majority.

RESOLUTION NO. 1422

RESOLUTION AUTHORIZING HEALTH INSURANCE BENEFITS FOR CITY EMPLOYEES AND THEIR DEPENDENTS THROUGH CIGNA HEALTH CARE FOR PLAN YEAR JANUARY 1, 2014 THROUGH DECEMBER 31, 2014

First reading of an ordinance amending the City of Trinidad's Annual Budget for the fiscal year beginning on January 1, 2013, and ending on December 31, 2013, to identify projected additional expenditures from the Power & Light, Water and Gas Funds, and setting a hearing date for consideration of said ordinance. Finance Director Medina addressed Council. He said as they've discussed staff is trying to maximize transfers in from the utility funds to the General Fund. This is a budget amendment for the 2103 budget to increase the transfers in to an amount equal to 5% of the gross revenues of the utilities to the General Fund. The Home Rule Charter says in order to change the transfer amounts the City has to do a budget amendment. It will represent an increase to the General Fund. Councilmember Mattie said it sounds like a housekeeping measure to authorize what was thought was a good idea. Councilmember Miles asked if it is a \$17,000 change. Finance Director Medina said it represents to the General Fund quite a bit more. He called their attention to Exhibit A of the ordinance and outlined that the Power & Light Fund will be taking a bigger increase in transfers out to the General Fund by about \$231,000. The Water Fund will have a transfer of an additional \$42,816, but in also will be not transferring out money to the Sewer Fund in the amount of \$173,000 or the sewer capital outlay in the amount of \$50,000. In the Gas Fund \$105,000 will be transferred into the General Fund. Additionally they are taking out \$173,000 that was to be transferred to the Sewer Fund. He summarized that the General Fund will get approximately an additional \$378,000 and there is \$396,000 that is being taken out of the Sewer Fund. The net decrease is \$17,000. Councilmember Bolton asked if it is reflected in the budget. Finance Director Medina answered that if we didn't have this change the General Fund would be showing a \$1.2 million loss instead of an \$800,000 loss. The ordinance was introduced by Councilmember Mattie and then read aloud in its entirety. A motion to approve the ordinance on first reading and consider it further at a public hearing at 12:00 p.m. on December 19, 2013 was made by Councilmember Bolton and seconded by Councilmember Miles. The motion carried unanimously upon roll call vote.

ORDINANCE NO.

AN ORDINANCE AMENDING THE CITY OF TRINIDAD'S ANNUAL BUDGET FOR THE
FISCAL YEAR BEGINNING ON JANUARY 1, 2013, AND ENDING ON DECEMBER 31, 2013,
TO IDENTIFY PROJECTED ADDITIONAL EXPENDITURES FROM THE POWER & LIGHT,

WATER AND GAS FUNDS

There being no further business, the special meeting was adjourned.

ATTEST:

FRANKLIN SHEW, Councilmember

AUDRA GARRETT, City Clerk