

**FRUITA CITY COUNCIL WORKSHOP**  
**JULY 28, 2020**  
**6:30 PM**

1. DISCUSSION REGARDING BOARDS AND COMMISSIONS POLICIES AND PROCEDURES (6:30 - 7:10 PM)
2. COVID-19 RESPONSE UPDATE AND DISCUSSION (7:10 PM – 7:50 PM)
3. DISCUSSION ON CITY COUNCIL AGENDA AND COVER SHEET FORMATS (7:50 PM – 8:20 PM)
4. 2021 BUDGET CALENDAR AND PROCESS (8:20 PM – 9:00 PM)
5. OTHER ITEMS (9:00 PM)
6. ADJOURN



**FRUITA**  
COLORADO

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## **AGENDA ITEM COVER SHEET**

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**TO: FRUITA CITY COUNCIL AND MAYOR**  
**FROM: MARGARET SELL, CITY CLERK/FINANCE DIRECTOR**  
**DATE: 7/28/2020**  
**RE: BOARDS AND COMMISSIONS POLICY**

### **BACKGROUND**

The City Council has requested the development of policies for boards and commissions of the City to guide them in the appointment of board and commission members. Attached is a DRAFT policy for the Council's review and discussion. The policy provides guidance on terms limits, nepotism, removal of members, appointment to multiple boards, meeting procedures, duties and responsibilities of City staff and Council liaisons. The policy is intended as a guideline and in some cases differs from the authorizing ordinance/resolution. As a result, many of the terms used in the policy are permissive. If more mandatory language is desired it may be necessary to amend the ordinance or resolution establishing the board. However, the general term used provide guidance to the City Council and Mayor to provide some consistency in these areas.

Previous Council discussions were undecided on terms, nepotism, and implementation. The policy contains specific language in these areas but may be amended as the Council feels appropriate. If the policy (as presented or amended) goes forward for implementation, it will be tentatively scheduled for the August 4 City Council meeting and will be adopted by resolution of the Council. The resolution will address implementation of the policy and it is anticipated that any changes required as part of this policy will occur at the expiration of the current term of the board member.



## BOARDS & COMMISSIONS POLICY

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### PURPOSE

Details about boards and commissions may be found in various documents including the Fruita City Charter, the Fruita Municipal Code and Resolutions adopted by the City Council. These documents prescribe the power, duties, and operating procedures of the board or commission, and establishes the terms of office. The purpose of this policy is to provide general guidance and some uniformity for the various boards and commissions of the City.

### POLICY

These general guidelines have been established for uniformity of various procedures associated with boards and commissions, including appointment of board members, city staff responsibilities, and council liaison roles.

- A. GENERAL PROVISIONS.** The City Council may, by ordinance or resolution, establish additional boards to advise them on various issues and perform functions as the Council may designate. The City Council may also abolish boards established by ordinance or resolution. Boards established by the City Charter require approval of the voters to abolish. Boards established by the City Charter include the Board of Adjustments, the Election Commission, Planning and Zoning Commission, Police Commission, and the Parks and Recreation Commission.

The Charter, Ordinance or Resolution establishing each board include the membership requirements including number of members, qualifications of members, residency requirements; duties and responsibilities of the board, and the operating procedures or bylaws of the board.

With the exception of the Board of Adjustments and Election Commission, all Boards serve in an advisory capacity. Boards, by motion, may make formal recommendations to the City Council in accordance with the purpose of the board including the expenditure or receipt of funds, including donation solicitations.

### B. APPOINTMENT AND REMOVAL OF BOARD AND COMMISSION MEMBERS.

1. Appointment. Board members are appointed by the Mayor with approval of the Council and subject to membership requirements of the establishing ordinance, resolution or Charter and the membership limitations set forth below.
2. Removal. Pursuant to the Fruita City Charter, Board members may be removed from office for:
  - a) being found guilty of committing a felony,
  - b) having failed to attend 2 consecutive regular meetings, unless excused, or
  - c) found to have willfully engaged in unethical conduct as defined in Chapter 2.70 of the Fruita Municipal Code concerning the Code of Ethics for City Officials.

Board members may also be removed if they no longer meet the requirements for membership established by the ordinance or resolution.

## **C. MEMBERSHIP.**

### **1. Nepotism.**

- a. Relatives of City Council cannot serve on boards and commissions.
- b. City Employees and their Relatives cannot serve on boards and commissions of the City.
- c. Relatives of Board and Commission members cannot serve on the same board or commission.
- d. Relatives are defined as:
  - i) any person related by blood or marriage who is a member of the official's household, under the same roof, or
  - ii) any parent, stepparent, grandparent, spouse, child, grandchild, brother, sister, or
  - iii) any child, parent stepparent, or grandparent of the official's spouse.

2. Terms. The Fruita City Charter (Article VI) states that members of Boards and Commissions shall be appointed to 3-year terms and initial appointments shall be staggered terms of 1, 2 and 3 years.

3. Term limits. Term limits shall be two consecutive terms for all boards with the exception of the Board of Adjustments. The balance of an unexpired term served by a person appointed to fill a vacancy shall not be counted as a term for the purpose of term limits.

4. Council Members. Where appointment of a council member to a board is required by the authorizing document, the appointment shall be for the term specified. A council member is a required member of the following boards.

- a. Planning Commission (2-year term)
- b. Parks and Recreation Commission (2-year term)
- c. Tourism Advisory Council (3-year term)
- d. Police Commission (2-year term)

A council member is appointed as an ex-officio, non-voting member, of the Livability Commission.

If a Council member is appointed to another board, appointments will be made after the regular municipal election, and be for a 2-year term. Council members shall have the same duties, responsibilities and voting rights of all other board members.

5. Membership on multiple Boards and Commission. Appointment of an individual to serve concurrently on more than one board is discouraged. This limitation does not apply to committees deemed to be temporary in nature or that have a general purpose which encourages input from representatives of various boards.

6. Residency. Residency requirements for boards are established at the time the board is created.

## **D. MEETING PROCEDURES.**

1. Meetings of all boards will be posted on the monthly meeting calendar and the City's official website.
2. Agendas and backup documentation (packets) will be posted to the City's website and where possible, sent to members prior to the meeting.
3. Minutes will be in written form and posted to the City's website following approval of the board. Minutes should include the date and time and location of the meeting, members

present, general outline of each major topic discussed and the outcome, comments which illustrate individual viewpoints and opinions, verbatim of motions and how each member voted, statements made by members in explanation of their vote, time of adjournment.

4. All meetings are open to the public.
5. Bylaws or amendments thereto must be approved by the City Council and must be in conformance with the Charter, Ordinance or Resolution establishing the Commission.
6. Boards serve in an advisory capacity to the City Council. All recommendations by the board to the City Council shall be made by motion of the board and forwarded to the City Council for action.
7. A quorum must be present at the meeting.
8. Executive sessions may be held in accordance with legal requirements.

**E. CODE OF ETHICS.** Public confidence and respect can best be promoted if every public official, whether elected or appointed, uniformly treats all citizens with courtesy, impartiality, fairness and equality and avoids both actual and potential conflicts between their private self-interest and the public interest. The Fruita Municipal Code (Chapter 2.70) has a Code of Ethics which applies to all elected and appointed officials. The Code of Ethics includes provisions for Fair and Equal Treatment and Conflicts of Interest and provides for a Board of Ethics to hold hearings on alleged violations of the Code of Ethics. Board members who think they may have a potential conflict of interest should contact the Mayor, City Attorney or staff liaison to discuss any conflicts or potential conflicts.

**F. CITY CLERK'S OFFICE - DUTIES AND RESPONSIBILITIES**

1. Terms Expiring/Expired. The City Clerk's office will email notices every quarter to the Mayor and staff liaisons notifying them of members whose terms are expiring and how many terms have been served by each member. Letters will be sent to the member notifying them that their term will be expiring and how many terms they have served, and indicating the City council's policy on term limits, and notifying them that they must submit an application if they wish to be considered for reappointment.
2. Incumbent Must Reapply. Members desiring to serve another term must submit an application for reappointment.
3. Advertising Vacancies. Vacant and expiring positions will be advertised for a minimum of 30 days as follows:
  - a) on the City website Boards and Commissions page and "In the Spotlight" section
  - b) on the bulletin board outside Civic Center on the east side;
  - c) in the Weekly Information Update;
  - d) on social media applications;
  - e) in the City Link;
  - f) through council & staff recruitment.
4. Historical records of meetings. The City Clerk's office will print copies of minutes posted on the City's website for archival purposes.

**G. CITY COUNCIL LIAISON.** In addition to serving as a member of the board, the Council liaison's role is to:

1. serve as a communications link between the City Council and board members
2. work with the Mayor to fill vacancies, review applications and interview candidates,

3. resolve questions the board may have about the role of Council, city government and the board or commission

**H. CITY STAFF.** A member of city staff is appointed to each board to assist the board in their duties and responsibilities. The staff's role is to:

1. schedule meetings based on input from the board and publish on the monthly meeting calendar
2. prepare and post agendas and packets for the board based on input from the board or City Council,
3. post minutes of meetings on the City's website
4. ensure that recommendations of the board get forwarded to the City Council for action
5. provide guidance and information to the board
6. communicate vacancies and resignations to the City Clerk's office
7. communicate with the Mayor and Council liaison regarding excessive absences of members
8. schedule annual appointments of officers of the board on the agenda as required by bylaws or other documents.
9. provide orientation and training as needed to board members

## FRUITA BOARDS AND COMMISSIONS TERMS AND TERM LIMITS

<b>BOARD/COMMISSION</b>	<b>ESTABLISHED/ GOVERNED BY</b>	<b>TERM LENGTH</b>	<b>TERM LIMIT</b>	<b>INTERVIEW REQUIRED?</b>	<b>RESIDENCY REQUIRED?</b>
<b>BOARD OF ADJUSTMENT</b>	City Charter 6.03.01 Municipal Code Chapter 2.40	3 years	May serve without limitation	Yes	Yes
<b>HISTORIC PRESERVATION</b>	Municipal Code Chapter 17.37 By-laws	3 years	May serve until successors have been appointed	No	No
<b>PARKS &amp; RECREATION</b>	City Charter 6.03.05 By-laws	3 years	Only stipulates that Officers shall serve for one (1) year	Yes	No
<b>PLANNING COMMISSION</b>	City Charter 6.03.03 Municipal Code Chapter 2.39	3 years	May serve without limitation	Yes	Yes
<b>POLICE COMMISSION</b>	City Charter 6.03.04 Municipal Code Chapter 2.41	3 years	May serve without limitation	Yes	Yes
<b>TOURISM ADVISORY BOARD</b>	Municipal Code Chapter 3.18	3 years	Only stipulates that Officers shall serve for one (1) year for not more than two (2) terms	Yes	No
<b>ARTS AND CULTURE BOARD</b>	Resolution 2008-66 By-laws	3 years	No member shall be appointed for more than two (2) consecutive full terms	No	No
<b>DOWNTOWN ADVISORY BOARD</b>	Resolution 2012-28 By-laws	3 years	Silent	No	No

## FRUITA BOARDS AND COMMISSIONS TERMS AND TERM LIMITS

BOARD/COMMISSION	ESTABLISHED/ GOVERNED BY	TERM LENGTH	TERM LIMIT	INTERVIEW REQUIRED?	RESIDENCY REQUIRED?
<b>LIVABILITY COMMISSION</b>	Resolution 2018-37	3 years	Only stipulates that Officers shall serve for one (1) year for not more than two (2) terms	No	Yes
<b>CITY COUNCIL</b>	City Charter 2.01, 3.01, 3.05 Municipal Code 2.10	2 years for appointed Council members until next election OR 4 years for elected Council members until next election OR 2 years for Mayor until next election	Mayor limited to three (3) consecutive terms, Councilors are limited to two (2) consecutive terms	Only for appointed members (not elected)	Yes

Note: When Boards/Commissions are new, terms are staggered so that expiration dates are not all the same. After first appointments, terms for reappointments on all Boards/Commissions are three (3) years excluding the City Council as per the Fruita City Charter.

**Chapter 2.70****A CODE OF ETHICS FOR CITY OFFICIALS****Sections:**

<b>2.70.010</b>	<b>Policy</b>
<b>2.70.011</b>	<b>Definitions</b>
<b>2.70.015</b>	<b>Fair and equal treatment</b>
<b>2.70.020</b>	<b>Conflict of interest</b>
<b>2.70.025</b>	<b>Board of ethics</b>
<b>2.70.030</b>	<b>Advisory opinion</b>
<b>2.70.040</b>	<b>Hearings and determinations</b>
<b>2.70.050</b>	<b>Sanctions</b>

**2.70.010 POLICY.** Public confidence and respect can best be promoted if every public official, whether paid or unpaid, and whether elected or appointed, will uniformly treat all citizens with courtesy, impartiality, fairness and equality under the law; and avoid both actual and potential conflicts between their private self-interest and the public interest. (Ord. 1986-9, S4)

**2.70.011 DEFINITIONS.** The terms used in this ordinance are hereby defined as follows:

- A. **Official** - Any person elected or appointed to any public office or public body of the city whether paid or unpaid and whether part time or full time.
- B. **Public Body** - Any agency, board, body, commission or committee, of the city.
- C. **Financial interest** - Any interest which shall yield directly or indirectly, a monetary or other material benefit (other than the duly authorized salary or compensation for his services to the city) to the official or to any person employing or retaining the services of the official.
- D. **Personal interest** - Any interest arising from blood or marriage relationships or from close business or political association whether or not any financial interest is involved.

(Ord. 1986-9, S4)

**2.70.015 FAIR AND EQUAL TREATMENT.**

- A. No official shall grant or make available to any person any consideration, treatment, advantage or favor beyond that which it is the general practice to grant or make available to the public at large.
- B. No official shall request, use or permit the use of publicly-owned or publicly-supported property, vehicle, equipment, labor or service for the personal convenience or the private advantage of himself or any other person. This rule shall not be deemed to prohibit an official from requesting, using or permitting the use of such publicly-owned or publicly-supported property, vehicle, equipment, material, labor or service which it is the general

practice to make available to the public at large or which is provided as a matter of stated public policy for the use of officials in the conduct of official business.

(Ord. 1986-9, S4)

**2.70.020 CONFLICT OF INTEREST.** Financial or personal interest.

- A. No official, either on his own behalf or on behalf of any other person shall have any financial or personal interest in any business or transaction with any public body unless he shall first make full public disclosures of the nature and extent of such interest.
- B. Disclosure and disqualification. Whenever the performance of his official duties shall require any official to deliberate and vote on any matter involving his financial or personal interest, he shall publicly disclose the nature and extent of such interest and disqualify himself from participating in the deliberation as well as in the voting.
- C. Incompatible employment. No official shall engage in private employment with, or render services for, any private person who has business transactions with any public body unless he shall first make full public disclosure of the nature and extent of such employment or services.
- D. Representation of private persons. No official shall appear on behalf of any private person, other than himself, before any public body in the city.
- E. Gifts and favors. No official shall accept any gift, whether in the form of money, thing, favor, loan or promise, that would not be offered or given to him if he were not an official.
- F. Confidential information. No official shall, without prior formal authorization of the public body having jurisdiction, disclose any confidential information concerning any other official or employee, or any other person, or any property or governmental affairs of the city.
- G. Whether or not it shall involve disclosure, no official shall use or permit the use of any such confidential information to advance the financial or personal interest of himself or any other person.
- H. Nepotism. No elected official shall appoint or vote for appointment of any person related to him by blood or marriage who is a member of the officials household, under the same roof, and any parent, stepparent, grandparent, spouse, child, grandchild, brother, sister of the official or any child, parent, stepparent, or grandparent of the official's spouse, regardless of residence, to any clerkship, office, position, employment or duty, when the salary, wages, pay or compensation is to be paid out of public funds.

(Ord. 1986-9, S4)

**2.70.025 BOARD OF ETHICS.**

- A. There is hereby created and established a board of ethics consisting of five persons who shall hold no other office or employment under the city. All members shall be residents of the city.
- B. The members shall be appointed by the mayor subject to confirmation by a majority of the whole number of the council, whenever a sworn complaint or request for advisory opinion pursuant to Sections 2.70.040 and 2.70.30 herein is received by the council. The Board of Ethics shall serve until its final written opinion on the matter before it has been issued, thereafter it shall automatically dissolve. (Ord. 1986-9, S4)

**2.70.030 ADVISORY OPINION.** Upon the written request of the officer concerned, the board shall render written advisory opinions based upon the provisions of this ordinance. The board shall file its advisory opinions with the city clerk or mayor, but may delete the name of the officer involved. (Ord. 1986-9, S4)

**2.70.040 HEARINGS AND DETERMINATIONS.**

- A. Upon the sworn complaint of any person alleging facts which if true would constitute improper conduct under the provisions of this ordinance, the Board of Ethics shall conduct a public hearing in accordance with the requirements of the due process of law, and, in written findings of facts and conclusions based thereon, make a determination concerning the propriety of the conduct of the subject official.
- B. All such quasi-judicial hearings shall provide for the following:
  - 1. A notice of hearing setting forth the allegations of the complaint and service of said notice on the alleged violator by personal service or by mailing said notice to his or her last known address by registered or certified mail, return receipt requested;
  - 2. The representation of an accused official by a person or attorney of his or her choice at his or her own expense;
  - 3. The administration of oaths to all parties or witnesses who appear for the purpose of testifying upon factual matters;
  - 4. The cross-examination of all witnesses by the interested parties or their representatives;
  - 5. The stenographic or other verbatim reproduction of all testimony presented in the hearing;
  - 6. A written decision by the Board of Ethics setting forth the factual basis and reasons for the decision rendered.
- C. All decisions by the Board of Ethics shall be final and not subject to further review by the city council. Appeal from the decision of the Board of Ethics shall be to the District Court of Mesa County, Colorado.

(Ord. 1986-9, S4)

**2.70.050 SANCTIONS.**

- A. If the Board of Ethics finds that an official has willfully violated any of the provisions of this code of ethics said official shall be discharged from his or her position with the city.
- B. If the Board of Ethics finds that an official has negligently violated any of the provisions of this code of ethics it shall issue a written warning to said official.

(Ord. 1986-9, S4)



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## **AGENDA ITEM COVER SHEET**

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**TO: FRUITA CITY COUNCIL AND MAYOR**

**FROM: MIKE BENNETT, CITY MANAGER**

**DATE: JULY 28, 2020**

**RE: COVID 19 RESPONSE UPDATE**

**BACKGROUND**

The purpose of this item is for the City Manager and staff to provide City Council with updates on City COVID-19 response efforts and allow for Council to ask questions and discuss current and next steps. Staff will begin with an overview of current and upcoming efforts.



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## **AGENDA ITEM COVER SHEET**

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**TO: FRUITA CITY COUNCIL AND MAYOR**

**FROM: MIKE BENNETT, CITY MANAGER**

**DATE: JULY 28, 2020**

**RE: CITY COUNCIL MEETING AGENDA AND COVERSHEET FORMAT DISCUSSION**

### **BACKGROUND**

The purpose of this item is for City Council to review the current format and order of the City Council meeting agenda and Council meeting coversheet format. The current templates are below and staff would like to check-in with City Council ensure if the current formats are meeting City Council's needs and/or if any tweaks or changes are desired by the group.

### **CITY COUNCIL MEETING AGENDA TEMPLATE**

**FRUITA CITY COUNCIL**  
**DATE**  
**7:00 P.M.**

#### **Public Link to Meeting**

When: Date 7:00 PM Mountain Time (US and Canada)

Topic: City Council Meeting – Date

The link to join the join the meeting electronically will be posted on 7/21/20 prior to the meeting at [www.fruita.org/covid19](http://www.fruita.org/covid19) under City Council meetings. You may also contact the City of Fruita at (970) 858-3663 for information to connect to the meeting.

- 1. INVOCATION AND PLEDGE OF ALLEGIANCE**
- 2. CALL TO ORDER AND ROLL CALL**
- 3. AGENDA - ADOPT/AMEND**
- 4. PROCLAMATIONS AND PRESENTATIONS**

**A. PRESENTATION/PROCLAMATION – Title**

**5. PUBLIC PARTICIPATION**

This section is set aside for the City Council to LISTEN to comments by the public regarding items that do not otherwise appear on this agenda. Generally, the City Council will not discuss the issue and will not take an official action under this section of the agenda. **Please limit comments to a five-minute period.**

**6. CONSENT AGENDA**

These are items where all conditions or requirements have been agreed to or met prior to the time they come before the Council for final action. These items will be approved by a single motion of the Council. Members of the Council may ask that an item be removed from the consent section and fully discussed. All items not removed from the consent section will then be approved. A member of the Council may vote no on specific items without asking that they be removed from the consent section for full discussion. Any item that is removed from the consent agenda will be placed at the end of the regular agenda.

**A. MINUTES:**

**B. LIQUOR LICENSE RENEWAL – Title**

**C. BOARDS AND COMMISSIONS APPOINTMENT – Title**

**D. FINANCIAL REPORTS – A request to approve the Date Financial Reports**

**E. ORDINANCE 2020-02 – First Reading – Title and date to set second reading and public hearing date.**

**F. RESOLUTION 2020-28 – Title**

**7. ADMINISTRATIVE AGENDA**

**A. Title and who is speaking**

**8. CITY MANAGER’S REPORT**

**9. COUNCIL REPORTS AND ACTIONS**

**A. Council Reports and Actions**

B. Executive Session – Legal description

**10. ADJOURN**

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**CITY COUNCIL PACKET COVERSHEET TEMPLATE**

AGENDA ITEM COVER SHEET

TO: FRUITA CITY COUNCIL AND MAYOR

FROM: NAME AND TITLE

DATE: DATE

RE: PROJECT NAME

BACKGROUND

FISCAL IMPACT

APPLICABILITY TO CITY GOALS AND OBJECTIVES

OPTIONS AVAILABLE TO THE COUNCIL:

RECOMMENDATION: Includes the recommended motion.



# FRUITA

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## AGENDA ITEM COVER SHEET

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**TO:** FRUITA CITY COUNCIL AND MAYOR  
**FROM:** MARGARET SELL, FINANCE DIRECTOR/CITY CLERK  
**DATE:** JULY 28, 2020  
**RE:** 2021 BUDGET CALENDAR

### **BACKGROUND**

The Fruita City Charter requires that a proposed budget for the ensuing year be submitted to the City Council by October 1 (or as otherwise directed by the City Council). Staff is currently is working on preparation of the 2021 Budget. The Budget will be presented to the City Council at the September 22, 2020 City Council workshop. Additional information will be presented on various components of the Budget pursuant to the attached draft of the 2021 Budget Presentations Calendar.

The City has adopted a number a financial policies which guide the development of the budget. A copy of the existing 2020 Financial Policies which are included in the Budget Document is attached. Staff is in the process of reviewing these policies for potential changes and will bring these to the Council for review and approval in September 2020.

As staff continues to develop and review the proposed budget, it is important to obtain input and feedback from the City Council on significant budget issues. Staff will present and update the Council on issues that affect preparation of the 2021 Budget including significant operational changes and capital project needs and discuss and obtain feedback on these and other issues that the Council would like to see addressed in the 2021 Budget.

## City of Fruita Budget Calendar – 2021

REVISED DRAFT 6/12/2020

### Considerations for budget development:

- Assess community needs, priorities, challenges and opportunities to ensure that resources are directed in a manner consistent with this assessment. Available tools including citizen survey, action plan and community plan.
- Evaluate community condition, external factors, opportunities and challenges to gain understanding of issues and trends affecting the City. This can include economic and financial factors, demographic trends, legal or regulatory issues, social and cultural trends, intergovernmental issues, technological change and physical and environmental factors
- Assess services, programs and capital assets and identify issues, needs, opportunities and challenges.
- Evaluate strengths and weaknesses of the organizational structure and provision of internal needs and support systems.

Performance Measures: Performance measures are used to make informed decisions and facilitate improvements and understanding. This begins with observing the current state of performance, committing to achieving a more favorable level of performance, and taking steps to achieve the target level.

- What are your goals for improving performance?
- What has past performance been?
- What is the desired outcome?
- How does the performance measure lead to improvement and/or efficiencies?
- How will performance be measured?
- How frequently will data be collected, assessed and reported?

## City of Fruita Budget Calendar – 2021

Program Evaluations: Program evaluation uses measurement and analysis to answer specific questions about how well a program is achieving its outcomes and why. It provides accountability and information of which to base improvements.

- “How Are We Doing”?
- Did we meet our performance measures?
- If not, why not?
- Did you make progress towards goals and objectives?
- Are changes necessary to current performance measures?

<b>July 28, 2020</b>	<p><b><u>City Council workshop.</u></b></p> <p>Overview of 2021 Budget process and draft 2021 Budget Calendar for City Council meetings.</p> <ul style="list-style-type: none"> <li>• Budget policies</li> <li>• Update on significant changes in the 2021 Budget             <ul style="list-style-type: none"> <li>○ Update/discussion on Compensation Plan</li> <li>○ Operational Changes</li> <li>○ Capital Project Needs</li> </ul> </li> <li>• Input/feedback from City Council on budget issues – operational, capital, etc.</li> </ul>
<b>August 18 2020</b>	<p><b><u>City Council. Review/Amend/adopt budget policies</u></b></p>
<b>September 22, 2020</b>	<p><b><u>City Council Workshop. Presentation and overview of proposed budget to City Council</u></b></p>
<b>October 6, 2020</b>	<p><b><u>City Council Meeting – Budget presentations</u></b></p> <ul style="list-style-type: none"> <li>• Marketing Strategy for 2021</li> <li>• Planning Department presentation</li> <li>• Police Department presentation</li> </ul>
<b>October 20, 2020</b>	<p><b><u>City Council Meeting – Budget presentations</u></b></p> <ul style="list-style-type: none"> <li>• Outside Agency Funding Requests presentations</li> <li>• Parks and Recreation</li> <li>• Community Center Fund</li> </ul>
<b>November 3, 2020</b>	<p><b><u>City Council Meeting – Budget presentations</u></b></p> <ul style="list-style-type: none"> <li>• Personnel Issues (Pay plan, health care, staffing levels)</li> <li>• 2021 Capital Projects and 5 year CIP presentation</li> </ul>
<b>November 17, 2020</b>	<p><b><u>City Council Meeting – Public Hearing</u></b></p> <ul style="list-style-type: none"> <li>• 2021 Budget Overview</li> <li>• Enterprise Funds - Sewer Fund, Irrigation Fund, Fleet Maintenance</li> <li>• Public Works</li> <li>• Other Funds (Trash, Devils Canyon, Conservation Trust, Debt Service)</li> </ul>
<b>November 24, 2020</b>	<p><b><u>City Council Workshop – Outstanding budget issues</u></b></p>
<b>December 1, 2020</b>	<p><b><u>City Council Meeting – Final adoption of 2021 budget, mill levy and fees and charges.</u></b></p>

# Policies and Procedures

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## **FINANCIAL POLICIES**

The City is accountable to its citizens for the use of public funds. Resources need to be used wisely to ensure adequate funding for current and long-term needs of the community. Financial policies are developed in order to provide the resources necessary to accomplish the City's goals while maintaining financial stability. Financial stability is creating a balance between achieving desired outcomes while keeping expenses in line with revenues. This means not only working to balance the current budget, but keeping a view of the future needs and opportunities of the City. The financial policies are reviewed and updated annually to ensure their applicability towards achievement of the City's goals.

### **Balanced Operating Budget**

The City shall adopt a balanced budget where operating revenues are equal to, or exceed, operating expenditures. Any increase in expenses, decrease in revenues, or combination of the two that would result in a budget imbalance will require budget revision, rather than spending unappropriated surpluses or designated reserves to support ongoing operations. Any year end operating surpluses will revert to unassigned fund balances for use in maintaining reserve levels set by policy and the balance will be available for capital projects, special projects and/or "one-time only" expenditures.

### **Fund Balance Policies**

Operating Reserves – The operating reserve is used for cash flow purposes and to provide a temporary source of funds to offset unanticipated reductions in revenues or short-term increase in expenditures. Revenue shortfalls or ongoing increases in operational expenses need to be addressed quickly in order to avoid negative impacts on the City's fiscal stability. Operating reserves will be replaced as soon as possible after use. Operating reserves are maintained in the following funds in an amount equal to 25% of the current years' operating expenses, excluding capital equipment and transfers:

- General Fund - \$2,012,975
- Community Center Fund - \$525,925
- Sewer Fund – \$412,387
  - This is part of the \$962,033 reserve required pursuant to the WWTF Loan from the CWRPDA which also includes amounts required for debt service and is entitled "Restricted for Loan Covenants" on the Sewer Fund Summary – Components of Funds Available

Replacement Reserves – Replacement reserves include both mobile equipment reserves and building and equipment reserves.

The mobile equipment replacement reserve amounts are based on a 10 to 15 year replacement schedule for mobile equipment owned by the City. The difference between the actual amount budgeted in the current year for replacement of mobile equipment and the replacement cost of all mobile equipment annualized over the life of the equipment is placed in a replacement reserve for use in future years. The purpose of this reserve is to

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level out costs for replacement of mobile equipment on a year to year basis.

A mobile equipment replacement reserve has been established in the following Funds:

- General Fund - \$400,000 annual funding – The 2020 Budget includes \$152,000 budgeted for replacement of equipment with a \$248,000 addition to the reserve for a balance of \$1,047,017 at year end.
- Sewer Fund - \$59,000 annual funding – The 2020 Budget includes \$55,000 budgeted for replacement of equipment and a \$5,000 addition to the reserve for a total reserve amount of \$342,677 at year end.
- Community Center Fund - \$5,700 annual funding – The 2020 Budget includes a new vehicle equipment replacement reserve with the addition of \$5,700 to the reserve for a total reserve amount of \$5,700 at year end.
- Irrigation Water Fund - \$3,200 annual funding – The 2020 Budget includes a new vehicle equipment replacement reserve with the addition of \$3,200 to the reserve for a total reserve amount of \$3,200 at year end.

A building and equipment replacement reserve has been established in the following Funds:

- Community Center Fund - \$1,000,000 total funding – The funding goal of \$1,000,000 was reached in 2019 and provide \$1 million for future facility improvements.
- Sewer Fund - \$1,000,000 total funding - A *Wastewater Treatment Plant and equipment reserve* is established for future replacement of sewer treatment equipment at a base amount of \$1 million. The 2020 Budget includes the addition of \$25,000 to this fund for a total reserve amount of \$1,139,380 at year end.

Other Reserves. Reserves in other funds will be established in amounts required by law, bond and loan documents, or as deemed appropriate by the City Council. This includes a bond reserve and supplemental bond reserve fund as well as a health insurance reserve fund. The bond reserve funds are required by the bond ordinance. Health insurance reserve funds are established to pay for any additional costs as a result of excess health insurance claims in any given year pursuant to the City’s risk/reward health insurance plan and to help level out the costs of annual increases in health insurance premiums.

Emergency Reserves. An emergency reserve in the amount of 3% of the Fiscal Year Spending Limit, excluding debt service, as required by TABOR (Article X, Section 20 of the Colorado Constitution) will be maintained. Emergency reserves are limited in use and cannot be used to offset a downturn in economic conditions, revenue shortfalls, and increases in salaries and benefits.

## Capital Policies

Capital expenditures are defined as expenses on items which have a useful life in excess of two years and a cost of \$1,000 or more. Repair and maintenance expenditures are considered capital if the expenditure results in an increase in future benefits that are

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expected to be derived from using the capital items and there has been an extension to the capital item's useful life as a result of the repairs and maintenance. Capital expenditures include both capital equipment and capital projects.

Capital Projects consist of new construction, expansion, or major maintenance or rehabilitation project for existing infrastructure or facility. Projects should have a total cost of at least \$10,000 over the life of the project and an economic life of at least five years. Project costs can include the cost of land, engineering, architectural planning and other contract services needed to complete the project. Capital projects are included in the Capital Projects Fund for governmental type activities and in the individual fund for business type activities such as the Sewer Fund.

Capital Equipment includes new or replacement equipment such as vehicles, mobile equipment, office equipment, furniture, fixtures, computer hardware and software, artwork, building equipment and furnishings, and equipment necessary for operations. Equipment must have a value of \$1,000 and a useful life in excess of 3 years. Capital equipment is typically included in the operating budget in the fund, department and program that receive benefit by the purchase of the equipment. Some capital equipment may be included in the Capital Projects Fund if installation or construction costs are a significant part of putting the capital equipment into service for use.

Five Year Capital Improvement Plan. A five year Capital Improvement Plan (CIP) is prepared and updated on an annual basis. Revenue sources for each project will be identified in the Plan as well as ongoing operating requirements for each capital investment. A thorough review and update of the Five Year CIP will be completed in the summer of 2020 and will be posted on the City's website when completed.

## **Debt Policies**

Although a portion of the City's capital investments is funded from grants, general tax revenues, and user fees, the City may borrow funds to finance capital improvements. The issuance of bonds or other securities generates financial resources to fund capital projects and also obligates future revenue for repayment of the bonds. Debt service is the annual payment of principal and interest on these borrowed funds.

Pursuant to the Charter, the City of Fruita may borrow money and issue securities for short term notes, general obligation bonds, revenue bonds, industrial development revenue bonds, bonds for special or local improvement districts and any other like securities. There is no limitation on the amount of bonds or other securities the City may issue except as may be stated in the documents related to issuance of debt and subject to voter approval in the case of general obligation debt.

The issuance of debt may limit the City's flexibility to respond to changing service priorities and revenue flows and therefore should be managed prudently in order to maintain a sound fiscal position and protect credit quality.

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The amount of debt that the City has at any given time will be a function of its ability to service that debt through the operating budget or a dedicated revenue source without diminishing the resources necessary for other non-capital priorities and the desire to maintain a high-quality credit rating while sustaining overall financial health. Yet, at the same time, the City recognizes that in order to meet its mission and strategic objectives, investment in the form of capital is often necessary and such investment may necessitate the incurrence of debt.

## **Revenue Policies**

Property Taxes - Senior Citizen Refund. Review use and economic impact of senior citizen tax refund.

Property Taxes - Statutory and Constitutional Limitations. Due to imposition of limitations on the mill levy and tax revenues through statutory and constitutional requirements, the mill levy has remained constant for the last 12 years. Approval by the voters is required for an increase in the mill levy. Property tax revenues have increased as a result of growth in the City from new construction and annexations. No additional measures for changing the mill levy are recommended at this time.

One-time Revenues. On-going revenues should equal or exceed on-going expenditures. To the extent feasible, one-time revenues will be applied toward one time expenditures and not used to finance ongoing programs.

Charges for Services. Charges for services shall be reviewed on an annual basis and may be adjusted periodically in order to offset the cost of providing those services.

Diversification of Revenues. The City shall continue to diversify its revenues sources in order to encourage financial stability and avoid becoming overly reliant on a specific segment of the City's revenue base.

## **Expenditure Policies**

Personnel Costs - Salaries. City of Fruita employee compensation will be comparable to other governmental entities with similar characteristics to Fruita including population, services provided, and economic conditions. In addition, positions with similar duties and responsibilities in the private sector in the relevant recruiting area will be taken into account. Salary and pay range adjustments are based on a ratio of increases in the market and individual employee performance.

Performance Measurements. The City Council and staff will identify areas where the measurement of performance will provide them and the public with useful information about the effectiveness and efficiency of the City's use of resources. The purpose of performance measures is to provide data to improve quality of services and/or provide services in a more cost-effective manner. The biannual Community Survey is a significant measurement of performance as it provides information on citizen satisfaction with services provided by the City.

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## Contingency Policies

Unanticipated Expenses, Revenue Shortfalls. Maintain a contingency fund equal to 3-4% of current years General Fund expenditures, excluding transfers, for contingency to be used to offset unanticipated expenses or shortfalls in revenue.

Use of Contingency Funds. Use of contingency funds for unanticipated expenses are to be approved by the City Council.

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## 2021 Budget – Significant Issues and changes

### Considerations for budget development:

- Assess community needs, priorities, challenges and opportunities to ensure that resources are directed in a manner consistent with this assessment. Available tools including citizen survey, action plan and community plan.
- Evaluate community condition, external factors, opportunities and challenges to gain understanding of issues and trends affecting the City. This can include economic and financial factors, demographic trends, legal or regulatory issues, social and cultural trends, intergovernmental issues, technological change and physical and environmental factors
- Assess services, programs and capital assets and identify issues, needs, opportunities and challenges.
- Evaluate strengths and weaknesses of the organizational structure and provision of internal needs and support systems.

## OPERATIONS

### COVID-19.

The City has not seen an event similar to the COVID-19 pandemic in current times. Unknown factors associated with the pandemic makes projections of both operational revenues and expenses difficult for the upcoming budget year and introduces a number of variables into the budgeting process. We will attempt to incorporate these variables and unknowns in the budget document to the best of our ability to ensure that we meet the needs of our community, maintain flexibility to address unforeseen issues that may arise, and to maintain fiscal sustainability for the future of the City.

- Implementation of new sick leave benefit for part time employees
  - SB 20-205 requires 1 hour of sick leave for every 30 hours worked to a maximum of 48 hours annually
- Compensation Plan
  - Annual pay adjustments?
  - Structure and implementation needs to be determined for 2021
  - Emphasis on employees who were capped in 2020
  - Minimal reclassifications/new positions anticipated in 2021 budget

- Minimum wage increase (Amendment 70) effective 1/1/2021 based on CPI for Colorado.
- Health insurance – Expect significant hit in 2021 – 10%+.
- Employee Assistance Program (EAP) – reduction in expenses as now included as benefit of health insurance
- Dispatch/Communication Center (911) – No increase in 2021 budget
- Police Accountability Legislation – Funding of equipment (Body cameras), training requirements and policy updates, impacts of qualified immunity on recruitment and retention of staff
- Unemployment insurance increases?
- New Funds for Economic Development and Parks, Trails, Open Space and Public Places Funds from lodging taxes

### **NON-RECURRING OR OCCASIONAL EXPENSE**

- Citizen Survey
- Revamp MTHC website
- Arts in Society Grant - \$10,000 for art camp in 2021 and \$10,000 for artwork in 2022 – \$10,000 received 4/24/2020 and recorded as deferred revenue
- Donations for sponsorships – special events may need to be refunded in 2020 or applied to 2021 event – reduction in revenue potentials
- Planning documents – Engineering specifications, circulation plans, trails maintenance plan, etc.

### **CAPITAL PROJECTS**

- Maple Street – Phase 2 (replace sewer and overlay street from Pabor to McCune)
- Overlays
- Little Salt Wash stabilization/rehabilitation plan, vegetation management
- Building upgrades (HVAC, flooring and elevator – Civic Center
- WWRF Aeration system improvements in Oxidation Ditch
- Implementation/Action on recommendations in Master Plans