

City of Greeley, Colorado  
**CITY COUNCIL WORK SESSION REPORT**  
August 13, 2024

**1. Call to Order**

Mayor John Gates called the meeting to order at 6 p.m. in the City Council Chambers at 1001 11th Ave, Greeley, Colorado, with hybrid participation available via the City's Zoom platform.

**2. Pledge of Allegiance**

Mayor Gates led the Pledge of Allegiance.

**3. Roll Call**

City Clerk Heidi Leatherwood called the roll.

The following members of Council were present:

Councilmember Tommy Butler

Councilmember Deb DeBoutez

Mayor Pro Tem Dale Hall

Councilmember Brett Payton

Councilmember Johnny Olson

Councilmember Melissa McDonald

Mayor John Gates

**4. Reports from Mayor and Council Members**

None.

**5. 2023 Financial Statement Audit**

Director of Finance Tyra Litzau introduced the item at 6:01 p.m.

Deputy Finance Director Steven Krolczyk was available for questions.

Ms. Litzau noted that the City's 2023 Audit was completed with all the necessary paperwork. The Finance Department submitted the 2023 Annual Comprehensive Financial Report (ACFR) to the State by the required deadline. She thanked the Finance team for their dedication and timely filing and shared a Finance Team action plan was executed to ensure progress into the new year. Items included implementing policies, procedures, cross training, succession planning and presenting monthly information to the City Manager.

The City's external auditors, Philip Femminineo and Jamie Essenmacher from Plante Moran presented the results of the 2023 financial statement audit and the auditor's required communications with Council. Mr. Femminineo reported the following high-

level information as noted in the slide presentation. The City's General Fund continues to be financially sound, with an unassigned fund balance of \$28.9 million. Total fund balance decreased by \$22.7 million in 2023. The decrease was due to additional transfers to other funds for council designated projects. The Water and Sewer Funds have a combined unrestricted net position of \$124.7 million. The City invested \$118.6 million in various infrastructure projects, equipment, land, water rights, etc. And finally, debt paydown was \$16.3 million with no new debt was issued.

Plante Moran identified two areas for improvement that were due to the late filings,

- General ledger and underlying accounting records were not reconciled and closed in a timely manner throughout the year
- Year-end journal entries were identified during the audit and were necessary to state the financial statements in accordance with GAAP

Mayor Gates asked if the unassigned fund budget was sufficient as it relates to the overall budget. Ms. Litzau explained the current policy of the City was to have two months of reserves which covers the unassigned fund balance.

Councilmember DeBoutez and Mayor Gates both thanked staff and the consultants for the work on the audit and the plan going forward.

## **6. Greeley Municipal Code Procurement Revisions**

Budget and Policy Director Caleb Weitz introduced the item at 6:19 p.m. Purchasing Manager Levi Dyer was available for questions.

In 2022, the City hired a consulting firm to gather information regarding the current procurement and offer suggestions on modernizing the process. As a result, some inefficient procurement processes were identified. Recommendations included:

- Focus on raising procurement thresholds,
- Reduce heavy administrative burdens, and
- Allocate more resources for procurement actions that have a greater impact on taxpayer dollars.

The following portions of the City Code were recommended for update:

- Title 2, Chapter 4, Section 2 – 184 Approvals and signatures;
- Title 6, Chapter 6, Section 6 – 477 Competitive sealed bidding;
- Title 6, Chapter 6, Section 6 – 481 Non-Competitive negotiations;
- Title 6, Chapter 6, Section 6 – 483 Small purchases;
- Title 6, Chapter 6, Section 6 – 486 Change Orders.

Mr. Weitz shared the proposed new process updates:

- Increase the formal procurement threshold to \$150,000
- Signatures approvals will follow the new procurement thresholds
- Change orders authority to approve changes within appropriated budgets
- Define Non-Competitive Procurements

Councilmember Butler asked for more information on the projects that were delayed. Mr. Weitz added that the time required for procurement to solicit for projects versus department resources needs balancing. Procurement projects in the \$50K-\$100K range take up a lot of time that should be committed to higher dollar projects. He noted that a possibility of hiring additional staff was an option, but the number of current staff was reasonable for the size of Greeley, and the current procurement threshold has not been updated in 11 years.

Councilmember McDonald asked for clarity on checks and balances, setting expectations for quotes and award criteria. Mr. Dyer explained that staff work with departments to ensure the process is followed and the award criteria is based on more than strict dollar amounts. The winning bid is determined as the best value for the City. Mr. Weitz added that any City employee who does not follow the checks and balances policy is subject to disciplinary action. Mr. Lee noted that he has asked for a routine list of procurements to monitor items, especially those directly beneath the threshold.

Councilmember Payton explained that he was opposed to the 3X increase, however, he would support a \$100K change. Councilmember Butler agreed.

Councilmember Olson asked for clarification on the number of transactions required by staff compared to other cities. He also asked about training provided to procurement staff. Mr. Weitz shared that the data for the number of transactions can be provided with future updates. Mr. Dyer provided information on the training for procurement staff. Mr. Weitz added that these changes will provide an opportunity for additional training.

Councilmember Olson asked if there is a way to streamline the process for some of the smaller contracts. Mr. Dyer said that the system is capable of more than how it is currently being used and can streamline these processes. Councilmember Olson also asked for a definition of the term “designee”. Mr. Lee explained that a “designee” is not an entry level staff member but possibly Acting Director or someone with technical experience per the Charter.

Councilmember Butler asked for clarification on “small purchases”. Mr. Weitz replied that there were estimates of 700-800 small purchases per year. He anticipates this change would increase numbers to approximately 900-950 small purchases per year.

Mayor Gates inquired how the planning process will be impacted if Council voted to go with a 2x increase opposed to a 3x increase. Mr. Weitz expressed that any update to the procurement threshold would provide increased efficiency.

Councilmember Butler asked for clarification on the proposed changes to change orders. Mr. Weitz confirmed that change orders, especially on larger projects, can be delayed by the administrative process, noting this is a policy issue. The proposed changes are primarily focused on budget efficiency.

Councilmember Payton noted the importance of change orders coming to Council for review, especially when there are errors or when the change exceeds a certain percentage. Mayor Pro Tem Hall asked if budgeted amounts were exceeded, would it come to Council through the supplemental process. Mr. Weitz confirmed that was correct. Mr. Lee said that change orders would come to Council when the amount approved was impacted.

Council consensus was to proceed as discussed with 2X the limit increase.

After more discussion, Council requested that Mr. Weitz come back to Council with 2X the limit increase and updated research on change orders. Direction was to propose this at a regular meeting to help keep the item on track and limit the inefficiencies for the department.

**7. Scheduling of Meetings, Other Events**

Mayor Gates reminded councilmembers of the National Guard tour tomorrow at 9 a.m. to meet with Major General Laura Clellan. He also announced that some members of Council would be joining the Board of County Commissioners tomorrow at 3 p.m. to discuss the Greeley-Weld County Airport Strategic Plan.

**8. A motion to go into Executive Session for the purpose of receiving legal advice and providing instructions to negotiators regarding potential settlement of litigation**

Recommended Action: A motion to go into an Executive Session to discuss the following matter as provided under C.R.S. Sections 24-6-402(4)(b) and 24-6-402(4)(e)(I), Greeley Municipal Code Sections 2-151(a)(2) and 2-151(a)(5): To receive legal advice and to provide instructions to negotiators regarding potential settlement of litigation.

**Councilmember McDonald moved to approve the motion. Mayor Pro Tem Hall seconded the motion. The motion passed 7-0 at 7:04 p.m.**

**9. Adjournment**

Mayor Gates adjourned the meeting at 7:04 p.m.

**8. Executive Session for the purpose of receiving legal advice and providing instructions to negotiators regarding potential settlement of litigation**

The Executive Session was called to order at 7:09 p.m. for the purpose of receiving legal advice and to provide instructions to negotiators regarding potential settlement of litigation.

All members of Council were present to participate in the executive session, which was convened in person in the Executive Room of City Center South, located at 1001 11th Avenue.

In addition, the following staff members attended:

City Manager Raymond Lee

City Attorney Stacey Aurzada

Senior Attorney Michael Axelrad

Assistant City Attorney II Shaun Reinhart

Chief of Police Adam Turk

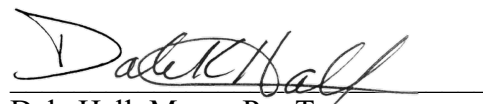
Risk and Safety Manager John Goodson

Mayor Gates cautioned each participant to confine the discussion to the stated purpose and provided a reminder that no formal action may occur in the Executive Session. If at any point any participant believed that the discussion was going outside the proper scope of the Executive Session, participants were advised to interrupt the discussion and raise an objection.

The meeting concluded at 7:28 p.m.

The recording of this executive session will be retained as provided in the City's records retention policy and in conformity with the Colorado Open Meetings Law for a period of 90 days.

Approved:

  
Dale Hall, Mayor Pro Tem

Attest:

  
Heidi Leatherwood, City Clerk