

## **GRAND JUNCTION CITY COUNCIL**

### **MINUTES OF THE SPECIAL MEETING**

**MARCH 29, 2017**

The City Council of the City of Grand Junction convened into special session on the 29<sup>th</sup> day of March, 2017 at 7:00 p.m. Those present were Councilmembers Bennett Boeschstein, Chris Kennedy, Duncan McArthur, Rick Taggart, Barbara Traylor Smith, Martin Chazen, and Council President Phyllis Norris. Also present were City Manager Greg Caton, City Attorney John Shaver, and City Clerk Stephanie Tuin.

Council President Norris called the meeting to order. Councilmember Chazen led the Pledge of Allegiance followed by a moment of silence.

#### **Economic Development Incentive Agreement**

Greg Caton, City Manager, introduced this item to consider whether or not to authorize the City Manager to negotiate an incentive package for the retention and expansion of an existing business. The business would relocate its facility to City owned land to be improved for the purpose of establishing a business park on the riverfront at the east end of Las Colonias Park. This \$30 million economic development project would be a true public/private partnership. Along with the City, the Grand Junction Economic Partnership (GJEP) and the Downtown Development Authority (DDA) would also be partners in this project. City Manager Caton identified the project's economic development goals then asked Rob Schoeber, Director of Parks and Recreation, to describe the Las Colonias Park area and the process of its past, current, and future development. City Manager Caton described the concept of the Las Colonias Business Park which included details of long term leases with businesses that focus on the Outdoor Recreation Industry. City Manager Caton introduced David Thornton, Principal Planner with Community Development, to explain the vision from the planning aspect.

Mr. Thornton said a Planned Development zoning proposal for this project will be necessary for the entire City owned site and Community Development would develop guidelines for its existing and future development. Mr. Thornton displayed a map that included a draft of the Outline Development Plan showing the 10 to 15 acres designated as the Las Colonias Business Park with a network of roads and access points. He stated the rezone request will be considered by the Planning Commission as well as Council.

City Manager Caton emphasized that the eastern end of the park is mapped out conceptually only at this point and this would be the retention and expansion of an existing business that will serve as the anchor tenant. He provided details of the City incentive package and the financial commitment of its proposed recipient, Bonsai Design. He stated Bonsai Design would also be required to actively participate with GJEP to recruit other businesses to the Park.

Kristi Pollard, GJEP Director, reviewed the economic impact of this proposal stating Bonsai Design, a local company, is a world renown company in the Outdoor Recreation Industry. She provided details of Bonsai Design's manufacturing and warehouse usage, their commitment to expand to 50 employees, and the positive local economic impact this project would have. She said the State supports this project and urges a favorable vote. She introduced Thad Shrader, Bonsai Design owner.

Mr. Shrader provided a video showing Bonsai Design's history. He detailed some of the company's projects and the benefits of having an outdoor facility located beside their building. He showed options for the Las Colonias Business Park and said they are committed to act as the anchor tenant and will actively recruit other outdoor recreation companies to relocate to the area. Mr. Shrader said riverfront properties appeal to several companies and Bonsai Design wants a facility large enough for research and development along with the ability to offer space to start-up companies. He thanked Council for their consideration.

City Manager Caton reviewed the item and said the estimated timeframe for completion is six months, if Council passes this Economic Development Incentive Agreement.

Council President Norris asked for comments or questions.

Councilmember Boeschstein disclosed that Sarah Shrader and his daughter are friends but their relationship will not sway his vote. He then asked how much land will remain open space in the Las Colonias Park area. City Manager Caton said approximately 85% of the park will remain open space; of the 147 acres, 10 to 15 acres will be for the business park with 5 acres designated for infrastructure.

Councilmember Boeschstein said he is pleased to see original elements of the Master Plan included. He asked if this item will have to go to a vote of the people. City Attorney Shaver stated no because this is not for the sale of the Park. Councilmember Boeschstein stated the site has uranium mill tailings and there is possible underground water contamination and asked how this issue is being handled.

City Attorney Shaver said Bonsai Design is aware there are specific construction stipulations and that the City will comply with the regulatory aspects as legally required. Councilmember Boeschstein thanked Bonsai Design for expanding a local industry and he said is in favor of this item.

Councilmember McArthur asked for details of what is included in the \$600,000 for public improvement. Ms. Pollard said the \$600,000 is for the design and construction of the zip-line which will cross the Colorado River. Councilmember McArthur asked how the interactive improvements will be funded. City Manager Canton stated the cost of the interactive improvements is included in the \$10 million which also includes infrastructure, roadways, and development.

Councilmember McArthur asked who will own the zip-line once it is completed. Ms. Pollard said Bonsai Design will own the zip-line and will be used for their research, development, testing, and training of employees. Councilmember McArthur asked where the funding will come from for the \$1 million. City Manager Caton said it is a portion of the \$10 million. Councilmember McArthur asked if the DDA will front the money to be paid back by the City. City Manager Caton said yes, the DDA will issue debt for 15 years and the City will make the bulk of the annual payment. City Manager Caton stated a variety of financial sources have been researched with possible options for grant and dedicated funds (Parkland Expansion, Transportation Capacity Payments (TCP), and other restricted funds); one pro forma is very conservative with only one anchor tenant, and a less conservative model where lease rents anticipated with all pads are to be built out over a seven-year period. He stated that once built, the annual leases will total \$762,000. Councilmember McArthur commented that this is an example of incentive versus subsidy.

City Manager Caton stated the anchor tenant is key to jump-starting the business park and partnering with Bonsai Design takes the project to the next level in becoming a regional destination. He said this is an economic development opportunity with a greater return to the DDA district. Councilmember McArthur said he has concerns in the long term of this deal at the City's expense. City Manager Caton stated \$500,000 of the City's investment of \$1 million is to be paid back over 25 years with the lease payments plus the zip-line and related amenities.

Councilmember Kennedy asked what the liability would be if the City owned the zip-line. City Attorney Shaver said it would be the same as any other park amenity; the City and Bonsai Design will be protected. He said this would be subject to the lease agreement with regard to safety and the certification of operators.

Mr. Shrader stated this is a well developed pro forma; aerial adventure parks lost \$150,000 to \$200,000 per year for insurance premiums. He said Bonsai Designs holds those policies with millions of dollars of umbrella policies while retaining employees hired annually, of which 15 to 20 must go through an extensive six-day training of both written and practical testing to operate the facilities.

Councilmember Kennedy asked what the ongoing maintenance cost is regarding the operational side. Mr. Shrader replied \$50,000 every four years, however Bonsai Design wants to financially relieve the City and assume those operational costs.

Councilmember Kennedy said this is the second project before Council to change the dynamics of what the Grand Valley can be. He said this is a fantastic out of the box opportunity with exceptional business/City partnerships. Councilmember Kennedy said the Economic Incentive Agreement has an economic and direct labor impact. He stated Bonsai Design, as an anchor tenant, is making a commitment to the community and that will be invaluable.

Mr. Shrader said the outdoor coalition has put them in touch with other companies within the outdoor sporting industry. He said they are receiving many interested inquiries from several sources such as Luis Benitez (Director of Colorado Outdoor Recreation Industry Office) and a variety of non-profits. Ms. Pollard said there will be a retail component in the Las Colonias Business Park but the majority will be manufacturing like Bonsai Design.

Councilmember Kennedy said the first project was the amphitheater and the second is the business park. He stated Bonsai Design would be taking a risk not owning the land, however he is excited about the potential of this growing industry and growing the community. Councilmember Kennedy said he hopes his peers will also see the great potential and unanimously vote for the Economic Development Incentive Agreement which is recommended by the Parks and Recreation Advisory Board.

Councilmember Traylor Smith agreed with Councilmember Kennedy's comments. She said Council challenged GJEP and the Grand Junction Regional Area Chamber of Commerce (GJRACC) for a vision which came from the North Star Study. Ms. Pollard said she sees optimism with several outdoor recreational companies while at least six Colorado companies are waiting for the Economic Development Incentive Agreement to pass. The City of Golden, Colorado is working on a similar project while many recreational companies in the Boulder area would like to move their manufacturing to Grand Junction. She stated there are also companies in Utah that want to relocate east and she is encouraged that the sites in the Las Colonias Business Park will fill quickly.

Councilmember Chazen asked if by authorizing the negotiations, will the request come back to Council for ratification. City Manager Caton answered yes. Councilmember Chazen said he looks forward to the community growing with this type of industry and reviewing the public disclosure for the financing and operating model with details of the cost to maintain the amenities. City Manager Caton said this is part of the plan and anticipates more action items that will come back to Council.

Councilmember Chazen asked what Bonsai Design's role would be in marketing. Mr. Shrader said Bonsai Design is planning to partner with GJEP to pool resources and

contact several companies within the outdoor recreation industry. He said they want to make a bigger community impact and press their goal to make a difference in the community.

Councilmember Chazen said he represents Council on the DDA which passed a resolution unanimously to take the next step which is more than developing a park, it is a vision that potentially can impact the whole lower downtown area. He said he is very much in favor of taking this next step.

Council President Norris asked where the light manufacturing building will be located. Mr. Shrader indicated on the proposed diagram and said the warehouse is to be overbuilt to provide additional space for established companies and act as a type of business incubator. Council President Norris stated that private property might also see additional development. She expressed appreciation to the DDA, the Economic Development (ED) partners, and Thad and Sarah Shrader. Council President Norris said she will vote for this initiative and stated it is a wonderful project.

Councilmember McArthur asked how property tax is handled on leased property. City Attorney Shaver stated this is possessory interest, therefore, the private purposes will be subject to taxation, however, he will confirm this with the County Assessor. Councilmember McArthur asked if the current master plan offers a zip-line. Mr. Schoeber answered yes. Councilmember McArthur said he still questions the million-dollar subsidy.

Councilmember Kennedy made a motion to authorize the City Manager to negotiate an economic incentive agreement consistent with the terms presented. Councilmember Taggart seconded the motion. Motion carried by roll call vote with Councilmember McArthur voting NO.

### **Other Business**

Council President Norris stated regular Council meetings will begin at 6:00 p.m. starting on April 5, 2017.

Councilmember Boeschstein said there is a group in the City that wants to start an arts and cultural district and he will bring more information at a later date.

There was no other business.

### **Adjournment**

The meeting adjourned at 8:28 p.m.

Stephanie Tuin, MMC  
City Clerk