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**GRAND JUNCTION CITY COUNCIL
MONDAY, DECEMBER 18, 2023
WORKSHOP, 5:30 PM
FIRE DEPARTMENT TRAINING ROOM AND VIRTUAL
625 UTE AVENUE**

1. Discussion Topics

- a. Tax-Exemption for Secondhand Store
- b. School District Impact Fee

2. City Council Communication

An unstructured time for Councilmembers to discuss current matters, share ideas for possible future consideration by Council, and provide information from board & commission participation.

3. Next Workshop Topics

4. Other Business

What is the purpose of a Workshop?

The purpose of the Workshop is to facilitate City Council discussion through analyzing information, studying issues, and clarifying problems. The less formal setting of the Workshop promotes conversation regarding items and topics that may be considered at a future City Council meeting.

How can I provide my input about a topic on tonight's Workshop agenda?

Individuals wishing to provide input about Workshop topics can:

1. Send an email (addresses found here <https://www.gjcity.org/313/City-Council>) or call one or more members of City Council (970-244-1504);
2. Provide information to the City Manager (citymanager@gjcity.org) for dissemination to the City Council. If your information is submitted prior to 3 p.m. on the date of the Workshop, copies will be provided to Council that evening. Information provided after 3 p.m. will be disseminated the next business day.

3. Attend a Regular Council Meeting (generally held the 1st and 3rd Wednesdays of each month at 6 p.m. at City Hall) and provide comments during “Public Comments.”
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Grand Junction City Council

Workshop Session

Item #1.a.

Meeting Date: December 18, 2023
Presented By: Cody Kennedy, Councilmember
Department: City Manager's Office
Submitted By: Jennifer Tomaszewski

Information

SUBJECT:

Tax-Exemption for Secondhand Store

EXECUTIVE SUMMARY:

Staff received a request from Council member for discussion related to consideration of a sales tax exemption for secondhand stores. Staff prepared additional information to assist with this discussion.

BACKGROUND OR DETAILED INFORMATION:

Based on the request for consideration of a sales tax exemption for secondhand stores, staff brings forward additional information to assist with the discussion.

To help put context to the volume of sales tax collected by secondhand stores, the City collects approximately \$675,000 in sales tax per year, and from approximately 32-34 businesses. These consist of various business types including: pawn stores, high-end antique shops, thrift stores, used sports equipment and games, clothing consignment, auction and estate sales.

The City Municipal Code provides exemptions for various items which are already considered exempt from sales tax. Below are a few of these exemptions which are listed in Municipal Code section 3.12.070, including:

- All sales of food
- Utilities (such as electricity and gas)
- Sale and purchase of medical supplies
- Direct sale to a charitable organizations in conduct of its functions and activities
- Sales made by schools, school activity booster organizations, and student classes if proceeds are used for the benefit of school or student organization

It's important to also note that Municipal Code section 3.12.050 states:

"The sales tax levied by GJMC [3.12.030\(a\)](#) shall apply to the purchase price of the following:

*(a) Tangible personal property that is sold, leased or rented, **whether or not such property has been included in a previous taxable transaction.**"*

The last item to consider relates to the 2024 budget. Given the recent changes from the Colorado Legislature special session, which resulted in an estimated decrease in property tax revenues of \$600,000, this would further impact the deficit created going into the 2024 budget.

FISCAL IMPACT:

No fiscal impact at this time. This report is for discussion purposes only.

SUGGESTED ACTION:

Staff has no recommendation at this time. This item was presented for discussion purposes and information only.

Attachments

None



Grand Junction City Council

Workshop Session

Item #1.b.

Meeting Date: December 18, 2023

Presented By: Greg Caton, City Manager, Jennifer Tomaszewski, Finance Director

Department: City Manager's Office

Submitted By: Jennifer Tomaszewski

Information

SUBJECT:

School District Impact Fee

EXECUTIVE SUMMARY:

The purpose of this item is to provide Council information relating to the School Land Dedication Fee (SLD Fee or Fee) for Mesa County Valley School District No. 51 and for discussion of possible options regarding the Fee.

BACKGROUND OR DETAILED INFORMATION:

Since the City Council's adoption of Ordinance 2886 in 1996, the City has collected the SLD Fee during the land use permitting process for and on behalf of District 51 (District or D51). In accordance with the Ordinance as codified, (Ordinance and/or Code) the City has maintained a separately identified trust fund for deposit of SLD Fees and disbursement to D51 for the purchase of property for schools, as provided in the Code. The Ordinance established the methodology for calculating the District's calculation of the SLD Fee. The initial SLD Fee was \$292 per dwelling unit with subsequent Council actions and re-adoption of the Code extending the Fee and increasing it to \$920 per dwelling unit.

Funds are required to be used by the District to purchase real property. School Land Dedication Fees have been distributed to the District for property purchases. However, since 2018, the District has not requested additional funds and to City staff's knowledge, D51 has not purchased real property as it is staff's understanding that enrollment has been declining.

The last disbursement to the District was made in 2018, and the ending fund balance (GAAP basis) as reported in the City's 2022 Annual Comprehensive Financial Report was \$2.9M. The City has collected approximately \$428,000 to date in 2023. As no

request for disbursement has been received from the District, the City staff has contacted the District Superintendent and will be working with the District to determine how to proceed with the Fee in the future. The City maintains records of who and when SLD Fees were paid, and as provided in the Code, the Staff is prepared to follow the refund process if the District does not request an extension and/or if the City Council does not extend the imposition and collection of the Fee. The relevant sections of the Code are included below.

In general, there are three options, as follows. The options are not presented in an order of preference/or recommendation.

Option 1: The District may request, and the Council may grant a 5-year extension of the Fee if the record is sufficient to show that such extension is reasonably necessary for the District to complete or close a purchase transaction entered into in writing by such district prior to expiration of such period, or to give the District an opportunity to exercise a purchase option it acquired prior to expiration of such period.

Option 2: The District may request, and the Council may deny a 5-year extension of the Fee if the record is insufficient to show that such extension is reasonably necessary for the District to complete or close a purchase transaction entered into in writing by such district prior to expiration of such period, or to give the District an opportunity to exercise a purchase option it acquired prior to expiration of such period.

Option 3: If the District does not request an extension or an extension is requested and denied, then the City Council may repeal the Ordinance/amend the Zoning and Development Code and eliminate the SLD Fee. If eliminated, the City Council, on behalf of the District, would not be precluded from imposing a Fee if/when a demonstrable need for school site acquisition arises.

Notwithstanding these options for the treatment of the Fee going forward, unless the District has "*acquired "... property for expansion of school facilities and construction of new facilities necessitated by new residential development ..."* as proscribed by the Ordinance, it is the Staff's opinion that a reimbursement of FY 2018 SLD Fees needs to occur as provided in the Code.

"(a) Any SLD Fee which has not been expended by the School District within five years of the date of collection shall be refunded, with interest at the rate of five (5) percent per annum compounded annually, to the person who paid the fee. Prior to such refund, such amount shall be reduced by an amount equal to three percent (3%) of the principal amount to be refunded, for the costs incurred by the City in the refund of such fee. The City shall give written notice by first class mail to the person who paid the fee at his or her address as reflected in the records of the Mesa County Clerk and Recorder. If such person does not file a written claim for such refund with the City within ninety days of the mailing of such notice, such refund shall be forfeited and shall be retained and used for the purposes set forth in this section 5-4-6.5(B) (Original Code section - current Code 21.06.030)

(b) City Council may, upon the School District's request, extend the five-year period of time specified in part (a) of this subsection above upon a showing that such extension is reasonably necessary in order for the School District to complete or close a purchase transaction entered into in writing by such district prior to expiration of such period, or to give the School District an opportunity to exercise a purchase option it acquired prior to expiration of such period. Such request shall be made at a public hearing of the City Council. In no event shall any extension of time exceed an additional five (5) year period."

FISCAL IMPACT:

SLD fees are maintained in a trust account on behalf of the Mesa County Valley School District No. 51, therefore there is no fiscal impact on the City budget/funds to be expended by the City for City purposes.

SUGGESTED ACTION:

Discussion and Direction.

Attachments

None