

## **GRAND JUNCTION CITY COUNCIL WORKSHOP SUMMARY** **March 4, 2024**

**Meeting Convened:** 5:30 p.m. The meeting was held in person at the Fire Department Training Room, 625 Ute Avenue, and live streamed via GoToWebinar.

**City Councilmembers Present:** Councilmembers Scott Beilfuss, Cody Kennedy, Jason Nguyen, Randall Reitz, Dennis Simpson, and Mayor Anna Stout. Mayor Pro Tem Abe Herman was absent.

**Staff present:** City Manager Greg Caton, City Attorney John Shaver, Assistant to the City Manager Johnny McFarland, Community Development Director Tamra Allen, Niki Galehouse Planning Supervisor, Utilities Director Randi Kim, Transportation and Engineering Director Trent Prall, Housing Manager Ashley Chambers, Deputy Chief Gary Marak, City Clerk Amy Phillips, and Deputy City Clerks Krystle Koehler and Selestina Sandoval.

### **1. Discussion Topics**

#### **a. Shoshone Water Rights Preservation (Colorado River District)**

Utilities Director Randi Kim and Representatives from Colorado River District gave a presentation requesting that the City of Grand Junction consider a formalized financial commitment supporting the acquisition and permanent protection of the Shoshone Water Rights. They reported that on December 19, 2023, Xcel Energy and the Colorado River District signed a Purchase & Sale Agreement (PSA) to transfer ownership of the historic Shoshone water rights to the River District for \$99 million.

They explained that permanent protection of the Shoshone Flows will secure multiple benefits. The City of Grand Junction has conditional water rights on the Colorado River but does not currently use these water rights for its water supply. Protection of the Shoshone Flows provides other benefits to the City including ecosystem protection and Endangered Species Act compliance, supporting the recreational and agricultural economies, and water quality improvements.

The funding strategy for the \$99M investment relies on a diverse partnership of local, state, and federal funding sources (\$39M from Federal Government, \$20M Colorado River District, \$20M Statewide Board, \$20M from Colorado Counties and Municipalities). The Colorado River District requested that the City of Grand Junction formalize a financial commitment of \$1M to support the acquisition and permanent protection of the Shoshone Water Rights.

Concluding their presentation, discussion ensued with questions regarding the impact on the outdoor recreation industry in Grand Junction, particularly related to the Colorado River. The economic activity associated with in-stream recreation and its direct correlation to the City's economy.

Councilmembers inquired about the mechanism and timing for financial contributions. There was discussion on the nature of the contribution, what other entities would be asked to contribute and how much, as well as the timeline for federal commitments and funding opportunities.

Representatives asked the Council to issue a commitment letter in the amount of \$1M to be included in their upcoming grant cycle.

Council expressed interest in placing the topic on a future City Council meeting agenda.

The Mayor requested that Discussion Topic c - Transportation Capacity Expansion Update be moved forward on the agenda as the next item for discussion. Council agreed.

**b. Transportation Capacity Expansion Update**

Trent Prall Transportation and Engineering Director gave an overview of the City's transportation capacity expansion needs and the impact of cost increases on the projects.

He reported that in 2018, the City identified \$184 million in transportation improvements to expand network capacity over the next 20–30 years. Included in that estimate were large-scale projects such as the widening of 24 Road, the creation of the F 1/2 Parkway, the widening of 25 Road, and the City's 50 percent share of the I-70 Interchange at 29 Road along with other improvements to transform rural "farm to market" corridors to urban collectors complete with sidewalks, bike lanes, turn lanes and streetlights. These corridor improvements included 24 1/2 Road, 26 Road, 26 1/2 Road, 27 Road, D Road, and D 1/2 Road, among many others.

CDOT's construction cost index has averaged 9.5 percent annually between 2019 and 2023. With real estate values increasing at an average of 10.5 percent annually over the same period, \$184 million has grown to \$300 million. Since the original 2018 needs analysis, additional projects have been identified, including the completion of Grand Ave to 28 1/4 Road, 28 1/4 Road to I-70B, 29 1/2 Road corridor from Patterson to G Road, Broadway widening from Ridges Blvd to Redlands Parkway as well as widening Redlands Parkway from Broadway to 24 Road. These projects total an additional \$60 million.

The original assumption was to fund the various projects with 1/3 existing revenues, 1/3 transportation impact fees, and 1/3 new funding. In April 2019, a new 0.25 percent sales tax dedicated to transportation expansion was turned down by voters. While increases in transportation impact fees were implemented in late 2018, the fees were set at 75 percent of the amount recommended by the impact fee study and then phased in over four years. With the 75 percent implementation and four-year phase-in, approximately \$4.6 million in TCP fee revenue between 2020 and 2023 has been foregone. Impact fees generate approximately \$2.3 million per year at the current rates.

In November 2019, voters authorized a \$70 million bond issue with no new taxes. Repayment of the bonds is paid for within existing 0.75 percent sales tax revenues. The 10 projects originally proposed for funding included the 24 and G Road corridors that will be completed this spring, the F 1/2 Parkway currently under construction, as well other capacity improvements on 24 1/2 Road, 26 1/2 Road, Horizon and G Rd Intersection, D 1/2 Rd between 29 1/4 and 30 Rd, B 1/2 between 29 Rd and 29 3/4 Rd, and F 1/2 Rd between 30 Rd and 30 3/4 Rd. Due to the high construction cost inflation rates over the last four years and the strong real estate values that have driven right-of-way costs up, the cost to complete the projects is now estimated at \$105 million.

The City's 0.75 percent sales tax dedicated to capital improvements currently generates approximately \$18 million, of which approximately 50 percent is invested in roadway infrastructure, with \$4.3 million for debt service for transportation capacity expansion projects and \$4.7 million dedicated to street and traffic signal maintenance annually.

Impact fees are slated to be studied again this year as part of a five-year review and update but are currently estimated to be approximately \$70 million short of funding the anticipated 1/3 share of the \$300 million over 10 years.

With the April 2019 0.25 percent sales tax defeat, "new" funding is still required to meet approximately \$100 million of the overall transportation capacity needs.

**Other Capacity Projects.** The transportation impact fees are still anticipated to fund other capacity projects such as 26 and G Roundabout, 27 and G Roundabout, Riverside Parkway Signal at Dos Rios, Crosby Ave, Riverside Parkway at 9th Street right turn lane, Broadway (State Hwy 340) left turn lane for Magnus Court, and 28 1/4 Road from Grand Ave to I-70B.

The I-70/29 Road Interchange is anticipated at \$80 million (split with Mesa County) with construction in 2026. A Mesa County-led November 2024 ballot initiative for debt is currently proposed. The City's 50 percent share of the debt service is anticipated to be \$2.5 million annually for 30 years at 4 percent. Funding is currently planned for 0.75 percent sales tax, and those resources will be further reduced for future capital projects.

Discussion ensued regarding transportation needs and the rising construction costs and increased real estate values. The impact of a failed 2019 sales tax increase, implementation of impact fees, and the need for additional funding sources. Funding options such as existing funds, impact fees, and potential revenue from a future ballot initiative are considered. Prioritization of projects based on significance to the transportation system and community growth was emphasized.

Next steps include:

- Matching increased project costs to existing revenues
- Prioritizing projects
- Consideration of an impact fees study
- Revisit tax initiative(s), balancing infrastructure needs with housing affordability.
- Update Interim Housing Code and prioritize projects based on their impact on the transportation system.

**c. Interim Housing Code Update**

Tamra Allen Community Development Director and Niki Galehouse Planning Supervisor assisted by consultant Elizabeth Garvin presented this item. They reported that Interim Housing was identified by the Unhoused Needs Assessment, the 2023 Zoning & Development Code (ZDC) Committee, and City Council as a land use that should be explored. Since the adoption of the 2023 ZDC, staff have been working with consultants and a working group to identify the needs within the City and develop regulations to address the use within the City.

They provided a brief update on the progress of the working group regarding the Interim Housing project, detailing its goals, process, and draft regulations, aiming to encourage various housing options, particularly temporary solutions for those in need. The presentation covered preferences from a community working group, including zoning, shelter types, safety considerations, site design, and approval processes. Draft regulations addressing these aspects are open for public review.

A concern was noted about consensus within the working group, notably the heavy representation of service providers.

Consultant Garvin acknowledged ongoing discussions and differing views within the group, particularly regarding regulatory approaches. Concerns about allowing interim housing in residential areas was voiced, citing potential law enforcement challenges.

Suggestions moving forward included:

- Conducting additional community engagement sessions for feedback,
- Balancing openness and regulations,
- Considering potential conflicts between service providers and others in the working group,
- Focus on challenges regarding ADA requirements, emergency services, site conditions, fire safety and code compliance.

Additional discussion revolved around the staff's approach to zoning and stressed the importance of tailored specific solutions and effective site management for the homeless population. A Conditional Use Permit (CUP) approach was favored by the working group, emphasizing public hearings and site-specific criteria. Some Councilmembers emphasized the need for tailored solutions and praised the proposal's openness to diverse placements. Concerns about duration of stay, potential public perception, and the necessity of regulations before site setup were addressed.

## **2. City Council Communication**

There was discussion about whether to proceed directly to Planning Commission review or involve City Council first regarding the Interim Housing Code highlighting concerns about transparency and urgency. Staff will add this item to the City Council meeting for action on March 6<sup>th</sup>.

Council discussed drafting a letter to the USPS in opposition to its proposal to move the Grand Junction area's mail collection distribution center to Denver.

Mayor Stout noted that the City will conduct interviews for the Parks and Recreation Advisory Board and one member from Council would be needed. The Mayor volunteered to participate in the interviews.

## **3. Adjournment**

There being no further business, the Workshop adjourned at 8:34 p.m.