

GRAND JUNCTION CITY COUNCIL WORKSHOP SUMMARY
April 21, 2014 – Noticed Agenda Attached

Meeting Convened: 11:32 a.m. in the City Auditorium

Meeting Adjourned: 1:37 p.m.

Council Members present: All except Doody and Traylor Smith. Staff present: Englehart, Moore, Shaver, Romero, Ashbeck, Rainguet, Kovalik, and Tuin.

Downtown Development Authority / Downtown Grand Junction Business Improvement District (DDA/BID): Harry Weiss, Aaron Hoffman, Diane Keliher, Les Miller, Stephan Schweissing, P.J. McGovern, Shane Allerheiligen, Kevin Reimer, Jodi Coleman Niernberg, and Kirk Granum

Agenda Topic 1. Review and Discussion of Downtown Development Authority and Downtown Business Improvement District Programs and Activities

City Manager Rich Englehart began by saying that City Council has asked to meet with the various boards that deal with Council at least once a year.

DDA Chair Jodi Coleman Niernberg advised that that they have brought four topics to discuss with Council.

Each person present introduced themselves.

DDA/DGJBID Executive Director Harry Weiss provided the background information of the four topics to be discussed: 1) the opportunities for the DDA/DGJBID to engage in a broader range of economic development activities; 2) how that would be and what the controls would be for that as the DDA has restrictions and constraints with funding and the Tax Increment Financing (TIF); 3) issues about the way the BID and the DDA intersect as the demand has grown for downtown events since the reconstruction of Main Street; and 4) the renewal of the BID.

Topic No. 1 has been as topic of discussion for the board for some months. They looked at what is really unique about the DDA and the BID relative to other types of economic development agencies. The DDA/BID has a unique focus because of the number of capital improvement projects. The DDA is more of a community development agency but they are empowered by State Statutes to do both physical improvements and implement economic development through their governing Plan of Development (PoD). Mr. Weiss describe four areas of activity that he presented to the DDA Board to consider in terms of economic activity. The first one was having the DDA become more involved in the economic restructuring of commercial property. The DDA currently provides grants to downtown businesses to renovate their facades to create a great street scape, however, there are more issues to be considered. The second item was to come up with a better strategic plan and a recruitment strategy for retail opportunities downtown. This was an item in the 1981 original PoD for the DDA. The DDA fulfills a planning function as a planning agency in support of the City. There was quite a bit in the original PoD that has not been done. The downtown is an emerging entertainment

area and it is necessary to determine what kind of retail would compliment it. The third item is the concept to develop the creative sector of the economy. In November 2011, the State of Colorado launched a Creative Industries Division and is pushing local economies to explore creativity in their communities to define downtowns. The State's Creative Industries Division is lobbying this year for a revolving loan pool for small creative businesses for business development to build capacity and leadership. The DDA could support, facilitate, and help fund the partners but cannot represent that sector. The fourth strategy is to focus on how to get housing downtown. It is one of the components for a healthy and diversified downtown. A market study that was completed in February indicated there is a lot of demand and interest to live downtown, but no housing. They are conducting a market rate study for the feasibility of developing housing in White Hall. That study will be complete the end of May and then they will have a series of open houses and will like to present the results to Council at that time. Councilmember McArthur asked Mr. Weiss to define market rate. Mr. Weiss said that market rate is housing that serves the needs of people who make 100% or 120% of average median income and above. Councilmember McArthur questioned that if the market isn't thriving anywhere else, will it thrive downtown? Mr. Weiss said that part of a successful downtown is to have people living downtown. President of the Council Susuras asked if they have studied sites other than White Hall. DDA Chair Coleman Niernberg said they are looking at four study sites.

Mr. Weiss moved onto the next topic about the TIF. The TIF constitutes the bulk of the DDA/BID funding resources and it is very constrained as to what it can be used for. The TIF is for public facilities and capital projects. As the DDA/BID moves forward, they may seek Council and DDA electors' approval to loosen up some of the restriction on the use of TIF for very specific, authorized purposes. Anything the DDA does has to be in their PoD or for the BID, it has to be in their Operating Plan. Both documents are subject to City Council approval. Mr. Weiss mentioned the Catalyst Project, a study which was conducted and fell through in 2012 which included looking at purchasing the Assembly of God property on 5th and Grand, a whole City block which could be steered towards redevelopment. A small loan to purchase the property was considered, using the TIF Bond to pay off the loan but the TIF Counsel advised that was not authorized as it did not meet the criteria of blight and a public facility. There was more discussion about other agencies outside of the DDA that could step in to purchase that property.

President of the Council Susuras asked when Council needs to start looking at the BID renewal. Mr. Weiss said the ordinance creating the BID included a sunset in 2015. There has been discussion as to whether a renewal should also include changes to purpose, assessment, and governance. City Attorney Shaver explained that if the BID is renewed only, it would only require a new ordinance be adopted by City Council. If the BID is looking at being changed, it would require the vote of people within the District. City Attorney Shaver provided some history on when the BID board was created in 2006. Councilmember McArthur asked what the impact would be if the BID wasn't renewed. Mr. Weiss said that the BID focuses on district marketing and producing special events, i.e. Farmers Market, Art and Music Festival, Parade of Lights, etc., which would all go away if the BID was not renewed. There was a discussion as to the conflicts of having the DDA and BID boards being comprised of the same people. There were arguments both for and against with the majority consensus seeming to lean toward

keeping the boards the same because two separate boards would not necessarily solve the conflicts.

Councilmember Chazen suggested that Council take a strategic view of this for the organizations to work together towards an economic development goal that would involve bringing a market driven population downtown to work and live.

Mr. Weiss referred to a spreadsheet that listed the DDA investment of TIF funds over the last ten years; \$18 million has been spent plus another approximate \$3.6 million in the parking garage. The construction of the improvements was to create an area to attract private investment. The purpose of the DDA is to preserve property values and to eliminate blight. The DDA should be able to take their investments and attract complimentary private investment, either in small business or in real estate redevelopment. Councilmember Chazen feels that the stage has been set for growth in the downtown area and now the legal framework needs to be set for private/public partnerships and for the use of the TIF to leverage development. He would like to know what the options are and the steps necessary to accomplish this.

City Attorney Shaver explained that there are ways to loosen the restrictions on the use of the TIF dollars. The BID doesn't have to be just for events, it could be for capital, similar to how the Horizon Drive Association BID has used their funding. City Attorney Shaver explained that the two entities are different; therefore, they do need different rules because of what each board has chosen to do. They have complimentary functions with a slightly different set of rules. Other options could be brought to Council if Council wants to look at something other than just renewing the BID.

Councilmember Boeschstein said a lot of good things are happening downtown with new businesses and the partnership is going well. He provided several examples. There was more discussion on whether or not the DDA board should also be the BID board.

It was noted there is an accountability factor with the BID that is very different from the DDA in terms of constituent's expectations. City Attorney Shaver advised that if they do decide to have two separate boards, one item they make want to look at would be to delegate the City Council as the permitting authority for downtown events again because the DDA currently has that authority.

City Manager Englehart brought the discussion to a close by saying that it has helped knowing what the next steps should be.

Other Business

City Manager Englehart advised City Council that a request has been received from a private developer asking that City Council consider a discussion concerning development fees. He advised there is currently no policy in place so these requests have been brought forward to Council on a case by case basis. He mentioned a few considerations that have come before Council in the past. The request was distributed to Council. The request is for Meridian Park,

an apartment complex of 168 units to be located by City Market in Orchard Mesa. City Manager Englehart said that the developer is asking for \$235,000 in fee reductions for the Transportation Capacity Fee, Parks Impact Fee, and Open Space Fee plus a \$300,000 fee reduction for the Sewer Plant Investment Fee. Deputy City Manager Moore explained that the developer is actually asking for almost \$1 million in fee reduction, but part of that includes the School Impact Fee, Ute Water fee, and the Pipe Use fee charged by Orchard Mesa Sanitation District, none of which are City fees. City Council felt that it would be a good idea to help the developer; it will benefit the City and be good for economic development. They discussed allowing the developer to defer the payment, whether or not to charge interest, and how that would affect the City's budget. Deputy City Manager Moore explained that in the past, the City has deferred fees and spread them out up to five years with no interest charged. Councilmember Chazen expressed concern about what happens if the developer does not come through with the payment toward the deferral. City Attorney Shaver explained that a contract is drafted and the City considers credit worthiness, posting a bond, as well as other assurances but there are no guarantees. The City is diligent to ensure delinquency doesn't happen. Council was advised that the developer will be building in a location outside of the City's water and sewer area but if he were to move the development into the City's service area, he could save 65% in fees. There was further discussion as to how long to defer the fees. Staff will put a spreadsheet together for Council and look at the deferred fees for no more than five years.

City Manager Englehart advised Council that at some time, the hours for Matchett Park as well as the categorization and hours for other parks will be coming forward to Council. Parks and Recreation Director Schoeber will be engaging the Parks and Recreation Advisory Board to better define what Matchett Park will look like and take a look at all of the parks and see if the hours are lining up. There was a resolution adopted in 2003 which allows the City Manager to categorize and to look at where all of the parks are in terms of hours. A more comprehensive look is now being done for all of the parks, so it may be coming back to Council.

Councilmember Chazen brought up the funding for Catholic Outreach, and when Council passed it, it was requested to be brought back for discussion and he was wondering if it will be brought back. The overall consensus of Council present was not to bring it back, but Councilmember Chazen stated he will ask the question again when there is a full Council present.

With no other business, the meeting adjourned.

**GRAND JUNCTION CITY COUNCIL
WORKSHOP**

**MONDAY, APRIL 21, 2014, 11:30 A.M.
CITY AUDITORIUM
250 N. 5TH STREET**

To become the most livable community west of the Rockies by 2025

**JOINT MEETING WITH THE BOARD OF DIRECTORS FOR
THE DOWNTOWN DEVELOPMENT AUTHORITY AND
THE DOWNTOWN GRAND JUNCTION BUSINESS IMPROVEMENT DISTRICT**

- 1. Review and Discussion of Downtown Development Authority and Downtown Business Improvement District Programs and Activities:** Grand Junction City Council meets at least once a year with the jointly appointed Grand Junction Downtown Development Authority (DDA)/ Downtown Grand Junction Business Improvement District (BID) Board of Directors to discuss general issues related to Downtown and the specific activities and current concerns of the DDA and BID.

Discussion topics have a variety of policy implications that require Council input and direction, and may necessitate subsequent Council action to implement policy directives or changes.

This workshop session is intended to inform Council of the broad scope of DDA and BID functions, to offer background and answer immediate questions on the four primary discussion topics, to explore policy options for Council's consideration, and to identify next steps and possible Council actions related to implementation. Given the scope of discussion items, a second follow-up meeting is anticipated.

Attachment

- 2. Other Business**