

**GRAND JUNCTION CITY COUNCIL
WORKSHOP SUMMARY**

NOVEMBER 1, 2004

The City Council of the City of Grand Junction, Colorado met on Monday, November 1, 2004 at 7:05 p.m. in the City Hall Auditorium to discuss workshop items. Those present were Councilmembers Harry Butler, Cindy Enos-Martinez, Dennis Kirtland, Bill McCurry, Gregg Palmer, Jim Spehar and President of the Council Bruce Hill.

Summaries and action on the following topics:

1. CHAMBER OF COMMERCE EXISTING BUSINESS EXPANSION

INCENTIVE REQUEST: Diane Schwenke, Executive Director of the Chamber of Commerce, presented a request for an incentive to Jobsite. She had the business owner, Mr. Bond Jacobs, present to answer questions. The company received an incentive for a new company previously. The company makes downspouts for gutters and a new product that makes steel beams. They export the majority of their product. At this point they are contemplating an investment of \$1.7 million, some of which is equipment and part of it will be a building for housing the new equipment. The committee, GJEP, and the Incubator reviewed the request. The request is for \$2,500 per job. The Chamber will also be approaching Mesa County for assistance, and they are also applying with Colorado Economic Development Council. Any State funding must be matched by local funds.

Mr. Jacobs said 8% of their business is in this area, and the rest is for companies which export their product. Much of their products go overseas and throughout the U.S. Their largest year was in 2002 when they sold 402 machines. As of this year to date they have sold 402 machines. Building a new plant will allow for expansion. As of 2002, they averaged 57 employees, in 2003, 46 employees and, as of October 4, 2004 they employ 65 employees, mostly Grand Junction residents. They make roll forming machines that form gutters.

Councilmember Kirtland asked how the price of steel has affected them.

Mr. Jacobs said that so far they have absorbed increases but will need to raise their prices. The price of steel has doubled, and the metal studs are made from recycled steel.

Councilmember Palmer asked if all the incentive is for new equipment and buildings. Mr. Jacobs said yes and showed a graph depicting the company's growth.

Councilmember Kirtland asked if they were able to find qualified workers in town. Mr. Jacobs said yes, at the entry level but skilled employees came mostly from out of town. The new employees will be mostly assembly people so will be local hires.

Councilmember Spehar asked in addition to the average wage, does the company provide additional benefits. Mr. Jacobs stated yes, 100% of health insurance for employees and 80% for their families.

Councilmember Butler asked if the company was ever considering moving out of town. Mr. Bond replied no, he loves it here.

Councilmember Palmer asked about after the payment of the incentive regarding hiring and firing. Chamber Director Schwenke said that there is a performance contract which includes a vesting period of five years.

City Manager Arnold asked the size of the expansion. Mr. Jacobs said about 30,000 square feet. It is needed it for the assembly of the machines. The sizes of the machines are up to 300 feet long once assembled.

Council President Hill asked if there are funds available to cover the request. Administrative Services Director Ron Lappi distributed handouts of the incentive program that showed the amount given already for the year 2004. The Economic Development Fund balance at the end of 2004 will be \$323,703.

Councilmember Palmer asked if the City has ever given incentives outside the Persigo 201 boundary. Mr. Lappi said there was only one on the list, Johns Manville located in Fruita. Most have been in the urbanized area. Chamber Director Schwenke said there was also one for Grand Mesa Eggs, but that was some time ago.

Mr. Lappi noted all expansion requests have been within the 201 boundary.

Councilmember Butler stated that it is in favor of incentives for the valley, that the wages are more than the current living wage. Councilmember McCurry agreed.

Councilmember Palmer stated that he is for pro business, but struggles with the idea of giving money to an existing business that is adding infrastructure and that has already been given incentives before, and is also outside the 201 area. He would feel better if the City had criteria that is more specific for granting incentive funds.

Councilmember Kirtland stated that manufacturing jobs are a great goal to establish in this community and generate a tremendous amount of spin off. It makes sense to continue to support these manufacturing companies and attract companion businesses.

Councilmember Spehar agreed with Councilmember Kirtland that they have generally accepted standards which include base jobs and jobs that bring money into the community. This is a performance-based issue but adding infrastructure at that location, outside the 201 sewer service area, when both entities have declined to expand the boundaries in this area, makes it hard to encourage this kind of expansion.

Councilmember Enos-Martinez supports the increase in jobs for the Grand Valley, and agrees with Councilmember Spehar with the issue of being outside the 201 area, but doesn't know if that will be a reason to deny the request.

Council President Hill stated that the issue is out there, but that is not the question for Council tonight. It may be a conflict at a later date. Council has discussed very interesting data which ties into GJEP's clustering idea, companies helping other companies. Council President Hill also stated he is supportive, but Council needs to be aware of the issues pointed out by Councilmember Spehar.

Chamber Director Schwenke stated that the Chamber of Commerce will need some kind of formal action from the City Council.

City Manager Arnold said they could develop a resolution by Wednesday.

Councilmember Spehar noted that City and County already said no to 201 expansions in this area so they shouldn't expect that for this building.

Action summary: Staff will prepare a resolution for Wednesday's City Council meeting.

- 2. GVRTC UPDATE AND FUTURE FUNDING DISCUSSION:** Grand Valley Transit currently received the majority of its funding from the Federal Transit Administration and an Intergovernmental Agreement among the following jurisdictions: the City of Grand Junction, Mesa County, the Town of Palisade, and the City of Fruita. The Intergovernmental Agreement will expire at the end of 2005. Mr. Todd Hollenbeck, GVRTC coordinator, introduced the new GVT executive director, Mr. Rod Ghearing. He then presented this discussion. He reviewed the history of the program including ridership and funding. Some of the funding sources for the Job Access Reverse Commute Grant and for the ADA Para transit service

have dried up. He then presented four possible scenarios for continued funding and there are also four options to be included with the scenarios.

Council President Hill noted that operating out of compliance is effectively not an option.

Councilmember Kirtland noted that receiving JARC would be \$200,000 so all of the options are still a reduction in funds overall.

Mr. Hollenbeck reviewed the existing IGA and the initial City contribution. He noted that Mesa County has made up for the shortfall although Grand Junction's contribution has been increased to \$208,000. Under the existing IGA, the annual contribution will increase by 4% under all four options. Mr. Hollenbeck reviewed Scenario 2 which is based on population, Scenario 3 is based on assessed valuation, and Scenario 4 is based on ridership. He then discussed the recommendation from the manager's meeting (Grand Junction's Manager did not vote) was to use Scenario 3, Assessed Value Formula. The proposal is for a four year period, 2006 – 2009. There are other authorities that can be looked at for models, RFTA in the Roaring Fork Valley is one example.

Councilmember Kirtland stated that RFTA did not address capital needs initially; this proposal does not anticipate an increase in the level of service, just keeping up the equipment and meeting the legal requirements. The community will have to decide if the level of service needs to be increased.

Councilmember Enos-Martinez stated that GVT has helped in the human services arena by getting folks back to work in the work force.

Council President Hill asked what is the City's current contribution. Mr. Hollenbeck said \$217,195 for 2004.

GVT Director Ghearing advised that there are 3 ways to raise funds, sales tax of 1%, vehicle registration fee of \$10, a room tax or a combination of the three.

Administrative Services Director Ron Lappi said that in the original RFTA legislation, authorities could use property tax as the only revenue source. It has since been expanded.

Councilmember Kirtland asked if it would need to be a separate governing board or could the County appoint members. Mr. Ghearing said that members are the various elected officials appointed by the Council/Commissioners.

Councilmember Spehar noted the City's Strategic Plan includes moving toward an independent funding source by 2009. The assessed value is the appropriate scenario if the long term funding will consider property tax for a revenue source. He is not in favor of looking at Scenario 3, the population scenario.

Council President Hill said the City needs to make sure the service is in compliance, so option D, the population calculation, makes better sense. Councilmember Enos-Martinez agreed.

Councilmember Kirtland stated Council had limited participation of \$50,000 in the past and moved up to the \$200,000 only after much discussion. City Council has tried to find a way to make the program work, but agreed it must be in compliance. They need to figure out collectively how to make up for the shortfall. They also need to at least be able to stay ahead of capital demands with formulas or to justify a good system that is frugal. By 2009, the community will have to decide how they will deal with this or the federal funds will continue to decrease.

Mr. Hollenbeck suggested setting up for the short term funding and use Mr. Ghearing's expertise in developing the long term funding source.

Councilmember Spehar stated there are other partners that may not be able to absorb these changes and they will need to hear what they have to say. He applauded GVRTC's work.

Action summary: City Manager Arnold advised that Councilmember Kirtland will report back to the RTC group Grand Junction's funding preference and try to reach a consensus. Then an IGA will be developed.

- 3. RIVERSIDE PARKWAY PROJECT UPDATE:** An update which covers the progress to date, the proposed schedule and proposed alignments. Mr. Jim Shanks, Project Director for the Riverside Parkway, introduced Mr. Trent Prall and Mr. Jay Basher of Carter Burgess. The public hearing for the Environmental Assessment will be on Wednesday at Two Rivers Convention Center. Public testimony will be taken and recorded by a court reporter. Comments that they have heard have been mixed. Very positive comments have come by property owners affected by the proposed alignment. Comments will be taken through November 19th. The public hearing will focus on the lower downtown 1601 area and the EA. He reviewed the progress to date. One year ago, the question went to the voters and after it passed, the 1601 process began in earnest with a goal to be through the process in one year. That is where they are today, on schedule. He reviewed the final three alternatives and the reason for selecting the preferred alternative, 30J, a southern route.

Councilmember Butler asked if any houses on Kimball are affected. Mr. Shanks said there are two at 7th and Kimball. Concurrently with the 1601 process, the development of the design and the RFP for the design/build teams is being developed. Design/build teams will look at alternate concepts to be reviewed. Proposals will be due at the end of February with a selection in March for the team. A notice to proceed will be issued in May and then construction begins. Mesa County has awarded the contract for the 29 Road Bridge. That project maybe included in the design/build team specifications for timing purposes.

Councilmember Spehar asked if all the right-of-way acquisitions will be completed by April. Mr. Shanks said that they cannot start on the lower downtown until the alternative is approved. The east and west sections will be cleared by then but the lower downtown will take some time. They will provide a right-of-way schedule to the design/build team.

Councilmember Spehar asked if the City is within budget on the acquisitions. Mr. Shanks said so far but the river areas are still in question.

Action summary: City Council expressed that it is exciting to be at this stage. They thanked the Riverside Parkway team.

ADJOURNMENT

The meeting adjourned at 9:40 p.m.