

GRAND JUNCTION CITY COUNCIL
MONDAY, AUGUST 3, 2015

WORKSHOP, 5:00 P.M.
CITY HALL AUDITORIUM
250 N. 5TH STREET

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

1. **Development Improvements Agreements:** Staff is seeking direction from the City Council on the required security and warranty period for Development Improvement Agreements. [Attachment](#)

2. **Development Fees Policy Discussion:** Staff is seeking direction from the City Council on the City's participation in development fees for nonprofit development and economic development projects. [Attachment](#)

3. **Transportation Capacity Payments (TCP) Policy:** Staff is seeking direction from the City Council on the City's TCP policy on developer required improvements. [Attachment](#)
[Supplemental Document](#)

4. **Budget Process Update**

5. **Other Business**

6. **Board Reports**

CITY COUNCIL STAFF REPORT WORKSHOP SESSION

Topic: Policy Discussion Concerning Development Improvement Agreements, City Contribution/Participation of Development Fees, and Transportation Capacity Payments

Staff: Tim Moore, Interim City Manager

Summary:

Staff is seeking direction from Council on the following: 1) Required security and warranty period for Development Improvement Agreements, 2) City participation in development fees for nonprofit development and economic development projects and 3) Transportation Capacity Payment policy on developer required improvements.

Background, Analysis and Options:

1. Development Improvement Agreements. The City currently requires a Development Improvement Agreement (DIA) with a security of 120% of the estimated cost of the required public improvements and a one year warranty period after initial acceptance of public improvements. Policy issues to consider:
 - Should additional forms of security be considered?
 - Should the security amount remain at 120%?
 - Should the warranty period remain one year?

2. City Participation in Development Fees. The City Council has considered, on a case by case basis, requests for City participation in development fees required for non-profit, housing projects. In addition, there has been discussion of different ways to incentivize economic development projects. Currently there is no formal process or criteria for considering this type of request. Policy issues to consider:
 - Should the City Council continue to review these requests on a case-by-case basis or should a formal process and criteria be developed to consider all requests?
 - Should a specific budgeted amount be budgeted each year for such requests?

3. Transportation Capacity Payments. Two recent projects have had transportation capacity payments that were significantly less than the cost of the improvements required for the developments. The developments include the truck stops at the 22 Road and I-70 and Community Hospital on G Road. Policy issues to consider:

- Should the City continue to follow its current policy of the developer paying the Transportation Capacity Payment and the City installing the required public improvements or should other alternatives be explored?

Board or Committee Recommendation:

None.

Financial Impact/Budget:

Financial or budget impacts will be considered with any proposed changes based on policy direction.

Legal issues:

Legal issues or impacts will be considered with any proposed changes based on policy direction.

Other issues:

Other issues will be explored with each proposed policy change.

Previously presented or discussed:

These policies have not been recently presented or discussed.

Attachments:

None.

Policy Discussion

Development Improvement Agreements

City Participation in Development Fees

Transportation Capacity Payments

Development Improvements Agreement

Staff is seeking direction from the City Council on the required security and warranty period for Development Improvement Agreements.

Development Improvements Agreement

- Two parts to a Development Improvements Agreement (DIA).
 - Performance security
 - Maintenance Guarantee

Development Improvements Agreement

- Performance security
 - Allows a subdivision plat to be recorded without completion of improvements.
 - Security equals 120% of the total cost of improvements.
 - Types of security; cash, letter of credit, disbursement agreement, subdivision bond, plat hold.

Development Improvements Agreement

- Maintenance Guarantee
 - Guarantees improvements against defects in workmanship and materials.
 - One year from date of initial acceptance.
 - Security equals 20% of the total cost of improvements.
 - Types of security; cash, letter of credit, maintenance bond.

Development Improvements Agreement

**2010-2014
City of Grand Junction
Sample of 42 Development
Guaranties**

- 14 – Cash Guarantee
- 12 – Bank Disbursement Agreement
- 7 – Bank Letter of Credit
- 5 – Plat Hold
- 4 – Deeds of Trust

Development Improvements Agreement

City	Security Amount	Warranty Period	Other Types of Security or Arrangements
Arvada	Equal to total cost of improvements	2 years	Obligation runs w/land
Boulder	20%	2 years	Interest on funds is property of the city
Colorado Springs	Varies according to total improvements	-	Obligation for public improvements runs w/land
Ft. Collins	Equal to the total cost of the improvements	2 year	5 year repair guarantee on public improvements
Fruita	110%	2 years	-
Montrose	15%	2 years	The city shall not be obligated to administer burdensome security arrangements.
Pueblo	25% of uncompleted work	?	180 days are allowed to begin construction. If not completed then the agreement is executed. 1 year allowed for completion.
Mesa County	100%	18 months	Add additional 5% during construction for supervisory costs. They cannot hold any security during the warranty period.
Commerce City	115%	18 months	-
Westminster	115%	1 year	Obligations run with the land and are lienable with priority over all other liens except general taxes.

Development Improvements Agreement

- Policy issues to consider:
 - Should additional forms of security be considered?
 - Should the security amount remain at 120%?
 - Should the warranty period remain one year?

Grand Junction Development Fees

Staff is seeking direction from the City Council on the City's participation in development fees for nonprofit development and economic development projects.

Grand Junction Development Fees

- Application Fee
- Transportation Capacity Payment (TCP)
- Drainage Fee
- Parks Impact Fee
- Open Space Fee
- School Impact Fee
- Sewer Plant Investment Fee
- Water Tap Fee
- Inspection Fees
- Utility Undergrounding Fee

Development Fee Participation

- St. Martin's Place
- Village Park Apartments
- Pathways Village
- Highland Apartments

St. Martin's Place – 24 units

Water Tap (City)	\$8,650.00
Sewer PIF	\$54,713.60
TCP	\$0.00
Parks Impact Fee	\$4,275.00
Open Space Fee	\$31,800.00
School Impact	\$0.00
Inspection Fee	\$0.00
Total Fees	\$99,438.60
City Contribution	\$99,438.60

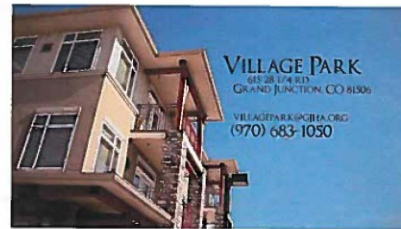
*TCP Credit exceeded the calculated TCP



Village Park Apartments – 72 units

Water Tap (Ute)	\$0.00
Sewer PIF	\$176,256.00
TCP	\$127,368.00
Parks Impact Fee	\$16,200.00
Open Space Fee	\$0.00
School Impact	\$33,210.00
Inspection Fee	\$1,230.00
Total Fees	\$354,264.00
City Contribution	\$319,824.00

*Inspection fee was waived. City did not pay the School Impact Fee. Open Space fee was paid when the original plat was recorded.



Pathways Village – 40 units

Water Tap (Ute)	\$0.00
Sewer PIF	\$117,983.20
TCP	\$5,890.77
Parks Impact Fee	\$9,000.00
Open Space Fee	\$14,500.00
School Impact	\$22,400.00
Inspection Fee	\$710.00

Total Fees \$170,483.97

Approved City Contribution \$100,000.00

City Council Workshop 5-18-15



Highland Apartments – 128 units

Water Tap (City)	\$4,150.00
Sewer PIF	\$195,563.00
TCP	\$113,216.00
Parks Impact Fee	\$14,400.00
Open Space Fee	\$61,000.00
School Impact	\$0.00
Inspection Fee	\$0.00
Total Fees	\$388,329.00

Approved City Contribution \$388,329.00

Resolution No. 09-14-2014

*The Utility Undergrounding Fee will be due with Phase II.



Grand Junction Development Fees

- Policy issues to consider:
 - Should the City Council continue to review these requests on a case-by-case basis or should a formal process and criteria be developed to consider all requests?
 - Should a specific budgeted amount be budgeted each year for such requests?
 - Should fees be waived?
 - Which fees? – General Fund / Enterprise

Transportation Capacity Payment

Staff is seeking direction from the City Council on the City's Transportation Capacity Payment policy on developer required improvements.

Transportation Capacity Payment

- The developer is required to construct minimum street access improvements.
- The developer is required to pay a transportation capacity payment (TCP).
- The TCP shall be used to make capital improvements to the transportation facilities in the City.

Transportation Capacity Payment

Transportation Capacity Payment Schedule

LAND USE TYPE	ITE CODE	UNIT	2016 TCP Rate FEE
Single Family	210	Dwelling	\$2,554
Multi-Family	220	Dwelling	\$1,769
Mobile Home/RV Park	240	Pad	\$1,284
Hotel/Motel	310/320	Room	\$2,407
Retail/Commercial			
Shopping Center (0-99KSF)	820	1000 SF	\$4,189
Shopping Center (100-249KSF)	820	1000 SF	\$3,933
Shopping Center (250-499KSF)	820	1000 SF	\$3,805
Shopping Center (500+KSF)	820	1000 SF	\$3,525
Auto Sales/Service	841	1000 SF	\$3,780
Bank	911	1000 SF	\$6,359
Convenience Store w/Gas Sales	851	1000 SF	\$9,143
Golf Course	430	Hole	\$5,951
Health Club	493	1000 SF	\$3,422
Movie Theater	443	1000 SF	\$10,574
Restaurant, Sit Down	831	1000 SF	\$5,159
Restaurant, Fast Food	834	1000 SF	\$11,544
Office/Institutional			
Office, General (0-99KSF)	710	1000 SF	\$3,141
Office, General >100KSF	710	1000 SF	\$2,682
Office, Medical	720	1000 SF	\$8,862
Hospital	610	1000 SF	\$4,112
Nursing Home	620	1000 SF	\$1,149
Church	560	1000 SF	\$1,967
Day Care Center	565	1000 SF	\$4,086
Elementary/Sec. School	520/522/530	1000 SF	\$639
Industrial			
Industrial Park	130	1000 SF	\$1,864
Warehouse	150	1000 SF	\$1,328
Mini-Warehouse	151	1000 SF	\$460



Transportation Capacity Payment

- 22 Road Truck Stops:
 - Pilot Travel Center: TCP – \$70,500
 - Love's Travel Stop: TCP – \$79,263
 - Total TCP - \$149,763
 - Cost of 22 Road improvements - \$4,400,000
 - TCP covered 3% of total improvements



Transportation Capacity Payment

- Community Hospital:
 - Medical Office Building: TCP – \$482,475
 - Community Hospital: TCP – \$363,252
 - Total TCP – \$845,727
 - Cost of G Road improvements – \$1,500,000
 - TCP covered 56% of total improvements



Transportation Capacity Payment

Area:		Fees Paid	Expenses	% Paid
G Road	MOB 2014 / Community Hospital 2015	\$ 845,727	\$ 1,500,000	56%
22 Road and Hwy 6	Love's/ Pilot Truck Stops – 2013-2014	\$ 149,763	\$ 4,400,000	3%
	Totals	\$ 995,490	\$ 5,900,000	17%

Transportation Capacity Payment

- Policy issue to consider:
 - Should the City continue to follow its current policy of the developer paying the Transportation Capacity Payment and the City installing the required public improvements or should other alternatives be explored?

