

City of Greeley, Colorado
COUNCIL WORKSESSION REPORT
October 27, 2020

1. CALL TO ORDER

The virtual meeting was called to order at 6:00 p.m. by Mayor Gates via the City's Zoom platform.

2. PLEDGE OF ALLEGIANCE

Mayor Gates led the Pledge of Allegiance to the American Flag.

3. ROLL CALL

Anissa Hollingshead, City Clerk, called the roll. Those present were Mayor John Gates and Councilmembers Tommy Butler, Ed Clark, Michael Fitzsimmons, Dale Hall, Brett Payton and Kristin Zasada.

4. REPORTS FROM MAYOR AND COUNCILMEMBERS

Councilmember Butler reported on a virtual town hall held the previous Saturday with North Range Behavioral Health, as well as the Youth Commission meeting the prior evening.

Mayor Gates welcomed new Finance Director John Karner, who greeted the Council.

5. DEVELOPMENT IMPACT FEE STUDY

Brad Mueller, Community Development Director, presented as set forth in the PowerPoint in the record with an update of development impact fees and plant investment fees, including reporting back to the Council on the feedback provided by Council at prior work sessions. Mr. Mueller noted he would do the first and last parts of the presentation, with the involved consultant firm providing the remainder of the presentation, and noted the goal for tonight is to identify the Council's preferred policy path. The initial portion of the presentation focused on the decision points before the council as well as background on why the fee study was undertaken.

Mr. Mueller turned the presentation over to Todd Cristiano with Raftelis, as the project director. He focused on providing more information on the follow up done on Council feedback.

Councilmember Zasada asked about the assumption of the correlation between square footage and number of occupants; Mr. Cristiano confirmed that the assumption is being made that higher square footages equate with more occupants most often.

Mr. Mueller went on to speak more to the correlation between unit size and occupancy level. Mr. Cristiano noted as well that Greeley-specific data was used in calculating average household sizes. In response to a question from Councilmember Clark, Mr. Cristiano clarified that data came from the American Community Survey (ACS) produced by the Census Bureau, and specifically the PUMS data set of the ACS.

Councilmember Hall asked about multi-family size of residence, and asked if charges were per unit or by building size. Mr. Cristiano clarified it was per unit.

Councilmember Hall followed up with additional questions regarding how to compare how current citizens have paid fees and the fees occupants of new development would pay. Mr. Mueller responded with clarification that his assertion was not meant to imply that existing residents paid the same level of impact fees, but rather sought to quantify the impact of the costs of new development in order to maintain the existing levels of service for everyone.

Councilmember Zasada asked whether square footage for setting fee categories includes basements in the calculation or only above ground footage. Mr. Cristiano clarified basement square footage if it is finished. Councilmember Zasada expressed her concern that the 1800 square foot threshold is too small if basements are included, as few homes are smaller than that. City Manager Roy Otto clarified that multi-family units are also included in those fee categories.

Councilmember Butler asked about whether fees being compared are current fees in other jurisdictions or potential proposed fees. It was clarified these are current fees known at this time. Mr. Otto added that he knows some jurisdictions, including specifically Windsor, are considering fee updates at this time. Mr. Cristiano noted he knows Loveland updates fee schedule annually, but doesn't know if they are on an indexed rate or not.

Additional discussion amongst the Council ensued about how other fees or costs are captured, as well as the definition and shared understanding of maximum supportable fees. In response to a question, Mr. Otto clarified that the information about the level of subsidy needed if the maximum supportable fees were not adopted was calculated based on the approved 5-year capital improvement program (CIP).

The presentation was turned back to Mr. Mueller and the conclusion of the slides focused on responding to prior feedback from the Council.

Councilmember Hall asked about Timnath and how it appears they are supporting residential fees through higher non-residential fees. Mr. Mueller and Mr. Cristian indicated more research would be needed to answer that, and indicated they will look into that disparity in a little more depth.

When looking at the potential scenario of subsidizing needed funds from other funds in lieu of the maximum supportable impact fees, Councilmember Zasada asked about the rate of utility fees in other communities. Erik Dial, Utility Finance Manager, responded that while he couldn't answer off the top of his head, he could say that our planned fees are in line with our neighboring communities. Councilmember Zasada noted that might be good info to have, to look at how we compare to surrounding communities if we were to go that direction. Mr. Otto noted the information about comparative monthly bills prior to going forward to a public hearing.

At the conclusion of the presentation, Mr. Mueller highlighted the decision tree for the Council to consider and opened for questions.

Councilmember Clark indicated he was good with paring down the 5 year CIP projects and living within our means. He also asked if we are locked into the 5 year process to review these fees, as is being done with this study. Mr. Otto responded that right now yes, that is the requirement, but it is an ordinance and it can be modified if the Council chooses, although it is a professional best practice to have some sort of regular evaluation of these sorts of fees.

Councilmember Hall asked for clarification of whether some of these potential reduced services or projects already being looked at for funding through Keep Greeley Moving and other sales tax increases planned. Mr. Mueller responded that while they are, they would need to be made smaller. Mr. Otto added that the bottom line is that Keep Greeley Moving has some dollars that are intended to be teamed with impact fees, where growth pays its fair share.

Councilmember Butler stated he tends to think we should have the maximum supportable fee, which is a misnomer, as it is really just what stuff costs, and we shouldn't subsidize it. He noted a preference for path 1, not necessarily with the village incentive, stating he doesn't want to see fees go up for people because growth isn't paying its fair share.

Councilmember Zasada proposed following path 2, keeping fees as they are now. She noted the most telling slide was the one regarding median home values. Greeley is growing, and growing a lot, and it is expensive. All of these costs are cutting into profits, meaning building smaller homes on smaller lots, balancing a burden of the need for housing with the need for the type of community we are building, with a need to incentivize builders to build a variety of homes because Greeley needs it all. She stated if supply is increased, prices will go down and she does not believe the maximum supportable fee level is economically feasible, instead asking staff to really nitpick it and look at what really needs to go up.

Councilmember Butler stated that keeping these fees the same will result in a \$3 million budget shortfall, without knowing where that comes from. Someone has to pay for it.

Councilmember Clark asserted that we need to make tough decisions, sharpen our pencils, and some projects won't get done. He stated he is not in favor of raising water fees, but is in favor of cutting some projects, agreeing with going with path 2, and making tough decisions with capital projects.

Councilmember Butler stated he would argue that underfunding infrastructure has consequences too, and we can't just say to people we aren't going to have the infrastructure people deserve.

Councilmember Zasada stated she hopes we aren't planning projects and funding solely with new construction, because what happens then with another crash? It needs to be a small percentage, not a big one. Mr. Otto pointed out we won't have the demand for new infrastructure either, though, if more people aren't coming here.

Mayor Gates noted that current fees are higher than competing communities, and his posture is it has always been about fees, and it continues to be, and this did not convince him. Mr. Mueller noted there is the choice to set a reduced fee, and there are additional slides available which show what would be the result of about an 18% reduction.

Mayor Gates polled the council and there was consensus for path 2.

Councilmember Hall asked for clarification about what Director Mueller meant by reducing our fees. In response, Mueller clarified it would be a reduction from the maximum supportable fee.

Councilmember Zasada asked if we stay where we are at, what is the next step Council needs to do? Mr. Otto replied then the Council does not have to adopt the study. Under current ordinance, the study must

be done every 5 years, but there is no requirement to adopt it. If the study is rejected, fees will go to the preset adjustment in the current fee schedule, and clarified staying at the same level as today would require literally lowering the fee.

Councilmember Butler asked if the City would be switching to the four tiers suggested. Mr. Otto replied not if you the study is rejected. The tiers would only come into play if the study was accepted, with variances depending upon the selected path.

To assist with questions from the Council on this, Director Mueller went back to the decision tree and walked through that, then shared a chart with different fee level options. In response to questions about what action by the Council would keep fees the same, Mr. Mueller noted that would mean not adopting the study and keeping things as they are.

Councilmember Butler asserted that the study should be adopted, and if the consensus is not to adopt the maximum level, that's fine. Mr. Otto noted in that instance it would be necessary to know how much Council wants to reduce the fees, or alternatively, if the consensus is to keep things as they are, then don't adopt the study.

Mayor Gates noted the consensus is to not accept the study.

Councilmember Butler clarified that meant that going forward, there would be no public hearing or other action, and instead the same fees would be in place with the same rise for inflation.

Councilmember Hall stated he was interested in knowing what other cities are doing with the residential versus nonresidential fees, and if there are other ways to equalize the process and have development pay its own way.

Councilmember Butler noted he also wants to see more options, so infrastructure is not underfunded.

Councilmember Clark asked Councilmember Hall to restate his point. Hall noted other municipalities like Timnath had residential fees a lot lower than nonresidential fees, and expressed a desire to know why. Mr. Otto clarified that it sounded like there is a desire to understand how other communities go about setting their rates, which staff can investigate and bring back to the Council to help inform how to do this sort of evaluation going forward. This includes coming back with information about that, to help inform if the Council wants to stick with a five year study review.

6. DEVELOPMENT CODE UPDATE

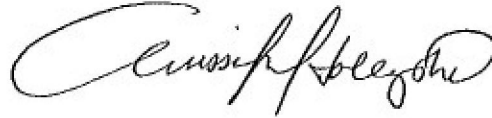
Community Development Director Brad Mueller presented as set forth in the PowerPoint in the public record. He noted Carol Kuhn and Chris Brewster were also in the meeting as project leads to answer questions and help with presentation. Mr. Brewster is with Gould Evans, and is the project lead for them working with the City on this. He noted they also team with Ayres Associates in Cheyenne, WY. Brewster walked through what will be coming up over the next year as this project on the development code is completed. There were no questions on the presentation.

7. SCHEDULING OF MEETINGS AND OTHER EVENTS

No additional meetings or events were scheduled.

8. ADJOURNMENT

There being no further business to come before the Council, Mayor Gates adjourned the meeting at :8:13 p.m.

A handwritten signature in black ink, appearing to read "Anissa Hollingshead", written in a cursive style.

Anissa Hollingshead, City Clerk