

GRAND JUNCTION CITY COUNCIL WORKSHOP SUMMARY May 15, 2023

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, Dennis Simpson, Mayor Pro Tem Abe Herman, and Mayor Anna Stout. Councilmember Randall Reitz was absent.

Staff present: City Manager Greg Caton, City Attorney John Shaver, Assistant to the City Manager Johnny McFarland, Director of Community Development Tamra Allen, Planning Manager Nicole Galehouse, Finance Director Jodi Welch, Fire Chief Ken Watkins, Utilities Director Randi Kim, Public Works Director Trent Prall, Police Chief Matt Smith, Water Services Manager Mark Ritterbush, Principal Planner Kristen Ashbeck, Fire Marshal Steve Kollar, Cannabis Compliance Officer Travis Wright, City Clerk Amy Phillips, and Records Manager Debbie Kemp.

1. Discussion Topics

a. Water Efficiency PI

In 1996, the City of Grand Junction, Clifton Water District, and Ute Water Conservancy District developed water conservation plans for their respective service areas. In 2012, the three entities collaboratively developed the Grand Valley Regional Water Conservation Plan. This 2023 Grand Junction Regional Water Efficiency Plan provides an update to the previous plan in compliance with the current Municipal Water Efficiency Plan Guidance Document issued by CWCB.

The 2023 Grand Junction Regional Water Efficiency Plan identifies the following goals and objectives:

Goal 1: Continue to educate the community, local and regional planning departments, construction and development businesses, landscape contractors, and customers regarding codes and ordinances that promote xeric landscapes and water conservation.

Goal 2: Continue to create public awareness of wise water use and conservation.

Goal 3: Continue efforts to reduce residential sector per-capita water demand in the Grand Valley and maintain a 1.4 percent reduction annually.

Goal 4: Promote water saving awareness in the commercial/industrial sectors.

Goal 5: Encourage implementation of the recently adopted Graywater Ordinance

Goal 6: Establish a valley-wide turf rebate program

Goal 7: Reduce non-revenue water losses

The Grand Junction Regional Water Efficiency Plan includes specific measures and programs to achieve these goals and objectives.

After Utilities Director Randi Kim's presentation, Council discussed various activities and initiatives related to water conservation, including the area's water festival, the second largest in the United States, aimed at educating young students on water issues and conservation. How

to use social media and public engagement to raise awareness and highlight the benefits of sustainable water practices, encouraging individuals and businesses alike to act and be part of the solution, noting that “it is not just a matter of policy and fees but fostering a culture of water stewardship in our community”. How to incentivize water conservation by awarding prizes for low water use landscaping, project-based learning in schools, advanced metering infrastructure for monitoring water usage, audits of commercial facilities, tiered rates to encourage water conservation for single family units and single person households, and plans for future activities such as infrastructure upgrades, efficient fixture replacements, and rebate programs for rainwater systems and turf.

Collaboration opportunities with another entity such as Clifton was discussed, as well as the ongoing public comment period and ways to monitor the plan to assure success.

The turf replacement program and water-wise landscapes in parks and medians were discussed and that the City has a budget of \$75,000 allocated for those purposes. The amount budgeted determines the extent to which conversion to water-wise landscapes can be completed, and expanding the budget could potentially accelerate the process and contribute to water conservation efforts.

Overall, conversations focused on current and future water conservation efforts, collaboration between entities, and the steps involved in finalizing and implementing a water conservation plan, optimizing water pricing tiers, exploring messaging and framing, considering drought rates, and evaluating tap fees and their correlation with water capacity.

The 2023 Grand Junction Regional Water Efficiency Plan provides an update to the previous plan in compliance with the current Municipal Water Efficiency Plan Guidance Document issued by CWCBC. The 2023 Grand Junction Regional Water Efficiency Plan is available for public review and comment for a period of 60 days through June 10, 2023. Following the public comment period, the plan will be presented to City Council for consideration of adoption by Resolution.

b. 2023 Program Year Community Development Block Grant (CDBG) Funding Requests

Kristen Ashbeck, Principal Planner and CDBG Administrator, reported that the City is allocated CDBG funds annually from the Department of Housing and Urban Development (HUD). Historically, the funds have been disbursed through an application, review and allocation process and distributed to 12-15 different subrecipients. Many of these same applicants also request non-profit funding from the City during its annual budget. Staff presented a way to simplify the CDBG program with the intent of relieving administrative burden and risk for both the City and the subrecipients, by prioritizing a limited number of city capital projects for CDBG funds. CDBG funding historically distributed to non-profits would instead be moved to funding requests as part of the City's annual budget process. After the discussion about program simplification, the Council will consider funding allocation for the Community Development Block Grant 2023 Program Year. The City's allocation is \$388,985 for the 2023 CDBG Program Year that will begin once the 2023 Annual Action Plan has been completed and funds have been released by HUD in September-October 2023.

Community Development Block Grant (CDBG) funds are an entitlement grant to the City of Grand Junction, which became eligible for funding in 1996. The 2023 Program Year, which will begin September 1, 2023, marks the City's 27th year of eligibility. Applications for funding were solicited and received by the City in March 2023. The purpose of the City Council workshop is to establish a work plan for the 2023 CDBG Program Year by recommending which projects should be funded. The final funding decision is scheduled to be made by the City Council at its meeting on June 15, 2023 with adoption of the Annual Action Plan occurring at the July 20, 2023 meeting.

Different from previous years, Staff is making a meaningful change in its recommendation as to how to allocate CDBG funds to specific projects. This change is driven by the exhaustive and complex Federal regulations surrounding the administration of CDBG dollars. To assist in reducing the administrative burden and overall simplification of the process and program administration, staff is recommending that future year's allocations prioritize funding a limited number of City capital or service projects. CDBG grant funding historically distributed to non-profits for various service and capital needs, would be moved to funding requests as part of the city's annual budget process.

For the 2023 funding year, staff is recommending CDBG funds be assigned to one eligible City project and two utility fee payment projects for new affordable housing for Habitat for Humanity and Grand Valley Catholic Outreach. Since applications have been solicited and received from eligible non-profit projects, Staff is also recommending this year that application requests for CDBG funds for services and non-city projects be forwarded to the 2024 Budget (Non-Profit Funding) and commitments made to fund these projects - as would have otherwise been prioritized for funding in this CDBG grant request review.

This approach provides multiple benefits in both the short- and long-term to both City and non-profits requesting funding. First, it reduces administrative burden for City staff that are currently administering 25+ CDBG funded projects at any one time; It also greatly reduces the administrative burden for the subrecipients in tracking and maintaining required information and records. It eliminates risk for non-compliance and auditing of both the city and subrecipients; it consolidates all non-profit requests for funding to the annual budget process; it eliminates narrow eligibility (only expended in CDBG-eligible census blocks and for low- and moderate-income income persons and households and only those within the City limits) for applicants' requests; and it eliminates procedural requirements such as the procurement process and payment of Federally-mandated Davis Bacon wages for agencies and capital projects receiving these federal funds. Lastly, it reduces extensive Federal reporting requirements.

2023 CDBG Project Funding

The City has received grant requests of \$771,469 from outside agencies and has identified one City capital improvement project in the amount of \$175,000 that would be eligible for CDBG funding, for a total of \$946,469 in grant requests. The City's allocation for the 2023 Program Year is \$388,985. In addition, there is \$28,443 in unexpended fund from a previous program year to be reallocated with the 2023 allocation.

HUD CDBG Guidelines and Evaluation Criteria

The CDBG program has several funding criteria that are important to consider when evaluating which projects the City can fund with its 2023 allocation, as follows:

- 1) Administration activities may not exceed 20% of Program Year allocation
- 2) Human Services activities may not exceed 15% of the Program Year allocation, less the amount of outstanding obligated funds
- 3) Applications for CDBG funding will be judged by the criteria below:
 - A) Proposed project meets National Objectives:
 - B) Proposed project is eligible and meets the City's Five-Year Consolidated Plan Goals:
 - C) Ability of the applicant to complete the project: agency capacity, history of performance, staff level and experience, financial stability
 - D) Amount requested is consistent with agency needs.

Discussion ensued resulting in Council's direction to implement Staff's recommendations for 2023 CDBG Project Funding cycle.

c. Discussion on Cannabis Cultivation

Nicole Galehouse, Planning Manager, reported that Referred Measures 2A and 2B were passed on April 6, 2021 in the municipal election, providing Council an opportunity to consider establishing tax rates and regulations for cannabis businesses. Since that time, City Council has completed adoption of regulations for retail cannabis stores, conducted a randomized selection process for 10 licensees, and adopted regulations for manufacturing infused products and the processing of raw material. Though there are other types of cannabis related businesses (e.g., Hospitality and Delivery), Council expressed interest to consider the three predominant business types, of which Cultivation of Cannabis would be the final type.

Cannabis Cultivation – Cultivation licenses are granted to entities that cultivate, prepare, and package cannabis and transfer cannabis to sales businesses, products manufacturers, research facilities, and other license types, but not to consumers. Cannabis cultivated by a retail cultivation license can only be transferred to other retail licensees, and medical cultivation can only be transferred to medical licensees. These operations often occupy industrial facilities exceeding 20,000 square feet but may also be smaller. They typically require substantial HVAC, irrigation, and electrical facilities, and tend to employ a considerable number of employees for the tending of plants and the trimming and packaging of their raw product. The product is subject to a local and state excise tax. These facilities are distinct from similar activities protected by the Colorado Constitution, such as the personal cultivation of up to six plants at a private residence and the medical caregiver model.

Regulatory Options

In June 2022 Mesa County adopted regulations permitting cultivation, manufacturing, and processing within unincorporated Mesa County. The County allows both indoor and outdoor cultivation operations within the AFT (Agricultural, Forestry, and Transitional) zone district. This provides a local option in the Grand Valley for cultivation operations to occur.

In previous discussions with City Council and Planning Commission, it was recommended that if

the City permits cultivation businesses that they be limited to indoor operations in Light and General Industrial (I-1 and I-2) zone districts. Per a recent GIS analysis of property in the City, approximately 10% of land is zoned as I-1 and I-2. Of those 1,900 acres, approximately 34%, or 380 acres, is vacant land. According to information obtained from Coldwell Banker for 2022, the City has approximately 4.3 million square feet of warehouse/manufacturing space, of which only about 4.3%, or 186,710 square feet is vacant. The limited vacancy of existing building space for industrial use may be a factor to be considered, especially as the cultivation operations can assume substantial amounts of square footage.

If cultivation businesses are permitted within the City, a local excise tax would be collected. In April 2022, this tax was approved by City Council and set at 5%. This tax applies to the first sale or transfer of unprocessed retail marijuana by a retail cultivation facility. After internal discussion and review of this information, staff recommends the City:

1. Prohibit cannabis cultivation within City limits. This would provide for cultivations in the Grand Junction area to be located only within unincorporated Mesa County.
2. Permit cultivation businesses to operate indoors within limited areas of the City, utilizing the overlay established for Cannabis Manufacturing Businesses.

After discussion, Council decided to not move forward with cultivation within the City limits at this time.

2. City Council Communication

Council discussed two potential items for future workshops, Business Licenses and Zoning for Skilled Gaming Industry.

3. Next Workshop Topics

City Manager Caton reported that the items for the June 5, 2023 Workshop were not finalized, and he would email the proposed items for discussion to Council within the week.

4. Adjournment

There being no further business, the Workshop adjourned at 7:30 p.m.