

**FRUITA CITY COUNCIL
REGULAR MEETING
OCTOBER 18, 2016**

1. INVOCATION AND PLEDGE OF ALLEGIANCE

The Invocation was given and the Pledge of Allegiance was recited.

2. CALL TO ORDER AND ROLL CALL

Council members present were Bruce Bonar, Dave Karisny, Ken Kreie, and Joel Kincaid. Councilors Kyle Harvey and Louis Brackett were excused absent. Mayor Buck called the meeting to order at 7:03 p.m.

3. AGENDA – ADOPT/AMEND

Mayor Buck asked if there were any corrections or additions to the agenda. City Manager Mike Bennett stated that there were not.

- **COUNCILOR BONAR MOVED TO APPROVE THE AGENDA AS PRESENTED. COUNCILOR KARISNY SECONDED THE MOTION. THE MOTION PASSED WITH FOUR YES VOTES.**

4. PROCLAMATIONS AND PRESENTATIONS

There were no proclamations or presentations on the agenda.

5. PUBLIC PARTICIPATION

There were no comments from the public.

6. CONSENT AGENDA

- A. SPECIAL EVENT LIQUOR PERMIT APPLICATION – A REQUEST TO APPROVE A SPECIAL EVENT LIQUOR PERMIT FOR THE FRUITA ROTARY CLUB TO SERVE BEER AT CIRCLE PARK FOR THE FINISH OF THE RIMROCK MARATHON ON SATURDAY, NOVEMBER 5, 2016 FROM 11:00 AM TO 5:00 PM**
- B. LIQUOR LICENSE REPORT OF CHANGES – A REQUEST FOR APPROVAL TO ADD A RETAIL WAREHOUSE STORAGE PERMIT FOR IN THE MIDDLE LIQUORS, INC. LOCATED AT 303 HWY 6 & 50**
- C. ORDINANCE 2016-15 – FIRST READING – AN ORDINANCE ANNEXING PROPERTY LOCATED AT 1062 18 ROAD CONTAINING 6.73 ACRES TO THE CITY OF FRUITA (ASPEN VILLAGE ANNEXATION)**

D. ORDINANCE 2016-16 - FIRST READING – AN ORDINANCE ZONING NEWLY ANNEXED PROPERTY LOCATED AT 1062 18 ROAD (ASPEN VILLAGE ANNEXATION) TO A COMMUNITY RESIDENTIAL ZONING DESIGNATION (CR)

Mayor Buck opened the public hearing on the Consent Agenda. Hearing no comments from the public, she referred back to the City Council.

- **COUNCILOR KARISNY MOVED TO APPROVE THE CONSENT AGENDA AS PRESENTED. COUNCILOR BONAR SECONDED THE MOTION. THE MOTION PASSED WITH FOUR YES VOTES.**

7. PUBLIC HEARINGS

A. ORDINANCE 2016-14 - FIRST READING – AN ORDINANCE AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF TAX EXEMPT AND TAXABLE HEALTH CARE REVENUE BONDS FOR THE COLORADO CANYONS HOSPITAL PROJECT, SERIES 2016, IN AN AMOUNT NOT TO EXCEED \$46 MILLION

City Clerk/Finance Director Margaret Sell stated that the public hearing for Ordinance 2016-14 was being requested to continue to November 1, 2016 because there were some additional regulations that are required.

Mark Francis, CEO of Family Health West (FHW), gave the Council an update on the Colorado Canyons Hospital Project and the process in which they are currently involved.

Mr. Francis said that FHW appreciates the support from the Council and the City of Fruita for many, many years. Right now, FHW is looking at going after a bond refinance for the organization. The bond went into place in 2008 and was for \$28 million. FHW will be refinancing for additional construction and renovations on the existing hospital.

Mr. Francis continued that FHW has worked countless hours on trying to determine what was really needed for the City and its residents and he feels that they have a really good plan that will take them into the next five to ten years.

Mr. Francis stated that FHW doesn't have a lot of other areas for which they are anticipating making any changes at this time. The hospital improvements are now in the first phase and will be moving into another phase in 2017 after the refinancing is underway.

Mr. Francis explained that FHW is looking at adding nine additional beds. FHW is considered to be a "Critical Access Hospital" that will allow them to have 25 beds. Currently, they have 16 beds, so they want to increase the capacity of 25 beds because the need is there. Mr. Francis said that the partnership with St. Mary's Hospital in Grand Junction will help keep the costs of health care down in the community as well.

With the additions, FHW will also be adding areas for physical therapy, respiratory therapy, sleep labs, pulmonary rehab support services, expanded activity areas and additional areas for surgery consults. These areas are pretty much located in the north half of the hospital and they meet all code and state requirements.

Mr. Francis continued that on the south side of the hospital, FHW is looking at adding some additional areas for both a procedure room area and an increase in flow in and out of the Operating Room.

FHW is also going to increase some areas in the Emergency Department. They currently average about 15 patients per day, but there are days where they see 25 patients and the acuity level of these visits to the Emergency Department has really increased over the last seven years.

Mr. Francis stated that FWH knows that health care costs are too high and they are trying to do what they can to make a difference.

On the north side of the hospital, FHW will be doing about a 3,900 square foot addition and on the south side, they are looking at about adding 6,500 square feet. The estimated cost is somewhere between \$7 to \$10 million. Mr. Francis said that after their planning meeting earlier that day, they think they are at about \$7.5 million, which is what they will try to lock in at.

Mr. Francis explained that with the refinance of the bond and adding an additional \$10 million and with the interest rates that they are looking at right now, FHW is hoping to lock in by the required timeframe at around 4.3 to 4.5 percent interest. Currently, they are looking toward a bond increase going up to almost 8 percent by 2019. The refinancing will allow FHW to save about \$50,000 per year.

Audience member Richard Sander asked why the City Council needed to approve the refinancing. Mr. Francis explained that the bond itself is a non-taxable bond and needs a municipal conduit to run it through, therefore it has to go through the City of Fruita.

Mr. Francis noted that FHW had legal representation presentation in the audience to answer any questions.

Kristin Caid, attorney with Kutak Rock in Denver, stated that her firm was serving as bond counsel for the transaction. They are drafting the primary borrowing documents and are working with City Attorney Ed Sands to make sure everything is done correctly. She continued that her firm would be delivering a legal opinion with respect to the tax exempt status of the bonds that the investors will rely on to buy those bonds.

Ms. Caid continued that non-profit organizations cannot issue tax-exempt bonds themselves and use the proceeds; they have to go through a governmental issuer, which then loans the proceeds to the non-profit organization. There is an indenture pursuant to which the bonds are issued and also a loan agreement between the City of Fruita and the hospital. Part of the loan agreement is an explanation and a documentation of the fact that the City serves purely as a conduit issuer and has

no pecuniary liability with the respect to the bonds and is in fact, indemnified by the hospital for any costs and potential litigation.

City Attorney Ed Sands assured the City Council that he had reviewed all the bond documents and noted that it was important to understand that the bonds were a type where there is no TABOR issue and an election is not necessary. He continued that the City is entering into a loan agreement with the hospital association whereby the City will be loaning the proceeds from the bonds to the association. The City will then be assigning all loan payments back to the bond trustee, who will then be paying the principal and interest on the bonds.

Mr. Sands stated that there are a number of other documents that will need to be signed by the Mayor including a Tax Regulatory Agreement and an Amendment to the 2008 land ground lease (because the City owns the ground). Mr. Sands reiterated that there is absolutely no liability for the City of Fruita if there is some sort of default.

Mayor Buck opened the public hearing on Ordinance 2016-14. Hearing no comments from the public, she closed the public hearing and referred back to the Council.

- **COUNCILOR BONAR MOVED TO CONTINUE THE PUBLIC HEARING AND PUBLISH NOTICE OF THE PUBLIC HEARING TO BE HELD ON NOVEMBER 1, 2016 FOR CONSIDERATION OF ORDINANCE 2016-14 – AUTHORIZING THE ISSUANCE OF THE COLORADO CANYONS HOSPITAL SERIES 2016 BONDS IN AN AMOUNT NOT TO EXCEED \$46 MILLION. COUNCILOR KARISNY SECONDED THE MOTION. THE MOTION PASSED WITH FOUR YES VOTES.**

8. ADMINISTRATIVE AGENDA

A. 2017 BUDGET PRESENTATION

1) CAPITAL IMPROVEMENT PROJECTS – SAM ATKINS, CITY ENGINEER

City Engineer Sam Atkins gave staff's presentation on the 2017 Capital Improvements Plan.

The Capital Projects Fund funds parks and trails, streets, mountain water, city buildings, and drainage. Projects completed (or are in the process of being completed) by the City of Fruita in 2016 include:

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|----------------------------------------------------------------------|-------------|
| • Mulberry Sewer Replacement from Pabor to Ottley Avenue: | \$216,000 |
| • J.2 Road improvements from the Cottonwood Subdivision to J.3 Road: | \$259,000 |
| • Little Salt Wash Trail: | \$1,136,000 |
| • Road overlays: | \$448,000 |
| • City Shops Phase II (break room, two training rooms and offices) | \$196,000 |
| • Civic Center Park Pavilion Repairs/Veterans' Memorial repairs | \$20,000 |
| • Reservoir #2 Dam Stability Analysis (still in progress) | \$45,300 |
| • Gateway Enhancements Concepts | \$35,000 |

- Downtown Fruita Phase II (South Mesa Avenue) \$50,000

Mr. Atkins stated that typically, Conservation Trust (CTF) Funds, grants and the General Fund finance the capital projects for the City. He noted that in the 2017 Budget, there is a little over \$100,000 set aside for capital projects. Expenses have exceeded revenues in CTF funds over the last few years due to the City's trails and park projects that have been completed.

Mr. Atkins stated that the City has spent \$2.5 to \$3 million in the last three years on capital projects. There is \$4.6 million in the 2017 Budget is slated for the Kokopelli Trail.

Mr. Atkins noted that in the last Citizen Survey, the highest priority for Fruita residents is the quality of city streets and sidewalks, as well as traffic congestion and management. Therefore, staff tries to prioritize chip seal and overlay and other road improvements pretty heavily.

Mr. Atkins reviewed the City's PASER program for rating the quality of streets and sidewalks. Since 2008 to 2014, the City's streets and sidewalks overall have improved in PASER scores and in 2017, staff will have new scores after reevaluating all streets and sidewalks that year.

In the 2017 Budget, the City will see a 27% decrease in its Overlay Program, road repair and maintenance and chip sealing & patching. Mr. Atkins noted that this decrease might be a bit misleading because the City of Fruita is now working with Mesa County to do chip sealing every other year instead of every year, so it won't be done in 2017, but will be in 2018.

Mr. Atkins stated that the City expenditures in the Capital Improvement Plan in the 2017 Budget are at \$6.73 million, whereas this amount was under \$3 million in each of the previous three years.

2017 Capital Projects in 2017 (not included in the Sewer Fund or Irrigation Fund) include:

- Downtown Improvements (Aspen alley): \$265,000
- N. Maple Street Bridge Replacement: \$1,000,000
- Sidewalk Replacement: \$400,000
- Overlay Program: \$400,000

Parks and Open Space Improvements include:

- Kokopelli Trail section of the Riverfront Trail: \$4,600,000
- Snooks Bottom Open Space (ADA): \$30,000
- Little Salt Wash Park land acquisition: \$202,500
- Reed Park Improvements (swings/ADA): \$30,000
- Park Improvements (Pabor path east of Pine): \$10,000

Contingency funds for the Capital Project Fund include:

- Contingency (Reservoir #2, other) \$155,000

Mr. Atkins noted that staff had just received notification earlier in the day that the City was successful in receiving the \$1.2 million TAP grant award from CDOT for the Kokopelli section of the Riverfront Trail.

Mr. Atkins also noted that staff has not taken a recommendation from the preliminary information to the State Engineer's Office regarding Reservoir #2. Eventually, the City will have to make a plan for Reservoir #2.

Mr. Atkins stated that there was a complete list of projects in the 2017 Capital Improvements Plan in the Council packets and the sources of their funds including the Sewer Fund and Irrigation Fund information.

City Manager Mike Bennett added that the message staff has been sending as a group is that because of the amount in the Capital Funds, the City needs to spend less until revenues turn around. He said there are a couple of design projects in 2016, but applying for grants for construction funds won't start until next year.

Mr. Bennett said he was very proud of staff and the fact that the City was able to obtain \$4.2 million in grant funds for approximately an \$180,000 match.

Mr. Bennett pointed out that sales tax in August of 2016 jumped up quite a bit (21% higher than August of 2015) and that businesses have been reporting good things for September and October.

Councilor Karisny asked Mr. Atkins if the North Maple Street Bridge project was in the study phase or if the project would actually be completed in 2017. Mr. Atkins responded that the design for the project is being paid for by Mesa County; it is being designed currently and should be ready theoretically by the end of 2016. The City of Fruita has an agreement with Mesa County that Fruita would annex J.2 Road that will see the improvements in exchange for the design service and then the City will be responsible for any right-of-way acquisition and funding of the actual construction.

Councilor Karisny asked if the matching funds for construction of the North Maple Street Bridge would come through Mesa County Road & Bridges. Mr. Atkins explained that the construction costs of \$200,000 would come straight out of the City of Fruita's General Fund and the City hopes to receive a Hazard Mitigation grant award of \$800,000.

Mr. Haley furthered that there are a couple of grants that the City of Fruita may be eligible for on the project; there are some bridge funds and some hazard elimination funds and both are administered by CDOT. Because these are federal funds, they are very competitive, and the City has set aside \$200,000 since those grants are an 80/20 match and it is roughly a \$1 million project. None of the grants have yet been applied for or secured at this time.

Mr. Bennett added that it is more likely that the City would actually be going after the grants in 2017 and if awarded, the project would begin construction in 2018.

Mr. Haley added that some of those grants have a three-year cycle and could be based on three years of funding, so the City could get awarded next year but not actually receive the funds until 2019.

2) UTILITY FUNDS (SEWER, IRRIGATION AND TRASH) – KEN HALEY, PUBLIC WORKS DIRECTOR

Mr. Haley gave staff's presentation on 2017 Budget for the Sewer Fund and the Irrigation Fund. He pointed out that in 2010 and 2011, the City of Fruita spent a lot of money on the biggest single project in the City's history: the Wastewater Reclamation Facility (WWRF) at a cost of \$30 million. Since then, the City has been targeting around \$300,000 per year toward sewer replacements. Mr. Haley noted that the City has a lot of sewer facilities outside of the treatment plant itself; there are 70 miles of sewer lines throughout the City that is maintained.

Mr. Haley stated that the Cedar Street sewer was replaced two winters ago, Mulberry Street was replaced this past winter and the Roberson sewer was replaced in combination with the street overlays in 2016. Mr. Haley noted that these projects lend themselves to being done when it is not irrigation season because that is when the groundwater levels drop. Therefore, the sewer replacements oftentimes carry over from one year to the next, which makes it hard to match up with the budget year.

In 2016, the City also completed a Needs Assessment Study for the WWRF. A consultant was hired to help evaluate the facility, which has been operating for five years. The City now has actual data on expenses and what it takes to operate the facility including electricity and chemical needs. Mr. Haley stated that expenses at the facility are increasing each year.

The Needs Assessment Study also has helped with planning for the future. There already have been some EPA and Department of Health regulation changes since the plant was opened.

When the plant was originally built, staff did value engineer some pieces and components out of the plant in an effort to save as much money as possible. It is now getting to the point where some of those items will need to be added back into the plant such as things that provided redundancy or are necessary once a certain capacity is reached.

Mr. Haley said that the results of the Needs Assessment Study identified over \$5 million worth of improvements that need to be completed in the next five to ten years. There are a lot of unknowns in this depending on the permit cycles. The City's current discharge permit for the WWRF is scheduled to expire at the end of January 2017. Staff has submitted the application for another five-year permit, but the City just received a two-year extension for the permit with no changes. Staff will continue to gauge what the timing and compliance schedules are with the new regulations. Mr. Haley said that the biggest regulation forthcoming is related to phosphorus. Fruita's plant was not designed to treat phosphorus because it was not a nutrient that was being regulated at the time. Now, the EPA and the State of Colorado require testing and control over phosphorus and if the WWRF is not able to meet the requirements with the system Fruita has now, the City could have to face a project of over \$1 million.

Mr. Haley said there are some unknowns, but staff is trying to figure those out as best they can.

Mr. Haley added that while the Needs Assessment Study was being done, staff took the time to evaluate the collection system. Seven miles of sewer lines were identified as being in poor condition currently. The current budget of \$300,000 only completes about ¼ mile of sewer per year. This means it will take the City 28 years just to get caught up.

Mr. Haley stated that because of this, the City needs to fund capital replacements of sewer lines at a higher level.

In the 2017 Budget, staff has identified \$500,000 for sewer lines. The City would like to use that money to advance a Force Main along the Kokopelli Trail alignment, which would cost roughly \$250,000. The sewer line is in the same utility pedestrian easement corridor as the new trail, so staff would like to take the opportunity to get the sewer line in before the trail goes in rather than trying to work around it later. This does not take into account replacing the sewer lines that are in poor condition now, but it does help save money in the long term by not having to tear out portions of the trail later.

Mr. Haley said that with Fruita's growth, even though somewhat small, the need for the Force Main will be coming sooner than staff wants it to.

Mr. Haley continued that for the remaining \$500,000, staff has identified an alley near Pabor Avenue that is probably the highest priority for sewer line replacement.

Mr. Haley stated that sewer projects in 2017 also include \$332,800 for blowers/controls at the WWRF as this was the highest priority identified in the Needs Assessment Study. He explained that although the plant has plenty of capacity, some of the equipment is oversized and staff is having trouble maintaining control as far as air flow and the blowers, which are very expensive. Staff is evaluating whether the best alternative is to add another smaller blower but preliminarily, it looks like the plant is able to meet demands by reprogramming the existing blowers and changing the motor speeds on some of them. Staff is not convinced that this will resolve the issue and therefore put it on the list to be addressed in 2017.

One of the 2016 projects that will carry over into 2017 is the Aspen Alley project (just north of Aspen) just east of Pine to the canal. This was slated for the 2016 Budget and staff has begun the process of notifying residents that construction on the project will take place over the winter months. The project is in the same corridor as an open irrigation ditch and staff will be piping the irrigation ditch at the same time so those property owners will have a piped irrigation system rather than an open ditch system where they have to pump the water out. This will also help delivery on the Encanto Line because it is near the downstream end of that line and by piping the ditch, it will create more head on the Encanto Line to provide better irrigation delivery.

Mr. Haley said that for a number of years, the Irrigation Fund has been focused only on the operations and maintenance of the system; it hasn't included any funds for any capital replacements in the irrigation system. The irrigation system is getting older and needs some attention, so in the

2017 Budget, staff has identified \$13,400 to replace irrigation trash cleaners at the Encanto Headgates.

Mr. Haley noted that the Sewer Fund and Irrigation Fund are Enterprise Funds, so they have to pay for themselves.

This concluded Mr. Haley's presentation of the Sewer and Irrigation Projects in 2016 and 2017.

Councilor Karisny asked for confirmation that the requirements for phosphorus treatment at the WWRF may affect the Budget in future years. Mr. Haley responded that there is an opportunity to opt out of the phosphorus requirement and staff has been doing testing since June to see if Fruita can meet the requirements to opt out based on the levels in the stream. Preliminary findings indicate that the City is close to being able to do this. Staff will continue to monitor it because there has to be over one year of data to support opting out.

Mr. Bennett said that the staff at the WWRF work really hard at trying ideas from "outside of the box" and have even taught the consultants some things.

City Clerk/Finance Director Margaret Sell stated that the 2017 Budget includes a 5% increase in residential sewer rates of \$2.20 per month (from \$41.30 to \$43.50). There will also be a similar increase in the commercial rate. Rates increased to \$41 in 2011 when the City went online with the new WWRF. There was an increase of \$.30 in 2016, so there has been a total increase of \$2.50 in sewer rates since 2011.

Mrs. Sell said that Mr. Haley went over some of the factors that make the increase necessary but that there are still a number of needs that he didn't talk about that still need done such as clarifiers and protecting the investment in the WWRF. She continued that the City also has a debt service on the facility.

Mrs. Sell stated that the growth rate in Fruita is affecting the Sewer Fund. The City had projected 2.5% annual growth rate, but is not meeting that growth rate, so projections are falling a little short in revenues. New construction and tap fees are also falling short of projected revenues.

Mrs. Sell showed graphs depicting the various components of expenses for the Sewer Fund. Administrative costs have remained stable since 2014, as have operations for the collection system (not including capital).

The 2017 Budget for the Sewer Fund includes the conversion of a part-time position (which has been vacant most of the year) to a full-time position.

Debt service shows a steady increase which will continue throughout the life of the Wastewater Treatment Facility bonds (an increase of about \$30,000 per year). Capital equipment expenses in the Sewer Fund fluctuate based on capital needs.

Mrs. Sell said that the sewer rate increase is projected to help offset the costs in 2017 for \$500,000 in sewer line replacements and \$332,800 for the WWRF blower/controls.

Mrs. Sell also showed graphs depicting the annual increase of \$30,000 for the debt service for the WWRF, which is equivalent to a one percent rate increase every year over the life of the bonds.

Next year, staff is hoping to conduct a little more detailed sewer rate study once some of the information becomes available regarding the phosphorus regulations as well as the capital needs at the WWRF.

Councilor Karisny asked if the interest rate on the bonds for the WWRF was at 3%. Mrs. Sell stated that she didn't have the exact number, but it seemed like it was around 3% (issued through the Colorado Water Resources Power Development Authority) and is a pretty competitive rate.

Mrs. Sell continued that regarding trash rates, the City is looking at a rate increase of \$.25 per month (from \$12.50 to \$12.75). Trash rates were actually decreased in 2016 by \$.30, so the rate is still a little bit less than it was in 2015. The factor that affects the rate is the City's contract with Waste Management which allows them to take an increase based on the Consumer Price Index (CPI). The reason it went down in 2016 was because Waste Management also has the possibility of doing an increase to offset fuel costs if fuel goes over \$3.00 per gallon. It has been under \$3.00 per gallon, so there was a fuel surcharge of about \$.30 that the City was able to remove from residents' trash rates in 2016. Mrs. Sell noted that staff isn't projecting any fuel increases in 2017 but are looking at the CPI, which is projected to increase by 2.2%.

Mrs. Sell referred to Mr. Haley's mention of capital improvements needs of \$13,000 in the Irrigation Fund, which brings in about \$105,000 in revenue per year. Staff is looking at increasing the irrigation rate to residents \$10 per year (from \$120 to \$130) for maintenance of the irrigation system. People have the option of paying this annual amount in a lump sum or being billed for it incrementally over a span of six months. The irrigation rates were increased in 2016 and the last increase prior to that was in 2009, so there has been a total of a \$20 per year increase that has occurred over the last eight years.

Mrs. Sell said the increase is needed because of the age of the irrigation system; the City will have to start replacing pipe and the current rate covers operations of the system only (flushing the lines out, keeping them clean and keeping the water delivered).

9. COUNCIL REPORTS AND ACTIONS

COUNCILOR BONAR

Councilor Bonar reported that there will be a Board of Adjustments hearing in November.

COUNCILOR KARISNY

Councilor Karisny said he wanted to make mention of the articles in the City Link regarding Grand Valley Transit including the route map, schedule and general information. He said he also thought the article on the Vacation Rentals by Owner (VRBOs) will be really helpful in giving readers a heads up of what short term rentals are all about.

Councilor Karisny noted that the City Manager Mike Bennett was at the Planning Commission meeting and talked about the focus on the three strategic outcomes and Fruita's economic development activities. He said it was really well done and well received.

Councilor Karisny said that Mr. Bennett had mentioned some information about "WRAP" that he was going to e-mail and asked him to get that out to the Council and Mayor.

Councilor Karisny said he had stopped in at the US Cycling event at the Hot Tomato. Mr. Bennett and Mayor Buck were there and Councilor Karisny said there was a great group of people who were recognizing the 2017 Para-Cycling Road Championships and the 2017 Collegiate Cycling Road Championships. It was well attended and Councilor Karisny said he spent quite a bit of time talking to Randall Cupp of US Bank, who is a big sponsor of these types of events.

Councilor Karisny continued that he also spent a little time in the Fruita paleo area with George Callison, a retired paleontologist for a fascinating couple of hours. Mr. Callison stated that the Smithsonian Institute will be visiting the area in about a year and possibly also National Geographic. Councilor Karisny noted that his visit to the paleo area was through a course called "New Dimensions" for people over 50 years of age.

Councilor Karisny reported that he would be attending the Housing in America, Health Hunger and Housing (through the Grand Junction Housing Coalition), a webinar regarding municipal court, and a bike sharing webinar. He said that he didn't think the bike share program was something that Fruita would embrace, but it's been done in Aspen and a couple of other communities on the Eastern Slope. It is essentially a program where bikes are provided by the community and people either rent them or have passes to use them. Councilor Karisny said that the individual bikes are pricey at about \$1,800 each but there are organizations that will run the whole program.

Mr. Bennett responded that he had seen some models of the program through a health care provider in North Carolina that was used as advertising for the provider. He added that at the Interbike Trade Show, he and Mayor Buck made contact with a company that does this type of program who reached out via e-mail asking if they could provide Fruita with more information. He said the City doesn't have a lot of funds to make it happen, but perhaps it could be considered through one of the City's partnerships with other entities.

Councilor Karisny said Kelly Wendell from Aspen's "WE-Cycle" was a key person to talk to about it or Justin Cuddler from Westminster. Zagster is the name of the company who actually makes the bikes for the bike sharing programs.

Councilor Karisny reported that he would be attending a Grand Valley Regional Transportation Committee (GVRTC) meeting the following Monday and would report on that later.

Councilor Karisny said he wanted to talk briefly about the short-term rental process. At the Planning Commission meeting on August 9, 2016, there were a couple of residents from Adobe Falls Subdivision that came to the meeting to talk about the Conditional Use Permit (CUP) process that they had been through for a short-term rental in their subdivision. Councilor Karisny continued that at the Planning Commission meeting, the Commissioners saw that there was an entire

subdivision and a developer who were against short-term rentals because they were not allowed in the covenants. This did not stop the applicant from turning in the application to the City of Fruita.

Councilor Karisny recalled that two residents of the subdivision had asked the City Council to consider changing the CUP process so that part of the application process would require the applicant to provide proof that what they were requesting is an allowable use within their subdivision.

Councilor Karisny said he visited with the City's Community Development Department about that and Department Director Dahna Raugh was going to check with the City Attorney to see what the legalities might be in amending the CUP process as requested. The change would include a requirement for a letter (along with the CUP application) from the governing board of the subdivision that states whether short term rentals are an allowable use in the subdivision. This means the burden is on the applicant and not City staff, the Planning Commission or the City Council to determine if the use is allowed. Councilor Karisny said that Mrs. Raugh was going to pursue the matter and to determine whether an addendum to the application is sufficient or whether the Land Use Code needed to be amended by an Ordinance. He added that he believes that it will eventually evolve into a better process and is a level of service the City should provide instead of unnecessarily forcing people through a potentially negative public hearing process.

Councilor Karisny said he read that there was a request to extend the grant for the Gateway Design to allow Ted Ciavonne & Associates to work more on the design drafts. He said that Ted had some drawings and one of them had kind of a skeleton thing over the interstate along with the new logo. Councilor Karisny said he commented at the time that it would get old. He added that when going through the roundabouts, on the second one that is closest to the interstate and sits on a 20% grade, the concept design would fit perfectly inside there as a hard rock landscape. Councilor Karisny noted that hard rock landscapes were the least expensive things to do and would not require any maintenance.

COUNCILOR KREIE

Councilor Kreie stated that the Downtown Advisory Board for the last few years has put up a Christmas tree lot on Mulberry Street for various lengths of time, but at their last meeting, they discussed moving it to another location, so board member Jesse Mease is going to talk to the owners of the Go-Fer gas station on the circle about their vacant lot next to the post office as a possible location.

Mr. Bennett noted that staff had a meeting scheduled on Monday to meet with Jeannine Purser, chairperson of the Downtown Advisory Board, but she called and said that she was fairly certain that the owners of the Go-Fer would allow the Christmas tree lot on their property.

Councilor Kreie noted that it was the Future Farmers of America (FFA) kids who run the Christmas tree lot.

Councilor Kreie also reported that Mrs. Purser stated that the DAB's banners are scheduled to be completed after the holidays.

Councilor Kreie said that the Associated Governments of Northwestern Colorado would not be meeting in October.

COUNCILOR KINCAID

Councilor Kincaid reported that the Fruita Chamber Board of Directors met the previous week. Upcoming events include:

- Economic Development Summit – October 26th from 6:00 – 7:30 pm at Cavalcade
- Partners Dinner at the Hot Tomato – November 2nd or 9th
- Chamber's Strategic Planning – November 12th

The Chamber board also discussed this year's Fruita Fall Festival, which was deemed a success again; \$23,000 was raised from the event. \$10,000 was spent on the music acts this year to draw more people. The Chamber is looking at music as being a primary focus for next year's Fruita Fall Festival as well.

The Chamber board also discussed the possibility of the Fireworks Show not happening in 2017 and what South Fruita would then do for the July 3rd event. They looked at alternatives such as doing a barbeque contest/home brew contest event on the weekend before Memorial Day.

Councilor Kincaid noted that Trick or Treat Street was coming up for both the south side and Aspen Avenue in Fruita.

Councilor Kincaid reported that he, the City Manager and Human Resources Director Odette Brach went to the state tourism office's "Discover Colorado Roadshow" the past week to talk about Colorado tourism and how it affects Fruita. He said many people at the show talked about how they can't afford to spend tourism dollars while Fruita is always creative in finding ways to market and promote the City with its limited budget. Councilor Kincaid said that one of the main concerns is that there is a \$19 million budget for tourism dollars from the state and the bulk of that stays on the Denver side while there are a lot of smaller towns on the Western Slope that aren't getting proper funding from the state for tourism. Councilor Kincaid said that all the states around Colorado are increasing their tourism budgets to compete with Colorado.

Councilor Kincaid continued that California and Texas are the two largest states that compete with Colorado for tourism. He noted that five or ten years ago, California had \$19 million in their tourism budget, but they are now up to \$119 million currently. Utah has also increased their tourism budget 16 to 20 percent in the last three years. Colorado has stayed at about \$19 million in its tourism budget for several years. Councilor Kincaid said that even Fruita as a city has a lot more competition from these other states that are increasing their tourism budgets.

Councilor Kincaid said that the Roadshow is putting together a plan for how they want to spend money on tourism for Colorado nationally and internationally. He said there will be a lot going on with this in the next six months and it will be interesting.

MAYOR BUCK

Mayor Buck stated that the Grand Junction Economic Partnership would be meeting the following morning. She also said there is not a lot going on with the Senior Task Force right now.

Mayor Buck said that Gear Patrol (an online and print publication) was a group that contacted the Economic Development Partners through Luis Benitez of the Colorado Tourism Office and they are going to come to Fruita to have lunch with the Mayor and City Manager on November 2nd. Mayor Buck invited the other Council members to stop by at the Hot Tomato on that day if they wanted to.

10. CITY MANAGER'S REPORT

City Manager Mike Bennett noted that at the next workshop meeting of the City Council, outside agency funding requests would be discussed, as would the 2017 Budget for the Marketing and Promotion Fund.

Mr. Bennett stated that the Economic Development Summit on Wednesday came about after he and Fruita Chamber Director Frank Ladd had talked about educating local businesses on what and why the City is doing and also to give the businesses some materials that they can easily hand out to their customers. Mr. Ladd will kick off the meeting and then Mr. Bennett said he would give a presentation on the efforts of the City in regards to the City Council's goals, attending the trade shows, marketing materials that have been developed and to make the connections on how it all relates to the delivery of services. He said his presentation would include case studies of other communities that have had economic development success with the help of local businesses and residents.

Mr. Bennett also stated that it was interesting that part of the big piece of the Colorado Tourism Office's (CTO's) marketing plan is getting local people to be bigger promoters of their towns. He said he loves feeling very proud of the Fruita community, which he said has amazing promoters; he feels confident that when people come visit Fruita, they will hear positive things about the community.

Mr. Bennett said he feels that Fruita is doing better than some communities just because of the local people here; he felt that when he first came here himself and gets that same feedback often.

Mr. Bennett said he also found it very interesting that the CTO put the numbers up of where visitors that come to Colorado are from and the number one state providing visitors to Colorado is Colorado. Almost 9.5 million visitors to cities in Colorado are from other places in Colorado.

Mr. Bennett said that from everything the Economic Development Partners have looked into, the majority of Fruita's visitors come from somewhere in Colorado, usually from the Front Range or the resort towns. The second largest number of visitors to Colorado comes from California at 3.5 million.

Mr. Bennett stated that when Kathy Ritter (the Executive Director of the CTO) was interviewed by a local television station, she made the comment that the western half of the state should look to Fruita as the case study of how to do things, which he thought was a great compliment. Mr. Bennett

said he has corresponded with Ms. Ritter via e-mail thanking her for highlighting Fruita and relating to the idea that positivity breeds positivity.

11. ADJOURN

With no further business before the Council, the meeting was adjourned at 8:23 p.m.

Respectfully submitted,

Debra Woods
Deputy City Clerk
City of Fruita