



FRUITA

COLORADO

AGENDA ITEM COVER SHEET

TO: FRUITA CITY COUNCIL AND MAYOR

FROM: TURE NYCUM, PARKS AND RECREATION DIRECTOR

DATE: JUNE 15th, 2021

RE: ENDORSING A DEPARTMENT OF LOCAL AFFAIRS (DOLA) ADMINISTRATIVE GRANT APPLICATION FOR A PARKS, OPEN SPACE AND TRAILS (POST) IMPACT FEE STUDY AND THE USE OF UP TO \$10,000 IN CONTINGENCY FUNDS

BACKGROUND

The City of Fruita adopted its first Parks, Open Space and Trails (POST) Master Plan in 2009 which identified several opportunities to fund future POST projects, including the implementation of a POST Impact Fee. In early 2010, and based on the master plan's recommendation, the City updated the Land Use Code and implemented a POST Impact Fee based on the methodology and formula presented in the 2009 POST Master Plan. Although the fee was set at \$1,860 per new household and not the \$4,498 maximum POST Impact Fee amount as identified in the Master Plan, the funding tool has been effective and allowed for the completion of several parks and trail projects over the years. Projects that POST Impact Fees have helped fund over the past 10 years include the Wills Property Land Acquisition to expand Little Salt Wash Park, improvements to Heritage Park and the Rimrock Trail Extension. This fee has not been updated since 2010.

In April 2021, City Council adopted the Parks, Health, Recreation, Open Space and Trails (PHROST) Master Plan, an update to the 2009 POST Master Plan, and once again the plan discusses POST Impact Fees as a useful tool to fund future park and trail projects. The PHROST Master Plans recommends that the City study the current methodology and formula, along with actual or appraised land values and local construction costs, to accurately determine the POST Impact Fee. The study, data and POST Impact Fee would be presented to City Council.

The City would like to hire a third-party consultant with expertise in this area to conduct the study and recommend an implementation strategy. The estimated cost to perform this work is \$20,000 and the City is applying for a DOLA Administrative Grant to cover 50 percent of the total cost.

The attached letter is the required application for DOLA administrative grants, which requires the information contained therein, including a commitment to fund the 50 percent match if awarded the grant.

FISCAL IMPACT

The current POST Impact Fee has not been updated or increased in ten years. If awarded the grant, staff will bring a budget amendment to City Council at a future meeting to allocate contingency funds to cover the 50 percent match of the contracted amount.

APPLICABILITY TO CITY GOALS AND OBJECTIVES

The City assesses impact fees on new growth and development with the intent that the fee should offset the financial impact of development on public infrastructure, including parks, open space and trails.

OPTIONS AVAILABLE TO THE COUNCIL:

1. Approve the DOLA Administrative Grant request
2. Approve the DOLA Administrative Grant request with conditions and/or additions
3. No action.

RECOMMENDATION:

It is the recommendation of staff that Council by motion:

AUTHORIZE THE MAYOR TO SIGN THE DOLA GRANT REQUEST LETTER FOR FUNDING OF A POST IMPACT FEE STUDY AND POTENTIAL USE OF CONTINGENCY FUNDS FOR MATCHING FUNDS IF AWARDED THE GRANT.



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970.858.8373

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WASTEWATER
TREATMENT FACILITY
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June 15, 2021

Mr. Patrick Rondinelli
Colorado Department of Local Affairs
Regional Manager
222 South 6th Street, Room #409
Grand Junction, CO 81501

Re: Administrative Grant Request – Fruita Parks Open Space and
Trails (POST) Impact Fee Study and Update

Dear Patrick,

The City of Fruita adopted its *Comprehensive Master Plan: Fruita in Motion* in January 2020 and followed up by updating the *Parks, Health, Recreation, Open Space and Trails (PHROST) Master Plan* in April 2021. These plans have set forth a vision with accompanying policies and action items to improve the Parks and Recreation system that our community highly values and ultimately enhances our Quality of Place, Economic Health and Lifestyle in Fruita.

The City assesses impact fees on new growth and development with the intent that the fee should offset the financial impact of development on public infrastructure, including parks, open space and trails. The Parks, Open Space and Trail (POST) Impact Fees help fund implementation of the mission, vision, various policies and action items laid out in the PHROST Master Plan. The POST Impact Fee has not been studied or changed since 2010 as part of the 2009 Parks, Open Space and Trails Master Plan. This current recommendation to update the POST Impact Fee is highlighted in the PHROST Master Plan as Policy 1.1.3 and further highlighted in Section F, Funding Plan.

Scope:

The City of Fruita adopted Ordinance 2010-10 on April 6th, 2021, which amended the Land Use Code based on the 2009 Parks, Open Space and Trails Master Plan, to establish a POST Impact Fee/ Dedication. The ordinance proved the methodology and formula used to create the maximum combined parkland and trail impact fee at that time.

Through the PHROST Master Plan and utilizing the same methodology and formula from the 2009 POST Master Plan, the PHROST Master

Plan recommends “that the City conduct further research regarding a possible increase to the POST Impact Fee.”

The City would like to hire a third-party consultant with expertise in this area to conduct the study and recommend an implementation strategy for an update to the current POST fee. A review of the current methodology and formula to derive a POST Impact Fee along with an evaluation of local construction costs and actual or appraised land values will also be conducted. This evaluation will help recommend a new POST Impact Fee to Fruita City Council that adheres to the policies set forth in the 2021 PHROST Master Plan and to prepare the City for future parkland and trail development as the community grows.

Project budget and timeline:

The budget for this project is \$20,000 with a \$10,000 request for assistance from a DOLA Administrative Grant. It is the City’s contention that the elements listed above can be completed within this dollar amount.

The City of Fruita is submitting the grant request as this is an important, yet unexpected expenditure in 2021, which was not budgeted for. If awarded, the City of Fruita will utilize \$3,500 in savings from the PHROST Master Planning process and City Council will commit to funding the remaining \$6,500 from contingency funds in the 2021 General Fund budget.

If awarded, the City is ready to issue a request for proposals, select and hire a consultant and begin the POST Impact review and study. Having recently completed a traffic impact fee study and implementation, we are familiar with this process and it is our intention to have the POST impact fee reviewed, land use code modified (if needed), and an updated impact fee set through Council adoption by the end of 2021.

Project urgency and readiness to begin work:

As mentioned, the City of Fruita adopted the PHROST Master Plan in April 2021 and is now in the process of implementing the mission and vision along with the identified policies and projects the plan set forth. The POST Impact Fee has not been updated in 10 years and with development costs increasing and updated goals and standards to adequately fund impacts of growth on parks, open space and trails, time is of the essence.

It is also the City's belief that updating the POST impact fee will further our goal of diversifying our local economy, as well as continuing to foster a quality of place that our residents love, with new development offsetting the costs of impacts arising from growth.

The City is completing an update of several other section of the Land Use Code and with the recent adoption of the PHROST Master Plan, the City is ready to update the POST Impact Fees.

Finally, the City would like to study and update POST Impact Fee due to the increase in new housing development projects in Fruita. It is important the fee accurately reflects current costs of development impacts to parks, open space and trails with the large amount of development occurring in Fruita. The City realizes the lost revenue potential with every new development project that gets submitted prior to updating the POST Impact Fee. This lost revenue impacts the City's ability to provide parks and trails to meet the community demands in the future.

Energy and mineral impact:

Over the past 15 years, the City of Fruita has nearly doubled in population with most of this growth rooted in the energy industry. For example, in 2009, the City had over 400 energy related employees living in the city limits, then in 2010 that number decreased to 244 employees; then in 2011 the number was back up to 490 employees and in 2012 the employee count dropped 27% to 353. The current population is just under 14,000 compared to 4,500 a little over 20 years ago. Without a doubt, the employment opportunities the industry creates are favorable to the community and it has made and saved a significant part of the economy. The constant swings in energy activity significantly impact the community.

These ever-changing fluctuations create unpredictable changes in budget and make it difficult to provide the infrastructure and services needed or expected. Because of this, Fruita is always pursuing ways to diversify its economic base and supplement the energy industry when it is in less active times.

Financial Information

Assessed Value: \$114,995,770

Total Mill Levy: 10.146

Property Tax Revenue: \$1,146,137

Sales Tax Rate and Annual Revenue: 3%, \$2,880,993

General Fund Budgeted Revenue: \$8,223,000

General Fund Budgeted Expenditures: \$8,945,180

General Fund Balance as of 12/31/18: \$9,093,384

Portion of unassigned general fund: \$6,591,338 (includes 25% operating reserve of \$1,686,810)

Total Budget Revenue: \$19,841,400

Total Budgeted Expenditures: \$20,515,405

Total Fund Balance (all funds): \$14,115,578

Total Outstanding Debt (all funds): \$30,274,106

Fruita continues to gain momentum, not only as a world class mountain biking destination, but as a tourist destination for other attractions and the City itself would like to be a larger part of this attraction including its festivals, concerts, events, daily happenings downtown and business recruitment. Building on this growing momentum is an important step towards diversifying the City's economic base to help soften the effects of the slowing energy industry activity.

Sincerely,

Joel Kincaid, Mayor
City of Fruita