

**FRUITA CITY COUNCIL MEETING
AUGUST 20, 2024
7:00 P.M.**

1. CALL TO ORDER AND ROLL CALL

Mayor Breman called the regular meeting of the Fruita City Council to order at 7:00 p.m. The meeting was held both in person and with virtual access provided through Zoom.

Present:

Mayor Matthew Breman
City Councilor James Williams
City Councilor Jeannine Purser
City Councilor Rich Parrish
City Councilor Andrea Downs
City Councilor Amy Miller

Excused Absent:

Mayor Pro Tem Aaron Hancey

City staff present:

City Manager Mike Bennett
Assistant City Manager Shannon Vassen
Communications and Engagement Manager Ciara Amann
Deputy City Clerk Deb Woods
Finance Director/City Clerk Margaret Sell
Finance Director Joe Zaher
Planning & Development Director Dan Caris
City Planner Henry Hemphill
Public Works Director Kimberly Bullen

Also present:

Managing Member for McMahan and Associates, LLC Michael Jenkins (virtually)
Representatives from Headwaters Housing Partners Adam Roy and Grady Lenkin
Members of the public (in-person and virtually)

2. MOMENT OF SILENCE AND PLEDGE OF ALLEGIANCE

Mayor Breman called for a moment of silence for reflection. He then led in the Pledge of Allegiance.

3. AGENDA – ADOPT/AMEND

- **COUNCILOR MILLER MOVED TO APPROVE THE AGENDA AS PRESENTED. COUNCILOR PARRISH SECONDED THE MOTION. THE MOTION PASSED WITH FIVE YES VOTES.**

4. PROCLAMATIONS AND PRESENTATIONS

- A. PRESENTATION – 2023 FINANCIAL STATEMENTS, FISCAL HEALTH ANALYSIS AND AUDITOR’S REPORT – *FINANCE DIRECTOR/CITY CLERK***

***MARGARET SELL AND MICHAEL JENKINS, MANAGING MEMBER FOR
MCMAHAN AND ASSOCIATES, LLC***

AUDITOR'S REPORT

Finance Director/City Clerk Margaret Sell introduced Michael Jenkins, Managing Member of McMahan and Associates, LLC, who was present virtually to provide an overview of the results of the firm's audit of the 2023 Financial Statements. This is the first year that McMahan and Associates has performed the City of Fruita's audit.

Mr. Jenkins explained the audit processes and purposes. He reported that the City did expend some federal source dollars last year, namely American Rescue Plan Act (ARPA) grant money, which required a separate audit (Single Audit) of the City's use of those funds during the fiscal year.

Mr. Jenkins stated that he was pleased to announce that the City of Fruita received a clean audit opinion for 2023 with respect to both its Financial Statements and the Single Audit, which is the highest level of assurance that McMahan and Associates, as independent Certified Public Accountants, (CPAs) can provide.

Mr. Jenkins also reviewed some financial highlights such as:

- Increase of approximately \$10 million (9%) in the City's Net Position (equity) in the 2023 Fiscal Year
- Governmental (day-to-day activities of the City) realized about a \$5.8 million increase in Net Position for the year
- Sales and Use Tax was up about \$100,000 (1%) last year over the prior year.
- Investment Earnings were up significantly.
- Enterprise Funds (Sewer, Trash, Irrigation and Devil's Canyon) generated a surplus of about \$4 million in the past year.
- \$3.4 million of the \$4 million in Enterprise Funds can be attributed to Capital grants that were received in the Sewer Fund and therefore were utilized for some of the infrastructure and expansion that was done in 2023.
- Total Governmental Funds increased about \$2 million during 2023.
- Ending Governmental Fund Balances were about 160% of 2023 expenditures compared to about 180% in the prior year. These numbers fluctuate depending on the value and spend-down cycle within the Capital-type Funds where the City builds up the funds to then expend and invest in Capital Assets.
- The City continued to maintain strong Governmental Fund Balances due to variable revenue sources such as sales and use taxes and property taxes.
- All of the City's major Funds performed well during the past year; all expenditures in significant major Funds were within their adopted Budgets.

In summary, Mr. Jenkins stated that the City of Fruita had a pretty solid financial year in 2023 with steady revenues and growth in grant funding assisted with capital expenditures and capital construction that took place. Fund Balances remained healthy while the City continues to remain pretty conservative in its budgeting and controlling costs relative to actual revenues during the year. He added that collectively, this expands the City's ability to provide services for its taxpayers and allows the City to enter into 2024 in a pretty strong reserve position in its financial matters.

Concerning the audit itself, Mr. Jenkins noted that the Council packet included the required letter from McMahan and Associates to the City Council that addresses the nature and quality of the policies and practices of the City, the extent of adjustments that were made to the City's financial records, any issues the auditors might have had with management in conducting the audit and addresses opportunities for improving the City's business practices or internal controls structure that they may have come across in the course of the audit.

Mr. Jenkins did note that there was a new account stated for Subscription-Based Software Agreements that was implemented during 2023 and it thankfully did not involve restating opening balances, although it did involve adding some additional notes disclosures and additional measures to the 2023 audit package.

In terms of performance of the audit, Mr. Jenkins said that City Clerk/Finance Director and new Finance Director Joe Zaher, as well as everybody in the City, was great to work with. He called the audit very smooth and said the taxpayers of the City as well as the City Council should take great comfort knowing that the people that work for the City take great pride in what they do.

Mr. Jenkins added there were some restatements of opening balances, but they were all in the increase, or positive direction regarding how to treat some deferred revenues in development Impact Fees on the Governmental side and there were some adjustments related to the accounting calculation used to amortize some debt premiums and discounts. These also resulted in a positive impact for the City's Fund Balances and Net Position for 2023.

There were some recommendations that were included in the letter to the Council related to some cash receipting and deposit processing, but Mr. Jenkins said he would not classify them as significant. He added that the City is addressing them in 2024 and moving forward.

Mr. Jenkins concluded by saying that the accounting practices and policies of the City are the "Three Cs:" Conservative, Consistent and Compliant, adding that the Council really couldn't ask for better than that.

Mayor Breman asked if any Subscription-Based Software Agreements that is for more than a one-year term is being classified as a long-term liability. Mr. Jenkins responded that there is a threshold applied in terms of the discounted value of the agreements and there is a related asset that is reflected as well. He explained that the intent of the new standard is that if the City has agreed to have access to a piece of software, for all intents and purposes, the City has purchased it by committing to the series of payments. The City, therefore, has equal amounts in assets and liabilities that get amortized over the term of the agreement. Mr. Jenkins added that the auditors would be looking at making sure that the agreements are financially material (fiscally significant in their impact) relative to the Financial Statements of the City because smaller agreements do not qualify for reporting under that standard.

Mayor Breman said that in reading the auditors' notes, he read that part of the audit is not necessarily an "internal control audit," yet there were notes on two items related to internal controls for cash receipting and deposit processing. He asked for clarification on how the Council could make sure the City's internal controls are where they should be and if this was even a responsibility of the auditing firm. Mr. Jenkins explained that their audit is directed at the Financial Statements, so the objective of the audit is to report on those and the financial reporting; it is not primarily directed at finding internal control issues if they exist. He added that if, in the course of their audit, which is directed at the

financial reporting and Financial Statements of the City, the auditors do come across opportunities to improve internal controls, they will.

Councilor Downs asked if the City is audited every year and Mr. Jenkins confirmed that the City receives an audit every year pursuant to the Fruita City Charter and state statute.

Finance Director/Margaret Sell commented that new auditors are always refreshing because they come in with a fresh set of eyes and ideas and sometimes find some things that staff can improve upon, which is really helpful, so she finds that to be a positive and not a negative.

2023 FINANCIAL STATEMENTS

Mrs. Sell provided a PowerPoint [presentation of the City of Fruita Financial Statements for Fiscal Year Ending December 31, 2023](#). The following is a link to the Financial Statements themselves: [Financial Statements for Fiscal Year Ending December 31, 2023](#). The presentation consisted of an overview of the following:

- Financial Statement components
- Fund types
- Government-wide Financial Statements
- Government-wide Net Position
- Assets and Liabilities and deferred inflow of resources
- Change in Net Position over the prior year
- Governmental Fund Statements
- Fund Statements of the General Fund and Community Center Fund including revenues, expenses, other financing sources (uses) and Fund Balance
- Fund Statements of the Sewer Fund including revenues, expenses and Net Position
- Capital Asset additions

Councilor Williams asked for Mrs. Sell's opinion concerning where the City is financially compared to years past, noting that the reason he was asking was because she would no longer be available due to her impending retirement from the City. Mrs. Sell said she felt that the City is sitting in a healthy financial position right now but warned that part of the current financial position has been built up over the last five years when things were very slow due to COVID and supply chain issues that resulted in the City not spending as much as it would have normally. She added that part of the favorable financial position is probably artificially inflated due to the nature of the current economic environment and that even though some of the numbers look really huge, they can get spent really fast; there could be one Capital Project that takes all the additional funds out. Mrs. Sell advised the Council to make sure to spend the money on priorities because once it is gone, it gone.

Mrs. Sell also predicted that the City will see a little bit of a slowdown in sales tax revenues due to inflation that will help keep the City's expenses in check. She added that the City still has the needs of the community, however, so going forward, the Council should just keep those things in mind.

Mrs. Sell commented that if Assistant City Manager Shannon Vassen has learned anything from her, it is to be conservative when preparing the Budget and to expect the unexpected.

Councilor Williams asked Mrs. Sell to compare the current financial state of the City to ten or twenty years ago on a percentage basis. Mrs. Sell responded that the one long lasting trend that she has seen is on the City's sales tax dollars because Fruita used to have only brick-and-mortar businesses from

which sales tax was collected but now, the City is collecting sales tax on online sales as well, which is a huge part of where the City's sales tax increases have come from. She said this is different than ten or twenty years ago and that she thinks it adds stability for the City going forward to not have to rely on only the brick-and-mortar stores for sales tax revenues.

Councilor Williams asked if there was anything the Council could do to encourage more online sales if that is what will keep the City financially sound in the future. Mrs. Sell said she didn't necessarily think that it needs to be encouraged; it's just people's way of life now. She pointed out that COVID really made it obvious to people that online sales is the way to go because nobody has to drive to the stores and it has become a sustainable habit that people have developed as part of their lifestyles.

Mrs. Sell also explained that on the monthly Financial Reports (at the end), there is a line item for "remote sales," which are the online sales that trend a little bit differently and if they start to decrease, maybe then the Council should be concerned, but currently, they just continue to increase. She added that it is a good indicator of what people are doing outside of the brick-and-mortar stores.

Mrs. Sell also advised that after the new Community Center in Grand Junction opens, the Council carefully monitor Fruita Community Center revenues to make sure it remains financially feasible. She added that when the bonds for Fruita's Community Center are paid off in 2039, part of the City sales tax will no longer be collected. This is the \$0.01 of the City's \$0.03 sales tax that is dedicated to the Community Center Fund and which has surpassed what the City is required to pay for the Debt Service. Mrs. Sell made the comment that hopefully, the difference will go towards one-time Capital Improvement-type projects instead of operations because the money will not be there in perpetuity.

Councilor Williams asked if there was any benefit in taking those additional funds and paying down the balance on the Community Center bonds (Debt Service). Mrs. Sell recalled the City refunding the bonds in 2019 and receiving a fairly good interest rate on them. She said there is actually a disadvantage in paying the bonds off early because once they are paid off, the 1% sales tax goes away.

Councilor Purser asked what kinds of things were included in the "Other" category on the slide about Community Center Fund Revenues and Mrs. Sell said it was interest income.

Mrs. Sell cautioned that the Sewer Fund is one that staff worries more about because anything that needs repaired or replaced at the Wastewater Reclamation Facility or collection system is high dollar, so it is important to make sure that the City has a fairly healthy operating reserve to respond to those needs.

Mayor Breman noted that there were massive supply chain issues coming out of the COVID pandemic in 2022. He said in looking at 2023, there is a lot of carry-over into 2024. He asked Mrs. Sell if she saw the percentage of Capital Funds being carried over significantly decreasing from 2024 to 2025. Mrs. Sell said she didn't. City Manager Mike Bennett said he thought the City would continue to see carrying over into next year because of projects like 19 Road on which construction will start in November of 2024 while the bulk of the construction will happen in 2025. The South Mesa Street Project is another one that will be completed mainly in 2025 but has been a carry-over project due to the Colorado Department of Transportation (CDOT) grant and their review process. He added that he didn't believe it would be a consistent trend year over year, however.

FISCAL HEALTH ANALYSIS

Mrs. Sell also provided a PowerPoint [presentation of the Fiscal Health Analysis for Fiscal Year ending December 31, 2023](#) which included a five-year look-back (instead of three) because COVID introduced so many abnormalities to financial situations. The Analysis is one of many tools to analyze financial health and consisted of the following categories of ratios and Fruita's trends between years 2019 and 2023:

- Cash to Liabilities
- Unrestricted Fund Balance Ratio
- Debt Burden Ratio for the Fruita Community Center
- Debt Burden Ratio for the Sewer Fund
- Tax Revenue per Capita
- General Fund Expenditures (net of transfers) per Capita
- Tax Revenues vs General Fund Expenses per Capita
- Operating Margin Ratio
- Enterprise Funds Net Position

Mayor Breman requested that Mrs. Sell provide the Council with preliminary data on the Operating Margin Ratio for 2024 after he learned from the presentation that there was a decrease in 2023 from 0.25 to 0.04. This ratio indicates the amount added to a local government's reserves for every \$1 it generates in revenue. Mrs. Sell explained that it does tend to change consistently over time since the ratio could be negative one year for one-time capital expenditures but then positive the next.

Councilor Purser requested clarification on what was included in the Auditors' Report concerning Sole Source Vendors. Mrs. Sell explained that the form that staff uses to document this is supposed to be updated every four or five years, but the auditors came across one that was fairly old.

Councilor Downs asked if the auditors review how staff is reporting its financial information. Mrs. Sell responded that the auditors are looking at the actual numbers that are being reported and how staff arrived at those numbers. In order to do that, the auditors have to follow staff's processes through, during which time, they may have suggestions for doing something differently or for accounts payable (where the auditors' major focus is), the auditors will take a sampling of twenty accounts payable items throughout the year and will look at them in detail. They will then determine if the transaction had the proper procurement processes, if it was a Sole-Source Vendor, if account numbers are correct and/or whether sales tax was inadvertently paid.

The auditors will also look at whether there are internal controls in place that can assist staff in avoiding mistakes. Mrs. Sell said it is a helpful thing. Councilor Purser asked if there have been any recommendations from the auditors in the past and Mrs. Sell said the City hasn't had any recommendations for years. She added that it is good to have a fresh set of eyes looking at things.

Councilor Downs asked when the auditing process begins. Mrs. Sell explained that audits are due to the Office of the State Auditor by July 30th of every year, but she was leaving it up to the new Finance Director, Joe Zaher, to schedule next year's. She noted that she had to request an extension this year because the City didn't meet the deadline.

She further explained that the City has to change auditors at least every eight (8) years pursuant to the Fruita City Charter, and this year, the City used a new auditing firm. She estimated that the auditors will probably do some field work in January and April/May and that the Council would see the report before the July 30th deadline.

Mrs. Sell pointed out that the annual audit is also a good preface for the Council going into the annual strategic planning and budget process.

Councilor Williams asked if staff is going to address the recommendations from the auditor. City Manager Mike Bennett responded that staff already has. Mrs. Sell added that the auditors informed staff of the recommendations when they were still doing their fieldwork.

Councilor Williams wondered if it is kind of antiquated that the Police Department still uses handwritten receipts and asked whether their system needs to be updated. Mrs. Sell stated that the Police Department takes in very little cash. They do enter their cash receipts into the Springbrook accounting software, but not necessarily at the time people come to the counter. She added that she thinks the auditors' recommendation of creating electronic receipts from the start is a good one and will only require a little proper training to resolve.

The Mayor and City Council thanked Mrs. Sell for her dedication and hard work and wished her well in her retirement.

- **COUNCILOR PARRISH MOVED TO APPROVE THE CITY OF FRUITA 2023 FINANCIAL STATEMENTS AND ACCEPT THE AUDITOR'S REPORT. COUNCILOR PURSER SECONDED THE MOTION. THE MOTION PASSED WITH FIVE YES VOTES.**

5. PUBLIC PARTICIPATION

Layla Crews, 169 N. Cedar Street in Fruita, was present in the audience and spoke about some of her ideas for the Fruita Middle School. She said she didn't want the Council to do anything with it because there are a bunch of kids who play sports there. Layla had several ideas for the school including:

- Turn the gym into a place for kids to play basketball.
- Art Room could be used for Fruita art groups.
- Shop Room could be used to teach people how to repair lawnmowers and small engines.
- Music groups could record their music in the Music Room.
- Groups could use classrooms as meeting rooms.
- Classrooms could be used to teach businesses things.
- Classrooms could be used to make or sell things.
- Classrooms could be turned into offices.
- The 2nd Floor could be used for apartments for people who need nice, safe homes.

Layla urged the Fruita City Council to please leave the Middle School alone. Councilor Williams asked Layla to check back in with the City Council to make sure everything is going good from time to time.

Tessa Binam, 255 N. Ash Street asked if the Council had ever reviewed the traffic study that was completed on Ash Street at the end of June. She said she has reviewed the study, so that means that the Council should have been able to review it. Ms. Binam continued by saying that on July 30th, there was a street closure somewhere in Fruita and the closure resulted in dump trucks speeding up and down her street and almost wiping out a Fed Ex truck right in front of her house.

Ms. Binam added that there was also a closure on East Pabor from August 7th to August 9th that resulted in a lot of people speeding up and down her street and her kids started their riding their bikes to school, so she wants something done. She stated that she had done her part and she was present at the meeting to remind the Council that they are supposed to be doing their part.

There were no further comments from the public.

6. CONSENT AGENDA

- A. MINUTES – A REQUEST TO APPROVE THE MINUTES OF THE AUGUST 6, 2024 REGULAR CITY COUNCIL MEETING**
- B. LIQUOR LICENSE RENEWAL – A REQUEST TO APPROVE THE RENEWAL OF A FERMENTED MALT BEVERAGE AND WINE – MALT AND VINOUS (CITY) (OFF-PREMISES) LIQUOR LICENSE FOR DILLON COMPANIES, LLC DBA CITY MARKET #13 LOCATED AT 135 S. PLUM STREET**
- C. BOARDS AND COMMISSIONS REAPPOINTMENT – A REQUEST TO APPROVE THE REAPPOINTMENT OF MEL MULDER TO THE PLANNING COMMISSION AS A REGULAR MEMBER FOR ANOTHER THREE-YEAR TERM TO EXPIRE IN AUGUST OF 2027**

Mayor Breman opened the public hearing on the Consent Agenda.

Tessa Binam, 255 N. Ash Street in Fruita, stated that she wanted to address Consent Agenda Item #C (Approving the reappointment of Mel Mulder to the Fruita Planning Commission). She said she wanted to draw attention to the City's Boards and Commissions Policy, Page 4, Section F (3), which states that vacancies will be advertised for a minimum of 30 days in five publications and through word of mouth.

Ms. Binam stated that she had printouts of two of the publications that are the "City page" and the Boards and Commissions page and claimed that neither one of the vacancies that are available had been posted for the last 30 days or since June. She said that while she knows Mel Mulder and he has lived in Fruita a lot longer than she has and has done a lot of great things for the City, it had nothing to do with him, but she didn't think it was fair that he gets reappointed to a board that wasn't advertised because nobody else had an opportunity to apply. She alleged that this is what happened even though the coversheet in the Council packet stated that no other applications had been received. Ms. Binam added that she believes there is a Police Commission vacancy available that is also not on the website.

City Clerk Deb Woods said that if Ms. Binam had just recently looked at the website, the vacancies wouldn't appear on the website because the City was in the process of appointing candidates to the vacancies. She added that the vacancies were advertised 30 days, but once the Mayor has determined that an appointment will be made, those vacancies are taken down from the website. Ms. Woods asked Ms. Binam when she looked at the website. Ms. Binam stated that she has been filling out an application for a Board and Commission, so she has been looking at the website since the middle of July and there have been no changes to the vacancies. She added that the vacancies are also not on the Facebook, which they are supposed to be pursuant to the Boards and Commissions Policy. She said she searched the Facebook page before she came to the City Council meeting and vacancies are not anywhere on it.

Mayor Breman said that staff would go back their records to confirm that the vacancies were advertised and if for some reason it is not getting done the way it should be, the Council would direct staff to make those adjustments. Ms. Woods confirmed that the Boards and Commissions Policy requires that vacancies be advertised for 30 days and said she would look into the matter and get back to the Council.

Councilor Williams recommended removing Agenda Item #6 (C) from the Consent Agenda and Mayor Breman said it would be placed at the end of the Consent Agenda for further discussion. He also asked why Consent Agenda Item 6 (B) (City Market Liquor License Renewal) didn't fall under the purview of administrative approvals. Mr. Bennett explained that it appeared on the Consent Agenda because the Ordinance allowing for administrative approvals would not go into effect until September 6, 2024.

Hearing no further comments from the public, he referred the Amended Consent Agenda to the City Council.

- **COUNCILOR MILLER MOVED TO APPROVE ONLY ITEMS A. AND B. ON THE CONSENT AGENDA. COUNCILOR WILLIAMS SECONDED THE MOTION. THE MOTION PASSED WITH FIVE YES VOTES.**

Mayor Breman noted that Consent Agenda Item 6 C) (concerning the reappointment of Mel Mulder to the Planning Commission) had been pulled off the agenda for further discussion after Tessa Binam brought it to the attention of the Council. He explained that the Council would need to confirm with staff that the proper processes have taken place and, in the meantime, the Council postponed the reappointment. Deputy City Clerk Deb Woods stated that she would complete a review of the process and get back to the Council and Mayor at the August Workshop meeting.

7. ACKNOWLEDGMENT OF NEWLY APPOINTED/REAPPOINTED BOARDS AND COMMISSIONS MEMBERS

Mayor Breman noted that this next Section would be skipped since the only reappointment on the agenda had been removed for further discussion and postponed until staff could report back on how/whether the proper process for it had been followed.

8. PUBLIC HEARINGS

A. QUASI-JUDICIAL HEARINGS

There were no Quasi-Judicial public hearings on the agenda.

B. LEGISLATIVE HEARINGS

There were no Legislative public hearings on the agenda.

At 8:42 p.m., Mayor Breman called for a five-minute recess. He called the meeting back to order at 8:47 p.m.

9. ADMINISTRATIVE AGENDA

A. HEADWATERS HOUSING PARTNERS PRESENTATION (PRESENTED BY MIKE BENNETT, CITY MANAGER, DAN CARIS, PLANNING & DEVELOPMENT DIRECTOR AND REPRESENTATIVES FROM HEADWATERS HOUSING PARTNERS)

City Manager Mike Bennett explained that the presentation included a review of actual concrete plans that the City has related to housing in the City's Comprehensive Plan (updated in 2020) as well as a presentation by Headwaters Housing Partners (HHP) at the request of Council. He stressed the fact that the purpose of this agenda item was not for approval of a project; it was a presentation of only an idea at this point. There was, however, a recommendation that Council direct staff to continue to get more and enough information to be able to make a future decision about the project.

HHP is pursuing the project as a workforce housing solution for the City of Fruita and would be willing to deed restrict the units to a maximum rental rate of 100% Area Median Income (AMI) per CHFA and HUD standards for Mesa County. HHP is also willing to explore a preference for renting to local workers and residents, pending compliance with all relevant Fair Housing regulations. HHP is looking to the City of Fruita, its Planning Department and the Housing Authority to provide guidance and to consider supporting the project in the following ways:

1. Planning and Zoning Interpretation
2. Waiver of Development and Impact Fees and Charges
3. Fruita Housing Authority Financial Support through:
 - a. Special Limited Partnership
 - b. Land Acquisition Cost

It is a policy goal of the City's housing program to reduce the share of outside commuters from 68% of the Fruita workforce to 50%. This led to the creation of a Fruita Housing Authority, the purpose of which was to assist the City of Fruita in meeting its goals of housing for all those who want to live in Fruita and maintain various types of housing within the City in the following by fostering and coordinating cooperation with partners within and outside of the City of Fruita to create affordable housing through tax abatement programming (for instance, through low-income housing tax credit financing projects).

Mr. Bennett stated that staff wants to gather more information about the proposed project because it meets a lot of the goals of the City. He added that it's already zoned for housing, has existing infrastructure and would only require an administrative review process.

Mr. Bennett also reminded the Council that in the past, the City had opted in to Senate Bill 123 with a goal of acquiring 134 housing units in three years. So far, the City has the Fruita Mews project with 50 units within 30% to 100% AMI and Geode Flats, which is considering 68 units in two phases within 30% to 80% AMI. If the City can meet the goal of 134 housing units, it allows the City to keep seeking additional funding that the state will make available in future years.

Mr. Bennett said he wanted to reiterate that the City of Fruita has three to four significant documents detailing plans and strategies for affordable housing that have been approved or commissioned by the City including the Comprehensive Plan and Land Use Code. He also stated that HHP's proposed project is an infill project that is in partnership with Fruita's largest employer, FHW, so staff feels it is worth exploring.

Councilor Williams asked the Council to keep in mind that if Geode Flats and the proposed project were to become realities in addition to the Fruita Mews, it would put the City of Fruita over the required number of housing units for Fruita to qualify for future funding.

Adam Roy and Grady Lenkin with Headwaters Housing Partners (HHP) provided a Concept Plan for conversion of Family Health West's (FHW's) former assisted living facility located at 805 W. Ottley Ave. into a multifamily housing project. The property has been vacant for the past few years but appropriately maintained by FHW. HHP intends to convert the facility into a 45-to-71-unit deed-restricted workforce housing project in response to Fruita's lack of attainable housing that has forced over 60% of the workforce to be imported from elsewhere in the valley. The final unit count will be contingent on optimum unit-type mix and the ability to construct an undetermined number of two-story structures versus the current one-story configuration.

Headwaters Housing Partners is a workforce and affordable housing developer focused on western Colorado. Past projects span Aspen to Grand Junction and current projects are located in Parachute and Grand Junction. Grady stated that HHP really specializes in partnering with public entities both at the local level and the state level.

Mr. Lenkin stated that HHP tries to understand the needs of whatever community they are working in and in the case of Fruita, he and Mr. Roy have learned is that there is really a shortage of housing for the workforce, which include individuals making \$20 to \$35/hour, in their 20s, 30s and maybe early 40s, mostly single people with some couples or roommates. FHW shared some data with HHP that for people earning between \$40,000 and \$60,000/year (target income range), there are a total of 212 employees working at FHW in that income range. 1/3 live in Fruita and the other 2/3 don't and Mr. Lenkin said this really caught HHP's attention. He said the proposed project would be perfect for Fruita because of its shortage of workforce housing.

Mr. Roy stated that he and Mr. Lenkin were requesting direction from the City Council to go ahead and explore with staff a financial alignment and partnership that they could bring back before the City Council and/or Fruita Housing Authority.

Councilor Purser pointed out that previously at the assisted living center, the rooms consisted of a room and a bathroom and asked if the proposal included things like kitchens. Mr. Roy explained that every unit would have a front and back door, a centralized storage area and full bathrooms and kitchens. HHP is working with an architectural firm in Boulder, CO who specializes in workforce housing. The one-bedroom apartments are mid-500 to mid-600 square feet and the two-bedroom apartments are in the mid-800s range on average. Mr. Roy stated that currently existing parking is not sufficient to meet the Land Use Code, but HHP will increase the amount of spaces to meet the requirements. Mr. Bennett added that the current Site Plan exceeds the number of required parking spaces.

Mayor Breman asked for confirmation that these would only be rental units and not for purchase. Mr. Roy confirmed that to be correct and added that he and Mr. Lenkin explored the idea of having some units for sale but determined it would not be ideal to be an owner in a larger neighborhood of rental units that are pretty concentrated and have a shared amenity (community room and storage building).

Councilor Parrish asked how long it would take to get the project completed if things proceeded according to HHP's plan. Mr. Roy stated that he and Mr. Lenkin feel very good about the Site Plan package they submitted that would go through an administrative approval process, they have a

contractor on board, the architect is moving fast and they like to think they will be pulling a building permit later this year before starting construction next year.

Councilor Downs asked how else FHW has collaborated or interacted with the idea of the proposed project. Mr. Lenkin stated that FHW has been a great ally and advisor of theirs; they've had a number of conversations with Dr. Korrey Klein, who has been a sounding board and provider of feedback as the idea has been refined. They've also had conversations about the possibility of an additional formal partnership, but nothing has materialized as of yet.

Councilor Williams asked if HHP could provide an estimate of rental rates for the units. Mr. Roy responded that it is really going to depend on the nature of the partnership with the Fruita Housing Authority as there are a variety of scenarios where if there is an increased contribution, HHP could have deed-restricted rents at lower AMIs while a less contribution would mean higher AMIs. Councilor Williams asked what HHP's price point would be if the Housing Authority didn't partner with them on the project. Mr. Lenkin said there would be two scenarios: 1) HHP would redesign the project with bigger units and a higher price point or (and more likely) 2), HHP wouldn't do the project at all.

Councilor Williams stated that he really liked what he was hearing about the project but still wanted to hear a ballpark figure on rental rates. Mr. Lenkin said for a mid-case scenario with a target AMI of 70% to 80% inflated out two or three years at 3%, the rent would probably be somewhere in the \$1,300 range for a one-bedroom.

Mr. Bennett stated that if the Council were to direct staff to look into pursuing the project and potential partnership further, it would mean that staff would start working with Fruita's Housing Attorneys and HHP to start narrowing down what specific funding gap exists that is being requested of the Fruita Housing Authority and what the different alternatives for funding are. He pointed out that there would be further discussions which could be in either a Council meeting or Housing Authority meeting.

Councilor Williams asked if any of the other Council members were in opposition of the project and none said they were. Mayor Breman requested that Mr. Bennett send the City Council a link to the ESP Community Survey that was previously mentioned. Mr. Bennett said he would and would also make sure it is on the City website at fruita.org.

Mayor Breman noted that all Council members were in favor of authorizing the City Manager and staff to begin to explore and work with HHP on what the funding gap is and what those needs are.

10. CITY MANAGER'S REPORT

City Manager Mike Bennett stated that the City is in a partnership with the City of Grand Junction on an "Accessory Dwelling Unit (ADU) Tool Kit" booklet. The City of Fruita made Land Use Code changes to make it easier and more accessible for people to build ADUs in the City of Fruita and the City of Grand Junction did some similar Code changes recently by utilizing some the language the City of Fruita had used. Mike recalled that when Fruita made its Code changes, an idea came up of creating preapproved plans for ADUs where people could still submit plans if they came up with their own design, but there would also be an option of having specific preapproved ADU plans that they could choose. The City of Grand Junction wants their Building Department to work with the City of Fruita's Building Department on designing a few different plans that would be available to people as preapproved plans.

Mike also noted that he, Amy, Andrea, Ciara and Ammon toured the Van Winkle Ranch for the purpose of figuring out how to merge the messaging of outdoor recreation with agricultural uses. Discussions were had about how there are more connections between the two than most people realize.

10. COUNCIL REPORTS AND ACTIONS

A. COUNCIL REPORTS AND ACTIONS

COUNCILOR JAMES WILLIAMS

James said he didn't have any reports on other boards, but wanted to share a concern about the deterioration of an Aspen tree on the pathway to the Little Salt Wash Park right by Ottley Avenue that looks like it could fall over any day. Shannon explained that on August 16th and pursuant to the Fruita Municipal Code, staff notified the property owner that they have 15 days (from August 16th) to take care of the problem before staff sends out a contractor to cut it down. The service has already been scheduled with the contractor in the event the property owner does not take care of it himself.

COUNCILOR JEANNINE PURSER

Jeannine noted that the Mayor and City Council have given out a lot of Fruita Community Center (FCC) Daily Passes, but the front desk is no longer accepting them. She asked Mike to speak to FCC staff to explain that the passes need to be accepted as valid because the Council gave them out as gifts. Mike said he has been working with Marc on a new process and there was some confusion, but it has been resolved.

Jeannine asked about the status of the intersection of Peach Street and Pabor Avenue. Mike said that staff had just received a report back from engineering consultants SGM, Inc. and will be either presenting it or sharing it with the Council. SGM went through all the various criteria for a four-way stop and only one criteria has to be met to justify a four-way stop. The intersection did meet the criteria of sight distance, but SGM did not recommend a four-way stop because the sight distance problem can be remedied with removal of existing vegetation. Mike said staff is still evaluating it and has SGM also working on a more general review of criteria for all the City's traffic control-related issues that is more nuanced and specific to Fruita. He said he would follow up with SGM to go over the report.

Jeannine pointed out that these kinds of studies are not necessarily seen by the City Council. Mike responded that if the City were to adopt a different criteria than Manual on Uniform Traffic Control Devices (MUTCD) standards, then staff would have to bring that before the Council. These are nationwide standards for traffic control.

Jeannine commented that she was recently in California in a bigger city than Fruita and every intersection had four-way stops and it was beautiful how it didn't cause any backups or anything.

COUNCILOR RICH PARRISH

Rich reported that he attended the Grand Valley Regional Transportation Committee (GVRTC) meeting and they were requesting the authority to negotiate for a new vendor for public transportation.

Rich requested more information about the Council Retreat scheduled for August 28th. Mike noted that calendar invitations were sent out for that date from 8:00 a.m. to 5:00 p.m. and it will be held at Our Lady of Perpetual Motion on Aspen Avenue. He said the agenda would be going out soon to the Council members and that there was no additional “homework” than what the Mayor had already requested of everyone.

Rich noted that he would be traveling to Glenwood Springs the following day for Colorado Municipal League (CML) governance training for elected officials.

COUNCILOR ANDREA DOWNS

Andrea reported that she attended the Planning Commission meeting the previous Tuesday because she was curious to see how the Xcel Energy Conditional Use Permit (CUP) application went and the Xcel Energy representative requested a continuance, so if anyone in the public wanted to weigh in, they can attend the next Planning Commission meeting at 6:00 p.m. on Tuesday, September 10th.

Andrea also reported that the Fruita Arts and Culture Board voted on the HeART of Fruita sculptures, the N. Mulberry Street murals and the bridge mural; however, she did not attend that meeting, so she had nothing to report.

Andrea asked the other Council members to provide feedback on whether the City should pursue the Creative District idea. Jeannine recalled that the Council was going to discuss it after the Retreat.

Andrea reported that the Colorado Creative Industries Summit was being hosted in Grand Junction on May 1 – 2, 2025 and she began to think about how interesting it could be if some or all of the Fruita City Council presented as a panel representing creatives, even professional creatives. She asked if the other Council members were interested in answering questions on a panel such as, “How does creativity find expression in a civic space like Fruita?” Matthew said he was personally interested, although it was a little hard to predict his schedule that far out. Jeannine agreed.

COUNCILOR AMY MILLER

Amy reported that she attended the Community Hospital update, which was really great, although not as well attended as last year. She said they are still doing a lot of really good work and have more great projects coming up in collaboration with area partners.

Amy asked if the email addresses on the City’s website had been corrected. Mike said he still needed to tell Ciara to fix Amy’s email address but would.

Amy also reported that the Livability Commission had a really great meeting with Parks and Recreation Director Marc Mancuso giving the board an update about parks and recreation. Staff and the board have also started to further discuss the Community Garden project.

MAYOR MATTHEW BREMAN

Matthew reported that he met with the Consulate General and the Trade Commissioner for Canada for the second time and they mostly discussed how they have a lot of Canadian companies that are trying to figure out where to expand in the United States. Next time, they promised to stop in Fruita for pizza and beer.

Matthew noted that there would be a Fruita Area Chamber of Commerce meeting later in the week.

Matthew thanked the staff at the FCC for getting the pool refilled and noted that he was there on Saturday and the pool looked amazing. He said it was also great to see on the pool deck, all the plywood is down and you can actually see where things will go.

Mike noted that the City Council and some staff members were going bowling at 6:00 p.m. on Thursday.

Andrea remembered that Fruita Fourth Friday and “Pastels in the Park” were scheduled for Friday, August 23rd. There is still sign-up space available and there will be food trucks and cash prizes.

Matthew said it was cool to see the schedule of “Movies in the Park” and Amy said she has seen some enthusiasm already and the movie selection is really fun.

Jeannine requested that staff doublecheck the City website to ensure all Council members’ email addresses were correct.

Matthew asked if there were any issues with Council members getting involved directly in the discussions about Xcel Energy’s Conditional Use Permit application. Mike explained that the Planning Commission will make the final decision on the application; however, an appeal could go before the City Council. He advised that any public comments received by Council members need to be directed to him and he will make sure the residents know that their comments will be made part of the official record. Mike said the Council should not engage in any communication with residents about it in case there might be an appeal later that would go before Council.

Mike added that at the recommendation of the City Attorney, the City Council members should not attend Planning Commission meetings out of precaution because of the potential appeal process and because other applications could be going before Council at a public hearing. He also suggested that if a Council member is addressed by a member of the public about an application, the Council could direct the person to go online and read the packet where all information and comments received by staff are available.

11. ADJOURN

With no further business before the Council, Mayor Breman adjourned the meeting at 9:58 p.m.

Respectfully submitted,

Deb Woods
City Clerk
City of Fruita