City of Greeley, Colorado

City Council Work Session

March 25, 2025

1. **Call to Order**
   Mayor Gates called the meeting to order at 6 p.m. in the City Council Chambers at 1001 11th Ave, Greeley, Colorado, with hybrid participation available via the City's Zoom platform.

2. **Pledge of Allegiance**
   Mayor Gates led the Pledge of Allegiance.

3. **Roll Call**
   City Clerk Heid Leatherwood called the roll.
   The following were present:

   Councilmember Tommy Butler
   Councilmember Deb DeBoutez
   Mayor Pro Tem Dale Hall
   Councilmember Brett Payton
   Councilmember Johnny Olson
   Councilmember Melissa McDonald
   Mayor John Gates

4. **Reports from Mayor and Councilmembers**
   Councilmember Olson spoke about Pueblo Sheriff David Lucero's statement regarding state laws that are affecting law enforcement around the state.

   Councilmember Butler attended the Rise and Rescue breakfast for the Northern Colorado Humane Society. He noted that there was a nice turnout at the rally at UNC last Friday.

5. **2024 End of Year Financial Review**
   Finance Director Tyra Litzau, Division Treasurer Robert Miller, and Grant and Special Revenue Manager Stacey Swanson presented this item at 6:03 p.m.

   Mr. Miller explained how the City monitors current economic conditions to ensure financial stability. Highlights included a projected decline in economic growth for 2025, with inflation continuing to be a concern and unemployment slowly increasing.

   He reported that the City was in good financial condition resulting from the fact that in 2024, it increased its cash and investments to earn more interest.

   Mr. Miller said three factors that could significantly impact future resources are economic uncertainty, oil and gas extraction and prices, and new construction. If the City continues to experience slower growth in 2025, it could face a projected shortfall in the 2025 budget. This reduction would primarily affect capital improvement funds, potentially delaying some projects. However, the general fund is expected to absorb these declines due to contingency and reserve funds adopted by the City Council at the last meeting.

Ms. Swanson thanked Council for implementing the grant division and stressed the importance of oversight and compliance with state and federal regulations. She explained in 2024, the City saw a $34 million increase in grant awards compared to the previous year.

The Federal grant freeze had minimal impact so far, with only two grants from the Department of Agriculture facing delays and reimbursement issues. The team works with department staff, Intergovernmental Relations Officer Stacy McNamara, and CFO Allena Portis to keep the City Manager updated and ensure progress on grant projects.

Ms. Litzau continued the presentation with an update on the 2024 Financial Report and single audit. The City contracted with Plante Moran for its annual audit completing preliminary fieldwork at the end of January 2025. This involved planning, reviewing the documents, internal controls, and performing walkthroughs of key items.

Councilmember DeBoutez complimented staff on the increase in grants received. She asked if the delay from the Department of Agriculture was related to the grant for the water department and fire mitigation. Ms. Swanson confirmed it was. Councilmember DeBoutez asked if they had met with the Department of Agriculture during the Washington D.C. trip. Mr. Lee confirmed they had, stating the department is currently in flux.

Councilmember Olson asked if award contracts were in place and signed. Ms. Swanson said that the contracts come after the letters. She wasn't too concerned about awarded grants but had more concern for grants that were in the process of being applied for. Ms. Johnson said they have staff tracking these. Ms. Litzau added that they had recently met with Water and Sewer and there were no concerns about their current grants.

Councilmember Butler asked if there were any updates on Building Resilient Infrastructure and Communities (BRICS) grants. Ms. Swanson said they were in the last stages and submitting the final pieces, but still uncertain. Mr. Lee said Council would receive updates quarterly.

Mayor Gates thanked Caleb Weitz for all the hard work in developing the budget department and wished him success on his new venture.

Mayor Gates thanked staff for the information.

6. Downtown Civic Campus and Master Plan Concept

Director of Economic Development John Hall presented this item at 6:28 p.m.

Mr. Hall introduced Adam Frazier and Stephanie Van Dyken from Richmark Properties and Walker Thrash from Vertikal.

Mr. Frazier explained the potential for a downtown civic campus and master plan concept, with Richmark and Vertikal as key stakeholders and reminded Council they had authorized a memorandum of understanding (MOU) in October of 2024. He said the city, county, and school district were all evaluating facility needs and could consider land swaps and a shared parking garage.

Mr. Thrash showed architectural drawings of a vibrant downtown district, that included a new City Hall location, hotel, school district offices, and justice center, as well as opportunities for new businesses and residences. Moving forward was contingent on the county deciding on where they plan to build a justice center. A decision was anticipated by June. Next steps for the project would include a letter of intent for a land trade, and development agreement to be executed by June, closing on any land by September, and demo sometime between October and January of 2025.

Councilmember DeBoutez questioned the residential buildings on 8th and 11th Avenues as they were very busy streets. Mr. Thrash responded that they have apartments on 16th Avenue and haven't had any problems. Mr. Lee said they would look at ways to calm traffic in those areas.

Councilmember McDonald asked if the city would still be able to move forward if the county chose not to build the justice center downtown and if it included future employee growth. Mr. Thrash said he thought the plan would still be feasible. Mr. Lee noted that the idea was to consolidate city departments in City Hall while accounting for a 2% growth margin. Mr. Thrash added that there was the possibility of private offices nearby if further expansion were needed.

Mayor Gates liked the idea of providing better work environments for staff and the school district. He thought it was also important to keep City Hall downtown.

Mayor Gates thanked staff and the consultant for the information.

7. **West Greeley Project Financial Overview**
Economic Development Director John Hall presented this item at 7:16 p.m.
Mr. Hall introduced Jason Simmons from Hilltop Securities and Dawn Bookhardt and Dalton Kelley from Butler Snow.

Mr. Hall highlighted the ongoing work on the project, focusing on its financial aspects since receiving the proposed plan in November. Tonight's meeting, the first of three, covered the financial aspects, while future meetings will address other elements like land use and infrastructure. On April 1st, a staff report on the entire project will be presented, and additional questions about finances can be addressed. A community meeting will be held on March 27th at Zoe's Coffee House for residents to ask questions. The pre-development services agreement (PDSA) is expected to be brought before Council on April 15th.

Mr. Hall said financing was a critical element of the project, and since the initial November meeting, significant work has been done. The work included constructing independent financial models and running over nine model simulations. As the project progresses, a required third-party certification will need to occur around the same time as any bond issuance to the market.

Mr. Hall explained that after reviewing the costs, one of the first steps was to evaluate how to reduce costs of the initial development phase. This included possibly deferring some improvements to later phases. Mr. Hall presented a chart that showed a color-coded plan outlining how improvements might be staged, with a focus on the infrastructure funded by the general improvement district (GID). Key reductions included, scaling back the plaza development to a minimal first-phase version without impacting the tributary and water features. As a result, the cost for the initial phase was reduced from $129 million to $112 million.

Councilmember Butler asked what they were losing with the reductions. Mr. Hall said in the first phase, the goal was to provide basic infrastructure for movement between the buildings. The focus was on reducing costs while enabling the construction and connection of the first four buildings.

Mr. Hall also spoke about the proposed interchange and mobility hub and explained that the cost would be a significant and could be introduced later as the project began generating revenue.

Councilmember Olson asked about the $25 million budgeted for the interchange. Mr. Lee said he wasn’t sure it was earmarked yet. Councilmember Olson said it would be critical for getting into and out of the venue.

Councilmember DeBoutez asked about the central utility plan and wanted to know if it could be upgraded in Phase 2. Mr. Hall said they were as far along as they could get in planning, but should they move forward they would see what revenue would be gained by bond offerings. Mr. Simmons said energy efficiencies could be identified in the design stage.

Regarding a timeline, Mr. Hall noted that if the project moved forward, pre-development would continue through 2025, construction would begin in 2026 and operations beginning in 2028.

Mr. Hall reviewed the four funding components, which included pre-development funding through certificates of participation (COP's), bond financing through a 501(c)3 conduit, (to include a moral obligation from the city and an annual economic development payment), a general improvement district (GID), and enterprise funds that would include contributions from water and wastewater funds.

Mr. Kelly continued explaining the financing in more detail. Mr. Hall revisited the timeline showing where the phases of funding would correlate.

Councilmember DeBoutez asked what the City's capacity for COP's would be with pre-development funding. Mr. Lee and Mr. Hall said they would be at capacity, but there would be assets that were not included. Mr. Simmons explained that if there were concerns about future capacity for other construction, this project would be considered an asset.

Councilmember Olson asked if the pre-development funding was paid back through the GID. Mr. Hall said it was paid back by the bond proceeds. Mr. Simmons said this was a temporary borrowing mechanism with the intention of transitioning to long-term funding that leaves the properties unencumbered so they will be available for future COP's or other financing needs.

Councilmember Butler asked if the project became too expensive or something unexpected happened, would the only remaining repayment option be the General Fund. Mr. Simmons confirmed saying that if the short-term financing was used and it wasn't ready to transition into long-term bonds, the City would likely need to replace it with long-term COP's.

Councilmember Butler asked why a 40-year model was considered instead of a 30-year model. Mr. Hall said the change was made in late January or early February as part of a sensitivity analysis, considering factors like interest rates, hotel occupancy, and the bond term. The goal was to identify reasonable opportunities that would help close the funding gap while taking these variables into account. Councilmember DeBoutez asked if 40 years was a standard practice. Mr. Simmons said 30 was typical, but 40 was not uncommon for this size of project. He said costs for these types of projects have increased to the point where it is necessary, but if costs or interest rates came down, it could be shortened.

Mr. Kelley continued explaining the 501(c)3 conduit structure, stressing the development agreement. Ms. Bookhardt said their recommendation would be for a three-way agreement between the city, developer, and the conduit borrower. Mr. Simmons then showed a slide of the "waterfall" flow of funds, with revenues from the hotel and arena and the economic development payment flowing into the debt service fund, then into operational, capital, and debt service reserves, finally into the repayment of the economic development payment, and any additional funds going back to the city. Mr. Hall presented a chart of City revenues and expenditures by year, showing the estimated payoff of the Economic Development repayment in 2038.

Councilmember DeBoutez asked for clarification that 2038 would be when the City anticipated seeing revenue. Mr. Hall confirmed. Councilmember Butler said that meant the city would be making $48 million in payments for 4 years. He wanted to know if they were going to have to make cuts. Mr. Lee said if that were to happen, they would evaluate and decide at that time.

Councilmember Olson asked why the timeline for the payments had changed. Mr. Kelley noted the change was due to the cost differentials and interest rates.

Mr. Hall continued the presentation by providing the sources and uses that the GID would fund. Councilmember DeBoutez asked how the GID would work with only one property owner. Councilmember Payton said it would encompass a 2 ½ mile radius, and Mr. Lee said it could grow as needed.

Councilmember Olson asked if the hockey arena, hotel, and waterpark were the only properties being calculated in the GID model. Mr. Simmons said these were not part of the GID but would be west of the core district and based off property tax in the area. Councilmember Olson asked what would happen if the area did not develop the way they are anticipating. Mr. Lee said they would not be building any other infrastructure until the GID expanded to fund it.

Councilmember DeBoutez asked if the moral obligation would impact the interest rates on future water and sewer bonds. Mr. Simmons said it wasn't likely and provided an in-depth explanation of fund rating. Councilmembers and Mr. Lee discussed the various projects that would also require debt issuance soon.

Councilmember Butler asked about the moral obligation and the economic development payment. He had concerns about those payments if the City experienced a hard year. Mr. Simmons and Mr. Kelley both explained that the reserve funds would be available and cover a year and a half worth of payments.

Mayor Gates called for a recess at 8:23 p.m.
Council resumed session at 8:36 p.m.

Mr. Hall spoke about the modeling history and a market feasibility study that was completed in December of 2024. He also said they met with facilities operators to augment market data. The team had been in negotiations for the PDSA and anticipate a final draft in the next week, and lease terms with the Eagles have been progressing. They are also working on a commitment from the Northern Colorado Youth Hockey program.

Mr. Hall explained modifications that were made to the total hard costs to close the gap, including moving some infrastructure items to Phase 2. He also showed adjustments to net operating income for the arena and hotel.

Councilmember DeBoutez asked if they would be provided with comparable data for occupancy rates. Ms. Aurzada said they could discuss that more as some information would be confidential.

Councilmember Butler said he was concerned about competition from other cities building hotels nearby. Council discussion ensued regarding the entertainment aspect of the project as a destination.

Mr. Hall showed a total comparison between models 8 and 9 and then summarized the financing again, as well as a pro forma summary showing increased revenue predictions. He said they would continue financial analysis as the project enters the design phase should the PDSA be approved. They would also move forward with the third-party certification and review project costs for additional value engineering, as well as a nexus study for the GID. He also provided a summary of consumer impacts, as Council had previously requested, including a lodging purchase, retail purchase, waterpark ticket, ice arena, and purchase in the GID. Mr. Hall said these were important to know so they could stay within a competitive margin.

Lastly, Mr. Hall reviewed the economic impacts, including construction that would generate temporary and permanent jobs, and earnings that would generate. Fiscal impacts related to the GID revenue were also presented, including sales, use, and property tax revenues, as well as expenses.

Mr. Hall concluded the presentation with information on the upcoming community meeting scheduled for March 27th at 6 p.m. at Zoe's Coffee House, presentation on April 1st, and action on the PDSA scheduled for the April 15th Council meeting.

Councilmember Olson thanked the staff and consultants. He said there was a lot of detail, and he was very impressed. He thought the data was very important as this was not an easy decision, and it helped Council with doing their due diligence. He thought it would be helpful to have more discussion. Mr. Lee said they could provide opportunity for greater discussion.

Councilmember DeBoutez asked if this this would be the biggest project and debt a municipality has taken on in Colorado. Mr. Kelley confirmed it would be. Ms. Bookhardt added information on how the team had worked very closely with the CFO and CMO office.

Mayor Gates thanked staff and the consultants for the information.

8. Motion to go into Executive Session for the purpose of completing the annual performance review of the City Council Appointee – Municipal Judge, Mark Gonzales

A motion to go into an Executive Session to discuss the following matter as provided under C.R.S. Section 24-6-402(4)(f) and Greeley Municipal Code Section 2.151(a)(6): To discuss the personnel matters for appointees reporting to the City Council

Councilmember Butler moved to approve the motion. Mayor Pro Tem Hall seconded the motion. The motion passed 7-0 at 9:10 p.m.

9. **Motion to go into Executive Session to receive legal advice and to instruct negotiators regarding development terms outlined in the Pre-Development Services Agreement for the West Greeley Project**

A motion to go into an Executive Session to discuss the following matter as provided under C.R.S. Section 24-6-402(4)(b) and 24-6-402(4)(e)(I), Greeley Municipal Code Sections 2-151(a)(2) and 2-151(a)(5): to receive legal advice related to and determine positions, develop strategy, and instruct negotiators about the Pre-Development Services Agreement with The Water Valley Company

Due to the late hour, Councilmember Olson moved to cancel the motion. Councilmember Payton seconded the motion. The motion passed 7-0 at 9:11 p.m. and council will not be going into executive session for this topic.

10. **Scheduling of Meetings, Other Events**
None.

11. **Adjournment**
With no further business to come before the Council, Mayor Gates adjourned the meeting at 9:11 p.m.

8. **Executive Session for the purpose of completing the annual performance review of the City Council Appointee – Municipal Judge, Mark Gonzales.**

Mayor Gates started the Executive Session at 9:20 p.m. in the Colorado Room of City Center South. The meeting was electronically recorded as required by Colorado Open Meetings Law.

All Councilmembers were present. Mark Gonzales was present as well.

The executive session was for the purpose of discussing personnel matters regarding Municipal Judge Mark Gonzales as provided for under C.R.S. Section 24-6-402{4){f) and Greeley Municipal Code Section 2-151 {a){6).

The Municipal Judge had not requested that this discussion be held in open session.

Mayor Gates cautioned each participant in this executive session to confine discussion to the stated purpose, and reminded everyone that no formal action may occur in executive session. He asked if at any point in the executive session any participant believes that the discussion was going outside the proper scope of the executive session, to please interrupt the discussion and raise an objection.

The Executive Session concluded at 10:08 p.m.

The recording of this executive session will be retained as provided in the City's records retention policy and in conformity with Colorado Open Meetings Law for a period of 90 days.

Approved

X

John Gates
Mayor

Attest

X

Heidi Leatherwood
City Clerk