

GRAND JUNCTION DOWNTOWN DEVELOPMENT AUTHORITY
BOARD MINUTES
THURSDAY, SEPTEMBER 22, 2016
437 COLORADO AVENUE
8:00 A.M.

PRESENT: Kirk Granum (Chair), Duncan Rowley (Vice-Chair), Shane Allerheiligen, Marty Chazen, Jason Farrington, Jodi Coleman-Niernberg, Tom LaCroix, Dan Meyer

ABSENT: Vance Wagner

STAFF: Vonda Bauer, Allison Blevins, Robin Brown, Kathy Portner, Brandon Stam

GUESTS: John Shaver (City Attorney), Greg Caton (City Manager), Tim Moore (Deputy City Manager), Debbie Kovalik (VCB Director), Stuart Taylor (Two Rivers Convention Center Manager), Mike Wiggins (The Daily Sentinel Reporter), Bennett Boeschstein (City Councilmember), Dustin Anzures (Revolution Investments, LLC) via phone

CALL TO ORDER: Kirk called the meeting to order at 8:03 a.m.

APPROVAL OF MINUTES:

Meeting of September 8, 2016

Marty made a motion to approve the minutes of the September 8, 2016 meeting; Dan seconded the motion. The minutes were approved unanimously.

DIRECTOR WELCOME:

Kirk welcomed the new DDA Executive Director Brandon Stam.

TWO RIVERS CONVENTION CENTER:

Greg Caton, City Manager, explained that he and City staff have been discussing the operations of the Two Rivers Convention Center (TRCC). TRCC is currently funded by the City of Grand Junction's general fund and the VCB fund. The facility is not being fully utilized to its potential and has been running a deficit for years therefore different models have been discussed including a publicly owned/publicly operated operation, a privately owned/privately operated operation, or a public/private partnership. There is an opportunity to sell or lease the property. If the property is leased the City can retain more control and use. If the property is sold, there can be use restrictions related to the sale of the property. Mr. Caton estimated that Two Rivers Convention Center is valued between \$5 million and \$12 million dollars.

A study was performed by Hunden Strategic Partners which identified some operational deficiencies of the existing Two Rivers building. The study indicated that the cost to renovate the building would cost between \$7.5 million to \$15.5 million dollars.

City staff met with Kevin and Steve Reimer to see if they had any interest in the convention center since they are considering building a new hotel downtown.

Greg stated that it would be beneficial for a hotel and convention center to have the same ownership and management. It can be a challenge for event planners when booking a meeting and hotel rooms that are in different locations.

Greg explained that even though the City is currently experiencing budget challenges, they are seeing growth in hotel occupancy which would be a great opportunity for a public/private partnership with the convention center. There is also discussion with the VCB Board regarding increasing lodging taxes.

Debbie Kovalik, VCB Director, stated that she took over the operation of the convention center from the City's Parks & Recreation Department in 2008. The building was built in 1973 and opened in 1974. In 2004 the City spent \$6 million dollars to renovate and expand the building. Debbie explained that food and beverage costs, labor costs, and technology costs have continued to increase over the years. Maintenance costs have also increased dramatically due to the age of the building. Debbie stated that other entities have a food and beverage management contract with companies that have national buying contracts with food vendors and have their own software which makes it less expensive.

The City Council directed staff to draft a Request for Proposal (RFP) to obtain proposals from qualified developers to purchase or lease the Two Rivers Convention Center property. The RFP has been sent out and responses are due by November 8, 2016.

There was board discussion regarding many concerns about the convention center which included:

- Does it matter if the hotel is connected to the convention center?
- How do you think the value of the property is driven? Is it by the bottom line at the end of the day that it generates?
- Do you think we can break even on the convention center?
- How would you drive the use of the building if you sell it outright?
- What if the college, Bookcliff Country Club, or a different management team operated the convention center?
- If a tenant leases the property, are they expected to pay for the improvements?
- There were no restrictions on the sale of the property in the RFP. It should have been made clear that the property be used for a convention center.
- Have you put a value range on the property?
- If the convention center closes, there will be an impact on property that is on the market.
- The duty of the City is to the community and to improve the convention center.
- The financials indicate the convention center has been losing money and declining revenues since 2011. Costs need to be reduced and increase marketing.
- If the City receives a great response, how do we keep the convention center operational during construction?

Greg discussed that there is an opportunity to sell or lease the Two Rivers Convention Center property, however, he expects it will continue to operate as a convention center. He stated that the downtown is a wonderful asset and wonderful opportunity for the right investor and is an important anchor in downtown and to our community.

DEPOT (attachment):

Kathy stated that the Downtown Development Authority sponsored an application for a State Historic Preservation Planning Grant on behalf of Dustin Anzures (Revolution Investments LLC). The grant was

awarded through the State Historic Fund. The scope of work outlined in the application was for the creation of design development documents for the rehabilitation of the Grand Junction Depot. The contract has been signed as well as the Denver & Rio Grande Railroad Depot Historic Grant Security and Performance Guarantee Agreement between the DDA and Dustin Anzures (Revolution Investments LLC). The term of the contract is from September 15, 2016 through September 15, 2018.

Dustin (via phone) explained that the next phase of grant funding will consist of completing a construction set of documents and performing actual physical work at the building. In order to secure and protect the building, they will focus on exterior restoration including windows, doors, masonry site work, and utility upgrades for future mixed-use. Dustin stated they would like to submit an application for a construction grant and asked the DDA to sponsor the grant. If the grant is awarded, the DDA would administer the contract. The maximum amount awarded in this grant is \$200,000. They anticipate the grant application to be for approximately \$150,000 to \$200,000. The application deadline is October 1st, 2016.

There was Board discussion regarding the financial guarantee from the property owner, Dustin Anzures.

Tom made a motion to authorize sponsorship of the grant, if the grant is awarded, subject to financial review of Dustin's organization. Jodi seconded the motion. The motion was approved unanimously.

UPDATES:

White Hall RFP

The BID opening for the White Hall RFP is today, at 3:30 p.m., in the City Hall Auditorium.

R-5 RFP/Ameritowne/Transfer to DDA

Ameritowne is currently utilizing the R-5 building for their program until October 31st. Kathy encouraged the Board members to go and observe the program.

Las Colonias Amphitheater Update

Rob Schoeber (Parks & Recreation Director) stated that as they went through the bid process for the Las Colonias Amphitheater Project they split the project into three different segments based on the type of construction which included the creation of a slough to provide dirt, trail construction, and the building itself. A total of twelve bids were received. The lowest bid came in over \$4 million dollars, however, they went through the value engineering process and negotiated down to \$3.5 million. The current bid includes an additional public restroom in the East wing, however, the shell of the restroom would be built, but not the full restroom. Rob explained that the project is approximately 3% (\$117,000) over what their secured funding is. Funding sources may be available from the open space and conservation trust funds since collections came in higher than anticipated. A proposal will be presented to City Council on October 5th, 2016 with options including staying at the base bid with the secured funds or allowing to utilize the open space and conservation trust funds to complete the restroom, as well as, adding some of the important alternates back into the project.

Dan stated that the Board approval of \$500,000 to Las Colonias Park was contingent on the budget number, which has been exceeded. He asked for more information on what caused the bids to be higher and recommended the Board vote again on whether to authorize the money.

Kathy indicated that on October 29, 2015 the DDA Board authorized \$500,000 to the amphitheater project contingent on the City securing the total project budget of \$3.5 million dollars that was

previously presented to the DDA Board. Kathy stated the concern was that the DOLA grant came in at \$300,000 less than anticipated, however, the City has found funding to fill the gap therefore the authorization of the \$500,000 should still be in conformance.

There was Board discussion regarding the previous motion authorizing \$500,000 to the project contingent on the City securing the total project budget of \$3.5 million dollars, the additional restroom, and the items that were considered in the value engineering process.

Duncan indicated that this project has been discussed for about 8 years. Duncan stated that the DDA needs to commit the \$500,000 to this project and it doesn't matter whether the DDA spends \$500,000 on a \$3.56 million dollar project or a \$4.2 million dollar project.

Duncan made a motion to continue our support in the amount of \$500,000 for Las Colonias Park. Jodi second the motion. Jason, Jodi, Duncan and Kirk voted yes. Dan, Marty, and Tom voted no. Shane abstained. The motion was approved 4-3.

Endcap Project Update

None

OTHER BUSINESS:

None

ADJOURN: *Jodi made a motion to adjourn; Duncan seconded the motion. The meeting adjourned at 9:47 a.m.*