

**FRUITA CITY COUNCIL  
WORKSHOP  
MARCH 26, 2024  
6:30 P.M.**

**CALL TO ORDER AND ROLL CALL**

The workshop of the Fruita City Council was called to order at 6:34 p.m. by Mayor Joel Kincaid. City Council members present were Matthew Breman, Jeannine Purser, James Williams, Amy Miller, Ken Kreie and Aaron Hancey.

City Staff present were City Manager Mike Bennett, Assistant City Manager Shannon Vassen, Communications & Engagement Specialist Ciara DePinto, Finance Director/City Clerk Margaret Sell, Deputy City Clerk Deb Woods, Planning and Development Director Dan Caris, Neighborhood Services Coordinator Matt Carson, Public Works Director Kimberly Bullen and Parks and Recreation Director Marc Mancuso.

Also in attendance were Gavin Brooke and Sarah Wood with 2Forks Ventures and the City's 2024 Municipal Election candidates for City Council Rich Parrish, Andrea Stolarczyk and Frank Graziano.

**AGENDA ITEMS**

**1. SHORT-TERM RENTAL AND GRANICUS SOFTWARE UPDATE (6:30 - 7:15 PM)**

In March of 2021, the City of Fruita began regulating short-term rentals (STRs) through a permitting process, but staff really had no way of knowing if all of them were in compliance with getting a permit. Originally, the City allowed no more than 50 STRs in a triangular shaped area (the "triangle") of Fruita's downtown, but that number was increased to 65 about one year later and has remained at 65 maximum since then.

City Manager Mike Bennett introduced Matt Carson, Neighborhood Services Coordinator. Some of Matt's duties include (Municipal) Code compliance, organization of the City's special events, special projects, other duties in the Community Development (Planning) Department and permitting and inspections of STRs. Mr. Carson added that he is coordinating special events with STRs by being able to advertise local events and businesses through the STRs.

Mr. Carson explained how owners of STRs located in the areas outside of the triangle need to check with their HOAs (if they have one) to make sure that STRs are allowed. 101 STR permits have been issued to date in 2024. There are also 80 Accessory Dwelling Units (ADUs) in the triangle that are owner occupied.

There was discussion about noncompliant STRs in Fruita that are operating without obtaining a permit through the City. Staff is proposing to purchase and utilize a platform called Granicus, which will provide staff with the location and other information about noncompliant STRs. Once those details are determined, staff will contact the STR owners to provide them with the information they need to get into compliance with the City. Currently, staff is aware of ten (10) STRs that are not in compliance; they are operating without a permit and not paying the City's lodger's tax of 6% of monthly gross sales.

There was also discussion about the maximum number of STRs allowed in the downtown “triangle” area with some Council members expressing a desire to lower the number back to 50 from the current regulation that allows 65 STRs. The stated reason for this was to help provide more affordable/attainable housing, especially for first-time buyers. There were differing opinions as to whether these two things are related.

Planning and Development Director Dan Caris stated that his main objective for this agenda item was to let the Council know about the Granicus software that can find STRs that are not in compliance and that features a permitting process. The Council gave staff direction to move forward with the Granicus software. The Council also requested that staff compile details about Fruita STRs such as total numbers of bedrooms, square footages and home values for further discussion at a future workshop meeting.

## **2. NEXT STEPS FOR THE FRUITA LOCALISM COMMITTEE RECOMMENDATION (7:15 - 8:00 PM)**

Communications and Engagement Specialist Ciara Amann kicked off the discussion. She noted that some of the members of the Localism Committee were present in the audience and that their recommendation to the City Council was for them to formally create a Fruita Localism Board after dissolving the Downtown Advisory Board.

Mrs. Amann reviewed attachments that were included in the Council packet such as a draft Resolution to establish a Localism Board, timeline for creation of the board, bylaws template and draft mission statement.

The discussion centered around whether there would be any potential overlap and duplication of efforts between a Localism Board and the Fruita Livability Commission if the Council were to create a new Localism board. One idea was the creation of a Localism “subcommittee” that could report to the Livability Commission on a quarterly basis (for example) and would have specific tasks.

Some Council members felt that the Livability Commission’s focus is mainly on seniors, but there were reports from staff that the Livability Commission is trying to diversify. The Livability Commission has also identified gaps in communication with Fruita residents.

There were also sentiments expressed about how a potential “Localism” Board was supposed to be about how to creatively get people engaged in activities. Councilor Purser said she thought that the purpose of the members of a Localism Board was to be “ambassadors” for the City. It was suggested that the City could have ambassadors instead of a new Localism Board.

Discussion ensued about whether there was actually a need for a new Localism Board, what the goals of that board would be and how those goals should be clearly laid out ahead of time. A couple of ideas concerned having the board involve other parts of the City besides downtown such as south Fruita, Highway 6 & 50, and farmers that surround Fruita, how a Localism board could be for both businesses and residents alike, how the Tourism Advisory Council could share some of its lodging tax revenues with the Localism board, how the new board could make sure that the other City boards are working together and how a Localism Board could host events in neighborhood parks.

Councilor Purser stated that the Localism Committee’s purpose was to determine whether a Localism Board is something that the City needs and that the process resulted in the Committee members’ belief

that the City does. She added that she wants it to be a separate board (not under the Livability Commission) because she feels it is valid on its own.

Mr. Bennett pointed out that if the Council wants to create a new board, specific goals and purposes of that board need to be agreed upon by the City Council.

After further discussion, a decision was made to have staff and Council Liaisons explain localism to the Livability Commission to get their feedback on incorporating that into their focus.

### **3. DISCUSSION ON SALES TAX EXEMPTION ON SALES OF PREOWNED/USED ITEMS (8:00 - 8:30 PM)**

The purpose of this agenda item was for the City Council to have a discussion on a request to exempt City sales taxes on certain preowned and used items. The City Council received an overview of this proposal at the February 20, 2024 Council meeting from Grand Junction City Councilor Cody Kennedy, and the Fruita City Council requested that the topic be put on as a discussion item for this workshop meeting.

Currently, throughout Mesa County, there is a proposal to exempt sales tax collection on some second hand and used goods. The City of Grand Junction has not taken any official action yet, but they are leaning toward eliminating sales tax for 501(c)(3)s, as there are a number of them in Grand Junction.

Mr. Vassen noted that if the Council were to move forward with the “Second Hand Tax Plan,” it would only affect the City’s 3% tax rate, but there could be challenges because Fruita does not collect its own tax; it is remitted directly to the Department of Revenue. He also reviewed additional information about the plan such as its goals, benefits and items that would qualify.

Staff did meet with a local thrift shop to ask if they would easily be able to implement the plan and most employees said they can do it, but need to find a way to make sure they were collecting and remitting the right amount of sales tax.

Staff’s best estimate is that if the plan were to be implemented in Fruita, it could result in approximately a \$25,000 per year Fiscal Impact.

One Council member who is the owner of a retail business had concerns that the plan would create headaches for him and puts him at an unfair disadvantage.

The Council showed interest in participating for 501(c)(3) retailers, but directed staff to first reach out to the Colorado Department of Revenue to see if there are other implications of implementing the plan.

### **4. DISCUSSION ON THE PROCEEDS OF THE SALE OF ENOCH'S LAKE (8:30 - 9:00 PM)**

City Manager Mike Bennett noted that the City had closed on the sale of Enoch’s Lake. After tax, \$493,130 was deposited into Fund Balance and the City is now relieved of all non-monetary obligations to Mr. Ron Tipping.

Mr. Bennett explained that the City Council is the only body that can appropriate the spending of the City’s Fund Balance. He also reviewed the cost to breach Reservoir #2 on Pinyon Mesa, but recommended from a staff standpoint that there are plenty of other unfunded priorities to create recreational amenities if that is what the Council chose to do.

The Council's direction to staff was to draft a Resolution that makes a public statement that the proceeds from the sale of Enoch's Lake will be used to provide recreational opportunities for Fruita residents and place it on either the April 2<sup>nd</sup> or April 16<sup>th</sup> regular meeting agenda for adoption.

**OTHER ITEMS (9:00 PM)**

**5. PROCLAMATION REQUEST – PROCLAIMING APRIL 27, 2024 AS “MILITARY BOUND GRADUATE RECOGNITION DAY” IN THE CITY OF FRUITA TO BE ACCEPTED BY ALLISON REHOR WITH WESTERN SLOPE BLUE STAR MOTHERS (9:00 - 9:05 PM)**

The Council approved the Proclamation request and directed staff to put it on the list of those Proclamations that are preapproved for issuance each year without having to go back before the City Council.

**6. PROCLAMATION REQUEST – PROCLAIMING APRIL, 2024 AS “NATIONAL DONATE LIFE MONTH PROCLAMATION 2024” IN THE CITY OF FRUITA TO BE ACCEPTED BY JESSI ROCHEL WITH THE CHRIS KLUG FOUNDATION (9:00 - 9:05 PM)**

The Council approved the Proclamation request but did not want to add it to the list of those Proclamations that are preapproved for issuance each year.

**4. ADJOURN**

With no further business before the Council, the meeting was adjourned at 9:43 p.m.

Respectfully submitted,

Deb Woods  
Deputy City Clerk