

A special meeting of the Montrose City Council was held on Tuesday, December 13, 2022, at 2:30 p.m. in the City Council Chambers of the Elks Civic Building. Said meeting was posted in accordance with the Sunshine Law.

PRESENT: Dave Frank, Barbara Bynum, Doug Glaspell, J. David Reed, Ed Ulibarri, Bill Bell, Ann Morgenthaler, Ben Morris, Anthony Russo, Lisa DelPiccolo, Greg Story, Shani Wittenberg

GUESTS: Kevin McHugh, Colleen Aller, Scott Stryker, Clay Bales

CALL TO ORDER

Mayor Dave Frank called the meeting to order at 2:30 p.m. Mayor Frank announced that agenda item 4 would be discussed first.

ADAPTIVE REUSE PROJECT AND BUSINESS INCENTIVE AGREEMENT FOR THE POMONA BREWING COMPANY BUSINESS EXPANSION PROJECT

City Council considered an Adaptive Reuse Project and Business Incentive Agreement for the Pomona Brewing Company Business Expansion Project.

J. David Reed recused himself from the discussion and left the City Council Chambers at 2:31 p.m.

Anthony Russo, Business Development, reported that he has been working with property owner Scott Stryker and business owner Kevin McHugh on establishing a brewery at N. 9th Street and Townsend Avenue. Mr. Russo stated that a full-service restaurant is planned, and Mr. McHugh and Mr. Stryker are requesting assistance with the installation of a commercial kitchen.

Mr. Stryker and Mr. McHugh reviewed their plan for a family friendly establishment on the north side of the city. Mr. McHugh stated that growth on the north side is prompting the need for a larger variety of restaurants. Mr. McHugh stated that a conservative sales estimate for the first year of business is \$500,000.00 which would generate \$15,000.00 in sales tax revenue.

City Manager Bill Bell stated that the Commercial Kitchen Assistance Program provides funding for fixed items that will remain with the property. Mr. Bell said that building permit fee waivers will likely be considered as well, and a complete breakdown of project costs is included in the meeting packet.

Mr. Bell stated that the incentives would be funded from the 2023 budget and funding options include the undesignated surplus, General Fund savings, or remaining TIF funds from the Downtown Development Authority (DDA) that are earmarked for downtown capital projects. Mr. Bell said that the request totals 8 to 12 percent of the total project costs, and the City historically follows this model. Mr. Bell provided an overview of the Commercial Kitchen Assistance Program developed by DART to enhance nightlife and create vibrancy throughout the business districts.

Public comment was accepted. City Councilors received a written comment from David Stockton in opposition to both incentive requests on the agenda.

A motion was made by Barbara Bynum, seconded by Doug Glaspell, to approve an Adaptive Reuse Project and Business Incentive Agreement for the Pomona Brewing Company Business Expansion Project as presented with funding provided by the DDA TIF funds earmarked for downtown capital projects. Ed Ulibarri voted no. All others present voted yes. Motion passed.

Mr. Reed rejoined the meeting at 2:58 p.m.

BUSINESS INCENTIVE AGREEMENT FOR THE RATHBONE HOTEL

City Council considered a Business Incentive Agreement for the Rathbone Hotel at 33 S. Cascade Avenue in Montrose.

Anthony Russo, Business Development, provided an overview of a request to access TIF-eligible funds for masonry work, historic window restoration, a fire suppression system, and exterior improvements. The estimated cost of the projects is \$893,750.00 and the request is for \$500,181.00. Mr. Russo reviewed an unanticipated increase in expenses due to masonry work on the building's historic windows and other issues encountered during construction. Mr. Russo stated that the owner's contribution to the project is \$1.8 million, with traditional loan funding of \$3.3 million, and Region 10 support of \$400,000.00. The annual budget for salaries is \$375,000.00, with 12 jobs created and annual revenues projected at \$1.25 million.

City Manager Bill Bell stated that the City has been working with project representatives for several months and would like the historic nature of the building to be preserved. Mr. Bell said staff was initially planning to recommend \$300,000.00 in incentives, and the amount was increased after the masonry issues were discovered.

Contractor Scott Stryker reviewed the process for restoring brick exteriors on historic buildings, which is costly and time consuming, and gave an overview on rapidly rising construction costs.

At 3:16 p.m., a motion was made by J. David Reed, seconded by Doug Glaspell, to enter into an executive session for the purpose of determining position relative to matters that may be subject to negotiations, under C.R.S. Section 24-6-402(4)(e); to discuss the purchase, acquisition, lease, transfer, or sale of real, personal, or other property interest under C.R.S. Section 24-6-402(4)(a); and the following additional details are provided for identification purposes: Rathbone Hotel. All voted yes. Motion passed.

At 3:27 p.m., the special meeting reconvened and a recess was taken until 3:35 p.m.

Applicant Clay Bales gave an overview of his business plan for a 17-room hotel, bar, and coffee shop in the former KP building. Mr. Bales stated that the KP Building history will be part of the business development and design. The second story rooms will have 26-foot vaulted ceilings, and the lobby bar and café will be open to hotel guests and the public.

City Manager Bill Bell stated that the proposed incentives total approximately 10 percent of the project costs, and the City historically provides funding at 8 to 12 percent. Mr. Bell reviewed the benefits of the project to the downtown and the community.

Finance Director Shani Wittenberg stated that \$880,000.00 remain from the DDA TIF funds, and \$770,000.00 is available following the approval of incentives for the Pomona Brewing Company project.

Public comment was accepted. City Councilors received a written comment from David Stockton in opposition to both incentive agreements on the agenda.

A motion was made by J. David Reed, seconded by Ed Ulibarri, to approve a Business Incentive Agreement for the Rathbone Hotel at 33 S. Cascade Avenue as presented with funding provided by the DDA TIF funds earmarked for downtown capital projects. All voted yes. Motion passed.

SCHEDULING OF A SPECIAL CITY COUNCIL MEETING

Mayor Dave Frank reported that the December 20 regular City Council meeting was canceled due to lack of a quorum. City Manager Bill Bell reviewed the requirement to adopt the 2022 supplemental budget ordinance before the end of the year.

A consensus was reached to schedule a special City Council meeting on Monday, December 19, at 9 a.m. in the City Council Chambers.

CITY COUNCIL COMMENTS

Mayor Pro Tem Barbara Bynum reported that City Councilors are invited to a Colorado Flights Alliance meeting and airport tour beginning at 11 a.m. on Wednesday, December 14, at the Montrose Regional Airport.

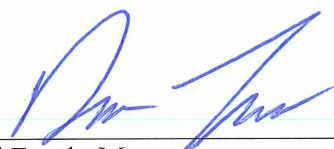
ADJOURNMENT

At 4:06 p.m., a motion was made by J. David Reed, seconded by Barbara Bynum, to adjourn the special meeting with no further action taken.

ATTEST:



Lisa DelPiccolo, City Clerk



David Frank, Mayor

