



October 14,2022

Re: Economic Development Funding-2023 Recommended Budget

Members of City Council:

Economic development has been identified as a City Council strategic priority and the City has devoted significant funding toward the development of strategies and amenities designed to strengthen the community as a regional economic hub and attract new residents and businesses. Economic Development can be seen in two major areas of the budget. In a general sense, the City invests in economic development by delivering core services and through the associated capital plans which fund improvements to street infrastructure and public amenities such as parks, trails, community sports, and recreation facilities. The other area is referred to as the City Council's Economic Development Budget which supports agencies that directly engage in economic development or through their services positively impact the community and economy. Funding for these agencies includes \$1,050,000 to Colorado Mesa University for a commitment to assist with debt for a classroom building of \$500,000 and to provide scholarships for local School District #51 youth for \$550,000, as well as \$598,312 to Grand Valley Transit in support of the public transportation system.

Support for economic development comes from the 0.75% portion of the City's Sales Tax that also supports the majority of all major capital projects of the City. Because of the sale of properties in the Riverfront at Dos Rios development area this year, Council has additional funds available for an economic development opportunity. These funds, \$1,842,436, was originally budgeted in 2022 but since nothing was spent, they have been moved to 2023 and are earmarked for City Council Infill Incentives. In 2023, additional sales of Dos Rios properties will add \$550,000 more to go towards the City Council Infill Incentive for a total of \$2,392,436.

Economic Development Partners

The City does not have an economic development division or dedicated staff and therefore outsources the function to partners for economic development expertise and services. The Economic Development Partners (Grand Junction Economic Partnership, the Business Incubator, Grand Junction Area Chamber of Commerce, Industrial Development Inc., and Western Colorado Latino Chamber of Commerce) are separately funded by the revenue generated from capping the vendor's fee allowed to businesses.

In 2018, with the support of the Economic Development Partners, the City Council authorized a cap on the vendor's fee that businesses were allowed to keep as an administrative fee for collecting, reporting, and remitting City sales tax. This generated additional revenue that is dedicated to sustainable funding of the Economic Development Partners efforts in business expansion and retention, job creation, and

new business development. Based on the available funding, the Economic Development Partners collectively submit each year's budget request, allocated to the programs listed above, to the City Manager and budget team. The total funding available from the cap in 2023 is projected to be \$500,000.

Economic development partners that receive funding work with City staff each budget process to request funding. The majority of this funding is repeated annually, and the partners attend a Council workshop to update the Council on current funding uses as well as discuss next year's requests.

Attachment D provides a listing of economic development funding separated by funding source between the .75% sales tax and the vendor's fee cap revenues for a total of \$2.3 million. This amount is added to an additional \$1.8 million to the Downtown Development for the contribution of sales tax TIF as well as the City's contribution towards the debt obligations for Grand Junction Convention Center and Las Colonias. With the infill incentive funding, the grand total in the 2023 Recommended Budget is \$6.5 million.

Sincerely,

A handwritten signature in black ink, appearing to read 'Greg Caton', with a long horizontal flourish extending to the right.

Greg Caton
City Manager