

Brown Ranch Annexation Committee (BRAC)
Wednesday, March 15, 2023
Meeting Summary

Attendance: Robin Crossan, Joella West, Gary Suiter, Leah Wood, Kathi Meyer, Jason Peasley (BRAC); Jason Lacy (third-party facilitator); Jon Snyder, Angela Cosby, Mike Lane, Rebecca Bessey, Dan Foote, Kim Weber, Mark Beckett (City staff); Emily Katzman (YVHA staff) Sheila Henderson, Robin Schepper (YVHA consultants); Dana Schoewe (RCLCO Real Estate Advisors)

A. PRIOR MEETING RECAP

1. **Approval of Minutes** – Minutes (the official video recording) from the March 1, 2023 meeting were approved unanimously.
2. **Community Outreach Plan** – Robin Schepper provided the following update: The BRAC community outreach team scheduled the first public meeting for Wednesday, March 22nd at 5:30 pm at the Steamboat Springs Community Center. City and YVHA staff will share information on water, wastewater, streets, transit, and the Brown Ranch Community Development Plan. The purpose of this 1-hour meeting is to educate community members and solicit feedback from people who may not be able to attend the regular BRAC meetings. Robin Schepper requested the attendance of BRAC members, if possible.
3. **City Services/Operations/Maintenance Responsibilities – General Municipal Services (Streets and Transit)**– Jason Lacy asked for questions, feedback or concerns about direction given at 3/1/23 BRAC meeting.
 - Robin Crossan reported that City Council has created a spreadsheet of annexation agreement issues/items that require further review and discussion, alongside corresponding upfront and ongoing expenses. Jason Lacy requested City Council include that spreadsheet in future BRAC agenda packets for all parties to use.
 - Kathi Meyer suggested the running tally of expenses include the nuance of phasing, since many expenses may not be realized until later in the development process.
4. **DRAFT Annexation Agreement**

Dan Foote reviewed the language added to the draft Annexation Agreement since the March 1, 2023 BRAC meeting. All edits are in Section 4 of the document:

Streets

- General statement that YVHA will design and construct the Brown Ranch street system in accordance to the City’s Engineering Standards, and the City will accept the Brown Ranch street system for maintenance in accordance with standard City practice.
- Recommendation by the City that YVHA will design and construct internal streets with special attention to the effect of winter conditions and snow storage needs, snow

removal operations, and the availability of on-street parking (go above and beyond minimum requirements).

- If the City accepts Brown Ranch alleys for maintenance, YVHA must dedicate sufficient snow storage easements.
- Snow removal in commercial areas requires hauling snow.
- Costs to City: adding 6th plow route upfront expenses, annual operating costs, etc.
- Dan Foote noted that BRAC has not yet discussed where funding will come from for the upfront expense to purchase necessary equipment.
- Discussion:
 - Jason Peasley and Leah Wood stated that YVHA's position is to have the City of Steamboat Springs maintain the entire Brown Ranch street network, including alleys. In exchange, YVHA is willing to make accommodations and go above and beyond City street standards, as well as commit to alleyway snow storage easements.
 - Jon Snyder clarified that YVHA has the right to build to the minimum street standards but recommends wider streets in order to improve operations and maintenance efficiency.
 - City Council will discuss the alley maintenance question again with the goal of adding language to next draft Annexation Agreement update.
 - The group acknowledged and agreed that language in the draft agreement will change in the next weeks and months, because what happens in some topic areas may impact and change others.

Transit

- General language regarding existing City policy for developer to assume responsibility of capital costs of transit facilities and City responsibility to acquire busses and assume maintenance of transit facilities.
- Transit service extension accomplished by relocating the existing western terminus of SST routes to the Slate Creek Road entrance of Brown Ranch.
- Discussion
 - Jason Peasley stated that the transit stop proposed in the Annexation Agreement is sufficient for the first phase of development at Brown Ranch, but will be insufficient for subsequent buildout. Based on community input, YVHA is strongly advocating for a joint commitment to provide more robust transit service to Brown Ranch and west Steamboat Springs. YVHA representatives think it is important to project to the community a commitment to figure out how to expand transit service through Brown Ranch by way of the Annexation Agreement.
 - City Council representatives continue to be uncomfortable committing to robust transit service in the draft Annexation Agreement.
 - YVHA will propose language changes to the transit section for review at the next BRAC meeting.

Motion to approve the current draft Annexation Agreement: Motion by Leah Wood, second by Joella West. Approved unanimously.

5. BRAC Agenda Topic Schedule

Jason Lacy asked for confirmation that all parties are comfortable with the BRAC discussion schedule.

- March 29th - Robin Crossan requested an update on YVHA's community partnerships at Brown Ranch to understand the vision for the property beyond residential components. Joella West clarified the intent is not to memorialize land dedications to these groups in the annexation agreement. Regarding dedication of land at Brown Ranch, Gary Suiter recommended splitting the conversation into two subjects: public spaces (parks, fire station, utilities etc.) and private spaces (non-profit community spaces, sports, arts & humanities, etc.).
 - Water rights (fee in lieu) moved to June 7th or 21st.
- April 12th meeting – continuation of Fiscal Impact Analysis (remaining items from March 29th). Use of STR tax revenue.
- April 26th – both parties responsible for packet content
- May 10th – YVHA lead packet content
- May 24th – YVHA lead packet content w/City response
- June 7th and 21st – outstanding items and amendments. City lead packet content.

B. CURRENT DISCUSSION – Fiscal Impact Study

Dana Schoewe, Principal with RCLCO Real Estate Advisors (a consultant for both YVHA and the City of Steamboat Springs) provided an introduction to the methodology for the Fiscal Impact Study, as well as a preliminary overview of net fiscal impacts of Brown Ranch. [Note: this meeting summary is not intended to capture all the details of Dana Schoewe's presentation. Please see the meeting recording at approximately 1:08, as well as the working draft Fiscal Impact Study included in the packet, for additional details.]

- Today's conversation focuses on RCLCO's preliminary findings regarding Brown Ranch impact on City's revenue to the general fund. RCLCO is awaiting additional information from City departments before all expenses are added to the analysis.
- Methodology:
 - Reviewed Brown Ranch *Community Development Plan*, including commercial space to be built over time. Expectation that Brown Ranch will build out in 15-20 year period. How does net increase in units impact City budget?
 - Total revenues expected at full buildout per year.
 - Impact per new housing unit built at Brown Ranch.
 - How does that impact employment growth, tourism increase, etc. ("spillover effect")?
 - Reviewed 2023 adopted Steamboat Springs budget and analyzed revenue streams (existing sales tax, existing vehicle tax, charges for other services, etc.). With additional development at Brown Ranch, what percentage of revenue is expected to

- be fixed or variable? E.g.: will 100 new households at Brown Ranch translate to 100 new vehicles, and commensurate tax revenue?
- Separate analysis of sales tax projections: annual taxable retail spending by fulltime and parttime households based on historical data. How much income is spent on disposable retail goods for expected area median income (AMI) range at Brown Ranch? What impact will this have on future sales tax revenue?
 - Expenditures: customized analysis based on City departments and services (data forthcoming).
 - Key Points:
 - Brown Ranch will increase City's housing stock by 20%.
 - Expect Brown Ranch to create net negative impact on City of Steamboat Springs' general fund.
 - There is a difference in how new construction serves the market today versus how Brown Ranch will impact a broader segment of the community. This is an important consideration when understanding fiscal impact. Today, given the cost to build, net new housing construction in Steamboat Springs serves existing homeowners in Steamboat Springs, wealthy second homeowners, and short-term rental investors. Cost to build is prohibitive to serving regional workforce households, doubled up workforce households, and existing workforce households. When net new housing units are added to Brown Ranch, it will directly serve those three groups.
 - New development at Brown Ranch will directly serve and benefit fulltime local households, creating a sustainable community by increasing new housing supply in a way that has trickle down impacts for many different audiences. Net new growth summary -- For every 100 homes built at Brown Ranch, it is anticipated that there will be:
 - 2,029 tourist days
 - 16 net new part time/Seasonal housing units
 - 51 net new local and regional workforce households
 - 22 de-doubling and internally moving households
 - Some existing housing in Steamboat Springs will be opened up when existing groups move to Brown Ranch. Expect some backfill of existing housing units in Steamboat to serve a broad range of groups, including local workforce, but also second homeowners, STR investors, etc. However, the STR tax and ordinance may temper this impact.
 - 78% of revenues to City from Brown Ranch will be driven by sales tax. Sales tax comprises 2/3 of general fund revenues.
 - Analysis focuses on general fund and ongoing revenues and expenses, rather than capital revenues like building use taxes and excise taxes, which are expected to generate an estimated \$30 million to the City of Steamboat Springs to cover one-time capital projects. The analysis also does not include short-term rental tax.
 - Next steps:
 - Continue to work with City departments to gather data and refine year-to-year expenses and add to expense-side of analysis.
 - Refine revenue assumptions as needed.

- Presentation to BRAC on April 12th with full, complete analysis.
- Questions:
 - Q: Jason Lacy: Your assumption is 51/100 households will be new residents?
A: Dana Schoewe: Yes, this is net new growth based on regional households that work in Steamboat Springs and currently commute, as well as expected net new employment growth.
 - Q: Jason Lacy: Over what period of time will \$30M be available to the City for capital projects?
A: Dana: This is over full buildout of Brown Ranch, though many capital costs will be incurred early in the development.
 - Q: Joella West: How do we know who will actually move to Brown Ranch? What do we know about people who have moved into previous YVHA developments? Who were they? Where did they come from? Did they stay?
A: Jason Peasley: YVHA is collecting data on house de-doubling. When we add 100 new units at Brown Ranch, all 100 units will serve local workforce. However, when some local workers vacate existing homes, YVHA doesn't have control over how those homes are backfilled and cannot track that information.
 - Q: Robin Crossan: Does RCLCO have a project from 10-15 years ago that you have data on to confirm accuracy of projected assumptions? Do you have data and lessons learned?
A: Dana Schoewe: RCLCO does review projects to backcheck assumptions.
 - Q: Kathi Meyer: Is the model/methodology credible and defensible? Does it catch all the right points?
A: Kim Weber: Revenue projections seem fairly accurate (need to do additional checking). In a previous study for a previous annexation attempt, the analysis didn't give sales tax credit to people backfilling units.
 - Dana Schoewe added: model/methodology is standard and consistent with how RCLCO approaches fiscal impact studies for municipalities across the country.
 - Q: Robin Crossan: street assumptions example only shows operating expenses. Should capital expenses be noted as well?
A: Kim Weber: Fiscal Impact Study focuses on operations, but capital expenditures will be noted.
- Discussion:
 - To confirm the validity of Fiscal Impact Study assumptions, City Council representatives requested data from existing YVHA-developed properties: Who moved in, who decoupled, where did they move from?
 - YVHA has information on current residents from Sunlight Crossing and can provide disaggregated information to inform these assumptions.
 - Jason Peasley added there is a severe backlog of unfilled job positions due to lack of housing. There is a lost opportunity when job postings go unfilled and business are unable to deliver goods and services to the community, which thereby contributes to a

loss in potential sales tax capture. This isn't possible to quantify, but it is important to consider.

- Dana Schoewe added: Routt County has grown an average of 2%/year (jobs). 80% of jobs are based in Steamboat. That means by 2040, there will be 7,000 new jobs in Steamboat Springs based on historical data.
- Can we get additional data on how many jobs go unfilled because of lack of housing?
- Robin Crossan questioned analysis about net impact to general fund for existing regional households who may already spend money in Steamboat Springs because they work here.
- Kim Weber requested clarification on number of households that will de-double.
 - Dana Schoewe clarified the model only accounts for revenue streams associated with new households, not doubled up households, because that is not net new growth.
- Gary Suiter: City of Steamboat Springs has received responses for third-party review and received proposals from three firms. Intend to have a firm on board by week of 3/21/23. Intent is to work collaboratively with RCLCO.

Summary of Decisions

N/A

C. NEXT MEETING

- Wednesday, March 29, 2023 at 9am
- Agenda: Exactions and dedications of land

D. PUBLIC COMMENT

Bill Jameson

- Noted error on page 12 of draft Fiscal Impact Study.
- "YVHA is building a town." If it is not annexed into the City, YVHA will be running a city.
- Brown Ranch will significantly negatively impact net City budget.
- What portion of STR tax gets allocated to Brown Ranch is debatable.
- BRAC should discuss metro district financing.
- Capital costs are significant and upfront and should be part of the analysis. Water treatment plant is being built for Brown Ranch. The resiliency and redundancy impact on the City is negligible.

Bert Denney

- Next meeting should include alley maintenance in the budget/Fiscal Impact Study.
- What is the plan to address traffic costs and impacts? What is the proposed funding mechanism? Who pays for it and how will it be paid for? The town needs a US40 bypass regardless of Brown Ranch.

- Current City budget cannot pay for what is proposed at Brown Ranch through existing sales tax. What is the plan? Will you come to voters with a property tax proposal? Flesh this out early in the process.
- Metro district similar to Steamboat II should be part of the conversation.

Kathy Bateman

- Cost of alley maintenance should be added to Fiscal Impact Study.
- Glad the City is not agreeing to put things into annexation agreement until public can understand the numbers.

Scott Ford

- Interesting discussion on fiscal impact. Any fiscal or economic impact is best looked at as a work of art, painted by assumptions. Assume when all is said and done, it will overstate revenue and understate expenses. Stress test the final picture by reducing revenue by 50% and increasing the expenses by 50%.

In response to public comment, Jon Snyder, City of Steamboat Springs Public Works Director, clarified the cost of maintaining alleys is already included in the Fiscal Impact Study.