

Brown Ranch Annexation Committee (BRAC)
Friday June 23, 2023
Meeting Summary

Attendance: Robin Crossan, Joella West, Gary Suiter, Leah Wood, Kathi Meyer, Jason Peasley (BRAC); Kim Weber, Chuck Cerasoli, Jon Snyder, Angela Cosby, Rebecca Bessey, Dan Foote (City staff); Sheila Henderson (BRAC Communications)

A. PRIOR MEETING RECAP

1. Approval of Minutes

Minutes (the official video recording) from the June 7, 2023 meeting were approved unanimously. First by Robin Crossan; Second by Kathi Meyer.

2. Contingencies

No follow-up discussion on this item.

3. Communications and Public Outreach Update

Sheila Henderson, BRAC Communications and Public Outreach, presented the following update:

- Annexation Town Halls are scheduled for June 28th at 5:30 pm and July 27th at 4 and 6pm.
- BRAC discussed the agenda/presentation for the Town Hall meeting.

B. CURRENT DISCUSSION

4. DRAFT Annexation Agreement – Jason Peasley, YVHA Executive Director, reviewed YVHA’s response to the most recent version of the [DRAFT Annexation Agreement](#) after receiving input from the YVHA Board of Directors. Note: this meeting summary is not intended to capture all the detail of the conversation and does not include all edits made to the draft Annexation Agreement during the meeting. Go to 24:00 in the meeting recording for additional detail. BRAC is using a color-coded methodology to indicate areas of agreement (green), alignment but not complete agreement (yellow), and disagreement (red) within the draft Annexation Agreement.

- **Section 2a. General Plan of Development: Unit Types & Numbers:** The City added the following language: “YVHA acknowledges that shifting Units from sales to rentals may affect City property tax revenues and the fiscal impact analysis. If YVHA decreases sales unit numbers by more than 5%, YVHA shall update the fiscal impact analysis and replace lost property tax revenues.” YVHA does not accept this language and asked the City to clarify intent.
 - Dan Foote, City Attorney, clarified that the intent of this language is to provide accountability to the taxpayers. If things happen that change the results of the current fiscal impact analysis, the City needs a basis to demonstrate those changes aren’t significant. If changes are material, the City wants to get ahead of those implications to the City.
 - YVHA’s position: YVHA needs flexibility to adjust unit mix and tenure based on updated demand studies. YVHA does not want to add additional expense and

process to developing housing when the impact to the City's property tax revenue would be immaterial.

- Result of conversation: The City will take YVHA's feedback to its economics consultant and revisit this concept with YVHA at a future meeting.
- **Section 2.c. General Plan of Development: Parks, Trails, and Open Space:**
 - Language clarifying inclusion of mini parks is acceptable to YVHA.
 - YVHA does not accept the language requiring YVHA to provide a regional park of at least 46 acres.
 - Language related to dedication of property acceptable to YVHA.
- **Section 2.c. General Plan of Development: Wildfire Mitigation:**
 - The City changed the word "may" to "shall" preceding the list of wildfire mitigation strategies contemplated for Brown Ranch. YVHA is requesting flexibility on the specific wildfire mitigation strategies used at Brown Ranch. The City does not currently require wildfire mitigation strategies by code, and YVHA is electing to go above and beyond City requirements.
 - Result of conversation: Anticipating future code updates that will require wildfire mitigation strategies, Chief Cerasoli was comfortable with the language change from "shall" to "may."
- **Section 5. Water & Wastewater Service, Offsite Water & Wastewater Facilities:** YVHA accepts the language "Units at Brown Ranch will be assessed utility plant investment fees (i.e., tap fees) on the same basis as other city water utility customers."
 - Section 5.A.6.a) – YVHA is seeking clarification on the difference between plant investment fees and the surcharge for the Elk River Water Treatment Plant. Jon Snyder, City of Steamboat Springs Public Works Director, explained that Brown Ranch will be obligated to pay base plant investment fees in addition to a surcharge to specifically cover the new water treatment plant. This item was turned "green" in the draft Annexation Agreement.
 - Section 5.A.6.c) – YVHA is requesting the AA specifically notes YVHA's ability to prepay the Elk River Plant surcharge. YVHA would like flexibility to prepay, in an effort to ensure construction of the new water treatment plant does not delay the ability for YVHA to build housing. Jon Snyder and Kim Weber were open to this concept. YVHA will revise language in next draft.
 - Section 5.B. – YVHA approved the new language regarding a Brown Ranch Water Conservation Plan.
 - Section 5.B.a. – Water Rights Dedication – This conversation was put on hold, pending determination of the Water Rights Dedication fee in lieu. Jason Peasley explained that YVHA is not supportive of Brown Ranch paying this fee because the development likely cannot support additional fees while retaining affordability of housing. (This fee would be in addition to Brown Ranch paying 2/3 the cost of the Elk River Water Treatment Plant and 100% of distribution infrastructure).
- **Section 6. Other Offsite Infrastructure** – In relation to the language proposed by the City in this section, Jason Peasley stated that YVHA will likely encourage the City of Steamboat Springs to put a question on the November 2023 ballot asking voters to

approve a multi-year commitment of STR tax revenues to Brown Ranch (not a bonding question). YVHA is looking for a secured and explicit commitment of STR tax revenue to help with planning and financing projects, and to attract additional grant funding. BRAC discussed various options: City Council committing 2023 and 2024 STR revenues to Brown Ranch (does not require election); bonding question (election); multi-year commitment question (election).

- Result of conversation: Gary Suiter, City Manager, requested a specific proposal from YVHA to present to City Council. YVHA will propose 2 options with pros and cons of each.
- **Section 7.B. City Services/Operations/Maintenance Responsibilities: Transit** – BRAC continued the ongoing discussion about lack of funding for transit. Robust transit service in Brown Ranch continues to be a top priority for YVHA. This section was changed from “yellow” to “red” in the draft Annexation Agreement and will be revisited during a future meeting.
- **Section 7.C. City Services/Operations/Maintenance Responsibilities: Parks, Trails, and Open Space**
 - YVHA and City are still in disagreement regarding dedication of 46-acres of regional parkland.
 - YVHA is proposing that rather than dedicating land for a Special Use Facility to the City, YVHA would continue to own the land and provide the facility to the community through a partnership and long-term lease (currently contemplated with Steamboat Sports Barn). YVHA is requesting that facility count toward YVHA’s required 70-acres of parkland and Special Use Facility. This item is “yellow” in the agreement and will be revisited.
- **Section 7.D: Fire, Police, and EMS**
 - Chief Cerasoli and Jason Peasley will work on language regarding timing of YVHA’s cash contribution to the fire station to be built in Neighborhood A.
 - YVHA is requesting credit for the value of improved land dedicated to the City.
 - YVHA is requesting to pay a proportionate share of the expense of purchasing police vehicles and other equipment. BRAC City Council negotiators will take this question back to City Council.
- **Section 8. Affordability and Attainability of Housing**
 - The City added new language to this section. The City clarified this language was added to provide a level of comfort and accountability to the community that Brown Ranch will be affordable in perpetuity.
 - YVHA is concerned about adding additional administrative processes when YVHA is already held accountable to affordability requirements from other parties and processes. However, YVHA understands the objective of the City, and wants to be sure the Annexation Agreement clearly outlines the affordability commitment to the community. YVHA will propose some revisions to the language and process proposed by the City.
- **Section 10. Post-Annexation Land Use Approvals**
 - YVHA is very concerned about language added to the Draft Annexation Agreement: “In the event the City does not apply TND zoning with the Transect

Zones to Brown Ranch within sixty (60) days of the effective date of the annexation ordinance or otherwise comply with the provisions of this Subsection, the sole and exclusive remedy of YVHA shall be the withdrawal of the petition for annexation, which may be exercised by giving written notice of withdrawal to the City between sixty-one (61) and ninety (90) days of the effective date of the annexation ordinance.” As an alternative, YVHA proposed adopting existing TND zone districts if new zone districts are not created within 60 days of annexation. City staff were OK with this solution.

- YVHA and City have compromised on the collateral requirements issue.
- **Section 11. Dedications of Land**
 - Additional conversation is needed regarding ownership and lease of Special Use Facility.
 - Avigation easement – Jon Snyder clarified that it is possible to install solar panels within the avigation easement if an FAA glare study is completed.
- **Section 12. Sustainability Measures**
 - YVHA will provide a sustainability report to City Council as part of its regular annual report and presentation.
- **Section 13. Vested Property Rights**
 - 13.b. – Vesting Term: City changed vesting term from YVHA’s proposed 40 years to 10 years with an option to extend an additional 10 years. YVHA is requesting City Council to reconsider. This vesting term only refers to the volume of housing units and non-residential spaces YVHA can develop at Brown Ranch. YVHA is seeking protection from a future City Council down-zoning Brown Ranch and needs a vesting term of at least 25 years to implement the Brown Ranch plan. The City is seeking flexibility for future community wants/needs. City Council will discuss.

Note: Need to have additional conversation related to Exhibit C – Parks & Open Space Plan at the July 26th BRAC meeting.

5. **DRAFT Fiscal Impact Analysis** – Dana Schoewe, Principal at RCLCO, presented the Brown Ranch Capital Costs & Revenues Preliminary Analysis, with a focus on the feasibility analysis. [Please review the [Capital Costs & Revenues Preliminary Analysis](#) or go to 3:27:00 in the meeting recording for additional detail].
- The goal of Brown Ranch is to serve a broad income spectrum of the Routt County workforce, with special attention to low-income workforce in early stages of project. Project requires significant public financing because most Routt County residents are clustered in 60 – 150% AMI and the cost to build new construction is beyond the affordability of this group (the average cost to build a new home in Steamboat Springs is about \$1,000,000).
 - However, some components of Brown Ranch targeted above 120% AMI will have self-supported value.
 - Potential revenue sources: water & sewer tap fees, building use excise tax, STR tax, self-supported project value, federal geothermal direct payment, grants. Spreadsheet assumes 50% of anticipated STR revenue supporting Brown Ranch.

- Total revenue per unit = \$149,902.
- Expense overview: Estimates provided by the City of Steamboat Springs and third-party civil engineers. \$96M needed to develop off-site roads (Intersection at US40), \$79M needed for on-site roads, and \$100M needed for on and off-site water distribution. Parks estimated to cost \$1,350,000/acre, or \$95M for 70 acres of parks.
 - Total infrastructure cost per unit = \$260,456.

Questions and Discussion:

- Q: Jason Lacy: Can you clarify what is meant by “minimal feasibility?”
A: Dana Schoewe: This includes onsite roads and utilities. It is not a reflection of what is planned to be built at Brown Ranch, but rather utilized as a benchmark for whether the project could support itself at all. Does not include parks, fire station, most offsite costs, etc.

PUBLIC COMMENT – Public comment was held at 11:30 pm. Three community members provided comment.

- Jim Engelken – Fearful for what YVHA is reaching for. This will end up on a ballot, whether City Council refers it to a ballot, citizens committee referendum, bonding question, etc. There is much working against you here: size of project, people complaining about traffic, and your impacts to traffic. You must address the giant elephant in the room: how will you pay for services? We are so far into this without a hint of how you will do this. The City cannot service your project. Either you pay your own way or come up with your own funding support. If you have the support you think you do, get it out there in the open and put it to a vote.
- Bill Jameson – Supports Mr. Engelken’s comment. I want to know why this study was not included in the June 7th BRAC packet? This utopian project proposed by YVHA is something the residents of this community probably cannot afford. This project needs to be scaled back in terms of area to be annexed, to what can be affordable in the foreseeable future. Do what you can do with the funding sources you have. If you’re going to a public vote to dedicate a portion of the STR tax, you ought to submit the question of annexation and the size of the annexation parcel. It doesn’t make sense to dedicate a funding source if you can’t have the vision for how you will complete it. We all knew the numbers would be bad, it was just a question of how bad? It’s time for a reality check on the scope and what is affordable. The idea that you will dedicate 800 EQRs of water: if the state changes your density requirements in the City, you may not have any water.
- Leslie Alprin – Transit cost estimates don’t include “20 – 30 busses you’ll have to buy.” The study doesn’t mention you’ll have to build more bus stops. There’s going to be solid bus stops on Lincoln, northside and southside. There won’t be spaces between. No matter what they propose, they didn’t give you details on what the cost really is. In other words, it’s impossible. I suggest you sell when it’s really high.

5. DRAFT Fiscal Impact Analysis (continued)

Brian Duffany, Economic Planning Solutions (City economics consultant) shared the following remarks:

- EPS requested the “minimal feasibility standards” (what is required to turn on the lights and flush the toilets?)
- It is unrealistic to expect affordable housing to be feasible without subsidy. It doesn’t work and we know that. Oftentimes land is a major project cost. In this case, there is no land cost, which is a huge asset. The difficulty is that Brown Ranch is not tied into City infrastructure and there are significant offsite costs.
- YVHA should consider optimizing unit mix in Neighborhood A to help close the gap (offer more for-sale product at higher income levels). Tradeoff: less affordable and wouldn’t meet the urgent need of low-income households.
 - Jason Peasley and Kathi Meyer response: we will look at this concept. However, it doesn’t change the need, just means we would address the need later. The large gap for Neighborhood A would be shifted to Neighborhood B. Also, the need for people in the 50 – 120% AMI range is greatest, because there is so little housing stock available to people in that price range.
 - Because cost to build is so high, even for a 160% AMI household of \$173,000, the Brown Ranch on and off-site infrastructure cost per unit still has a gap of \$285,489.

Questions and Discussion:

- City Councilors Joella West and Robin Crossan both expressed concern about the development being “bare bones” with no amenities. Robin Crossan: how do we work our way out of this deficit?
- Robin Crossan questioned if YVHA would consider adjusting the balance of unit mix in Neighborhood A (more for-sale and single-family attached options).
- Q: Brian Duffany: are there any other value creation strategies to consider? For example: additional commercial development to generate sales tax and land value, pure market rate opportunities, etc. What other options can help create profit to help carry cost?
A: Jason Peasley: YVHA has not explored commercial development because of the traffic it would generate. The opportunity to increase revenue would be to look at grants, increase in STR share, cost cutting, and exploring concepts suggested by Brian.
- Gary Suiter requested RCLCO revisit the internal moves, de-doubling, and new growth assumptions in the Fiscal Impact Analysis.
 - Dana Schoewe clarified that moves from elsewhere in Routt County, as well as Craig, count as “new growth.” RCLCO and EPS adjusted sales tax

assumptions assuming many people who live outside Steamboat Springs already spend money here and contribute to sales tax revenue.

- Robin Crossan: idea of YVHA reserve account.

Next Steps: City and YVHA each come to table with specific proposals on how to close the gaps (capital and operating/general fund). Show which revenue options each party is comfortable with, revenue it could generate, etc. On expense side: specify proposal on what to trim (July 26th BRAC meeting).

C. NEXT MEETING – OUTSTANDING TOPICS AND ISSUES

- July 12th 9 am -2 pm

Future meeting scheduled:

- July 26th 9 am-2 pm

Meeting summary prepared by Emily Katzman, YVHA Development Project Manager
July 3, 2023 (by recording)