

SEPTEMBER 1, 2021

CITY OF GUNNISON COUNCIL
SPECIAL SESSION

8:45 A.M.

The Gunnison City Council Special Session meeting was called to order at 8:45 a.m. by Mayor Gelwicks with Councilors Freeburn, Logan, and Plata present in Council Chambers, located at 201 W. Virginia Avenue. Also present in Chambers were City Manager Forrest, City Clerk Boucher, City Attorney Fogo, Finance Director Cowan, Community Development Director Sinkewich, and Fire Marshal Ferchau. SheFly owners, Charlotte Massey and Georgia Grace Edwards, attended remotely. Celeste Helminski, director of the Gunnison County Chamber of Commerce, attended remotely. Councilor Miles was absent. A quorum was present. The press was present.

Council Action Items.

Resolution No. 16, Series 2021: *A Resolution of the City Council of the City of Gunnison, Colorado, Regarding a Ballot Issue to be Submitted at the Regular City Election to be Held on November 2, 2021, and Setting the Title and Content for the Ballot Issue to Increase the Rate of the City Sales and Use Tax.* City Manager Forrest shared with Council that staff conducted focus groups with internal and external stakeholders. This ballot initiative was a product of Council's strategic plan as it reflects Council's priority of taking care of public infrastructure and it could create a specific revenue stream for street maintenance. Key feedback from the meetings was that investment in infrastructure is necessary as there is a public safety issue with the physical state of the fire station. The degrading state of the streets was mentioned along with asking for needs and not wants regarding infrastructure. It was mentioned that people are tired of new taxes and that roads are not considered to be "sexy", but still necessary. Housing continues to be a critical issue and infrastructure is an essential element to improve housing availability. Customers' needs must be at the forefront of communication. Residents want transparency on how the tax would be used and understand the fund's restrictions. Council discussed if the word "safety" should be specifically included in the language to reflect Council's priority of safety. Safety is often used to help determine where resources are applied to first. It was decided to add "safety" into the ballot language after "...pedestrian, biking,..."

Councilor Logan introduced Resolution No. 16, Series 2021, and read it aloud by title only. Councilor Logan moved and Councilor Plata seconded the motion to adopt Resolution No. 16, Series 2021, with an amendment to add in the word "safety" to the ballot language.

Roll call, yes: Freeburn, Gelwicks, Logan, and Plata. So carried with amendment.

Roll call, no: None.

Discussion and direction on financial support for generating primary jobs in the City of Gunnison. At the last Regular Session, Council directed staff to draft a contract with SheFly for review and discussion. A drafted contract had not yet been finalized for review. Staff continues to be in discussions with SheFly's owners Georgia Grace Edwards and Charlotte Massey. City Manager Forrest acknowledged that he also had a meeting with local business owners to further understand their concerns with the City issuing a contract with SheFly for \$75,000 in exchange for the company's relocation to Gunnison, which would include the introduction of new primary jobs. City Manager Forrest gave an overview of the local business meeting, highlighting that a goal from the One Valley Prosperity Project was to create primary jobs. The Council's strategic plan also included a goal for supporting economic prosperity and support for the ICELab to bring in a certain number of well-paying jobs in Gunnison. The ICELab exposes entrepreneurs to Gunnison through the Accelerator program, which is the path that SheFly took and then developed their interest to place their business headquarters in Gunnison.

Mr. Forrest reviewed the vetting process that SheFly went through regarding the Accelerator program and the momentum behind them. Mr. Forrest also addressed the feedback that he heard from the local business owners about equity related to this funding. Business owners were frustrated that they did not get the same opportunity because they did not go through the Accelerator program. Staff has been researching to see at how other cities handle city-issued funding for businesses. Two strong models were Montrose and Durango. The City could develop a contract with SheFly for a repayable grant, which would be similar to a forgivable loan. SheFly would use funding from a local government for a match with an Office of Economic Development and International Trade (OEDIT) grant for a total of \$150,000. The next submission deadline for

the OEDIT grant is September 10, 2021. OEDIT would accept a letter of commitment from the City. At this time, staff is requesting direction to continue working on a contract draft between the City and SheFly to meet the September 10th OEDIT deadline. Additionally, he recommended that staff work on creating a separate economic development grant process to include a focus on creating primary jobs in Gunnison. He would like to develop a process based on other successful models in the state.

The Mayor would like to see a drafted contract with SheFly before making comments. The Mayor acknowledged that a wide-range of comments had been shared with councilmembers. Council engaged in a discussion about proceeding with SheFly. There was support for moving forward and that this is a good opportunity to diversify the economy. Others shared that they would like to see the manufacturing of products locally and that finding housing for their employees will be difficult. There was some continued interest in developing an Angel Investment Fund.

Ms. Edwards responded to Council’s concerns. She stated that a benefit of SheFly locating in Gunnison would be their accessibility to Western and the technology in the Rady Building. Other benefits would be job creation, internships, recruiting other small businesses to the area, and promotion of Gunnison. SheFly is willing to investigate manufacturing some of their future products, like leggings and shorts, domestically or locally.

Council noted that the initial financial request they saw from SheFly was \$50,000, but \$75,000 was requested during the previous meeting. It was also stated again that without seeing a contract and on such a tight deadline, a final decision is difficult to make at this time. An investor should always know what their return will be prior to signing an agreement. Mr. Forrest shared that the contract draft includes benchmarks around jobs. If jobs are not created, repayment of the investment is required. Also, a part of the discussion between staff and SheFly has been a “good faith intent” that if the company is successful, it will repay the \$75,000 into an “Angel Investment Fund.” Repayment amounts would be proportional to how well the business worked out. Full-time jobs will have to pay at least \$50,000/year. The drafted contract also outlined what the money could be used for, which included paying for the production order of pants, assistance with relocation, and assistance with relocation for new-hire employees. Permission would need to be granted for any other expenses. Also included is an outline for keeping jobs here.

Council directed staff to proceed with its three recommendations. They were for staff to (1) continue working on a contract with SheFly, (2) to develop a separate economic development grant process with the goal of creating primary jobs in Gunnison, and (3) take additional time to explore models to address the equity issue.

With no additional business, the Mayor adjourned the Regular Session at 9:43 a.m.



Jim Schrick

Mayor

Attest:

E. DeWane

City Clerk