

STUDY SESSION NOTES
CITY OF WHEAT RIDGE, COLORADO
City Council Chambers 7500 W. 29th Avenue

March 18, 2013

Mayor DiTullio called the Study Session to order at 6:30 p.m. Council members present: Davis Reinhart, Bud Starker, Joyce Jay, Kristi Davis, George Pond, Mike Stites, and Tracy Langworthy.

Absent: Joseph DeMott

Also present: City Clerk, Janelle Shaver; Treasurer, Larry Schulz; City Attorney, Jerry Dahl; City Manager, Patrick Goff; Community Development Director, Ken Johnstone; Public Works Director, Tim Paranto; staff and interested citizens.

PUBLIC COMMENT ON AGENDA ITEMS

Ted Heyd from Livewell WR announced National Bike to School Day on May 8. Registration is open now and is free. Schools that register by April 8 are eligible for a weekly drawing to receive a free bike rack for their school and signs from CDOT to promote their event locally. The website is www.walkbiketoschool.org

The Mayor reminded speakers that Public Comment at Study Sessions is to be limited to agenda items only.

Jesse Hill commented on the Budget Review. If there is a proposal for a tax increase to cover lack of capital, he encouraged staff to be open and transparent in the process. This will be helpful to the public and beneficial for the process. He hopes Council concurs on openness.

Rhonda Champion spoke on Item 1, the tax rebate for 38th & Depew.

- The big concern has always been that we have too much rental housing. While the proposed project is townhomes, it's not something that will encourage families to settle here.
- She also objects to the TIF. Though not well-versed on TIF's she does know that when developers and people pay less, she pays more. When they get a break on their taxes, she has to pay more for her services, school kids pay more for their activities, etc. This doesn't feel right and she hopes Council will not approve this.

Nancy Snow is very much against the tax rebate for the project at 38th & Depew.

- It doesn't meet the intent of the TIF program which is to help businesses that will generate sales tax in the future. When she was on the Planning Commission they created a special mixed use zone district especially for this property and it's never been built. The present proposal does not include any commercial.

- Giving back sales tax for this property also takes money from the County, the school district and the fire district for a very long time.
- This TIF is very unfair. It's for residential. Her daughter just built a nice house in Wheat Ridge; can she come in and ask for her property tax to be rebated?

APPROVAL OF AGENDA

At the request of Mayor Pro Tem Reinhart an agenda item was added for discussion of the Xcel undergrounding policy.

1. Staff Report(s)

- a. Modification of 38th Ave. Corridor Redevelopment Plan ~ Patrick Goff

Mr. Reinhart recused himself from the discussion of Item 1 as he is a consultant on the subject property at 38th and Depew. He left the room.

The developer for the Perrin's Row Townhomes at 38th & Depew has applied for a Tax Increment Financing (TIF) agreement. Approval of this TIF would require a motion to amend the Corridor Plan. The builder, New Town, is modeling this project after their Central Park Row Homes in Stapleton. (Pictures available on their website.) A third party analysis by Gruen Gruen + Associates concludes that a TIF is warranted primarily because of the uncertainty of the selling price of the units.

- The expected selling price of \$250,000 for each of the 26 quality units is less than at other locations.
- Because of the size and configuration of the lot several units will face 38th.
- Some adjacent residential values are not of the highest standard and not comparable to the value of this project.
- 38th Avenue is not yet a walking corridor like Highlands, Berkley or LoHi.

Due to the financial risk involved, the developer needs the tax rebate to get an acceptable financial return.

The request is for a property tax TIF for \$225,000 (of net present value) over a 20 year period in order to make the project feasible and obtain additional financing. This will add up to a total reimbursement to the developer of \$467,000 over a 20 year period. The Urban Renewal Authority would also receive almost \$300,000 which could be used for this project or other Urban Renewal projects on the corridor.

Staff recommends approval of this TIF as they feel it will be a catalyst project to encourage growth of the corridor. It will bring a new type of housing product to the City. In meeting with other private investors staff has been assured that this type of project, although not a revenue generator, will be a catalyst for other development.

Councilmember Davis reported that the Urban Renewal Authority supports this TIF and is pleased to see a reputable builder. There were concerns about taking dollars from the Fire Dept, but Steve Art has been in contact with the Fire Chief to make

sure they are OK with this. 80% of the TIF money will be returned to the builder in the first 7 years but the development will be gradual so the Fire Dept will be able to handle the services. It's not like 26 units will instantly be in place.

Mr. Goff clarified that the first 7 years would be an 80%-20% split between the developer and Urban Renewal. In years 8 – 20 the split will be 55% for the developer and 45% for Urban Renewal.

Councilmember Jay feels positive about this and is glad to see that the value has been adjusted downward to bump up the rate of return from 11% to 18%.

Councilmember Langworthy had questions about today's baseline related to the amount of tax paid in the future. She wants to make sure the Fire Dept gets covered. Mr. Goff said the amount the Fire Dept gets can be negotiated.

Councilmember Pond looks forward to the discussion on the dais.

Councilmembers Starker thinks it's legitimate for the City to try to attract and work reasonably with developers. He thinks this project will be good for the City and he hopes it goes forward.

Councilmember Stites expressed that he cannot support this. He does not believe the City should be in the business of providing profit for developers. Also, the school district, Fire Dept and utilities will suffer financially.

Mayor DiTullio noted that in the last 6 – 12 months Council has awarded or proposed close to \$1M in tax rebates, ESTIP's and TIF's. He thinks this is a good project, but in 18 years he's never seen a tax rebate for strictly residential development. Residential property will never generate any future sales tax. He also expressed concerns about the high number of rental properties we already have and whether this set of townhomes will eventually become rentals. He asked if the City can require that the units will always be owner-occupied. Mr. Goff thinks that's a possibility and they can discuss it with the developer at the hearing next Monday night.

In response to Councilmember Pond's questions Mr. Goff said the developer had not looked at commercial development this time, he wasn't sure if the applicant had looked at other financing tools, and the monies that would go to Urban Renewal could indeed be directed back to the Fire Dept.

Mr. Reinhart returned to Council Chambers at 7:16 pm.

2. City vehicle replacement policy discussion ~ Tim Paranto

Mr. Stites began the discussion since it was his concerns that resulted in this discussion. He understands and appreciates fleet management, but he thinks

that since we're considering a tax increase these particular vehicles should be fixed rather than spending \$167,000 on new ones.

There was considerable discussion, with each Councilmember offering thoughts and asking questions. Points of discussion included:

- Have a program and stick to it, so we don't discuss individual vehicles
- The program should actually have more rigor, but also include flexibility
- When a vehicle is fully depreciated you need to get rid of it
- The economic downturn prevented some past scheduled replacements
- We should leave the details to the staff

Tim Paranto explained the fleet replacement guidelines. The two key factors are age and mileage. Also included are resale value, maintenance costs, serviceability, availability, and reliability. There is a sweet spot where costs for upkeep outweigh the value. Compared to some other cities, for the most part we go beyond the sweet spot.

Consensus by Councilmember Langworthy to return the vehicle replacement list to a regular meeting for consideration. Approved.

Consensus by Councilmember Starker to address the replacement of the asphalt patch truck separately. Approved.

3. Discussion regarding the policy of the use of Xcel Energy undergrounding funding ~ Mr. Dahl, Mr. Goff, Mr. Paranto

Mr. Dahl explained that the 32nd & Youngfield widening project requires the relocation of some power lines. Under our franchise agreement with Xcel, which allows them to have power poles on City property, they are to move lines at their own expense when required for a public project. Another provision of the franchise provides for a 1% undergrounding fund. They set aside 1% of the gross revenue from WR customers for a fund that is available to the City to request that above-ground lines be undergrounded.

Although Xcel did design a plan to relocate the 32nd & Youngfield lines above ground, they decided that there is no good place to relocate them, so they put them underground. After the work was completed Xcel decided unilaterally, without advising the City, that they will charge the City's 1% Fund for this. Mr. Dahl maintains that Xcel does not have the authority to use our 1% Fund at their discretion. That fund is for projects we ask for. In a letter to Xcel the city said we didn't ask for this undergrounding, so don't charge us. Xcel said no, we will charge you. Through conversations Xcel has backed down to only charging us 50% (our share is \$170,000), but they reserve the right to impose this charge on future projects..

Mr. Dahl believes that at some point someone is probably going to have to litigate this with Xcel. This issue will come up again and other entities are also dealing with this. He estimated that a request for summary judgment would cost around \$20-25,000.

Mr. Goff reported that other Jefferson County City Managers heartily support our position on this matter. A former councilman from another city, who is a lawyer and deals with utility issues, believes there is definitely a case here and that it should be fought. This is an issue all over the state. ~ We do want to keep a good relationship with Xcel for future dealings and the banner issue, but at some point we can't just sit back and be taken advantage of.

Mr. Dahl feels the language of the franchise contract is in our favor, but obviously cannot guarantee the certainty of prevailing.

Mr. Reinhart asked for consensus to have staff tell Xcel we will not fund any part of this undergrounding work. It was unanimous.

4. Discussion of a policy for prioritizing undergrounding projects

Mr. Reinhart began the discussion by suggesting there might be a desire to review the decision to underground along Kipling from 32nd to 35th, since that decision was made without a policy or any set of priorities.

Councilmember Davis said she would like time to study the new material they received just today that details policies from Greenwood Village and Centennial. Others agreed.

The Mayor reported he learned from Xcel that

- the increased cost for the undergrounding along Kipling (32nd to 35th) is due to the increased market cost of aluminum and copper,
- there will be three bids at no charge to the City, (Same for any project.)
- undergrounding will result in condemnation of one less foot of private property along the project.

Councilmember Stites asked for a consensus to continue moving forward with the undergrounding project. Another councilmember asked a question and no vote was taken on the consensus.

Mr. Paranto noted that Xcel has already started to design the project and if we delay too much longer we are in danger of losing the grant.

After discussion there was agreement to have a policy discussion at a later time.

Mrs. Jay asked for a consensus to revisit the decision to underground on Kipling. More polarized discussion followed. The consensus failed 4-3, with Councilmembers Jay, Starker and Davis in support.

5. 2012 Year-end budget review and potential revenue enhancements

Mr. Goff went through a Power Point comparing revenues and expenditures from 2011 and 2012, with some projections for the future.

Compared to 2011:

2012 revenues were 2.9% less than estimated (\$781,653). Some causes:

- Sales tax, building and use tax were not what was projected.
- Due to some staffing issues in the Police Dept (injuries, other duty assignments, etc) fewer tickets were written.

2012 expenses were 6.1% less than estimated (\$1.6M). Some causes:

- Lack of snow resulted in lower utility bills, and salary savings and lower expenses in Public Works (less overtime, less salt and sand, etc.)

The unrestricted fund balance is 11.5% greater than estimated (\$848,310).

Compared to 2011:

Total revenues were down 0.1% (\$30,110)

Total sales tax revenues were up 1.7% (\$260,952)

Total use tax revenues were up 0.86% (\$178,319)

Some 'best practices' budgeting tools have been put in place so we don't end up overbudgeting.

We have to use reserves to fund capital projects. To maintain the 25% targeted fund balance no additional funds can be transferred in the future. Several cities report double digit increases in sales tax for January. We are about 8% up in January, and total revenue through February is up 3%.

6. Air Quality, *Every Trip Counts*, participation in 2014

As the hour was late, Mr. Goff asked Council if they had read the packet material. Councilmembers said they had and there was no discussion. Mr. Goff noted that *Every Trip Counts* is a DRCOG program which encourages people to eliminate 2 single-occupancy trips a week during the summer ozone months. The RAQC (Regional Air Quality Council) is again asking for a local match for this program. Mr. Goff said our match can be in the form of staff time. We have done in the past, and it isn't significant.

7. Elected Officials' Report(s)

Mr. Starker announced he and Mr. Reinhart will be having a District 1 meeting Friday March 22 at Ye Olde Firehouse 5:00 – 6:00. They will have some Denver Water people there to talk about the Ashland Reservoir Project.

Ms. Davis noted the Meet the Artist event this month on Thursday, March 21 at 5:30pm which features Councilmember Jay. **Mrs. Jay** said she is proud to do this. It will be a photographic exhibit at Visions in Gold (44th & Pierce) and she will speak at 6:00. Refreshments will be served.

Mayor DiTullio mentioned that he has resumed his previous practice of meeting with councilmember's individually to touch base and see how things are going. He's met with some already. Let him know when you'd like to meet.

8. Mr. Dahl gave a brief update on the marijuana moratorium.

The Study Session adjourned at 9:12 pm.



Janelle Shaver, City Clerk