

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

March 3, 2014

Mayor Jay called the Study Session to order at 6:31 p.m. Council members present: Jerry DiTullio, Bud Starker, Zachary Urban, Kristi Davis, George Pond, Tim Fitzgerald, Genevieve Wooden, and Tracy Langworthy.

Absent: Jerry DiTullio

Also present: City Clerk, Janelle Shaver; City Treasurer, Larry Schulz; City Attorney, Gerald Dahl; City Manager, Patrick Goff; Community Development Director, Ken Johnstone; Scott Brink, Public Works Director; Sally Payne, Senior Planner; other staff, guests and interested citizens.

PUBLIC COMMENT ON AGENDA ITEMS

Jesse Hill remarked generally that the Housing Diversification Study has a lot of good information in it. He spoke specifically in favor of accessory dwelling units. Neighboring Denver, Golden, Lakewood, and Arvada all allow them. His 1931 property has one, but he can't rent it out due to city code. Allowing them would be a costless way for the City to increase the value of some properties. He urged Council not to over-regulate it.

Without objection Items 2 and 3 were taken first, and Item 1 was moved to follow Item 3.

2. 38th & Kipling Redevelopment Financing Options – Patrick Goff

Mr. Goff noted that members of the WR Urban Renewal Authority had been invited for this discussion and two were present. He introduced the guests: Jon Rankin (CFO) and H. McNeish (Director of Planning Entitlements), both representing MVG, the developer)
Bruce O'Donnell (Starboard Realty, financial advisor for MVG)
Gene Andrist (Andrist Capital Advisors), financial advisor for the City
Sally Tasker (Butler/Snow), bond counsel for the City

Jon Rankin led the MVG presentation. MVG, a national development company founded in 1999, has done many retail developments. Since 2008 they have done 60 retail developments and have recently done two senior housing developments. He outlined the plans for redevelopment of 38th & Kipling.

- MorningStar, as a co-developer for the 64 unit assisted living and memory care facility that will replace the building where Clancy's is, will buy their pad.

- Starbucks is likely to remain on the corner with a new building and a drive-thru.
- A second retail pad (food service restaurant) will be just west of Starbucks.
- Sprouts Farmers Market will replace the thrift store.
- Nine access points to the site will be reduced to five.
- An accel/decel lane is proposed to be created from 38th south to the entrance of Sprouts.
- The proposed schedule for Sprouts is to break ground sometime this summer and open January, 2015.

Mr. Rankin outlined the various costs for the project.

- Land cost \$4,700,000
- Construction and other hard/soft costs bring the total retail project cost to \$12.2 million.
- The Morningstar project will be about \$14.5 million.
- Ultimate investment in our community is approximately \$27 million.
- TIF-eligible project costs total about \$3.0 million.
- Without a TIF their return would be 6.01% - which is 1.0% under market and results in a net loss of about \$2.0 million
- With the injection of \$3.0 million their return would be 8.21% -- more typical and an acceptable risk for investors.

Bruce O'Donnell explained how the TIF and moral obligation pledge are necessary to close the \$3.0 million financial gap that make the project unfeasible from an economic standpoint. Numerous improvements to the property (extraordinary costs) that have public benefit include

- Public Right of Way improvements such as widening Kipling for improved traffic flow,
- New storm water drainage infrastructure,
- Buried utility lines,
- Adding sidewalks and landscape buffers,
- Demolition of blighted buildings,
- Remediation of on-sight environmental contamination, and
- Greatly improved building standards across the site.

MVG has worked with the City's consultants (Mr. Andrist and Ms. Tasker), City staff and Urban Renewal staff to come up with a plan that

- uses Tax Increment Financing (sales and property tax) with monies pledged over 25 years
- gets the money to MVG early in the process to overcome the gap
- makes the project more attractive to potential lenders
- provides a combination of loans that would net the \$3M to MVG in April

MVG is asking for three things:

- 1) Urban Renewal to issue a 10 year tax-exempt bond
- 2) The City to issue a subordinate cash flow note for about \$1.0 million
- 3) The City to put up a moral obligation pledge to enhance the senior loan

Sally Tasker, the bond counsel for urban renewal, explained how the TIF would work for this project. The money would be used only for public improvements – not private construction. ~ She explained moral obligation pledge. This would involve a yearly recommitment by the City to try to cover a shortfall on the sales/property tax – should that happen. Hopefully a reserve fund can be set up for that. ~ She also indicated that statutes require all of the property tax to be used in a TIF, but the City would be allowed to keep part of the 3% sales tax.

There were questions from Council and Jesse Hill (Urban Renewal member).

Gene Andrist, from Andrist Capital Advisors, addressed the nuances of the financial package. They are charged with ensuring the integrity of the financial plan. He believes this recipe is reasonable and has sufficient safeguards. He recommends that Urban Renewal not issue the bonds until receiving appropriately documented assurances from the developer.

Council questions and discussion followed.

- Cost overruns on infrastructure will be the responsibility of the developer.
- The subordinate note could likely be paid off in 6 years. Following that, excess revenue can be used by Urban Renewal for other projects in the corridor.
- The size of the Sprouts will be their standard 27,000 sq ft.

Money for the loan will come from the General Fund reserves. Mr. Goff explained where the money would come from:

- The City keeps a 17% Reserve Fund.
- The 2013 budget will be closing with about \$1M more than projected.
- When the 44th and Wadsworth project loan is paid down (soon) an extra \$500,000 of restricted funds will come to the General Fund reserves.
- Urban Renewal owes the City about \$350,000 for a loan on 44th & Wadsworth. That should be paid this year.
- The Bank of Denver properties will be sold – which is another \$350,000 that will come back to the City.
- Mr. Goff thinks there is enough money to invest in this project up to \$1.0M.

More Council questions followed. ~ The Starbucks building will be free-standing. ~ The pad west of Starbucks will have a single user.

There was consensus to proceed with the plan as presented.

3. Housing Diversification Strategy

Sally Payne gave background for the Housing Diversification Strategy (HDS) document that has been prepared by the consulting firm Community Strategies Institute (CSI). \$15,000 was approved for this in the 2012 budget.

Due to the lateness of the hour, it was agreed to table Item 4, discussion of the Traffic Management Program, to a later date so staff members could be excused.

Tom Hart of CSI gave an overview of the HDS report, beginning with how information was gathered from demographic data, various stakeholders and City officials. Stakeholders interviewed were:

Loretta DiTirro, ReMax Realty	Steve Art, City of Wheat Ridge
Anne Brinkman, WR Planning Commission	Jerry Nealon, Cress Kitchen/Bath
Denise Waddell, 1stBank	Joe DeMott, City Council
Denise Balkas, WR2020	Britta Fisher, WR2020
Kim Calomino, resident, formerly with DHBA	
Nancy Snow, citizen, WR United Neighbors	
Alan Feinstein, Jefferson County Housing Authority	
Bud Starker, Starker Construction, City Council	

A structured discussion held at the WR2020 offices with a focus group included:

Britta Fisher, WR2020	Jerry Nealon, Cress Kitchen & Bath
Jessica Klingsporn, Your Castle Realty	Susan Aldretti, Metro Assoc of Realtors
Chris Downs, Wazee Development	John Levididus, Axiom Realty
Carol Salzmann, Exempla Lutheran	Tyler Downs, Wazee Partners
Paul Tamburello, Red Chair Realty	
Gene Myers, Newtown Builders (Perrin's Row)	

Mr. Hart went through the issues that were identified as challenges:

- 1) Younger buyers turn their backs on older homes (sq footage, bathrooms, etc.)
- 2) Some older neighborhoods have a higher mix of multi-family housing next to single family homes, which eventually drives property values down
- 3) Other things are desired these days: nearby transit/stores/services/etc.
- 4) People are starting to turn away from the car. They want walkability.
- 5) Wheat Ridge schools don't have that high of scores.
- 6) Wheat Ridge is landlocked and there's little developable land. Height and density limits hinder growth and prevent a sense of community.

What can be done?

- Attract younger affluent people with a range of housing types
- Need upscale rentals for the younger crowd
- Need to change the footprint of some of the smaller homes
- Use creative financing to facilitate loans to upgrade housing
- The City should designate WR2020 as the lead agency in managing neighborhood housing improvement.
- Provide WR2020 with City revenues to implement a home improvement loan program
- Address issues of rental properties that aren't kept up.
 - Possible rental licensing program
 - Rehab loan funds
 - Explore accessory dwelling units on a trial basis; don't limit to family members; this will help increase density
- Incentivize new rental developments

- Create small neighborhoods with identities/names/signage; requires public works money
- WR has pretty good mass transit access, but the bus stops lack identity
- Need a circulator bus for internal movement and transit to light rail
- Encourage removal of height and density limits
- Use overlay districts on east 38th Avenue to help avoid zoning fights
- City Council needs to be bold and take the lead
- When you commit to a strategy you need to revisit it and monitor trackable information (vacancy rates, crime rate, demographics and income change, property values, school grades, etc.) for progress
- Work with the schools to see how the City can help them do better
- Engage the Jeffco School District to find ways to draw school boundaries so that students living in Wheat Ridge attend Wheat Ridge schools

Council comments followed.

There was consensus to discuss direction at the upcoming Council retreat.

1. Proposed Zoning Code Amendment - Public Noticing Requirements

Ken Johnstone explained the proposed changes.

Letter notice

The code currently stipulates that required letters of notice for public hearings be sent via USPS certified mail. Often there is not an adult recipient to sign for it; the post office tries three times then leaves a note to pick it up at the post office. Many letters (often 20-30%) aren't retrieved and are ultimately returned to the City. This results in a waste of money and a failure to notify property owners. Staff recommends changing to the use of first class mail.

Published and Posted Notice

The proposed code changes will clarify our standard practice.

- Add the city's website as a required location for publication
We already do this anyway; this will just add it to the code. Newspaper publication will remain.
- Require publication of the legal description on the city's website only
Newspaper and website publications will both continue to include the property address, the land use request and the hearing details. The lengthy and expensive publication of the full legal description would only be published on the website.

Required posting dates

The code has inconsistent references to 10-day and 15-day posting periods. Staff recommends changing the code so it consistently refers to a 15-day posting period.

Mr. Starker received unanimous consent to approve staff's recommendations.

4. Neighborhood Traffic Management Program (Tabled)
5. Staff Reports(s) none
6. Elected Officials' Report(s)

Bud Starker reported from the CML Policy Committee. CML has joined the effort to bring the 2016 Republican National Convention to Denver. He handed out a sample letter that Wheat Ridge could send to the chairmen of the Republican National Committee encouraging them to come to Denver.

There was consensus to send the letter.

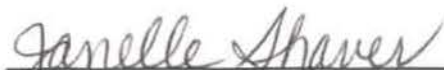
Mr. Starker also reported on a number of bills that CML is monitoring. HB1017 (dealing with the expanded availability of affordable housing) and HB 1061 (eliminating prison for the inability to pay fines) are both still moving through the process. ~ A bill to prohibit collective bargaining by public employees was postponed indefinitely. ~ The bill to allow extended hours for serving liquor died in committee. ~

Mr. Starker also met with the Jefferson County Economic Development Council. He was able to tell them about our projects at 38th & Kipling and 38th & Wadsworth. ~ The merchants in the 29th & Fenton area are having a naming contest and working to form a merchants organization to aid with cross marketing and neighborhood identity.

Kristi Davis reported from Urban Renewal. She'd like to come back to Council at the end of the 2nd quarter with a report – a 2013 year-end review and a budget analysis. She expects Jesse Hill will give the report.

Mayor Jay reported attending the Metro Mayors Caucus. ~ She announced that in the future the Wheat Ridge Business Association will be very involved in our ribbon cuttings. She reminded everyone of the groundbreaking for Perrin's Row this Wednesday at 2:00pm.

The Study Session adjourned at 9:30 p.m.



Janelle Shaver, City Clerk