

## STUDY SESSION NOTES

### CITY OF WHEAT RIDGE, COLORADO

City Council Chambers 7500 W. 29<sup>th</sup> Avenue

November 7, 2016

Mayor Joyce Jay called the Study Session to order at 6:30 p.m.

Council members present: Janeece Hoppe, Monica Duran, Kristi Davis, Zachary Urban, George Pond, Genevieve Wooden, and Larry Mathews

Absent: Tim Fitzgerald

Also present: City Clerk, Janelle Shaver; City Attorney, Jerry Dahl; City Manager, Patrick Goff; Community Development Director, Ken Johnstone; Public Works Director, Scott Brink; Police Chief Daniel Brennan; Parks Supervisors Rick Murray and Julie Brisson; Judge Christopher Randall; other staff, guests, and interested citizens

### CITIZEN COMMENT ON AGENDA ITEMS

**Kim Calomino** (WR) spoke in support of continued funding for Localworks.

**Rachel Hultin** (WR) expressed alarm that the 2017 Budget has only \$30K for bike/ped projects. That's not enough to do anything and more funds should be allocated for bike/ped. The bike/ped projects imbedded in the ADA plans and the TOD site aren't enough. She also expressed support for Localworks.

**Britta Fisher** (WR) thanked the City for partnership with Localworks. She spoke about their volunteers, events and programs. She reported that through HEAL, as an Active Living neighborhood, they have received a grant from Kaiser Permanente for \$275K over three years for assessments, planning, and leveraging of local expertise to help with infrastructure between Kipling and Youngfield along 38<sup>th</sup> Ave.

1. Staff Reports(s) none

Without objection Agenda Item 3 was taken first due to the presence of the investors.

3. Fruitdale School Update and Discussion ~ Ken Johnstone

- The City has been working with Hartman Ely Investments (HEI) for over 1½ years.

- Tentative closing date for the Housing Authority to sell the property to HEI is November 18.
- Original plan remains: 16-unit, mixed market and affordable 1-2-3 bedroom units.

Mr. Johnstone highlighted some of the project milestones that have been completed.

- Contractors and architect are selected.
- Funding entitlements and grants have been accomplished.
- The City continues to use EPS as a financial advisor.
- Status of state historic grant is still pending.
- The site/landscape plans are in the packet.
- Excel has granted an extension for the solar panels.
- Opening expected in Aug/Sept 2017.
- A liquid account has been created for this project.

There is a need to amend the Development Agreement on Nov 14 in advance of the closing due to some issues that exist.

1. Hazardous materials: Additional asbestos abatement needs have been identified.
  2. Tax issues: State historic tax credits, HOME grant, City grant and WRHA grant are all taxable events. Absorbing these tax events would make the project economically unfeasible for HEI.
  3. Repayment of City short-term loan: HEI has been unable to sell 45% of the federal tax credits – which were to be used to repay the City's \$2.1M short-term loan in years 2 and 3. Proposed is to repay \$1M in year 2, and repay the rest over 40 years. This is still under analysis and negotiation
  4. Operating costs: New operating expense of \$10K/yr requested by HEI for asset management to handle the complicated financial paperwork over time.
- As a result of these issues three major changes are being made:
    - 1) City/WRHA/HOME grants will be long term loans instead of grants.
    - 2) City would be a long term equity partner instead of a short term lender.
    - 3) WRHA patient capital pay back timing would be revised. (\$2M in gap funding.)
  - In several days will finalize the terms. Working to get the best deal for the city. Would like to see the 40-year elements become 20-year elements.

Patrick Goff went over details of the finances (impact to City budget).

- The City is going from short term gap funding to long term loans.
- The sale of all the tax credits is still being worked on.
- Total patient capital for the City is \$2.585M.
- He outlined different scenarios for return of City funds.
- While this project is not part of 2E, if 2E doesn't pass the fund balance would be from under 10% - 11%. If it does pass, future fund balances could range from 13.2% - 16.5% - 17.7%.

Discussion and questions followed.

- WRHA has spent \$300K so far.



- Why not offer units for sale? Mr. Hartman said they are intended be affordable and work force housing. Insurance protection for construction defects is a main reason. The transitional nature of this area is another. Also, tax credits are valuable to investors, but not condo owners.
- Yes, the building is protected. It's on the National Register of Historic Places.
- Most recent appraisal values the property at \$2.6M.
- The City will have more control as a lien holder.
- Estimated construction costs (including abatement) are \$3.8M. The construction loan rate is 5.5%.
- Mr. Hartman said the guarantee to pay back functions as a bond for the City. A payment bond is not something they have considered.
- HEI has until next July to sell the remaining tax credits.
- The interest that is paid to the City is not taxable income.
- The taxable event is for the LLC.
- Passage of 2E is not related to this project, but would give us a better cushion and better cash flow.
- As long as it is partially owned by the WRHA the City will not receive property tax.

## 2. 2017 Budget Presentation

Mr. Goff highlighted the history of the financial health of the city.

- General Fund Revenues are up a little each year, but generally are flat.
- General Fund Expenditures have reflected revenues and are also generally flat.
- CIP Expenditures have been historically sporadic depending on the availability of funds.

The 2017 General Fund budget is balanced.

- Projected to add \$2.1M to reserves
- City Manager reductions were \$1.6M
- \$465K in fleet replacement have been deferred
- 7.5 new positions were deferred
- \$3M is transferred to CIP: \$2M for Wadsworth; \$1M for general CIP projects.
- \$100,000 is transferred to Capital Equipment Replacement Fund.
- Projected unrestricted reserves are 18%.

Long term fiscal challenges

Perpetual systemic funding gap continues

Reliance on transfers from the General Fund for CIP continues

Continued focus on economic development

2017 Projected Revenue (Total for all funds)

\$40,097,719 - projected revenues

\$12,414,494 - beginning fund balance

\$52,512,213 - total funds available

2017 Proposed Expenditures - \$41,865,474

Includes general fund, CIP and the 8 special revenue funds.  
General fund expenses are 72% of the budget.  
This is a 10% decrease compared to the 2016 adjusted budget.

2017 Projected General Fund Revenues

\$33,272,401 – projected revenues (Up 2.6% compared to 2016 estimated)  
\$ 8,068,070 – beginning fund balance  
\$41,340,471 – total funds available

This is a 2.6% increase compared to 2016 estimated revenues.  
Sales tax is 60% of our revenue.

2017 Proposed General Fund Expenditures

\$31,172,401 – proposed expenditures  
\$ 3,100,000 – proposed transfers  
\$34,272,401

- 0.7% decrease compared to 2016 adjusted budget
- Transfers: \$2M for Wads; \$1M for CIP projects; \$100K for equipment replacement
- Ending Fund balance of \$7,068,070
- Unrestricted Fund balance of \$5,687,070 (18%)
- Breakdown of expenditures: Police 32%, Public Works 15%, Parks 15%, Admin Services 12%, Central Charges (benefits, insurance, supplies, etc.) 10%, General Government (Mayor, Council, Clerk's office, City Manager, Economic Development) 9%, Community Development 4%, Municipal Court 3%

Goal 1 Viable Commercial Areas

- Urban Renewal-- \$300,000
- ESTIP/TIF \$564,000
- Ridge at 38 public events -- \$140,000 (Localworks)
- Public relations and marketing (citywide) -- \$22,500
- Wheat Ridge Business District (WRBD) grants -- \$45,000
- Live Local events -- \$50,000
- Building Up Business Loans (BUBL) \$25,000
- Realtor, new resident and developer positioning tours -- \$20,000 (Localworks)
- 44<sup>th</sup> Avenue corridor marketing -- \$7,500
- 29<sup>th</sup> Avenue Marketplace marketing -- \$5,000
- 38<sup>th</sup> Avenue Marketing -- \$40,000 (Localworks)
- Ridge at 38 banners and lights program -- \$25,000
- Gold line marketing materials -- \$10,000
- Neighborhood Revitalization Strategy update \$27,500 (Localworks)
- Kipling/I-70 Corridor planning -- \$10,000
- Wadsworth reconstruction project (CIP) -- \$2.2 Million

Goal 2 Financially Sound / Providing Services

- Preventative street maintenance (CIP) -- \$500,000
- Fleet acquisition and replacement -- \$547,000
- Employee compensation (3% raise) -- \$450,000



- Lakewood Crime lab services -- \$63,000
- Regional Crime lab -- \$49,157
- Employee safety and wellness programs -- \$43,530
- Socrata open budget software -- \$7,500
- Contractual sales tax auditing services -- \$36,300
- Community solar garden lease payments -- \$80,167
- Replace heat exchangers at outdoor pool -- \$35,000

#### Goal 3 Desirable Neighborhoods

- Prospect Park: 2 improvements (OS & CT Funds) -- \$2,225,000
- Rec center maintenance (CT Fund) -- \$115,000
- Traffic safety, Life quality and Crime reduction (TLC) program -- \$40,000
- Home Investment Loan Program (HIP) -- \$25,000
- Police Department community-oriented neighborhood programs -- \$36,288
- Park patrol (police) -- \$34,900
- Special events overtime (police) -- \$29,000
- Two part-time park rangers -- \$23,400
- ADA improvements citywide (CIP) -- \$50,000
- Discovery Park ADA accessibility playground (CTF) -- \$125,000

#### Goal 4 Attractive City

- Parks and trails maintenance projects (CTF and OS Funds) -- \$425,000
- Open space improvements (OS Funds) -- \$50,000
- Citywide right-of-way (ROW) maintenance -- \$65,311
- Gold Line station ROW maintenance -- \$13,416
- Bus shelter and bench maintenance, cleaning and snow removal -- \$40,000
- I-70/Kipling planning effort \$100,000
- Large item pick-up program -- \$5,000
- Anderson Park water line -- \$100,000
- 2.0 FTE Community Service Officers -- \$102,000
- Facility repair and maintenance for historic buildings -- \$38,110
- Founders Park playground (CT Fund) -- \$100,000

#### Other Notable Budget Items

Carnation Festival: Contribution -- \$60,000; Overtime - \$25,500; Barricades -- \$2,000

Outside agency contributions \$108,950

Court appointed attorneys mandated by HB 1309 -- \$12,500

Fleet replacement is based on age and mileage/ours of the unit. 2017 Proposed: \$547K

- Snow removal tandem dump truck -- \$217K
- Active Adult Cent mini-bus -- \$62K
- Police -- \$268K
- (\$1,012,075 scheduled; \$465,075 deferred)

#### Capital Investment Program (CIP)

Total funds available: just over \$6M

Major projects include:

- Wadsworth EA design/construction (60%) -- \$2.2M
- Preventative street maintenance (14%) -- \$500K
- Minor street improvements (29<sup>th</sup> & Fenton) (12%) -- \$435K
- Public improvements development projects (32<sup>nd</sup> & Xenon) -- \$233K
- Clear Creek Crossing (Phase 2 EA re-evaluation) -- \$140K
- ADA Plan completion -- \$50,000
- Clear Creek master plan updated - \$50K
- Bike/ped masterplan completion -- \$30K
- Male Gove Reservoir (release rate study with partners) -- \$10K
- Assumes no tax increase
- Transfers 6.32M from General Fund reserves for Wadsworth in 2017-2019
- Limits preventative street maintenance to \$500K next 2 years
- All other discretionary CIP projects eliminated in 2018-2020, to includes drainage improvements, development related public improvements, bike/ped improvements, street light installation, Neighborhood Traffic Management Program, gateway signage
- \$3M/year transfer from GF required to fund Wadsworth and minimal CIP projects

Open Space Fund ~ Rick Murray

About \$3M; funds from Jeffco Open Space tax and supplemental grants

- Open Space improvements (Bass Lake retaining wall)
- Update Open Space management plan
- Prospect park renovation: Phase 1 - Move 100yd football field to the east; baseball fields become permanent; new shelter, bleachers; access off Pierson Street; realign paths and trails; all new irrigation; new walkways; new infield, dugouts and permanent fencing. Funding from 2 grants and rolled over 2016 funds.
- Parks maintenance projects (Panorama Park irrigation)
- Trail replacement and repair (Johnson Park trail); \$200K cost (\$125K trails grant); includes some ADA upgrades
- Parks maintenance salaries (funds 5 positions)

Conversation Trust Fund (Lottery funds) ~ Rick Murray (\$615K)

- Prospect Park renovation
- Recreation Center improvements
- Parks maintenance projects
- Resurfacing tennis and basketball courts
- Discovery Park playground ADA improvement and shade shelters -- \$125K
- Deaccessioning Founders Park art and new playground -- \$100K

Recreation Center improvements ~ Julie Brisson

- The reserve maintenance fund (created when the Rec Center was built) is down to \$400-500K. Yearly usable interest was \$80K/yr; now down to under \$10K/yr. Staff working on options for the future so we don't have to support the Rec Center from the General Fund – as most cities do.
- \$50K for pure maintenance – HVAC, boiler, heat exchanger (pool) replacements
- \$65K for fitness equipment replacement



2017 Staffing Changes ~ Heather Geyer

New positions (General Fund) – 4.0 FTE police officers

New positions (Crime Prevention Fund 63) -- 2.0 FTE Community Service Officers

Staffing by department:

Police 113	Community Devel. 12	General Government 4
Parks 47.125	Admin Services 21.5	
Public Works 30	Court 10.25	

5-year staffing plan (2018-2022)

- Continual increase in demand for level of service
- CIP depends on General Fund transfers; limits operational growth
- Next year will be the first time since 2002-03 that we are above that staffing level.
- Potential need for someone to coordinate Healthy Eating Active Living (HEAL), another school officer, another public works position, parks maintenance positions

Employee benefits ~ Heather Geyer

- We're in the fifth year of the pay-for-performance plan
- \$450K ~ 3% increase
- A 2016 market study shows average 3% increase for civilian pay, 6% for sworn.
- Medical benefits have a 1.4% increase. Employees are incentivized to do HDHP. Employees have two health insurance options:
  - High deductible health plan (HDHP)
  - Deductible HMO (DMHO) replaces HMO

Opportunities for public input on the budget ~ Carly Lorentz

- Citizen committee reviewed outside agency contributions
- Balancing Act (online)
- Socrata online budget tool
- Public input taken on July 25<sup>th</sup> and August 22<sup>nd</sup>

November 14<sup>th</sup> -- Public hearing on the proposed budget

November 28<sup>th</sup> – Council to adopt the budget and certify the property tax mill levy

Discussion followed.

Councilmember Mathews noted

- The budgets have increased over ten years – greater than the rate of inflation, with about the same population.
- The amount of increased level of service may need to be re-evaluated.
- New projects should include a revenue stream for maintenance needs.

Councilmember Urban

- Asked about the positions that were not added: 1 FTE Public Works maintenance (new), 4.5 FTE Parks & Rec (1 FTE facilities mgr (new), and upgrades for various recreation, horticulture, and forestry from 0.5 to 1.0), 1 FTE Admin (HR and website

upgrades from 0.5 to 1.0), 1 FTE Community Development planning manager (new), and 1 FTE Court Clerk (new)

- Suggested a bid process for the administration of business loans that is currently performed by Localworks.
- Asked for a breakdown of the \$65K for street maintenance so Council can see how much is being spent working on CDOT roads.
- Asked about the City working on CDOT's roads; we get no reimbursement. Mr Goff said HB1309 might have some funding from the State, but might not.
- Would like to see the Johnson Park trail work tied in to Wadsworth widening.
- Discovery Park playground, while new, never included all the ADA requirements.
- How many people use Socrata? Ms. Geyer will get the numbers; usage is not significant; intent is to monitor data over time and look for trends.
- Would like to see how many employees move to HDHP and what the financial impact is to them.
- Mr. Goff noted employee premiums are going down and the dental plan has no increase for another year.

Councilmember Pond supports the improvement on Kipling Corridor. He thinks the NRS is very important. He hopes money can be found to increase the funding for bike facilities. He thinks the funding for marketing 44<sup>th</sup> Ave and 29<sup>th</sup> Ave is too low.

Mr. Goff noted that even though individual bike/ped projects are not listed, there are significant bike/ped elements to the Wadsworth plan and the Ward Station plan.

#### Councilmember Wooden

- Is concerned that Wheat Ridge has such low property tax.
- Would like to see increases in the marketing for 44<sup>th</sup> Ave corridor and West 29<sup>th</sup>.
- TLC and community policing programs should continue. Community oriented neighborhood programs include East WR education/enforcement, TLC, and I-70/Kipling area. She supports the 2FTE's for that. The 2 park rangers are to service calls to parks.
- Wants to follow what the citizen committee recommended for outside agencies.
- Suggested we need revenue to address deferred CIP projects
- Other cities support their Rec Centers; she supports keeping fees affordable.
- Asked about CDOT on I-70 frontage road weeds? They won't maintain it; we have to do it ourselves.
- Wants a retreat.
- Remarked that Localworks, which was created from NRS, has an enormous volunteer base. She fears if we look to other agencies to do some of that work we will lose our volunteer base.
- Regarding the budget her concerns are: What kind of city do we want to live in? How do we want it to look? What kind of residents do we want to attract?

#### Councilmember Duran

- Is glad about a playground at Founders Park due to more children in the area.



- The URA \$300K is for legal representation, contributing to projects, studies.
- For outside agencies she asked Council to consider funding a street banner for the Garden Tour. It started in 2011; has showcased 48 gardens; draws attendees from neighboring cities; avg. attendance is 250/yr and growing; 30 businesses participate; 15 businesses donate to the silent auction; 4 business sponsors contribute \$1,000 each; 60 community volunteers support the tour; last three years has included a bike tour; and has donated \$7,800 to WR charities. Estimated cost for a banner is about \$2,000.

Councilmember Hoppe

- Asked about temporary vs part time employees. Mr. Goff said they do look at that issue and some could be FTE's.
- Asked if the bus shelter snow removal money covers the new ordinance. No, it only covers the area right at the bus bench.
- Suggested Council should discuss the Carnation Festival contribution.
- Recommended Council get an update on what City grant money has found.
- Would like Localworks to come discuss the BUBL and HIP loan process.
- She also supports having a retreat.

Councilmember Davis

- Suggested we work with Localworks on the Garden Tour to coordinate it with their mid-century modern home tour.
- Asked if the budget will be revised if 2E passes. Mr. Goff said adjustments can be made – particularly to the CIP.
- Suggested if more money becomes available for outside agencies the same process with the committee should be followed to keep it fair.

Mayor Jay had questions to which Mr. Goff responded.

- The solar garden is generating credits and saving us money.
- The \$100,000 for the water line at Anderson Park could become part of 2E if it passes.

Councilmember Urban asked if the Police Dept FTE is adequate. The Chief said yes, and explained the recommendations from the consultants are being implemented over time.

4. Elected Officials' Reports

**Kristi Davis** Catch Up with Kristi is on Tuesday, Nov 15 from 5:30-7pm at Clancy's.

**Zach Urban** urged people to vote. There are still 9,138 Wheat Ridge ballots still out.

**ADJOURNMENT**

The Study Session adjourned at 9:37pm.

A handwritten signature in blue ink that reads "Janelle Shaver". The signature is written in a cursive style and is positioned above a horizontal line.

Janelle Shaver, City Clerk

APPROVED BY CITY COUNCIL

A handwritten signature in blue ink that appears to be "George Pond". The signature is written in a cursive style and is positioned above a horizontal line.

George Pond, Mayor Pro Tem