

SPECIAL STUDY SESSION NOTES

CITY OF WHEAT RIDGE, COLORADO

City Council Chambers 7500 W. 29th Avenue

February 13, 2017

Upon adjournment of the Regular City Council Meeting

Mayor Joyce Jay called the Study Session to order at 7:22 p.m.

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

Also present: City Clerk, Janelle Shaver; Treasurer, Jerry DiTullio; City Attorney, Jerry Dahl; City Manager, Patrick Goff, Administrative Services Director, Heather Geyer; other staff, guests and interested citizens.

CITIZEN COMMENT ON AGENDA ITEMS

none

APPROVAL OF AGENDA

1. Renewal of Urban County IGA with Jefferson County

Lauren Mikulak, planner, reported it will soon be time for the regular three-year renewal of the Urban County IGA we have with Jefferson County, Edgewater and Golden. Each jurisdiction is too small to qualify separately. Collectively we have enough population to be eligible for HOME and CDBG funds. Both are HUD funds.

- CDBG focuses on affordable housing, job creation and providing services to vulnerable populations (seniors, veterans), while HOME funds focus on creating affordable housing.
- Direct benefits: Our Housing Authority has received \$1.8M in CDBG monies over the years. The Fruitdale project received \$680,000 in HOME funds.
- Indirect benefits: The Jeffco Housing Authority, Action Center, and Seniors Resource Center are required to spend their grant funds in the Urban County.
- All participating cities are informing their Councils and the County Commissioners will have their update. A letter of support from the Mayor to the Commissioners would be appropriate if Council wishes to continue the IGA.
- Possible drawback of participation is that if we receive any of these funds we can't apply to the state; but that is a competitive pool as well.
- Staff sees participation in Urban County as a benefit for the City.

Councilmember Mathews requested background on where the money comes from. Ms. Mikulak provided information and answered questions during discussion.

- CDBG and HOME funds are HUD monies that are distributed per a formula based on population and eligible low to moderate income census tracts.
- The monies must be spent in low income tracts.
- The Urban County gets a yearly allowance which is managed by Jefferson County because they have more staff.
- CDBG has an annual application period (October). A local board decides where the money will go.
- The money comes from the federal general budget (taxpayers). The amount available changes from year to year.
- There really is no way to determine how much we send to HUD in taxes and how much we get back.
- Age of housing stock is a factor. Housing stock in the East and Midwest is older than in the West and mountain regions.
- Councilmember Fitzgerald asked if the Housing Authority (HA) should develop a proposal for this October? Ms. Mikulak reminded it needs to be specific to single family and dollars per person. The federal list of eligibility is broader than the County's. Regarding discontinuing Urban County and applying to the state, staff recommends continuing with Urban County.
- Where monies can be spent is very specific (e.g. single family rehab, financial counseling for first time home buyers). Urban County has changed their process; if you get large funds one year, you should let other cities have a turn.
- Localworks loans come directly from the City.

Councilmember Hoppe received unanimous consent to continue participation in the Urban County IGA.

2. 2E Bonding Discussion

Mr. Goff reported a financial team has been assembled to work on the bonding for the 2E projects. He introduced members of the committee who were present.

- From the City: staff, Treasurer DiTullio, Mr. Goff, Heather Geyer, Jerry Dahl, and Tim Dronkers, Accounting Manager.
- Hired consultants:
 - Municipal advisor -- FirstSouthwest, represented by Jason Simmons and Luis Ramos
 - Underwriter -- George K. Baum & Co., represented by Alan Matlosz
 - Bond Counsel -- Butler Snow, represented by Sally Tasker

Mr. Goff referenced a memo from Mr. Simmons that is in the Council packet explaining three bonding scenario options.

Jason Simmons reported having evaluated the financial needs for the four projects and when the funding will be needed. He explained that when issuing sales tax revenue bonds the City can pledge all or part of the City's sales tax revenues to the debt. The ballot wording allows the City to pledge additional revenues on top of the 0.05%.

- Generally, one of the key drivers is debt service.
- He listed various factors that play into the rating of the sales tax revenue bonds.
- A pledge that leads to higher debt service coverage allows for higher bond ratings and lower interest costs.
- He explained debt service and ratings as they relate to the ballot constraints.

The three scenarios (options) were explained.

- The question for Council is what level of sales tax to pledge to this issuance.

Treasurer DiTullio reported that, based on discussions with the bond counsel and Mr. Goff, the committee recommends the "2x coverage" – Scenario 3.

- It costs a little more up front, but frees up city monies to spend on other projects.
- It has insurance in case of a catastrophic event that decreases sales tax.

Council questions:

- There will be a debt service relief fund, i.e. reserves in case of revenue shortfall.
- If more sales tax is pledged, there will be less flexibility.

Sally Tasker, our bond counsel, spoke about flexibility and bond commitment. An additional pledge of sales tax would give a lower rating and a lower interest rate. A ½ cent of sales tax will always go into the fund to pay for the bonds. Any extra money can be used for other expenses.

- Mr. Simmons noted the final interest rate will be determined in about 6 weeks.
- Mr. Goff recommended one issuance – to avoid the risk of higher rates.
- An "A" rating is not bad; it is typical for municipal sales tax bonds in Colorado.
- If sales tax receipts are good, we can pay off the bonds early. Mr. Goff suggested this is likely.

Councilmember Duran received unanimous consent to proceed with Scenario #3.

CITY MANAGER'S MATTERS

Mr. Goff asked Council about the request from Seniors Resource Center asking for sponsorship of a table for their gala June event. Although we have a process for requests, this is a special event to celebrate the retirement of John Zabawa. Table are \$5K, \$10K and \$20K. The City has \$3K budgeted for table sponsorships; minimum sponsorship is \$5K. If Council wants to participate, he can find the extra funds and make it happen.

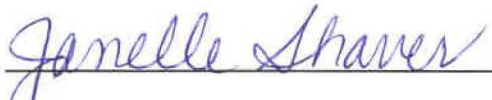
Discussion followed. Opinions varied.

- We are giving them \$26K this year for the senior circulator bus.
- No; we have a process.
- Support sponsoring a table given the importance of Mr. Zabawa and the City's relationship with SRC over the years.
- The price of individual tickets was unknown. \$5K buys a table for four.
- Suggestion to have councilmembers buy individual tickets with outreach funds
- Support doing it in a way that doesn't compromise our process.
- SRC is important to Wheat Ridge, but we have several good organizations in the city; we should be consistent.

There was no consensus. Mr. Goff advised that if councilmembers want to donate outreach funds they should contact Janice.

There was also no consensus to use the \$3K budgeted for table sponsorships. Mr. Goff will find out the cost for individual tickets.

ADJOURNMENT The Special Study Session adjourned at 8:21 p.m.



Janelle Shaver, City Clerk

APPROVED BY CITY COUNCIL ON February 27, 2017



George Pond, Mayor pro tem