

# AGENDA

CITY COUNCIL MEETING  
CITY OF WHEAT RIDGE, COLORADO  
7500 WEST 29<sup>TH</sup> AVENUE, MUNICIPAL BUILDING

November 28, 2016  
7:00 p.m.

*Individuals with disabilities are encouraged to participate in all public meetings sponsored by the City of Wheat Ridge. Call Carly Lorentz, Assistant to the City Manager, at 303-235-2867 at least one week in advance of a meeting if you are interested in participating and need inclusion assistance.*

## CALL TO ORDER

## PLEDGE OF ALLEGIANCE

## ROLL CALL OF MEMBERS

## APPROVAL OF Study Notes of November 7, 2016

## PROCLAMATIONS AND CEREMONIES

Presentation of Parks and Recreation Accreditation Award

## CITIZENS' RIGHT TO SPEAK

- a. Citizens, who wish, may speak on any matter not on the Agenda for a maximum of 3 minutes and sign the Public Comment Roster.
- b. Citizens who wish to speak on Agenda Items, please sign the GENERAL AGENDA ROSTER or appropriate PUBLIC HEARING ROSTER before the item is called to be heard.
- c. Citizens who wish to speak on Study Session Agenda Items, please sign the STUDY SESSION AGENDA ROSTER.

## APPROVAL OF AGENDA

### 1. CONSENT AGENDA

- a) Motion to adopt the 2017 Regular City Council Meeting Calendar
- b) Resolution No. 45-2016 – designating the City Hall Lobby as the Official Public Notice Posting location and the Wheat Ridge Transcript as the Official newspaper of General Circulation for City Publications in 2017
- c) Motion to approve payment to Murphy Construction Company, LLC, Denver, Co., in the amount of \$32,604 for the purpose of replacing additional trail as part of the Clear Creek Trail Maintenance Replacement Project

**CONSENT AGENDA (con't)**

- d) Resolution No. 49-2016 – approving Clear Creek Trail Replacement west of Moore for the purpose of expending Grant Funds

**ORDINANCES ON FIRST READING**

- 2. Council Bill No. 26- 2016 – Approving the rezoning of property located at 10001 W. 32<sup>nd</sup> Ave. from Residential-One (R-1) to Planned Mixed Use Development (PMUD) and for approval of an Outline Development Plan (Case No. WZ-16-01/Fountain on the Ridge)

**DECISIONS, RESOLUTIONS AND MOTION**

- 3. Resolution No. 47-2016 – adopting the City Budget and appropriating sums of money to the various funds and spending agencies in the amounts specified for the City of Wheat Ridge, Colorado for the 2017 Budget Year
- 4. Resolution No. 48-2016 – Levying General Property Taxes for the year 2016, to help defray the costs of Government for the City of Wheat ridge, Colorado for the 2017 Budget Year
- 5. Resolution No. 50-2016 - approving an amended and restated Development Agreement for the Fruitdale School Property
- 6. Motion to elect the Mayor Pro Tempore

**CITY MANAGER'S MATTERS**

**CITY ATTORNEY'S MATTERS**

**ELECTED OFFICIALS' MATTERS**

**ADJOURNMENT**

## 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.

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Janelle Shaver, City Clerk

APPROVED BY CITY COUNCIL

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George Pond, Mayor Pro Tem

**REQUEST FOR CITY COUNCIL ACTION****TITLE: MOTION TO ADOPT THE 2017 REGULAR CITY COUNCIL MEETING CALENDAR**

- ☐ PUBLIC HEARING  
☒ BIDS/MOTIONS  
☐ RESOLUTIONS

- ☐ ORDINANCES FOR 1<sup>ST</sup> READING  
☐ ORDINANCES FOR 2<sup>ND</sup> READING

QUASI-JUDICIAL:

☐ YES☒ NO

Janelle Shaver  
City Clerk

Patricia Hoff  
City Manager

**ISSUE:**

The calendar of City Council Meetings is adopted by a motion of the City Council annually. Adopting the regular meeting calendar for the year is efficient and enables the Mayor, Council and staff to schedule travel and other events in advance. The Council will be able to amend the schedule by motion throughout the year, if necessary.

The proposed 2017 City Council calendar includes study sessions on the first and third Monday of each month and regular Council meetings on the second and fourth Monday of each month. It is recommended that Council meetings that conflict with observed City holidays or other known events during the year be canceled.

The regularly scheduled board and commission meetings and all observed City holidays are also noted on the calendar for your convenience. These events, however, are not adopted or changed by this Council motion.

**PRIOR ACTION:**

None

**FINANCIAL IMPACT:**

None

**BACKGROUND:**

The regular meetings of the Wheat Ridge City Council are based on the City Council Rules and the City Charter. It should be noted that five study sessions and one regular meeting fall on or are adjacent to holidays when the City is closed and are recommended for cancellation.

The following meetings are recommended for cancellation in 2017:

Study Session, January 2, New Year's Day  
Study Session, January 16<sup>th</sup>, Martin Luther King, Jr. Day  
Study Session, February 20<sup>th</sup>, President's Day  
Study Session, July 3rd, Independence Day  
Study Session, September 4<sup>th</sup>, Labor Day  
Regular Council Meeting, December 25<sup>th</sup>, Christmas Day

**RECOMMENDATIONS:**

Approval of calendar

**RECOMMENDED MOTION:**

"I move to adopt the 2017 City Council Regular Meeting Calendar as presented."

Or,

"I move to postpone the adoption of the 2017 City Council Regular Meeting Calendar for the following reason(s) \_\_\_\_\_."

**REPORT PREPARED/REVIEWED BY:**

Robin L. Eaton, Deputy City Clerk  
Patrick Goff, City Manager

**ATTACHMENTS:**

1. Proposed 2017 City Council Regular Meeting Calendar

# January 2017

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2 <i>New Year's Day Holiday</i>	3 <i>6:00 pm Renewal Wheat Ridge</i>	4	5 <i>7:00 pm Planning Commission</i>	6	7
8	9 <i>7:00 pm Council Meeting</i>	10	11 <i>9:00 am Building Code Advisory Board 6:00 pm Cultural Commission</i>	12 <i>9:00 am Liquor License Authority</i>	13	14
15	16 <i>MLK Day Holiday</i>	17 <i>6:00 pm Renewal Wheat Ridge</i>	18 <i>7:00 pm Parks &amp; Rec Commission</i>	19 <i>7:00 pm Planning Commission</i>	20	21
22	23 <i>7:00 pm Council Meeting</i>	24 <i>4:00 pm Housing Authority</i>	25	26 <i>9:00 am Liquor License Authority 7:00 pm Board of Adjustment</i>	27	28
29	30	31				

# February 2017

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2 <i>7:00 pm Planning Commission</i>	3	4
5	6 <i>6:30 pm Study Session</i>	7 <i>6:00 pm Renewal Wheat Ridge</i>	8 <i>9:00 am Building Code Advisory Board 6:00 pm Cultural Commission</i>	9 <i>9:00 am Liquor License Authority</i>	10	11
12	13 <i>7:00 pm Council Meeting</i>	14	15 <i>7:00 pm Parks &amp; Rec Commission</i>	16 <i>7:00 pm Planning Commission</i>	17	18
19	20 <i>President's Day Holiday</i>	21 <i>6:00 pm Renewal Wheat Ridge</i>	22	23 <i>9:00 am Liquor License Authority 7:00 pm Board of Adjustment</i>	24	25
26	27 <i>7:00 pm Council Meeting</i>	28 <i>4:00 pm Housing Authority</i>				



# March 2017

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2 <i>7:00 pm Planning Commission</i>	3	4
5	6 <i>6:30 pm Study Session</i>	7 <i>6:00 pm Renewal Wheat Ridge</i>	8 <i>9:00 am Building Code Advisory Board 6:00 pm Cultural Commission</i>	9 <i>9:00 am Liquor License Authority</i>	10	11
12	13 <i>7:00 pm Council Meeting</i>	14	15 <i>7:00 pm Parks &amp; Rec Commission</i>	16 <i>7:00 pm Planning Commission</i>	17	18
19	20 <i>6:30 pm Study Session</i>	21 <i>6:00 pm Renewal Wheat Ridge</i>	22	23 <i>9:00 am Liquor License Authority 7:00 pm Board of Adjustment</i>	24	25
26	27 <i>7:00 pm Council Meeting</i>	28 <i>4:00 pm Housing Authority</i>	29	30	31	

# April 2017

Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3 <i>6:30 pm Study Session</i>	4 <i>6:00 pm Renewal Wheat Ridge</i>	5	6 <i>7:00 pm Planning Commission</i>	7	8
9	10 <i>7:00 pm Council Meeting</i>	11	12 <i>9:00 am Building Code Advisory Board 6:00 pm Cultural Commission</i>	13 <i>9:00 am Liquor License Authority</i>	14	15
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23	24 <i>7:00 pm Council Meeting</i>	25 <i>4:00 pm Housing Authority</i>	26	27 <i>9:00 am Liquor License Authority 7:00 pm Board of Adjustment</i>	28	29
30						

# May 2017

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1 <i>6:30 pm Study Session</i>	2 <i>6:00 pm Renewal Wheat Ridge</i>	3	4 <i>7:00 pm Planning Commission</i>	5	6
7	8 <i>7:00 pm Council Meeting</i>	9	10 <i>9:00 am Building Code Advisory Board 6: 00 pm Cultural Commission</i>	11 <i>9:00 am Liquor License Authority</i>	12	13
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21	22 <i>7:00 pm Council Meeting</i>	23	24	25 <i>9:00 am Liquor License Authority 7:00 pm Board of Adjustment</i>	26	27
28	29 <i>Memorial Day Holiday</i>	30	31			

# June 2017

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1 <i>7:00 pm Planning Commission</i>	2	3
4	5 <i>6:30 pm Study Session</i>	6 <i>6:00 pm Renewal Wheat Ridge</i>	7	8 <i>9:00 am Liquor License Authority</i>	9	10
11	12 <i>7:00 pm Council Meeting</i>	13	14 <i>9:00 am Building Code Advisory Board 6:00 pm Cultural Commission</i>	15 <i>7:00 pm Planning Commission</i>	16	17
18	19 <i>6:30 pm Study Session</i>	20 <i>6:00 pm Renewal Wheat Ridge</i>	21 <i>7:00 pm Parks &amp; Rec Commission</i>	22 <i>9:00 am Liquor License Authority 7:00 pm Board of Adjustment</i>	23	24
25	26 <i>7:00 pm Council Meeting</i>	27 <i>4:00 pm Housing Authority</i>	28	29	30	

# July 2017

Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3 6:30 pm Study Session	4 <i>Independence Day Holiday</i>	5	6 7:00 pm Planning Commission	7	8
9	10 7:00 pm Council Meeting	11	12 9:00 am Building Code Advisory Board 6:00 pm Cultural Commission	13 9:00 am Liquor License Authority	14	15
16	17 6:30 pm Study Session	18 6:00 pm Renewal Wheat Ridge	19 7:00 pm Parks & Rec Commission	20 7:00 pm Planning Commission	21	22
23	24 7:00 pm Council Meeting	25 4:00 pm Housing Authority	26	27 9:00 am Liquor License Authority 7:00 pm Board of Adjustment	28	29
30	31					

# August 2017

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1 <i>6:00 pm Renewal Wheat Ridge</i>	2	3 <i>7:00 pm Planning Commission</i>	4	5
6	7 <i>6:30 pm Study Session</i>	8	9 <i>9:00 am Building Code Advisory Board 6: 00 pm Cultural Commission</i>	10 <i>9:00 am Liquor License Authority</i>	11	12
13	14 <i>7:00 pm Council Meeting</i>	15 <i>6:00 pm Renewal Wheat Ridge</i>	16 <i>7:00 pm Parks &amp; Rec Commission</i>	17 <i>7:00 pm Planning Commission</i>	18	19
20	21 <i>6:30 pm Study Session</i>	22 <i>4:00 pm Housing Authority</i>	23	24 <i>9:00 am Liquor License Authority 7:00 pm Board of Adjustment</i>	25	26
27	28 <i>7:00 pm Council Meeting</i>	29	30	31		



# September 2017

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4 <i>Labor Day Holiday</i>	5 6:00 pm Renewal Wheat Ridge	6	7 7:00 pm Planning Commission	8	9
10	11 7:00 pm Council Meeting	12	13 9:00 am Building Code Advisory Board 6: 00 pm Cultural Commission	14 9:00 am Liquor License Authority	15	16
17	18 6:30 pm Study Session	19 6:00 pm Renewal Wheat Ridge	20 7:00 pm Parks & Rec Commission	21 7:00 pm Planning Commission	22	23
24	25 7:00 pm Council Meeting	26 4:00 pm Housing Authority	27	28 9:00 am Liquor License Authority 7:00 pm Board of Adjustment	29	30

# October 2017

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2 <i>6:30 pm Study Session</i>	3 <i>6:00 pm Renewal Wheat Ridge</i>	4	5 <i>7:00 pm Planning Commission</i>	6	7
8	9 <i>7:00 pm Council Meeting</i>	10	11 <i>9:00 am Building Code Advisory Board 6:00 pm Cultural Commission</i>	12 <i>9:00 am Liquor License Authority</i>	13	14
15	16 <i>6:30 pm Study Session</i>	17 <i>6:00 pm Renewal Wheat Ridge</i>	18 <i>7:00 pm Parks &amp; Rec Commission</i>	19 <i>7:00 pm Planning Commission</i>	20	21
22	23 <i>7:00 pm Council Meeting</i>	24 <i>4:00 pm Housing Authority</i>	25	26 <i>9:00 am Liquor License Authority 7:00 pm Board of Adjustment</i>	27	28
29	30	31				

# November 2017

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2 <i>7:00 pm Planning Commission</i>	3	4
5	6 <i>6:30 pm Study Session</i>	7 <i>6:00 pm Renewal Wheat Ridge</i>	8 <i>9:00 am Building Code Advisory Board 6: 00 pm Cultural Commission</i>	9 <i>9:00 am Liquor License Authority</i>	10 <i>Veteran's Day Holiday</i>	11
12	13 <i>7:00 pm Council Meeting</i>	14	15 <i>7:00 pm Parks &amp; Rec Commission</i>	16 <i>7:00 pm Planning Commission</i>	17	18
19	20 <i>6:30 pm Study Session</i>	21 <i>6:00 pm Renewal Wheat Ridge</i>	22	23 <i>Thanksgiving Holiday</i>	24 <i>Holiday</i>	25
26	27 <i>7:00 pm Council Meeting</i>	28 <i>4:00 pm Housing Authority</i>	29	30		

# December 2017


Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4 <i>6:30 pm Study Session</i>	5 <i>6:00 pm Renewal Wheat Ridge</i>	6	7 <i>7:00 pm Planning Commission</i>	8	9
10	11 <i>7:00 pm Council Meeting</i>	12	13 <i>9:00 am Building Code Advisory Board 6:00 pm Cultural Commission</i>	14 <i>9:00 am Liquor License Authority</i>	15	16
17	18 <i>6:30 pm Study Session</i>	19 <i>6:00 pm Renewal Wheat Ridge</i>	20 <i>7:00 pm Parks &amp; Rec Commission</i>	21 <i>7:00 pm Planning Commission</i>	22	23
24	25 <i>Christmas Holiday</i>	26 <i>4:00 pm Housing Authority</i>	27	28 <i>9:00 am Liquor License Authority 7:00 pm Board of Adjustment</i>	29	30
31						

**REQUEST FOR CITY COUNCIL ACTION**

**TITLE: RESOLUTION NO. 45-2016 - A RESOLUTION DESIGNATING THE CITY HALL LOBBY AS THE OFFICIAL PUBLIC NOTICE POSTING LOCATION AND THE WHEAT RIDGE TRANSCRIPT AS THE OFFICIAL NEWSPAPER OF GENERAL CIRCULATION FOR CITY PUBLICATIONS IN 2017**

☐ PUBLIC HEARING☐ BIDS/MOTIONS☒ RESOLUTIONS☐ ORDINANCES FOR 1<sup>ST</sup> READING☐ ORDINANCES FOR 2<sup>ND</sup> READING

QUASI-JUDICIAL:

☐ YES☒ NO  
\_\_\_\_\_  
City Clerk  
\_\_\_\_\_  
City Manager**ISSUE:**

State statute requires that each municipality annually establish the location for posting public notices, as well as the newspaper in which the notices will be published.

**PRIOR ACTION:**

In previous years, the Wheat Ridge Transcript has been utilized as the City's official newspaper for publications; official posting location has been the City Hall Lobby.

**FINANCIAL IMPACT:**

None

**RECOMMENDATIONS:**

It is recommended the City continue to use the same newspaper and posting location as in previous years.

**RECOMMENDED MOTION:**

"I move to approve Resolution No. 45-2016, a resolution designating the City Hall Lobby as the official public notice location and the Wheat Ridge Transcript as the official newspaper of general circulation for City publications in 2017."

Or,

"I move to postpone indefinitely Resolution No. 45-2016, a resolution designating the City Hall Lobby as the official public notice location and the Wheat Ridge Transcript as the official newspaper of general circulation for City publications in 2017 for the following reason(s)  
\_\_\_\_\_."

**REPORT PREPARED/REVIEWED BY:**

Robin L. Eaton, Deputy City Clerk  
Patrick Goff, City Manager

**ATTACHMENTS:**

1. Resolution No. 45-2016



**CITY OF WHEAT RIDGE, COLORADO  
RESOLUTION NO. 45**

Series of 2016

**TITLE: A RESOLUTION DESIGNATING THE CITY HALL LOBBY AS THE OFFICIAL PUBLIC NOTICE POSTING LOCATION AND THE WHEAT RIDGE TRANSCRIPT AS THE OFFICIAL NEWSPAPER OF GENERAL CIRCULATION FOR CITY PUBLICATIONS IN 2017**

**WHEREAS**, the Colorado Revised Statutes require municipalities to designate official public notice and publication locations for legal notices; and

**WHEREAS**, such locations must be approved by the governing body of the municipality annually; and

**WHEREAS**, the City is required by Charter, Ordinance and State Law to publish certain notices.

**NOW, THEREFORE, BE IT RESOLVED** by the Wheat Ridge City Council, that:

Section 1. Public notice of public meetings of the City Council, Planning Commission, Board of Adjustment, and all other Board, Commission, Committee, and advisory board meetings for which public notice is required, shall be posted on the first floor at the Municipal Building, 7500 West 29<sup>th</sup> Avenue, Wheat Ridge, Colorado, which location shall be deemed the official posting location for the City.

Section 2. Except as otherwise permitted by Sections 5.2 and 5.12 of the Charter, notices and other information required to be published in a newspaper of general circulation within the City, shall be made in the Wheat Ridge Transcript; except that, where circumstance makes publication ineffective or otherwise undesirable, the City may publish official notice on the City's website.

Section 3. This resolution shall be effective upon adoption.

**DONE AND RESOLVED** this 28<sup>th</sup> day of November 2016.

\_\_\_\_\_  
Joyce Jay, Mayor

ATTEST:

\_\_\_\_\_  
Janelle Shaver, City Clerk

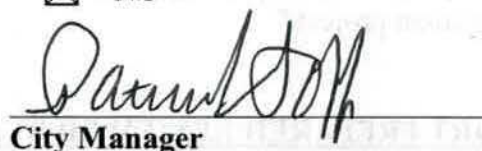
**REQUEST FOR CITY COUNCIL ACTION**

**TITLE: MOTION TO APPROVE PAYMENT TO MURPHY CONSTRUCTION COMPANY, LLC, DENVER, CO., IN THE AMOUNT OF \$32,604 FOR THE PURPOSE OF REPLACING ADDITIONAL TRAIL AS PART OF THE CLEAR CREEK TRAIL MAINTENANCE REPLACEMENT PROJECT**

- ☐ PUBLIC HEARING  
☒ BIDS/MOTIONS  
☐ RESOLUTIONS

- ☐ ORDINANCES FOR 1<sup>ST</sup> READING  
☐ ORDINANCES FOR 2<sup>ND</sup> READING

QUASI-JUDICIAL:

☐ YES☒ NO  
**Parks and Recreation Director**  
**City Manager****ISSUE:**

The Clear Creek trail maintenance replacement project contract was awarded to Murphy Construction Company, LLC on November 7, 2016. The scope of the contract included the replacement of a segment of the Clear Creek Trail west of Moore Street. Due to available grant project budget funds, approval of an additional scope of work is requested to include an additional 483 lineal feet of trail replacement. The area of trail replacement will continue west towards Prospect Park.

**PRIOR ACTION:**

A contract was awarded to Murphy Construction Company, LLC in the amount of \$107,050 on November 7, 2016, funded from Fund 32 Open Space Funds and a Jefferson County Open Space Local Government Grant.

**FINANCIAL IMPACT:**

Funds for the additional scope of work are available in the project budget. Also available are surplus matching grant funds for this work. The original contract award was \$107,050; the additional scope of work change order is \$32,604. The new contract total is \$139,654.

**BACKGROUND:**

The improvements associated with this project are intended to provide an improved trail surface that meets the standard of 10-foot-wide, 6-inch-deep concrete. The trail replacement will maintain the alignment of the current trail.

City Council approval is required for this change order as the amount is more than 10% of the contract.

**RECOMMENDATIONS:**

Staff recommends approval of the change order.

**RECOMMENDED MOTION:**

“I move to approve payment to Murphy Construction Company, LLC, in the amount of \$32,604 for the purpose of replacing additional trail as part of the Clear Creek Trail Maintenance Replacement project.”

Or,

“I move to deny payment to Murphy Construction Company, LLC, in the amount of \$32,604 for the purpose of replacing additional trail as part of the Clear Creek Trail Maintenance Replacement project.”

**REPORT PREPARED/REVIEWED BY:**

Joyce Manwaring, Parks and Recreation Director

**ATTACHMENTS:**

1. Change order pricing sheet



6335 Downing St  
Denver, CO 80216  
303-289-5686

Change order Proposal #

Project: CLEAR CREEK TRAIL MAINTENANCE – ITB-16-32

Date:

11/21/16

Work requested By: MARK RUOTE

Description of work requested:

INCREASE TOTAL LINEAL FEET OF PROJECT BY 435LF, EXTENDED WEST OF PARFET ST. ENTRANCE TO EAST END OF FAR WEST BOX CULVERT. ADD ADDITIONAL 180 FEET OF STRAW WADDLE AND INCLUDE ADDITIONAL GRUBBING AND EARTHWORK. NEW CONCRETE WILL BE PINNED INTO EXISTING BOX CULVERTS.

Description	Quantity	Unit	Unit price	Subtotal
SEDIMENT CONTROL LOG	180	LF	1.25	225.00
CLEARING AND GRUBBING	1	LS	<b>500.00</b>	500.00
REMOVAL & DISPOSAL OF EXISISTING ASPHALT	483	SY	18.90	9128.20
EARTHWORK/FINE GRADE	290	SY	5.00	1450.00
CONCRETE TRAIL 6 INCH	483	SY	44.10	21300.00

Change Order Total	32604.00
Previous Contract Amount	107050.00
New Contract Amount	139654.00

Prepared by JAMES WOOD

Contract Days Added	10
New Contract Day Total	50

Approval

Title

Date



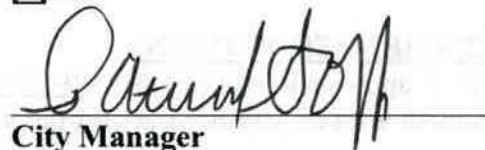
**REQUEST FOR CITY COUNCIL ACTION**

**TITLE: RESOLUTION NO. 49-2016 – A RESOLUTION APPROVING  
CLEAR CREEK TRAIL REPLACEMENT WEST OF  
MOORE FOR THE PURPOSE OF EXPENDING GRANT  
FUNDS**

☐ PUBLIC HEARING  
☐ BIDS/MOTIONS  
☒ RESOLUTIONS

☐ ORDINANCES FOR 1<sup>ST</sup> READING  
☐ ORDINANCES FOR 2<sup>ND</sup> READING

QUASI-JUDICIAL:

☐ YES☒ NO  
**Parks and Recreation Director**  
**City Manager****ISSUE:**

The City received a local government grant from Jefferson County Open Space to complete the relocation of the Clear Creek Trail from West 41<sup>st</sup> Avenue to the open space area to the north. This project has been completed and there are remaining grant funds available.

The City requested and received permission from Jefferson County Open Space to expend the balance of the grant by adding to the scope of the trail replacement. The approved scope includes replacing the trail west of Moore Street to approximately Pierson Street.

**PRIOR ACTION:**

This project was included for funding in the 2016 Open Space Fund.

This item was presented as a staff report to City Council at the September 19, 2016 Study Session.

**FINANCIAL IMPACT:**

Matching funds for the grant application have been appropriated in the Fund 32 Open Space Fund for the 2016 budget year.

**BACKGROUND:**

The Jefferson County Open Space Department has a local government grant program that allows cities to apply for matching funds for acquisition, new construction or maintenance projects. As part of the requirements for the submittal of the grant application, an approved resolution is required by the Jefferson County Open Space Department showing City Council support for the requested project.

Funds from the local government grant program are awarded annually by the Open Space Department to cities and districts in Jefferson County. A percentage of matching funds is required from the City's attributable share of open space funds to match the grant request.

This project has regional significance due to the fact that the Clear Creek Trail is part of a regional trail system that connects to Adams County and Denver on the east and to Golden and Arvada on the west.

**RECOMMENDATIONS:**

Staff recommends approval of the expenditure of grant funds for the additional scope of work to include the trail west of Moore Street. Replacing the additional trail with the remaining grant funds is an opportunity to leverage open space funds with grant funds for a needed maintenance project.

**RECOMMENDED MOTION:**

"I move to approve Resolution No. 49-2016, a resolution approving the Clear Creek Trail replacement west of Moore Street for the purpose of expending grant funds."

Or,

"I move to postpone indefinitely the approval of Resolution No. 49-2016, a resolution approving the Clear Creek Trail replacement west of Moore Street for the purpose of expending grant funds, for the following reason(s) \_\_\_\_\_."

**REPORT PREPARED AND REVIEWED BY:**

Joyce Manwaring, Parks and Recreation Director  
Patrick Goff, City Manager

**ATTACHMENTS:**

1. Resolution No. 49-2016



**CITY OF WHEAT RIDGE, COLORADO**  
**RESOLUTION NO. 49**  
Series of 2016

**TITLE:   A   RESOLUTION   APPROVING   CLEAR   CREEK   TRAIL  
REPLACEMENT WEST OF MOORE STREET FOR THE PURPOSE  
OF EXPENDING GRANT FUNDS**

**WHEREAS**, the voters of Jefferson County voted in 1972 to fund the planning, acquiring, maintaining and preserving of open space properties and in 1980, to allow for maintenance and development of Open Space lands and property within Jefferson County, and

**WHEREAS**, Jefferson County Open Space has instituted a Local Government Grant program, and

**WHEREAS**, the City of Wheat Ridge would like to extend the scope of work for the 41<sup>st</sup> Avenue Trail Relocation grant to include trail replacement west of Moore Street;

**NOW THEREFORE BE IT RESOLVED** by the City Council of the City of Wheat Ridge, Colorado, as follows:

**THE CITY OF WHEAT RIDGE APPROVES CLEAR CREEK TRAIL REPLACEMENT WEST OF MOORE STREET FOR THE PURPOSE OF EXPENDING GRANT FUNDS.**

**DONE AND RESOLVED** this 28<sup>th</sup> day of November, 2016.

\_\_\_\_\_  
Joyce Jay, Mayor

ATTEST:

\_\_\_\_\_  
Janelle Shaver, City Clerk


**REQUEST FOR CITY COUNCIL ACTION**

**TITLE: COUNCIL BILL NO. 26-2016 – AN ORDINANCE APPROVING THE REZONING OF PROPERTY LOCATED AT 10001 W. 32<sup>nd</sup> AVENUE FROM RESIDENTIAL-ONE (R-1) TO PLANNED MIXED USE DEVELOPMENT (PMUD) AND FOR APPROVAL OF AN OUTLINE DEVELOPMENT PLAN (CASE NO. WZ-16-01/FOUNTAIN ON THE RIDGE)**

- ☐ PUBLIC HEARING  
☐ BIDS/MOTIONS  
☐ RESOLUTIONS

- ☒ ORDINANCES FOR 1<sup>ST</sup> READING (11/28/016)  
☐ ORDINANCES FOR 2<sup>ND</sup> READING (1/09/2017)

QUASI-JUDICIAL:

☒ YES☐ NO  
Community Development Director  
City Manager**ISSUE:**

The applicant is requesting approval of a zone change from Residential-One to Planned Mixed Use Development with an Outline Development Plan (ODP) for property located at 10001 W. 32<sup>nd</sup> Avenue. For the past thirty years, the property has been utilized as a group home for children allowed through a series of special use permits. The facility closed in 2013. While the majority of the buildings are currently not being used, there is an on-site property manager residing in one of the homes on the site.

The proposed rezoning area is approximately 2.16 acres. The applicant is requesting approval of the zone change to expand uses and create redevelopment opportunities for the property which may include conversion of the buildings and property into an event center.

**PRIOR ACTION:**

Planning Commission heard this request at a public hearing on October 20, 2016 and recommended denial. The staff report and meeting minutes from that meeting will be included with the ordinance for second reading.

**FINANCIAL IMPACT:**

The proposed zone change is not expected to have a direct financial impact on the City. Fees in the amount of \$1,335.58 were collected for the review and processing of Case No. WZ-16-01.

**BACKGROUND:**

The property is located at the northwest corner of West 32<sup>nd</sup> Avenue and Kipling Street, is comprised of four parcels and is currently zoned Residential-One (R-1). The property is comprised of four parcels which total 94,295 square feet (2.16 acres). The parcels are all irregular in shape and there is a 40-foot grade change running from the southeast corner of the site to the northwest corner.

There are a variety of structures on the property configured in a campus-style setting constructed at various times between 1935 and 1982. The existing structures include a home containing sleeping quarters, a commercial kitchen and communal dining area, common space and offices. Other structures on the property include a dormitory, another single family residence, a building set up as classroom area (originally used as a barn), a small office/storage building and a shed.

*Surrounding Land Uses*

To the south across 32<sup>nd</sup> Avenue are single-family homes zoned R-1 as part of the Paramount Heights subdivision. To the east across Kipling Street are single-family homes zoned R-1 and part of the Wheat Ridge Knolls subdivision. To the southeast is the Crown Hill open space located in unincorporated Jefferson County.

Immediately adjacent to the property on the north and west is vacant land zoned R-1. This property “wraps” around the subject site and has street frontage on both 32<sup>nd</sup> Avenue and Kipling. Adjacent to the vacant land running northeast is the Rocky Mountain ditch. The ditch runs to the east under Kipling and drains into a detention pond located on vacant land on the east side of Kipling. An additional grade change of roughly 20 feet separates the subject property from the residential neighborhood to the north and northwest.

While the primary structure on the property was built in 1935 as a single family residence, it has not been utilized that way since the early 1980’s. The use of the property as a group living facility for adolescents with drug, alcohol and psychiatric problems exceeded the typical group home residential use. In addition to the residential component, there were schooling, recreation and medical treatment activities on the site. The facility closed in 2013.

*Current and Proposed Zoning*

The property is currently zoned Residential-One (R-1). The R-1 zone district was established to provide high quality, safe, quiet and stable low density residential neighborhoods. The R-1 zone district allows single family residential construction, public and semi-public uses and group living situations as special uses. As noted above, under previous special use approvals, the property had been utilized as a group home for children (an adolescent psychiatric treatment facility) for the last 30 years.

The Planned Mixed Use Development zone district is intended to allow the integration of residential and commercial uses and development which is consistent with the surrounding neighborhoods and the City's guiding documents. It is intended to create a zone district which will allow flexibility in use, design, and orientation while maximizing space, community interest and protecting nearby and adjacent residential neighborhoods.

Permitted uses in the PMUD zone are intended to be a mixture of residential and commercial uses. The zone change proposal has been initially prompted by the desire for an event center in the main structure and grounds with the various other buildings used for ancillary purposes. However, that use of the property is not certain and it is possible that in the future, existing structures may be razed and redevelopment may occur. As such, uses shown on the proposed ODP include additional residential uses and a limited range of less impactful commercial uses.

**RECOMMENDED MOTION:**

"I move to approve Council Bill No. 26-2016, an ordinance approving the rezoning of property located at 10001 W. 32<sup>nd</sup> Avenue from Residential-One (R-1) to Planned Mixed Use Development (PMUD) and for approval of an Outline Development Plan (ODP) on first reading, order it published, public hearing set for Monday, January 9, 2017 at 7 p.m. in City Council Chambers, and that it take effect 15 days after final publication."

**REPORT PREPARED/REVIEWED BY:**

Meredith Reckert, Senior Planner  
Kenneth Johnstone, Community Development Director  
Patrick Goff, City Manager

**ATTACHMENTS:**

1. Council Bill No. 26-2016



**CITY OF WHEAT RIDGE**  
**INTRODUCED BY COUNCIL MEMBER WOODEN**  
**COUNCIL BILL NO. 26**  
**ORDINANCE NO. \_\_\_\_\_**

Series of 2016

**TITLE: AN ORDINANCE APPROVING THE REZONING OF PROPERTY LOCATED AT 10001 W. 32<sup>nd</sup> AVENUE FROM RESIDENTIAL-ONE (R-1) TO PLANNED MIXED USE DEVELOPMENT (PMUD) ZONING AND FOR APPROVAL OF AN OUTLINE DEVELOPMENT PLAN (ODP) (CASE NO. WZ-16-01/FOUNTAIN ON THE RIDGE)**

**WHEREAS**, Chapter 26 of the Wheat Ridge Code of Laws establishes procedures for the City's review and approval of requests for land use cases; and,

**WHEREAS**, AMOF, LLC has submitted a land use application for approval of a zone change to the Planned Mixed Use Development zone district and an associated ODP for property located at 10001 W. 32<sup>nd</sup> Avenue; and,

**WHEREAS**, a zone change will allow for an expanded mix of uses and densities for the property which may facilitate establishment of an event center or alternatively, redevelopment of the property; and,

**WHEREAS**, the City Council has conducted a public hearing complying with all public notice requirements as required by Section 26-109 of the Code of Laws;

**NOW THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WHEAT RIDGE, COLORADO:**

**Section 1.** Upon application by AMOF, LLC for approval of a zone change from Residential -One (R-1) to Planned Mixed Use Development (PMUD) and approval of an Outline Development Plan (ODP) for property located at 10001 W. 32<sup>nd</sup> Avenue, and pursuant to the findings made based on testimony and evidence presented at a public hearing before the Wheat Ridge City Council, a zone change is approved for the following described land:

A PARCEL OF LAND IN THE NORTHEAST ¼ OF SECTION 28, TOWNSHIP 3 SOUTH, RANGE 69 WEST OF THE SIXTH PRINCIPAL MERIDIAN, CITY OF WHEAT RIDGE, COUNTY OF JEFFERSON, STATE OF COLORADO, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE EAST ¼ CORNER OF SAID SECTION 28, THENCE NORTH 59°27'42" WEST 58.14 FEET TO THE POINT OF BEGINNING;

THENCE ALONG SAID RIGHT OF WAY SOUTH 89°20' 22" WEST 366.00 FEET;  
DEPARTING SAID RIGHT OF WAY, THENCE NORTH 4°42'38" WEST 116.98 FEET;  
THENCE SOUTH 85°55'48" WEST 69.31 FEET;

THENCE NORTH 9°05'25" EAST 29.04 FEET;  
THENCE NORTH 4°35'14" WEST 41.92 FEET;  
THENCE NORTH 72°50'02" WEST 20.82 FEET;  
THENCE NORTH 22°47'22" EAST 4.12 FEET;  
THENCE NORTH 72°53'38" WEST 79.23 FEET;  
THENCE NORTH 3°10'22" EAST 161.66 FEET;  
THENCE SOUTH 61°10'38" EAST 161.80 FEET;  
THENCE SOUTH 31°42'53" WEST 32.45 FEET;  
THENCE NORTH 89°20'22" EAST 63.15 FEET;  
THENCE SOUTH 86°10'53" EAST 10.19 FEET;  
THENCE SOUTH 48°15'53" EAST 40.70 FEET;  
THENCE SOUTH 36°15'53" WEST 36.20 FEET;  
THENCE SOUTH 76°55'53" EAST 63.00 FEET;  
THENCE SOUTH 52°46'13" EAST 98.75 FEET TO A POINT ON THE WEST RIGHT OF WAY OF SOUTH  
KIPLING STREET;  
THENCE SOUTH 0°12'38" EAST 136.74 FEET TO THE POINT OF BEGINNING, SAID PARCEL  
CONSISTING OF 94,295.60 SQUARE FEET OR 2.16 ACRES.

**Section 2. Vested Property Rights.** Approval of this zone change does not create a vested property right. Vested property rights may only arise and accrue pursuant to the provisions of Section 26-121 of the Code of Laws of the City of Wheat Ridge.

**Section 3. Safety Clause.** The City of Wheat Ridge hereby finds, determines, and declares that this ordinance is promulgated under the general police power of the City of Wheat Ridge, that it is promulgated for the health, safety, and welfare of the public and that this ordinance is necessary for the preservation of health and safety and for the protection of public convenience and welfare. The City Council further determines that the ordinance bears a rational relation to the proper legislative object sought to be attained.

**Section 4. Severability; Conflicting Ordinance Repealed.** If any section, subsection or clause of the ordinance shall be deemed to be unconstitutional or otherwise invalid, the validity of the remaining sections, subsections and clauses shall not be affected thereby. All other ordinances or parts of ordinances in conflict with the provisions of this Ordinance are hereby repealed.

**Section 5. Effective Date.** This Ordinance shall take effect 15 days after final publication, as provided by Section 5.11 of the Charter.

**INTRODUCED, READ, AND ADOPTED** on first reading by a vote of \_\_\_\_ to \_\_\_\_ on this 28<sup>th</sup> day of November, 2016, ordered it published with Public Hearing and consideration on final passage set for **Monday, January 9, 2017 at 7:00 o'clock p.m.**, in the Council Chambers, 7500 West 29<sup>th</sup> Avenue, Wheat Ridge, Colorado, and that it takes effect 15 days after final publication.



**READ, ADOPTED AND ORDERED PUBLISHED** on second and final reading by  
a vote of \_\_\_\_\_ to \_\_\_\_\_, this ninth day of January, 2017.

SIGNED by the Mayor on this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

\_\_\_\_\_  
Joyce Jay, Mayor

ATTEST:

\_\_\_\_\_  
Janelle Shaver, City Clerk

Approved as to Form

\_\_\_\_\_  
Gerald Dahl, City Attorney

1<sup>st</sup> publication:  
2<sup>nd</sup> publication:  
Wheat Ridge Transcript:  
Effective Date:

**REQUEST FOR CITY COUNCIL ACTION**


**TITLE: RESOLUTION NO. 47-2016 - A RESOLUTION ADOPTING THE CITY BUDGET AND APPROPRIATING SUMS OF MONEY TO THE VARIOUS FUNDS AND SPENDING AGENCIES IN THE AMOUNTS SPECIFIED FOR THE CITY OF WHEAT RIDGE, COLORADO FOR THE 2017 BUDGET YEAR**

☐ PUBLIC HEARING  
☐ BIDS/MOTIONS  
☒ RESOLUTIONS

☐ ORDINANCES FOR 1<sup>ST</sup> READING  
☐ ORDINANCES FOR 2<sup>ND</sup> READING

QUASI-JUDICIAL: ☐ YES ☒ NO

  
\_\_\_\_\_  
Administrative Services Director

  
\_\_\_\_\_  
City Manager

**ISSUE:**

Section 10.9 of the Wheat Ridge City Charter requires that the budget be adopted by resolution on or before the final day (December 15, 2016) established by state statute for the certification of the next year's tax levy to the county.

Overall, the proposed 2017 budget includes the following:

- \$10,095,579 million in proposed expenditures directly linked to City Council strategic goals
- A balanced General Fund Budget in the amount of \$31,172,401
- An unrestricted fund balance of \$6,687,070 or 21.5% of expenditures (17 % minimum reserve level)
- A General Fund transfer of \$2,000,000 to the Capital Investment Program (CIP)
- A General Fund transfer of \$100,000 to the Capital Equipment Replacement Fund
- A .7% decrease in the General Fund budget compared to the adjusted 2016 Budget
- A proposed CIP Fund in the amount of \$5,128,000
- Special Revenue Funds in the amount of \$6,865,073
- Proposed budget (all funds) in the amount of \$43,165,474

**PRIOR ACTION:**

- *July 25, 2016* – first public meeting to provide opportunity for citizens to comment on the budget
- *August 22, 2016* – second public meeting to provide opportunity for citizens to comment on the budget
- *October 17, 2016* – proposed 2017 budget books were distributed to City Council and made available for public review. A hard copy was provided to the City Clerk's Office for public review
- *October 18, 2016* – proposed 2017 budget made available online for the public to review
- *November 7, 2016* – proposed 2017 budget presented to City Council
- *November 14, 2016* – as required by Section 10.7 of the Wheat Ridge City Charter a public hearing was conducted to provide an additional opportunity for citizens to comment on the proposed budget prior to its adoption. Notification of the public hearing was made on the City Website and in the Wheat Ridge Transcript.

The proposed budget was made available in hard copy for review by the public at the following location:

**Wheat Ridge City Hall**  
City Clerk's Office  
7500 West 29<sup>th</sup> Avenue

Additionally, the 2017 proposed budget was also available for purchase from the City Clerk's Office, based on the City's fee schedule. The proposed budget and PowerPoint presentation from the budget presentation on November 7<sup>th</sup> and the public hearing presentation on November 14<sup>th</sup> were both made available to the public at [www.ci.wheatridge.co.us](http://www.ci.wheatridge.co.us).

**FINANCIAL IMPACT:**

A total budget of \$43,165,474 (all funds) is proposed.

**BACKGROUND:**

At the November 7, 2016 Study Session, City Council provided staff with consensus to bring the proposed budget to public hearing and adoption.

The 2017 proposed budget message, found on pages 11 – 21 of the budget book, is included below:

**OVERALL SUMMARY**

Wheat Ridge's total proposed General Fund operating budget for 2017 is \$31,172,401 excluding transfers. The City's total 2017 operating budget represents a 0.7% decrease compared to the adjusted 2016 Budget. The projected 2017 General Fund ending balance is \$8,068,070. Of this amount, \$6,687,070, or 21.5% of expenditures, is considered the unrestricted fund balance. The City's financial policies require that the City maintain a minimum unrestricted fund balance of at

least two months, or approximately 17%, of its General Fund operating expenditures, as recommended by the Government Finance Officers Association (GFOA).

The total proposed City Budget for 2017, which includes the General Fund, CIP and Special Revenue Funds, is \$43,165,474. The CIP Budget is at \$5,128,000 and the eight Special Revenue Funds' proposed budgets total \$6,865,073.

Sales tax, the City's largest revenue source, is projected to increase by 3.8% in 2017 compared to 2016 estimated revenue. Sales tax revenue is projected to increase by 7% compared to 2016 adjusted revenue. Overall, total General Fund revenues for 2017 are projected to increase by 2.6% compared to 2016 estimated revenue, and increase by 4% compared to 2016 adjusted revenue.

### **LONG-TERM FISCAL CHALLENGES**

Long-term fiscal sustainability remains one of the City's greatest challenges. The City's 2017 – 2025 CIP budget demonstrates the severity of the City's funding gap in regard to unfunded capital needs. The 2017 Proposed Budget includes a transfer of \$2 million from General Fund undesignated reserves to the CIP budget. Transfers in the amount of \$2.2 million and \$2.5 million are proposed for 2018 and 2019 and are required to fund minimal preventative street maintenance and other CIP projects.

Voters approved ballot measure 2E on November 8, 2016. This tax ballot measure is a one-half percent sales tax increase that will sunset after 12 years in year 2029. Effective January 1, 2017, the City's sales tax rate will increase from 3% to 3.5%. The measure also included approval for the City to issue bonds up to a maximum repayment cost of \$38,500,000. A special revenue fund will be created to manage the use of the voter approved 2E funds. This fund will be brought to City Council for approval after the adoption of the proposed 2017 budget on November 28<sup>th</sup>. Voters approved funding for the following four projects:

- Gold Line Station - \$12 million
- Clear Creek Crossing - \$10 million
- Wadsworth Reconstruction - \$7 million
- Anderson Park - \$4 million

### **WHEAT RIDGE FIVE-YEAR GOALS**

The Mayor, City Council and staff periodically work together to develop and update a strategic plan that includes a vision, goals and action agenda. Staff used the most current goals and action agenda as a guide to develop strategies and prioritize projects for the 2017 Budget.

Five-Year Goals:

1. Economically Viable Commercial Areas
2. Financially Sound City Providing Quality Service
3. Choice of Desirable Neighborhoods
4. More Attractive Wheat Ridge

2017 Action Agenda:

- Revenue enhancement
- Engage development and redevelopment opportunities
- Community / neighborhood building
- Code enforcement
- 38th Avenue Corridor implementation
- Targeted housing incentive policies
- Multi-modal transportation

The proposed 2017 Budget includes the following expenditures to address the Five-Year Goals and the 2017 Action Agenda: (Division #)

**Goal 1: Economically Viable Commercial Areas**

- Urban renewal funding for Renewal Wheat Ridge (RWR) projects \$300,000 (105 to RWR)
- Enhanced Sales Tax Incentive Program (ESTIP)/Tax Increment Financing (TIF) \$564,000 (105)
- Ridge at 38 public events \$140,000 (105 to Localworks)
- Citywide public relations and marketing efforts \$22,500 (105 & 113)
- Wheat Ridge Business District (WRBD) grant program \$45,000 (105 to WRBD)
- Live Local events \$50,000 (105 to Localworks)
- Building up Business Loan Program (BUBL) \$25,000 (105 to Localworks)
- Realtor, new resident and developer positioning tours \$20,000 (105 to Localworks)
- 44<sup>th</sup> Avenue Corridor marketing efforts \$7,500 (105)
- 29<sup>th</sup> Avenue Marketplace marketing efforts \$5,000 (105)
- 38<sup>th</sup> Avenue marketing \$40,000 (105 to Localworks)
- Ridge at 38 banners and lights program \$25,000 (105 to Localworks)
- Gold Line marketing materials \$10,000 (105)
- Neighborhood Revitalization Strategy update \$27,500 (105 to Localworks)
- Kipling/I-70 Corridor planning effort \$100,000 (123)
- Wadsworth reconstruction project \$1.76 million (CIP Fund)

**Goal 2: Financially Sound City Providing Quality Service**

- Preventative street maintenance \$2 million (CIP)
- Fleet acquisition and replacement \$547,000 (303)
- Employee compensation – 3% projected Pay-for-Performance \$450,000 (610)
- Lakewood crime lab services \$63,000 (212)
- Regional crime lab \$49,157 (212)
- Employee safety and wellness programs \$43,530 (112 & 610)
- Socrata open budget software \$7,500 (101)
- Contractual sales tax auditing services \$36,300 (115)
- Community Solar Garden lease payments \$80,167 (610)
- Replace heat exchangers at outdoor pool \$35,000 (623)



**Goal 3: Choice of Desirable Neighborhoods**

- Prospect Park improvements \$2,225,000 (OS & CT Funds)
- Recreation Center maintenance \$115,000 (CT Fund)
- Traffic Safety, Life Quality and Crime Reduction (TLC) Program \$40,000 (105 to WR2020)
- Home Investment Loan Program (HIP) \$25,000 (105 to WR2020)
- Police Department community-oriented neighborhood programs \$36,288 (211)
- Police Department park patrol \$34,900 (203 & 211)
- Police Department special events overtime \$29,000 (211)
- Two part-time park rangers \$23,400 (203)
- ADA improvements citywide \$50,000 (CIP)
- Discovery Park ADA accessibility playground-\$125,000 (CT)

**Goal 4: More Attractive Wheat Ridge**

- Parks & trails maintenance projects \$425,000 (CT and OS Funds)
- Open Space improvements \$50,000 (OS Fund)
- Citywide right-of-way maintenance \$65,311 (603)
- Gold Line station right-of-way maintenance \$13,416 (603)
- Bus shelter and bench maintenance, cleaning and snow removal \$40,000 (303)
- Large-item pickup program \$5,000 (303)
- Anderson Park water line \$100,000 (603)
- 2.0 FTE Community Service Officers \$102,000 (203)
- Facility repair and maintenance for historic buildings \$38,110 (625)
- Founders Park playground \$100,000 (CTF Fund)

The following budget expenditures are not directly related to any one of the City Council goals, but are worthy of noting and are included in the proposed 2017 Budget:

- City sponsorships/community partnerships:
  - Carnation Festival \$60,000 contribution, \$25,500 staff overtime and \$2,000 for barricades (102)

In 2016 City Council appointed a Citizen Review Committee to make recommendations for contributions to outside agencies. Following are the Committee's recommendations for 2017:

- Senior Resource Center (SRC) circulator bus \$26,500 (102)
- Arvada Food Bank \$9,000 (102)
- The Action Center \$1,900 (102)
- Arapahoe House \$1,800 (102)
- Audio Information Network \$1,400 (102)
- Court Appointed Special Advocates \$1,800 (102)
- Colorado Senior Connections \$3,400 (102)
- Family Tree \$1,600 (102)
- Family Tree Gala event \$650 (102)
- Institute for Environmental Solutions \$1,300 (102)
- Jefferson County Library Foundation \$1,300 (102)



- Wheat Ridge Community Foundation \$5,000 (102)
- Wheat Ridge Optimist Club \$1,200 (102)
- Wheat Ridge High School STEAM \$14,000 (102)
- Feed the Future Backpack Program \$7,000 (102)
- Regional Air Quality \$2,100 (102)
- Exempla Lutheran Leaves of Hope event \$2,500 (102)
- Jefferson Center for Mental Health \$2,500 (102)
- Jefferson Center for Mental Health Gala \$2,500 (102)
- Wheat Ridge High School Farmers 5000 \$2,500 (102)
- Wheat Ridge Active Transportation Advisory Committee \$1,000 (102)
- Outdoor Lab Foundation \$18,000 (102)
- Miscellaneous Expenditures
  - Court appointed attorneys mandated by House Bill 1309 \$12,500 (109)

### **A TRADITION OF EXCELLENCE IN A.C.T.I.O.N!**

The City of Wheat Ridge has earned a reputation for repositioning itself and becoming a community of choice. In 2015, the City celebrated the 10th anniversary of the development of the Neighborhood Revitalization Strategy (NRS) plan. This grassroots, community-driven planning document has guided the transformation the City has experienced over the past ten years. The City has received numerous state and national awards for its local partnerships and innovative approaches to service delivery. The City's reputation was created by the excellent stewardship provided by past City Councils and staff at all levels.

### **An Engaged Community**

A commitment to excellence has helped position the City to respond and plan for future needs. The demand for services, amenities, and community events that provide opportunities for citizens to come together has increased. Participation in educational academies, involvement on boards and commissions, and overall, participation in community and neighborhood planning efforts has also increased. The City has an extremely engaged community, focused not only on the short-term viability of the City, but more importantly, on the long-term sustainability of the City.

### **An Engaged Organization**

City staff, at all levels, continually approach their jobs looking for ways to improve the level of service, contain costs, improve efficiency, leverage partnerships and generate innovative ideas so the community receives the best possible service. The City actively pursues grant opportunities and has a solid track record of success in receiving grants. For example, the City received a \$25 million grant from DRCOG in 2015 for the reconstruction of Wadsworth Boulevard. City staff is empowered to continue to look for additional cost-effective opportunities to partner with local and regional organizations, to explore and expand the use of alternative service delivery opportunities, to continue to use volunteers where feasible, to increase cost recovery, and to discontinue or reduce service standards for those programs that are that are less of a priority.

### **Priority Based Budgeting**

In 2016, the City embarked on year five of the Priority Based Budgeting (PBB) process. The City has received national recognition and interest from other local governments who are considering switching to a priority-driven budget. The City engaged the Center for Priority Based Budgeting in 2012 to facilitate the transition from a more traditional incremental budgeting process to a priority-driven budgeting process. The Center's mission is to "lead communities to fiscal health and wellness." Priority Based Budgeting is another tool that will allow the City's management team to improve the programs and services provided by aligning resource allocation with the results the City is working to achieve.

The primary area that we continue to integrate into the budget process is the focus on budget variances. Budget variances generally occur because certain line items must be budgeted based on projected use such as staffing, fuel, and utilities. However, circumstances such as employee turnover, the weather or the economy dictate what those true expenditures will be on an annual basis. For example, if we experience an unusually bad winter or fuel prices skyrocket, mid-year supplemental budget appropriations may be required.

In addition to continuing the variance exercise for development of the 2017 Budget, staff added a contingency reduction exercise. Included in the City Manager's Budget is a management contingency fund in the amount of \$100,000. This is the result of a consolidation of City-wide contingency funds in 2014 which enabled staff to cut approximately \$160,000 from the 2017 proposed budget. In the past, contingency funds have been budgeted for carrying out policy direction by City Council that may not have been planned for at the time of budget development. An example of this would be engineering or design work required for a public project.

Overall, for the 2017 Budget, departmental budget requests were reduced by approximately \$1.6 million in order to fund those expenses that were considered critical to meeting the City's defined results. Collectively, the variance and contingency fund tools have played an important role in the continued integration of a priority-driven budget system. This process has enabled staff to look at the budget data through a different lens.

### **REVENUES AND EXPENDITURES**

The total 2017 Proposed Budget is \$43,165,474. The Budget is based on projected revenues of \$40,097,719. In addition, the beginning fund balance for 2017 is projected at \$12,414,494 which brings the total available funds to \$52,512,213. This will provide for a projected ending fund balance of \$9,346,739, which is a 21% increase compared to the 2016 Adopted Budget. Detailed revenue and expenditure tables are presented in the Revenue and Expenditure Summary section of this Budget.

### **GENERAL FUND**

General Fund revenue is projected at \$33,272,401, which is a 2.6% increase compared to 2016 estimated revenues. In addition, the beginning fund balance for 2016 is projected at \$8,068,070, which brings the total available funds for the General Fund to \$41,340,471.

General Fund expenditures total \$31,172,401 excluding transfers. General Fund expenditures represent a .7% decrease compared to the adjusted 2016 Budget and a 3% increase compared to the estimated 2016 Budget. This will provide for a projected ending fund balance of \$8,068,070, of which \$6,687,070 (21.5% of operating expenditures) is considered unrestricted.

#### **CAPITAL INVESTMENT PROGRAM FUND**

CIP Fund revenue is projected at \$4,116,825 (\$2,000,000 transferred from the General Fund) which is a 26% decrease compared to the 2016 estimated revenue. In addition, the beginning fund balance for 2017 is projected at \$1,033,971 which brings the total available funds for the CIP Fund to \$5,150,796.

The proposed 2017 CIP includes the following projects:

- \$2 million preventative street maintenance
- \$1,760,000 for Wadsworth Environmental Assessment
- \$435,000 for 29<sup>th</sup> Avenue and Fenton Street intersection improvements
- \$233,000 for a new traffic signal at 32<sup>nd</sup> Avenue and Xenon Street
- \$200,000 for miscellaneous drainage improvements
- \$140,000 for an environmental assessment re-evaluation for the Clear Creek Crossing project
- \$50,000 for citywide ADA infrastructure improvements
- \$50,000 for Clear Creek Master Plan update
- \$50,000 for Police evidence building addition
- \$50,000 for Gateway signage program
- \$35,000 for Neighborhood traffic management improvements
- \$30,000 for completion of Bike/Pedestrian Master Plan
- \$25,000 for new Public Works facility funding
- \$25,000 for municipal parking lot improvements
- \$25,000 for aerial photography/GIS updates
- \$10,000 for Maple Grove Reservoir emergency planning
- \$10,000 for street light program

CIP expenditures total \$5,128,000 which is a 38% decrease compared to the adjusted 2016 Budget and a 3% decrease compared to the estimated 2016 Budget. This will provide for a projected ending fund balance of \$22,796.

Typically, the CIP Budget is funded primarily with General Fund undesignated reserves. The City Council adopted a General Fund reserve policy in 2011 setting the minimum reserve level at 17%. In order to maintain this minimum reserve balance in the General Fund in 2017 and beyond, a limited amount of funds will be available to fund the CIP Budget after 2017. To continue funding CIP projects at a more sustainable level, City Council will need to consider substantial cuts in the City's operating budget or find new revenue sources for CIP projects.

Between 2017 and 2019, the CIP Budget will receive a transfer in the total amount of \$6.7 million from the General Fund to fund preventative street maintenance and other discretionary infrastructure projects. This will limit the amount of funds available for other CIP projects. The

proposed CIP Budget for 2020 to 2025 projects a \$3 – 3.5 million annual transfer from the General Fund for CIP projects.

### **OPEN SPACE FUND**

Open Space revenue is projected at \$1,788,000 which is a 38% increase compared to the 2016 estimated revenue. The large increase is primarily due to state grants for Prospect Park and developer fees. In addition, the beginning fund balance for 2017 is projected at \$1,246,667, which brings the total available funds for the Open Space Fund to \$3,034,667.

Open Space projects for 2017 include:

- Renovation of Prospect Park
- Replacement of trail in Johnson Park
- Replacement of Bass Lake retaining wall
- Open Space Management Plan update
- Miscellaneous Open Space improvements

Funding is also appropriated for five Parks maintenance workers. Open Space expenditures total \$2,911,050 which is a 16% decrease compared to the adjusted 2016 Budget and a 128% decrease compared to the estimated 2016 Budget. These expenditure increases are due to renovation of Prospect Park in 2017. This will provide for a projected ending fund balance of \$123,617.

The future five-year Open Space Budget proposes the continuation of miscellaneous open space improvements, parks maintenance projects, trail replacement and repair, Prospect Park improvements, improvements to the new public works and parks operations facility, the City's match for the Jefferson County River Corridor project and funding for five Parks positions.

### **CONSERVATION TRUST FUND**

Conservation Trust revenue is projected at \$300,500, which is equal to the 2016 estimated revenue. In addition, the beginning fund balance for 2017 is projected at \$360,291, which brings the total available funds for the Conservation Trust Fund to \$660,791.

Conservation Trust projects for 2017 include:

- Renovation of Prospect Park
- Recreation Center maintenance projects
- Discovery Park ADA accessibility playground
- New playground in Founders Park
- Parks maintenance projects
- Resurfacing of tennis and basketball courts

Conservation Trust expenditures total \$615,000, which is a 5% increase compared to the adjusted 2016 Budget and a 57% increase compared to the estimated 2016 Budget. This will provide for a projected ending fund balance of \$45,791. The future Five-Year Conservation Trust Budget proposes to provide funds for Recreation Center maintenance needs, parks



maintenance projects, resurfacing of tennis/basketball courts, playground replacement, and facility improvements to the Parks Maintenance Shops.

#### **RECREATION CENTER OPERATIONS FUND**

Recreation Center operations revenue for 2017 is projected at \$2,177,023, which is an increase of .08% compared to the 2016 estimated revenue. In addition, the beginning fund balance for 2017 is projected at \$695,970 which brings the total available funds for the Recreation Center Operations Fund to \$2,872,993.

Recreation Center expenditures total \$2,408,098, which is a 1% increase compared to the adjusted 2016 Budget and a 2% increase compared to the estimated 2016 Budget. This will provide for a projected ending fund balance of \$464,895.

#### **OTHER SPECIAL REVENUE FUNDS**

Several other Special Revenue Funds are also included in this Budget to track revenues and expenditures that are designated by law to be used for specific purposes or are used to simplify the budgeting process. Those funds include the Public Art, Police Investigation, Municipal Court, Equipment Replacement, and Crime Prevention/Code Enforcement funds. Detailed revenue and expenditure information for these funds can be found in the Special Revenue Funds and the Line Item Accounts sections of the Budget.

#### **DEBT**

The City currently has no debt. However, the City does have the following long-term financial obligations:

##### Renewal Wheat Ridge

The City's Urban Renewal Authority (Renewal Wheat Ridge), is a component of the City and does have a loan in the amount \$330,299 from the City for the purchase of an environmentally contaminated property at 38<sup>th</sup> and Yukon Court. This loan will be paid-off with the sale of the property at 38<sup>th</sup> and Yukon in 2016 or 2017. Additionally, the Urban Renewal Authority provided a loan in the amount of \$2.455 million for the Kipling Ridge commercial center development. The term of this loan expires in 2023 and will be paid from sales and property tax incremental revenue from the Kipling Ridge project. The balance of the loan as of December 31, 2016 will be \$2.350 million.

##### Community Solar Garden

On March 23, 2015, the City entered into an agreement to purchase electricity-generating capacity in a solar garden. The agreement was funded on April 13, 2015 with a lease agreement for \$800,000. The solar power capacity is recorded as a capital asset in the amount of \$776,628. A portion of the loan proceeds was used to pay issuance costs of \$23,372. Annual payments of \$80,167.08, including principal and interest accruing at 5.75%, are due through May 1, 2030. As of December 31, 2016, the City has a capital lease outstanding amount of \$1,075,574. For its participation, the City receives energy credits from Xcel to be used to pay this lease and against energy consumption at various facilities.

### **COMPENSATION, BENEFITS AND STAFFING**

Personnel-related expenses account for the largest portion of the City's Budget; therefore, maintaining this investment is a high priority. In 2013, the City launched a new compensation plan for full-time/part-time benefited employees that is financially sustainable and will help the City recruit and retain top talent. Additionally, the compensation plan is market-based and fully aligned with the Performance Management Project (PMP) that has culminated in the full implementation of a pay-for-performance system. The City's pay-for-performance model is consistent with the culture and commitment to A.C.T.I.O.N! – the City's core values of Accountability – Change – Teamwork – Integrity – Opportunity – Now! It is important for the City to reward employees who exemplify these core values and who help achieve the City's strategic results.

The new compensation plan consists of two sub plans 1) a pay-for-performance open range plan, which includes civilian and police sergeants and higher ranks, and 2) a sworn step plan, which includes police officer I and II positions. Employees will be eligible for a performance increase on January 1, 2017, based on how well they meet the core values and competencies of the new PMP system.

The pay-for-performance budget is determined on an annual basis according to what comparable organizations are providing and what the City can afford for that fiscal year. The City conducted a biennial market review in 2016. For 2017, the market shift in compensation was 3% for the City civilian plan and 6% for the sworn step plan noted above. The proposed 2017 budget includes \$450,000 in the Central Charges budget to fund performance increases for both sub plans. The updated plan is under development and will be included in the final budget document.

The City continues to provide a competitive benefits package to employees that includes medical, dental, life and disability benefits. Throughout the year, staff works closely with the City's benefit broker, IMA, to ensure that the City is controlling benefit costs while still providing a competitive benefits package to its employees, which is a vital part of the City's total compensation approach to pay.

The City currently provides Kaiser Permanente plans for employee medical benefits. Medical premiums will increase by only 1.4% for 2017. There are several key factors that play a role in calculating the City's health care premium renewal. Participation in the Wellness Program is a positive contributing factor to the minimal premium increase. Historically, the City's premium increases ranged from 10 – 15%, which is the market average. The 1.4% increase for 2017 is well below that average. The City will continue to encourage enrollment and active participation in the Wellness Program. There will be no increases to the dental, life and short-term disability premiums in 2017.

In 2017, the City will continue to offer the High Deductible Health Plan (HDHP). This plan was added in 2013 and is a consumer model of health care paired with a Health Savings Account (HSA). However, the City will no longer offer the traditional HMO plan but will replace it with a Deductible HMO (DHMO) with a \$500 individual deductible and a \$1,500 family deductible.



This change to a DHMO has also contributed significantly to the low 1.4% increase in overall medical insurance premiums. The premiums for both the employee and the City are lower for a HDHP but the out-of-pocket costs to the employee are higher. The goal of the consumer-driven HDHP and DHMO is to encourage employees to manage costs through effective use of health care.

The 2017 staffing level will increase by a net of 6.0 FTE's for a total of 237.875 FTE's in all funds. For the first time in fifteen years, staffing levels will exceed the 233.755 FTE's authorized in 2002 before the budget reduction program and elimination of positions in 2003 and 2004.

#### **General Fund**

##### **4.0 FTE Police Officers – Police Department**

In 2015 the International Association of Chiefs of Police (IACP) presented their findings from a staffing study to the City Council. The final report provided 17 recommendations primarily focused on the addition of staff, policy revisions, scheduling and realignment of the organization. The highest recommendation from the study was to augment patrol staffing with four additional police officers.

With the addition of four new police officers, the Police Department will be able to create a new Watch IV covering the busiest hours of the day from 11:00 a.m. to 9:00 p.m. and would allow Watch II to move back to the hours of 3:00 p.m. to 1:00 a.m., providing additional personnel during the times of highest call load. In addition, these new police officers will allow the department to continue staffing the Crash and Traffic Team (CATT) to increase traffic safety throughout the community.

#### **Crime Prevention/Code Enforcement Fund**

##### **2.0 FTE Community Service Officers – Police Department**

In 2014, City Council approved funding three part-time Community Service Specialists to increase code enforcement efforts. In 2016, the City hired two additional part-time Community Service Specialists whose primary function was to serve as neighborhood code enforcement specialists for the TLC Neighborhood program. However, these positions were not trained to handle calls for service regarding animal control issues. While these positions had significant benefits, such as providing assistance in addressing proactive code enforcement during the peak service times of the year, the administrative duties of constantly hiring, training and supervising became burdensome and inefficient. In order to adequately provide staffing for both functions of code enforcement and animal control and to eliminate some of these inefficiencies, two full-time Community Service Officers will be hired. In addition, two part-time Park Rangers will be included in the budget to continue to provide park and greenbelt patrol.

In the back of the staffing section of this book you will find a proposed Five-Year Staffing Plan for 2018 to 2022. Over the last decade we have done our best to provide a level of service expected by City Council and the community. The City has typically operated with a very lean staff; however, as community expectations change we must ensure the City has adequate staffing

to meet those demands. This Plan will be evaluated annually to determine the most cost-effective way to continue providing exceptional customer service and quality programs.

**RECOMMENDATIONS:**

Adopt the 2017 Budget as proposed.

**RECOMMENDED MOTION:**

“I move to approve Resolution No. 47-2016, a resolution adopting the City Budget and appropriating sums of money to the various funds and spending agencies in the amounts specified for the City of Wheat Ridge, Colorado for the 2017 Budget Year.”

Or,

“I move to postpone indefinitely Resolution No. 47-2016, a resolution adopting the City Budget and appropriating sums of money to the various funds and spending agencies in the amounts specified for the City of Wheat Ridge, Colorado for the 2017 Budget Year for the following reason(s) \_\_\_\_\_.”

**REPORT PREPARED/REVIEWED BY:**

Heather Geyer, Administrative Services Director  
Patrick Goff, City Manager

**Attachments:**

1. Resolution No. 47-2016
2. Revised 2017 Proposed Revenues & Expenditures Summary
3. Revised 2017 Capital Investment Program (CIP) Budget

**CITY OF WHEAT RIDGE, COLORADO**  
**RESOLUTION NO. 47**  
Series of 2016

**TITLE: A RESOLUTION ADOPTING THE CITY BUDGET AND APPROPRIATING SUMS OF MONEY TO THE VARIOUS FUNDS AND SPENDING AGENCIES FOR THE CITY OF WHEAT RIDGE, COLORADO, FOR THE 2017 BUDGET YEAR**

**WHEREAS**, the City of Wheat Ridge annual budget for the fiscal year 2017 has been established and public hearings and meetings have been held after duly published public notices; and

**WHEREAS**, the budget provides for the combination of revenues and excess fund balance reserves equal to or greater than the total proposed expenditures as set forth in said budget in the total amount of \$43,165,474 which includes the following funds:

1.	Fund 01 - General Fund	\$33,272,401
2.	Fund 12 – Public Art Fund	\$0
3.	Fund 17 - Police Investigation Fund	\$25,000
4.	Fund 30 - Capital Investment Fund	\$5,128,000
5.	Fund 32 - Open Space Fund	\$2,911,050
6.	Fund 33 - Municipal Court Fund	\$35,000
7.	Fund 54 - Conservation Trust Fund	\$615,000
8.	Fund 57 - Equipment Replacement Fund	\$366,750
9.	Fund 63 - Crime Prevention Fund	\$504,175
10.	Fund 64 - Recreation Center Operation Fund	<u>\$2,408,098</u>
		Total: \$45,265,474
		Less Transfers: ( <u>\$ 2,100,000</u> )
		Total Expenditures: <b>\$43,165,474</b>

**NOW, THEREFORE, BE IT RESOLVED** by the City Council of the City of Wheat Ridge, Colorado, that the City of Wheat Ridge Total Budget as stated in the Resolution be hereby approved, adopted, and appropriated for the entire fiscal period beginning January 1, 2017 and ending December 31, 2017.

**DONE AND RESOLVED THIS** \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
Joyce Jay, Mayor

ATTEST:

\_\_\_\_\_  
Janelle Shaver, City Clerk

## Budget Summary by Fund

	Beginning Balance (1/1/17)	+	Revenues	=	Funds Available	-	Expenses	=	Fund Balance (12/31/17)
<b>Operating Funds</b>									
General	\$8,068,070	+	\$33,272,401	=	\$41,340,471	-	\$33,272,401	=	\$8,068,070
<b>Total Operating Funds</b>	<b>\$8,068,070</b>	<b>+</b>	<b>\$33,272,401</b>	<b>=</b>	<b>\$41,340,471</b>	<b>-</b>	<b>\$33,272,401</b>	<b>=</b>	<b>\$8,068,070</b>
<i>Unrestricted Fund Balance</i>									<b>\$6,687,070</b>
									<b>21.5%</b>
<b>Capital Funds</b>									
Capital Investment Program	\$1,033,971	+	\$4,116,825	=	\$5,150,796	-	\$5,128,000	=	\$22,796
<b>Total Capital Funds</b>	<b>\$1,033,971</b>	<b>+</b>	<b>\$4,116,825</b>	<b>=</b>	<b>\$5,150,796</b>	<b>-</b>	<b>\$5,128,000</b>	<b>=</b>	<b>\$22,796</b>
<b>Special Revenue Funds</b>									
Public Art Fund	\$82,641	+	\$27,470	=	\$110,111	-	\$0	=	\$110,111
Police Investigation	\$44,456	+	\$150	=	\$44,606	-	\$25,000	=	\$19,606
Open Space	\$1,246,666	+	\$1,788,000	=	\$3,034,666	-	\$2,911,050	=	\$123,616
Municipal Court	\$84,281	+	\$28,050	=	\$112,331	-	\$35,000	=	\$77,331
Conservation Trust	\$360,291	+	\$300,500	=	\$660,791	-	\$615,000	=	\$45,791
Equipment Replacement	\$354,412	+	\$156,300	=	\$510,712	-	\$366,750	=	\$143,962
Crime Prevention/Code Enforcement Fund	\$443,736	+	\$331,000	=	\$774,736	-	\$504,175	=	\$270,561
Recreation Center	\$695,970	+	\$2,177,023	=	\$2,872,993	-	\$2,408,098	=	\$464,895
<b>Total Special Revenue Funds</b>	<b>\$3,312,453</b>	<b>+</b>	<b>\$4,808,493</b>	<b>=</b>	<b>\$8,120,946</b>	<b>-</b>	<b>\$6,865,073</b>	<b>=</b>	<b>\$1,255,873</b>
Total Operating Funds	\$8,068,070	+	\$33,272,401	=	\$41,340,471	-	\$33,272,401	=	\$8,068,070
Total Capital Funds	\$1,033,971	+	\$4,116,825	=	\$5,150,796	-	\$5,128,000	=	\$22,796
Total Special Revenue Funds	\$3,312,453	+	\$4,808,493	=	\$8,120,946	-	\$6,865,073	=	\$1,255,873
(Less Transfers)		+	(\$2,100,000)	=	(\$2,100,000)	-	(\$2,100,000)	=	
<b>GRAND TOTAL</b>	<b>\$12,414,494</b>	<b>+</b>	<b>\$40,097,719</b>	<b>=</b>	<b>\$52,512,213</b>	<b>-</b>	<b>\$43,165,474</b>	<b>=</b>	<b>\$9,346,739</b>



## General Fund Revenues

	2015 Actual	2016 Adjusted	2016 Estimated	2017 Proposed
<b>SALES TAXES</b>				
Sales Tax	\$17,712,997	\$17,745,000	\$18,580,000	\$19,323,200
Sales Tax Audit Revenue	\$317,511	\$477,000	\$477,000	\$477,000
TIF - Wheat Ridge Cyclery	\$73,964	\$40,000	\$40,000	\$40,000
TIF - Town Center (Safeway)	\$0	\$0	\$0	\$0
ESTIP - Dillion Co. (King Soopers)	\$94,500	\$0	\$0	\$0
ESTIP - Liquid Art Works (Colorado Plus)	\$21,655	\$25,000	\$22,345	\$24,000
ESTIP - Muscle Masster	\$6,843	\$7,000	\$5,800	\$0
ESTIP - Taste of Home Cooking	\$5,254	\$0	\$0	\$0
ESTIP - Walrus (West 29th Ave Rest)	\$225,994	\$10,000	\$5,200	\$0
TIF - Kipling Ridge	\$0	\$520,000	\$490,000	\$500,000
TIF WR Corners	\$0	\$200,000	\$0	\$0
<b>TOTAL SALES TAXES</b>	<b>\$18,458,718</b>	<b>\$19,024,000</b>	<b>\$19,620,345</b>	<b>\$20,364,200</b>
<b>OTHER TAXES</b>				
Real Property Tax	\$739,669	\$760,000	\$845,000	\$852,198
Liquor Occupational Tax	\$71,770	\$58,000	\$61,950	\$62,000
Auto Ownership Tax	\$61,388	\$60,000	\$68,000	\$68,000
Xcel Franchise Tax	\$1,246,639	\$1,350,000	\$1,150,000	\$1,200,000
Telephone Occupation Tax	\$407,162	\$400,000	\$440,000	\$440,000
Lodgers Tax	\$746,884	\$750,000	\$725,000	\$720,000
Admissions Amusement Tax	\$43,442	\$43,500	\$41,000	\$41,000
<b>TOTAL OTHER TAXES</b>	<b>\$3,316,955</b>	<b>\$3,421,500</b>	<b>\$3,330,950</b>	<b>\$3,383,198</b>
<b>USE TAXES</b>				
Use Tax - Retail/Professional	\$754,656	\$700,000	\$845,000	\$845,000
Use Tax - Building	\$1,048,979	\$1,100,000	\$1,000,000	\$1,000,000
Use Tax - Auto	\$1,645,544	\$1,700,000	\$1,740,000	\$1,700,000
<b>TOTAL USE TAXES</b>	<b>\$3,449,180</b>	<b>\$3,500,000</b>	<b>\$3,585,000</b>	<b>\$3,545,000</b>
<b>LICENSE</b>				
Amusement Machine License	\$5,760	\$6,600	\$5,930	\$5,760
Arborist License	\$1,575	\$1,700	\$1,600	\$1,700
Contractors License	\$126,350	\$125,000	\$130,000	\$120,000
Liquor License Fee	\$16,414	\$18,000	\$16,500	\$16,500
Building Permits	\$631,480	\$800,000	\$607,000	\$607,000
Street Cut Permits	\$149,876	\$160,000	\$225,000	\$200,000
Cable TV Permits	\$374,251	\$365,000	\$375,000	\$365,000
Elevator Inspection Fees	\$28,270	\$28,000	\$28,290	\$0
Pawn Shop License Fees	\$10,000	\$10,000	\$10,000	\$10,000
Business License Fees	\$86,810	\$85,000	\$111,000	\$112,000
<b>TOTAL LICENSE</b>	<b>\$1,430,786</b>	<b>\$1,599,300</b>	<b>\$1,610,320</b>	<b>\$1,437,960</b>



## General Fund Revenues

	2015 Actual	2016 Adjusted	2016 Estimated	2017 Proposed
Cigarette Tax	\$85,055	\$84,000	\$88,000	\$85,000
County Road and Bridge	\$278,230	\$280,000	\$280,000	\$280,000
Arvada Ridge Redevelopment	\$100,000	\$100,000	\$100,000	\$100,000
Highway Users Tax	\$1,047,362	\$1,050,000	\$1,045,000	\$1,050,000
Motor Vehicle Registration	\$119,273	\$119,000	\$122,000	\$122,000
Wheat Ridge Fire Radio	\$24,218	\$31,500	\$17,725	\$0
E911 Reimbursements	\$50,188	\$59,500	\$42,746	\$40,000
EPA Brownfields Grant	\$96,833	\$79,000	\$53,700	\$26,265
Police - CATPA Auto Theft Grant	\$75,273	\$84,500	\$85,000	\$85,000
Police - Seat Belt Safety Grant	\$2,500	\$2,500	\$2,500	\$2,500
Police - Drug Overtime Grant	\$18,538	\$20,000	\$20,000	\$20,000
Police - COPS Grant	\$0	\$0	\$0	\$0
Police - Bryne Grant	\$12,215	\$11,454	\$11,454	\$11,288
Police - Child Safety Grant	\$4,852	\$5,000	\$600	\$3,000
Police - Ballistic Vest Grant	\$8,646	\$7,500	\$10,000	\$10,000
Police - LEAF Grant	\$12,939	\$17,500	\$15,000	\$18,000
Police-HVIDE	\$14,843	\$11,500	\$10,000	\$21,000
Police - POST Grant	\$0	\$7,500	\$10,206	\$7,000
<b>TOTAL INTERGOVERNMENTAL</b>	<b>\$1,950,966</b>	<b>\$1,970,454</b>	<b>\$1,913,931</b>	<b>\$1,881,053</b>
<b>SERVICES</b>				
Zoning Applications	\$46,255	\$42,400	\$71,682	\$100,000
Planning Reimbursement Fees	\$2,425	\$3,000	\$3,790	\$3,000
Engineering Fees	\$12,780	\$14,000	\$40,000	\$17,000
Misc. Zoning Fees	\$933	\$1,000	\$1,933	\$2,000
Plan Review Fees	\$249,052	\$225,000	\$205,000	\$205,000
Pavilion/Park Rental Revenue	\$26,888	\$25,500	\$26,000	\$26,000
Athletics Revenue	\$104,965	\$119,430	\$93,307	\$100,775
Active Adult Center Revenue	\$185,244	\$202,600	\$180,000	\$197,550
Parks Historic Facilities	\$24,637	\$21,500	\$19,750	\$20,000
Gen. Prog. Revenue	\$158,702	\$166,510	\$160,000	\$163,500
Anderson Building Revenue	\$9,324	\$11,000	\$12,000	\$10,000
Outdoor Swimming Fees	\$146,771	\$146,100	\$155,000	\$149,600
Retail Marijuana Fees	\$138,862	\$130,000	\$160,000	\$182,500
Police Report Fees	\$14,162	\$15,000	\$15,000	\$15,000
Pawn Shop Ticket Fees	\$24,685	\$20,000	\$24,000	\$24,000
Sex Offender Registration	\$7,704	\$7,000	\$7,400	\$7,400
Police Drug Destruction Fees	\$180	\$200	\$200	\$200
Police Fees	\$4,706	\$5,000	\$4,500	\$4,500
Police Duty Reimbursement	\$18,969	\$20,000	\$45,000	\$81,560
<b>TOTAL SERVICES</b>	<b>\$1,177,244</b>	<b>\$1,175,240</b>	<b>\$1,224,562</b>	<b>\$1,309,685</b>
<b>FINES &amp; FORFEITURES</b>				
Municipal Court Fines	\$102,622	\$110,000	\$107,000	\$110,000
Nuisance Violations Fees	\$59,116	\$50,000	\$40,000	\$45,000
Handicap Parking Fees	\$900	\$750	\$900	\$750
Traffic	\$347,000	\$425,000	\$530,000	\$550,000
General	\$42,291	\$60,000	\$46,000	\$50,000
Other	\$9,380	\$18,000	\$10,000	\$10,000
Parking	\$4,254	\$7,000	\$4,000	\$4,000
No Proof of Insurance	\$15,633	\$15,000	\$15,000	\$16,500
<b>TOTAL FINE &amp; FORFEITURES</b>	<b>\$581,196</b>	<b>\$685,750</b>	<b>\$762,900</b>	<b>\$786,250</b>

## General Fund Revenues

	2015 Actual	2016 Adjusted	2016 Estimated	2017 Proposed
<b>INTEREST</b>				
Interest Earnings	\$50,656	\$50,000	\$50,000	\$50,000
<b>TOTAL INTEREST</b>	<b>\$50,656</b>	<b>\$50,000</b>	<b>\$50,000</b>	<b>\$50,000</b>
<b>OTHER</b>				
Cable Peg Fees	\$38,276	\$38,000	\$38,000	\$38,000
Passport Processing Fee	\$0	\$0	\$0	\$0
Zoppe Family Circus	\$0	\$0	\$0	\$0
Xcel Solar Garden Credits	\$50,508	\$50,000	\$60,000	\$60,000
Other Financing Sources	\$800,000	\$0	\$0	\$0
Miscellaneous Income	\$499,936	\$485,000	\$350,000	\$417,155
<b>TOTAL OTHER</b>	<b>\$1,388,720</b>	<b>\$573,000</b>	<b>\$448,000</b>	<b>\$515,155</b>
<b>Total General Fund</b>	<b>\$31,804,420</b>	<b>\$31,999,244</b>	<b>\$32,436,008</b>	<b>\$33,272,401</b>
<b>Transfers In</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Fund Balance Carryover</b>	<b>\$9,356,304</b>	<b>\$8,271,981</b>	<b>\$8,951,966</b>	<b>\$8,068,070</b>
<b>Total Funds Available</b>	<b>\$41,160,724</b>	<b>\$40,271,225</b>	<b>\$41,387,974</b>	<b>\$41,340,471</b>



## General Fund Expenditures

	2015 Actual	2016 Adjusted	2016 Estimated	2017 Proposed
<b>Legislative</b>				
Legislative Services	\$419,630	\$443,472	\$440,151	\$437,419
<b>Total</b>	<b>\$419,630</b>	<b>\$443,472</b>	<b>\$440,151</b>	<b>\$437,419</b>
<b>City Manager's Office</b>				
City Manager	\$263,070	\$319,556	\$298,339	\$373,934
Economic Development	\$1,343,539	\$1,760,378	\$1,558,993	\$1,621,912
<b>Total</b>	<b>\$1,606,609</b>	<b>\$2,079,934</b>	<b>\$1,857,332</b>	<b>\$1,995,846</b>
<b>City Attorney</b>				
City Attorney	\$278,903	\$298,000	\$298,000	\$300,000
<b>Total</b>	<b>\$278,903</b>	<b>\$298,000</b>	<b>\$298,000</b>	<b>\$300,000</b>
<b>City Clerk's Office</b>				
City Clerk	\$111,808	\$156,199	\$153,160	\$153,727
<b>Total</b>	<b>\$111,808</b>	<b>\$156,199</b>	<b>\$153,160</b>	<b>\$153,727</b>
<b>City Treasurer</b>				
City Treasurer	\$42,010	\$43,278	\$43,178	\$43,878
<b>Total</b>	<b>\$42,010</b>	<b>\$43,278</b>	<b>\$43,178</b>	<b>\$43,878</b>
<b>Central Charges</b>				
Central Charges	\$3,565,236	\$3,100,701	\$2,728,906	\$3,097,748
<b>Total</b>	<b>\$3,565,236</b>	<b>\$3,100,701</b>	<b>\$2,728,906</b>	<b>\$3,097,748</b>
<b>Municipal Court</b>				
Municipal Court	\$814,918	\$877,333	\$860,512	\$930,745
<b>Total</b>	<b>\$814,918</b>	<b>\$877,333</b>	<b>\$860,512</b>	<b>\$930,745</b>
<b>Administrative Services</b>				
Administration	\$379,634	\$382,194	\$377,596	\$395,572
Public Information	\$153,499	\$308,224	\$290,164	\$300,406
Finance	\$242,219	\$302,449	\$291,114	\$265,836
Human Resources	\$470,109	\$578,212	\$578,072	\$547,774
Sales Tax	\$235,912	\$317,417	\$304,524	\$288,742
Purchasing and Contracting	\$114,615	\$123,176	\$122,692	\$126,342
Information Technology	\$1,673,601	\$1,634,167	\$1,601,900	\$1,905,610
<b>Total</b>	<b>\$3,269,589</b>	<b>\$3,645,839</b>	<b>\$3,566,062</b>	<b>\$3,830,282</b>
<b>Community Development</b>				
Administration	\$207,369	\$216,267	\$211,467	\$213,043
Planning	\$191,190	\$246,895	\$244,687	\$231,533
Building	\$499,692	\$543,163	\$533,911	\$508,458
Long Range Planning	\$217,781	\$225,736	\$199,021	\$215,849
<b>Total</b>	<b>\$1,116,032</b>	<b>\$1,232,061</b>	<b>\$1,189,086</b>	<b>\$1,168,883</b>
<b>Police</b>				
Administration	\$794,292	\$864,206	\$869,288	\$898,774
Grants	\$155,624	\$130,783	\$131,572	\$159,153

## General Fund Expenditures

	2015 Actual	2016 Adjusted	2016 Estimated	2017 Proposed
Community Services Team	\$491,581	\$407,860	\$400,018	\$297,148
Communications Center	\$731,898	\$928,371	\$926,331	\$847,528
Crime Prevention Team	\$330,358	\$237,994	\$237,985	\$239,036
Records Team	\$331,105	\$358,915	\$359,978	\$365,609
Training and Accreditation	\$228,740	\$301,479	\$293,943	\$301,229
Patrol	\$4,178,537	\$4,066,364	\$4,058,661	\$4,276,002
Investigations Bureau	\$2,038,453	\$2,221,352	\$2,221,351	\$2,159,610
Crime & Traffic Team	\$384,508	\$441,285	\$441,285	\$456,527
<b>Total</b>	<b>\$9,665,095</b>	<b>\$9,958,609</b>	<b>\$9,940,412</b>	<b>\$10,000,616</b>
<b>Public Works</b>				
Administration	\$146,163	\$146,869	\$146,019	\$151,977
Engineering	\$1,047,192	\$1,092,226	\$1,091,080	\$1,084,038
Operations	\$3,029,087	\$3,573,839	\$3,468,839	\$3,361,982
<b>Total</b>	<b>\$4,222,442</b>	<b>\$4,812,934</b>	<b>\$4,705,938</b>	<b>\$4,597,997</b>
<b>Parks and Recreation</b>				
Administration	\$191,982	\$253,020	\$246,725	\$245,450
Recreation	\$183,385	\$209,864	\$206,628	\$222,470
Parks Maintenance	\$1,278,224	\$1,481,461	\$1,354,682	\$1,564,866
Forestry	\$419,301	\$440,911	\$436,732	\$436,565
Natural Resources	\$251,645	\$329,164	\$302,331	\$324,601
Anderson Building	\$25,177	\$42,900	\$33,397	\$26,373
Athletics	\$182,679	\$192,379	\$181,287	\$189,668
General Programs	\$257,330	\$290,617	\$262,602	\$274,754
Outdoor Pool	\$175,348	\$390,328	\$385,707	\$267,390
Active Adult Center	\$469,358	\$551,709	\$537,885	\$570,544
Historic Buildings	\$52,392	\$92,796	\$87,925	\$85,740
Facility Maintenance	\$359,728	\$462,539	\$435,481	\$406,839
<b>Total</b>	<b>\$3,846,550</b>	<b>\$4,737,688</b>	<b>\$4,471,382</b>	<b>\$4,615,260</b>
<b>Total General Fund</b>	<b>\$28,958,821</b>	<b>\$31,386,048</b>	<b>\$30,254,119</b>	<b>\$31,172,401</b>
<b>Transfers</b>	<b>\$3,249,970</b>	<b>\$3,065,785</b>	<b>\$3,065,785</b>	<b>\$2,100,000</b>
<b>Total With Transfers</b>	<b>\$32,208,791</b>	<b>\$34,451,833</b>	<b>\$33,319,904</b>	<b>\$33,272,401</b>



REVENUES		2015	2016	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
		ACTUAL	ADJUSTED	ESTIMATED	PROPOSED	PROPOSED	PROPOSED	PROPOSED	PROPOSED	PROPOSED	PROPOSED	PROPOSED	PROPOSED
30-580-00-589	Beginning Fund Balance	\$1,684,881	\$643,332	\$781,976	\$1,033,971	\$22,796	\$52,796	\$432,796	\$37,796	\$152,796	\$117,796	\$232,796	\$97,796
30-500-00-508	Lodger's Tax	\$305,509	\$275,000	\$294,500	\$290,000	\$290,000	\$290,000	\$290,000	\$290,000	\$290,000	\$290,000	\$290,000	\$290,000
30-520-11-539	Grant - RTD Gold Line Station	\$226,928	\$380,228	\$499,600	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30-520-03-539	Grant-CDOT-Wadsworth	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30-520-09-539	Grant - Wadsworth PEL	\$353,496	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30-520-12-539	Grant - Wadsworth Widening (FED)	\$0	\$1,200,000	\$720,000	\$1,760,000	\$6,360,000	\$11,840,000	\$4,600,000	\$0	\$0	\$0	\$0	\$0
30-520-13-539	Grant - Wadsworth Widening (CDOT & Other)	\$0	\$0	\$0	\$0	\$0	\$2,350,000	\$7,980,000	\$0	\$0	\$0	\$0	\$0
30-520-10-539	CDOT Grant-Bus Benches	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30-520-08-539	Grant - Kipling Trail	\$1,206,293	\$599,000	\$985,257	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30-550-00-551	Public Improvement Fee	\$0	\$0	\$5,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30-580-00-581	Interest	\$15,701	\$10,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
30-580-00-588	Misc. Revenue	\$0	\$0	\$65,081	\$46,825	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30-590-00-591	Transfer from General Fund	\$3,249,970	\$2,965,785	\$2,965,785	\$2,000,000	\$2,200,000	\$2,500,000	\$3,500,000	\$3,000,000	\$3,000,000	\$3,000,000	\$3,100,000	\$3,100,000
TOTAL REVENUE		\$6,357,896	\$5,430,013	\$5,555,223	\$4,116,825	\$8,870,000	\$17,000,000	\$16,390,000	\$3,310,000	\$3,310,000	\$3,310,000	\$3,410,000	\$3,410,000
TOTAL AVAILABLE FUNDS		\$7,042,778	\$6,073,345	\$6,337,199	\$5,150,796	\$8,892,796	\$17,052,796	\$16,822,796	\$3,347,796	\$3,462,796	\$3,427,796	\$3,642,796	\$3,507,796
EXPENDITURES		2015	2016	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
		ACTUAL	ADJUSTED	ESTIMATED	PROPOSED	PROPOSED	PROPOSED	PROPOSED	PROPOSED	PROPOSED	PROPOSED	PROPOSED	PROPOSED
DPW DRAINAGE													
30-302-800-831	Maple Grove Reservoir	\$10,000	\$10,000	\$0	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30-302-800-833	Misc. Drainage Improvements Projects	\$39,418	\$352,391	\$199,570	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
30-302-800-834	Arvada Channel Improvements	\$350,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30-302-800-835	29th Ave Drainage Improvements	\$8,200	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30-302-800-836	Sloans Lake MDP & FHAD Update	\$0	\$17,000	\$17,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30-302-800-837	Clear Creek Master Plan Update	\$0	\$50,000	\$0	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30-302-800-838	Clear Creek CLOMR and FHAD	\$0	\$50,000	\$13,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL DRAINAGE		\$407,618	\$479,391	\$229,570	\$260,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
DPW STREETS													
30-303-800-840	Minor Street Improvement Projects	\$0	\$350,000	\$0	\$435,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30-303-800-841	Clear Creek Crossing	\$66,507	\$32,522	\$72,000	\$140,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30-303-800-842	Kipling pedestrian improvements	\$2,411,317	\$1,333,382	\$425,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30-303-800-851	Public Improvement Projects, Dev. Related	\$0	\$100,000	\$17,000	\$233,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
30-303-800-852	Bike/Pedestrian Improvements	\$117,789	\$22,804	\$5,831	\$0	\$0	\$150,000	\$150,000	\$0	\$150,000	\$0	\$150,000	\$0
30-303-800-853	Bike/Pedestrian Master Plan	\$0	\$60,000	\$30,000	\$30,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30-303-800-854	Wadsworth PEL	\$262,823	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30-303-800-860	Gold Line station	\$178,775	\$1,507,073	\$970,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30-303-800-861	ADA Improvements	\$4,007	\$95,993	\$43,247	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
30-303-800-864	Street Lights, Installation of Approved Lights	\$1,500	\$0	\$0	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
30-303-800-865	Wadsworth EA Design and Construction	\$0	\$1,500,000	\$900,000	\$1,760,000	\$6,360,000	\$13,290,000	\$13,440,000	\$0	\$0	\$0	\$0	\$0
30-303-800-884	Preventative Maintenance Projects	\$2,796,799	\$2,668,213	\$2,487,580	\$2,000,000	\$2,000,000	\$2,700,000	\$2,800,000	\$2,800,000	\$2,800,000	\$2,800,000	\$3,000,000	\$3,000,000
30-303-800-892	Neighborhood Revitalization	\$4,997	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL STREETS		\$5,844,516	\$7,669,987	\$4,950,658	\$4,658,000	\$8,520,000	\$16,300,000	\$16,550,000	\$2,960,000	\$3,110,000	\$2,960,000	\$3,310,000	\$3,160,000
DPW TRAFFIC													
30-304-800-843	Traffic Signal Improvement Project	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30-304-800-844	Neighborhood Traffic Management Projects	\$5,471	\$49,582	\$14,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000
TOTAL TRAFFIC		\$5,471	\$49,582	\$14,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000	\$35,000
DPW FACILITIES													
30-305-800-811	New Shop Funding	\$0	\$0	\$0	\$25,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL DPW FACILITIES		\$0	\$0	\$0	\$25,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PARKS & RECREATION CAPITAL PROJECTS													
30-603-800-864	Municipal Parking Lots	\$0	\$0	\$0	\$25,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Anderson Park	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL PARKS & RECREATION		\$0	\$0	\$0	\$25,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ECONOMIC DEVELOPMENT													
30-610-700-725	Conditions Surveys - URA	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30-610-700-724	Gateway Signage Program	\$0	\$62,627	\$46,000	\$50,000	\$50,000	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL ECONOMIC DEVELOPMENT		\$0	\$62,627	\$46,000	\$50,000	\$0	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0
MUNICIPAL CAPITAL PROJECTS													
30-610-800-801	Land Acquisition	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30-610-800-811	City Hall Improvements/Maintenance	\$3,197	\$63,000	\$63,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30-610-800-814	Emergency Warning System	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30-610-800-872	Aerial Photography/GIS Updates	\$0	\$0	\$0	\$25,000	\$35,000	\$35,000	\$0	\$0	\$0	\$0	\$0	\$0
30-610-800-873	PD Evidence	\$0	\$0	\$0	\$50,000	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL MUNICIPAL		\$3,197	\$63,000	\$63,000	\$75,000	\$85,000	\$35,000	\$0	\$0	\$0	\$0	\$0	\$0
UTILITY UNDERGROUNDING EXPENDITURES													
30-306-800-802	Easements and ROW	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL UNDERGROUNDING		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Transfers													
30-902-890-891	General Fund	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL TRANSFERS		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL EXPENDITURES		\$6,260,802	\$8,324,587	\$5,303,228	\$5,128,000	\$8,840,000	\$16,620,000	\$16,785,000	\$3,195,000	\$3,345,000	\$3,195,000	\$3,545,000	\$3,395,000
ENDING FUND BALANCE		\$781,976	-\$2,251,242	\$1,033,971	\$22,796	\$52,796	\$432,796	\$37,796	\$152,796	\$117,796	\$232,796	\$97,796	\$112,796



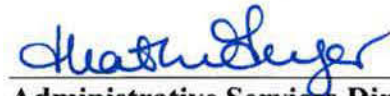
**REQUEST FOR CITY COUNCIL ACTION**

**TITLE: RESOLUTION NO. 48-2016 – A RESOLUTION LEVYING GENERAL PROPERTY TAXES FOR THE YEAR 2016, TO HELP DEFRAY THE COSTS OF GOVERNMENT FOR THE CITY OF WHEAT RIDGE, COLORADO FOR THE 2017 BUDGET YEAR**

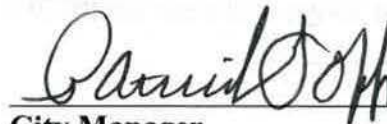
☐ PUBLIC HEARING  
☐ BIDS/MOTIONS  
☒ RESOLUTIONS

☐ ORDINANCES FOR 1<sup>ST</sup> READING  
☐ ORDINANCES FOR 2<sup>ND</sup> READING

QUASI-JUDICIAL:

☐ YES☒ NO

Administrative Services Director



City Manager

**ISSUE:**

Levying property taxes for the 2016 fiscal year.

**PRIOR ACTION:**

None

**FINANCIAL IMPACT:**

The City's mill levy will be set at 1.830, raising \$853,230 in property tax revenue.

**BACKGROUND:**

Section 39-5-128 of the Colorado Revised Statutes (C.R.S.) requires the Jefferson County Assessor to certify to the City the total valuation for assessment of all taxable property located within the territorial limits of the City of Wheat Ridge. The total net assessed valuation for the City for the year of 2016 is \$466,246,361 which is a decrease of \$691,817 compared to the year of 2015. The City is also required by this same section of the C.R.S. to officially certify the property tax mill levy to the Jefferson County Board of County Commissioners by December 15, 2016. The City's property tax mill levy will remain at 1.830 mills for the 2016 budget, potentially raising \$853,230 in property tax revenue, a decrease of \$1,267 compared to 2015.

Section 20 of Article X of the Constitution of Colorado, the Taxpayers Bill of Rights (TABOR), restricts increases in property tax revenue to inflation plus local growth (defined as the percentage change in actual value of real property from construction of taxable real property improvements). Wheat Ridge voters exempted the City from this TABOR revenue limitation at the November 2006 election. However, TABOR still restricts the City from raising the property tax mill levy without voter approval unless the mill levy was temporarily reduced in a previous year.

**RECOMMENDATIONS:**

Set the mill levy at 1.830.

**RECOMMENDED MOTION:**

"I move to approve Resolution No. 48-2016, a resolution levying a mill levy of 1.830 on general property taxes for the year 2016, to help defray the costs of government for the City of Wheat Ridge, Colorado for the 2017 budget year."

Or,

"I move to postpone indefinitely Resolution No. 48-2016, a resolution levying a mill levy of 1.830 on general property taxes for the year 2016, to help defray the costs of government for the City of Wheat Ridge, Colorado for the 2017 budget year for the following reason(s)\_\_\_\_\_."

**REPORT PREPARED/REVIEWED BY:**

Heather Geyer, Administrative Services Director  
Patrick Goff, City Manager

**ATTACHMENTS:**

1. Resolution No. 48-2016
2. 2016 Certification of Value from Jefferson County

**CITY OF WHEAT RIDGE, COLORADO**  
**RESOLUTION NO. 48**  
Series of 2016

**TITLE: A RESOLUTION LEVYING GENERAL PROPERTY TAXES FOR THE YEAR OF 2016, TO HELP DEFRAY THE COSTS OF GOVERNMENT FOR THE CITY OF WHEAT RIDGE, COLORADO FOR THE 2017 BUDGET YEAR**

**WHEREAS**, the City Council of the City of Wheat Ridge adopted the 2017 annual budget on November 28, 2016 in accordance with the Local Government Budget Law, and;

**WHEREAS**, the amount of money necessary to balance the budget for general operating purposes from real property tax revenue is \$853,230, and;

**WHEREAS**, the Local Government Budget Law requires certification of the annual property tax mill levy by December 15, 2016, and;

**WHEREAS**, the total net assessed valuation of all taxable property subject to taxation for the year of 2016 is \$466,246,361 and;

**WHEREAS**, the City for the fiscal year 2016 has determined to levy 1.830 mills on all taxable property within the City;

**NOW, THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WHEAT RIDGE:**

- A. That for the purpose of meeting all general operating expenses of the City of Wheat Ridge during the 2017 budget year, there is hereby levied a tax of 1.830 mills placed upon each dollar of the total valuation of all taxable property within the City of Wheat Ridge for the year 2016.
- B. That the Mayor of the City of Wheat Ridge is hereby authorized and directed to immediately certify to the County Commissioners of Jefferson County, Colorado the mill levy for the City of Wheat Ridge as herein above determined and set.

**DONE AND RESOLVED THIS** \_\_\_\_\_ **day of** \_\_\_\_\_, 2016.

\_\_\_\_\_  
Joyce Jay, Mayor

ATTEST:

\_\_\_\_\_  
Janelle Shaver, City Clerk

**CERTIFICATION OF TAX LEVIES for NON-SCHOOL Governments****TO:** County Commissioners<sup>1</sup> of Jefferson County, Colorado.On behalf of the City of Wheat Ridge,  
(taxing entity)<sup>A</sup>the City Council  
(governing body)<sup>B</sup>of the City of Wheat Ridge  
(local government)<sup>C</sup>**Hereby** officially certifies the following mills  
to be levied against the taxing entity's GROSS \$ 469,683,945  
assessed valuation of: (GROSS<sup>D</sup> assessed valuation, Line 2 of the Certification of Valuation Form DLG 57<sup>E</sup>)**Note:** If the assessor certified a NET assessed valuation  
(AV) different than the GROSS AV due to a Tax  
Increment Financing (TIF) Area<sup>F</sup> the tax levies must be \$ 466,246,361  
calculated using the NET AV. The taxing entity's total (NET<sup>G</sup> assessed valuation, Line 4 of the Certification of Valuation Form DLG 57)  
property tax revenue will be derived from the mill levy  
multiplied against the NET assessed valuation of:**Submitted:** 11/30/2016 for budget/fiscal year 2017.  
(not later than Dec. 15) (mm/dd/yyyy) (yyyy)

<b>PURPOSE</b> (see end notes for definitions and examples)	<b>LEVY<sup>2</sup></b>	<b>REVENUE<sup>2</sup></b>
1. General Operating Expenses <sup>H</sup>	<u>1.830</u> mills	\$ <u>853,230</u>
2. <Minus> Temporary General Property Tax Credit/ Temporary Mill Levy Rate Reduction <sup>I</sup>	< > mills	\$ < >
<b>SUBTOTAL FOR GENERAL OPERATING:</b>	<u>1.830</u> mills	\$ <u>853,230</u>
3. General Obligation Bonds and Interest <sup>J</sup>	_____ mills	\$ _____
4. Contractual Obligations <sup>K</sup>	_____ mills	\$ _____
5. Capital Expenditures <sup>L</sup>	_____ mills	\$ _____
6. Refunds/Abatements <sup>M</sup>	_____ mills	\$ _____
7. Other <sup>N</sup> (specify): _____	_____ mills	\$ _____
	_____ mills	\$ _____
<b>TOTAL:</b> [ Sum of General Operating Subtotal and Lines 3 to 7 ]	<u>1.830</u> mills	\$ <u>853,230</u>

Contact person: \_\_\_\_\_ Daytime  
(print) Patrick Goff phone: (303) 235-2805Signed: \_\_\_\_\_ Title: City ManagerInclude one copy of this tax entity's completed form when filing the local government's budget by January 31st, per 29-1-113 C.R.S., with the  
Division of Local Government (DLG), Room 521, 1313 Sherman Street, Denver, CO 80203. Questions? Call DLG at (303) 866-2156.<sup>1</sup> If the taxing entity's boundaries include more than one county, you must certify the levies to each county. Use a separate form  
for each county and certify the same levies uniformly to each county per Article X, Section 3 of the Colorado Constitution.<sup>2</sup> Levies must be rounded to three decimal places and revenue must be calculated from the total NET assessed valuation (Line 4 of  
Form DLG57 on the County Assessor's final certification of valuation).

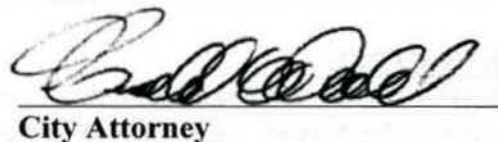


**REQUEST FOR CITY COUNCIL ACTION****TITLE: RESOLUTION NO. 50-2016 – A RESOLUTION APPROVING AN AMENDED AND RESTATED DEVELOPMENT AGREEMENT FOR THE FRUITDALE SCHOOL PROPERTY**

- ☐ PUBLIC HEARING  
☐ BIDS/MOTIONS  
☒ RESOLUTIONS

- ☐ ORDINANCES FOR 1<sup>ST</sup> READING  
☐ ORDINANCES FOR 2<sup>ND</sup> READING

QUASI-JUDICIAL:

☐ YES☒ NO  
City Manager  
City Attorney**ISSUE:**

The Wheat Ridge Housing Authority (WRHA) has owned the historic Fruitdale School since April 2011. The Authority gave thorough consideration of various options to redevelop or reuse the property on their own, in their capacity as a housing authority. Ultimately, they determined no independent WRHA project would be financially feasible or prudent. Since early 2014, the Authority has been actively seeking a private developer partner.

In February 2015, the Authority entered an exclusive negotiation period with Hartman Ely Investments, an established local development firm with extensive experience in redeveloping and repurposing historic properties. On February 22, 2016, after a year-long negotiation on project scope and public/private finance options, City Council approved a resolution committing up to \$2,115,000 in a City short term loan and \$470,000 in a one-time grant to the project. It was anticipated in that original agreement that a final pro forma would need to be reviewed and approved prior to closing on the sale of the property.

The intent of the final pro forma was to reflect final details on project costs, financing, cash flow, etc. As City staff and the developer have reviewed these final details, it became apparent that it would be appropriate to consider an Amended and Restated Development Agreement to adequately reflect the proposed terms of the final pro forma as the various components of the project's financing have been firmed up. Those details are summarized below. This CAF also



provides a brief summary of the milestones that have been achieved since the City first entered into the Development Agreement with Fruitdale School Partners (HEI) and the WRHA in February of this year.

**PRIOR ACTION:**

As noted, the original Development Agreement was approved by City Council on February 22, 2016. Since that time, City Council has been provided updates in August, October and most recently at a November 7 study session. The November 7 study session was simply an update for City Council and no specific direction was requested. Most Council discussion centered around the potential for the City to be required to go below Council policy on minimum cash reserves to meet their obligations in the Amended Agreement. Staff has worked to eliminate the potential to go below required reserves in the Amended Agreement.

**FINANCIAL IMPACT:**

As noted above, the City would be committing \$2,115,000 in a loan (maximum term of 20 years) and \$470,000 in a long term (35-year) loan. It is important to note that the project pro forma also includes significant funds from the WRHA (\$570,000 plus \$300,000 in past expenditures), Jefferson County (HUD HOME funding of \$680,000) and various other sources. The City's contribution would be funded from the City's general fund.

**BACKGROUND:**

The WRHA has owned Fruitdale School since early 2011; however, their potential involvement in acquiring the School dates back to when it was first decommissioned by Jefferson County Schools, in 2007. A timeline on the history of the property is attached for reference.

In our November 7 update, a summary was provided of recent milestones that have occurred since Council's February approval of the original Development Agreement. That summary follows:

**Project Milestones**

After the February City Council approval, the following critical path items were completed:

- In March, the Jefferson County District Court issued an order quieting the title and removing the 1883 deed restriction and reverter clause
- A zone change for the property was approved in May
- Jefferson County Community Development provided a letter of support in May for additional HOME funds, committing \$680,000 in total
- In June, a land exchange with the school district was finalized and the approved subdivision plat was recorded
- The National Park Service and History Colorado (state historic preservation office) approved the redevelopment proposal in June. This makes the project eligible for approximately \$925,000 in federal historic preservation tax credits and \$1,000,000 in state tax credits.
- HEI selected The Abo Group, a Lakewood-based architectural firm, to begin final drawings
- General Contractor and subcontractors have been selected and final guaranteed maximum pricing bids are in place

- A commitment has been received from Commerce Bank to purchase all of the \$1,000,000 in state tax credits at a 90% discount rate (better than the 85% assumed in the February 22 pro forma)
- A commitment has been received from Pinnacle Real Estate Management to sell 55% of the federal tax credits at a discount rate of 80% (slightly less than the 85% assumed in the February 22 pro forma). Since the November 7 study session, an additional 22.8% of the remaining 45% of federal tax credits have been verbally committed to and a Letter of Intent is pending.
- The City Treasurer has set aside approximately \$1,900,000 of the funds needed from the City to meet our previously agreed upon financial commitments to the project
- Xcel Energy has granted an extension to the deadline for having the solar power system completed, preserving that funding source
- Site plan and building permit applications have been submitted with full construction documents and those are nearing approval

Significant changes in project scope and associated pro forma that have occurred since February are summarized below:

1. Hazardous Materials Abatement. One construction cost change in the pro forma pertains to the hazardous materials abatement. Additional asbestos has been identified and the manner in which it is required to be abated is costlier than previously understood. Nearly \$200,000 in additional costs will be incurred. As Council may recall, the previously approved Development Agreement anticipated a potential additional \$190,000 in City short term loan financing specifically because hard costs were still very preliminary. The current draft pro forma would capture that additional amount and increase the total amount of the City's short term loan to \$2,115,000.
2. Tax implications. As we have gotten closer to executing this public private development deal, HEI has brought on their attorneys and tax consultants to review the details of the terms. It has been determined that there are additional tax implications associated with several of the project funding sources:
  - \$900,000 in state historic tax credits are federally taxable
  - \$680,000 HOME grant is taxable
  - \$470,000 City grant is taxable
  - \$170,000 WRHA grant is taxable

Simply absorbing all of these tax events into the pro forma would make the project economically unfeasible. The federal taxes on the state tax credits (approximately \$300,000) will need to be absorbed into the pro forma. As a partial solution to reducing the tax impact to the pro forma for the three grants, HEI has proposed to modify those into long terms loans. A term of up to 40 was initially proposed and that negotiated down somewhat to 35 years through the terms of the Amended and Restated Development Agreement and accompanying final version of the pro forma. On the positive side, this does mean that the City and WRHA may recover these funds in the future, albeit quite some time out in the future.

3. Repayment of City short-term loan. Another change is the fact that the sale of approximately 22% of the federal tax credits remain uncommitted (45% remained unsold at the time of the November 7 study session). Under the terms of the approved Agreement, these tax credits were to have been sold prior to project completion and then used to pay back the approximate \$2,115,000 City short-term loan in years 2 and 3 of the project. The combined impact of the taxes on the state tax credits and the, as of yet, lack of a sale of a portion of the federal tax credits impacts the project's ability to pay back all of the City loan in the early years of the project. Effectively, the City becomes a long term equity partner in the project. As a result of that change, City staff have negotiated the payment of 5% interest on both of the City loans, as reflected in the current version of the pro forma.

#### **Amended and Restated Development Agreement**

Since the November 7 study session, staff has worked diligently with HEI, the City Attorney and the City's financial advisor for this project, Economic and Planning Systems (EPS) to negotiate final deal points, as reflected in a final proposed version of an Amended and Restated Development Agreement (attached). A November 22 memo from EPS is also attached with their review and analysis of the deal structure on behalf of the City.

Following is a list of the significant changes that are reflected in the proposed Amended and Restated Development Agreement (Agreement), most of which are located in Article 5: Financing.

- WRHA grant of \$170,000 has been restructured to be a long term (35-year) term loan. At the time of the November 7 study session the maximum term had been proposed at up to 40 years. The long term loan will begin accruing interest in year 20
- WRHA loan of \$400,000 continues to earn interest of 5% annually beginning from the date of project substantial completion
- The City's \$470,000 grant is changed to a long term (35-year) loan, earning 5% interest beginning 20 years from project substantial completion
- The City's "patient capital" of \$2,115,000, which was to be repaid upon receipt of tax credit proceeds in years 2 and 3, becomes a longer term (up to 20 years) loan which accrues 5% interest beginning after initial repayment, which is the initial repayment of tax credits receipts, to occur in 2017 and currently estimated at \$1,283,712. It is important to note that \$831,288 of this 20-year loan is estimated to be unpaid in year 3 and the remaining balance in year 20 is estimated to be \$434,121 plus \$581,725 of interest. The remaining balance will be repaid from refinance or property sale proceeds.
- The schedule for the City's/WRHA's obligations to contribute their funds change in a minor way. However, importantly, it is noted that at no time will City obligations for payment be required to be paid to the extent that such payment would cause the City's required cash reserves to go below 17%, consistent with adopted Council policy.
- A new section has been added (5.04), which clearly states developer's various obligations for repayment to the City/WRHA. Developer payments on the City loan begin in year 3

at \$12,500. As noted earlier, only 22% of the federal tax credits remain unsold, which is an improvement from the 45% that remained unsold at the time of the November 7 study session.

- Another very important provision of Section 5.04 is contained in 5.04.11. The clause requires that in the event the City's loan, plus accrued interest are not paid in full on the 20<sup>th</sup> anniversary of substantial completion, that property ownership will be transferred to the City free of any encumbrance, with the exception of the HOME loan and WRHA/City long term loans.
- Section 5.06 of the Agreement reconfirms that any excess revenues above a 22% cash on cash return will go first to repay any outstanding balance on the City loan. The pro forma estimates that said repayments will first occur in year 3 and will reach nearly \$10,000 annually in year 10.
- Section 5.07 (Long Term Disposition) continues to include a similar "waterfall structure", whereby the net proceeds of a future refinance or sale would flow back to first pay back City and WRHA loans.

**RECOMMENDATION:**

As articulated in HEI's Fruitdale Lofts Redevelopment Summary and staff's previous memos, staff believes there are broad and diverse public benefits to be gained by entering into this public-private redevelopment partnership. However, we acknowledge that doing so requires significant public participation in the form of long term loans and there exists some degree of risk that said loans will not be repaid. Staff has negotiated what it believes is the best protection for the City while still making the project viable. Staff recommends approval of the Resolution, and accordingly, the Amended and Restated Development Agreement.

**RECOMMENDED MOTION:**

"I move to approve Resolution No. 50-2016, a resolution approving an Amended and Restated Development Agreement for the Fruitdale School Property."

Or,

"I move to table indefinitely Resolution No. 50-2016, a resolution approving an Amended and Restated Development Agreement for the Fruitdale School Property."

**REPORT PREPARED/REVIEWED BY:**

Kenneth Johnstone, AICP, Community Development Director  
Patrick Goff, City Manager  
Gerald Dahl, City Attorney

**ATTACHMENTS:**

1. Resolution No. 50-2016  
Exhibit A – Development Agreement
2. Project Milestones Summary
3. EPS Review and Analysis



**CITY OF WHEAT RIDGE, COLORADO**  
**RESOLUTION NO. 50**  
Series of 2016

**TITLE:       A RESOLUTION APPROVING AN AMENDED AND RESTATED  
DEVELOPMENT AGREEMENT FOR THE FRUITDALE SCHOOL  
PROPERTY**

**WHEREAS**, the City of Wheat Ridge is a home rule municipality operating under a charter approved by the electorate under Article XX of the Colorado Constitution; and

**WHEREAS**, the City has facilitated the creation of the Wheat Ridge Housing Authority, a public housing authority organized and operating under CRS 29-4-201 et seq; and

**WHEREAS**, the Housing Authority has acquired title to certain real property and associated buildings known as the Fruitdale School; and

**WHEREAS**, the Fruitdale School was constructed in 1920 and is one of the last remaining school buildings designed by noted Colorado architect Temple Buell; and

**WHEREAS**, the Housing Authority has entered into a Purchase and Sale Agreement with Hartman Ely Investments ("HEI") whereby HEI would acquire the Fruitdale School property and redevelop the same for five affordable and eleven market rate rental apartment units (the "Project"); and

**WHEREAS**, HEI has committed substantial funds in developing initial plans for the Project; and

**WHEREAS**, in order to finance the redevelopment costs for the Project as contemplated by HEI, public funds in the form of varied term loans will be required; and

**WHEREAS**, the City Council has previously adopted a Resolution expressing its support for the Project and has directed City staff to negotiate a Development Agreement memorializing the terms and conditions under which the City would participate in the Project; and

**WHEREAS**, many of the requirements and milestones anticipated in the previously approved agreement have been achieved; and

**WHEREAS**, as of result of those achievements as well as a review of the final details of the project pro forma, it is necessary to consider an Amended and Restated Development Agreement among Fruitdale School Partners, the WRHA and the City; and



**WHEREAS**, the City Council has reviewed the "Amended and Restated Development Agreement for the Fruitdale School Property," attached hereto as Exhibit A,

**WHEREAS**, the City Council finds that redevelopment of the Fruitdale School property as described in the Amended and Restated Development Agreement would be in the best interest of the City.

**NOW, THEREFORE, BE IT RESOLVED by the Wheat Ridge City Council:**

**Section 1.** The City Council hereby approves the attached "Amended and Restated Development Agreement for the Fruitdale School Property.

**Section 3.** This Resolution shall take effect upon adoption by the Council and signature by the Mayor.

**DONE AND RESOLVED** this 28<sup>th</sup> day of November 2016.

\_\_\_\_\_  
Joyce Jay, Mayor

ATTEST:

\_\_\_\_\_  
Janelle Shaver, City Clerk

**EXHIBIT A**

**Development Agreement for the Fruitdale School Property  
[attached]**

**AMENDED AND RE-STATED DEVELOPMENT AGREEMENT  
FOR THE FRUITDALE SCHOOL PROPERTY**

This Amended and Re-stated Development Agreement for the Fruitdale School Property (this "Agreement") is made and entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, 2016 by and among the City of Wheat Ridge, a Colorado home rule municipal corporation whose address is 7500 West 29<sup>th</sup> Avenue, Wheat Ridge, CO 80233 ("City"), the Wheat Ridge Housing Authority ("WRHA"), and Fruitdale School Partners LLC, a Colorado limited liability company ("Developer" or "Development Entity"), together referred to herein as the "Parties" or individually as a "Party."

**WITNESSETH:**

WHEREAS, the City is a home rule municipality operating under a charter approved by its electorate pursuant to Article XX of the Colorado Constitution; and

WHEREAS, WRHA is a public housing authority organized and operating under C.R.S. 29-4-201, et seq; and

WHEREAS, WRHA has acquired title to certain real property and associated buildings located at 10803 West 44<sup>th</sup> Avenue and consisting of approximately 1.44 acres, known as the Fruitdale School Building (the "Property"). The legal description of the Property is attached hereto as **Exhibit A**; and

WHEREAS, WRHA and the Developer have entered into a Purchase and Sale Agreement (the "PSA") dated as of November 2, 2015, as amended, a copy of which is attached hereto as **Exhibit B** and fully incorporated herein by this reference, whereby the Developer would acquire the Property and redevelop the same for five affordable and eleven market rate rental apartment units and associated walkways, parking areas, landscaping and pedestrian amenities (the "Project"); and

WHEREAS, the Purchase and Sale Agreement was filed for record with the Jefferson County Clerk and Recorder on November 6, 2015 at Reception No. 2015119084, with amendments filed on March 10, 2016 at Reception No. 2016022563 and on September 16, 2016 at Reception No. 2016093758, respectively; and

WHEREAS, the City, WRHA and Developer entered into a Development Agreement for the redevelopment of the Fruitdale School on February 22, 2016 (the "Original Development Agreement"). The Original Agreement was filed for record with the Jefferson County Clerk and Recorder on March 16, 2016 at Reception No. 2016024215.

WHEREAS, WRHA, the City and the Developer have expended considerable additional efforts since February 2016 to prepare the Project for construction; and

WHEREAS, based on that additional effort new information has become available necessitating this Amended and Re-stated Development Agreement which shall replace the Original Agreement; and

WHEREAS, in order to finance the redevelopment of the Property and facilitate the successful completion of the Project, the Developer has requested public financial support for the same; and

WHEREAS, WRHA and the City wish to provide such financial support, under the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein the sufficiency of which is acknowledged and confessed, the Parties agree as follows:

## **ARTICLE 1: THE PROJECT**

### **Section 1.01: Site and Improvements**

The site at 10803 West 44<sup>th</sup> Avenue, Wheat Ridge, Colorado 80033 (the "Project") consists of approximately 1.44 acres, as depicted on the Site Plan attached hereto as **Exhibit C** and fully incorporated herein by this reference. The Project includes the historic Fruitdale School, which is to be renovated into approximately sixteen (16) residential rental units, five (5) of which shall be restricted as affordable units ("Affordable Units"), along with walkways, parking areas, landscaping, ground-mounted solar panels, and pedestrian amenities.

### **Section 1.02: Development Program**

The program for development of the Project will include the following key components:

1. Residential Units: Of the total residential units to be constructed, five (5) will be restricted as affordable units, contingent upon an anticipated \$680,000 HOME Investment Partnerships Program ("HOME") funds subsidy. These HOME funds would be received by the Developer from Jefferson County ("Jeffco") in 2016 and 2017, as shown by the pending agreement for the Affordable Units between the Developer and Jeffco (the "HOME Agreement") and by the Project pro forma, attached hereto as **Exhibit D** and fully incorporated herein by this reference. Rents for Affordable Units will not exceed the rents permitted by Jeffco as part of the HOME program, as adjusted annually by HUD for the Denver MSA.
2. Site work: Parking, landscaping, hardscape and solar panels will be provided, generally as shown by the Site Plan, **Exhibit C**.
3. Fruit orchard and edible landscaping: The Developer will, as a part of the Project, install and maintain a fruit orchard and edible landscaping on the Property, as shown on **Exhibit C**.

### **Section 1.03: Project Benefits**

The Developer shall provide and maintain the Project using commercially reasonable efforts to facilitate the following public benefits as an integral part of the Project:

1. Restore and rehabilitate an important National Register historic landmark within the City, to place the Property in service again.
2. Set the potential for catalytic spin-off development in this part of the City, as the first loft-style residential development in Wheat Ridge. This may include a local foods business at the north side of the Property, as part of a future development.
3. Increase the supply of affordable housing in the community.
4. Provide space for exterior public events within the Project, as noted in Section 5.05.3.d. Periodic public access to the Project's interior areas will also be provided, as a community education benefit.
5. Provide shared parking facilities for the adjacent Norma Anderson Preschool, as required by the Exchange Agreement described below at Section 2.02.
6. Provide additional future site improvements to benefit the Preschool (shared access drive, fire hydrant, and fence), as required by the Exchange Agreement described at Section 2.02.
7. Provide mutually-agreeable community education regarding sustainable development practices, including existing building re-use, solar power, energy efficiency, edible landscaping and other appropriate development strategies.
8. Providing mutually agreeable produce, at no cost to the City or WRHA, from the Project's fruit orchard and edible landscaping, as a part of the City's history and national leadership role with local food production.

## **ARTICLE 2: PROPERTY ACQUISITION, EXCHANGE AND PLATTING**

### **Section 2.01: Property Acquisition**

Developer will purchase the Property from WRHA at the conclusion of all necessary entitlements and due diligence investigations, currently scheduled for December 2016, and under the terms and conditions of the PSA. In the event: (1) the Developer or WRHA fail to complete the conveyance of the Property as contemplated by the PSA, or (2) the PSA is terminated by either party thereto, this Agreement shall immediately terminate.

### **Section 2.02: Property Exchange and Platting**

1. As required by the Original Development Agreement, WRHA executed an Exchange Agreement for Real Property ("Exchange Agreement") with Jefferson County School District (the "School District") which was recorded on March 17, 2016 with the Jefferson County Clerk and Recorder at Reception No. 2016024690.
2. As required by the Exchange Agreement, WRHA and the School District exchanged property by bargain and sale deeds that were recorded on June 8, 2016 with the



Jefferson County Clerk and Recorder at Reception Nos. 2016054759 and 2016054760, respectively.

3. By execution of this Agreement, and after purchasing the Property under the terms of the PSA, Developer agrees to assume WRHA's obligations under the Exchange Agreement. Any conflicts between this Agreement and the Exchange Agreement on the subject of the exchange of property shall be resolved in favor of the Exchange Agreement.

### **Section 2.03: Reverter Clause and Title Insurance.**

As required by the Original Development Agreement, WRHA has removed the reverter clause applicable to the Property under the July 9, 1883 Deed. The Jefferson County District Court order for default judgment and quieting the title was recorded on April 15, 2016 with the Jefferson County Clerk and Recorder at Reception No. 2016034972. WRHA will cause the title policy issued to Developer (as Seller under the PSA) to include extended exposure coverage related to the decree in the quiet title action, if required by the title company.

## **ARTICLE 3: PERMITS AND APPROVALS**

### **Section 3.01: Charter and Laws of the City**

The Parties acknowledge that the Property and the Project are located within the corporate boundaries of the City and that the City's Home Rule Charter, Code of Laws and associated regulations fully apply to the same, except as provided herein.

### **Section 3.02: Rezoning**

As required by the Original Development Agreement, WRHA submitted an application to rezone the property to MU-N. The zone change was approved by City Ordinance No. 1596, and the ordinance was recorded on May 16, 2016 with the Jefferson County Clerk and Recorder at Reception No. 2016045877.

### **Section 3.03: Platting**

As required by the Original Development Agreement, WRHA submitted an application to plat the property. The subdivision plat was approved by motion by the Planning Commission on April 7, 2016, and the Fruitdale School Subdivision Final Plat was recorded on June 9, 2016 with the Jefferson County Clerk and Recorder at Reception No. 2016055448.

### **Section 3.04: Application for Building Permits**

As required by the Original Development Agreement, the Developer submitted to the City a site plan application on September 19, 2016 and a building permit application on October 25, 2016.

### **Section 3.05: Issuance of Building Permits**

Upon proper application by the Developer in the form required by the City, and to the extent the application is in compliance with the City's building regulations, the City will issue a full building permit in a timely way.

#### **Section 3.06: Operations and Maintenance Reserve Fund**

Prior to and as a condition of issuance of a Certificate of Occupancy for any portion of the Project, the Developer shall establish a reserve fund as determined by Developer for costs related to long term maintenance and substantial capital improvements for all of the Developer's responsibilities described in Article 4.

#### **Section 3.07: Waiver of Certain Fees**

For a period of ten (10) years from the date of this Agreement, the City shall waive building and right-of-way permit fees, inspection fees, sales and use taxes, and parkland land dedication fees in lieu with respect to the Project, for the Project's initial redevelopment as well as any future improvements and/or renovations where City permits and inspections would be required.

### **ARTICLE 4: DEVELOPMENT AND MAINTENANCE OF THE PROJECT**

#### **Section 4.01: Construction of the Project**

The Developer will complete the building renovation and construct the residential units and all associated landscaping, parking areas, pedestrian walkways and areas, fruit orchard, and all other improvements as shown on the Site Plan in a timely way, currently scheduled for late summer 2017.

#### **Section 4.02: Solar Power System**

The Developer will complete the solar power system as required by the utility company, Xcel Energy, currently required to be completed by April 5, 2017. Completion of the solar power system may be extended by no more than six (6) months (to October 5, 2017) if such extension is approved by Xcel Energy.

#### **Section 4.03: Property Remediation**

Developer will be responsible for all environmental remediation on the Property after purchase of the Property and will remediate hazardous materials that may be discovered during development of the Project, as acceptable to the authorities having jurisdiction (currently Colorado Department of Public Health and Environment). The City and WRHA understand that Developer plans to leave some existing hazardous materials in place, as allowed by authorities having jurisdiction.

#### **Section 4.04: Operation and Maintenance of the Project**

The Developer shall be and remain responsible for all operation and maintenance of the entirety of the Project, including all property maintenance functions typically associated with a rental

residential property, as well as all associated landscaping and improvements described in this Section and shown on the Site Plan. In consideration for its efforts with respect to the special risks and efforts that are associated with redeveloping and operating this Project, the Developer's Managing Member may be paid a fixed asset management fee of \$10,000 per year for 25 years out of the project's available net cash flow (the "Special Asset Management Fee"). Any amount of Special Asset Management Fee that cannot be paid from available net cash flow by December 31 will accrue interest-free for future payment as noted in Section 5.07.3.d below. Such cash flow shall be evaluated by January 31 of the following year.

## **ARTICLE 5: FINANCING**

### **Section 5.01: Obligations of the Developer**

1. Prior to closing on the conveyance of the Property under the PSA, Developer will secure written and binding financing commitments from historic and solar tax credit investors for the total tax equity investment as shown by Section 5.02, 5 and **Exhibit D**. On or before the date of Developer's purchase of the Property under the PSA, the Developer shall obtain necessary commercial financing and invest its own equity in the Project, generally as shown by **Exhibit D** and/or as required by the Project's financing.
2. In the event Developer fails to accomplish the requirements of subsection 1 of this Section prior to the date of closing on the Property pursuant to the PSA, this Agreement shall be extended as mutually agreed between the parties, or, shall automatically terminate, pursuant to Section 7.05.6, if no extension is implemented.
3. The entity retained by the Developer to render development services with respect to the Project shall defer at least \$200,000 of its development fee as noted in Section 5.07.3.d below.

### **Section 5.02: Obligations of WRHA and the City**

1. WRHA will provide \$170,000 in the form of a long-term loan to the Developer (the "WRHA Long-term Loan"), payable in the manner set forth in Section 5.03 and only upon receipt of evidence reasonably acceptable to WRHA that the Developer has secured the financing required by Section 5.01. The WRHA Long-term Loan shall have the following features:
  - a. Thirty-five-year term, and
  - b. Simple interest at a rate of 5% commencing 20 years after the date of Substantial Completion.
2. WRHA will also provide patient funds in the form of a loan to the Developer (the "WRHA Loan") in an amount not to exceed \$400,000 payable in the manner set forth in Section 5.03, and only upon receipt of evidence reasonably acceptable to WRHA that the Developer has secured the financing required by Section 5.01. The WRHA Loan shall have the following features:

- a. Thirty-five-year term, and
  - b. Simple interest at a rate of 5% accruing from the date of Substantial Completion and payments commencing 11 years after the date of Substantial Completion.
3. The WRHA Long-term Loan and WRHA Loan shall each be evidenced by a non-recourse Promissory Note and secured by a Deed of Trust, as described at Section 5.05.
4. The City will provide \$470,000 in the form of a long-term loan to the Developer (the "City Long-term Loan"), payable in the manner set forth in Section 5.03 and only upon receipt of evidence reasonably acceptable to the City that the Developer has secured the financing required by Section 5.01. The City Long-term Loan shall have the following features:
  - a. Thirty-five-year term, and
  - b. Simple interest at a rate of 5% commencing 20 years after the date of Substantial Completion.
5. The City will also provide patient capital in the form of a loan to the Developer (the "City Loan") in an amount not to exceed \$2,115,000 payable in the manner set forth in Section 5.03 and only upon receipt of evidence reasonably acceptable to the City that the Developer has secured the financing required by Section 5.01. The City Loan shall have the following features:
  - a. Twenty-year term, and
  - b. Simple interest at a rate of 5% commencing after Initial Repayment as described at Section 5.04.8.
6. The City Long-term Loan and the City Loan shall each be evidenced by a non-recourse Promissory Note and secured by a Deed of Trust, as described at Section 5.05.
7. The City Long-term Loan, City Loan, WRHA Long-term Loan and WRHA Loan amounts described in this Section are final.

#### **Section 5.03: Schedule for Payment of City and WRHA Obligations**

1. The City Loan, the City Long-term Loan, the WRHA Loan and the WRHA Long-term Loan shall be disbursed to the Developer in the following manner:
  - a. Initial payments totaling 20% of the total City and WRHA Long-term Loans and total City and WRHA Loans on the Closing date when the Developer purchases the Property from WRHA. The City and WRHA will deposit the remaining 80% of the City Loan, the City Long-term Loan, the WRHA Loan and the WRHA Long-term Loan with Developer's construction lender at Closing into separate accounts (one for WRHA and one for the City), under the exclusive control of the City and WRHA, respectively.



- b. Six (6) progress payments beginning 30 days after the Closing date, with each payment equaling 12% of the total City and WRHA Long-term Loans and total City and WRHA Loans each month as the Developer implements the Project, concurrent with Developer's monthly payments to its Contractor and provided appropriate construction progress has been achieved.
  - c. A final payment totaling 8% of the total City and WRHA Long-term Loans and total City and WRHA Loans on the date when Developer achieves Substantial Completion for the Project. "Substantial Completion" is defined as the date that the Wheat Ridge Building Department issues a Certificate of Occupancy to the Developer for the Project work.
  - d. No payment is required or shall be made by the City to the extent such payment would cause the City's required cash reserves to fall below 17%.
2. Developer shall provide a written invoice to both the City and WRHA for each of their payments. The City and WRHA shall make payment to the Developer within 30 days of each invoice date. Any late payments will accrue simple interest of 10% per annum.

**Section 5.04: Schedule for Repayment by Developer of City Long-term Loan, City Loan, WRHA Long-term Loan, WRHA Loan, and Associated Interest**

- 1. Developer shall repay the WRHA Long-term Loan principal balance from the future refinance or sale of the Property as described in Section 5.07, and no later than December 31, 2051.
- 2. Developer shall calculate WRHA interest-only payments at 5% simple interest, non-compounding, on the WRHA Long-term Loan principal of \$170,000 (or such lesser amount as is ultimately owed) annually on December 31 beginning after the twentieth (20<sup>th</sup>) anniversary of the date of Substantial Completion.
- 3. Developer shall repay the WRHA Loan principal balance from the future refinance or sale of the Property as described in Section 5.07, and no later than December 31, 2051.
- 4. Developer shall calculate WRHA interest-only payments at 5% simple interest, non-compounding, on the WRHA Loan principal of \$400,000 (or such lesser amount as is ultimately owed) annually on December 31 beginning after the eleventh (11<sup>th</sup>) anniversary of the date of Substantial Completion.
- 5. Developer shall repay the City Long-term Loan principal balance from the future refinance or sale of the Property as described in Section 5.07, and no later than December 31, 2051.
- 6. Developer shall calculate the City interest-only payments at 5% simple interest, non-compounding, on the City Long-term Loan principal of \$470,000 (or such lesser amount as is ultimately owed) annually on December 31 beginning after the twentieth (20<sup>th</sup>) anniversary of the date of Substantial Completion.



7. Developer shall repay the City Loan principal balance within 30 days of its receipt of, and in the net amounts of, the following:
  - a. Tax equity payments to Developer from outside tax credit investors, currently anticipated to be approximately \$900,000 from the State Historic Tax Credit Investor (the "State Tax Credit Payment") and a total of approximately \$880,000 from investors for the Federal Historic and Solar Tax Credits ("Federal Tax Credits"), currently scheduled to occur no later than December 31, 2018. Developer currently has commitments for 77.8% of the Federal Tax Credits (approximately \$685,000 and anticipates commitments for the remaining 22.2% prior to Substantial Completion. Developer will be permitted to withhold \$300,000 from the State Tax Credit Payment to pay its members' federal income tax obligations that result from that State Tax Credit Payment. Developer's receipt of the State Tax Credit Payment and at least 77.8% of the Federal Tax Credits shall constitute "Initial Repayment" for the purpose of calculating interest in subsection 5.04.8 below.
  - b. If the Developer's persistent and diligent efforts to secure an additional outside tax credit investor(s) prior to Substantial Completion do not result in an acceptable agreement with such investor(s) for allocation of the total amount of the Federal Tax Credits, then the Developer will apply the tax benefits of the Federal Tax Credits to its own or its members' federal income tax obligations resulting in subsequent annual payments toward the City Loan principal balance. In this alternative:
    - (i) Developer will submit an annual report and principal payment to repay the principal balance of the City Loan in the same amount of the actual tax reduction benefits that Developer or its members may receive for the prior year from the Federal Tax Credits ("Developer's Tax Credit Benefit"). That annual report and principal payment for Developer's Tax Credit Benefit will be submitted to the City on or before September 1<sup>st</sup> of each year, beginning one (1) year after Substantial Completion. The annual report will provide detailed information regarding the amount of Developer's Tax Credit Benefit received for the prior year, if any.
    - (ii) The City understands that the Developer's actual yearly tax obligations will vary and it is likely that repayment of the full amount of the City Loan will take many years in this alternative.
    - (iii) Notwithstanding the foregoing, if this alternative (5)(b) is taken and the entire remaining 22.2% of Federal Tax Credits is not allocated before Substantial Completion by a written amendment(s) to Developer's Operating Agreement, repayment by the Developer of the City Loan shall not be less than \$12,500 annually. If a portion of the remaining 22.2% of Federal Tax Credits are allocated prior to Substantial Completion as stated in this subsection, the \$12,500 annual payment will be adjusted on a pro rata basis corresponding to the portion of Federal Tax Credits so allocated.
8. Developer shall calculate the City interest-only payments at 5% simple interest, non-compounding, on any outstanding balance on the City Loan principal of \$2,115,000 after

Initial Repayment. Interest-only payments shall be calculated annually on December 31 beginning after Initial Repayment.

9. If on December 31 of any given year it is determined that available net cash flow is inadequate to fund some or all of the interest-only payments described above in subsections 2, 4, 6, and 8 of this section, then the interest that cannot be paid will accrue and be paid from the future refinance or sale of the Property as described in Section 5.07. For the purposes of this Section, inadequate cash flow in any year is defined as net cash flow being below that which provides the Developer's managing member with a 22% cash-on-cash return on its equity shown by the Net Sponsor Cashflow after the City/WRHA Sweep line of **Exhibit D** ("Minimum Sponsor Cashflow") for that year.
10. All calculated interest-only payments described above in subsections 2, 4, 6, and 8 of this section shall be reconciled and paid by January 31 of the following year.
11. In the event the City has not been repaid the entire principal amount of the City Loan plus simple 5% interest prior to the twentieth (20<sup>th</sup>) anniversary of the date of Substantial Completion, the Developer shall be required to immediately transfer the Property to the City, free from any encumbrance with the exception of the HOME loan, City Long-term Loan, and WRHA Long-term Loan. The balance of the City Loan and WRHA Loan shall be discharged at the time of such transfer. This repayment and reconveyance right shall be reflected in the Promissory Note and Deed of Trust for the City Loan.
12. In addition to the rights of repayment under this Section 5.04, repayment on the City and WRHA Loans and Long-term Loans may also occur in the following instances:
  - a. If additional financing or proceeds are received as described in Section 5.06.
  - b. If cash-on-cash returns exceed 22% in any calendar year as described in Section 5.06.2.
  - c. If net proceeds result from a refinance or sale as described in Section 5.07.

**Section 5.05: Security for City Long-term Loan, City Loan, WRHA Long-term Loan and WRHA Loan: Property Taxes; Public Use of Event Space**

1. As required security for the City Long-term Loan, City Loan, WRHA Long-term Loan and WRHA Loan, the Developer shall, simultaneously upon and as a condition of purchase of the Property from WRHA, execute a good and sufficient non-recourse Promissory Note and Deed of Trust for each loan. The final, executed versions of the non-recourse Promissory Notes and Deeds of Trust shall be agreed upon as to form and content by the Parties prior to Developer's closing upon the Property under the PSA. Each non-recourse Promissory Note shall evidence the amount and terms of its loan. Each Deed of Trust shall secure the repayment of its loan and shall contain, at a minimum, the following provisions:
  - a. Each Deed of Trust shall be for the full amount of each loan, and shall be supplemented and/or released as necessary to recognize increases and/or decreases in the amount of each loan remaining outstanding and not yet repaid.

- b. Each Deed of Trust shall be subordinate to the Developer's construction loan and the HOME Loan. The City and WRHA will execute reasonable subordination agreements as required.
  - c. Each Deed of Trust will not have a personal guaranty requirement.
  - d. Each Deed of Trust will not provide for any escrows for taxes or insurance.
  - e. Each Deed of Trust shall be released in full only upon the full repayment of each loan.
  - f. Any late payments will accrue simple interest of 10% per annum.
2. On or before closing on Developer's purchase of the Property under the PSA, the Developer shall take all steps necessary to cause WRHA, and as coordinated with Developer's financing agreements, to become a .01% passive member of the Development Entity in order to render the Property exempt from property tax obligations to the extent the Property contains affordable units. The Developer anticipates that the term of the affordable units will be 20 years after Substantial Completion. Property tax assessments at the then-prevailing rate will begin at any time that the Property ceases to contain affordable units.
3. As a passive member of the Development Entity, WRHA shall have:
- a. No liability for Developer's operations on the Property.
  - b. Limited participation in cost, profit or loss from redevelopment and operation of the Property, as stated in the Developer's other financing agreements.
  - c. No voting rights within the Developer entity.
  - d. The right for the City, WRHA or another public or community group(s) to use the exterior public space within the Project shown by Exhibit B for community events a maximum of four (4) times per month for \$0 space rental cost, at mutually agreeable times. Any direct cost or expense to hold a community event would be the responsibility of the event sponsor. Examples of such costs or expenses include but are not limited to staffing, food, drinks, permits, security service, copies, weather protection, insurance, clean-up, etc. Such right shall be set forth in more detail by a separate agreement.
  - e. In the event WRHA shall cease to exist, the documents evidencing WRHA passive membership shall provide for its automatic assumption by the City, or, assumption by another entity that is mutually agreeable to the City and Developer.

#### **Section 5.06: Project Financing Contingencies**

1. In the event that control of the Project is ever taken over by the Developer's financing partner(s), the City and WRHA will not have financial exposure beyond that stated

herein. The City and the WRHA are not guaranteed Developer's repayment of the City Loan, the City Long-term Loan, the WRHA Loan or the WRHA Long-term Loan, other than their rights to: (1) repayment under Section 5.02, (2) sharing of additional grant revenues and excess beyond Developer's cash-on-cash return above 22% under this Section 5.06, and (3) entitlement to Net Proceeds on refinance or sale under Section 5.07. The City and WRHA also have separate rights under the non-recourse Promissory Notes and the Deeds of Trust pertaining to their respective Loans. Any potential recourse on the part of investors or financial partners is limited to the Developer's financing agreements for the Project and will not involve the City or WRHA.

2. The Developer has stated a need for a cash-on-cash return for the Project of 20%. However, based on a variety of factors and assumptions, including but not limited to construction cost assumptions, contingency budgets, rent estimates, operating expenses, etc., the Project may perform better or worse than the estimated return. The City and WRHA shall have full and continuing access to all information in Developer's possession, and that of Developer's consultants, advisors and agents pertaining to Project costs, rents, operating expenses, etc. In the event those factors result in actual Minimum Sponsor Cashflow in any calendar year, the excess net cash flow for that year shall be calculated as of December 31 of each year and paid by January 31 of the following year toward any outstanding loan balance as follows:
  - a. Excess revenues shall be applied first to the City Loan until it is paid in full.
  - b. Excess revenues shall be applied second to the WRHA Loan until it is paid in full.
  - c. Excess revenues shall be applied third to the WRHA Long-term Loan until it is paid in full.
  - d. Excess revenues shall be applied fourth to the City Long-term Loan until it is paid in full.

#### **Section 5.07: Long Term Disposition**

1. The value of the Project and the Property is expected to appreciate over time. The current investment horizon has been evaluated at a 20-year period. At the end of this period, the outstanding commercial, non-governmental debt on the Project is expected to be approximately \$466,000 with a Project value of approximately \$2,740,000.
2. The Parties agree that any incremental appreciation or net proceeds available from such refinance or sale (the "Net Proceeds") will benefit the City, WRHA, and the Developer and shall be paid in a waterfall fashion as such Net Proceeds are available. Reasonable closing costs, fees or expenses for the Developer to secure the refinance or sale, as mutually agreed by the Parties, shall be deducted from the gross proceeds to produce the Net Proceeds. The Parties shall apply current market constraints and costs in arriving at a mutually-agreed calculation of reasonable costs to be used in arriving at Net Proceeds. For the purposes of this Section the term "refinance" does not include a loan renewal or new loan that the Developer may acquire to replace its initial financing at any time, where such renewal or new loan results in less than \$100,000 of Net Proceeds.



3. The Net Proceeds shall be paid out as follows:

- a. The first amount of Net Proceeds shall be paid to the City to repay the then-outstanding balance of the City Loan, including accumulated simple interest at a rate of 5%.
- b. The second amount of Net Proceeds shall be paid to the WRHA to repay any then-outstanding principal balance of the WRHA Loan, including accumulated simple interest at a rate of 5%.
- c. The third amount of Net Proceeds up to a maximum of \$200,000 shall be retained by the Developer for any improvements to the Property as mutually deemed necessary by the Parties, limited however to critical deficiencies or functionally obsolete features that may otherwise prevent or substantially impede sale of the Property. In preparation for a sale, Developer may spend this agreed upon amount (or an amount that exceeds \$200,000 with mutual written agreement from the City and WRHA) for Property improvements and be reimbursed that amount from Net Proceeds of the sale.
- d. The fourth amount of Net Proceeds up to a maximum of \$200,000 shall be paid by the Developer to the entity retained to provide development services as its deferred development fee. This distribution of Net Proceeds is only required if some or all of this deferred development fee has not already been paid from cash flow.
- e. The fifth amount of Net Proceeds shall be paid to Jeffco up to the amount of the \$680,000 of HOME Funds, but only in the event of a Property sale that does not maintain the Affordable Units as part of the Property as stated in the HOME Agreement. In the event that a sale maintains the Affordable Units and the responsibility to repay the HOME Funds is renegotiated or transfers to a new property owner, Developer will be permitted to retain an amount of Net Proceeds for any Developer taxation that results from such a renegotiation or transfer of the HOME Funds repayment.
- f. The sixth amount of Net Proceeds shall be paid on a pro-rata basis to the City, WRHA and the Developer up to the amounts that may be outstanding on the City Long-term Loan and the WRHA Long-term Loan (total of \$640,000), together with accumulated simple interest at a rate of 5%, as well as the amount that may be outstanding on the Special Asset Management Fee (total of \$250,000) owed to the Developer's Managing Member.

## **ARTICLE 6: INSURANCE AND INDEMNIFICATION**

### **Section 6.01: Insurance**

1. Upon Developer's purchase of the Property under the PSA, Developer shall maintain, at its cost and expense, or cause to be maintained through its contractor or property

manager, reasonable property protection and liability insurance, in the following minimum amounts: Commercial general liability with minimum limits of one million dollars (\$1,000,000) each occurrence and two million dollars (\$2,000,000) general aggregate, or, as required by Developer's financing, if such financing requirements exceed the coverage limits stated herein. The policy or policies shall be applicable to all premises and operations. The policy or policies shall include coverage for bodily injury and death, broad form property damage (including completed operations), personal injury (including coverage for contractual and employee acts), blanket contractual, products, and completed operations.

2. The policy or policies shall contain a severability of interests provision, and shall, so long as WRHA is a passive member of the Development Entity with an ownership interest in the Property pursuant to Section 5.05, be endorsed to include WRHA, its officers and employees as additional insureds. No additional insured endorsement shall contain any exclusion for bodily injury or property damage arising from completed operations.

#### **Section 6.02: Indemnification and Defense of Actions**

1. Developer shall indemnify, defend and hold the City and the WRHA harmless from and against any and all claims resulting or arising from or in any way connected with the following:
  - a. The existence, release, presence or disposal of any Hazardous Materials introduced to the Property after Developer purchases the Property from WRHA;
  - b. The development, marketing, sale or use of the Project by Developer;
  - c. Any other acts or omissions of Developer or its contractors, subcontractors, employees, agents or representatives;
  - d. Any plans or designs for improvements prepared by or on behalf of Developer, regardless of whether such plans or designs have been approved by City; and
  - e. Developer shall have no obligation to indemnify the City and/or WRHA to the extent claims result from the negligence or willful misconduct of the City or WRHA.
2. Neither WRHA nor the City waives the protections, limitations of liability and defenses of the Colorado Governmental Immunity Act, any other statute or the common law. In addition, nothing in the Developer's indemnity shall expand the liability of the City or WRHA under the Colorado Governmental Immunity Act.
3. The City, WRHA, and Developer will cooperate in the defense of any third party challenge of this Agreement, the Project, or any Project entitlements or related documents. If Developer elects, in its sole discretion, to contest or defend a challenge, the Developer shall take the lead role and hold the City and WRHA harmless from any damages awarded. Any proposed settlement will be subject to the City, WRHA, and Developer's approval, each in its reasonable discretion. In addition, the City and WRHA

shall have the right, but not the obligation, to contest or defend any challenge, at their sole expense, in the event that Developer elects not to do so.

## **ARTICLE 7: GENERAL PROVISIONS**

### **Section 7.01: Subject to Annual Appropriations**

The Parties agree the City of Wheat Ridge is subject to provisions of Colorado Constitution Article X Section 20. All of the City's financial obligations hereunder, whether direct or contingent, extend only to funds appropriated annually by the City Council and encumbered for the purpose of the Agreement. The City does not by this Agreement irrevocably pledge present cash reserves for payment or performance in future fiscal years. This Agreement does not and is not intended to create a multiple-fiscal year direct or indirect debt or financial obligation of the City. The City presently has available funds to satisfy its obligations under this Agreement, and within these required Constitutional constraints, intends to place proper appropriation requests before the City Council for action as payments are required under Section 5.03. Upon reasonable advance notice, the City will make its relevant financial and deposit records available for inspection by Developer and Developer's lenders.

### **Section 7.02: Electronic Signatures**

The Parties consent to the use of electronic signatures. The Parties agree not to deny the legal effect or enforceability of the Agreement solely because it is in electronic form or because an electronic record was used in its formation. The Parties agree not to object to the admissibility of the Agreement in the form of an electronic record, or a paper copy of an electronic document, or a paper copy of a document bearing an electronic signature, on the ground that it is an electronic record or electronic signature or that it is not in its original form or is not an original.

### **Section 7.03: Inspection of Records; Audit**

Any authorized agent of the City and of WRHA, has the right to access and the right to examine any pertinent books, documents, papers and records ("Records") of the Developer and its property manager, during ordinary business hours and after reasonable prior notice, involving transactions related to this Agreement until the latter of three (3) years after the final payment of both the City Loan, the WRHA Loan, the City Grant and the WRHA Grant under this Agreement or expiration of the applicable statute of limitations.

The City or WRHA may at any time cause an audit of the Developer's Records to confirm compliance with any of the rights and obligations of the Developer, the City, and WRHA.

### **Section 7.04: Access to the Property**

After appropriate prior written notice to Developer, the authorized officials of the City and WRHA shall be provided reasonable access to the Property and the Project, during ordinary business hours and after reasonable prior notice, for the purpose of ensuring compliance with this Agreement and the applicable ordinances, codes, regulations and policies of the City. This Section is not applicable to required inspections in association with City-issued building permits.

#### **Section 7.05: Enforcement and Termination**

1. Developer's sole and exclusive remedy is to commence an action for specific performance, in addition to its rights in the PSA. In no event may the Developer claim or obtain specific performance compelling the City Council to appropriate funds such as to violate the limitations of Section 7.01.
2. In addition to the other remedies in this Section, the Developer, City and WRHA have the right to institute any action at law or in equity to cure or remedy any default or to recover actual damages.
3. Each Party will bear its own attorney fees and court costs in any action.
4. No Party shall be entitled to claim or receive as a remedy any form of consequential, punitive or economic damages, including lost profits.
5. Force Majeure: Performance will not be deemed a default in the event of war, strikes, natural disasters, litigation, terrorism, reasonably unforeseen site conditions, and failure of governmental entities to act. The Party claiming a force majeure delay must provide notice within 30 days of actual acknowledge of the event causing delay. The period of the force majeure delay shall commence to run from the date of such notice and the time of such delay shall be the actual delay time incurred.
6. Termination. This Agreement may be terminated by either Party with appropriate 15 day notice and 30 day cure provisions in the event any of the following occurs:
  - a. The Developer does not close on the purchase of the Property under the PSA.
  - b. The PSA is terminated under its terms for any reason.
  - c. The Developer fails to secure written and binding financing commitments as contemplated in Section 5.01.
  - d. Failure of the Parties to agree upon the final version of the Developer's Pre-Closing Pro forma, provided, however; such agreement shall not be unreasonably withheld by either Party such as to obstruct the goals of both Parties as expressed herein.

#### **Section 7.06: Governing Law; Venue**

This Agreement shall be construed and enforced in accordance with the laws of the United States, the State of Colorado, and the Charter, Code of Laws, ordinances and regulations of the City, which are expressly incorporated into this Agreement. Unless otherwise specified, any reference to statutes, laws, regulations, charter or code provisions, ordinances, executive orders, or related memoranda, includes amendments or supplements to same. Venue for any legal action relating to this Agreement shall be proper and exclusive in the District Court in and for Jefferson County, Colorado



#### **Section 7.07: No Third-Party Beneficiaries**

It is expressly understood and agreed that enforcement of the terms and conditions of this Agreement and all rights of action relating to such enforcement shall be strictly reserved to the Parties; and nothing contained in this Agreement shall give or allow any such claim or right of action by any other third person on such Agreement. It is the express intention of the Parties that any person or entity other than the Parties receiving services or benefits under this Agreement shall be deemed to be an incidental beneficiary only.

#### **Section 7.08: Claims**

In the event of any claim, demand, suit, or action is made or brought in writing by any third person or entity against one of the Parties related in any way to this Agreement, the Party in receipt of the same shall promptly notify and provide copy of said claim, demand, suit, or action to the other Party.

#### **Section 7.09: Notices**

All notices, demands or consents required or permitted under this Agreement shall be in writing and delivered personally or by appropriate electronic transmission (receipt verified) or by certified mail, return receipt requested, to the following:

City of Wheat Ridge:	City Manager City of Wheat Ridge 7500 W. 29 <sup>th</sup> Avenue Wheat Ridge, Colorado 80233
with a copy to:	City Attorney City of Wheat Ridge 7500 W. 29 <sup>th</sup> Avenue Wheat Ridge, Colorado 80233
WRHA:	Executive Director Wheat Ridge Housing Authority 7500 W. 29 <sup>th</sup> Avenue Wheat Ridge, Colorado 80233
Developer:	Manager Fruitdale School Partners LLC 2120 Bluebell Avenue Boulder, CO 80302
with a copy to:	Faegre Baker Daniels LLP 1700 Lincoln St., #3200 Denver, CO 80203 Attention: J. William Callison, Esq.

The number of persons or addresses set forth above may be changed any time by written notice in the manner provided herein.

#### **Section 7.10: Entire Agreement; Recording**

This Agreement, including the PSA and exhibits which are hereby incorporated by this reference, constitutes the entire agreement of the Parties. The Parties agree there have been no representations, oral or written other than those contained herein and that the various promises and covenants contained herein are mutually agreed upon and under consideration for one another. The February 22, 2016 Original Development Agreement, Reception No. 2016024215, is fully replaced by this Agreement and has no further force or effect. This Agreement may be amended only by written instrument, approved by all of the Parties in the same manner as this Agreement. This Agreement shall be filed for record with the Jefferson County Clerk and Recorder.

#### **Section 7.11: No Joint Venture**

This Agreement is not intended nor shall this Agreement be construed to establish or constitute a joint venture between the Parties.

#### **Section 7.12 No Assignment**

No Party shall assign its rights or delegate its duties hereunder without the prior written consent of the other Party in that Party's sole discretion. Subsequent to Substantial Completion of the Project, as defined at Section 5.03.1.c, such assignment shall require the prior written consent of the other Party, provided such consent shall not be unreasonably withheld. For the purposes of this Section, assignment does not include the Developer's legal structuring of the Project for its financing. The Developer may, however, contract and/or subcontract the construction of Project facilities on the Property. The Developer may not assign or transfer its interests in the Property, except as explicitly provided in the PSA.

#### **Section 7.13: Severability**

Should any one or more provisions of this Agreement be determined to be illegal or unenforceable all other provisions nevertheless remain effective; provided however, the Parties shall forthwith enter into good faith negotiations and proceed with due diligence to draft terms or conditions that will legally achieve the original intent and purposes of the Parties hereunder.

#### **Section 7.14: Headings for Convenience**

Headings and titles contained herein are intended for the convenience and reference of the Parties only and are not intended to combine, limit, or describe the proper scope or intent of any provision of this Agreement.

#### **Section 7.15: Authority**

Each Party represents and warrants that it has taken all actions that are necessary or that are required by its applicable law to legally authorize the undersigned signatories to execute this Agreement on behalf of the Party and to bind the Party to its terms. The persons executing this agreement on behalf of each Party warrant they have full authorization to execute this Agreement.

**Section 7.16: No Construction Against Drafting Party**

The Parties acknowledge that each of them and their respective counsel have had the opportunity to review this Agreement and that this Agreement shall not be construed against any Party merely because this Agreement or any of its provisions, have been prepared by a particular Party.

**Section 7.17: Execution of Agreement**

This Agreement shall not be or become effective or binding until it has been fully executed by all signatories of City, WRHA and the Developer.

**[The balance of this page intentionally blank]**

**CITY OF WHEAT RIDGE, COLORADO**

By: \_\_\_\_\_  
Joyce Jay, Mayor

ATTEST:

\_\_\_\_\_  
Janelle Shaver, City Clerk

[City Seal]

APPROVED AS TO FORM:

\_\_\_\_\_  
Gerald Dahl, City Attorney

**WHEAT RIDGE HOUSING AUTHORITY**

By: \_\_\_\_\_  
Janice Thompson, Chair

ATTEST:

\_\_\_\_\_  
Clerk to the Authority



FRUITDALE SCHOOL PARTNERS, LLC

By: \_\_\_\_\_

James Hartman, Manager

STATE OF COLORADO                    )  
  ) ss.  
COUNTY OF \_\_\_\_\_)

The above and foregoing Development Agreement was subscribed and sworn to before  
me by \_\_\_\_\_ as \_\_\_\_\_ of Fruitdale School  
Partners, LLC this \_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_  
[seal]

## **EXHIBIT A**

### **Legal Description of the Property**

Lot 2, Fruitdale School Subdivision, a subdivision of a part of the City of Wheat Ridge, County of Jefferson, State of Colorado.

## EXHIBIT B

### Purchase and Sale Agreement

[Attached, with amendments]



R \$0.00  
D \$0.00

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JEFFERSON COUNTY, Colorado

**AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY**

THIS AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY (the "Agreement") is made and entered into as of the 2nd day of November, 2015, by and between **WHEAT RIDGE HOUSING AUTHORITY** ("Seller"), and Fruitdale School Partners LLC, a Colorado limited liability corporation ("Buyer"). Seller and Buyer are sometimes referred to as a "Party" or together as the "Parties."

**RECITALS**

A. Seller is the owner of the following real property and all fixtures, appurtenances, improvements, fixtures therein, thereon located in the County of Jefferson, State of Colorado more particularly described on **Exhibit A**, attached hereto and fully incorporated herein by this reference, together with the following (all, collectively, the "Property"):

1. The personal property located at the Property as of the Effective Date (the "Personal Property"); and

2. All right, title and interest of Seller in and to all governmental permits, licenses, certificates and authorizations, including, without limitation, certificates of occupancy, in Seller's possession and relating to the construction, use or operation of the Property, to the extent the same are transferable or assignable (the "Permits"), if any; and

3. All water rights relating to the Property, including without limitation all rights to water wells, riparian rights, ditch rights or shares of water rights and other sources of water, if any (the "Water Rights").

B. Buyer is offering to purchase and Seller is willing to sell the Property upon the terms and conditions set forth herein.

**AGREEMENT**

In consideration of the promises and agreements of the Parties contained herein, the sufficiency of which is hereby acknowledged by each of the Parties, Seller and Buyer do hereby promise and agree as follows:

1. **Sale and Purchase.** Seller shall sell the Property to Buyer, and Buyer shall purchase the Property from Seller, on the terms and conditions set forth in this Agreement.

2. **Purchase Price.** The purchase price for the Property (the "Purchase Price") to be paid by Buyer to Seller shall be \$10.00. The Purchase Price, as adjusted for any other credits and prorations specifically provided for herein, shall be paid by Buyer to Seller at the Closing by certified check, cashier's check, wire transfer, or other immediately available funds acceptable to Seller.



### 3. Title and Survey.

a. Title Insurance. On or before thirty (30) business days following the Effective Date (defined in Section 25 below), Seller shall cause Land Title Guarantee Company ("Title Company") to deliver to Buyer a current commitment for a 2006 ALTA extended owner's title insurance policy ("Title Commitment"), together with copies of the current vesting deed and those recorded documents listed in the Title Commitment (collectively, the "Title Documents").

b. Permitted Exceptions. Title to the Property shall be free and clear of all liens and encumbrances, subject only to the permitted exceptions which Buyer accepts pursuant to Section 3(c) ("Permitted Exceptions"). At the Closing, Seller shall execute and deliver the standard form mechanic's lien affidavit used by and acceptable to Title Company to provide for the deletion of the standard printed exception from the Owner's Policy for liens arising against the Property for work or materials ordered or contracted for by Seller prior to the Closing, and Seller shall, at its expense, provide for the deletion of the other standard printed exceptions from the Owner's Policy. If a mineral reservation exists, the Buyer may request the Title Company to provide Endorsement 100.31 or a similar endorsement selected by Buyer with respect thereto, at Buyer's expense. From and after the date hereof, Seller shall not sell, convey, option, mortgage, encumber, lease, or contract to do any of the foregoing with respect to the Property without the prior written consent of Buyer. Promptly after the Closing, Seller shall cause the Title Company to issue to Buyer a ALTA owner's title insurance policy insuring title to the Property in Buyer an amount approximate to the replacement value of the Property, as reasonably determined by Buyer during the Inspection Period (defined below), and agreed to by the Parties in good faith during such period, subject only to the Permitted Exceptions. The Parties shall share the cost of the Title Policy equally, and any mineral or other endorsements requested by Buyer shall be at Buyer's cost and expense.

c. Title Defects. Within thirty (30) business days after Buyer's receipt of the Commitment, the Title Documents, and Survey (defined below), Buyer shall give Seller notice of all title defects or other objections shown in the Commitment and/or Survey, which are not consented to by Buyer as Permitted Exceptions. Any and all matters and exceptions affecting all or any portion of the Property disclosed by the Title Commitment (as exceptions, requirements, or otherwise) or Survey which are not the subject of a notice from Buyer to Seller given within the applicable period of time as provided herein, shall be deemed accepted by Buyer as Permitted Exceptions. If there is an endorsement to the Title Commitment that adds a new exception to title, a copy of the same and the modified Title Commitment shall promptly be delivered to Buyer, and Buyer shall have ten (10) days following receipt of the same to review and object to the same hereunder.

In the event Buyer notifies Seller of any title defects or other matters shown by the Commitment and/or Survey which are objectionable as provided in this

Subsection 3.c., within ten (10) business days after receipt of Buyer's title objection notice, Seller shall advise Buyer what, if anything, it intends to do with respect to each title matter to which Buyer objects. For purposes hereof, a title defect or exception shall be deemed cured if: (i) the Title Company deletes the defect from the Commitment or (ii) the Title Company undertakes in writing to add a provision to the Owner's Policy obligating the Title Company, within the limits of such Owner's Policy, to protect Buyer against all loss or damage incurred on account of such defect or exception. Prior to or at the Closing, Seller shall discharge any and all monetary liens and monetary encumbrances on the Property including but not limited to any real and personal property taxes for the fiscal year preceding the conveyance, except for the Permitted Exceptions. Such liens and encumbrances, if any, may be satisfied from the proceeds of the sale of the Property. If any of the matters objected to by Buyer have not been cured or agreed to be cured by Seller on or before the last day of the Inspection Period (as hereinafter defined), Buyer may, by written notice to Seller at any time, either (i) terminate this Agreement, or (ii) waive such matters and accept the same as Permitted Exceptions. In the event Buyer does not notify Seller of its decision to terminate or waive on or before the last day of the Inspection Period, Buyer shall be deemed to have waived its objections and to have accepted such matters as Permitted Exceptions. In the event of a termination of this Agreement by Buyer pursuant to this Section 3.c., both Parties shall thereupon be relieved of all further obligations hereunder, except as expressly provided in this Agreement.

d. 1883 Restriction. Buyer understands and acknowledges that the Property is subject to conditions, covenants and restrictions set forth in the deed from Jacob H. Brown and James A. Lewis recorded July 9, 1883 in Book 9 at Page 451 (the "1883 Restriction") and that Seller makes no warranties whatsoever regarding such deed, the conditions, covenants and restrictions contained therein, or the effect of the Closing thereon. Seller agrees to make all good faith efforts to timely remove said reverter clause through pursuit of a quiet title action or other appropriate legal means that shall commence not later than 15 days from the effective date of this agreement. Seller acknowledges that failure to remove the 1883 Restriction by March 1, 2016 shall be grounds for a termination by Buyer pursuant to Section 3.c. For purposes of this Agreement, Buyer's objection to the 1883 Restriction as a Section 3 title defect is hereby acknowledged, and Buyer is not required to make an additional title objection regarding it.

e. Survey. Seller has furnished to Buyer any existing site plans and improvement surveys of the Property in its possession. Seller, in cooperation with the Jefferson County School District, agrees to commission a survey of the property that meets all requirements of the Seller, in its governmental capacity as the City of Wheat Ridge and the Buyer, in order to make application with the School District for a subdivision plat. Said survey shall be initiated within 15 days of the date of this agreement.

4. **Inspection.** Seller shall, within five (5) business days of the Effective Date deliver to Buyer or make available for inspection and review at the Property or Seller's business offices, the due diligence items described in **Exhibit B**, to the extent they have not been previously delivered to Buyer (the "Due Diligence Materials"). Buyer shall have two hundred forty (240) days from the Effective Date of this Agreement (the "Inspection Period"), to inspect and evaluate the Property, and conduct such evaluations, tests, inspections, studies, and surveys, all at buyer's sole cost and expense, as Buyer deems reasonably appropriate to determine the economic feasibility, physical condition, terrain and layout of the Property, soils, water, availability of utilities, review of Due Diligence Materials, and any other matters relevant to its planned renovation and use of the Property, and to determine whether the Property is materially contaminated by any Hazardous Materials (as defined below), including conducting a Phase I or II environmental survey. If any Hazardous Materials are found on the Property which materially and adversely affect the Buyer's intended use of the Property or expose the Buyer to liability to third parties for damages or environmental remediation costs, Buyer may terminate this Agreement by written notice (the "Notice of Termination") to Seller given on or before the last day of the Inspection Period. If Buyer delivers to Seller its Notice of Termination prior to the expiration of the Inspection Period, this Agreement shall be deemed to have been terminated by Buyer and both parties shall thereupon be relieved of all further rights and obligations hereunder, except as expressly provided in this Agreement. 4

5. **Property Sold "As Is".** Buyer is relying upon its own inspection of the Property to evaluate the condition of the Property and the suitability of the Property for Buyer's intended use. Buyer acknowledges and agrees that it is purchasing the Property in its AS-IS, WHERE-IS CONDITION, WITHOUT WARRANTY OF ANY KIND, WHETHER EXPRESS OR IMPLIED, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR IN THE DEED CONVEYING THE PROPERTY TO BUYER. Buyer hereby acknowledges that it is familiar with the Property and shall determine, as part of its inspections hereunder, that it is suitable for its intended purposes and that the opportunity to inspect the Property provided in Section 4 above is sufficient for Buyer to obtain whatever information regarding the condition of the Property that Buyer may deem necessary to make such determination. Nothing contained in this Section 5 shall alter or restrict the representations of Seller contained in Sections 7 and 8 of this Agreement or the warranties of title contained in the Deed to be delivered by Seller to Buyer at the Closing.

6. **Access; Mechanics' Liens.** Buyer, its agents, employees, contractors, or subcontractors may, at all times after the date hereof, at no charge to Buyer, and until the earlier of the Closing or the termination of this Agreement, have the right of access to the Property to conduct the tests and investigations referred to in Section 4 above. Such rights may be exercised only upon reasonable advance notice to Seller. Buyer shall promptly restore any alterations made to the Property by Buyer, or at Buyer's instance or request, and Buyer shall pay for all work performed on the Property by Buyer, or at Buyer's instance or request, as such payments come due. Any and all liens on any portion of the Property resulting from the actions or requests or otherwise at the instance of Buyer shall be removed by Buyer at its expense. Buyer shall, at Buyer's expense, defend, indemnify,



and hold harmless Seller from and against any and all obligations, claims, loss, and damage, including actual and reasonable costs and attorneys' fees, resulting from or related to Buyer's access to the Property; provided, however, that Buyer's mere discovery of an existing adverse condition on the Property shall not, in and of itself, trigger Buyer's indemnification obligations hereunder so long as the adverse condition is not worsened by Buyer, its agents, employees or contractors.

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7. **Seller's Representations.** Seller hereby represents to Buyer as of the date of this Agreement and as of the Closing as follows:

a. **No Violations.** To the best of Seller's knowledge, the Property is not in violation, nor has been or is currently under investigation for violation of any federal, state, or local laws, ordinances or regulations.

b. **Consents.** All consents and approvals which may be required in order for Seller to enter into this Agreement or consummate the transaction contemplated herein have been obtained.

c. **Litigation.** There are no pending or, to Seller's knowledge, threatened litigation, investigation, arbitration, condemnation or other judicial, municipal or administrative proceedings affecting Seller or the Property, or any plans to widen 44<sup>th</sup> Avenue at this time.

d. **Non-Foreign Person.** Seller is not a "foreign person" as that term is defined in the federal Foreign Investment in Real Property Tax Act of 1986, the 1984 Tax Reform Act, as amended, and Section 1455 of the Internal Revenue Code, and applicable regulations and, at Closing, will deliver to Buyer a certificate standing that Seller is not a "foreign person" as defined in said laws in a form complying with the federal tax law.

e. **Authority.** Seller has the authority to enter into and execute this Agreement.

f. **Hazardous Materials.** To the best of Seller's actual knowledge, without any special investigation, since Seller acquired the Property, Seller has not caused or contributed to: (i) any toxic or Hazardous Materials being present on, over, under, or around the Property, (ii) any present or past generation, recycling, use, reuse, sale, storage, handling, transport, and/or disposal of any toxic or Hazardous Materials on, over, under, or around the Property, (iii) any failure to comply with any applicable local, state, or federal environmental laws, (iv) any spills, releases, discharges, or disposal of toxic or Hazardous Material that have occurred or are presently occurring on or onto the Property or any adjacent properties, or (v) any spills or disposal of toxic or Hazardous Materials that have occurred or are presently occurring off the Property as a result of any construction or operation and use of the Property. The term "Hazardous Materials" includes, but is not limited to, substances defined as Hazardous Substances as defined in



the Comprehensive Environmental Response, Compensation and Liability Act, as amended, the Hazardous Materials Transportation Act, as amended, the Toxic Substances Control Act, or any other law, statute, rule, or regulation pertaining to the protection of the environment or the health and safety of persons or property. Provided, however, the Parties agree that the vinyl asbestos tile (VAT) present on the Property shall not be considered a Hazardous Material and is permitted to remain on the Property at Closing. 4

g. Real Property Taxes. The Property is not subject to real property taxation while in Seller's ownership; no taxes or special assessments are presently due on the Property.

h. Leases. The Property is not subject to any leases.

i. Contracts or Agreements. There are no contracts or service agreements with respect to the Property that survive Closing, and no party has an option to purchase or right of first refusal with respect to the Property.

j. The Property has legal access. The Parties agree to amend the legal description attached as **Exhibit A**, as necessary to reflect the same.

k. Materiality of Representations. Each of the representations made by Seller in this Agreement, or in any document or instrument delivered pursuant hereto shall be true and correct in all material respects on the Effective Date, and shall be deemed to be made again as and at the date of the Closing and shall then be true and correct in all material respects. The material truth and accuracy of each of the representations and the material performance of all covenants of Seller contained in this Agreement are conditions precedent to the Closing. All of the foregoing representations and warranties by Seller shall not be deemed merged into any instrument of conveyance delivered at Closing but shall survive Closing for a period of one year from the date of conveyance.

## **8. Operation of Property.**

a. After the date of this Agreement, Seller covenants that Seller shall: (1) maintain the Property in the same order, condition and repair as of the Effective Date and in compliance with all applicable laws; (2) maintain hazard and liability insurance with respect the Property in amounts not less than those maintained by Seller on the Effective Date; and (3) not enter into any new leases, contracts, or agreements which will survive the Closing or otherwise affect the use, operation or enjoyment of the Property after the Closing, without Buyer's prior written consent; and

b. Seller shall fully cooperate with Buyer to facilitate approval by the City of Wheat Ridge of a future subdivision and/or consolidation of the Property with other adjacent properties owned or to be owned by the Buyer subsequent to closing. This obligation shall survive closing.

**9. Risk of Loss.** Loss or damage to the Property from any cause, including, but not limited to, fire, vandalism, or acts of God, from the Effective Date until the Closing Date and the delivery of the deed, shall be at the risk of Seller. If, prior to Closing, the Property is destroyed or damaged in whole or in part, this Agreement may be terminated at the option of Buyer by giving written notice to Seller within thirty (30) days of the date of such damage. If Buyer does not terminate as provided above, Seller shall assign to Buyer at Closing all right and interest in any insurance proceeds as a result of such damage. 7

**10. Closing.** The closing of the sale of the Property from Seller to Buyer (the "Closing") shall take place on or before 30 days following expiration of the Inspection Period at a time and location mutually agreed upon. Buyer may, additionally, if necessary for financing or redevelopment plans, upon 3 days written notice to Seller, extend the Closing Date by up to an additional 45 days. At Closing:

a. Buyer shall pay to Seller the Purchase Price by certified check, cashier's check, wire transfer, or other immediately available funds acceptable to Seller, less any prorations provided for herein.

b. Seller shall convey fee simple title to the Property to Buyer by special warranty deed, (the "Deed").

c. Seller shall convey any Personal Property by a Quitclaim Bill of Sale.

d. Seller will complete a non-foreign affidavit satisfying Section 1445 of the Internal Revenue Code and a Colorado Form DR-1083.

e. Seller will cause the Title Company to unconditionally commit to issue to Buyer promptly after Closing), the Title Policy, subject only to the Permitted Exceptions.

f. Buyer will complete a transfer declaration as required by Colorado law.

g. Seller and Buyer shall execute Closing settlement statements to reflect the charges, costs, credits, prorations, and adjustments contemplated by this Agreement, and other documents reasonably required by the Title Company, and shall provide the Title Company and the other Party with copies of resolutions or other authority authorizing such Party to consummate the transaction.

h. At Closing, Seller shall deliver exclusive possession of the Property to Buyer.

i. The parties shall each do or cause to be done such other matters and things as shall be reasonably necessary to close the transaction contemplated herein.

j. Each party shall pay one-half (1/2) of any charges imposed by the Title Company to prepare the closing documents and provide similar closing services.

11. **Restrictive Covenant.** At Closing, Buyer and Seller shall execute and cause to be recorded the Restrictive Covenant attached hereto as **Exhibit C**.

12. **Special Taxing Districts.** Seller hereby makes the following disclosure to Buyer: SPECIAL TAXING DISTRICTS MAY BE SUBJECT TO GENERAL OBLIGATIONS INDEBTEDNESS THAT IS PAID BY REVENUES PRODUCED FROM ANNUAL TAX LEVIES ON THE TAXABLE PROPERTY WITHIN SUCH DISTRICTS. PROPERTY OWNERS IN SUCH DISTRICTS MAY BE PLACED AT RISK FOR INCREASED MILL LEVIES AND TAX TO SUPPORT THE SERVICING OF SUCH DEBT WHERE CIRCUMSTANCES ARISE RESULTING IN THE INABILITY OF SUCH A DISTRICT TO DISCHARGE SUCH INDEBTEDNESS WITHOUT SUCH AN INCREASE IN MILL LEVIES. BUYER SHOULD INVESTIGATE THE SPECIAL TAXING DISTRICTS IN WHICH THE PROPERTY IS LOCATED BY CONTACTING THE COUNTY TREASURER, BY REVIEWING THE CERTIFICATE OF TAXES DUE FOR THE PROPERTY, AND BY OBTAINING FURTHER INFORMATION FROM THE BOARD OF COUNTY COMMISSIONERS, THE COUNTY CLERK AND RECORDER, OR THE COUNTY ASSESSOR. 8

13. **Brokerage Commissions.** Buyer and Seller each hereby warrant and represent to the other that it has not dealt with any broker in connection with the transaction contemplated herein. Each Party shall, to the extent permitted by law, indemnify the other against and hold the other harmless from any claims for fees or commissions from any broker or finder with whom either of them has consulted or negotiated with regard to the Property.

14. **Assignment; Binding.** This Agreement shall be binding and effective on and inure to the benefit of the successors and assigns of the parties hereto, subject, however, to the next sentence. Any assignment hereof shall be in writing and shall require the prior written consent of the non-assigning Party, which will not unreasonably be withheld. Buyer shall have the right to assign this Agreement to a related entity that is wholly controlled or owned by Buyer.

15. **Attorneys' Fees.** In the event that a lawsuit is brought to enforce or interpret all or any portion of this Agreement, each Party shall bear its own costs and expenses, including, without limitation, attorneys' fees, incurred in connection with such suit.

16. **Remedies.** In the event of any breach or default under this Agreement by Buyer prior to Closing, Seller shall, as Seller's only remedy, be entitled to terminate this Agreement and both Seller and Buyer shall be relieved of any further obligations or liabilities hereunder except as expressly provided in this Agreement. In the event of any breach or default by Seller at or prior to Closing, Buyer may elect to treat this Agreement as terminated and both Seller and Buyer shall be relieved of any further obligations or



liabilities hereunder, or Buyer may elect to treat this Agreement as being in full force and effect and may seek specific performance from a court of competent jurisdiction.

**17. Notices.** All notices provided for herein shall be in writing and shall be deemed given to a party when a copy thereof, addressed to such party as provided herein, is actually delivered or refused, by personal delivery, by commercial courier or overnight delivery service, or by successful facsimile transmission with printed confirmation of receipt, at the address of such party as provided below.

If to Seller: Kenneth Johnstone, Executive Director  
Wheat Ridge Housing Authority  
7500 W. 38<sup>th</sup> Avenue  
Wheat Ridge, Colorado 80033  
Fax: 303-235-2857

With a copy to: Gerald Dahl  
City Attorney  
7500 W. 38<sup>th</sup> Avenue  
Wheat Ridge, Colorado 80033  
Fax: 303-235-2857

If to Buyer: Jim Hartman  
Fruitdale School Partners LLC  
2120 Bluebell Avenue  
Boulder, Colorado  
Email: [jim@hartmanelyinvestments.com](mailto:jim@hartmanelyinvestments.com)

With a copy to: Eric Clayman  
Rocky Mountain Charcuterie  
1575 Central St  
Denver, Colorado 80211  
[denverbaconcompany@gmail.com](mailto:denverbaconcompany@gmail.com)

John Gstalder  
The Louisville Law Group, P.C.  
1400 Main Street, Suite 200  
Louisville, Colorado 80027  
[j.gstalder@thelouisvillelawgroup.com](mailto:j.gstalder@thelouisvillelawgroup.com)

**18. Governing Law.** The validity and effect of this Agreement shall be determined in accordance with the laws of the State of Colorado. Jurisdiction and venue for any litigation concerning the same shall be proper and exclusive in the Jefferson County District Court.



**19. Condemnation.** In the event that any portion of the Property shall be taken in condemnation or under the right of eminent domain after the date of mutual execution hereof and before the Closing, Seller or Buyer may terminate this Agreement and all parties shall be released from any further obligations hereunder, except as expressly provided in this Agreement, or the parties may agree that the description of the Property will be modified to exclude the portion of the Property so condemned. If neither party terminates this Agreement hereunder, Buyer shall be entitled to all proceeds of such condemnation action and to assert all of the rights of the respondent in such condemnation proceeding, whether occurring before or after the Closing. 10

**20. Partial Invalidity.** In the event that any condition, covenant or provision herein contained is held to be illegal, invalid, unenforceable or void by any court of competent jurisdiction prior to Closing, such determination shall not affect the remaining provisions of this Agreement, or enforceability of the Agreement as a whole, and in lieu of each provision of this Agreement that is illegal, invalid, unenforceable or void, a provision similar in terms will be added to this Agreement, if possible, which provision shall be legal, valid and enforceable;

**21. Computation of Time.** If any event or performance hereunder is scheduled or required to occur on a date which is on Saturday, Sunday, or legal state or federal holiday in Denver or Wheat Ridge, Colorado, such date shall not be considered a "business day" hereunder, and the event or performance shall be required to occur on the next day which is a business day in Denver or Wheat Ridge, Colorado.

**22. Waiver.** No right under this Agreement may be waived, except by written instrument executed by the Party who is waiving such right. Any Party hereto may, at any time or times, at its election, waive any of the conditions to its obligations hereunder by a written waiver expressly detailing the extent of such waiver (and no other waiver shall be effective for any purpose). The waiver by either Party of any right or agreement in this Agreement shall not be deemed a waiver of any subsequent breach of the same or any breach of other right or agreement contained in this Agreement.

**23. Counterparts; Execution.** This Agreement may be executed in counterparts and, when counterparts of this Agreement have been executed and delivered by both of the Parties hereto, this Agreement shall be fully binding and effective, just as if both of the Parties hereto had executed and delivered a single counterpart hereof. Without limiting the manner in which execution of this Agreement may otherwise be effected hereunder, execution by either Party may be effected by facsimile transmission of a signature page hereof executed by such Party. If either Party effects execution in such manner, such Party shall also promptly deliver to the other Party the counterpart physically signed by such Party, but the failure of such Party to do so shall not invalidate the execution hereof effected by facsimile transmission.

**24. Entire Agreement; Amendment.** This Agreement contains the entire understanding and agreement between the Parties with respect to the subject matter hereof and supersedes all prior commitments, understandings, warranties, and

negotiations, all of which are by the execution hereof rendered null and void. No amendment or modification of this Agreement shall be made or deemed to have been made unless in writing, executed by the Party or Parties to be bound thereby.

**25. Effective Date.** The Parties intend that this Agreement shall be valid and effective from and after the date fully executed by both Parties and actually delivered to and acknowledged by the Title Company (the "Effective Date").

IN WITNESS WHEREOF, the Parties have executed this Agreement on the dates set forth below

**SELLER:  
WHEAT RIDGE HOUSING AUTHORITY**

By: Kenneth P. Johnston  
Name:

Title: Executive Director

Kenneth P. Johnston

12

STATE OF COLORADO )

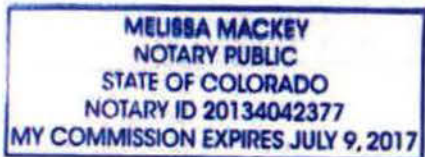
COUNTY OF JEFFERSON )

ss:

The foregoing Agreement for Purchase and Sale of Real Property was acknowledged before me this 5<sup>th</sup> day of October, 2015, by Kenneth Johnston as Executive Director of Wheat Ridge Housing Authority, Seller.

WITNESS my hand and official seal.

My commission expires: July 9<sup>th</sup>, 2015.



Melissa Mackey  
Notary Public

**BUYER:**  
**Fruitdale School Partners LLC**

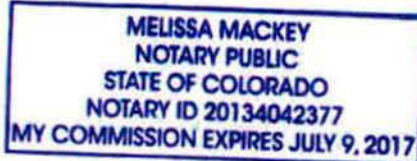
By: James Hartman

Name: James Hartman

Title: Manager

13

STATE OF COLORADO )  
 ) ss:  
COUNTY OF JEFFERSON)



The foregoing Agreement for Purchase and Sale of Real Property was acknowledged before me this 5<sup>th</sup> day of October, 2015, by Melissa Mackey, as MANAGER of FRUITDALE SCHOOL PARTNERS LLC, a Colorado Limited Liability corporation.

WITNESS my hand and official seal.

My commission expires: July 9<sup>th</sup>, 2017.

Melissa Mackey  
Notary Public



## EXHIBIT A

### Legal Description of the Property

A PARCEL OF LAND SITUATED IN THE NORTH 1/2 OF SECTION 21, TWP. 3 SOUTH, RANGE 69 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF JEFFERSON, STATE OF COLORADO;

BEGINNING AT A POINT ON THE NORTH LINE OF THAT CERTAIN PROPERTY DESCRIBED IN RECEPTION NO. 86049897 BEING THE NORTHERLY RIGHT OF WAY LINE OF WEST 44TH AVENUE, SAID POINT ALSO LYING 642.56' NORTH OF THE CENTER OF SAID SECTION 21 ON THE N/S CENTERLINE OF SAID SECTION 21, SAID POINT BEING THE POINT OF BEGINNING; THENCE N.89°34'27"W. ALONG SAID NORTH LINE, A DISTANCE OF 99.01 FEET TO THE SOUTHERLY EXTENSION OF THE WESTERLY LINE OF THAT CERTAIN PROPERTY DESCRIBED IN BOOK 9, PAGE 451; THENCE N.00°18'35 "W. ALONG THE SAID WEST LINE AND ITS SOUTHERLY EXTENSION, A DISTANCE OF 261.17 FEET TO THE NORTHWEST CORNER OF SAID PROPERTY; THENCE N.89°41'25"E. ALONG THE NORTH LINE OF SAID PROPERTY, A DISTANCE OF 198.00 FEET TO THE NORTHEAST CORNER OF SAID PROPERTY; THENCE S.00°18'35"E. ALONG THE EASTERLY LINE OF SAID PROPERTY AND ITS SOUTHERLY EXTENSION, A DISTANCE OF 263.36 FEET TO THE NORTH LINE OF THAT CERTAIN PROPERTY DESCRIBED IN RECEPTION NO. 86049897; THENCE N.89°46'46"W. ALONG SAID NORTH LINE, A DISTANCE OF 99.01 FEET TO THE POINT OF BEGINNING. CONTAINING 51,946.36 SQUARE FEET OR 1.1925 ACRES, MORE OR LESS.

THE BASIS OF BEARINGS FOR THE ABOVE DESCRIBED PARCEL OF LAND IS PLATTED ON FRUITDALE PATIO HOMES TO BE N.00°09'23"W FROM THE EAST 1/4 OF SECTION 21, TWP. 3 SOUTH, RANGE 69 WEST OF THE 6TH PM TO THE NORTHEAST CORNER OF SAID SECTION, SAID EAST 1/4 BEING A 3 1/4' BRASS CAP AND POST SET IN RANGE BOX STAMPED LS 13212 PER THE MONUMENT RECORD AND THE NE CORNER BEING STAMPED LS 13212 1984 PER THE MONUMENT RECORD.

Together with certain lands to the north and east of Property which are intended to be mutually swapped through a land transfer process between the school district and the housing authority and/or city.

## **EXHIBIT B**

### **DUE DILIGENCE MATERIALS**

If or to the extent in the Seller's possession, or accessible to Seller:

1. All soil tests, structural engineering tests, ADA surveys, masonry tests, percolation tests, water, oil, gas or mineral assessments, tests or reports, radon, formaldehyde, PCB, asbestos or other environmental tests reports, abatement and/or containment plans, audits or reports, and site plans related to the Property.

2. Parking, structural, mechanical or other building reports and engineering reports or studies related to the Property and any and all plans, specifications, structural diagrams, working and as-built drawings, architectural plans or studies, grading plans, utilities drawings, topographical maps and similar data with respect to the Property.

3. Copies of any title insurance policies and surveys covering the Property in Seller's possession or control.

4. All certificates of occupancy, permits, authorizations, approvals and licenses issued by governmental authorities having jurisdiction over the Property, all certificates issued by the local board of fire underwriters (or other similar body) relating to the Property and the results of any and all inspections, investigations, tests and studies with regard to zoning, building codes and other governmental regulations or entitlement matters.

5. All documents in Seller's possession, if any, concerning water rights relating to the Property, including without limitation all rights to water wells, riparian rights, ditch rights or shares of water rights, if any

6. Statements for utilities, if any, payable for the current calendar year, and any prior years available.

7. Copies of all insurance policies (or certificates evidencing such policies) maintained by the Seller with respect to the Property maintained by the Seller with respect to the Property.

8. A general list of any and all furniture, fixtures, and equipment that is to be excluded from the Property.

9. Any other relevant documentation, such as tax abatement agreements, easement agreements, railroad agreements, drainage agreements, special improvement or metropolitan district agreements, ground leases and the like, if applicable.

## EXHIBIT C

### Restrictive Covenant

THIS RESTRICTIVE COVENANT ("Covenant") is made and entered into as of the 5 day of October, 2015 by and between the **Wheat Ridge Housing Authority** (the "Authority") and Fruitdale School Partners, LLC (the "Buyer"), whose address is 10290 W. 55<sup>th</sup> Lane, #201, Arvada., Colorado 80002, together referred to as the "Parties." 14

### RECITALS

A. The Authority is the owner of the real property and all appurtenances and improvements located thereon located in the County of Jefferson, State of Colorado more particularly described on **Exhibit A** attached hereto and fully incorporated herein by this reference (the "Property").

B. The Buyer is the contract purchaser of the Property.

C. As condition of the sale of the property by the Authority to the Buyer, the Authority and the Buyer have agreed that certain restrictions shall be placed upon the future use of the Property, and have further agreed that such restrictions shall take the form of this restrictive covenant, execution and recording of which is required, by the terms of the purchase contract between the Parties, and shall take place simultaneously with recording of the deed transferring the Property from the Authority to the Buyer.

NOW, THEREFORE in consideration of the above recitals, which are fully incorporated herein by this reference, and other good and valuable consideration, the delivery, receipt and sufficiency of which are acknowledged, the Parties agree as follows:

1. The word "Fruitdale" in some form shall always be made a part of the name of any school, business, or other operational facility maintained on the Property.

2. The historic qualities of the exterior of the principal building on the Property (including, without limitation, brickwork and architectural details) shall be preserved, modified and maintained in reasonable compliance with preservation standards adopted by the National Park Service and the Colorado State Historical Preservation Office in order to maintain the building's status on the national register of historic structures.

3. Buyer must diligently pursue securing all necessary entitlements, financing, etc. to commence and complete construction in a timely way. Buyer intends to use the Property for an artisanal meat company, residential apartments and other public or semi-public uses. Buyer agrees to enter into a development agreement prior to closing on the property that establishes additional timely performance benchmarks to achieve those intended uses of the Property.



4. Until such time as the renovation work on the principal building on the Property has been substantially completed and the building returned to functional use, the Buyer shall not transfer legal title to any portion of the Property (by deed, inheritance or otherwise), and the Buyer shall not mortgage or place any other lien or encumbrance on the Property, unless the same is expressly by its terms subordinate to the terms of this Covenant. Notwithstanding the foregoing, the Buyer may transfer the Property to a related entity that is wholly owned or controlled by the Buyer. Any transfer in violation of this paragraph shall be void and of no effect, and any attempt to do so shall cause the Property to revert to the Authority.

5. The benefits and burdens of this Covenant are acknowledged by the Parties as touching and concerning the Property, and they shall be perpetual, and shall run with the land and upon every conveyance, mortgage, lien or encumbrance thereof, and shall be binding on all successors and assigns of the Parties, unless released by written instrument executed by the Authority, acting in its sole and exclusive discretion upon a written request by the Buyer or any successor. The Parties agree that should the Authority cease to exist for any reason, all rights, obligations, benefits and burdens of the Authority herein shall be deemed to have been assumed by the City of Wheat Ridge, Colorado, as the Authority's sole legal successor in interest.

6. All interests in real property arising under this Covenant shall vest, if at all, within 21 years of the death of the last to die of the Colorado U.S. Congressional delegation in office upon the date hereof.

7. This Covenant shall be governed and construed in accordance with the laws of the state of Colorado. Venue and jurisdiction for any action arising under this covenant shall be proper and exclusive in Jefferson County, Colorado.

8. This Covenant, together with the deed to the Buyer of even date herewith conveyed by the Authority to the Buyer and recorded simultaneously herewith, constitute the whole agreement between the Parties on the subjects contained herein, and no additional or different oral representation, promise or agreement shall be binding on the Parties with respect to the subject matter of this Covenant.

9. No provision of this Covenant may be waived except by written instrument signed by the Party to be charged with such waiver. Either Party may enforce its rights under this Covenant by a civil action for injunction or specific performance or any other appropriate remedy. Failure by any Party to this Covenant to enforce any provision of this covenant shall not constitute a waiver of such provision, and no waiver by any party to this covenant of any provision of this covenant on one occasion shall constitute a waiver of any other provision or of the same provision on another occasion.

10. This Restrictive Covenant shall be filed for record with the office of the Jefferson County Clerk & Recorder.



IN WITNESS WHEREOF, the Parties have executed this Restrictive Covenant on the dates set forth below, intending that it be valid and effective from and after the date of such recording.

18

[Buyer name]

FRUITDALE SCHOOL PARTNERS LLC

By:

James Hartman

[name, title]

JAMES HARTMAN  
MANAGER

STATE OF COLORADO )

) ss:

COUNTY OF JEFFERSON)

19

The foregoing Restrictive Covenant was acknowledged before me this 5TH day of NOVEMBER, 2015, by JAMES HARTMAN as MANAGER of FRUITDALE SCHOOL PARTNERS LLC.

My commission expires:

July 9th, 2015



Melissa Mackey  
Notary Public

WHEAT RIDGE HOUSING AUTHORITY

By: Kenneth P. Johnston  
Title: Executive Director

STATE OF COLORADO  
COUNTY OF JEFFERSON

)  
) ss: Kenneth P. Johnston  
)

20

The foregoing Restrictive Covenant was acknowledged before me this 5<sup>th</sup> day of November, 2015, by Kenneth P. Johnston as Executive Director of Wheat Ridge Housing Authority.

My commission expires: July 9<sup>th</sup>, 2017.



Melissa Mackey  
Notary Public

**Exhibit A**  
**Legal Description of the Property**

A PARCEL OF LAND SITUATED IN THE NORTH 1/2 OF SECTION 21, TWP. 3 SOUTH, RANGE 69 WEST OF THE SIXTH PRINCIPAL MERIDIAN, COUNTY OF JEFFERSON, STATE OF COLORADO;

BEGINNING AT A POINT ON THE NORTH LINE OF THAT CERTAIN PROPERTY DESCRIBED IN RECEPTION NO. 86049897 BEING THE NORTHERLY RIGHT OF WAY LINE OF WEST 44TH AVENUE, SAID POINT ALSO LYING 642.56' NORTH OF THE CENTER OF SAID SECTION 21 ON THE N/S CENTERLINE OF SAID SECTION 21, SAID POINT BEING THE POINT OF BEGINNING; THENCE N.89°34'27"W. ALONG SAID NORTH LINE, A DISTANCE OF 99.01 FEET TO THE SOUTHERLY EXTENSION OF THE WESTERLY LINE OF THAT CERTAIN PROPERTY DESCRIBED IN BOOK 9, PAGE 451; THENCE N.00°18'35 "W. ALONG THE SAID WEST LINE AND ITS SOUTHERLY EXTENSION, A DISTANCE OF 261.17 FEET TO THE NORTHWEST CORNER OF SAID PROPERTY; THENCE N.89°41'25"E. ALONG THE NORTH LINE OF SAID PROPERTY, A DISTANCE OF 198.00 FEET TO THE NORTHEAST CORNER OF SAID PROPERTY; THENCE S.00°18'35"E. ALONG THE EASTERLY LINE OF SAID PROPERTY AND ITS SOUTHERLY EXTENSION, A DISTANCE OF 263.36 FEET TO THE NORTH LINE OF THAT CERTAIN PROPERTY DESCRIBED IN RECEPTION NO. 86049897; THENCE N.89°46'46"W. ALONG SAID NORTH LINE, A DISTANCE OF 99.01 FEET TO THE POINT OF BEGINNING. CONTAINING 51,946.36 SQUARE FEET OR 1.1925 ACRES, MORE OR LESS.

THE BASIS OF BEARINGS FOR THE ABOVE DESCRIBED PARCEL OF LAND IS PLATTED ON FRUITDALE PATIO HOMES TO BE N.00°09'23"W FROM THE EAST 1/4 OF SECTION 21, TWP. 3 SOUTH, RANGE 69 WEST OF THE 6TH PM TO THE NORTHEAST CORNER OF SAID SECTION, SAID EAST 1/4 BEING A 3 1/4' BRASS CAP AND POST SET IN RANGE BOX STAMPED LS 13212 PER THE MONUMENT RECORD AND THE NE CORNER BEING STAMPED LS 13212 1984 PER THE MONUMENT RECORD.

Together with certain lands to the north and east of Property which are intended to be mutually swapped through a land transfer process between the school district and the housing authority and/or city.





R \$0.00  
D \$0.00

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JEFFERSON COUNTY, Colorado

**ADDENDUM TO AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY**

THIS ADDENDUM TO AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY ("Addendum") is made and entered into as of the 1<sup>st</sup> day of March 2016, by and between the WHEAT RIDGE HOUSING AUTHORITY ("Seller") and the Fruitdale School Partners LLC, a Colorado Limited Liability Corporation ("Buyer"). Seller and Buyer are sometimes referred to as "Party" or "Parties".

**RECITALS**

A. Seller and Buyer entered into an Agreement for Purchase and Sale of Real Property located in Jefferson County, Colorado on November 2, 2015 ("the Agreement"). The Agreement is recorded at Reception No. 2015119084 in Jefferson County.

B. A portion of the real property addressed in the Agreement is now the subject of a quiet title action pursuant to C.R.C.P. 105 in Jefferson County District Court Case No. 2015CV31914.

C. Seller and Buyer wish to amend the Agreement by the execution of this Addendum.

**ADDENDUM AGREEMENT**

In consideration of the promises and agreements of the Parties contained herein, the sufficiency of which is hereby acknowledged by each of the Parties, Seller and Buyer do hereby promise and agree as follows:

1. Paragraph 3d of the Purchase and Sale Agreement ("Agreement") shall be amended to extend the March 1, 2016 deadline for removal of the 1883 Restriction described therein to March 20, 2016. The Parties acknowledge that this extension is not due to the fault of either Party, but is dependent upon the issuance of a final court order in Jefferson County District Court Case No. 2015CV31914.

2. Eric Clayman shall be removed from the "Notices" provision contained in Paragraph 17 of the Agreement.

3. The Parties will ensure that any title insurance policies acquired in relation to the Agreement shall acknowledge and reflect the District Court's final Order in Case No. 2015CV31914.

IN WITNESS WHEREOF, the Parties have executed this Addendum on the dates set forth below, intending that it be valid and effective from and after the date of their execution.

FRUITDALE SCHOOL PARTNERS LLC

By: James Hartman  
James Hartman, Manager  
Date: 3.10.16

STATE OF COLORADO )  
 ) ss  
COUNTY OF JEFFERSON )

THE FOREGOING AGREEMENT FOR EXCHANGE OF REAL PROPERTY was acknowledged before me this 10<sup>th</sup> day of March, 2016 by JAMES HARTMAN of Jefferson County School District R-1.

WITNESS my hand and official seal.

My commission expires: July 9<sup>th</sup>, 2017



Melissa Mackey  
Notary Public

WHEAT RIDGE HOUSING AUTHORITY

By: Kenneth P. Johnstone  
Kenneth P. Johnstone, Executive Director  
Date: March 10, 2016

STATE OF COLORADO )  
 ) ss  
COUNTY OF JEFFERSON )

THE FOREGOING AGREEMENT FOR EXCHANGE OF REAL PROPERTY was acknowledged before me this 10<sup>th</sup> day of March, 2016 by Kenneth P. Johnstone, of the Wheat Ridge Housing Authority.

WITNESS my hand and official seal.

My commission expires: July 9<sup>th</sup>, 2017



Melissa Mackey  
Notary Public

*Refer*

**SECOND ADDENDUM TO AGREEMENT FOR PURCHASE AND SALE OF REAL  
PROPERTY**

THIS SECOND ADDENDUM TO AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY ("Addendum") is made and entered into as of the 8<sup>th</sup> day of September 2016, by and between the WHEAT RIDGE HOUSING AUTHORITY ("Seller") and the Fruitdale School Partners LLC, a Colorado Limited Liability Corporation ("Buyer"). Seller and Buyer are sometimes referred to as "Party" or "Parties". *1-2*

**RECITALS**

A. Seller and Buyer entered into an Agreement for Purchase and Sale of Real Property located in Jefferson County, Colorado on November 2, 2015 ("the Agreement"). The Agreement is recorded at Reception No. 2015119084 in Jefferson County.

B. Seller and Buyer amended the Agreement with an initial Addendum that is recorded at Reception No 2016022563 in Jefferson County.

C. Seller and Buyer wish to amend the Agreement by the execution of this Second Addendum.

**ADDENDUM AGREEMENT**

In consideration of the promises and agreements of the Parties contained herein, the sufficiency of which is hereby acknowledged by each of the Parties, Seller and Buyer do hereby promise and agree as follows:

1. Paragraph 4 of the Purchase and Sale Agreement ("Agreement") shall be amended to extend the Inspection Period from 240 days to 360 days. For clarity, the Effective Date noted in Paragraph 25 of the Agreement is November 23, 2015.

IN WITNESS WHEREOF, the Parties have executed this Addendum on the dates set forth below, intending that it be valid and effective from and after the date of their execution.



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JEFFERSON COUNTY, Colorado

R \$0.00

D \$0.00



FRUITDALE SCHOOL PARTNERS LLC

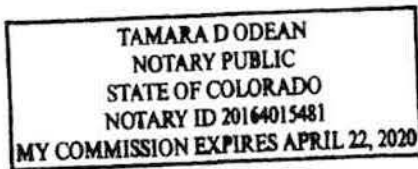
By: James Hartman  
James Hartman, Manager  
Date: SEP 8, 2016

STATE OF COLORADO )  
 ) ss  
COUNTY OF JEFFERSON )

THE FOREGOING SECOND ADDENDUM was acknowledged before me this 8<sup>th</sup> day of September, 2016 by Tamara Odean Clerk to the Authority.

WITNESS my hand and official seal.

My commission expires: April 22, 2020



Tamara Odean  
Notary Public

WHEAT RIDGE HOUSING AUTHORITY

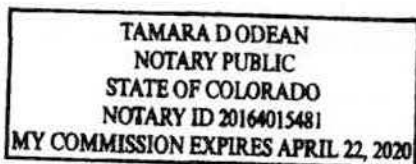
By: Kenneth P. Johnstone  
Kenneth P. Johnstone, Executive Director  
Date: Sept 8, 2016

STATE OF COLORADO )  
 ) ss  
COUNTY OF JEFFERSON )

THE FOREGOING AGREEMENT FOR EXCHANGE OF REAL PROPERTY was acknowledged before me this 8<sup>th</sup> day of September, 2016 by Tamara Odean, of the Wheat Ridge Housing Authority.

WITNESS my hand and official seal.

My commission expires: April 22, 2020



Tamara Odean  
Notary Public



**EXHIBIT C**

**Site Plan**

**[Attached]**



**EXHIBIT D**

**Developer's Approved Pre-closing Pro forma**

**[Attached]**

**Fruitdale Loch - Hartman Fly Investments**  
Project Annual Cash Flows

Model Version 35 (including 170 cell)  
Program: 16 apartments including 3 affordable and 11 market rate

Calendar year  
Project years

2015 2016 2017 2018 2019 2020 2021 2022 2023 2024 2025 2026 2027 2028 2029 2030 2031 2032 2033 2034 2035 2036

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**Fruitdale Lots - Hartman Ely Investments**

Project Annual Cash Flows

Model Version 35 (including V20 ref)  
Program: 18 apartments including 5 affordable and 11 market rate

Calendar year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Project Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
<b>Levered Cash Flows</b>																						
Financing - PACE Loan - levered as a property tax assessment	\$																					
Loan Proceeds	\$	3,450,000																				
Loan Costs	\$	(55,448)																				
Interest Reserve - operating startup	\$	20,000																				
Amortizing Loan Payments	\$	(53,167)																				
Loan Repayment at Disposition	\$	(2,065,790)																				
Total PACE Loan \$	\$	(466,164)																				
Total Building Loan \$	\$	(1,170,549)																				
Annual DSCR on Commercial & PACE loans against NOI																						
City and WUSA as capital partners	\$	2,115,000																				
City of Wheat Ridge - patient capital	\$																					
Interest only payments (5.0% accrues after construction)	\$	(12,115,000)																				
Repayment from Tax Credit Proceeds	\$																					
Total - COWS patient capital	\$																					
Wheat Ridge Housing Authority - patient capital	\$	400,000																				
Interest only payments (5.0% starting in Y11)	\$	(200,000)																				
Repayment from future sale or refinancing	\$	(600,000)																				
Total - WUSA patient capital	\$	(200,000)																				
Cash Flows After Debt Service & Patient Capital (CFADS)	\$	1,554,179	(150,000)	3,000	34,240	35,448	38,501	37,540	38,564	39,571	40,561	41,532	42,483	43,414	44,322	45,207	46,066	46,900	47,706	48,483	49,229	49,943
Cash on Cash	\$	(147,000)																				
Average Cash on Cash	\$	29.6%																				
Levered Project IRR	\$	21.2%																				
NPV @ 15%	\$	85,626																				
<b>Cashflow Distribution</b>																						
Tax Credit Investor share of cashflow	\$	52,593																				
Sponsor cashflow after Tax Credit Investor cashflow payments	\$	670,006	(150,000)	3,000	30,816	31,903	32,851	31,788	34,707	37,592	38,538	39,455	40,359	41,243	42,106	42,946	43,763	44,555	45,321	46,059	46,768	47,448
Cash on Cash	\$	(147,000)																				
Average Cash on Cash	\$	27.8%																				
Levered Project IRR	\$	20.7%																				
Sweep of Sponsor CF above 22.0% to City/WUSA	\$	172,187																				
Net Sponsor cashflow after City sweep	\$	(150,000)	3,000	30,816	31,903	32,840	32,340	32,340	32,340	32,340	32,340	32,340	32,340	32,340	32,340	32,340	32,340	32,340	32,340	32,340	32,340	32,340
Cash on Cash	\$	(147,000)																				
Average Cash on Cash	\$	22.8%																				
Levered Project IRR	\$	17.8%																				

Note: 1) Tax Credit Investor required to earn 10% of Project Cashflow from Years 1-5 and 5% in Year 6 and beyond to meet IRS safe harbor requirements.

2) Repayment from tax credit proceeds for years 5 through 20 is an estimate of developer's internal tax savings received from project tax credit benefits.

**Fruitdale Lofts - Hartman Ely Investments**

Sources and Uses, Income Tax Credit Calculations

Gross Building 16,000 sf  
Net Rentable 11,759 sf

**Uses**

Item	Budget	% Total	Cost/GSF	Cost/NSF
Site acquisition & closing costs	\$ 10	0.0%	\$ 0.00	\$ 0.00
Design & support professionals	\$ 472,100	8.4%	\$ 29.51	\$ 40.15
Permits & Fees	\$ 277,210	4.9%	\$ 17.33	\$ 23.57
Developer expenses & fee	\$ 455,000	8.1%	\$ 28.44	\$ 38.69
Soft cost contingency	\$ -	0.0%	\$ -	\$ -
Hard costs	\$ 4,070,000	72.3%	\$ 254.38	\$ 346.12
Hard cost contingency	\$ 302,236	5.4%	\$ 18.89	\$ 25.70
Financing Costs - Commercial Loan	\$ 55,444	1.0%	\$ 3.47	\$ 4.72
Financing Costs - PACE loan	\$ -	0.0%	\$ -	\$ -
<b>Total Development Budget</b>	<b>\$ 5,632,000</b>	<b>100.0%</b>	<b>\$ 352.00</b>	<b>\$ 478.95</b>
<b>Total Development Budget excluding deferred development fee</b>	<b>\$ 5,432,000</b>	<b>96.4%</b>	initial capital requirements for development	

**Sources - initial sources used to fund construction & development**

Item	Future amounts	Initial Funding Amount	% Total	Notes
<b>Subsidies</b>				
City of Wheat Ridge - long term loan	\$ 470,000	\$ 470,000	8.3%	
Wheat Ridge Housing Authority - long term loan	\$ 170,000	\$ 170,000	3.0%	
HOME Funds - Jefferson County - long term loan via public member	\$ 680,000	\$ 680,000	12.1%	
State Historical Fund grant	\$ -	\$ -	0.0%	
Temple Buell grant	\$ -	\$ -	0.0%	

Tax Credit Amounts	Total Project Funding	Short term funding available to payback City Patient Capital
Tax Credit Investor funding - Federal Solar	\$ 85,200	\$ 66,286
Tax Credit Investor funding - Federal Historic	\$ 793,607	\$ 617,427
Tax Credit Investor funding - State Historic	\$ 900,000	\$ 600,000
Enterprise Zone Equipment Tax Credit - Jefferson County	\$ 10,755	\$ -
<b>Tax Credit project funding amounts</b>	<b>\$ 1,789,562</b>	<b>\$ 1,283,712</b>

80.0% benefit for both tax credits. Only 77.8% of the benefit is included now per committed federal tax credit investors, providing \$683,712 short term net to the City. Confirm timing of remaining 22.2% by construction completion.

90.0% benefit, with \$300,000 (1/3) reserved for income tax payment required by FSP to IRS, \$600,000 short term net to repay City benefits operational cashflow. Tax Credit funds benefit project after construction

**Patient Capital Loans**

City of Wheat Ridge - patient capital	\$ 2,115,000	37.6%
Wheat Ridge Housing Authority - patient capital	\$ 400,000	7.1%
<b>Subtotal Subsidies &amp; Patient Capital</b>	<b>\$ 3,835,000</b>	

**Debt & Equity**

Commercial Loan	\$ 1,450,000	25.7%
PACE Loan	\$ -	0.0%
Equity - Fruitdale School Partners	\$ 147,000	2.6%
<b>Total Funding Sources</b>	<b>\$ 5,432,000</b>	<b>96.4%</b>

**Income Tax Credits - Historic (HITC), Solar (SITC), and Enterprise Zone (EZEITC)**

	Qualifying Costs	Tax Credits	Notes
<b>Federal Solar Income Tax Credit</b>			
Qualifying Costs	\$ 355,000		includes \$50k of soft costs
SITC value (30% of qualifying costs)		\$ 106,500	
<b>Federal Historic Income Tax Credit</b>			
Qualifying Costs	\$ 4,960,046		
HITC value (20% of qualifying costs)		\$ 992,009	
<b>State Historic Income Tax Credit (cap of \$1,000,000 applies)</b>			
Qualifying Costs	\$ 4,960,046		
HITC value (30% of qualifying costs with \$2M cap)		\$ 600,000	
Qualifying Costs	\$ 2,960,046		
HITC value (20% of remaining qualifying costs with \$2M cap)		\$ 400,000	
<b>Subtotal Federal Solar &amp; Historic and State Historic Income Tax Credits</b>		<b>\$ 2,098,509</b>	
<b>State Enterprise Zone Equipment Income Tax Credit via Jefferson County</b>			
Qualifying Costs - apt. cabinets & appliances and solar system	\$ 358,500		reduced by SITC amounts above
EZEITC value (3% of qualifying costs)		\$ 10,755	
<b>Total Federal and State Income Tax Credit Gross Amounts</b>		<b>\$ 2,109,264</b>	

**Fruitdale Lofts - Hartman Ely Investments**

## Rental Income

<b>Rental Income</b>	<b>SF</b>	<b>Count</b>	<b>Location</b>	<b>Status</b>	<b>Monthly Rental Rate PSF</b>	<b>Monthly Rent</b>	<b>Annual Rental Rate PSF</b>	<b>Annual Income/Expense</b>
<b>Residential Apartments</b>								
Apartment 100 - Patio, Detached House, Internal Laundry	937	3 bed	SW site corner	Work force	\$ 1.76	\$ 1,650	\$ 21.13	\$ 19,800
Apartment 102 - Patio, internal laundry	624	2 bed	1st Floor, 50s	HOME, high affordable	\$ 1.77	\$ 1,105	\$ 21.25	\$ 13,260
Apartment 111	551	1 bed	1st Floor, 20s	Work force	\$ 1.63	\$ 900	\$ 19.60	\$ 10,800
Apartment 112	1,054	3 bed	1st Floor, 20s	HOME, high affordable	\$ 1.19	\$ 1,250	\$ 14.23	\$ 15,000
Apartment 113	552	1 bed	1st Floor, 20s	Work force	\$ 1.63	\$ 900	\$ 19.57	\$ 10,800
Apartment 114	744	2 bed	1st Floor, 20s	HOME, high affordable	\$ 1.49	\$ 1,105	\$ 17.82	\$ 13,260
Apartment 115	792	2 bed	1st Floor, 50s	HOME, low affordable	\$ 1.07	\$ 850	\$ 12.88	\$ 10,200
Apartment 116 - Patio	766	2 bed	1st Floor, 50s	HOME, high affordable	\$ 1.44	\$ 1,105	\$ 17.31	\$ 13,260
Apartment 117 - Patio	710	2 bed	1st Floor, 50s	Work force	\$ 1.90	\$ 1,350	\$ 22.82	\$ 16,200
Apartment 118 - Patio	659	2 bed	1st Floor, 50s	Work force	\$ 2.05	\$ 1,350	\$ 24.58	\$ 16,200
Apartment 119 - Patio	653	2 bed	1st Floor, 50s	Work force	\$ 2.07	\$ 1,350	\$ 24.81	\$ 16,200
Apartment 120 - Patio	658	2 bed	Garden level	Work force	\$ 2.05	\$ 1,350	\$ 24.62	\$ 16,200
Apartment 201 - Includes Flex Space	838	2 bed	2nd Floor, 20s	Work force	\$ 1.61	\$ 1,350	\$ 19.33	\$ 16,200
Apartment 202 - 2nd BR in attic loft	693	2 bed	2nd Floor, 20s	Work force	\$ 1.91	\$ 1,325	\$ 22.94	\$ 15,900
Apartment 203 - Includes Flex Space	837	2 bed	2nd Floor, 20s	Work force	\$ 1.61	\$ 1,350	\$ 19.35	\$ 16,200
Apartment 204 - 2nd BR in attic loft	691	2 bed	2nd Floor, 20s	Work force	\$ 1.92	\$ 1,325	\$ 23.01	\$ 15,900
<b>Total Residential Apartments</b>	<b>11,759</b>	<b>32 bed</b>			<b>\$ 1.67</b>	<b>\$ 19,615</b>	<b>\$ 20.02</b>	<b>\$ 235,380</b>
<b>Commercial</b>								
none	0	NA			\$ -	\$ -	\$ -	\$ -
<b>Total Commercial</b>	<b>0</b>				<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Rental Income</b>	<b>11,759</b>	<b>SF of net rental space</b>			<b>\$ 1.67</b>	<b>\$ 19,615</b>	<b>\$ 20.02</b>	<b>\$ 235,380</b>
<b>Other Income and Deductions</b>								
Solar REC revenue	Quantity				Rate or %			
	Revenue based on year 1 production estimate of 186,580 kWh							\$ 9,330
Residential electricity charges	\$ 50.00 per unit per month							\$ 9,600
Other - Laundry & miscellaneous								\$ 2,700
Stabilized Vacancy Loss - Apartments					3.0%			\$ (7,430)
<b>Total Other Income and Deductions</b>								<b>\$ 14,200</b>
<b>Effective Gross Income - stabilized in 2016 \$</b>								<b>\$ 249,580</b>

Notes: 1) Apartments will be submetered for water. Electrical charges will be a monthly flat fee. Telecom services will be independent of landlord. All other expense will be landlord charge.

**Fruitdale Lofts - Hartman Ely Investments**

Long term valuation and debt restructure in Y20

Option A: refinance of property at Year 20

<u>Item</u>	<u>Amount</u>	<u>Notes</u>
Project NOI in Y20	\$ 178,119	from NOI page in proforma, assumes 1.2% annual rental growth
Project valuation Y20	\$ 2,740,291	assumes 6.5% cap rate

Refinance loan assumptions

Rate	6.50%
Term - years	25
Loan amount	\$ 1,940,000
Annual Payment	\$ 157,188
DSCR	1.13

**Year 20 refinance debt payoff waterfall - assumes end of year after all annual cashflow items**

Refinance payment	\$ 1,940,000
loan costs & closing costs	\$ (29,100) assumes 1.0% loan cost + 0.5% closings costs
interest rate contingency	\$ (75,000)
Net funding	\$ 1,835,900

Repay equity, debt and patient capital loans

outstanding Pace loan balance	\$ -	20 year amortization period
outstanding commercial loan balance	\$ (466,164)	25 year amortization period
outstanding City patient capital loan	\$ (606,288)	remainder after tax credit proceeds
deferred City patient capital loan interest	\$ (581,725)	earns 5% annually, non-compounding after Y2 tax credit funding
outstanding City long term loan	\$ -	deferred to sale
outstanding WRHA patient capital loans	\$ -	deferred to sale
deferred WRHA interest	\$ (180,000)	earns 5% annually, non-compounding after Y2 tax credit funding
outstanding WHRA long term loan	\$ -	deferred to sale
outstanding HOME loan	\$ -	deferred to sale
outstanding equity FSP	\$ -	deferred to sale
Combined equity & debt repayments	\$ (1,834,176)	

<b>Remaining balance</b>	<b>\$ 1,724</b>
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Outstanding equity and debt positions

City long term loan	\$ 470,000
WRHA patient capital loan	\$ 400,000
WRHA long term loan	\$ 170,000
HOME Loan	\$ 680,000
FSP equity	\$ 147,000
Total remaining after refinance	\$ 1,867,000

<b>Sponsor Cashflow share above 22% COC to City/WRHA Y1-20</b>	<b>\$ 172,167</b>
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## **Fruitdale School – Timeline of Project Milestones**

- Fall 2007 – Fruitdale is decommissioned as a school in 2007 when the new Norma Anderson Preschool opens on the adjacent property. The east addition of Fruitdale is demolished to accommodate the preschool. Utilities to Fruitdale are disconnected and transferred to the new preschool, and the historic building becomes vacant.
- Spring 2008 – Jeffco Schools issues an RFP to solicit proposals for the possible sale of the building. WRHA decides to submit a proposal for renovation of the school into residential units.
- April 2008 – WRHA retains Entasis Group to complete a cost estimate for a possible residential reuse of Fruitdale. WRHA pays Entasis \$22,000 to develop conceptual plans and work specifications. Entasis completes a proposal to renovate the building into residential lofts; the cost for renovation is estimated at nearly \$1.7 million for an average cost of \$188,000 per unit for nine units.
- Fall 2008 – After exploring financing options, WRHA decides a residential reuse of Fruitdale is not feasible because of the financing requirements associated with multifamily development. The WRHA notifies Jeffco Schools that the project is no longer considered feasible and the proposal is withdrawn.
- Summer 2010 – The Fruitdale building has remained vacant for three years, and Jeffco Schools contacts Wheat Ridge to see if the City or Housing Authority would like to reconsider purchasing the property before demolition plans are finalized.
- July 2010 – WRHA decides to commission a more detailed market analysis to assess the viability of converting the Fruitdale School into residential units.
- October 2010 – A market analysis is completed by The Genesis Group for a fee of \$4,000. The analysis considers for-sale and for-lease residential units. The results of the analysis again indicate that a residential reuse is not financially viable, particularly given the current economic and multifamily housing conditions. The Housing Authority decides again not to pursue acquisition of Fruitdale.
- November 2010 – WRHA sends a letter to Jeffco Schools indicating they are not interested in purchasing the building.
- February 2011 – The school district prepares the building for demolition. The Mayor, with support from Colorado Preservation Inc. (CPI) staff, approaches Jeffco Schools about the possibility of WRHA purchasing the building to save it from demolition.
- April 2011 – After several months of negotiation, the Housing Authority ultimately purchases Fruitdale School for \$112,000—the same price which Jeffco Schools had already paid for environmental remediation in preparation for demolition. A portion of the new preschool’s playground remains on the land deeded to WRHA.
- Fall 2011 – The interior of the school has deteriorated because of a lack of climate control and a leaking roof during the four years of sitting vacant. WRHA decides to install a new roof, and the building is weatherized for a cost of \$110,000.

## **Attachment 2**

- Spring 2012 – Based on an application submitted by CPI, a \$15,000 non-matching grant is received from the State Historic Fund (SHF) for completion of a Historic Structure Assessment (HSA). Slaterpaul Architects is hired to prepare the HSA.
- December 2012 – The HSA is completed and identifies \$2.2 million in deficiencies; these would need to be addressed simply to make the building habitable, without any major interior changes to the building configuration or tenant finish work.
- Spring 2013 – WRHA applies for and receives a second SHF grant in the amount of \$43,000. This includes a required 25% match of \$11,000 from WRHA, and allows for the preparation of construction documents as identified in the HSA.
- March 2013 – After applying for historical landmark designation, Fruitdale School is approved to be included on the National Register of Historic Places and the Colorado State Register of Historic Properties.
- December 2013 – WRHA retains Butler Burgher Group to complete a valuation and market analysis that explores possible reuse options (condos, apartments, office, retail, industrial, etc.) and quantifies the feasibility of each. The market study assumes that deferred maintenance (\$2.2 million) has already been addressed and considers the renovation costs and stabilized values for each type of land use. The market study concludes that no specific land use is considered a “highest and best use,” and any potential reuse would likely have a funding gap of \$1.5 to \$1.75 million dollars. If redevelopment is desired, the study recommends a partnership with the City. Alternatively, it recommends demolition as the most objective, financially feasible option, although this too would be at a loss given the land value is less than the combined costs of demolition and the Authority’s investment to date.
- March 2014 – WRHA publishes a Request for Interest (RFI) to solicit reuse proposals from the development community.
- July 2014 – Three proposals are received in response to the RFI, and the Housing Authority selects a proposal from Mountain Phoenix Charter School for an expansion of their charter school into Fruitdale. A purchase and sale agreement is executed in October.
- January 2015 – After several months of due diligence, the charter school terminates the purchase and sale agreement.
- February 2015 – The Housing Authority offers another RFI respondent, Hartman Ely Investments (HEI), an opportunity to present their redevelopment proposal.
- April 2015 – HEI presents a preliminary reuse proposal to WRHA and is granted an exclusive four-month period to conduct due diligence. At this time the redevelopment included potential agricultural and commercial uses.
- September 22, 2015 – HEI presents an updated \$6 million redevelopment proposal to WRHA. The Authority approves a motion directing staff to negotiate a purchase and sale agreement with HEI. They also direct staff to complete pre-development tasks including a land swap with the school district, necessary land use entitlements, and removal of the reverter clause.

- October 5, 2015 – City Council reviews a mixed use development proposal for Fruitdale and discussed the project's funding gap.
- November 6, 2015 – The PSA between WRHA and Fruitdale School Partners (FSP) is recorded.
- November 24, 2015 – WRHA passes motions authorizing their financial participation in the amount of a \$170,000 grant and a \$400,000 loan and directs staff to negotiate and execute a development agreement.
- January 11, 2016 – City Council discusses a revised residential-only development proposal for Fruitdale, the updated project pro forma, and a possible public private partnership.
- January 12, 2016 – WRHA holds a special meeting to complete a comprehensive review of the residential redevelopment proposal and ratifies their direction to execute a development agreement for a 100% residential project.
- February 8, 2016 – City Council approves Resolution 15-2016 supporting the redevelopment of Fruitdale School, authorizing financial participation in the amount of a \$1.925 million loan and \$470,000 grant, and approving the term sheet for the project.
- February 22, 2016 – City Council approves Resolution 17-2016 approving the development agreement for the project and authorizing a loan up to \$2.115 million and a grant of \$470,000
- March 16, 2016 – The Development Agreement between FSP, WRHA, and the City is recorded.
- March 17, 2016 – WRHA and Jeffco Schools execute and record a land swap agreement.
- April 1, 2016 – An application is submitted to the State Historic Fund for a potential \$175,000 grant.
- April 7, 2016 – Planning Commission approves WRHA's application for a subdivision on the property.
- April 22, 2015 – The order for default judgment and quieting the title is recorded, removing the school-related reverter clause.
- May 6, 2016 – Jefferson County Community Development provide a letter of support, committing \$680,000 in HOME funds for the project.
- May 9, 2016 – City Council approves WRHA's application for a zone change on the property from A-1, C-1, and R-3 to Mixed Use-Neighborhood.
- June 8, 2016 – WRHA and Jeffco Schools execute bargain and sale deeds completing the land swap which enlarges the Fruitdale property to the north and returns the preschool playground to the school district.
- June 9, 2016 – The approved subdivision plat is recorded.
- June 20, 2016 – The National Park Service and History Colorado (state historic preservation office) approve the redevelopment proposal making the project eligible for



approximately \$925,000 in federal historic preservation tax credits and \$1,000,000 in state tax credits.

- July 2016 – HEI selects The Abo Group, a Lakewood-based architectural firm, to begin final construction drawings. Soon after, HEI selected Palace Construction as the contractor for the project.
- August 4, 2016 – Staff is notified that the project is not awarded an SHF grant.
- August 16, 2016 – WRHA and HEI host a community meeting and publish a project update in the Connections newsletter.
- August 2016 – HEI secures a written commitment from a St. Louis based bank to purchase the State historic preservation tax credits (over half of the total tax credit amount) at a better syndication rate than projected in the project's pro forma (90% vs 85%).
- September 2016 – HEI received a LOI from a Denver real estate group (Pinnacle Real Estate Group) to purchase 50% of the federal historic preservation tax credits (HPTC) at an 80% discount rate.
- September 19, 2016 – HEI submits a site plan application for review.
- September 30, 2016 – Xcel approves the project's ground-mounted solar array for the Solar\*Rewards program and associated tax credits and extends the completion deadline to April 2017.
- October 3, 2016 – An application is resubmitted to the State Historic Fund after consultation with their staff for a potential \$200,000 grant. Awards will be announced in February 2017.
- October 25, 2016 – HEI submits a building permit application for review.
- October 25, 2016 – Housing Authority receives an update on the status of the project, including completed tasks and project costs and financing. The Board expressed support for staff to negotiate final refinements to the Development Agreement that was originally approved in early 2016.
- November 7, 2016 – At a study session, City Council receives an update on the status of the project, including completed tasks, projects costs, tax implications, and new terms for the City's \$2.115 loan which could extend the payback period.
- November 2016 – Staff works with the City Attorney's office and a third-party financial advisor (Economic and Planning Systems) to improve the final terms of the public private partnership.
- November 28, 2016 – City Council is scheduled to review the Amended and Restated Development Agreement.
- November 29, 2016 – WRHA is scheduled to review the Amended and Restated Development Agreement.
- December 1, 2016 – Closing on the Fruitdale property is tentatively scheduled.

## **MEMORANDUM**

To: City of Wheat Ridge  
From: Andrew Knudtsen, Economic & Planning Systems  
Subject: Feasibility Analysis of the Fruitdale Redevelopment, EPS  
#163113  
Date: November 22, 2016

*The Economics of Land Use*



The purpose of this memorandum is to convey the findings of the Economic & Planning Systems (EPS) evaluation of the proposed Fruitdale redevelopment. The project, as noted elsewhere in City Council communications, calls for the redevelopment of the historic Fruitdale elementary school with 16 residential dwelling units, five of which will be rented at affordable rates.

Economic & Planning Systems has been retained by the City to evaluate the proposed financial terms of the project and assess ways the City can both activate the community with strategic investments such as this and also mitigate its risk.

### **A. Overview of Terms**

There are four forms of investment that the City of Wheat Ridge and the Wheat Ridge Housing Authority will be providing to the Fruitdale project. These include:

- City loan of \$2,115,000, of which \$1,280,000 (61 percent) will be returned to the City within approximately 18 months from start of construction, and the balance to be paid by Year 20 at 5 percent interest.
- Wheat Ridge Housing Authority (WRHA) loan of \$400,000. The developer will begin to retire this debt in Year 11. A portion of it will be returned to the City in Year 20 as part of a mandatory refinance or sale. The balance will be paid back from Year 21 through Year 35. Interest at 5 percent will accrue at project completion with payments starting in Year 11.

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Sacramento

[www.epsys.com](http://www.epsys.com)

- City *long-term* loan of \$470,000 to be paid by Year 35. Interest will accrue at 5 percent annually, starting in Year 20 following the project refinance and restructuring of the primary commercial loan and retiring the City loan. It should be noted that the present value of dollars that are paid from Years 20 to 35 are significantly lower than today's value. While repayment of these funds is better than the original designation as a grant, and thus the terms have improved for the City and WRHA, the timing of payment is such that the value in today's dollars is not as substantial.
- WRHA *long-term* loan of \$170,000 to be paid by Year 35. All of the comments applied to the City's long-term loan, noted above, apply to the WRHA long-term loan, too.

The amortization schedule for the two long-term loans (\$470,000 and \$170,000) reflect a recent modification of terms. These were formerly grants, but after a determination that the project could not sustain the associated tax burden generated by these grants, the funds were changed into long-term loans with repayment occurring in the distant future.

## **II. Risk Overview**

As with any real estate investment, there are numerous risks that will impact each of the partners in the project. Some of these include:

- Entitlement Risk – time and cost for land use approvals
- Development Risk – cost overruns, construction delays
- Market Risk – slow absorption, lower prices
- Operating Risk – vacancies, O&M costs, liabilities
- Exit Risk – market for reversion, for underlying land

The goal of all developers – and their partners – is to reduce risk. Some of the points listed above, such as Entitlement Risk, have been lowered with the Fruitdale project than for other sites given the fact that the plan conforms to existing City land use regulations and that the City will be involved as a partner. Other elements shown above pertain to future conditions. Accordingly, the City should be aware that real estate development is inherently risky. Funds that it may invest in this real estate project are subject to all of the risks identified above.

## **III. Evaluation of City of Wheat Ridge Position**

Economic & Planning Systems advises a range of public entities (such as municipalities, housing authorities, and transit agencies) on ways they can catalyze specific submarkets that are not sufficiently strong enough to attract capital of their own accord. The role of these public agencies is to induce demand in a given area, essentially leading the market, with the goal that the project will generate market momentum. This momentum can take the form of end-user demand (commercial tenants and/or residents owners). More importantly, momentum can manifest itself with additional developers investing in the submarket, bringing their capital, and establishing comparables upon which the full range of players can use to underpin their willingness to invest. Some of the key examples of these other players include appraisers, loan underwriters, and bond markets.

As the City considered its options related to Fruitdale, the goal has been to balance its role in leading the market to generate momentum and limiting its risk exposure. This calibration is the goal of any public agency investing in a public-private partnership. Specific considerations include:

- *Recourse* – In the event the project does not perform according to the pro forma, each of the parties with investments in the deal incur exposure and may lose their money. Recourse is the term used to identify the action available to the various parties to recover their funds. Typically, the primary lender holds the senior position and can take title to the asset in the event the developer cannot service the loan. Accordingly, the return required of lenders is the lowest (often between 5 to 8 percent historically) as they have the least amount of exposure. Next in order would be Mezzanine Debt, which is typically a layer of financing that has limited recourse and thus comes at a high rate of return (mid-teens). Finally, equity partners are typically last in order with the greatest exposure to their funds and the highest expected returns (mid to high teens and in some cases exceed 20 percent).

The recent negotiations have provided the City with recourse to the property, in the event the developer does not fulfill his obligations. Over the first twenty years, the project will establish traction with the market, increase rents and corresponding Net Operating Income (NOI), and pay its obligations. In Year 20, much of the primary debt will have been paid. Only 32 percent, or \$466,164, will remain at that time. The primary lender will continue to have a senior position in the debt structure throughout the twenty-year term. However, in Year 20, the City will take senior position and can take the asset if the developer does not successfully refinance the deal and pay off the City loan and associated interest. If the City takes title to the property, the developer will assume the outstanding debt.

- *Role as Partner* – The City plays a unique role in this project. Originally, it was a short-term stop gap funder, providing a substantial amount of capital for a short period of time. The take out was to be in the form of tax credit investor equity, which was to be confirmed prior to project construction, thus creating a low risk proposition. The rate of funds, falling between one and two percent, reflected the relatively low risk.

Because the sale of tax credits has lagged and due to additional tax burdens on the project, the developer has requested that the City extend its involvement from a limited duration (less than two years) to an extended period (20 years).

At a loan size of \$2,115,000, the City has the largest investment, relative to the primary loan (\$1,450,000) or developer equity (\$147,000). Much of this exposure will be eliminated in Year 2, when tax credit equity investments can take out approximately \$1,280,000 of the City's loan, leaving a balance of \$835,000. This will be retired with annual payments of \$12,500 through Year 20 and proceeds available in Year 20 resulting from a refinance of the project (or sale of the asset). The developer has committed to provide the City with a 5 percent return on its funds invested over this time period.

This role is unusual, as it combines a higher degree of risk for a lower rate of return than what could be found in typical real estate projects. It relies on City participation more as an equity partner. Because the returns to the City are limited, the deal must be evaluated with terms that are both quantitative and qualitative. To the degree the City can accomplish policy goals related to catalytic transformation, greater capital attraction to Wheat Ridge, and mixed-income residential infill, the combined financial and community-oriented impact of the project can justify the terms.



- *Risk Mitigation* – The project pro forma reflects the structure of the deal and is driven by numerous inputs. Some of the more significant factors include the escalation rates applied to costs and revenues. Typically, EPS models costs with a 3 percent annual escalation factor and revenue at 2 percent. The Fruitdale model includes a 3 percent factor for costs. In terms of revenue, the Denver rental market over the past five years has far exceeded 2 percent annual increases; however, rents during the Great Recession contracted dramatically. Thus, 2 percent over an extended period of time is a reasonable assumption and one that EPS uses for most of its work. In this case, the project has been modeled with a more conservative factor of 1.2 percent. Thus, all partners in the project have a buffer as currently modeled.

The expected proceeds from a refinance or sale of the property in Year 20 are driven by cap rate estimates. For this pro forma, an assumed 6.5 percent cap rate is reasonable.

More significantly, the developer has built in a reserve fund of \$75,000 to use in Year 20 to buy down the then-current interest rate. This reserve is a prudent measure that will give the developer an added set of resources to execute the planned refinance.

- *Profit Distributions* – The City has negotiated a profit split, when net cash flows exceed a certain threshold, in this case, 22 percent measured by a cash-on-cash basis. This split ensures that the City will participate in an upside, in the event market conditions strengthen and the project out performs expectations. The pro forma estimates \$170,000 in revenue, over a 20-year period, based on this split of proceeds. It is a modest but positive return that is additive to the other measures.
- *Opportunity Cost* – One of the final considerations is to evaluate the opportunity cost for the City. Where else might the City invest its funds? How can the City, as stewards of the community's resources, effect the greatest change? Cities which are the most conservative regarding their investments and placement of reserves incur the least amount of risk. They also generate the least amount of change.

**REQUEST FOR CITY COUNCIL ACTION****TITLE: MOTION TO ELECT THE MAYOR PRO TEMPORE**

- ☐ PUBLIC HEARING  
☒ BIDS/MOTIONS  
☐ RESOLUTIONS

- ☐ ORDINANCES FOR 1<sup>ST</sup> READING  
☐ ORDINANCES FOR 2<sup>ND</sup> READING

QUASI-JUDICIAL:

☐ YES☒ NO

Janelle Shaver  
City Clerk

Darrell Doherty  
City Manager

**ISSUE:**

Each year City Councilmembers nominate and elect by a majority vote a Mayor Pro Tempore (Pro Tem) who serves until their successor is elected. The election is conducted according to Section III (b) of the City Council Rules of Order and Procedure.

Each Councilmember has been provided a nomination form in their agenda packets and will be asked to complete the form, fold it and hand it to the City Clerk during the hearing of this item. The City Clerk will announce the results of the secret ballot. Councilmembers will confirm the election of the new Mayor Pro Tem by a motion and vote. The Council is encouraged to confirm the majority nomination unanimously.

**FINANCIAL IMPACT:**

None

**BACKGROUND:**

Mayor Pro Tem authority and duties include:

1. Presiding over the meetings of Council in the absence of the Mayor
2. Functioning as the Council Parliamentarian and advising the Chair and Councilmembers on Parliamentary rules
3. Reviewing and setting the Council agenda prior to Council meetings
4. Determining emergency items at Council meetings
5. The Mayor Pro Tem has the authority to pull an item off the agenda with the exception of an item placed on the agenda by two Councilmembers
6. Arranging and coordinating the orientation of all newly-elected officials within two months after the election.

**RECOMMENDED MOTION:**

"I move to elect \_\_\_\_\_ as Mayor Pro Tempore, effective immediately, term to expire upon election of their successor."

**REPORT PREPARED/REVIEWED BY:**

Janelle Shaver, City Clerk  
Patrick Goff, City Manager

**ATTACHMENTS:**

1. Mayor Pro Tem ballot form



### **Council Nomination for Mayor Pro Tempore**

Council Rules, CHAIRMAN, MAYOR PRO TEM AND THEIR DUTIES, Section B.(1): At the first or second business meeting in November of each year, the Council shall nominate by secret paper ballot, and elect by motion upon a majority vote, a Mayor Pro Tem who shall serve until their successor is elected. The Council is encouraged to confirm the nomination unanimously.

**Name of Council Member to be nominated** \_\_\_\_\_

This Council Member nomination of candidate for Mayor Pro Tempore was made and submitted to the City Clerk on this 28th day of November, 2016.

City Clerk: \_\_\_\_\_