

Arvada City Council Meeting Workshop, January 29, 2015

Notes taken by Nancy Young

Revamped City Hall for \$76 million?

Improvements to maintenance facility at 61st & Olde Wadsworth - \$30 million?

Should Arvada defy State law on construction defects?

What financial "reserves" are appropriate for Arvada?

Should Council be allowed a "do over" by reconsidering a prior vote?

... and other questions ...

NOTE: This was a very long meeting with lots of substantive issues considered. I would encourage everyone to read through it all. Every effort has been made to make it intelligible to ordinary folk. The workshop began at 6:00 pm with all Council members present (Allard, Marks, McGoff, Williams, Dyer, Marriott, and Fifer).

Item 1: City facilities study by consultant Barker, Rinker Seacat Architecture to redesign City Hall and the maintenance facility on Olde Wadsworth at W. 61st. Barker, Rinker designed the original City Hall complex, several additions, and the two new police substations, so the City is familiar with their work. They have also worked with the Arvada Center.

City Hall: Arvada's City Hall was built about 1970 and the complex has grown to include the Annex by the Post Office and five former homes on Balsam. It currently has 108,000 square feet, with an additional 60,000 sq. ft. needed by 2030 (in about 15 years). About half of the additional space is needed by the courts and police.

Two alternative designs were presented to incorporate a Justice Center into the current complex and to bring all City staff into the same building. The term "Justice Center" refers to consolidating the police and municipal courts into their own designated area within the City Hall complex.

Option I - would put the main City Hall entrance on Ammons

Option II - would put the entrance from Ralston at Balsam, requiring reconstruction of Balsam to shield the homes on the west side from City Hall traffic.

Both plans would demolish the Annex building at Ralston and Ammons, replacing it with a park. The primary reason is to protect local government offices from car bombs, with a 100-foot distance from the building (called a "stand back") considered the minimum for "safety." The 100-foot "stand-back" would essentially extend across Ralston Road and include part of the Post Office when measured from the Annex. Therefore, the "stand-back" would preclude using the Annex for City staff.

Both designs would require two phases of construction, with Phase I focused on reconstructing the main entrance and preparing the consolidated Justice Center space, and Phase II completing the remaining renovations to accommodate the all City staff. The cost estimates provided also included the estimated cost if the project were deferred for two years.

Both options - Ammons entrance and Ralston entrance - have similar costs, as follows:

Option I – Ammons

- \$54.6 mm - Total Cost if begin project now
- (\$35.8 mm for construction; \$18.8 mm for design, engineering, and other non-construction items)
- \$73.2 mm Total Cost if project delayed 2 years
- (the above items plus an additional \$18.6 mm estimated for rising construction costs. An additional \$2.3 mm for design, engineering, and other non-construction items would be needed, but are not included in the estimates presented. The adjusted total cost for deferral would be \$75.5 mm).

Option II – Ralston

- \$54.9 mm - Total Cost if begin project now
- (\$37.0 mm for construction; \$17.9 mm for design, engineering, and other non-construction items)
- \$73.6 mm Total Cost if project delayed 2 years
- (the above items plus an additional \$18.6 mm estimated for rising construction costs. An additional \$2.3 mm for design, engineering, and other non-construction items would be needed, but are not included in the estimates presented, for an adjusted total cost of \$75.5 mm).

The following summarizes key points made during the discussion:

- The costs are shocking and the design is “aspirational”. City offices should not be “the best in town” and the structure should be attractive and subdued, much as it is now.
- The original plan was for a Justice Center (police and courts) on a different site than City Hall. That cost estimate was about \$27-30 mm a couple of years ago.
- Replacing the Annex building with a park is not consistent with the zoning for Olde Town (which is nearby). That zoning calls for buildings at the sidewalk edge to create an “urban feel”.
- Demolishing a sound structure (the Annex) seems inappropriate, when renovation would be far less costly.
- The growing needs of the courts and police need to be addressed. The current City Hall complex is dysfunctional, with confusing entrances. The focus should be on the future needs of the citizens.
- Item 1 - City facilities study of Olde Wadsworth Parks and Streets maintenance facility at W. 61st. This facility was originally constructed in the 1950s and expanded in the 1980s. The current area is 54,000 square feet, with projected additional needs of 4,000 square feet in 2030, for a total need of 58,000 square feet.

NOTE: the proposed concept presented by Barker, Rinker illustrates a complex of 67,700 square feet, or 9,700 square feet more than the total needs.

The plans presented would move the Parks maintenance building to a vacant parcel on W. 62nd, with public access from that street. Truck access would be from Olde Wadsworth. The existing Parks building would be demolished. A new Streets’ vehicle garage and salt storage would be constructed.

The existing Streets' office building would be renovated and would address machine shop needs. Additional space, not large, would be added.

\$23.2 million total cost if begin the project began now (\$16.0 mm for construction and \$7.2 mm for design, engineering, and other non-construction costs)

\$30.4 mm total cost if the project is delayed 2 years

The following summarizes key point made during the discussion:

- The high cost is surprising - why? The consultants listed the following reasons:
- New Parks building - \$200/square foot
- New salt storage - \$95/square foot. This unit is planned to have mechanical "load in-load out" capabilities and will require electricity, heating and air conditioning, and doors (current salt storage is open on one side).
- Addition to Streets building - \$380,000
- Renovation of Streets building - \$80/square foot
- Site work - \$3 million, including demolition and paving of 5-6 acres. Since heavy trucks will use the facility, the paving will need to include concrete to make it more durable, costing \$11/square foot.
- Design & engineering - \$1.7 mm
- New water taps and sewer will also be needed. Existing taps are too small and need to be "upsized".

NOTE: There was insufficient information provided to convert the "per square foot" costs into total cost for each of the items listed above.

General comment made during the above discussions: these two items are part of the Citizens Capital Improvement Committee deliberations. This Committee is expected to provide recommendations in the summer of 2015.

Next steps regarding facilities: the City Manager will discuss these comments with staff and seek options to achieve the same result. Detailed needs of the police and courts will also be provided to the City Council.

Item 2: Construction defects ordinance similar to Lakewood. The City Manager noted that Colorado's Construction Defects law (which enables homebuyers to sue builders for defects) is viewed as the primary reason that Colorado has a low level of construction of for-sale condominiums. He noted that insurance costs for builders are unusually high, thus reducing construction of housing diversity and substantially increasing construction of rental apartments.

Arvada contributed \$3,000 (along with some other local governments) for a study by DRCOG (Denver Regional Council of Governments) to examine the impact of the construction defects law. The study began in 2012 and was completed in October of 2013. The City Manager noted that the study period covered the beginning of the economic recovery and might not be as relevant today. The study concluded that the factors examined are interrelated and all impact the availability of for-sale condos. Three western "peer cities" were studied, along with the Denver Metro area. The cities selected were

chosen for their size (similar to Denver) and availability of rail transit systems. The cities are: San Diego, San Francisco, and Dallas. Building of for-sale condos in those cities is a much larger part of overall housing construction than in Colorado.

The City Manager recommended that the City Council address the construction defects law, which, in his opinion, is the biggest deterrent to builders of for-sale condos. While it would be best for the State Legislature to address this issue, legislation failed last year, and it cannot be predicted if legislation will be enacted this year. Recently, Lakewood passed an ordinance addressing the issue by easing the protections for homebuyers. The City Manager felt that Arvada should follow this example.

The Mayor then invited State Senator Tracy Kraft-Tharp to address the Council. She noted that legislation has been introduced that would reduce the time period in which homebuyers could sue builders to 4 years from the current 8 years. She noted that there are other components to the State law besides construction defects, but did not enumerate those components.

The following summarizes key point made during the discussion:

- The City Attorney strongly argued against such an ordinance due to the risk of being sued by the State of Colorado and possibly incurring liability. It was noted that the State has sued some jurisdictions who enacted their own laws about fracking that violate State law. This situation is very similar.
- NOTE: The City Attorney's legal opinion was not available to the public in the Council packet.
- Arvada should draft an ordinance similar to Lakewood. There is a "limited window of opportunity" on every inch of dirt in Arvada. Right now, only rental apartments are being built, especially near transit stations.
- Several Council members would rather wait until after the legislative session ends to see if the State legislature enacts a bill.
- One Council member was amazed that the construction defects law only affects condos. He noted that some builders are just adding the additional insurance costs to their pricing.
- Many rental apartments being built now are designed to be converted to condos when the construction defects liability term expires (right now - 8 years).
- The best course of action would be to draft an ordinance but not vote on it until after the legislative session ends.

In a "straw poll", three council members were in full support of drafting an ordinance to be enacted later, while three preferred not drafting such an ordinance now. Mr. Allard, having expressed opinions supporting both sides, was counted as supporting a draft ordinance for speedy approval at the end of the Legislative session. Hence, the straw poll of Council members resulted in 4-3 in favor of having an ordinance ready for approval.

Item 3: Revised City Council policies and rules of procedure for meetings

Item 3: Budget & Fiscal Policy. This section needs to be updated to incorporate the new performance-based budgeting process called FOCUS. There were no questions or discussion on this item.

Reserves by fund. The most important item is the table of reserves. This table lists each of the City's funds (General, Water, Storm Water, Waste Water, Golf, Arvada Center, and others) and shows the minimum reserve level required for a balanced budget in that fund. Minimum reserves vary by fund. For example, the Golf Fund shows a low minimum reserve of just 11%, while the three water-related funds have a minimum reserve of 25%. Simply put, emergency need for funds in the Golf account are nominal, while the three water funds could encounter many potential disasters requiring funds - everything from a 100-year flood to breaks in a major water main.

The following discussion focused on the 17% minimum reserve recommended for the General Fund. Key comments are summarized below:

- It was questioned whether the City of Arvada has ever needed a reserve that high. The City Manager noted that 17% is the recommended level by the GFOA (Government Financial Officers Association). The 17% minimum reserve level represents about 2 months of operating expenditures for Arvada. Recently, reserves have been higher to accumulate funds for capital expenditures like the Olde Town station.
- All that money in reserves could be better used for capital expenditures. Capital projects affect the planning process. With the money in reserves, it restricts the ability to plan capital projects. It could mean deferring certain projects, with a higher cost if commenced later.
- Since Tabor requires a minimum of 3%, the "real" reserve level for the General Fund would be 14%. Each 1% of reserves represents about \$900,000.
- It's just a policy. Council can always make a temporary change to lower the minimum.
- The minimum reserve level affects Arvada's AAA bond rating. The City Manager noted that Arvada is one of just four cities in Colorado with a AAA bond rating. The bond rating has a practical impact with regard to financing costs.

NOTE: A side comment was made that in the 1980s, AURA defaulted on bonds related to Arvada's first urban renewal district. The City was able to "bail them out" as a result of its AAA bond rating.

Item 3: Council meeting rules and procedures

NOTE: The Council packet include a number of proposed changes. The discussion at this workshop, however, only addressed just a few of these recommendations.

Item 3: Conducting business at a workshop. The proposed policy would allow Council business to be conducted during a workshop if there was "a compelling need". The primary concern of Council members was that the agenda include such business to meet public notice requirements. The City Clerk assured Council members that this condition would be met.

In the same vein, the proposed policy guidelines would permit the Council to adjourn a workshop and enter an executive session. The same concern about public notice was expressed, with the same response. The Workshop Agenda would include an item regarding executive session.

Item 3: Reconsideration. Reconsideration occurs when the Council has voted on an item, then is asked to vote again on the same item (i.e., to "reconsider" the original decision). Most often, reconsideration occurs when new information comes to light that was not available at the time of the original vote. The following summarizes key points made during the discussion:

- Since 1994, only 3 items have been “reconsidered”. Two of those occurrences were in 2014.
- Council member Dyer noted that from 1991-1993, a number of Council members determined that they wanted to change their votes. During that time, there were a large number of “reconsiderations”.
- The conditions under which a Council vote would be “reconsidered” need to be clear: under what conditions would the Council take vote on a matter that has been already decided.
- Council members spend their own time to review and understand the issues on which they are voting. Reconsideration suggests that Council members are not doing their duty and demeans the work of Council members.
- When there is a tie vote (with one Council member absent), then neither party “prevails”. In such instances, it needs to be clarified that either party could request a reconsideration.
- “Reconsideration” is bad for Arvada. It gives the impression that the Council’s votes are not realistic and creates a “bad image”.
- Other Council rules sometimes need to be suspended in order to reconsider a previous vote. Such instances should be extremely rare.
- The Council needs the ability to reconsider decisions, especially when new information becomes available.
- Time limits for requests for reconsideration are needed. The evening of the original vote might not be sufficient, since sometimes people are “shell-shocked” at the results. The next day, as they consider the vote, they might see inequities that they did not see that evening.
- It should be a standard procedure to ask applicants if “they can live with the result” of the original vote.
- Reconsideration should be a part of the Council’s toolbox. There are times when the Council needs to correct its errors.
- Sometimes it might be better to postpone a vote, rather than to risk a request for reconsideration, to assure all Council members have ample opportunity to review the facts. Such postponement, however, can be very costly to applicants.
- Neither of the two “reconsiderations” in 2014 involved substantive, new information. The only difference was that the Mayor was absent at the time of one instance and subsequently cast the deciding vote on the “reconsideration” of that matter.
- Any “reconsideration” would need to be so labeled on the meeting agenda.

The City Attorney noted that the remaining items, i.e., “more rules coming,” would be postponed to another workshop. The rules discussed could be tweaked, and later the Council can address rules regarding decorum at Council meetings.

The City Manager had no additional comments at that time. The workshop adjourned at 8:20 pm.