

## **Arvada City Council Meeting Workshop, September 14, 2015**

Notes taken by Susan Shirley

There was an Executive Session of one hour's duration, prior to the meeting. The City's website says it was for instructions to negotiators pertaining to HB15-1348, the urban renewal reform bill passed by the Colorado legislature in May of this year. HB15-1348 requires counties to have a seat on the boards of urban renewal authorities, and also requires urban renewal to negotiate with any taxing entities affected by urban renewal projects.

Executive Sessions (private meetings of councilmembers) are allowable for narrowly defined reasons: instructions to negotiators, personnel matters which are personal to one or more particular employees, receiving specific legal advice, and a couple of similar exceptions to the open meetings rules. The statute that applies is CRS 24-6-402.

All councilmembers were present for the workshop: Mayor Marc Williams, Mayor Pro Tem Mark McGoff, and Councilmembers Don Allard, Bob Dyer, Bob Fifer, Jerry Marks, and John Marriott. Public attendance at the beginning of the meeting was about ten people.

Topics were an update on Paladina Health, discussion on capital improvements, and water rate increases for next year.

\* \* \*

### **Paladina Health**

Several years ago, as the health insurance rates of the City's employees continued to escalate at an alarming pace, City Council and City Manager Mark Deven began looking for solutions. One solution they found was to install a health clinic for the private use of Arvada employees, which is not mandatory but which appears to be popular and to offer significant advantages both to the employees and to the bottom line.

Representatives of Paladina Health, the operator of the clinic, and HUB International, the City's benefits consultant, presented an update to Council, now that a year has passed since the inception of the clinics.

It appears that a major upside of the clinics is that patients spend much less time in the waiting room (5 minutes vs. 22 minutes for traditional doctor's office visits) but far more time with their providers (an hour, versus a shockingly low and no doubt shrinking 7 minutes' standard doctor-patient face time at traditional offices.) This appears to be bringing about much better management of chronic conditions, which are present in 63% of the people enrolled in Paladina. Better management, of course, means healthier people and a better bottom line overall.

Participants' satisfaction is high, too. Using the standard measurement, the industry average is a 4% approval rating, while Kaiser Permanente's is 40%. Paladina currently enjoys a 64% approval rating.

Overall, health care costs drop dramatically for employees who are enrolled in Paladina, vs. those who are not, to the tune of about \$200 a month, which includes ER and urgent care visits, office and outpatient hospital care.

Arvada's benefit specialist Karen Smiddy said that when Paladina is explained at new employee orientation, "their eyes get big, they get very excited," and that it's a definite enticement to new employees.

Mayor Williams said he thinks using Paladina turned out as well or better than the City was hoping.

\* \* \*

#### Proposed Revised Capital Improvements Plan, 2015 – 2024

Beginning last October, a group of citizens called the CCIPC was given the work of prioritizing a long wish list of big-ticket items Arvada needs or would like to have. Finance Director Bryan Archer presented several funding options at this workshop, seeking input to further refine those priorities.

The options are: issue a sales tax bond of \$55 million, and finance a lot of work that way; issue a lower amount of bond debt, and finance some work that way, and pay-as-we-go on other work; or pay cash along the way. The pay-as-you-go option has the obvious savings of no interest costs, but in past meetings councilmembers have wanted input about how much of those savings would be eaten up by inflation, since projects would need to be done much more slowly, as money became available. Archer addressed some of those concerns as well.

Street maintenance is not included in any of the options. The CCIPC determined, after a great deal of thoughtful deliberation, that although it's a very pressing issue for Arvada, street maintenance needs an ongoing commitment of the general funds. To that end, the ten-year budget now includes over \$6 million per year for that maintenance.

The top four items under discussion at this workshop are:

- 72nd and Indiana, major upgrade to intersection
- Ralston Road Corridor
- Parks Maintenance Facility
- Extension or expansion of Ward Road

With a full bond of \$55 million, all those projects could be funded. Under the partial-bond option, where the City would borrow \$22 million and fund the rest out of pocket, Ralston and 72nd/Indiana could be funded with the \$22 million, the Parks facility would be on hold until possibly 2024 or beyond, Ward Road would not be altered, and some smaller items could be handled on a cash basis. With all-cash financing, 72nd and Indiana would need to wait until about 2020, and small items could be done sooner. Ralston Road, Parks facility, and Ward Road would not be addressed right now under the cash scenario.

One item discussed in earlier meetings has been arterial beautification. Councilmembers seemed generally fine with putting that idea aside in favor of other needs, such as the parks maintenance facility.

Several councilmembers, particularly John Marriott, want to explore options of doing some of the projects in sections. However, Director of Public Works Bob Manwaring said that in the case of the Parks Maintenance facility, the lowest cost option is to do it all at once, which is estimated at about \$19 million and includes tear down of the existing building, purchase of adjacent property, and construction.

Because it's difficult to predict what inflation we might see over the next ten years, there's no way to know an exact answer to the question of which costs less, interest on the full-bond option, or increased construction and materials costs under the pay-as-you-go option. Archer did say that, on a 20-year, \$70 million bond, interest costs would be \$20 million. So to equal or surpass that, inflation would have to account for increased costs of \$2 million each year over the ten-year period under consideration. There was discussion about a safety hazard faced by students of Ralston Valley High School as well as other pedestrians who need to cross railroad tracks in that area. CCIPC had extensive conversations about a pedestrian bridge over the tracks, and that has also been reviewed for a DRCOG grant. However, right now there are not enough people affected to make it a viable project or to attract funding from outside sources.

Councilmembers and Deven also discussed Meyers Pool. Deven said that other entities will need to get involved in the funding of that, but that he's aware City Council doesn't want to just put the pool on the back burner and forget it.

Councilmember Don Allard said it's been a long time since the City has talked about a tax increase. He said that without increased revenue, the City may be forced to ignore pressing needs such as Meyers Pool and the parks facility. He said it's hard to know what the citizens want, but that a good start would be to propose those needs and see what the citizens' response would be.

As requested, councilmembers stated their preferences. Councilmember Bob Fifer said he's in agreement with the first three items--72nd and Indiana, Ralston Road, and Parks Maintenance, but would rather see Indiana and McIntyre aligned rather than doing a big project on Ward Road.

Councilmember Marriott said the 72nd and Indiana project is very important and will impact much more than just that intersection, saying that it's a "borderline crime" that the state highway department allows Indiana to remain in its current condition. Marriott also favors the Ralston Corridor project (as have both Citizens' committees) and warned the area will become densified in a short period of time. He said if he had to pick between Meyers Pool and the Parks facility, he would put the Parks facility on the back burner, because Meyers Pool could be unusable within ten years if not given funding. Regarding Ward Road, Marriott said he agrees with Fifer that it is not a top priority.

Councilmember Mark McGoff said he strongly favors the 72nd and Indiana project, as well as Ralston Road. On the Ward Road expansion, he pointed out that the I-70 and Ward interchange is "one of the worst in the state" and noted the large number of other entities who would need to be involved in bringing about improvements there. There was discussion about making improvements to Simms between 64th and 80th.

Councilmember Jerry Marks said his priorities are 72nd and Indiana, and the Parks Maintenance facility. He also said 80th Avenue should take priority over any extensions to Ward Road.

Councilmember Bob Dyer has long been very vocal about the desperate situation at 72nd and Indiana, so of course that was on his priority list here. He also is in favor of the work on Ralston Road, and said Parks Maintenance would probably have to wait until about 2019 or so. He thinks that, in terms of interest rates and construction costs, the timing could be very good in 2018. Dyer said that when the 2013 floods diverted traffic off of Ward Road and onto Simms Street, it began a pattern which has continued to this day, leading to an overburdened Simms. He said that if resources are available in 2019, he could see putting Simms on the priority list, and that he thinks a few hundred thousand for a right turn lane at 80th and Simms would be a big help to start with.

Councilmember Allard supports making a priority out of 72nd and Indiana and also Ralston. He said that Parks will be one of the City's largest departments at the rate it is growing. He suggested instead of Ward Road to do an expansion to three lanes along 80th, 72nd, and/or Simms; he said that because there are very few single-family or apartment driveways along those streets, widening those could be a cost-effective fix that could also suffice for a long time.

Mayor Williams supports 72nd and Indiana work, calling it a "no-brainer." He also supports Ralston Road and the Parks facility, but not Ward Road, saying he believes other projects have greater merit and that there would likely be a great deal of citizen opposition to extending or expanding Ward Road. City Manager Deven said he'll take Ward Road off the list, and look at other options for future discussions, particularly around 80th.

Councilmember Dyer said if it's possible to take arterial beautification off the list and do something instead for the bike/pedestrian crossings, he would support that. He said the arterial beautification began as a Council priority and the CCIPC was trying to align their recommendations with some Council priorities which would be different today. He added that he thinks the CCIPC did great work.

\* \* \*

#### Utility Rate Recommendations

Director of Utilities Jim Sullivan gave a brief presentation. Water rates will increase by 4%, wastewater by 2.45%, water tap fees by 3%, and storm water and sewer tap fees are not expected to change. The increases are expected to add about \$2.00 per month to the average water bill. Sullivan said that Arvada's rates are among the lowest three cities in the Metro area, along with Englewood and Denver.

There are bonds currently being paid off at a cost of \$2.2 million a year; once those are paid, in 2020, that money can be put toward rebuilding reserves for eventual use on such items as the water treatment plant, which will need major maintenance within about ten years. Money for capital improvements to utilities also comes from tap fees; Sullivan says he doesn't think we're going to see our continued rate of growth in that area continue.

Also about ten years out is major, "incredibly expensive" work on the main line at Tennyson and 64th, where there is a tunnel in the I-76th area. That line ties into the system at 80th and Tennyson. The pipes are being relined throughout Arvada, on an ongoing and scheduled basis. Once that work is completed, in about ten years, Sullivan expects a lowering of rates, which he says will be a first.

\* \* \*

Following Sullivan's presentation, City Manager Deven said the September 28 workshop will feature as its only item an update to the 2016 operating budget, and revisions to the capital budget will appear on October 12.

The workshop was adjourned at 8:00 p.m.