

Citizens' Capital Improvement Plan Committee (CCIPC)
October 16, 2014
FINAL MEETING SUMMARY

Attendance

Melissa Beck	Michelle Glasmann	Leanna Principe
Larry Coates	Lindsay Gomez	Julie Rasmussen
Dan Cupit	Ken Haack	Janet Steinkamp
Michelle Delaria	Harriet Hall	Bob Wilson
Kelly Eargle	Cindi Kreutzer	Don Wood
Nancy Ford	John Malito	
Ascenzo Di Giacomo	T.O. Owens	

Presenters and Observers: Bryan Archer, Mark Deven, John Marriot, and Bill Ray

Facilitation Team: Heather Bergman (Peak Facilitation) and Niki Koszalka

Welcome

The facilitator welcomed the Committee and proceeded with introductions. The facilitator engaged the Committee in a discussion of an email question regarding the website and discussion forum. There was a question regarding whether the Committee's online discussion forum should be private or able to be viewed by the public. After a brief discussion, the Committee agreed to have the discussion forum made public, but with the caveat that the public would only be able to observe the online discussion and not participate in it.

Bill Ray stated that, in response to a request during the tour for data on traffic counts on major road, he would be providing the Committee with a link through the Denver Regional Council of Governments (DRCOG). The DRCOG site can be difficult to understand, and Bill will provide brief instructions on how to access Arvada data on the website.

Presentation: City Strategic Plan (Mark Deven)

The City Strategic Plan is a Council-driven initiative, started by the realization that it is important to work with the Council in defining a course of action that all 7 elected officials agree on and that is then pursued by staff. Council agreed to have a strategic plan that considered an assessment of the future, priority areas, strategic results that are measurable and able to be accomplished during an established time frame. The Council plan builds on similar strategic plans from the City's departments.

Below are some highlights from the Council Strategic Plan that are directly relevant to the work of the CCIPC:

The overall goal: "The City desires to continue its efforts to achieve and maintain service excellence by building a data-driven, results oriented, customer-focused and responsive organization."

- Council Process
 - Council determined four priority areas (growth and economic development, infrastructure, vibrant community and neighborhoods, and organizational and service effectiveness).
 - From these 4 priority areas, 30 strategic results were defined.
 - Ten of the 30 strategic results are related to capital projects, and it would be impossible to accomplish all of them with the available resources. The City hopes that the CIP Committee will help sort through priorities and find a course of action.

- Four Priority Areas
 - Growth and Economic Development: manage growth, provide good paying jobs, develop transit, and consider new housing issues.
 - Infrastructure: future built upon well maintained streets, trails, sidewalks, and water resources.
 - Vibrant Community Neighborhoods: strong neighborhood associations, civic life, success of children.
 - Organization and Service effectiveness: influences how the work is done once the prioritization happens.

- Projects for Prioritization
 - Growth and Economic Development: Arvada Ridge Transit Site - vehicle and pedestrian access improvements. (January 1, 2019);
 - Infrastructure: Jefferson Parkway (December 31, 2017);
 - Infrastructure: Partner with RTD to provide 300 parking spaces at the Sheridan Transit Station, additional parking at several other transit stations and additional parking in Olde town Arvada. (In process of implementation);
 - Infrastructure: 100% of side walk gaps (December 31, 2019);
 - Infrastructure: 70% of street pavement are rated as “fair” or better condition (2019);
 - Infrastructure: Connectivity – conduit for fiber optics and dry utilities (2015);
 - Infrastructure: Identified trail gaps, utilizing Park Advisory Committee help (December 31, 2019);
 - Infrastructure: Conceptual plan for new justice center which may require significant phases/remodels (December 31, 2014);
 - Infrastructure: West Woods Club House and related facilities (December 31, 2019); and
 - Vibrant Communities: Identified Arterial Beautification Program and by 2016 one program will be underway (yet to be defined).

- City Departments
 - Participated in the same process, to “weave the golden thread”
 - Agreed the 30 strategic results were to be owned by a department, with that department being the lead and being accountable
 - Developed “Strategic Business Plans”

- Discussed work force planning, succession planning, and organization of City staff
- Looked at work sites, infrastructures, and other areas the strategic plan did not touch

Questions/Answers

- *Is this the presentation on the website? Yes, with a few small changes.*
- *In the Leyden Ridge area, do the new streets have conduits? Yes.*
- *Do sidewalk improvements in the transit areas include gaps? Yes. The Transportation Committee has helped identified gaps.*
- *What is the percentage of roads considered “fair” now? A calculated and detailed assessment shows 62%. The number of lane miles in the City has gone up 50% in the last 15 years.*
- *Will electric vehicle charging stations be included in the additional parking areas at transit stations? This is currently included in the discussion for the Olde Town station, but it may be considered at others as well.*
- *Will the conceptual plan for the new justice center include the post office? No. Including it would complicate the process and add many more dimensions to the scope of the project.*

Presentation: Budget Overview (Bryan Archer)

This presentation aimed to give a high-level overview of the City, what it does, and its funding sources.

Council approves 2-year budget, which is prepared by staff, but Council only appropriates funds for 1 year at a time. A balanced budget can be viewed as an equation:

beginning funds + revenues - expenditures ≥ required reserves (+ any surplus)

- Funds
 - General Fund: Arvada Center, parks, capital projects
 - Parks Fund: Trails, parks, open spaces, and recreational amenities
 - Support from general fund, open space
 - Apex: rents park system from the City and gives 85% of cost back to the City
 - Capital Fund: All major capital projects (budgeted once while other projects are budgeted for annually)
 - Major Funds: Arvada Center
 - Support for the Arvada Center also comes from the General Fund, SCFD (Scientific and Cultural Facilities District), and donations .
 - The Arvada Center generates its own income through shows, education, and galleries.
 - Police Tax Increment Fund;
 - Is a sales tax only going to police
 - Generates 8.4 million a year

- Allows the City to expand police, keep current equipment functional, and build two police sub-stations
 - Utility Fund: Water, waste, stormwater
 - Water fee is based on usage; rates set by Council, which has taken the approach that the City will raise the rates in small steps each year.
 - Stormwater fee is based on impervious areas (driveways, etc.) and roof area.
 - Fees fund maintenance: maintaining pipes in ground
 - Golf Fund: 2 courses (management costs)
 - Food Service: Banquets operation based out of the Arvada Center
 - Internal Service Funds: City runs 5 (insurance, computers, vehicles, building, medical)
- Revenues
 - Taxes and charges for services (31.5%); \$170 million in 2014
 - This entails sales, property, auto use, building use, and franchise taxes.
 - The City does not operate heavily on property tax; it operates mainly on sales taxes.
 - The auto use tax is a tax on the purchase price of vehicles.
 - Building use tax is calculated for each permit.
 - Franchise taxes are for Comcast and Public Service lines in the City
 - Sales tax is 3.46% or \$40 million, of which \$8 million goes to capital (20%)
 - Charges for Services (interest, court fines, licenses, permits)
 - Intergovernmental (e.g., DRCOG funds for Section 8 housing)
- Expenditures
 - Major areas – personnel, capital, service professional, personnel (691.95 full-time employees)
 - Day-to-day operations
 - Debt; refinanced as often as allowed
- Capital Challenges
 - The City chooses to tax food, other entities do not. Eliminating this tax would create a need to triple property taxes to generate the same level of funding. Losing this food tax would be a \$10 million hit to the budget.
 - The City is growing and needs to continue to add more revenue base.
 - The City has a high-deductible healthcare plan for staff and has created a health center, but costs remain high. (The health center is operated by Paladina Health.)
 - Council “has champagne dreams on a beer budget.”
 - There are unknowns: when is the next bubble? In 2009, the City was doing well and then took on losses with the recession.

Questions/Answers

- *Why is there an 85% reimbursement from Apex?* Apex is a special district created by voters, and the reimbursement agreement comes from an intergovernmental agreement (IGA). Apex does not have the capacity or desire to own the acreage needed to run the recreational programs it supports.
- *If Apex pays 85%, do they have a voice in how that money is spent?* The City meets with Apex regularly to talk about expectations, submit groups/activities, and make changes.
- *Can the sales tax percentage be changed?* Yes, it could be changed by a vote of the people.
- *How does the City define capital?* This will be included in next week's presentations.
- *Can the Police Tax Increment Fund help to make improvements with the new justice center?* The City's Legal Department is looking at this currently.
- *Of the five major taxes, what is the largest income stream?* Sales tax generates 70% of the City's revenue.
- *Can fees only be used for the designated service?* Yes, funds generated by a fee must be used for the stated service and cannot be used as a "cash cow." The same goes for building/permit fees.
- *How was the Police Tax Increment Fund started?* Twice voters approved sales tax increases. The tax does not sunset. The voters could vote to end it, but unless they do, it will exist in perpetuity. The rate does not increase with inflation, but the dollars generated are reflective of the strength of the economy.
- *Where does grant money go?* Grants that are specific to a project go to that project, while grants that are not designated for a specific purpose go to the general fund.
- *Who refinances municipal debt?* The City goes out and finds bids from companies like JP Morgan Chase, Wells Fargo, or investment groups.
- *Is the health clinic only for City employees and dependents?* Yes.
- *Do the healthcare plans operate as a co-op with other cities?* It would be great to get a conglomerate, but right now it is not allowed.
- *Are police and fire looking at central dispatch with other entities?* Yes. They have not worked it out yet, but they hope for a centralized district to support the whole region. The savings to Arvada police and fire dispatch would be roughly \$300,000 to \$400,000 a year.
- *Does the City have a letter of credit open?* No, it does not.
- *Do the building departments permit fees off-set costs?* Yes, fees pay the full cost.
- *What is a use tax?* This is a tax charged on items purchased for use in business that the business did pay proper sales tax on. The letter of the law is that the tax difference has to be paid to Arvada if one is buying items in an area with lower sales taxes?

Presentation: General Fund – More in Depth (Bryan Archer)

Council wanted to look further out, so city did a 10-year model for all funds. Which included are a lot of assumptions, money set aside for emergencies, and larger categories of expenditures.

- Assumptions
 - 17% reserve throughout 10 years
 - 14 revenue lines that have varying percentages
 - 50+ expenditures lines that vary percentages
 - Vacancy rate - built into model
 - Sales tax growth averaged 4%; this is good for Arvada, which has only seen one year of negative growth
- General Fund Revenue: taxes, licenses, permits, intergovernmental agreements, charges for service; fines and forfeits, miscellaneous, transfers, and others
- General Fund Expenditures
 - Personnel, services/charges, supplies, contracts/leases, capital maintenance, capital outlay, transfers, and others
 - General Funds Departments: percentages by department
 - Largest two departments: public safety and public works
 - CIP and Debt

Questions/Answers

- *Can the acronym AC be defined? Arvada Center*
- *Do tap fees all go to utilities (water)? Yes. Water tap fees fund water infrastructure.*
- *How can we fund making roads better? To fund this through taxes would require a vote of the people. Another way to do it is with a fee; Council would set the fee.*
- *Was the chart shown on the general fund per annum? Yes*
- *Why did some other communities have a higher sales tax growth pattern than Arvada? They have a mall and/or larger retail, and Arvada does not. But, we tax food, and they do not.*
- *The City is facing construction defect problems right now with new multifamily homes. Are there any plans down the line to deal with that? Yes, this is a hot topic for Council.*
- *Does the City loan money? When it does, there is an agreement and there is a charge for interest.*
- *When the City purchased the Safeway building, what was the source of the money? The purchase price came from the reserves.*
- *What is the Urban Renewal Authority (URA) in relation to the City? It is a component unit. It is an arm of the City. It is a financing tool created by Colorado; it uses tax-increment funding (TIF).*

Future Financial Discussions

Members of the Committee were invited to identify any topics related to, but not included in, the evening's discussion that they would like to address in future meetings. The following topics were identified:

- Jefferson Parkway financials
- How to define capital
- TIF
- URA
- Risk management: areas out of compliance