



Denver City Council

**SPECIAL JOINT MEETING:
Economic Development, Finance, & Public Works Committees
Summary**

Wednesday, January 18, 2006, 10:30 a.m.

Council Conference Room

Economic Development Committee Members Present: Hancock, Chair; Wedgeworth, Vice-Chair; Brown, Faatz, Garcia, Linkhart

Finance Committee Members Present: Boigon, Chair; Faatz, Vice-Chair; Brown, Garcia, Lehmann, MacKenzie, Wedgeworth

Finance Committee Members Absent: Lehmann

Public Works Committee Members Present: Brown, Chair; Hancock, Johnson, Robb

Public Works Committee Members Absent: Montero, Robb

1) Cherokee Redevelopment:

Committee Action

City staff shall provide to Council on Friday, January 20 the following agreement documents to the Cherokee Redevelopment project as requested by Councilmembers:

- ✓ Service Plans and exhibits for each metropolitan district (District 1, 2, 3);
- ✓ Intergovernmental Agreement (to be attached to Service Plans);
- ✓ Framework Agreement and exhibits; and
- ✓ Three-party agreement.

A joint meeting among Public Works, Economic Development, and Finance Committees is scheduled for Wednesday, January 25, at 3:00 p.m. The final documents and revisions will be reviewed and discussed at that time in preparation for the filing of the bills on Thursday, January 26, 2006.

Committee Discussion

Debra Bartleson, City Council staff, outlined the schedule for further discussions on this matter and the proposed filing date for the bills. She noted that the notebook distributed to Council today would be provided to individuals by a request to Jill Jennings, CRL Associates, at 303-592-5453.

John Huggins, Office of Economic Development (OED), highlighted the following contract agreements (see attachment). There will be four ordinances filed with a public hearing scheduled on February 6, 2006 on all matters.

Metropolitan Service Plans: The Service Plans require City Council approval.

- ✓ Outlines the Service Plans for the proposed creation of the Broadway Station Metropolitan Districts 1, 2, and 3 – District 1 (would be organized to manage, implement, and coordinate the financing, acquisition, construction, and completion of the development);
- ✓ Outlines the method of funding – tax increment financing (TIF) and the Debt Mill levy cap for each District (50 mills + 5 with the Manager of Revenue approval); and
- ✓ Includes language commitment for compliance to prevailing wage and living wage ordinances.

Intergovernmental Agreement: This document is attached to the Metro District Service Plan agreements that bind the Districts to execute the provisions noted in the agreement. This agreement reflects commitments stated in the Three-party Agreement that does not go to Council for approval, but binds Cherokee, Denver Urban Renewal Authority (DURA), and the City to other stated agreements regarding wages, hiring, affordable housing, tax funding, public art, etc. (See attachment for all inclusions).

- ✓ Purpose and process for Regional Mill is outlined (process for increasing mill from 1 to 5 mills);
- ✓ Operation and maintenance of specific infrastructure by the District;
- ✓ Process for budgeting expenditures for regional expenditures;
- ✓ Includes prevailing wage and living wage language for District compliance;
- ✓ States the developer advances to the Districts is limited to 8% interest, and
- ✓ Requires appropriate approvals for signature project changes – deviating from the intent of the scope outlined in agreements.

Framework Agreement: This contract is submitted to Council for approval and is entered into agreement between the City and Cherokee. Please note, the January 4 Committee summary included DURA as party to this agreement.

- ✓ Addresses parks: clean up, construction, operation, land conveyance;
- ✓ Zoning entitlements – 15-year vesting;
- ✓ Prevailing and Living Wage commitments; and
- ✓ Affordable housing components: notice of substantial changes; authority and enforcement powers.

Amended and Restated Cherokee Urban Redevelopment Plan: This contract requires City Council approval.

- ✓ Amends the Urban Cherokee Redevelopment Plan approved in June 2003 outlining the framework for public improvements to the area identified as Gates Rubber Company; and
- ✓ The document would be amended to include agreements regarding TIF authorization (structure), First Source program (hiring provisions); and public art commitments.

Cooperation Agreement: This agreement is submitted to Council for approval.

- ✓ Structures TIF and payments;
- ✓ Outlines developer advances;
- ✓ Infrastructure framework; and
- ✓ Contains prevailing wage commitments and administrative requirements.

Three-party Agreement: This agreement does not require Council approval. Compels the City, Cherokee, and DURA to commitments agreed upon for the project.

- ✓ Outlines the participating interest of the City and DURA if a certain % of gross land sales are achieved above an identified threshold;
- ✓ Affordable housing enforcement and commitments;
- ✓ First Source program (hiring provisions);
- ✓ Notice of environmental matters;
- ✓ Prevailing and living wage compliance requirements; and
- ✓ Capital improvements process for funding.

Karen Aviles, City Attorney's Office, stated that once the agreements are filed in bill form, certain portions couldn't be amended. The housing plan is predominantly outlined in the Framework agreement. The definition of what "substantial changes" denotes is outlined in the Framework Agreement, Exhibit B of the agreement. Briefly, "substantial changes" means: a) a reduction in the number of either rental or for sale Moderately Priced Dwelling Units (MPDUs); b) a change in the number of rental MPDU's required to be rented to tenants qualified at 50% of Average Median Income (AMI) or qualified at 30% of AMI; or c) a change in the income eligibility (i.e. percentages of AMI) required for purchasers of the for sale MPDU's under the Affordable Housing Plan (AHP). Jacky Morales-Ferrand, Office of Economic Development (OED), stated the agreement complies with the Inclusionary Housing Ordinance (IHO) and provides sufficient notification to registered neighborhood organizations, but does not contemplate public processes including City Councils. All issues are handled administratively and with authority by the Housing and Neighborhood Development Division (H&NDS). H&NDS would have authority to take necessary regulatory actions against the developer if there are stipulations not met or enforcements that are needed. Ms. Morales-Ferrand noted that projects such as Stapleton Redevelopment could not be compared to this project's requirements for IHO because it came in before the ordinance was required and that other projects such as Lowry and Green Valley Ranch were negotiated differently.

Councilmember Faatz asked where the Auditor's costs were included in the fiscal analysis and she felt it was important that the taxpayer not incur any cost on this project. She inquired if it was possible to assess the enforcement costs (prevailing and living wage enforcement) to the Districts costs. Rob Merritt, Auditor's Office, said the enforcement costs have been applied similarly to the Stapleton Redevelopment. Generally, that equates to 25% of the project costs or \$15,000. Mr. Huggins noted that \$30,000 was allocated in the financial model for marginal costs and that the Service Plan includes \$45,000 per year in costs. Councilmember Wedgeworth suggested that these costs could be budget items. Mr. Huggins said he would get back to Council after conferring with the attorneys to see how the City could designate these fees to particular costs.

Councilmember MacKenzie indicated that any way this deal is structured it would cost the taxpayer something relative to the mill levy costs. David Hart, Revenue, indicated that in the context of mill levy assessment the defined debt service interest payment would need to be met. He explained that all property is subject to taxation. The benefit analysis for the public is weighted on the outcome to the project being completed. Marilyn Miller, Budget and Management, noted the model identified impacts, existing capacity per agency, absorption costs, and suggested that the Auditor's costs could be left as an annual budgeting item.

Councilmember Linkhart questioned if health care benefits were included in the prevailing and living wage language. Additionally, he asked what types of jobs would be available and what would the average salary be. Ferd Belz, Cherokee Redevelopment, said the prevailing wage language includes a health component and noted the living wage was not addressed in that context. A market study was conducted to obtain capacity and pay information. The job analysis showed that office and retail positions were anticipated with a total of 3,000 jobs that would be permanent. The hourly rate started at \$11 per hour.

Councilmember Johnson noted that market analyses indicate various things such as the community will primarily be “empty nesters”, and no children. She said that is what was projected in lower downtown Denver and the opposite happened. She asked that these issues be considered especially the need for parks and schools even if market analysis indicates otherwise. Mr. Belz agreed and said they acknowledged the same concerns. He assured Councilmembers that open space and parks are envisioned for the entire project and for the proposed communities living there. He noted there would be funding for parks design.

Councilmember MacKenzie stated that she had sent a list of questions by email and asked how her request for answers would be handled. Councilmember Hancock said City staff were working to address her questions and suggested she work directly with the developer to obtain answers to some of the questions that are of confidential matters. Mr. Huggins said he was working on providing a written response to her questions. He confirmed that Councilmembers would have documents (agreements) not included in today’s notebook delivered to their offices on Friday of this week. Councilmember Hancock reminded the Committee that the Public Works Committee would be meeting next Wednesday, January 25, at 3 p.m. to finalize discussion of this project and to ask any outstanding questions or request changes to the agreements.

*Debra Bartleson
City Council Staff*