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**Rescheduled from June 20, 2007**

**Finance Committee  
Summary**

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**Monday, June 25, 2007**

**3:30 p.m.**

**3<sup>rd</sup> Floor Council Conference Room**

**Committee Members Present: Faatz, Chair; Brown, Vice-Chair; Lehmann**

**Committee Member Absent: Boigon**

**Other Council Present: Garcia, Hancock, Johnson, Montero, Robb**

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**Agenda:**

- 1) *Infrastructure Task Force – Executive Committee final recommendations.*

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**1) Infrastructure Task Force – Executive Committee final recommendations:**

Committee Discussion

Three representatives from the Executive Committee/Infrastructure Task Force – Bruce Benson, Jim Griesemer, and Frances Koncilja – were present to answer questions regarding the final recommendations from the task force. Marilyn Miller, private consultant, and Chris Henderson, Mayor's Office, provided an overview of the process utilized by the task force and answered questions regarding project proposals (see project list attachment).

Process

- 1) The task force identified a gap of \$27 million annually needed for capital maintenance requirements.
- 2) The City's assets are below minimum standards and would require \$390 million of new investment/debt to bring them up to standard.
- 3) Subcommittees reviewed projects recommended by City studies, staff and other plans.
- 4) Based on subcommittee recommendations to the Executive Committee (EC) the EC then used as the first consideration criteria "the degree of readiness" on each project to create a balanced mix of projects in various categories for proposed financing. After a project was deemed ready, it was categorized and ranked within its category using other criterion such as critical replacement, economic vitality, quality of life, etc.

**Financing proposals:**

- 1) All three proposals require voter approval (see attachment).
- 2) Mill levies pay for a variety of services such trash, human services, schools, etc.
- 3) **“Pay-as-you go” Plan:**
  - Proposes a permanent 2.5 mill increase to property taxes to generate the \$27 million needed annually to fund the capital maintenance gap.
  - The 2.5 mill increase represents \$50 annually for an average residence worth \$250,000.
  - The dollar amount of taxes that a Denver property owner would pay be \$1,000 of valuation would increase from \$5.33 to \$5.53 (this amount is lower than the taxes of other property owners in other jurisdictions in the metro area, next lowest is in the City of Aurora @ \$5.83).
  - Total mill levy if approved is 69.45 (does not include the proposed mill increase for the general obligation bond proposals).
- 4) **Issue approximately \$340 million in general obligation (GO) bonds – no tax rate increase - for catch up capital maintenance and critical projects plan (also stated as first tranch/issuance):**
  - Under this plan, voters would be renewing retiring debt for proposed projects.
  - The tax rate for a Denver property owner would not change.
  - Conversely, if the old debt is paid off and voters do not approve of this plan, Denver property owners would experience a tax bill reduction of \$58.
- 5) **Issue approximately \$291 million in general obligation (GO) bonds – with a proposed tax/mill increase of an additional 2.47 mills – for new debt for new amenities, new facilities for underserved communities, and upgrades to existing facilities/assets (also stated as second tranch/issuance).**
  - If voters approve this second tier proposal, property owners would pay 19 cents more per \$1,000 of valuation
- 6) **If voters approve the entire three-tier financing plan the impacts are as follows:**
  - The total mill increase would be 4.97 for a total mill levy to property owners in the amount of 71.92 mills (currently the mill levy is 66.95).
  - Property owners would experience a total increase of 39 cents or \$5.72 per \$1,000 valuation or approximately \$99 per average household per year - this amount still remains lower than the taxes of other property owners in other jurisdictions in the metro area.

**Councilmember Questions/Comments:**

- 1) The use of capital or annual capital maintenance does not reflect the on-going cost to the taxpayer and could be confusing to the taxpayer of how long they will incur the increase. Can you explain? (CM Lehmann) Excellent suggestion, language could show the “in perpetuity” of the proposal (Chris Henderson).
- 2) Why would the Pay-as-you-go Plan tie the hands of future Council bodies to use revenue a certain way (capital maintenance)? (CM Johnson) The task before the task force was to find a solution to the gap needed for annual maintenance. It was not a solution to solve any General Fund issues (Chris Henderson).
- 3) Can the City Attorney’s draft an ordinance that would limit the funds for its purpose? (CM Johnson) The City could by ordinance earmark the funds, but would recommend against it (David Broadwell, City Attorney’s Office). The proposed 2.5 mill increase

- does not solve all on-going problems related to the annual maintenance that is needed (Jim Griesemer).
- 4) Many times Council is told that by increasing certain services/equipment we are creating savings, but at the same time agencies don't decrease budgets, why? (CM Faatz) Basically, agencies have other needs so savings are generally allocated to those other areas of need (Marilyn Miller).
  - 5) Councilmember Faatz requested that project management duties not be given to individuals who had purview over the 1998 Neighborhood Bond Project, because of problems associated with project cost overages. Mr. Griesemer noted there have been many discussions regarding that matter, but everyone felt that the cost estimating process was conducted more thoroughly than the 1998 planning. Consideration would be given to the request.

**Specific project questions and comments related to the document dated 6/21/07, 4 p.m.:**

- 1) CM Montero – requested that the Executive Committee add two more projects in District 9 to the final proposals: 38<sup>th</sup> Avenue Underpass of CML (near Inca Street) for \$2.5 million and the Brighton Boulevard Reconstruction (31<sup>st</sup> to 44<sup>th</sup>) for \$7 million (see attachment). Chris Henderson explained that half of the Brighton Boulevard project was approved, but this portion was further away from its readiness and was not approved based on other prioritization needs. The Underpass project is related to beautification issues and did not meet criteria for immediate needs. Frances Koncilja stated that \$1.5 billion worth of projects were reviewed and compared before arriving at the final recommendations.
- 2) Three million is planned for the Permit Center. What are the future plans for this facility? (CM Hancock) At this point, there are many suggestions being considered – domestic violence office, new financial management office, emergency management office, or some programmatic space for the new Justice Center. No courts will be located there. (Chris Henderson)
- 3) How was the criterion established for new and replacement guidelines? (CM Robb) The definition leaned to what was critical maintenance. Space and functionality were considered. (Marilyn Miller)
- 4) Has anyone considered one building for the homeless housing proposal? (CM Johnson) The task force asked if smaller buildings would work, but was told no because of the critical mass required for this project, for example, housing, counseling needs, etc. (Frances Koncilja)
- 5) How was the irrigation projects compared? (CM Garcia) The list of projects were based on critical need and compared to the city's six year assessment review. The proposed list only represents one-third of the over maintenance need. A correction has been made to add Cheeseman Park to the irrigation project list. (Marilyn Miller)
- 6) Information was requested by CM Robb regarding the Cherry Creek Greenway and Cherry Creek Trail projects listed separately. She requested further information about the differences of each project and what was planned.
- 7) Why was the police firing range recommended, but not the SWAT headquarters, couldn't they be combined for the proposed \$11 million? What happened to the planning for a regional training center? (CM Hancock) There are no existing ranges that operate 24 hours/7 days weekly. The "readiness" criterion is an issue for the training center and the State of Colorado does not have a firing range. (Marilyn Miller)

- 8) Supports Boettcher Concert Hall, but is concerned about the proposed \$75 million allocation since the public, especially in District 11, gave the lowest ratings and support for this amenity. (CM Hancock)
- 9) Boettcher agreed to raise \$25 million in funding through a campaign and endowment. (CM Brown)
- 10) Could the Boettcher funding be scaled back? (CM Johnson) Because of ADA improvements and the economic impact from this amenity, the task force was persuaded to maintain the \$75 million price. In addition, the task force compared this amenity to other projects such as the Ellie Caukins rehabilitation project. (Frances Koncilja and Bruce Benson)
- 11) Was there consideration to add \$7.6 million for deferred maintenance to refurbish Phipps Auditorium for travel exhibits plus other ventilation upgrades? (CM Faatz on behalf of CM-elect Madison) It was looked at, but the task force felt that these issues were not urgent and could be considered in future planning.
- 12) What will be the structure for the ballot questions before the voters? (CM Faatz) The attorney's are looking at case law now, there is no new laws related to these issues. The plan is to come back to Committee with recommendations. Historically, in 1989 there were ten questions posed to voters, in 1998 there were five questions related to categories (Public Works, Safety, Parks & Recreation, etc.). For general obligation bonds the projects should be packaged appropriately together for one question and the issue of single subject must also be considered. (David Broadwell)

There will be minor revisions to the final recommendations project list. Mr. Henderson stated there are no taxes associated with operational costs. The Finance Committee will be scheduling at minimum two meetings before the bill filing deadline of August 9, 2007 in order to meet the November 2007 ballot deadline. The Executive Committee has provided the Mayor with their final recommendations and the Mayor will provide his recommendations to Council soon.