

Summary Minutes

Infill and Revitalization Steering Committee

City Hall- Pikes Peak Room (107 N. Nevada Ave., Colorado Springs)

Tuesday March 2, 2015

1:30 p.m.

Members Attending: Gaebler, Pico, Donley, Beck, Gibson, Harris, Day, Nelson, Nicklasson, Seibert, Bishop, Shonkwiler

Members Absent: Craddock, Bishop

Staff Present: Wysocki, Schueler, Nunez, Schubloom, Bingman

Guests: Rick Hoover, CONO; Gary Casimir; Marla Novak (HBA) Bobby Ingels, (Nor'wood); Walter Lawson; Rich Kramer(UPAC Chair); Bill Cherrier(CSU CFO); Mike DeGrant (Lowell Development); David Grossman-CSU); Bill Davis- CSU);Jenny Elliott- Elliott Properties

Call to Order/ Adjustments to Agenda

Ms. Gaebler called the meeting to order. It was determined that agenda item #2.d (UPAC Update- Rich Kramer) should be moved to right after Item #2.a.

Utilities Topic- Development Community Presentations

Bobby Ingels- Nor'wood

Mr. Ingels made brief remarks in conjunction with his work with Nor'wood as well as previous developers. He noted that in many areas CSU works toward and is supportive of infill. He expressed a concern with easement widths in mature areas and observed that while CSU has the tools to evaluate capacity and that these concerns have been less of an issue with recent developments including intercepted wastewater flows and better modeling. He supported the premise that developers need to "write their own check for required relocations. However, he does believe CSU should bring to the table more of a package for reduced cost for capacity or upgrade improvements using a depreciated basis.

Mike DeGrant- Lowell Development

Mr. DeGrant summarized his local background as mostly being related to the 58- acre Lowell redevelopment project. He also described the history of that project noting that it started 30 years ago, stalled and then was picked up about 15 years ago, and most recently acquired by Earl Robertson in 2010. The development still has financial challenges, although additional new construction appears likely in 2016.

He noted the high cost of removing a lot of old, unused infrastructure which in some cases CSU was not even aware of. He suggested there could be a credit given for cleaning up old unused infrastructure. They put in all new infrastructure after tearing out old buildings. They buried a 34.5kv/12.5kv electric line which was expensive but were able to avail themselves of the 50/50 CSU cost share for that. Mr. DeGrant talked about the relative lack of tap fee credits from prior abandoned development. After discussion, it was determined that Lowell may have benefited from the current more permissive reconnection fee regulations as amended in the 2009-2010 time frame. He reiterated concerns about wider suburban-style easement requirements having an impact on his project, especially when combined with the need to sleeve lines. But he also noted that he was able to have narrower streets because all his buildings were sprinkled.

As a side note, the unwillingness of the Railroad to fully abandon their spur has been a negative. Chuck Donley brought up the topic of railroad noise from the main line potentially being reduced due to pending improvements at Las Vegas Street.

Jenny Elliott- Elliott Properties

Ms. Elliott specifically addressed the topic of potential transfer of tap fee credits using her Castle West property on Academy Boulevard (burned apartment complex) and her proposed 210 Pueblo Downtown project as an example. The 3" line at Castle West will gradually depreciate in credit value, and part of its value could be used for the Downtown project. Ms. Nunez responded that options to allow limited transfers of credits (now prevented by Code) are being evaluated.

Ms. Elliott also addressed a case where her father had to replace a manhole that their engineer had determined was still sound because it no longer met current standards. Moreover, the cost of doing this was particularly high because of the need to bring flow by-pass equipment from out of state, and perform the work at night, but using assumed peak daytime flow rates.

Utilities Topic- Committee Discussion

Chuck Donley asked Mr. Schubloom about the components of the System Development Charges (SDCs). He described the components of the charges related both to the type of dwelling unit and lot area and the factors (water rights, raw water collection, distribution, treatment, pumping and transmission). He noted that the value of water rights along comprises about 60% of this total. Mr. Donley noted that the assumed 20-year life of a SDC is questionable on that basis.

Mr. Wysocki asked the developer representatives including Ms. Nicklasson about the logic of the assumption that developers can simply pass on utilities and related cost to end users. Darsey noted that there are limits to the amount of rents that can be charged and funding investors need to be assured they will have a certain return on their investments.

Mr. Shonkwiler added that there can be some flexibility in the land price so long as the development costs are reasonably known at the front end and can be communicated to the potential seller in negotiations. Ms. Nelson noted that obtaining financing for multifamily projects can be particularly challenging.

Ms. Nicklasson observed that CSU Codes are not fully in synch with the Downtown FBZ zoning. Mr. Schubloom responded that they have a group working on that topic.

Ms. Beck asked of processes and procedures were in place to address topics like the manhole scenario previously discussed.

Mr. Pico stressed the importance of making sure these types of issues have procedures in place.

Ms. Nunez offered that CSU staff is often very helpful with options after a property is given a "second look". However, there can be lost time and cost up to that point.

Mr. Schubloom noted that his office encourages and supports due diligence at the front end, but not all developers avail themselves of this process.

Mr. Cherrier stated that CSU needs to do a better job of making their process clearer and more proactive.

Mr. Pico asked for clarification on the reconnection fee costs. M. Schubloom clarified that there is now a 5-year grace period with no cost other than nominal reconnections, then after 5 years the access charges accrue up no more than ½ the full SDC; then after 20 years of abandoned service, the full SDC must be paid. To some degree this system provides and incentive for timely reconnection.

UPAC Update- Rich Kramer

Mr. Kramer, UPAC Chair updated the ISC. He noted UPAC is an appointed, advisory, volunteer group with utilities expertise of various types. They obtain their charges from and provide recommendation to the Utilities Board (UB) which consists of City Council. Compared with the UB they have more time to delve into the details concerning assigned topics. CSU staff supports their work. They are an official public committee.

The UPAC is in the early stages with this economic development assignment. It also has an infill component. They have only started in earnest in January of 2015. They have sent out a qualitative survey to about 20 organizations and 50 individuals.

With respect to this charge they are looking at many similar topics including line extension policies, system capacity and comparisons with other utilities. Their task is broken into two phases with the expectation that an interim report/check in will occur with the UB in May 2015. They have been coordinating with Carl Schueler who has been attending all the UPAC meetings

Mr. Shonkwiler asked if there was any initial sense as to the philosophy of special differentiation for older areas. Mr. Kramer responded that UPAC is early in their process, but this topic would at least be a possibility for consideration.

Other Updates and Announcements

The Community Viz meeting dates were confirmed:

- i. Working Group Dry Run March 4, 2015 3-5 p.m.
- ii. New Workshop Date April 23, 2015

All committee members are invited to the meeting on the 4th and can call in remotely if they desire

Next Steps and Meetings

The next meeting will be Tuesday March 17, 2015, 1:30 p.m.

This meeting will be devoted to “regrouping” in terms of progress to date and refinement of direction going forward