

**CITY OF BOULDER
CITY COUNCIL AGENDA ITEM**

MEETING DATE: July 6, 2010

AGENDA TITLE: Consideration of a motion to accept the summary of the June 3, 2010 City Council study session regarding Waste Reduction: Zero Waste Planning; 6400 Arapahoe Road; and Single-Hauler Issues and Opportunities.

PRESENTERS:

Jane S. Brautigam, City Manager
Paul Fetherston, Deputy City Manager
David Driskell, Executive Director of Community Planning & Sustainability
Maureen Rait, Executive Director of Public Works
Joe Castro, Facilities and Fleet Manager
Kara Mertz, Local Environmental Action Manager
Elizabeth Vasatka, Business Sustainability Coordinator
Marie Zuzack, Project Specialist

EXECUTIVE SUMMARY:

The purpose of the first portion of the June 3 study session was threefold:

1. To provide information on the upcoming update to the city's Master Plan for Waste Reduction (MPWR);
2. To discuss the planned relocation of Eco-Cycle, the City of Boulder/Eco-Cycle Center for Hard to Recycle Materials (CHaRM) and ReSource to 6400 Arapahoe Road; and
3. The issues and opportunities inherent in pursuing a single hauler contract for trash and recycling collection service.

This memo includes answers to three questions posed at the study session. Attachment A includes the study session summary and Attachment B includes details of the cost estimates that were presented at the study session.

STAFF RECOMMENDATION:

Staff recommends council consideration of this summary and action in the form of the following motion:

Motion to accept the Summary (Attachment A) of the June 3, 2010 Study Session on Waste Reduction.

FOLLOW-UP INFORMATION:

A few questions were asked at the study session for which the following information is provided.

1. Once annexed, what is the projected sales tax revenue from ReSource and CHaRM at 6400 Arapahoe Road? Once the 6400 Arapahoe Road property is annexed to the city, ReSource will begin paying 3.41 percent city sales tax on its sales. ReSource sales

totaled \$435,000 in 2009 and are expected to increase in 2010, yielding at least \$14,800 per year in city sales tax revenue. CHaRM is not expected to generate sales tax, as it does not sell materials to the public.

2. What is the estimated value of the southeastern portion of 6400 Arapahoe Road proposed to be used in Phase I for Eco-Cycle trucks and equipment? The estimated value of this portion of the property is approximately \$326,000, based on the price per square foot the city paid for the 6400 Arapahoe Road land. If the city were interested in selling this portion of the site, with or separately from the northeastern portion, a real estate professional would perform a market rate valuation of this property.
3. What is the estimated land value of the 0.5 acres that would be taken up by shifting the entry road if Phase II were to be built? The estimated value of the additional land needed for Phase II (0.5 acres) is \$209,000, using the same purchased price valuation method. Staff will include this land value in the Phase II estimated costs as part of the MPWR update.

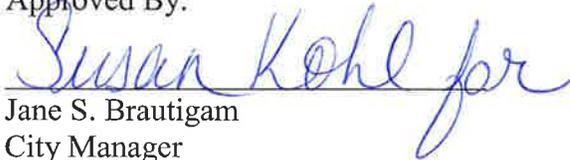
NEXT STEPS:

Based on guidance provided at the study session, staff will complete the Concept Plan review process for 6400 Arapahoe Road Phase I and II and initiate the MPWR update process in the third quarter of 2010. City Council will review staff recommendations for the MPWR update in the first quarter of 2011. The recommendations will identify funding needs and priorities for achieving the city's zero waste goals through education, programs, regulations and facilities. It will also identify potential nonprofit and for-profit partners. The update will include an analysis of facility and funding needs for 6400 Arapahoe Road relative to other needs.

Site Review for 6400 Arapahoe Road will occur in the first quarter of 2011 based the results of the MPWR update. The Site Review and Annexation process will be followed by technical document and building permit review and approval in 2011. Eco-Cycle can move to the site as soon as site and building improvements are complete, likely in early 2012. If the MPWR update identifies construction of Phase II as a priority and funding seems likely within the two year timeframe, then Eco-Cycle should remain at its current location at the city yards until Phase II is built.

Based upon the Council feedback provided at the June 3 Study Session, a single-hauler contract for trash and recycling will not be pursued at this time.

Approved By:


Jane S. Brautigam
City Manager

ATTACHMENTS:

- A. June 3, 2010 Waste Reduction Study Session Summary
- B. Details on Phase I estimated cost increase

June 3, 2010 Waste Reduction Study Session Summary

PRESENT: City Council members: Susan Osborne, Mayor; Ken Wilson, Deputy Mayor; Suzy Ageton; Matt Appelbaum; KC Becker; Macon Cowles; Crystal Gray; Lisa Morzel

Staff members and consultants: Jane Brautigam, City Manager; David Gehr, Deputy City Attorney; Maureen Rait, Executive Director of Public Works; David Driskell, Executive Director of Community Planning & Sustainability; Joe Castro, Facilities and Fleet Manager; Glenn Magee, Design and Construction Manager; Kara Mertz, Local Environmental Action Manager; Elizabeth Vasatka, Business Sustainability Coordinator; Marie Zuzack, Project Specialist; Carol Adams, consultant, StudioTerra

PURPOSE: To provide city council with information and request feedback on:

- Update to the city's Master Plan for Waste Reduction (MPWR),
- Phase I and II draft concept plans for 6400 Arapahoe Road, and
- Potential issues and opportunities in pursuing a single hauler contract for trash and recycling collection service.

OVERVIEW OF PRESENTATION AND DISCUSSION:

Kara Mertz and Elizabeth Vasatka presented on Zero Waste planning and the status and results to date of concept planning for 6400 Arapahoe Road. The following questions were provided for City Council:

1. Does council have questions about the Phase I and II draft concept plans or site development costs?
2. Does council have feedback on next steps and the proposed schedule for moving forward?

Council members had the following comments and questions:

1. Consider selling the eastern portion of the property to help fund Phase II.
2. It seems that if and when CHaRM moves into the existing warehouse with ReSource, the waste diversion rates from ReSource may go down compared to current diversion.
3. How much sales tax will ReSource generate?
4. What rent will Eco-Cycle and the CRC (the nonprofits) pay the city?
5. Council members asked about the value of the land where Eco-Cycle's commercial hauling equipment will be stored on the eastern portion of the site. These should be taken into account moving forward.
6. How would the cost for Phase II fit into priority-based budgeting?
7. Would the nonprofits be willing to conduct capital campaigns to raise the funds for Phase II?
8. Council members voiced concern about how far the current Phase I cost estimates are above the preliminary Phase I cost estimates. Council members suggested a debrief be conducted to learn from this. (*Attachment B includes a full delineation of the cost components comparing the preliminary Phase I estimates and current Phase I estimates*)

9. The Phase I cost overrun is significant and frustrating and should not go any higher, as the city has a lot of other funding priorities.
10. Why weren't Eco-Cycle's commercial operations not included in the original site planning?
11. The previous brickyard site option was tight in terms of fitting the nonprofits' needs; however, a new building would have optimized the size of the site.
12. At this location, the nonprofits are more visible. It's important to show the public on the ground where the trash tax dollars are going, so we should fund Phase II and cut waste reduction programs if needed.
13. When will we receive compensation from CDOT for the Arapahoe Road right-of-way?
14. We should negotiate with CDOT for adequate compensation for the right-of-way; our "per acre" costs should be worth more than \$300,000.
15. Council members support proceeding with Phase I now and deciding about Phase II later, based on the MPWR update process.
16. Although CHaRM does not contribute a high percentage to the community's overall diversion rate, it plays an important role in accepting materials that otherwise could pose environmental problems.
17. It's important to subdivide the property as part of the Site Review and Annexation process so it can be sold or rented at some point in the future.
18. We should partner more with other Boulder County communities, particularly for facilities that serve the whole county. Perhaps we could get other communities to help with funding for Phase I or Phase II.
19. Staff and the nonprofits should seek grants, for example, from the Environmental Protection Agency, and donations for Phase II. The city funding could be used to match these.
20. We have already made significant changes in our waste stream and don't have a landfill in Boulder County. We should continue to be visionary with this property for making waste reduction convenient for people.
21. Most council members stated they were not inclined to sell the eastern portion of the property, since the city will likely need the land later.
22. The city must weigh funding for Phase II against other city funding priorities as well as other priorities within the Trash tax. It's important to identify the tradeoffs.
23. We should assume that the Phase II will cost double the current estimate.

Kara Mertz then presented a high-level analysis of the city's current trash hauler system in comparison to a potential municipal contract system. City Council was asked to if they were interested in further investigating a municipal contract system, and if so, whether this should be pursued with the MPWR update or sooner. Council members provided the following input:

1. None of the council members present were interested in pursuing a single-hauler contract for trash and recycling at this time.
2. Most council members felt that Boulder residents get good service for the money.
3. Council members noted that council has held lengthy public discussion over raising various taxes by a couple of dollars per month, and switching to single-hauler could save customers that much or more.

4. Most council members stated that the potential customer savings is probably not worth what it would take in city resources to set up a single-hauler contract.
5. Some council members remarked that if cost is the primary driver for a resident, that resident can choose a new hauler that provides service for a lower price or decreasing their trash service level.
6. Council requested that over time, staff keep an eye on Boulder's average rates in comparison to other cities'.
7. Council members felt it is more important to focus staff efforts on increasing business and industrial waste diversion.
8. Some council members stated they would like to preserve the current, competitive system.
9. Council members suggested staff consider switching the community service to every week composting pick-up and every other week trash collection.
10. What volume of compostable material does the average household put out for pick up?
11. Council suggested that it would be good to find a way for the city to use the compost generated by residents' compostable materials, or to sell it through a local retailer like McGuckin Hardware.

Detail on Phase I estimated cost increase:

Attachment B provides details on the preliminary and refined cost estimates for Phase I site and building improvements. A summary of this chart was included in the study session packet and presented to council on June 3. However, since some questions arose at the study session relating to the reasons for the cost differences, some clarifying information is included here.

The cost estimate generated in August 2009 was based on preliminary estimates for the old brickyard property on 63rd Street, prior to concept planning for the 6400 Arapahoe Road site. The difference between the preliminary and detailed cost estimates is \$447,000, which contains approximately \$324,000 in construction contingency. The four main categories with specific adjustments between the preliminary and current cost estimates are:

1. Accommodations for nonprofits' warehouse and office space needs (e.g., adding a kitchen, new paint and carpet to the office building; adding a drive-up window to the warehouse to allow safe traffic flow and a line-of-site for the CHaRM drop-off)
2. Consultant costs to complete the land use review processes. This was not originally anticipated to be as time-intensive as it has turned out to be. The revised estimate is based on staff's current knowledge re: the extent of the consultant involvement with staff and nonprofits through the land use review processes.
3. Higher contingency recommended by consultant (increased to 20 percent contingency for construction cost items and 10 percent contingency for soft costs). This contingency will not be spent if it is not needed.

The spreadsheet in Attachment B also contains a line item for the value of the land on the eastern portion of the site that is programmed for storage of Eco-Cycle's commercial trucks and roll-off equipment.

6400 Arapahoe Estimated Cost Comparison for Phase I					
Item	Preliminary Staff Estimate	Notes	Refined Consultant Estimate Jun-10	Notes	Change In costs
Site Work / Utilities					
General site repairs	\$ 90,000	Per building code inspection report*	\$ -	Not required for Phase I	
Environmental clean-up	\$ 50,000	Tank removal	\$ -	Not required	
General utility work	\$ 100,000		\$ -	Not required for Phase I	
Fire line tap	\$ -	NIC	\$ 6,000	Required for fire protection	
Detention pond	\$ -	NIC	\$ 55,000	For total development	
Pavement demo	\$ -	NIC	\$ 2,000	For fire line	
Security fence	\$ 2,500	Repairs only	\$ 73,500	Entire site - enhanced	
Site stabilization	\$ -	NIC	\$ 5,000	Required	
Internal signage	\$ -	NIC - assumed by tenants	\$ 2,500	Traffic control	
Landscape and irrigation	\$ 100,000		\$ 282,600	Screening for neighbors	
Loading dock	\$ 20,000		\$ 35,000	Additional dock	
Site lighting	\$ -	NIC	\$ 75,000	Required for site review	
Access improvements	\$ 200,000	Re-align entry road	\$ -	Not required for Phase I	
New drive lane	\$ 15,000	In initial proposal	\$ -	Not required	
Sub Total Site Work	\$ 577,500		\$ 536,600		
Contingency	\$ 57,700	10%	\$ 107,320	20%	
Total Site Work / Utilities	\$ 635,200		\$ 643,920		\$ 8,720
Warehouse Function					
General building repairs	\$ 84,350	Existing warehouses	\$ 60,198	Existing warehouses	
Fire protection system	\$ -	NIC	\$ 45,000	Required by code	
Warehouse window	\$ 15,000		\$ 70,000	Incl. office space	
Warehouse division wall	\$ -	NIC - assumed to be funded by nonprofits	\$ 18,500	Program change	
Enclose 2000sf warehouse	\$ 20,000		\$ 25,000	Better estimate	
Pass-thru windows	\$ 5,000		\$ 15,000	Program change	
Reconstruct small warehouses	\$ 112,981		\$ 165,000	Better estimate	
Sub total warehouse work	\$ 237,331		\$ 398,698		
Contingency	\$ 23,748	10%	\$ 79,740	20%	
Total Warehouse Work	\$ 261,079		\$ 478,438		\$ 217,359
Office Building					
General building repairs	\$ 140,000		\$ 112,000	Exterior and interior	
Office building renovations	\$ -	NIC	\$ 105,640	Interior tenant finish incl. kitchen, tile, paint	
Code upgrades	\$ 29,100	Per building code inspection report	\$ 29,100	Per building code inspection report	
Mechanical systems work	\$ 34,700	Per building code inspection report	\$ 34,700	Per building code inspection report	
Fire protection and alarm systems	\$ 51,200	Per building code inspection report	\$ 51,200	Per building code inspection report	
Sub Total Administration Building	\$ 255,000		\$ 332,640		
Contingency	\$ 25,500	10%	\$ 66,524	20%	
Total Office Building Work	\$ 280,500		\$ 399,164		\$ 118,664
Soft Costs					
Entitlement consultants	\$ 50,000		\$ 130,000	Extensive consultant work required	
Permit Drawings (A&E)	\$ -		\$ 66,288	For improvements	
Permits, fees, taxes, PIF	\$ 520,000		\$ 415,665		
Annexation Tech doc's and permits	\$ 50,000		\$ 50,000		
Facility staff project management	\$ 50,000		\$ 40,000		
Boulder County reimbursement	\$ 5,000	Earnest money	\$ 5,000	Earnest money	
Sub Total Soft Costs	\$ 675,000		\$ 706,953		
Contingency	\$ -	0%	\$ 70,194	10%	
Total Soft Costs	\$ 675,000		\$ 777,147		\$ 102,147
Total Contingency	\$ 106,948		\$ 323,778		\$ 216,830
Total Project	\$ 1,851,779		\$ 2,298,669		\$ 446,890
Estimated Land Value (southeast portion)			\$ 326,000		\$ 326,000
Total Project with Land Value			\$ 2,624,669		\$ 772,890

NIC= not in cost estimate

*Boulder County commissioned a Building Code Inspection Report prior to purchase of property