

**TO:** Mayor Appelbaum and Members of City Council  
**FROM:** Jane S. Brautigam, City Manager  
Stephanie A. Grainger, Deputy City Manager  
Ruth McHeyser, Executive Director of Community Planning  
David Driskell, Deputy Director of Community Planning  
Jonathan Koehn, Manager of Environmental Affairs  
Elizabeth Vasatka, Environmental Coordinator  
**DATE:** June 8, 2009  
**SUBJECT:** Study Session – June 9, 2009  
Process for acquiring a site for the relocation and expansion of the Eco-Cycle office and the Center for Hard-to-Recycle Materials (CHaRM) and ReSource facilities

### **I. PURPOSE**

The purpose of this study session item is to provide City Council with information on the status and process for the possible purchase of a site for permanent, expanded facilities for Eco-Cycle, its Center for Hard-to-Recycle Materials (CHaRM) and the Center for Resource Conservation's (CRC) ReSource used building materials sales yard and to provide an opportunity for council to discuss principles for developing a cost-sharing agreement with Boulder County for the purchase. Council's input will inform staff's discussion with County staff on the cost-sharing agreement over the next few weeks. On July 7, staff will ask council for formal direction on the agreement and related issues, including Trash Tax increase options. If council decides to move forward on the agreement, on July 21 it will consider approval of the agreement and first reading of a tax increase.

### **II. QUESTIONS FOR COUNCIL:**

1. Does City Council have questions or comments on the process and schedule for acquiring a site for the Eco-Cycle office and CHaRM and ReSource facilities (**Attachment A**)?
2. Does City Council have any questions or comments on the proposed principles for developing a cost-sharing agreement with the County (Section IV.C.)?
3. Does City Council have additional information it would like included in the July 7 agenda memo (topic list provided in Section IV.D.)?

### **III. BACKGROUND**

On May 19, 2009, City Council considered additional funding for a site and/or building to relocate the Eco-Cycle office and CHaRM and ReSource facilities to Recycle Row. At that time the city had committed \$2.3 million for site grading, utilities extension and improvements to 63<sup>rd</sup> Street for development of the four-acre brickyard parcel that

Western Disposal would convey to the city as part of a proposed annexation agreement. Staff presented five scenarios for council to provide direction on possible additional funding. Four of the scenarios represented different funding levels for the four-acre brickyard parcel; the fifth scenario provided a range of funding levels for alternative sites. Council passed a motion (6-1, Espinoza opposed, Ageton absent) directing staff to:

- Work with Boulder County to secure a permanent site and funding for Eco-Cycle, CHaRM and ReSource facilities;
- Assume the city will fund its share of costs by an increase in the Trash Tax to a level within the voter-approved maximum; and
- Assume a city funding level of up to \$5.7 million (including the \$1.3 million already set aside for the four-acre brickyard parcel or the \$1 million available for an alternative site) with a corresponding Trash Tax increase for 20 years.

#### **IV. ISSUES**

##### **A. Update on site acquisition**

The County has entered into a purchase contract for an alternative site, 6400 Arapahoe Ave. for \$5.45 million, with the assumption that the city will contribute an amount consistent with council's May 19 motion. A full site analysis will estimate costs for site and building improvements, possible building expansion and annexation.

An aerial map of the site in the context of the surrounding area is provided in **Attachment B**. The site is 9.47 acres in size and located in the County and served by out-of-city utilities. It is eligible for annexation (as a "flagpole" annexation). It is adjacent to the Boulder Valley School District (BVSD) headquarters to the east; storage units to the west; Sombrero Marsh to the south; and within proximity of The Reserve and Ridgelea Hills county subdivisions, a mobile home park, and single family homes and a synagogue along Cherryvale Road. To the north across Arapahoe Avenue are light industrial uses, including storage units, truck rental, a carpet warehouse, and an automotive service center.

The site is designated Performance Industrial (PI) in the Boulder Valley Comprehensive Plan (BVCP). **Attachment C** shows the BVCP land use designations for the surrounding area and also provides descriptions of the five industrial land use designations in the BVCP.

##### **B. Project process**

Several interrelated processes are involved in securing and funding a permanent site and buildings for the Eco-Cycle office, CHaRM and ReSource. The processes are listed below; more detail on the key steps and dates for each process are provided in **Attachment A**. An interdepartmental staff team, which includes County staff, will collaborate on these processes (team members listed in **Attachment D**.)

1. Consideration of whether to purchase of 6400 Arapahoe jointly with the County
2. Brickyard four-acre parcel purchase option
3. Cost-sharing agreement with County (Intergovernmental Agreement)

4. Bonding against the Trash Tax as a revenue source for city's contribution
5. Trash Tax rates increase to fund city's contribution
6. Building lease agreements with Eco-Cycle (for office and CHaRM facility) and CRC (for ReSource facility)
7. Annexation of 6400 Arapahoe and land use reviews/approvals (if selected to move forward with purchase)
8. Facility preparation and relocation of Eco-Cycle, CHaRM and ReSource

**Question 1: Does City Council have questions or comments on the process and schedule for acquiring a site for the Eco-Cycle office and CHaRM and ReSource facilities (Attachment A)?**

### **C. Principles for the cost-sharing agreement**

The cost-sharing agreement with Boulder County will address the following key issues regarding the purchase of the site and buildings for Eco-Cycle, CHaRM and ReSource:

- Contribution amounts of the city and County (monetary and in-kind)
- Upfront funding and bonding logistics
- Ownership (joint, separate, or city only)
- Property management and operations
- Possible additional uses on site
- Contributions by other municipalities
- Any additional key issues council or the County identifies

For the purposes of negotiating a draft agreement with the County, staff recommends the following as city interests or principles.

1. Monetary contribution: The County will contribute \$2 million; the city will cover the remainder of the purchase price (\$3.45 million) and all costs associated with site and building improvements, possible building expansion and annexation. Preliminary total costs are estimated to be close to the original proposed brickyard development and building costs of \$7.7 million (putting the city's contribution at approximately \$5.7 million). The nonprofits will not contribute to these costs. (The scenarios presented at the May 19 council meeting provided a range of nonprofit contribution amounts. Council indicated support for Scenario 1D, in which the nonprofits would not contribute to the cost of the buildings.)
2. Ownership: Joint ownership with County, separate ownerships, or city-only ownership, depending on contribution amounts, bonding requirements, additional uses, and city and County preferences. Eco-Cycle and the CRC will lease the buildings from the owner and are anticipated to be responsible for utilities bills, maintenance, minor repairs, insurance and other similar expenses.
3. Annexation: The site will be annexed into the city, as the proposed land uses are considered new urban development. Any land use designation change from Performance Industrial and initial city zoning will be consistent with BVCP policies. The cost of annexation will be quantified in the cost-sharing agreement

as part of the overall site costs.

4. Future additional uses on site must be compatible with the surrounding area and BVCP policies and will be related to waste reduction activities. These may include (but would not be limited to):
  - a. Construction and demolition diversion programs – emphasis on collection and transfer of source-separated materials (such as asphalt shingles, concrete, porcelain, ceiling tiles, and carpet) with limited processing;
  - b. Hazardous materials management facility – this site may offer advantages over the currently planned location (behind County Recycling Center), including better visibility, synergy with CHaRM and ReSource operations, better traffic flow/ ingress/ egress, and possibility of combining with new CHaRM building; and/or
  - c. Contained composting projects – examples may include commercial compost or bio-waste.The city will collaborate with the County to plan additional waste reduction activities on the site, but will expect the County to take the lead on developing, operating, and administering those activities. This consideration regarding future obligations is meant to counterbalance any concern about equity in the site acquisition contribution amounts.
5. Other municipalities: Commitment from the County to work with other Boulder County municipalities, and if appropriate the County and City of Broomfield, to encourage their participation in funding and operating future waste reduction programs.
6. Options and recommendations for upfront funding and bonding logistics, and property management and operations will be presented to council on July 7.

**Question 2: Does City Council have questions or comments on the proposed principles for developing a cost-sharing agreement with the County?**

**D. July 7 City Council agenda item and memo**

The next major step in the process for City Council will be the July 7 agenda item. Council will be asked to review and provide direction on the purchase of the recommended site, proposed terms for a cost-sharing agreement with the County and Trash Tax increase options. Information on the following topics will be provided in the agenda memo:

1. Site analysis and recommendation, including:
  - a. Estimated costs for annexation; site and building improvements; possible building expansion; and future management and maintenance (depending on agreements with County and non-profits);
  - b. Review of final terms of County’s purchase contract with the seller; and
  - c. Evaluation of possible additional uses (compatibility with BVCP policies and city/ County regulations, benefits, estimated costs, and potential impacts).

2. Proposed terms for cost-sharing agreement with the County and direction on any outstanding issues.
3. Background information on city/County co-ownerships (Fire Training Center, Hazardous Material Management facility and Open Space).
4. Draft schedule for annexation and land use review processes, including joint city/County meetings with adjacent property owners and surrounding neighbors.
5. Waste reduction program trade-offs for city contribution up to \$5.7 million to the nonprofits' facilities (impacts on funding for other waste reduction programs and meeting the zero waste goal).
6. Trash Tax rate increase options, including information on:
  - a. Bond funding process and schedule.
7. Answers to questions from May 19, 2009 council meeting
  - a. Other communities' diversion rates
  - b. Impact of tax increase on residents of multi-family units
  - c. Rationale for commercial tax rates
  - d. Possibility of funding from other municipalities
  - e. Other possible funding sources, including American Resource Recovery Act
  - f. Additional jobs
  - g. Other potential future tax and fee increases.
8. Background information on current city leases with nonprofits and businesses, including current leases with Eco-Cycle, and recommended improvements for developing new Eco-Cycle and CRC lease agreements.

**Question 3: Does City Council have additional information it would like included in the July 7 memo?**

#### **V. CONCLUSIONS/ NEXT STEPS**

Staff will return to City Council for a July 7 agenda item. Council will be asked to review and provide direction on whether to move forward on the purchase and possible terms for a cost-sharing agreement with the County and on Trash Tax increase options.

#### **Attachments:**

- A: Project process
- B: Context map for 6400 Arapahoe Ave.
- C: Land use context map for 6400 Arapahoe Ave. and industrial land use designation descriptions
- D: City of Boulder and Boulder County staff team

## Attachment A

### Project Process

Several, interrelated processes are involved in securing and funding a permanent site and buildings for the Eco-Cycle office, CHaRM and ReSource, each with its own steps and schedule:

#### 1. Consideration of whether to purchase 6400 Arapahoe jointly with the County

##### Key elements:

- Due diligence
  - Survey
  - Phase 1 Environmental Inspection
  - Building inspection and identification of needed repairs and/or modifications
  - Identification of possible impact mitigation for future uses (see below)
- Needs assessment and site planning, including possible additional waste reduction uses for site
  - Ensure nonprofits' needs are met
  - Ensure city and County's needs are met
  - Identification of annexation costs and process
  - Identification of critical outstanding issues and processes to resolve them (i.e., stormwater mitigation, environmental impacts)
- Adjacent property owner discussions (particularly BVSD, Open Space) and public process (particularly neighborhoods to south) regarding impacts of future uses

##### Key steps/ dates:

- Purchase contract finalized: June 11
- Meetings with adjacent and nearby neighbors: June 25 (tentative)
- Last date to terminate purchase contract: July 10
- Closing on purchase: July 22

#### 2. Brickyard four-acre parcel purchase option

##### Key elements:

- Option to purchase four-acre brickyard parcel as back-up site

##### Key steps/ dates:

- Second reading of Western Disposal annexation agreement: June 4
- Expiration of option to purchase: January 2011

**3. Cost-sharing agreement with County (IGA)**

Key elements:

- Ownership (joint, separate or city only)
- Contribution amounts (monetary and in-kind)
- Participation by other municipalities
- Future uses on site
- Upfront funding and bonding logistics
- Additional city or County interests?

Key steps/ dates:

- Council discussion of principles: June 9
- Council direction on terms: July 7
- Approval of formal agreement by city: July 21; by County: July or August

**4. Trash Tax increase to fund city's contribution**

Key elements:

- Rate increase options for residential service levels and commercial customers
- Analysis of remaining available funding for future additional waste reduction efforts (programs and infrastructure)

Key steps/ dates:

- Council direction on tax increase options: July 7
- Council consideration of increase ordinance: July 21

**5. Financing city's contribution**

Key Elements:

- Bonding issuance timeline
- Cost-sharing agreement with County (IGA)

Key steps/ dates:

- To be determined

**6. Lease agreements with Eco-Cycle (for office and CHaRM facility) and CRC (for ReSource facility)**

Key elements:

- Ownership determination through IGA
- Lease terms, including responsibilities for maintenance, repairs, utilities and other similar expenses

Key steps/ dates:

- Review and evaluation of current city leases with nonprofits and businesses: underway
- Negotiations of terms with Eco-Cycle and CRC: June - July
- Council lease approval: August or September

**7. Annexation of 6400 Arapahoe and land use reviews/approvals**

Key elements:

- Cost, particularly stormwater/ flood control plant investment fees
- Compatibility of future uses with BVCP land use designation change and city zoning
- Impact mitigation

Key steps/ dates:

- Information to council on draft schedule for annexation and land use processes: July 7
- County Land Use approval of pre-annexation uses (ReSource): 45-day call-up if no more than 35,000 square-foot existing building and no more than 1,000 square-foot addition; if more, County Special Review: 4-6 months prior to move
- Annexation application process and concurrent city Site Plan Review: 6-8 months post-purchase

**8. Facility preparation and relocation of Eco-Cycle, CHaRM and ReSource**

Key elements:

- Retrofit existing office building
- Any needed repairs or modifications to existing warehouse
- Site improvements (landscaping, lighting, circulation, parking, signage)
- Move ReSource's two metal buildings (possibly while annexation under review)
- Possibly construct additional warehouse

Key steps/ dates:

- ReSource's mandatory moving date: August 1- 31, 2010





## **Boulder Valley Comprehensive Plan Industrial Land Use Descriptions**

The Boulder Valley Comprehensive Plan has five classifications of industrial use within the Boulder Valley: General, Community, Light, Performance and Mixed Use Industrial.

The General Industrial classification is shown where the more intensive and heavy industries are located or planned within the valley.

The Community Industrial classification is shown for those areas where the predominant uses provide a direct service to the planning area. These uses often have ancillary commercial activity and are essential to the life of the Boulder community. These uses include smaller scale auto-related uses, small printing operations, building contractors, building supply warehouses, small manufacturing operations and similar uses.

The industrial uses considered as 'Light' and 'Performance' Industrial on the comprehensive plan are primarily research and development, light manufacturing, large scale printing and publishing, electronics, or other intensive employment uses. These uses are concentrated primarily in 'industrial parks' located within the Gunbarrel Hill area along the Longmont Diagonal, and along Arapahoe Avenue between 33rd and 55th streets. Performance Industrial uses require high-quality site plans and must meet performance criteria for how on-site and off-site impacts are handled.

Mixed use-industrial development may be deemed appropriate and will be encouraged in some industrial areas character will predominate. Housing compatible with and appropriate to the industrial character will be encouraged and may be required. Neighborhood retail and service uses may be allowed. Specific zoning and other regulations will be adopted which define the desired intensity, mix, location and design characteristics of these uses.

## **Attachment D**

### **City of Boulder and Boulder County staff team**

#### **City of Boulder Community Planning**

Ruth McHeyser, Executive Director for Community Planning  
David Driskell, Deputy Director of Community Planning  
Jonathan Koehn, Environmental Affairs Manager  
Elizabeth Vasatka, Environmental Affairs Project Manager  
Marie Zuzack, Environmental Affairs Planner  
Susan Richstone, Long Range Planning Manager  
Charles Ferro, Senior Planner  
Steve Buckbee, Civil Engineer II

#### **City of Boulder Attorney's Office**

David Gehr, Deputy City Attorney

#### **City of Boulder Open Space and Mountain Parks**

Doug Newcomb, Property Agent, Open Space and Mountain Parks

#### **City of Boulder Finance**

Bob Eichen, Director of Finance

#### **Boulder County Administrative Services**

Keith Ickes, Administrative Services Director  
Jeff Callahan, Resource Conservation Division Manager  
Hilary Collins, Resource Conservation Division Assistant Manager

Additional County staff representatives will be designated by the Boulder County Commissioner's Office.