# Town of Avon, Colorado Avon Work Session Meeting for Tuesday February 14, 2012 Meeting Begins at 3 PM



AVON TOWN HALL, ONE LAKE STREET

**PRESIDING OFFICIALS** 

MAYOR PRO TEM

RICH CARROLL KRISTI FERRARO

COUNCILORS DAVE DANTAS.

DAVE DANTAS, CHRIS EVANS, TODD GOULDING AMY PHILLIPS, ALBERT "BUZ" REYNOLDS, JR.

**TOWN STAFF** 

**TOWN ATTORNEY: ERIC HEIL** 

TOWN MANAGER: LARRY BROOKS

TOWN CLERK: PATTY MCKENNY

ALL Work Session Meetings are open to the public except Executive Sessions

Comments from the public are welcome; Please tell the Mayor you would like to speak under No. 2 below Estimated times are shown for informational purposes only, subject to change without notice Please view Avon's website, http://www.avon.org, for meeting agendas and meeting materials Agendas are posted at Avon Town Hall and Recreation Center, Alpine Bank, and Avon Library The Avon Town Council meets on the second and fourth Tuesdays of every month

### 3:00 PM - 4:30 PM

- 1. **EXECUTIVE SESSION** (If the allotted timeframe does not permit enough time, some discussion may occur after the regular meeting)
  - Personnel Matters pursuant to Colorado Revised Statute §24-6-402(4)(f) regarding annual Performance Review of the Town Attorney and Town Manager Employment Agreement
  - b. Meet with Town Attorney for the purpose of receiving legal advice to specific legal questions pursuant to Colorado Revised Statute §24-6-402(4)(b) related to pending litigation and pending settlement negotiations regarding Town of Avon v Traer Creek Metropolitan District, 2008 CV 0385 and Traer Creek, LLC, et al. v Town of Avon 2010 CV 316

### 4:30 PM

2. INQUIRY OF THE PUBLIC FOR COMMENT AND APPROVAL OF AGENDA

# 4:30 PM- 4:45 PM

3. OPERATING CASH FLOW ANALYSIS - I-70 REGIONAL TRANSPORTATION FACILITIES PROJECT (Justin Hildreth, Town Engineer, Scott Wright, Finance Director, Jenny Strehler, Director PW&T) Review Operational Cash Flow Analysis

# 4:45 PM-5:00 PM

4. UPDATE ON REMOVAL OF ABANDONED PROPERTY FROM LOT 5 VILLAGE AT AVON, FILING 1, (Jeff Schneider, Project Engineer) Update on the Removal of Modular buildings from Lot 5

#### 5:00 PM

5. ADJOURNMENT

# **Town of Avon**

# Memo

To: Honorable Mayor and Town Council

Thru: Larry Brooks, Town Manager <u>Initials</u>

Legal: Eric Heil, Town Attorney

From: Scott Wright, Finance Director

Date: February 8, 2012

Re: Operating Cash Flow Analysis – I70 Regional Transportation Facilities Project

# **Summary:**

At the last Town Council meeting a request was made of staff during the presentation of the I70 Regional Transportation Facilities Project for an operations cash flow analysis.

# Discussion:

Attached is a limited scope cash flow analysis (8 years) of the incremental operational costs and associated reimbursements and rental charges from ECO transit. The assumptions used in the model are as follows:

- The annual positive cash flow to the Town is estimated to be \$41,228/.
- Incremental utility and other operating costs for the bus storage facility will be billed on a pro-rata basis to users of the facility (ECO). A conservative estimate of 50% or 12 of the 24 bus spaces was used in the model. A conservative monthly charge for estimated operating costs is \$219/mo. per space or \$31,536 per year (see attached). The proposed lease structure in the IGA is for a calculation of actual utility costs to be reconciled at year-end..
- The lease rate used in the model is \$502/mo. per space. This figure is based upon a formula that capitalizes the Town's share of its local match over a 30 year period and a rate of 4% (see attached).
- It should be mentioned that the combined rate of \$721 per month is very comparable to the rate of \$580 per mo. that ECO charges Summit Stage for use of their Leadville facility with no utilities or office space.
- A very conservative amount of \$15,000 per year is reported in the cash flow model as savings in capital costs. This is based upon a 20% savings of previous years'

- equipment replacement costs charged to the Transit Fund on a per service hour basis. Depending upon future grant funding availability this figure could range from \$15,000 to \$35,000 per year.
- Existing electric costs due to the use of engine block heaters in the winter time will be reduced. This amount is estimated at \$7,200. In addition, it is estimated that snow-plowing requirements will be reduced due to the smaller footprint of the new bus circulation area.
- Other potential additional revenues to the Town include fleet maintenance revenues from maintenance of ECO buses and additional fuel sales to ECO buses. Fuel reduction should be realized for the Town fleet due to reduced idling costs. This amount has not been included in the cash flow model.

# **Town Manager Comments:**



## Attachments:

A – Operational Cash Flow Model – I70 Regional Transportation Facility

B – Operations and Maintenance Cost Breakdown

C – Facility Capital Cost Calculation

# 170 REGIONAL TRANSPORTATION OPERATIONAL CASH FLOW DATED FEBRUARY 14, 2012, 2012

		2013	2014	2015	2016	2017	2018	2019	2020
Town of Avon Cash Flow Revenues ECO O&M Reimbursement (\$219/mo X 12 buses) ECO Lease Revenue (\$502/mo X 12 buses)	₩	31,536 \$ 72,288	31,536 <b>\$</b> 72,288	31,536 <b>\$</b> 72,288	31,536 \$ 72,288	31,536 \$ 72,288	31,536 \$ 72,288	31,536 \$ 72,288	31,536 72,288
Total Revenues		103,824	103,824	103,824	103,824	103,824	103,824	103,824	103,824
Expenditures Incremental Additional Cost of New Facility:								;	
New Electrical New Natural Gas		36,700 17,832	36,700 17,832	36,700 17,832	36,700 17,832	36,700 17,832	36,700 17,832	36,700 17,832	36,700 17,832
New Water and Sewer		7,910	7,910	7,910	7,910	7,910	7,910	7,910	7,910
New Janitorial		10,004	10,004	10,004	10,004	10,004	10,004	10,004	10,004
Reduction in Existing Electrical (Egine Block Heaters)		(7,200)	(7,200)	(7,200)	(7,200)	(7,200)	(7,200)	(7,200)	(7,200)
Net Reduction in Snow Plowing Costs		(2,650)	(2,650)	(2,650)	(2,650)	(2,650)	(2,650)	(2,650)	(2,650)
Total Expenditures		62,596	62,596	62,596	62,596	62,596	62,596	62,596	62,596
Surplus (Deficit)		41,228	41,228	41,228	41,228	41,228	41,228	41,228	41,228
Capital Cost Savings  Avg. reduction in annual equipment replacement costs due to extension of estimated useful lives of bus fleet - 20%		15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Annual Positve Cash Flow to Transit Fund	æ	56,228 \$	56,228 \$	56,228 \$	56,228 \$	56,228 \$	56,228 \$	56,228 \$	56,228

# 170 REGIONAL TRANSPORTATION OPERATIONS FACILITY CAPITAL COST

			Grant		Local		Total
Phase 1 - SGR		\$	7,500,000	\$	\$ 1,875,000	:	\$ 9,375,000
Phase 1 - 5309		\$	367,323	\$	91,831	:	\$ 459,154
Phase 1 - ARRA		\$	522,000	\$	\$ -	:	\$ 522,000
Phase 1 - FASTER	₹	\$	1,000,000	\$	\$ 370,880		\$ 1,370,880
	TOTAL	\$	9,389,323	\$	\$ 2,337,711	:	\$ 11,727,034
Duning to Cont							
Project Cost		خ	0 200 222				
Grants		\$ \$	9,389,323				
Local Funds	Total Cash Outlay	\$	2,337,711				
Land Value	Total Cash Outlay	<b>\$</b>	<b>11,727,034</b> 3,000,000				
Land Value	Total Project Value	۶ \$	14,727,034				
	Total Project Value	Ą	14,727,034				
Cost Share By Bus	Parking						
Avon stalls			9		37.5%		
ECO Stalls			15		62.5%		
	Total		24				
					Same % of Cash		
Local Match Assig	rnment	% 4	of Facility		Match		
Avon	minent	/ (	37.5%		\$ 876,642		
ECO			62.5%		\$ 1,461,069		nigh end of range, bus
ECO			50.0%				ow end of range, % of
			Average		•		
ESTIMATED LEASE	E RATES						
Amount of Local	Match to Recover	\$	1,250,000	a	ıssumed		
Years to recover			30	a	ıssumed		
discount rate			4.0%	,			
Yearly Payment		\$	72,288				
# ECO Stalls			12				
Mon	thly Payment Per Stall	\$	502	fe	or capital investme	ent	t
Yearly Maintena	nce	\$	63,101	u	itilities, services, et	c.	
Stalls			24	С	0&M costs split amo	on	g all users
	aint Payment Per Stall	\$			or O&M		
P	reliminary Lease Rate	\$	721	S	suggested, per bus	pe	r month

# 170 REGIONAL TRANSPORTATION OPERATIONS FACILITY OPERATING COST

Net Annual Additional Cost of New Transit Facility

	Actu	L Utility als Fleet in Bld	Es	timated New Bus Barn	Value if pro-rated only, no credit for improvements	Comments
Power	\$	22,500	\$	36,700		
						20% more efficient that Fleet Bld due to radient heat vs. in floor heating, lower design
Natural Gas	\$	19,500	\$	17,832	20,321	op temperature, higher R value roof and walls
Water	\$	7,590	\$	7,910	7,910	about the same
						savings range is \$15K- \$35K per year, depending on assumptions made for access to
fleet life extension			\$		15,000	future grant funding
janitorial	\$	8,000	\$	10,004	8,337	about 20% higher per sf due to more offices
reduced snow plow			\$	(3,750)	-	New bld reduces plowing of about 0.5 ac
						Indoor storage avoids use of 24 engine block
reduced electrical			\$	(7,200)	-	heaters for 6 mo/yr
Total	\$	57,590	\$	61,496		
sf		23,500		24,490		
Cost per SF	\$	2.45	\$	2.51		

Other costs to include in Lease Calculation (already incurred at current site)

	last year	_	Future	
telephone	\$ 80	\$	80	
Orkin	\$ 85	\$	100	
Comcast	\$ -	\$	-	
coffee	\$ 150	\$	175	
copy/printer leases	\$ 75	\$	150	
snow removal	\$ 1,875	\$	1,100	on remaining circulation area
Subtotal other	\$ 2,265	\$	1,605	\$ 19,260
TOTAL	\$ 59,855	\$	63,101	annual O&M
# buses	16		24	\$ 67
Per bus	\$ 3,741	\$	2,629	annually
	\$ 312	\$	219	per bus per month

# Memo

To: Honorable Mayor and Town Council

Thru: Larry Brooks, Town Manager Legal Review: Eric Heil, Town Attorney

From: Justin Hildreth, P.E., Town Engineer

issues and will provide a verbal update to Town Council.

Jeffrey Schneider, P.E., Project Engineer

Date: February 8, 2012

Re: Update on Removal of Abandoned Property from Lot 5, Village at Avon Filing 1

Initials

**Summary:** Stone Creek Charter School (SCCS) vacated Lot 5, Village (at Avon) Filing 1, located at 375 Yoder Avenue, on June 30, 2011, leaving 18,000 square feet of abandoned modular school buildings behind. The Town notified SCCS and Wells Fargo Bank (holder of the note on the buildings) that its property was abandoned and must be removed from the site. Town Staff completed a solicitation to find contractors to either demolish the buildings or to dismantle the buildings and haul them from the site for reuse. Nine proposals were received with seven for demolition and three for dismantling, freight, and re-use. Re-use of the buildings involves clearing

and obtaining the title documentation; the Town Attorney is currently negotiating to clear up the title

Three options exist for the Town with respect to the abandoned modular buildings: first, the Town may demolish the buildings on site because the terms of the lease allows the Town to cause removal of the structures; second, the Town can obtain proper title to the buildings, sell them, and have them dismantled and reused; third, the Town can obtain proper title to the buildings and utilize a portion of the modular buildings. The three options are presented below. Staff is asking for direction from Town Council on which option to pursue.

**Discussion:** In 2006, the Avon Town Council entered into a one-year lease agreement with Stone Creek Charter School (SCCS) to occupy Lot 5, Village (at Avon) Filing 1. The school mobilized modular school buildings onto the site and operated a charter school at this location until their lease expired on June 30, 2011. Since then, SCCS has been unable to relocate the modular buildings. The Town served SCCS and Wells Fargo with notice that its property was abandoned and that it would have to be removed. In order to accomplish the removal, the Town solicited proposals from contractors for either demolition or removal and reuse. On January 12, 2012, the Town issued a request for proposals for interested firms to remove the abandoned buildings. A pre-bid meeting was conducted on January 26, 2012, and Addenda 1 and 2 were issued on January 30 and February 1, respectively. Nine proposals were received on Friday, February 3, 2012. The bid tabulation is included as Exhibit A to this memorandum. A third option of partial utilization by the Town has been identified in the meantime.

## **Option 1: On-site Demolition**

The Town is legally able to demolish the buildings for recycling and disposal in the landfill. Seven proposals were received for this option, with the low bid received from Hess Contracting, Inc. for \$44,000. Advantages of this option are that this is the fastest way for the Town to remove the buildings and free up Lot 5 for its own use. Disadvantages include the capital cost of demolition, and

the fact that the Town is demolishing five-year old buildings rather than allowing someone to utilize them.

# Option 2: Dismantling, Freight, and Re-use

Three proposals were received for Option 2, with the lowest proposal being a \$10,572 credit to the Town for allowing the sale of the modular buildings. This option, however, requires proper title work to be cleared since contractors are unwilling to transport the units over the highway without the appropriate paperwork. Advantages of this option include the negative capital cost. Disadvantages include the time that may be required to obtain the proper title documentation and other possible complications with the Town acquiring the buildings. The contractor has informed Town Staff that after approximately 45 days, the offer may not be valid since the projected buyer may back out if the timeframe is extended.

# **Option 3: Town of Avon Partial Utilization**

A third option was recently identified for the Town to obtain and utilize the buildings. This option was not formally bid, but is believed to cost approximately between \$45,000 and \$55,000. With this option, the Town would utilize a portion of the 18,000 square foot modular space, and remove and/or demolish the unused portion. Advantages of this option are that the Town will gain additional square footage for its operations needs at Lot 5, and that the modular buildings are only five years old and in better repair than the Public Works Administration building. The disadvantages are that the remaining portions of the modular building not utilized would be less desirable than reusing the entire building, and would result in additional square footage without a distinct need. Since Council directed Staff to keep the existing modular office building on Swift Gulch, the need for office space at Lot 5 is diminished. Plus, a reconfigured modular on Lot 5 would result in the same five year horizon imposed by the Village (at Avon) Design Review Board for the approved plan of moving the Swift Gulch modular buildings to Lot 5. Finally, unless the Town is able to purchase the building within 30 days or so, the Town will still need to relocate the existing public works modular to accommodate the Swift Gulch construction schedule.

**Financial Implications:** The CIP budget has \$500,000 for Lot 5 relocation in 2012. Also, the Town is in possession of a \$150,000 surety from SCCS for site restoration. Either of the options presented are well within the available funding for the project, with Option 2 being the most financially desirable at a \$10,572 credit to the Town.

**Recommendation:** Provide direction to Staff on which option to pursue, pending the Town Attorney's verbal update on legal disposition of the buildings.

### **Attachments:**

Exhibit A – Bid Tabulation, Abandoned Property Removal

**Town Manager Comments:** 



# Bid Tabulation Town of Avon 2012RFP01 Abandoned Property Removal, 375 Yoder Ave

# 1A - On-site Demolition

Firm	<b>Lump Sum Price</b>
1 Ewing Trucking	\$93,950
2 Evans Chaffee	\$113,105
3 Miles Rippey, Inc.	\$74,989
4 J & K Trucki <b>n</b> g	\$119,425
5 JBC Enterprises	\$48,619
6 Mountain Valley Excavating	\$125,000
7 Hess Contracting, Inc.	\$44,000

# 1B - Dismantle, Freight, Re-use

Firm	Lump Sum Price
1 Mountain Valley Excavating	(\$10,572)
2 Satellite Shelters	\$112,000
3 Hunt Construction	\$94,500