AGENDA FOR THE
ENGLEWOOD CITY COUNCIL
STUDY SESSION
MONDAY, JUNE 7, 2010
6:00 P.M.

I. **Executive Session**
At 6:00 p.m. in the City Council Conference Room, City Council will discuss employee negotiations pursuant to C.R.S. 24-6-402-4(e) and a litigation matter pursuant to C.R.S. 24-6-402-4(b).

II. **Medical District Small Area Plan Phase II– 6:45 p.m. – Community Room**
Community Development Director Alan White will discuss the Medical District Small Area Plan Phase II.

III. **Ameresco Power Purchase Agreement – Photovoltaic System**
Deputy City Manager Mike Flaherty will discuss the Power Purchase Agreement with Ameresco for the Photovoltaic System (PV Solar).

IV. **City Manager's Choice**
A. Ameresco Energy Performance Contract Update.

V. **City Attorney's Choice.**

Please Note: If you have a disability and need auxiliary aids or services, please notify the City of Englewood, 303-762-2407, at least 48 hours in advance of when services are needed. Thank you.

M E M O R A N D U M

DATE: **June 2, 2010**

TO: **Englewood City Council**

THRU: **Gary Sears, Englewood City Manager**
Alan White, Community Development Director

FROM: **John Voboril**

SUBJECT: **Review of Medical District Phase II Stakeholder Feedback and Planning and Zoning Commission Reactions and Potential Courses of Action**

This memorandum is intended to provide City Council with a report on the results of the Medical District Phase II Stakeholder Meetings, as well as Planning and Zoning Commission reactions and the potential courses of action Planning and Zoning Commission members are considering. Community Development is looking for direction from City Council to take back to the Planning and Zoning Commission concerning Council preferences for moving forward with the Small Area Plan process.

The Medical District Phase II Stakeholder Meetings were focused on sub-areas 2, 3, and 5 depicted in an attachment to this memo. The first objective of the meetings was to identify additional areas that would be good candidates for rezoning under the new M-1 and M-2 zone district regulations. The second objective was to explore potential reforms to the existing zoning regulations in the remaining areas of sub-areas 2, 3, and 5 that would protect these areas from inappropriately-scaled, hospital-related development, encourage neighborhood revitalization, and provide opportunities for selective small-scale office and housing infill projects as replacements for severely decayed or blighted properties. The zone districts under consideration for reform are listed here by sub-area:

Sub-area 2: MU-R-3-B (Mixed Use Medium to High Density Residential and Limited Office District)
Sub-area 3: MU-R-3-B (Mixed Use Medium to High Density Residential and Limited Office District)
Sub-area 5: R-2-B (Medium Density Single and Multi-Dwelling Unit Residential District)

Stakeholders meetings were held on April 1st, 15th, and 27th. Attendance at each meeting was in the range of 30-40 people.

The first meeting was designed to provide stakeholders with information regarding the Englewood Downtown and Medical District Small Area Plan process, current conditions within sub-areas 2, 3, and 5, arguments for reconsidering portions of each sub-area as Areas of Change, details of the new Medical Zone and Overlay District regulations, and how stakeholders could potentially benefit from these new regulations. At the end of the meeting, stakeholders were asked to take home a copy of the presentation, spend some time to develop personal positions on the issue, and be ready to share their personal position at the next stakeholders meeting.

The second meeting was divided into two parts. The first half of the meeting was dedicated to the possibility of identifying new Areas of Change. Stakeholders were divided by sub-area for breakout discussions concerning the following question:

- Should any portion of sub-areas 2, 3, and 5 be reconsidered as an Area of Change, and be rezoned under the new Medical Zone District regulations?

The sub-area groups were brought back together for the second half of the meeting to refocus on Areas of Stability questions. These questions were focused on the possibility of reforming existing zoning in order to protect Areas of Stability from inappropriately scaled development, through new regulations that would favor development consistent with the existing neighborhood scale.

The results of both the Areas of Change and Areas of Stability sessions indicated that Medical Zone District regulations were generally not favored by any of the sub-area groups. However, there was support for some type of zoning reform in sub-area 3 that would achieve a healthy balance between protecting the neighborhood from potentially intrusive, large scale hospital use, while allowing for small offices and multi-unit residential housing that is similar to the existing neighborhood scale. Sub-area 5 stakeholders indicated support for adding small offices as an allowed use, as well as multi-unit residential developments similar in scale to the 12 unit Cherry Hills Raft Club property located on Marion Street, and also retail uses. A follow up question at the third meeting revealed support for retail uses throughout the entire sub-area.

The discussion with sub-area 2 stakeholders revealed a strong preference for no changes to occur in the sub-area and an expressed desire to down-zone the entire sub-area to a Single Unit Residential Zone District. Although all but one of the Grant Street sub-area 2 stakeholders lived or owned property north of Girard, they strongly favored protecting the entirety of Grant Street from any form of redevelopment. Two property owners on Logan Street who were unable to attend the meeting did indicate their support for rezoning the west side of Logan Street to M-1 Medical. Based on this support, a proposed amendment to the Small Area Plan was crafted that supported consideration of the west side of Logan Street as an Area of Change. However, opposition to this proposed amendment was voiced by stakeholders living north of Girard Avenue at the third meeting.

Two follow up questions were presented to sub-area 2 stakeholders at the third meeting. Sub-area 2 stakeholders were asked to give their second preference between two options: keeping the existing zoning in place, or reforming zoning by reducing height, limiting office size, removing hospital use, and slightly increasing the number of residential units per lot size. Sub-area 2 stakeholders indicated the status quo was not acceptable, but were against any increase in residential units per lot size, and wanted office use removed as well. The second question asked if it was acceptable to replace single family homes in poor condition with new single family homes or attached townhomes. These uses were acceptable to sub-area 2 stakeholders.

Stakeholder feedback was presented to the Planning and Zoning Commission at a study session held on May 4th. Planning and Zoning members were supportive about finding solutions that would satisfy stakeholder feedback for sub-areas 3 and 5. Regarding sub-area 2, whether to retain the entire sub-area as an Area of Stability or down-zone any or all portions of the sub-area from a multi-unit residential zone district to a single unit or two unit residential zone district, Planning and Zoning Commission members made the following points:

3400 Block of Logan and Grant Street

- This area is immediately adjacent to the Swedish Medical Center Campus on the east and the Downtown Business District to the west, and the Old Hampden Avenue commercial corridor on the south, and therefore is geographically situated to serve as a logical area for medical or high density residential development. Treating these blocks as Areas of Change is consistent

with the historical policy of using Girard Avenue as the dividing line between hospital-influenced and protected neighborhood areas.

- None of the sub-area 2 stakeholder meeting attendees lives in the 3400 blocks of Logan and Grant Streets. Half of the properties on these blocks are owned by investors as rental properties.

3200 Block of Sherman, 3200 and 3300 Blocks of Grant Street

- The area has been zoned as a Multi-unit Residential Zone District since 1955, and has been identified as such in all of the City's Comprehensive Plans since that time.

- A significant number of multi-unit residential buildings currently exist in this area. Down-zoning the area to a Single or Two Unit Residential Zone District would create a number of non-conforming land uses, which are best avoided unless there is a compelling argument that these uses are no longer compatible due to a significant change in character and conditions of the area in question.

- The area is not in danger from redevelopment pressure at this time. No multi-unit residential buildings have been built in the neighborhood since the early 1970's. No offices have ever been built in the area, even though it has been a permitted use since 1955.

- Over the long run (20-40 years from now), it is in the City's interest to retain the City's existing Mixed-Use Multi-unit Residential and Limited Office Zone Districts in order to serve as locations that can accommodate demand for new development in order to take development pressure off of the City's existing Single and Two Unit Residential Zone Districts.

- There is support from the Commission to delete inpatient hospital use from the table of allowed uses, due to the fact that the conditions of the surrounding area have changed with the rezoning of portions of the area to the new Medical Zone Districts, which are a better fit for hospital-related development. The Commission also expressed some amount of willingness to consider the possibility of either removing office use outright since there are no existing offices in the area, or alternatively capping the size of offices to no more than 10,000 square feet. The Commission also expressed willingness to reduce height from 60 to 40 feet in order to match the existing multi-unit residential buildings.

Immediately after Planning and Zoning Commission members made their positions known regarding sub-area 2, board members were asked about how they would like to proceed. Many board members were supportive of simply proceeding with designating the 3400 blocks of Logan and Grant Streets as Areas of Change without addressing zoning reforms for the portions of sub-area 2 north of Girard Avenue, due to the Commission's reservations concerning stakeholder desire to down-zone rather than reform the existing MU-R-3-B zoning. Pursuing this strategy would unfortunately preclude the possibility of reforms that would prevent overnight inpatient hospital facilities, large-scale offices, and out of scale building heights that would be beneficial to this area.

Questions Needing Direction from Council

Community Development staff would like to receive direction and indications of support from Council concerning the following questions:

Question #1:
Is there support from Council to proceed with an effort to rezone the 3400 block of Logan and Grant Street to M-1 Mixed Use Medical, Office, and High Density Residential District, knowing that stakeholder sentiment was mixed for this proposal?

Question #2:
Which of the following strategies does Council support for sub-area 2 north of Girard Avenue?

A. Continue with previous strategy to reform existing MU-R-3-B zoning to prevent large scale office and hospital development, while continuing to allow multi-unit residential and small neighborhood office uses.

B. Support calls for down-zoning to a single or two-unit residential zone over the reservations of the Planning and Zoning Commission.

C. Drop planning efforts in sub-area 2 north of Girard Avenue.

Question #3:
Is there support from Council for the following potential reforms to the MU-R-3-B zoning for sub-area 3 (north of the Swedish) that were supported by stakeholder feedback?

- Removing overnight inpatient hospital facility from the Table of Allowed Uses
- Reducing maximum height to be consistent with existing neighborhood building scale
- Limiting the size of new office development
- Reforming residential density control formula to allow additional residential units for small lots
- Reforming side setbacks to allow greater flexibility for multi-unit residential and office developments
- Removing non-conforming status of existing apartment buildings in order to encourage reinvestment in these buildings

Question #4:
Is there support from Council for the following potential reforms to the R-2-B zoning for sub-area 5 (bounded by US Hwy. 285, Old Hampden Avenue, Emerson Street and Lafayette Street) that were supported by stakeholder feedback?

- Adding small office and retail to Table of Allowed Uses
- Reforming residential density control formula to allow additional residential units for small lots

Att.: Sub-area Boundaries in Relationship to First Phase Medical Zone and Overlay District Rezoning Areas Map

Sub-area 2 Existing Land Use/Zoning Patterns and Stakeholder Feedback Map

Themes Derived from Stakeholder Comments

C: Gary Sears
Mike Flaherty
Dan Brotzman
Alan White
City Department Heads
File

THEMES DERIVED FROM STAKEHOLDER COMMENTS

Areas of Change Breakout Sessions

Sub-area 5 Breakout

- Has high decibel ratings along US 285. Supports change!
- Seeing crime on Old Hampden, supports change. Supports non-residential uses.
- As an investor, supports change, but does not support high density housing (over 5 stories). Not sure about converting houses to retail or offices, would like new construction.
- Would not like to see buildings right up against sidewalk. Landscape is important. Otherwise supports change.
- What does this do to the land values? Thinks some change is needed.
- Already in M-2 District. Supports change. Not a fan of big high rise.

Sub-area 2 Breakout

- Why is the City proposing a zoning change?
- If the City is proposing changes, it seems "they" (the City) have made up their minds already.
- I (we) want to keep things as they are, the same.
- The City needs to protect the residences. Perhaps a program to help fix the run down properties. (She was referring to the Paint up Fix up program being expanded to cover the properties in need of repair.)
- Parking is still a problem (Swedish employees still park all day in front of my house)
- If the 3400 blocks are rezoned, Swedish will move in and build office building.
- Once the 3400 blocks are rezoned it's only a matter of time before the adjacent blocks are pressured to rezone. The City needs to protect us.
- We don't want office buildings or more apartments.
- The existing apartment are OK and can stay, but don't build more.

- Englewood needs to keep this area for families. There are not enough affordable homes in Englewood as it is.

- Move the zoning in the other direction. (referring to down zoning to single-family)

Sub-area 3 Breakout

- Transition edges down from 60 to 32 feet (W, N, E)

- No parking garages next to SF areas

- No 2nd helicopter pad in sub-area 3

- Reservations about hospital use in sub-area 3

- Concerns about large research facility

- Concerns about increased parking and traffic

- Some change would be good, as long as it is in the scale of the current neighborhood

- Should have adequate on-site parking

- Setbacks should be consistent with existing buildings

- High quality grass, trees, and bushes

- Enforce housing codes

- Should be predominantly residential

- Emphasize residential over office

- Example of appropriate scale: project at Galapago and Kenyon

Answers to Questions for Areas of Stability (Sub-areas 2 and 3)

Would residents and investors like to have hospital use (overnight inpatient medical facility) removed as an allowable use in the portions of Sub-areas 2 and 3 designated as Areas of Stability?

Yes for both sub-areas.

Would residents and investors be willing to consider trading a minimum lot size requirement for office use for a maximum lot and building size for office use?

Sub 3: Yes

Sub 2: Offices should be restricted to current B-1 zoning. Prevent offices in the rest of sub 2.

Would residents and investors be willing to consider trading a reduction in maximum building height from 60 feet to 40 feet in exchange for the following:

- ***Slight increases in the number of residential units allowed per lot size***
- ***Relaxation of side setbacks for 50-100 foot lots from 15 to 5-10 feet***

Sub 3: Yes, but prefer 32-35 feet

Sub 2: Reduce height, but do not exchange for more units/lot size

Is it OK with residents and investors if existing apartment buildings were given grandfathered status, in order that they could be repaired or replaced with the same number of units that currently exist today?

Yes for both sub-areas

Answers to Questions for Areas of Stability (Sub-area 5)

Would residents be Ok with, and investors like to have, opportunities to use single family homes as small offices?

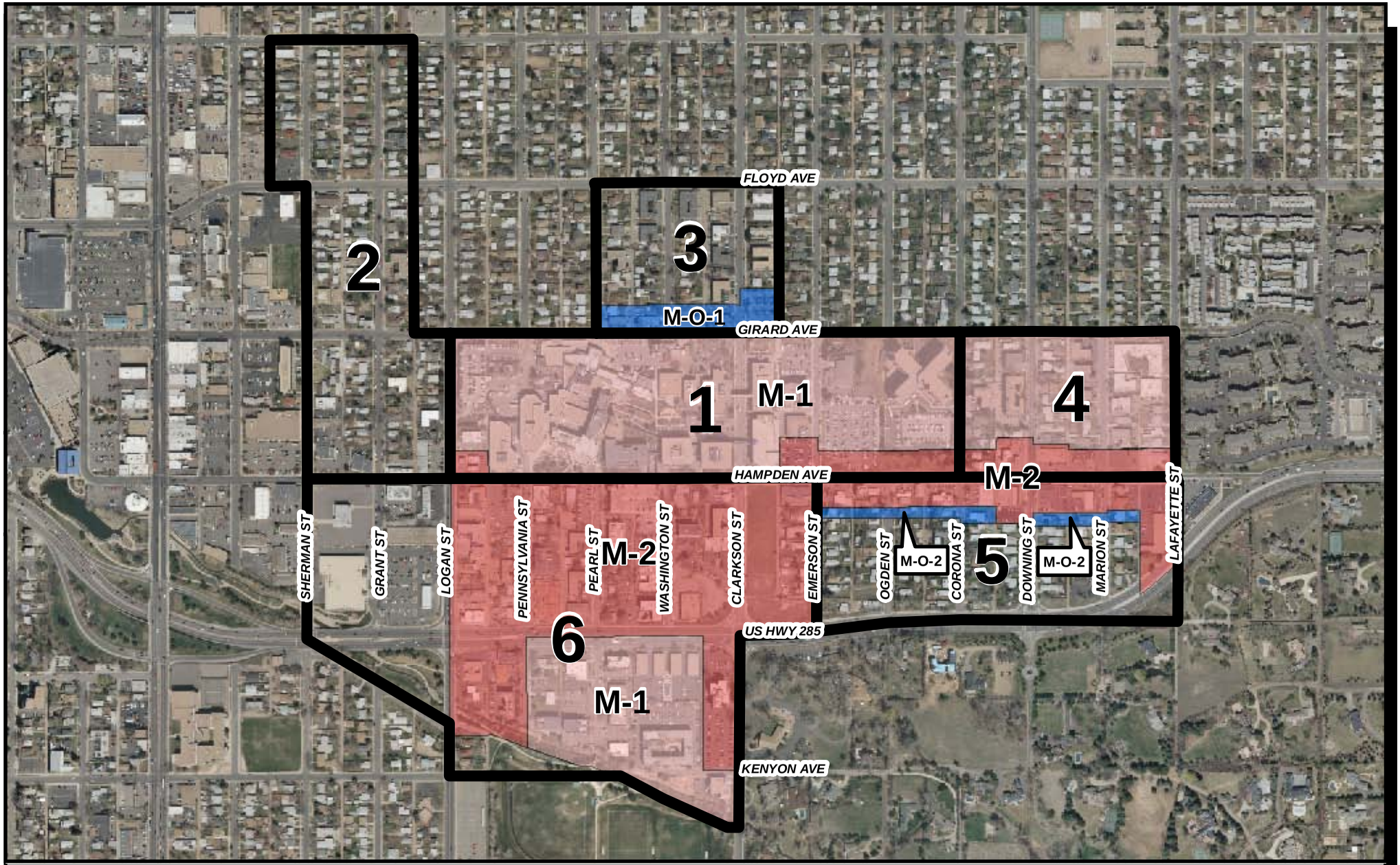
Yes, but they should be required to be fixed up. Concerns about parking. Do not want to see a house surrounded on both sides by parking lots.

Would residents be OK with, and investors like to have, opportunities to develop new small offices that blend in with the existing neighborhood?

Yes

Would residents and investors be willing to consider slight increases in the number of residential units allowed per lot size, similar to the number of units in the Cherry House and Cherry Hills Raft Club properties?

Yes



City of Englewood, Colorado: Medical District Small Area Plan - January 2010

Sub-area Boundaries in Relationship to First Phase Medical Zone and Overlay District Rezoning Areas

- Sub-area Boundaries
- M-1: Mixed Use Medical, Office, and High Density Residential District
- M-2: Mixed Use Medical, Office, High Density Residential and Limited Retail District
- M-O-1, M-O-2: Mixed Use Medical Overlay District

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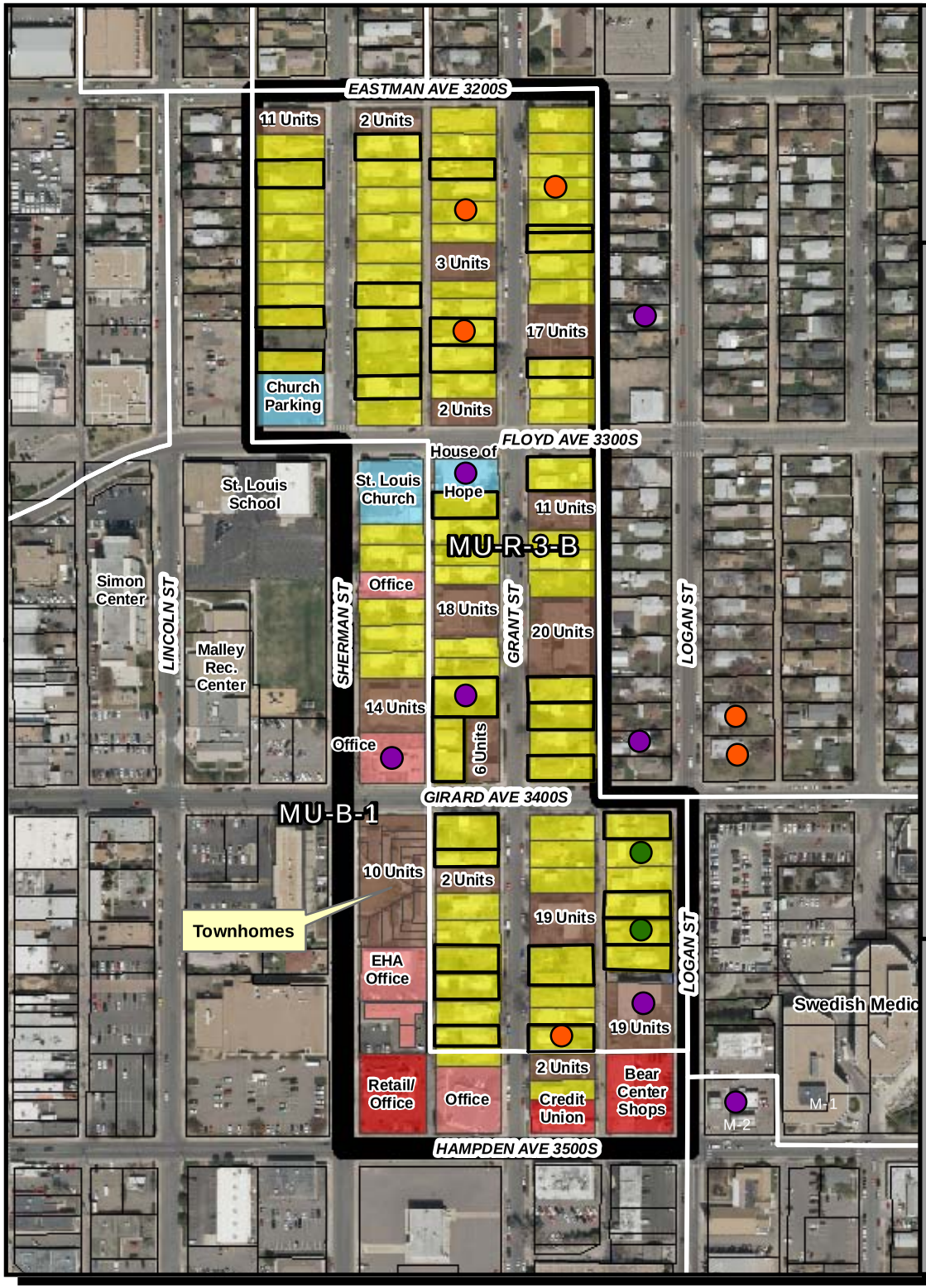
City of Englewood, Colorado

Englewood Medical District Small Area Plan: Sub-area 2 Existing Land Use/Zoning Patterns and Stakeholder Feedback



Stakeholder Positions

- Against designating 3400 block as Area of Change, in favor of downzoning
- In favor of designating 3400 block as Area of Change
- Position Not Known

Land Use

- Commercial-Medical
- Commercial-Office
- Commercial-Retail
- Institutional
- Open Space
- Residential-Multi-Family
- Residential-Single Family
- Single Family Rental Properties
- Subarea Boundary
- Zoning Boundaries

May 2010

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Feet

Memorandum

City Manager's Office

TO: Mayor Woodward and Members of City Council

THROUGH: Gary Sears, City Manager

FROM: Michael Flaherty, Deputy City Manager

DATE: June 3, 2010

SUBJECT: Ameresco Power Purchase Agreement/Photovoltaic System

During the Technical Energy Audit (TEA) of City facilities, the City requested that Ameresco conduct the necessary research to determine the feasibility of provision of photovoltaic (PV) solar panel installation at various City facilities. This was not part of their contract with the City for provision of a TEA nor would it be part of the planned Energy Performance Contract, both of which are being carried out under the auspices of the Governor's Energy Office. On November 16, 2010, City Council approved an amendment to the Ameresco agreement for the investigation, design and development of PV systems. During the Study Session of March 8, 2010, Holly Green, Ameresco Senior Account Executive, presented information on the PV system and outlined the terms of the Power Purchase Agreement.

Ameresco has completed a detailed analysis of several City facilities and determined the City staff and subject to some addition structural analysis, that PV system installation is feasible at four City facilities- Civic Center, Police/Fire Administration, Malley Center and the ServiCenter. Based on the findings of the TEA the current electrical usage and existing electrical cost per kilowatt hour for each of these buildings are as follows:

Current Electrical Usage:

- Malley Center – 51 kilowatts – 72,380 kwh/yr
- Civic Center – 87 kilowatts – 120,713 kwh/y
- Safety Services – 41 kilowatts – 59,046 kwh/yr
- ServiCenter – 119 kilowatts – 179,053 kwh/yr
- Total – 298 kilowatts – 431,192 kwh/yr

Existing Electrical Cost:

- Base Year Average Cost (TEA Report):
  - Malley Center - $0.090 per kWh
  - Civic Center - $0.075 per kWh
  - Safety Services - $0.076 per kWh
  - ServiCenter - $0.097 per kWh

Xcel 2010 Rate Increase – 3% - (with Comanche unit on line – 5.7%)

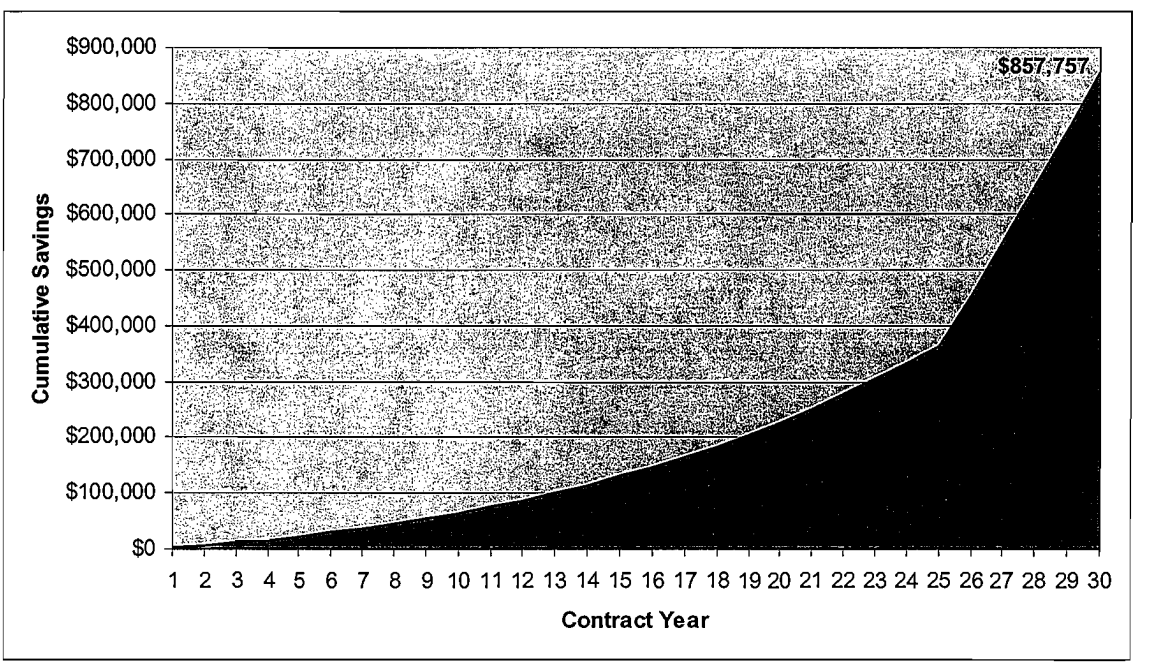
The provision of the PV systems would be done by Ameresco under a Power Purchase Agreement (PPA) in which Ameresco would provide the systems at no cost to the City and the City would purchase the energy produced from the PV system on a pre-established rate schedule. Ameresco would be eligible for rebates from Xcel Energy and tax credits that apply to a private corporation but not a public (tax exempt) entity. The terms of the agreement are outlined below:

- Ameresco designs, builds, owns, operates and maintains system, selling output to City under a Power Purchase Agreement (PPA)
- Ameresco receives Xcel incentives
- Ameresco to maintain The PV Systems for the term of the agreement
- City to receive electricity output From the systems to displace purchases from Xcel
    - Renewable energy output is 4.7% of current electricity City usage and 10.3% of building usage
    - Renewable energy output is 5.7% of projected City electricity usage

- Purchase Price for the Electricity is $0.088 per kWh Escalating at 2% Per Year
- Contract Term is 20 Years with purchase option during term and at end of 5 year renewal term

The benefits to the City include:

- No project capital cost
- No annual operating and maintenance cost
- City Use Tax revenue $25,000+
- Property Tax revenue $20,000
- Approximate electricity cost savings:
    - $3,255 – Year 1
    - $857,757 over 30 year system life



The PPA has been reviewed by the City Attorney and City staff and is currently being finalized with Ameresco. If agreement on outstanding issues is reached and the timing is workable, the PPA will be presented for City Council consideration at the June 21 regular Council meeting.

Memorandum

City Manager's Office

TO: Mayor Woodward and Members of City Council

THROUGH: Gary Sears, City Manager

FROM: Michael Flaherty, Deputy City Manager

DATE: June 3, 2010

SUBJECT: Energy Performance Contract Update

During the March 8, 2010 City Council Study Session, Holly Green, Senior Account Executive for Ameresco, the City's Energy Service Company (ESCO), presented findings and recommendations of the Technical Energy Audit of City facilities.

By way of background, Ameresco completed the draft TEA in December. The findings and initial recommendations of the draft TEA were reviewed by staff and after consideration of several scenarios, City staff and Ameresco staff developed an energy conservation and facility upgrade program that maximizes savings from energy conservation and balances those savings with much need improvements that are not possible to fund with existing resources.

A brief summary of the findings and recommendations are as follows:

- The TEA evaluated all City building, irrigation and pumping systems and exterior lighting owned by the City. (Ameresco conducted a separate TEA for the Wastewater Treatment Plant.)
- The TEA identified 21 Energy Conservation Measures (ECM) for further review and studied but did not include in their final recommendations an additional 12 ECM, which were rejected due to lack of practical, technical or financial feasibility.
- Of the 21 ECM initially identified, staff working with Ameresco selected 12 ECM for inclusion in the proposed program. These ECM maximize the City's energy savings and provide for upgrade of facilities on a priority basis.
- Project cost is $1.4 million that will be funded entirely from energy savings over a 15 year term.
- Xcel Energy rebates will provide for program benefits of over $125,000.
- Ameresco, on behalf of the City, successfully applied for an allocation of $1.3 million in Qualified Energy Performance Bonds (QECB) from the GEO that will benefit the City's lease-purchase through savings of approximately $400,000 over the term.
- Ameresco will provide annual measurement and verification to insure continued energy savings.

Over the past three months, staff has been working with Ameresco toward completion of an Energy Performance Contact. While we had hoped to present the contract documents to Council for approval in April, we have been delayed due to issues raised by the initiation of a Colorado ballot initiative, Amendment 61, that if passed would limit debt financing by State and local governments. However, our Finance Department and Ameresco has worked through these issues with legal staff and is now prepared to move forward with a favorable financing package. The Finance Department will bring the financing agreement concurrently with the Energy Performance Contract during the regular City Council meeting on June 21, 2010.