

The La Junta Urban Renewal Authority Board of Commissioners held a regular meeting on Thursday, January 12, 2017 at 12:00 noon in the Power Board Room. The meeting was called to order by Chairperson Bennett.

Board Members Present

Absent

Chairperson Bennett
Ed Stafford
Susie Sarlo
Lynn Horner
Rebecca Goodwin
George Larsen
Joe Ayala

Karen Kelley
Mack Burtis

Also present: Rick Klein, Executive Director/City Manager
Bill Jackson, Assistant Director/Assistant City Manager
Oclires Lovato, Executive Secretary
Ed Vela, City Council
Bette McFarren, Tribune Democrat
Ryan Stevens, Economic Development
Paul Benedetti, Attorney
Midge Cranson
Gary Cranson

MINUTES – November 10, 2016 Regular Meeting & December 8, 2016 Regular Meeting

A motion was made by Lynn Horner, seconded by Rebecca Goodwin, that the minutes of the November 10, 2016 regular meeting and December 8, 2016 regular meeting be approved as presented. Carried unanimously.

FINANCIAL STATEMENTS – November 2016 & December 2016

A motion was made by Rebecca Goodwin, seconded by George Larsen, that the financial statements for November 2016 and December 2016 be approved as presented. Carried unanimously.

Rick Klein introduced Paul Benedetti to the Board.

CITIZENS COMMENTS

OLD BUSINESS

TIO'S BUILDING

Lynn Horner: Met with Mercedes and another individual interested in possibly taking over the building. They don't have any paperwork done but he is going to contact a local lawyer to get something written up. Hopefully within the next month or two we will have that building exchange hands. He is a local contractor and intends to put a new roof on the building. I hoped he had an interest in setting up a business but he is not but he is very interested in redoing the electricity, plumbing, and heating up to code so he can make it for Ryan and us to have prospective people look at it. Hopefully in six months it will be workable for somebody to look at it and to do something with it.

Chairperson Bennett: Is he interested in renting or selling?

Lynn Horner: I think he wants to turn around and eventually sell it. I did tell him that we cleaned the upstairs. Maybe this spring we can put together another group to clean out the trash and plaster on the main floor to make it more inviting for him.

Ed Vela: Will Urban Renewal have vested interest in it? How is he acquiring it?

Lynn Horner: He is acquiring it from the individual owner. The owner is giving him the building.

Ed Vela: It won't be Urban Renewal property? Will he be using his own money?

Lynn Horner: He may come to us for help.

PLAZA BUILDING

ASBESTOS ABATEMENT BID

Bill Jackson: After the letter that Urban Renewal received from the City to have a plan of action we sent out for bids to repair the front of the building. Board members received a copy of the bid information by email. This will give us costs to compare to the \$238,000 for asbestos removal and demolition. We will have those bids for the February meeting.

Chairperson Bennett: Would there be any problem there with the underground water?

Bill Jackson: That basement has had water. It will be encapsulated. They will pour a cap on top of the basement. Urban Renewal will own it and register it on the safe hazard site.

Chairperson Bennett: Can we still sell the building?

Bill Jackson: As long as they know about it. Nobody will want it if they know it has asbestos.

TAX CREDITS

Rebecca Goodwin: There is a non-profit potentially interested in the Plaza Building. They might be able to do State Historical grants and State Preservation tax credits on that building. Urban Renewal or the City or a non-profit could apply for the State Historical Grant with a 25% match but Urban Renewal or City cannot use the tax credit. State Historic Preservation grant and tax credit has to be done to the Secretary of the Interior standards, Federal standards for preservation. A non-profit could do a 39 year lease. Whatever is done has to look similar to the original look holding onto the integrity of the historic building. Put together a plan with an architect that knows how to work with preservation techniques and everything is submitted and reviewed in advance of starting the project. The Plaza Building would qualify for the tax credit and State Historic Fund grant and it could be done in phases.

Chairperson Bennett: The interior has to be kept the same?

Rebecca Goodwin: No some things can be updated.

Susie Sarlo: What are the grant dates?

Rebecca Goodwin: April 1 and October 1 for the State Historic Preservation grant. Tax credits can be done any time.

Bill Jackson: There could be a first phase to do things so the building doesn't deteriorate further. When we get the bids we could get with the State Historic people and the contractor and then do the application.

Rebecca Goodwin: You have to have a full plan for a project. First phase could be for what are the most critical components with the building? The project needs to be clearly defined. I would recommend the masonry, roof, joists, asbestos abatement and all the more expensive parts of it. Closing up the building, repointing, foundation, HVAC, electric, plumbing would be next. The woodwork, etc would be in the finishing phase. The State Historic fund maximum is \$200,000. There is more money on the tax credit side. It all has to go into the entire project.

Paul Benedetti: You could leverage with tax increment funds for the things that are not paid for with the grant, tax credit or DOLA funds. I am curious about the 39 year occupancy. A non-profit has to have clear title to the property.

Rebecca Goodwin: A non-profit has to be legally on a 39 year lease. If you got in a 10 year deal and the non-profit walks away then where do the tax credits go? If a non-profit got the tax credit there are some legal limitations. Urban Renewal has to maintain ownership to get DOLA funds.

Paul Benedetti: There are groups that specialize on leasing the property and then they would sublease to private users. So the tenant can change as long as the building doesn't change.

Rebecca Goodwin: The main thing is to protect your investment.

Lynn Horner: This building is big enough I envision a non-profit can go in and use just a portion of it and lease out another component of the building to financially help them. With the two floors being open there is not a limit to us from doing a number of things.

Rebecca Goodwin: Apartments or offices on the top floor.

Chairperson Bennett: There are funds available for housing for creative people and that is within the downtown plan.

Joe Ayala: Did you say you have already talked to a non-profit?

Rebecca Goodwin: Yes they expressed interest in working with Urban Renewal to do something with that building.

Susie Sarlo: My question is, we have this letter from the Engineering Department which was dated December 1 which was before our December meeting and we just got this bid stuff. In the letter we have 30 days so we are already out of compliance.

Rick Klein: Then we asked for an extension.

Susie Sarlo: So they know that we are working on a grant and it could take a year and they will work with us?

Rick Klein: Yes

Chairperson Bennett: Is the back end secured enough?

Rick Klein: To the current codes with plywood. If the Dilapidated/Vacant Buildings Ordinance passes we would have to put windows on the building.

Bill Jackson: Right now all we are doing is restricting access.

Rebecca Goodwin: This is something that is going to be pursued. The building probably needs to be mothballed and have secured to make sure it is saved and that something is being done. We are not going to get all this done in 30 days. As owner of the building we need to be responsible.

Bill Jackson: The flooring needs to be replaced and structural beams downstairs that are bent.

George Larsen: If something is decided to be done with the building you want to have flooring members on the first floor. Why wouldn't we do the floors?

Bill Jackson: We need to replace all the floors. It will be a shell of the building. That would be part of the asbestos proposal.

Edward Vela: What about sewage flow? Don't want a situation like at the City Park because of the lack of usage.

Bill Jackson: Plumbing, electric, heating will have to be replaced to the top. I am sure the water and sewer lines will have to be replaced clear to the main.

Rick Klein: That's not included in the bid.

Bill Jackson: This is just buttoning up the building so we can compare to demolition. We will have the rehab bids back for the February meeting.

Rick Klein: So what is the next step?

Rebecca Goodwin: This might be something you want to pursue. Do you want me to arrange to get the experts down here in February so we can start planning?

Susie Sarlo: How competitive do you think this project would be?

Rebecca Goodwin: I think very competitive. They are interested in doing projects in the rural areas. We have been looking for projects in this part of the state.

Lynn Horner: I am in favor of Becky getting this gentleman down here to educate us on what the components are and what we need to do to move forward.

Rebecca Goodwin: I will see if we can get some dates from them and see if and when we can set up a date.

THE BOOK STOP

Midge Cranson: I came to this Board last month to see if you would be interested in taking the building at 318 Santa Fe. I received a letter from the City and I need to do something with the building. I did get a 30 day extension after last month's meeting. I am asking for consideration from this board to receive that property as a gift and you deal with it. If I have to secure what is required to the property the cost of fencing and securing would be wasted dollars as far as I am concerned. It does have asbestos and that makes it very difficult to deal with. I am not aware of any other alternative that I have.

Rebecca Goodwin: The one time we got an estimate what was the estimate of the asbestos abatement and removal?

Bill Jackson: The bid was done on September 3, 2010 and it was \$69,745 for asbestos abatement and demotion bid was \$40,000. Then we would have to fill in the whole thing and level the site.

Lynn Horner: Sounds like we would have to get a current bid to see what it would cost now.

Rick Klein: We will give a letter to the Engineering Department that you came in to Urban Renewal and that we want an extension to give us time to get bids for the asbestos removal and demolition. That would make it convenient for someone for a parking lot.

Lynn Horner: That could be an enticement to the Chestnut building. We could negotiate some parking lot spaces if something is ever done with the Chestnut building.

George Larsen: What is going on with the Chestnut building?

Lynn Horner: It sold on the tax sale.

Midge Cranson: I did bring to the last meeting information about people in Alamosa who are licensed for asbestos removal. I have family in the area and they say that he did some asbestos abatement and demolition and he was extremely low in cost. That might be an opportunity for a more reasonable bid.

Bill Jackson: We sent that contractor the Plaza Building information.

Susie Sarlo: I would like to say two things: 1) Cransons have been long standing family in our community and have done much for the community. Anything we can do we should try to do it. 2) Would like us to consider some green space downtown. Parking lots are not very aesthetically pleasing.

Lynn Horner: I would like to see something done with the Credit Union to work out some type of arrangement with them to create some parking to include some green space.

MOTION: Rebecca Goodwin made a motion that Urban Renewal support Midge Cranson's request with a letter to the City asking for an extension and that we gather RFP proposals for asbestos abatement and demolition on the building at 318 Santa Fe Avenue. Ed Stafford seconded the motion and motion carried unanimously.

Rebecca Goodwin: It will take at least 30 days to get the bid so we should ask for a 60 day extension.

NEW BUSINESS

TERMS EXPIRE

Terms expired on December 31, 2016 for Karen Kelley and Rebecca Goodwin. Both have expressed that they would like to serve another term.

MOTION: Lynn Horner made a motion to make a recommendation to City Council to approve the reappointment of Karen Kelley and Rebecca Goodwin for another five year term. Joe Ayala seconded the motion and motion carried unanimously.

DIRECTOR'S REPORT

Rick Klein gave a report on City projects.

GOVERNING BODY COMMENTS

Susie Sarlo: Those are all really good things to moving forward but policies are only as good as the people that implement them. Do we have any kind of reviewing system for our employees that are our administrators? A review is not intended to make them feel bad but to help them to do their job better.

Rick Klein: We have had some personnel changes.

Joe Ayala: Do you think we will have more people approach Urban Renewal that comes to us like Midge?

Lynn Horner: Yes, but we can't take care of everything financially. There is no way we can do it all. Develop these vacant programs so that possibly 20 years later people won't just allow their property to sit empty and don't do anything with it leaving it to Urban Renewal or the City to do something. Maybe won't have those issues that we currently do.

Chairperson Bennett: Have you sent letters out to all properties?

Rick Klein: Commercial area only.

Rebecca Goodwin: Looking at the financials reports what is the status of repayment from Hancock?

Bill Jackson: When he sells the building he would pay us back or make a payment arrangement if you so desire.

Rebecca Goodwin: He was negotiating a sale.

Rick Klein: That deal fell through.

Rebecca Godwin: We need to set him up on a payment plan. I am not comfortable with it sitting indefinitely.

Rick Klein: I will do that and bring what we negotiate to the Board for approval.

MOTION: Rebecca Goodwin made a motion that Mr. Hancock be approached to set up a repayment plan since the sale of the building fell through. George Larsen seconded the motion and motion passed unanimously.

Susie Sarlo: Mr. Benedetti when we vote to either give a grant or loan to someone who is going to rehab a building do we then need to continuously approve any contractor that they use. If we give them the money is it up to them or our staff to do that?

Paul Benedetti: Usually you have an agreement with that person you give the loan or grant to. You could do it either way. If you want to approve their contracts then you get a list of the items you agree you are going to reimburse so you get a list of their contractors. Tell them what you want and they have to give you a list of line items and the amount of those items. Then you put a provision in the contract for the loan or grant that it is not going to exceed a certain amount so then within each line item we give some flexibility to move overage into another line item if needed. You

have them certify the cost and they bring in their contractor's copies of their checks that they paid. You check them off ok and then say they are eligible for reimbursement provided they finished all the work they agreed to. You could have a certificate of completion from Urban Renewal and then they are eligible for reimbursement. They have to do everything before they are paid.

Susie Sarlo: Do we always vote here on disbursement of money or once we approve it we don't have to do that?

Paul Benedetti: I don't think you have to do that. You have already agreed to pay them if you trust your Executive Director.

George Larsen: That is the very situation we talked about with Hancock there was an elevator and our money went out and we are out the money and the elevator. It could not be certified by the State.

Rebecca Goodwin: Should we have more defined procedures that this Board doesn't pay until someone has inspected and it passed inspection before the final payment was made?

George Larsen: Legally when we approved that if the money went out before the certification came in, then would he be legally responsible to pay that back.

Rebecca Goodwin: I made the motion with the stipulation that if it cost more than this he would make up any difference himself.

George Larsen: And then somebody was going to buy it that didn't want the elevator. He said when he sold the building he would pay us back. It is our responsibility to make sure.

Paul Benedetti: You could do a deed of trust for the loan or you can make partial payments but somebody has to do an inspection. It is not a very complicated agreement. Making partial payments is always going to be a problem. If there is a bank loan you could set up an escrow account with a bank. You tell them when it is completed or inspected then you have permission to pay or it comes back to us. How much is this for?

Bill Jackson: \$15,000 grant and up to \$40,000 loan.

Rebecca Goodwin: Can Urban Renewal buy buildings that are sitting empty with absentee owners and they are up on the tax sale, can Urban Renewal buy property or redeem properties at a tax sale?

Paul Benedetti: Sure

Rick Klein: If we set a maximum price to bid for the property at a public meeting it will be in the paper and then everybody will know our price.

Paul Benedetti: You can have an executive session to do that and you can designate a negotiator to bid on the properties.

Rebecca Goodwin: I would like for you to give us a written opinion saying that we can do that.

Paul Benedetti: I can do that.

Rick Klein: Mr. Benedetti is working on the agreement for the Sign Shop.

Paul Benedetti: Do you want to do a deed of trust? Do you know what the building will look like when it is finished? You can set up an escrow account with a bank but say we are not going to pay until it is finished. Don't release the grant money until the last.

Susie Sarlo: We want to encourage small businesses in La Junta not only for Talor's benefit or like the elevator. At what point is the Board liable and at what point do we rely on the inspectors from the City Engineering Department?

Paul Benedetti: Somebody has to inspect it. Try to keep it simple but protect your interests. City Engineer do the inspections have a list of items specifically states what this money is going to go for with a line item estimate. Bring in proof that money was spent on that line item.

Rebecca Goodwin: If we have to establish a relationship with a qualified inspector outside of City staff to have somebody inspect and make sure it is done to finish it I would rather do that if we have to.

Bill Jackson: We have a contract with specifications that apply for a building permit then the City engineer will inspect and then Urban Renewal can pay the contractor.

George Larsen: What needs to be paid ahead?

Rick Klein: The roofer wants half of their money to buy materials.

Paul Benedetti: You are the last resort? Try to talk to some banks to help her. You are going to make a list and email it to me. How did you arrive at the amount of money you were going to give her?

George Larsen: We did this as an incentive to get cash going.

Susie Sarlo: Make sure the Board is protected and also to the make sure it is not more cumbersome to the person getting the loan to do that so they don't have to keep coming back and say I need you to approve this.

Rebecca Goodwin: As long as the City engineering inspects it and it is approved and there is a document for that.

Lynn Horner: Are there some Urban Renewals that are moving forward and doing a lot of positive things and activities? Do you have examples of any that are doing a number of things to benefit their community?

Paul Benedetti: A lot of small towns not doing as much as you are.

George Larsen: We struggle with a lot of people that want to renew. When I came on this Board I called it the Urban Renewal Removal Board.

Rebecca Goodwin: I was tired of seeing things torn down.

George Larsen: There is blight removal and there is renewing. If we do a few of these buildings especially with asbestos we will be out of money to do anything. It is a real struggle. Where do you go?

Rebecca Goodwin: For all the commercial buildings with the Gallagher Amendment it is such a tax burden on the taxpayer. Is there a good way to offset some of that with the Gallagher Amendment to the owners in our tax increment district?

Paul Benedetti: You don't have enough money to do enough of that. You need to leverage with historic tax credits and grants. And the residential assessment for land is going to go down this year.

OTHER

ADJOURN
