

AGENDA
LOVELAND CITY COUNCIL STUDY SESSION
TUESDAY, JANUARY 26, 2016
CITY COUNCIL CHAMBERS
500 EAST THIRD STREET
LOVELAND, COLORADO

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STUDY SESSION 6:30 P.M.

STUDY SESSION AGENDA

1. **ECONOMIC DEVELOPMENT** (presenter: Mike Scholl, 60 min.)
REVIEW OPTIONS FOR THE PULLIAM BUILDING AND TO SEEK DIRECTION FROM COUNCIL ON NEXT STEPS RELATED TO THE PULLIAM BUILDING
This is an information item. Staff is seeking direction from Council on the future of the Pulliam Community building. Staff is planning to present different options for consideration and review. The information will also include the current lease rates, annual revenue and cost associated with operating the building. This is a follow up to the 2014 City Council workshop where Council directed staff to (1) work to clear the title and (2) host a Council Study Session to provide direction on the future use of the building. The title issues were resolved by action of Council on September 15, 2015.
No specific funding is requested at this time. However, the Pulliam Community Foundation (“Foundation) has offered to invest \$100,000 in the building if the City agrees to invest a minimum of \$200,000 subject to the conditions of the offer. The Foundation has asked that the improvements be for the main auditorium. Staff has reviewed the request and the letter is attached.

2. **CITY CLERKS OFFICE** (presenter: Terry Andrews, 20 min.)
DOOR-TO-DOOR SOLICITATION
This is an information item only. This is a discussion regarding Chapter 5.12 of the City Code, pertaining to door to door solicitation within the City of Loveland.

ADJOURN



CITY OF LOVELAND
 ECONOMIC DEVELOPMENT OFFICE
 Civic Center • 500 East Third • Loveland, Colorado 80537
 (970) 962-2304 • FAX (970) 962-2900 • TDD (970) 962-2620

AGENDA ITEM: 1
MEETING DATE: 1/26/2016
TO: Mayor and City Council
FROM: Mike Scholl, Economic Development Manager
PRESENTER: Mike Scholl

TITLE:

Study Session To Review Options For The Pulliam Building And To Seek Direction From Council On Next Steps Related To The Pulliam Building

RECOMMENDED CITY COUNCIL ACTION:

No formal action is required.

SUMMARY:

This is an information item. Staff is seeking direction from Council on the future of the Pulliam Community building. Staff is planning to present different options for consideration and review. The information will also include the current lease rates, annual revenue and cost associated with operating the building. This is a follow up to the 2014 City Council workshop where Council directed staff to (1) work to clear the title and (2) host a Council Study Session to provide direction on the future use of the building. The title issues were resolved by action of Council on September 15, 2015.

BUDGET IMPACT:

- Positive
- Negative
- Neutral or negligible

No specific funding is requested at this time. However, the Pulliam Community Foundation ("Foundation) has offered to invest \$100,000 in the building if the City agrees to invest a minimum of \$200,000 subject to the conditions of the offer. The Foundation has asked that the improvements be for the main auditorium. Staff has reviewed the request and the letter is attached.

BACKGROUND:

On October 6, 1936, the City of Loveland entered into a written agreement with D.T. Pulliam and L.B. Pulliam for the construction of the Pulliam Community building at 545 N. Cleveland Avenue to be used for "community purposes." The building has been owned and operated by the City for eighty years.

In recent years, the building has become functionally obsolete. The restrictive seating in the main auditorium and the lack of modern amenities, such as air conditioning, as well as outdated electrical and other mechanical systems, has limited the use of the building. Currently, the smaller basement level meeting room is used more regularly and the main auditorium is used on average about once or twice a year.

At the September 15, 2015 regular City Council meeting, Council approved a modification to the title to allow for a broader interpretation of the “community purpose” provision and to allow for the removal of the fixed seating in the main auditorium. This was the culmination of 18 months of negotiation and discussion with the heirs to the Pulliam family. The modifications allow for the sale of the property to a “public authority, charitable trust, and/or foundation, non-profit corporation or similar entity” subject to the limitation agreed upon but otherwise the building will remain in the hands of the City. The City is also permitted to lease the building so long as the use is consistent with the “community purpose” standards defined in the agreement.

Staff is seeking direction from Council on next steps related to the future of the Pulliam building. Specifically, staff has is providing information on different options for consideration by Council including:

- Maintaining the status quo,
- Making improvements to allow for greater use of the main auditorium,
- Seeking a partner entity to lease the building and/or
- Closing the building entirely

REVIEWED BY CITY MANAGER:



LIST OF ATTACHMENTS:

1. Staff Report
2. Pulliam Community Foundation Letter
3. PowerPoint Presentation



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ECONOMIC DEVELOPMENT OFFICE
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Memorandum

To: City Council
Through: Bill Cahill, City Manager
From: Mike Scholl, Economic Development Manager
Date: January 21, 2016
RE: Pulliam Building/Options

Background:

Staff is seeking direction from Council on the future of the Pulliam Building. City Council directed City staff to begin the process of reviewing the Pulliam building at the 2014 Annual Planning Workshop. Following the workshop, the City's legal department began the process of reviewing and updating the building's title. Of concern was the restrictive "public purpose" provision, the requirements for the fixed seating and the reversion clause to the school district and the Pulliam heirs.

The Council agreed to the following at the 2014 workshop:

B. Pulliam Building

1. Staff will take action to achieve clear title, removing requirements for opera chairs and community purpose. This may be achieved by direct staff work or by others.
2. A study session will be scheduled for Council consideration of options for use of the Pulliam. The study session will include a look at the project in two contexts: the total downtown; and the immediately surrounding properties which may come available for development.

The title issue was resolved on September 15, 2015, when City Council approved a quiet title action which provided for a clean title and greater flexibility for the use of the building. The action ensured that the City would continue to own the building. The "community purpose" provisions remain in the title, with greater flexibility.

The 2nd item the subject of the Study Session scheduled for January 26, 2016. The following staff report and subsequent presentation on the 26th is intended to provide options for discussion by Council. It is not intended to be inclusive of every possible option, rather the intent is to provide points for consideration. At the end of the meeting, staff will be seeking direction from Council on next steps. Depending on the direction, it will likely require additional staff investigation and Council deliberation before formal action is required.

For reference, the current approved rental rates for the building are listed in the chart below. In addition, the City leases the commercial kitchen to a private operator for \$4,410 per year and the first floor office to the North Front Range Water Quality Planning Association for \$395/month or \$4,740 annually.

Room	Rental/Private	Non-Profit	Deposit
Auditorium	\$130 (2 Hours)	\$80 (2 Hours)	\$100
	\$240 (Day)	\$190 (Day)	\$100
Pulliam Building Dining Room	\$150	\$80	\$300
Pulliam Building Room #1	\$60	\$40	\$50
Pulliam Building Room #2	\$60	\$40	\$50

Option #1 – Status Quo: (Baseline)

City Council has the option to take no action at this time and direct staff to continue to operate the building as is. This would require no further actions by staff.

Item	2013	2014	2015	2016	2017	2018	2019	2020
Expenses								
Hard Costs	49,462	38,035	28,979	38,825	39,408	39,999	40,599	41,208
Soft Costs	34,778	34,778	34,778	34,778	35,299	35,829	36,366	36,912
Revenue								
Room Rental	7,850	6,605	11,785	8,747	8,878	9,011	9,146	9,283
Office Lease	4,740	4,740	4,740	4,740	4,740	4,740	4,740	4,740
Kitchen Lease	4,410	4,410	4,410	4,410	4,410	4,410	4,410	4,410
Total	(67,240)	(57,058)	(42,822)	(55,706)	(56,679)	(57,667)	(58,669)	(59,687)

Notes:

- From 2013 to 2015, the Hard Costs and the Revenue figures are actual.
- The Soft Costs are at \$1.50 multiplied by 23,185 square feet. The \$1.50 per square foot is the standard used by the City Facilities Management Division to calculate staff costs.
- For the 2016 hard costs and revenue, staff used a three year average (2013-2015).
- For 2017 to 2020, the figures are inflated at 1.5 percent per annually.

Staff is estimating that over the next five years, the City will spend approximately \$379,000 to operate the Pulliam Building and receive \$91,000 in revenue from room rental and the kitchen lease.

Option #2 – Partial Improvements to the Main Auditorium:

With the title issue resolved, the City is now free to remove the fixed seating in the Main Auditorium. However, removing the fixed seating alone would not guarantee additional revenue and would also likely prompt the need for additional improvements including resurfacing of the floor, repairing water damaged

sections of the floor, repainting of the room, and purchasing of tables and chairs for use in the room. With any physical change to the building, the Building Department has indicated that upgrades to the fire protection system will be required.

The Pulliam Community Foundation (“Foundation”) offered to invest \$100,000 in the Pulliam Building if the City would agree to a \$200,000 match. The Foundation has asked that their contribution be used for improvements that make the main auditorium more usable including the removal of the seats and repair of the floor.

Staff has estimated the total cost with a 25 percent contingency would be \$440,375.

Item	Cost
Removal of the chairs, refinish and repair the floor	28,900
Paint/Auditorium	25,000
Tables and Chairs	35,500
Fire Protection Systems	270,000
Contingency (25%)	80,975
Subtotal Improvements	440,375
Pulliam Community Foundation grant	100,000
Estimated Cost to the City	340,375

Please note, any significant investments in the building are likely to prompt the need for improvements to the fire protection systems regardless of the future use.

This option would bring in partial funding from the Foundation to defray the City’s costs, and allow for use of the building to test the market. The improvements made in this option (particularly fire protection) would likely be needed for any conceivable use of the building in the future, so that they are not wasted regardless of future options.

Option #2a – Full Improvement to the Main Auditorium:

The City could do additional work in the Main Auditorium to improve the electrical service, lighting, sound systems and HVAC systems. These estimate for the additional improvements are:

Item	Cost
Basic Improvements (fire, chairs, paint)	360,000
Electrical Service	450,000
Elevator Installation	115,000
HVAC	425,000
Sound Systems	80,000
Lighting	80,000
Contingency (25%)	377,500
Total	1,887,500
Pulliam Community Foundation grant	100,000
Estimated Cost to the City	1,787,500

Notes:

- Basic improvements are carried over from the previous chart in Option #2.
- The estimates for electrical, elevator, and HVAC systems are provided by the City’s Facilities Management Division.
- The estimates for the Sound Systems and Lighting are from the Pulliam Community foundation.

Any additional revenue from the Main Auditorium that occur as a result of either option #2 or #2a are subject to a further review of the market potential. Staff does not have enough information to make a reasonable estimate at this time.

Option #3 – Request for Proposals/Lease Operate the building

With the restrictions on the use of the building eased, the City could seek to identify a private partner to operate the building on the City’s behalf under a lease agreement.

Council may choose to issue a Request for Proposals or direct staff to identify potential partners. The use of the building under a lease agreement would still be subject to the terms of the title.

Given the condition of the building, it is unlikely that any operator would seek to take over the operations of the building without making some improvements. Staff could engage in preliminary discussions and report back to the Council at a later date.

Option #4 – Close the building

Given the cost to operate the building, Council may choose to close the building entirely. The Facilities Management Division estimates that it costs the City approximately \$1.75 to \$2.50 per square foot to maintain an empty building.

	2016	2017	2018	2019	2020
Estimated General Fund Subsidy	(55,706)	(56,679)	(57,667)	(58,669)	(59,687)
Cost to maintain @\$1.75 sq/ft	(40,574)	(41,182)	(41,800)	(42,427)	(43,063)
Savings	15,132	15,497	15,867	16,242	16,624

Notes:

- The estimated general fund subsidy is from the chart in Option #1.

According to the Facilities Management Division, the building would still require some utilities at a minimum level, some preventive maintenance, etc. to prevent building system and infrastructure catastrophes.

copy



July 25, 2015

William D. Cahill, City Manager
 City of Loveland
 500 E. 3rd Street
 Loveland, CO 80537

RE: Pulliam Community Building Foundation's New Offer of Collaboration

Dear Mr. Cahill,

I'm writing to you on behalf of the Pulliam Community Building Foundation Board with regard to a proposal to begin the process of restoring the historic Pulliam Building back to its original glory or even better. We would very much appreciate consideration of our offer and the opportunity to discuss it with you in person and present to Loveland City Council.

Our previous efforts have focused on a single large capital investment in the building. After consultation with the community through a feasibility study by Alan Sherwood Associates, our board and City staff, it has become apparent to us that this approach would be challenging given the amount required. Therefore, we believe it is time to offer a new direction.

Our offer is simple and details will need to be worked out. We are seeking the opportunity to work with the City to develop a long term plan to rehabilitate the building and to help the City operate the facility after completion.

As a good faith effort to begin the process, the Pulliam Community Building Foundation will invest \$100,000 in the Pulliam Building to be matched by the City in an amount not to exceed \$200,000. There may be additional funding from State Historical Funds.

The City will support the Foundation's effort to make the Auditorium more usable to the community by using the funds to remove the auditorium chairs, improve emergency exiting requirements, remodel the room, improve lighting, and other items to be negotiated.

The following improvements are of interest to the City for their match as outlined in the Phase I plan from the Historic Structural Assessment (HSA):


- Minor roof rehabilitation
- Window and door rehabilitation as outlined
- Replacement of non-historic doors

The Foundation's interest is to demonstrate support for the building and make the auditorium usable to the community, which will in turn increase revenue to the City from the building.

We are interested in having a discussion with the City regarding a phased approach to the restoration of the Pulliam Building. We recognize that a single large capital investment by the City may not be feasible, and would like to work with you to develop a long-term plan to successfully achieve the community vision for this historic gem in downtown Loveland. We are interested in not only developing the plan but also helping to fund some of the rehabilitation. We are interested in a working agreement between the Foundation and the City.

We look forward to working collaboratively with Council and City staff to develop a plan for the Pulliam Community Building. We see our offer to contribute \$100,000 to the effort as a good faith gesture to help us get started on this project.

Respectfully,


Norman L. Rehme, President
1127 Garfield Ave.
Loveland, CO 80537

Cc: Mike Scholl



Pulliam Community Building

LOVELAND CITY COUNCIL, STUDY SESSION

JANUARY 26, 2016



Option #1- Status Quo

Item	2013	2014	2015	2016	2017	2018	2019	2020
Expenses								
Hard Costs	49,462	38,035	28,979	38,825	39,408	39,999	40,599	41,208
Soft Costs	34,778	34,778	34,778	34,778	35,299	35,829	36,366	36,912
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Room Rental	7,850	6,605	11,785	8,747	8,878	9,011	9,146	9,283
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Total	(67,240)	(57,058)	(42,822)	(55,706)	(56,679)	(57,667)	(58,669)	(59,687)

Option #2 - the Main Auditorium

Item	Cost
Removal of the chairs, refinish and repair the floor	28,900
Paint/Auditorium	25,000
Tables and Chairs	35,500
Fire Protection Systems	270,000
Contingency (25%)	80,975
Subtotal Improvements	440,375
Pulliam Community Foundation grant	100,000
Estimated Cost to the City	340,375

Option #2a – Main Auditorium/Upgrade

Item	Cost
Basic Improvements (fire, chairs, paint)	360,000
Electrical Service	450,000
Elevator Installation	115,000
HVAC	425,000
Sound Systems	80,000
Lighting	80,000
Contingency (25%)	377,500
Total	1,887,500
Pulliam Community Foundation grant	100,000
Estimated Cost to the City	1,787,500

Option #3 - RFP

- Council may choose to issue a Request for Proposals or direct staff to identify potential partners.
- The use of the building under a lease agreement would still be subject to the terms of the title.

Option #4 – Close the building

	2016	2017	2018	2019	2020
Estimated General Fund Subsidy	(55,706)	(56,679)	(57,667)	(58,669)	(59,687)
Cost to maintain @\$1.75 sq/ft	(40,574)	(41,182)	(41,800)	(42,427)	(43,063)
Savings	15,132	15,497	15,867	16,242	16,624

Questions/Discussion



CITY OF LOVELAND
CITY ATTORNEY'S OFFICE

Civic Center • 500 East Third • Loveland, Colorado 80537
(970) 962-2540 • FAX (970) 962-2900 • TDD (970) 962-2620

AGENDA ITEM: 2
MEETING DATE: 1/26/2016
TO: City Council
FROM: Terry Andrews, City Clerk
PRESENTER: Terry Andrews, Assistant City Attorneys: Tree Ablao and Vincent Junglas

TITLE:

Discussion Regarding Door To Door Solicitation

RECOMMENDED CITY COUNCIL ACTION:

No action is necessary, discussion only.

SUMMARY:

This is an information item only. This is a discussion regarding Chapter 5.12 of the City Code, pertaining to door to door solicitation within the City of Loveland.

BACKGROUND:

July 21, 2015 City Council amended Chapter 5.12 of the City Code with revised language that imposed permissible restrictions on door to door solicitations. The effect of the amendment removed the ban on uninvited commercial solicitation, but retained the provision that prohibits commercial and non-commercial solicitations where a sign prohibiting the same is posted.

At the time of consideration, City Council directed Staff to bring this item forward at a study session for discussion regarding the following issues: impacts on citizen complaints, other communities handling of this type of solicitation and the viability of a licensing process.

In addition, Council asked Staff to look into the Sales tax question on not-for-profit organizations related to their door to door activity as well as being exempted from the licensing requirement.

Staff has prepared a written report pertinent to the discussion.

REVIEWED BY CITY MANAGER:

William A. Cahill

LIST OF ATTACHMENTS:

Memorandum



500 East Third Street, Suite 230 • Loveland, Colorado 80537
(970) 962-2322 • FAX (970) 962-2901 • TDD (970) 962-2620
www.cityofloveland.org

To: City Council
From: Terry Andrews, City Clerk
Date: January 26, 2016
RE: Door to Door Solicitation Discussion

Council Members,

On July 21, 2015, Council asked City Staff to bring back for discussion items related to Door to Door solicitation within the City of Loveland. This memorandum report is a compilation of information provided by Assistant City Attorneys Tree Ablao and Vincent Junglas and myself concerning four areas of interest identified by prior council discussion.

The four areas identified are: 1) Citizen Complaints; 2) How other communities address door to door solicitation; 3) The viability of permitting or licensing, including possible exemptions for not-for-profit organizations; and 4) Sales tax issues related to not-for-profit organizations. Since the Sales Tax issue is not directly associated with the Door to Door Solicitation matter, it is addressed after the Door to door Solicitation information.

Door to Door Solicitation - Staff Recommendation

Based on the Analysis, Staff would respectfully request that City Council not institute a Door to Door Solicitation permitting/licensing program at this time.

Door to Door Solicitation - Analysis

- 1) Citizen’s complaints – In 2014 and 2015 for the same time period statistical information reflects a decrease in calls by 18 or 28%.
- 2) Municipalities often rely on No Trespassing or No Solicitation as the way for a resident or business owner to restrict unwanted solicitation.
- 3) Permitting/ Licensing
 - a. The process of permitting has typically been incorporated into the Business license process already in existence. This process would involve Finance, CCO and Police. Additional Staff would be necessary.
 - b. Exempting Not for profit organizations: While possible, could be successfully challenged in Court

Door to Door Solicitation Information

1) Citizen complaints:

Date Range		Solicitation Complains
August 2014	December 2014	65
August 2015	December 2015	47

This data was obtained from the Loveland Police Department on January 11, 2016. The comparison indicates that the number of calls has not increased due to the passage of Ordinance.

2) Other Communities door to door solicitation ordinance comparison

Jurisdiction	*Population	Code section	Summary	Permitting?
Grand Junction	58,566	9.04.090	Invitation required to enter posted premises	No
Longmont	86,270	6.76.020 and 6.76.030	Soliciting prohibited by signs; Remaining after request to leave unlawful when no sign present.	No
Thornton	123,648	38.180	Soliciting prohibited by signs; Remaining after request to leave unlawful when no sign present.	No
Greeley	92,889	6.56.010	Signs against solicitation or peddling to be obeyed	No
Fort Collins	143,986	15-108 et seq	All solicitations prohibited by signs. Permit required.	Yes, for commercial solicitors only
Boulder	130,248	5-4-3	Cannot enter or remain on premises in defiance of request by the owner	Yes, commercial solicitors, including nonprofits, must be licensed. Nonprofits do not pay fee. Those "distributing information in the exercise of their first amendment rights" are exempt from licensing.
Loveland	72,794	5.12.010	All solicitations prohibited by signs	No

* Population numbers were obtained from the Municipal website, some appear to be from the 2010 census and others a current estimate provided in published materials i.e. budget, CAFR, etc...

3) Permitting or Licensing

- a. Staff reviewed costs and time spent for Boulder and Fort Collins, both who currently permit/License door to door solicitors. Due to the amount of time to issue, regulate and enforce (i.e., application, background investigation, badges, monitoring deposits and

refunds, revocations, as well as fielding calls regarding licensees). This process involves Finance, CCO and Police.

- b. Exempting not-for-profit organizations: Religious, charitable and political speech have traditionally enjoyed greater protection than commercial speech. Thus, exempting such solicitors from permit or licensing regulations may be constitutionally permissible. However, the trend as indicated by more recent case decisions around the country (especially the *US Supreme Court case Reed v. Town of Gilbert* decided this summer) indicates that making distinctions based on type of speech (commercial versus charitable, religious or political) may no longer be constitutionally permissible. The most conservative legal approach would be to regulate (or not) both for-profit and non-profit solicitation in the same manner.

Sales Tax Information

4) Sales Tax Component

- a. The City currently requires a sales tax license to be obtained by any person or business selling, at retail, any tangible personal property. Generally, all sales that are not wholesale sales are retail sales of which the latter requires that the person or business be licensed by the City. A door-to-door solicitor who sells tangible personal property to a resident must comply with the requirement to obtain a sales tax license unless the transaction is otherwise exempt from the collection and remittance of sales tax.
- b. Charitable Organizations who are engaged in the sale of tangible personal property within the City are exempt from collecting and remitting sales tax under what is called the “occasional sales” provision. In order to effectively utilize the aforementioned provision, a qualifying charitable organization must limit sale activities to no more than twelve days in a calendar year and shall not collect more than twenty-five thousand dollars in a calendar year. The qualifying charitable organization must also utilize collected revenue from “occasional sales” in furtherance of the qualifying charitable organizations service. Importantly, if a qualifying charitable organization exceeds either the twenty-five thousand dollar in net proceeds cap or the twelve day sale cap, the organization must obtain a sales tax license from the City and the State and remit sales tax on all sales that occurred in that calendar year, including sales in that calendar year that were previously exempt prior to the date when the threshold was exceeded.