



WESTMINSTER

Westminster Economic Development Authority

TO: The Westminster Economic Development Authority Board Members

DATE: February 3, 2016

SUBJECT: WEDA Post City Council Meeting Agenda for February 8, 2016

PREPARED BY: Stephen P. Smithers, Acting Executive Director

Please Note: WEDA Study Sessions and Post meetings are open to the public, and individuals are welcome to attend and observe. WEDA was created by the Westminster City Council for the purpose of moving forward with strategic redevelopment of key areas of the City. WEDA Study Sessions and Post meetings are not intended to be interactive with the audience, as this is time set aside for WEDA Board Members to receive information, make inquiries, and to provide Staff with policy direction.

ROLL CALL

PRESENTATIONS

None at this time.

INFORMATION ONLY

1. Westminster Economic Development Authority 4th Quarter 2015 Financial Update

EXECUTIVE SESSION

None at this time.

Items may come up between now and Monday night. The WEDA Board will be apprised of any changes to the agenda.

Respectfully submitted,

Stephen P. Smithers
Acting Executive Director



Staff Report

WEDA Information Only Staff Report
February 8, 2016



SUBJECT: Westminster Economic Development Authority 4th Quarter 2015 Financial Update

PREPARED BY: Barb Dolan, Sales Tax Manager
Karen Creager, Special District Accountant

Summary Statement

This report is for information only and requires no action by the Board. The report represents the unaudited financial position for each of the Westminster Economic Development Authority's (WEDA) Urban Renewal Areas (URAs) as of December 31, 2015. Several revenue and expense modifications will be made to the WEDA fund over the next few months based on year-end accruals. These accruals will be included in the December year-end figures presented in the City of Westminster Comprehensive Annual Financial Report in which WEDA is reported as a blended component unit. Comparative amounts for all years presented in this report are reported before year-end accruals.

Background Information

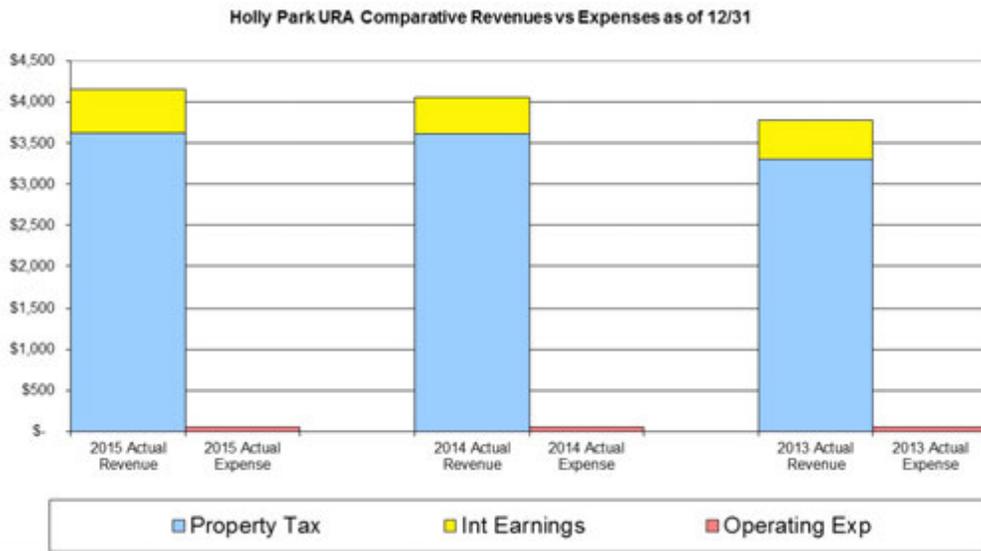
WEDA currently includes seven separate URA's. This report presents the financial activity as of December 31, 2015. Included in the report are the following for each URA:

- Year-to-date comparative graphs showing three years of operating revenues and expenses and debt service as of December 31; and
- A chart with an at-a-glance look at the changes in revenues and expenses for comparable reporting periods from 2014 to 2015.

Additionally, attached are the following:

- A summary of the unaudited financial position as of December 31, 2015; and
- A list of all current outstanding obligations of the URAs.

Holly Park URA



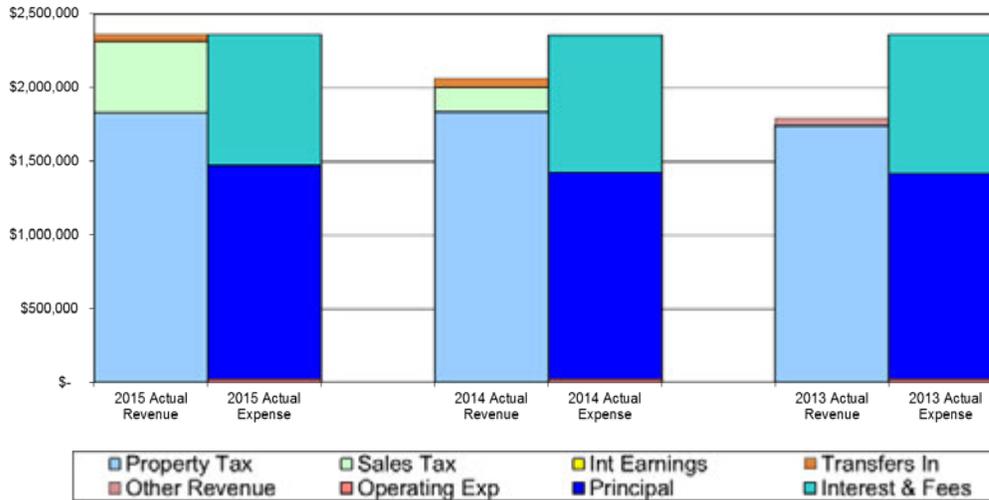
Description	2015	2014	Change
Property tax increment	\$ 3,628	\$ 3,619	\$ 9
Interest Earnings	532	441	91
Operating Exp	55	54	1

Holly Park URA was established on February 23, 2004. The URA encompasses approximately 23 acres along the west side of Federal Boulevard between 96th Avenue and 97th Avenue. The main objective of the URA plan is to renovate or redevelop the deteriorated, unsafe and outdated buildings as well as eliminate the unsafe, unsanitary and unhealthy conditions resulting from abandonment of a defunct residential project.

- The General Fund and General Capital Improvement Fund loaned \$120,000 and \$1,125,000, respectively, to this URA to fund the capital project for the clean-up of the Holly Park property to ready it for resale. It is anticipated that any proceeds received from the future sale of property would be used to repay the loans.
- Tax year 2012 payable in 2013 was the first tax year that this URA’s total assessed valuation was above the base valuation.
- Incremental assessed valuation and property tax increment are relatively consistent in 2015 from 2014.
- Interest earnings remained relatively constant in 2015 from 2014.
- Operating expenses remained constant in 2015 from 2014.
- Staff is continuing to work on marketing this property for development.

Mandalay Gardens URA (Shops at Walnut Creek)

Mandalay Gardens URA Comparative Revenues vs Expenses as of 12/31

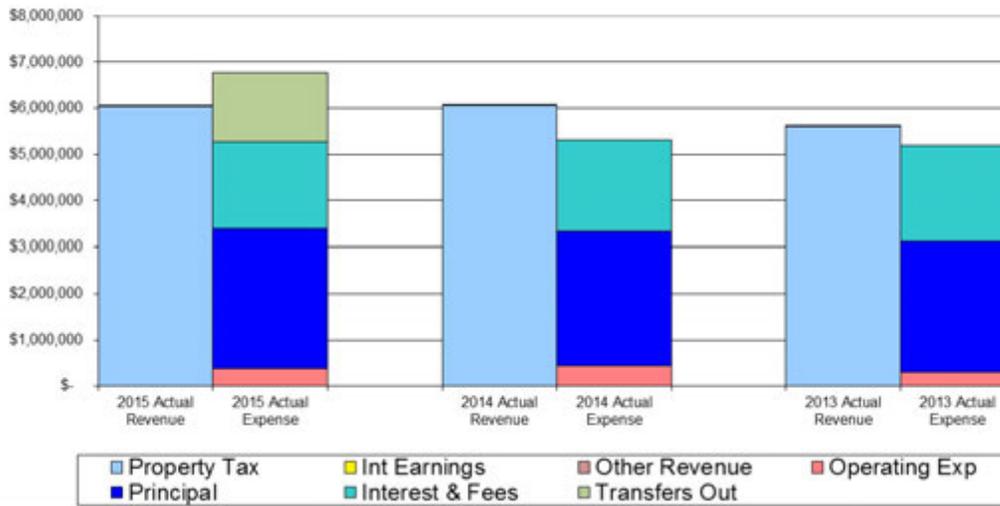


Description	2015	2014	Change
Property tax increment	\$ 1,827,992	\$ 1,836,640	\$ (8,648)
Sales tax increment	483,621	168,438	315,183
Interest Earnings	2,341	1,698	643
Transfers in	47,500	57,600	(10,100)
Operating Exp	27,420	27,549	(129)
Principal	1,445,000	1,400,000	45,000
Interest and Fees	888,225	930,225	(42,000)

- WEDA initiated a redevelopment project in 2003 known as the Shops at Walnut Creek. This redevelopment project is generally bound by US 36, Church Ranch Boulevard, and the Burlington Northern/Santa Fe railroad line. The Shops at Walnut Creek, connected by an attractive underpass to the Westminster Promenade, combines the warmth and familiarity of Victorian-inspired main street America with a multitude of restaurants, shops and a major retailer.
- Incremental assessed valuation decreased slightly in 2015 from 2014, which resulted in a decrease in property tax increment collections in 2015.
- Due to the anticipated reduction in property tax increment resulting from the decline in assessed valuation and the spend down of prior years' excess revenues at the Trust, the sales tax pledge, set at 0% since March 2010, increased in March 2014 to 0.2%, and increased to 0.5% in March 2015. This resulted in an increase in sales tax increment collections in 2015 from 2014.
- Interest earnings increased slightly in 2015 from 2014 due to higher balances at the Trust consistent with the increased sales tax pledge.
- The amount available in the Mandalay Town Center General Improvement District to pay to WEDA to assist in the repayment of the bonds issued for the redevelopment of the Shops at Walnut Creek decreased over the same period in 2015 from 2014. It should be noted that this payment was recorded as Other Revenue in the 4th quarter 2014 update, but was reclassified to Transfers In as part of the year-end audit work.
- Year-to-date operating expenses decreased slightly in 2015 from 2014 due to a decrease in the collection fee paid to the county treasurer, consistent with the decrease in property tax increment collections.
- Debt service expenditures increased in 2015 from 2014 in accordance with the debt service schedule.

North Huron URA

North Huron URA Comparative Revenues vs Expenses as of 12/31

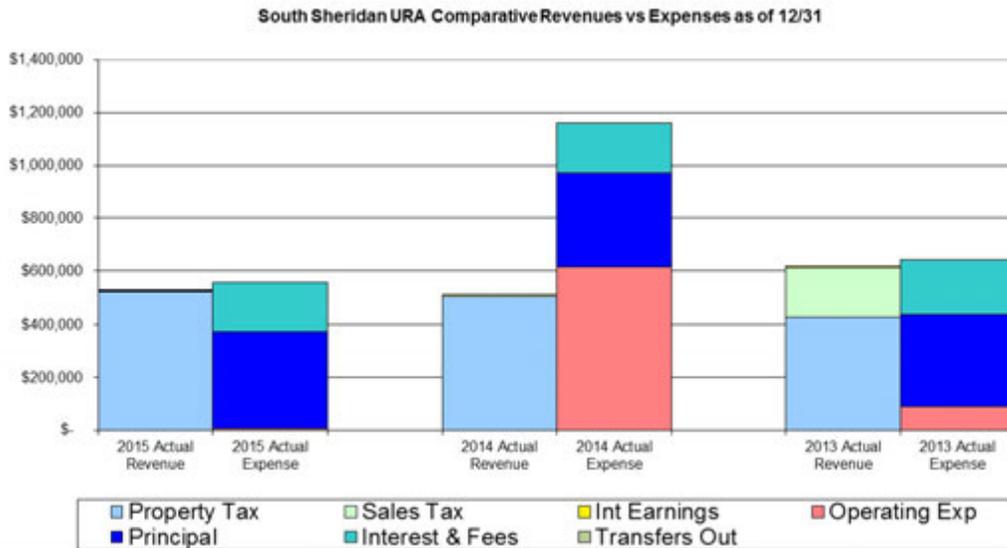


Description	2015	2014	Change
Property tax increment	\$ 6,036,076	\$ 6,062,695	\$ (26,619)
Sales tax increment	-	-	-
Interest Earnings	11,545	17,326	(5,781)
Other Revenue	1,000	-	1,000
Operating Exp	387,342	432,465	(45,123)
Principal	3,012,000	2,910,000	102,000
Interest and Fees	1,870,103	1,966,762	(96,659)
Transfers out	1,494,001	-	1,494,001

- WEDA established the North Huron URA on January 26, 2004. The boundaries of the URA are approximately 124th Avenue to 150th Avenue, Interstate 25 to Huron Street. Development in the URA included the interchange at 144th Avenue and I-25, Huron Street improvements from approximately 124th Avenue to 150th Avenue and the public improvements in the URA. These improvements paved the way for a new retail development along the Interstate 25 corridor in Westminster. “The Orchard Town Center” is a 1-million-square-foot, open-air, lifestyle and entertainment center located at the northwest corner of I-25 and 144th Avenue.
- Incremental assessed valuation decreased in 2015 from 2014 resulting in a decrease in property tax increment collections in 2015.
- The sales tax pledge has been 0% since March 2010 as funds on deposit with Compass Bank along with anticipated property tax increment are sufficient to meet debt service requirements. Sales tax revenue received from this URA is being used to fund City operations.
- Interest earnings decreased in 2015 from 2014 due to spend down of project funds at the Trust.
- Other revenue consisting of an administrative fee paid by the Orchard Park Place North Metropolitan District for administering the intergovernmental cooperation agreement with WEDA, increased in the 4th quarter 2015 from the same period in 2014 due to the timing in billing the fee.
- Total operating expenses decreased in 2015 from 2014 due to the decrease in the collection fee paid to the county treasurer consistent with the year-to-date decrease in property tax increment revenues and a decrease in intergovernmental cooperation agreement (ICA) obligations in 2015 compared to the same period in 2014.

- Debt service expenditures increased slightly in 2015 from 2014 in accordance with the debt service schedule.
- Transfers out increased in 2015 from 2014 due to an ICA payment to the City to reimburse capital improvement project costs incurred by the City that benefit the URA.

South Sheridan URA

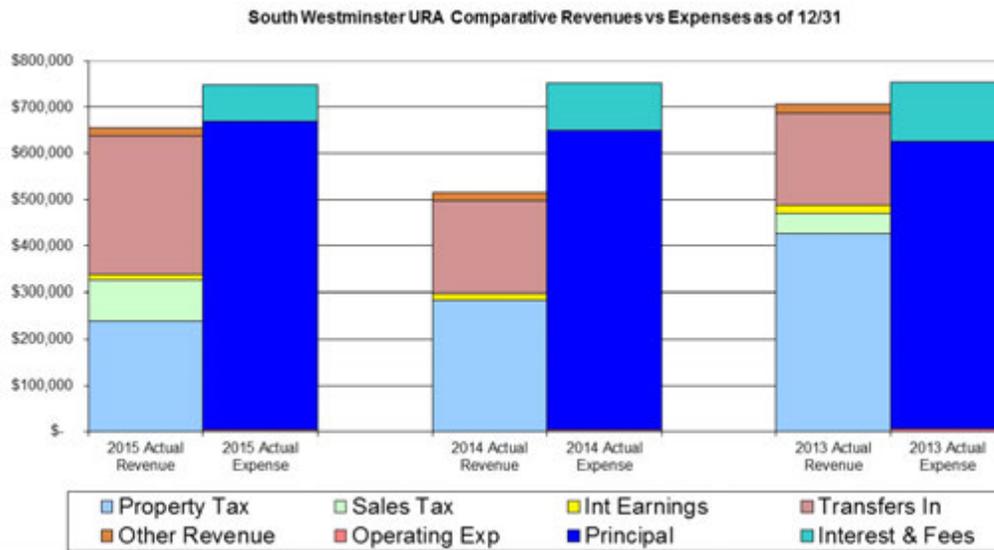


Description	2015	2014	Change
Property tax increment	\$ 524,534	\$ 508,916	\$ 15,618
Sales tax increment	-	-	-
Interest Earnings	4,798	4,544	254
Operating Exp	7,868	614,134	(606,266)
Principal	365,000	355,000	10,000
Interest and Fees	182,490	192,556	(10,066)

- The South Sheridan URA was established by WEDA on March 29, 2004. The approximate boundaries of the URA are commercial and vacant land north of 70th Avenue, east of Depew Street, south of 75th Avenue, and west of Xavier Street. The purpose of the URA was to provide funds for land acquisition, demolition of structures, tenant relocation, and public infrastructure so as to facilitate redevelopment of the Shoenberg Shopping Center located at the southwest corner of 72nd Avenue and Sheridan Boulevard. The synergy of the new anchor store and overall redevelopment has encouraged development of the Shoenberg Farm and other commercial properties in the immediate area. The South Sheridan gateway to the City is anticipated to play an even more strategic role as a connection to the planned transit oriented development and commuter rail station in South Westminster.
- Incremental assessed valuation increased in 2015 from 2014 resulting in higher property tax increment collections in 2015.
- The sales tax pledge was set at 2.3% through February 2012, reduced to 1.2% in May 2012 and most recently reduced to 0% in March 2013 as property tax increment collections have been sufficient to meet URA obligations. Sales tax revenue received from this URA is being used to fund City operations.

- Interest earnings increased slightly in 2015 from 2014 consistent with a higher balance at the Trust from the increase in property tax increment.
- Overall operating expenses decreased substantially in 2015 from 2014. The decline is attributable to a large one-time payment made to the City in 2014 in accordance with an ICA. It should be noted that this one-time payment was included in operating expenses in the 2nd quarter 2014 report but was reclassified to transfers as part of the 2014 year-end audit work.
- Debt service expenditures decreased slightly in 2015 from 2014 in accordance with the debt service schedule.

South Westminster URA



Description	2015	2014	Change
Property tax increment	\$ 239,618	\$ 284,392	\$ (44,774)
Sales tax increment	85,678	-	85,678
Interest Earnings	12,002	14,124	(2,122)
Transfers in	300,000	200,000	100,000
Other Revenue	17,208	16,766	442
Operating Exp	3,594	4,266	(672)
Principal	665,000	645,000	20,000
Interest and Fees	78,850	103,360	(24,510)

- The South Westminster URA, organized by City Council on September 14, 1987, was established to revitalize and redevelop the City’s older commercial areas in the general vicinity of 72nd Avenue and Federal Boulevard. The South Westminster URA was the first URA established under WEDA and includes two Phases. Phase I of the URA was established in 1988 and ended in 2013. In October 1992, the South Westminster URA boundaries were expanded with the addition being called “Phase II.” In 1996, redevelopment of the Westminster Plaza Shopping Center, anchored by a grocery store, was begun.
- Incremental assessed valuation for Phase II decreased in 2015 from 2014 resulting in a decrease in property tax collections.
- Sales tax increment was realized in 2015 with the addition of a major retailer in the Phase II area.
- Total interest earnings decreased in 2015 from 2014 due to spend down of cash on hand to meet obligations.

- Transfers in increased in 2015 from 2014 due to an increase in the amount transferred from the City to assist the URA in meeting its obligations.
- Other revenue increased slightly in 2015 from 2014 due to fluctuating scheduled payments related to the Community Resources and Housing Development Corporation note.
- Operating expenditures, consisting of the collection fee paid to the county treasurer, decreased slightly in 2015 from 2014, consistent with the decrease in property tax increment revenues.
- Debt service expenditures decreased in 2015 from 2014 in accordance with the debt service schedule.

Westminster Center East URA

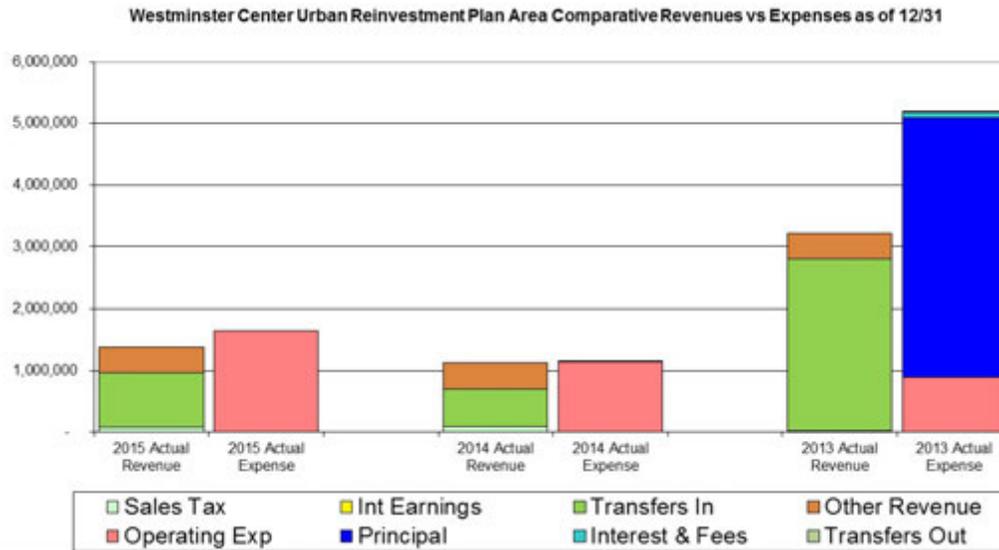


Description	2015	2014	Change
Property tax increment	\$ 449,019	\$ 469,426	\$ (20,407)
Interest Earnings	2,072	1,860	212
Other Revenue	204	201	3
Operating Exp	95,535	95,756	(221)
Transfers out	350,000	350,000	-

- WEDA established the Westminster Center East Sub-Area URA on December 8, 2003. The approximate boundaries of the URA are commercial properties north of the Burlington Northern Railroad just south of the Westminster Mall running north to 98th Avenue, west of Sheridan Boulevard and east of Harlan Street. The URA boundaries do include City Center Park at the northeastern corner of 92nd and Yates, but do not include the Downtown Westminster site. The purpose of the URA is to provide funds to facilitate redevelopment in the City Center Area.
- The incremental assessed valuation decreased slightly in 2015 from 2014 resulting in a decrease in property tax increment.
- Interest earnings remained relatively constant in 2015 from 2014.
- Other revenue, consisting of an administrative fee paid by the Hyland Village Metropolitan District for administering the intergovernmental cooperation agreement with WEDA, remained constant in 2015 from 2014.
- Operating expenses decreased slightly in 2015 from 2014 due to the decrease of collection fees paid to the county treasurer, consistent with the decrease in property tax increment revenues.
- This URA has no financed debt obligations.

- Transfers out in 2015 were consistent with 2014 and include an ICA payment to the City to reimburse costs incurred by the City that benefit the URA.

Westminster Center Urban Reinvestment Project Area



Description	2015	2014	Change
Sales tax increment	\$ 72,233	\$ 86,655	\$ (14,422)
Interest Earnings	11,006	11,761	(755)
Transfers in	880,000	600,000	280,000
Other Revenue	419,137	422,218	(3,081)
Operating Exp	1,645,692	1,140,681	505,011
Transfers out	3,679	3,326	353

- On April 13, 2009, City Council approved Resolution 12, Series 2009 that established the Westminster Center Urban Reinvestment Plan Area and the Reinvestment Plan (WURP). The vision for the future Downtown Westminster is for a new transit-oriented mixed-use neighborhood including residential, retail, entertainment and employment uses, all adjacent to a new commuter rail transit station as well as the existing US 36 and Sheridan Park-n-Ride (formerly Westminster Center Park-n-Ride). This site will provide the City with a unique opportunity to create a focal point, a district center for the community. The new mixed-use neighborhood will serve the needs of current and future Westminster residents to live close to new workplaces and have the opportunity to use convenient transit as part of their everyday lives. It will be a place to live, work, play, visit, entertain and be entertained, and will serve as a source of great community pride for the existing City residents and the new residents that it will attract.
- The Westminster Center Urban Reinvestment Plan was amended on October 28, 2013, to authorize the utilization of tax increment financing to finance the projects undertaken in furtherance of the plan. Based on the final assessed valuation from Jefferson County Assessor’s Office, the URA did not receive property tax increment in 2015 for tax year 2014 as the valuation is below the base valuation.
- Interest earnings decreased slightly in 2015 from 2014.
- Sales tax increment declined in 2015 from 2014 as a result of lower sales tax collections in the URA.

- Transfers in revenue increased in 2015 from 2014 due to a transfer received from the General Fund in 2015. This funding was appropriated to the WURP City Participation project as authorized by City Council.
- Other revenue consisting of rents decreased in 2015 from 2014 due to a decrease in the rental payment received from a tenant.
- Operating expenses for this URA include expenses for the redevelopment of the former Westminster Mall site. Expenses increased in 2015 from 2014 due to the JC Penney surrender payment that was made to enable WEDA to acquire land rights necessary to the redevelopment.
- It is important to note that land purchase expenses are reclassified as “inventory – land held for resale” for financial reporting purposes as part of the year-end audit work. Amounts reclassified as “inventory - land held for resale” to-date is \$29,250,523.
- Transfers out consisting of the CIRSA insurance payment increased slightly in 2015 from 2014.

This financial update supports the City Council’s Strategic Plan Goals of Vibrant, Inclusive and Engaged Community; Dynamic, Diverse Economy; and Financially Sustainable Government Providing Excellence in City Services by communicating to the Board the changes in the revenues and expenses in the URAs in order to monitor the development and redevelopment efforts in the City.

Respectfully submitted,

Stephen P. Smithers
Acting Executive Director

Attachments

- WEDA Unaudited and Unadjusted Financial Statements for period ending 12/31/15
- WEDA Obligations at 12/31/15

Westminster Economic Development Authority
For the period ending December 31, 2015

	Holly Park	Mandalay Gardens	North Huron	South Sheridan	South Westminister	Westminister Center East	Westminister Center Urban Reinvestment Area	Total
Revenues								
<i>Property Tax</i>	\$ 3,628	\$ 1,827,992	\$ 6,036,076	\$ 524,534	\$ 239,618	\$ 449,019	\$ -	\$ 9,080,867
<i>Sales Tax</i>	-	483,621	-	-	85,678	-	72,233	641,532
<i>Interest</i>	532	2,341	11,545	4,798	12,002	2,072	11,006	44,296
<i>Miscellaneous</i>	-	-	1,000	-	17,208	204	419,137	437,549
<i>Transfers In</i>	-	47,500	-	-	300,000	-	880,000	1,227,500
Total Revenues	4,160	2,361,454	6,048,621	529,332	654,506	451,295	1,382,376	11,431,744
Expenses								
<i>Operating</i>	55	27,420	387,342	7,868	3,594	95,535	-	521,814
<i>Capital Project -proj exp</i>	2,722	-	313,216	-	-	-	1,645,692	1,961,630
<i>Principal</i>	-	1,445,000	3,012,000	365,000	665,000	-	-	5,487,000
<i>Interest & Fees</i>	-	888,225	1,870,103	182,490	78,850	-	-	3,019,668
<i>Transfers Out</i>	-	-	1,494,001	-	-	350,000	3,679	1,847,680
Total Expenses	2,777	2,360,645	7,076,662	555,358	747,444	445,535	1,649,371	12,837,792
<i>Revenues Over(under) Exp</i>	1,383	809	(1,028,041)	(26,026)	(92,938)	5,760	(266,995)	(1,406,048)
Beginning Fund Balance	(342,282)	3,860,312	9,730,474	1,331,334	(140,268)	117,787	30,517,343	45,074,700
Ending Fund Balance**	\$ (340,899)	\$ 3,861,121	\$ 8,702,433	\$ 1,305,308	\$ (233,206)	\$ 123,547	\$ 30,250,348	\$ 43,668,652

**Ending fund balance includes the following reserved amounts that can be spent only as indicated in the line description below:

Nonspendable: Inventory	\$ 850,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,250,523	\$ 30,100,523
Restricted: Debt Service	-	3,831,304	8,673,933	955,847	(233,206)	-	-	13,227,878
Committed: Urban Renewal	41,500	-	-	-	-	-	510,131	551,631
Assigned: Urban Renewal	-	29,817	28,500	349,461	-	123,547	489,694	1,021,019
Unassigned	(1,232,399)	-	-	-	-	-	-	(1,232,399)
Total Fund Balance	\$ (340,899)	\$ 3,861,121	\$ 8,702,433	\$ 1,305,308	\$ (233,206)	\$ 123,547	\$ 30,250,348	\$ 43,668,652

Westminster Economic Development Authority
Obligations as of December 31, 2015

	URA	Outstanding Balance as of 1/1/15	2015 Activity		Outstanding Balance as of 12/31/15
			Add	(Delete)	
<i>Debt-Principal only</i>					
2009 WEDA Bonds	South Westminster	\$ 2,075,000	\$ -	\$ (665,000)	\$ 1,410,000
2012 WEDA Loan	N Huron	53,279,000	-	(3,012,000)	50,267,000
2012 WEDA Bonds	Mandalay	24,960,000	-	(1,445,000)	23,515,000
2012 WEDA Loan	South Sheridan	6,425,000	-	(365,000)	6,060,000
Total Debt		<u>\$ 86,739,000</u>	<u>\$ -</u>	<u>\$ (5,487,000)</u>	<u>\$ 81,252,000</u>
<i>Interfund loans</i>					
Gen Capital Improv Fund	Holly Park	\$ 1,125,000	\$ -	\$ -	\$ 1,125,000
General Fund	Holly Park	120,000	-	-	120,000
Utility Fund	South Westminster	1,225,000	-	(300,000)	925,000
Total Interfund loans		<u>\$ 2,470,000</u>	<u>\$ -</u>	<u>\$ (300,000)</u>	<u>\$ 2,170,000</u>