



## WESTMINSTER

### Westminster Economic Development Authority

TO: The Westminster Economic Development Authority Board Members

DATE: July 30, 2014

SUBJECT: WEDA Post City Council Meeting Agenda for August 4, 2014

PREPARED BY: J. Brent McFall, 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 2<sup>nd</sup> Quarter 2014 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,

J. Brent McFall  
Executive Director



WESTMINSTER

## Staff Report

WEDA Information Only Staff Report  
August 4, 2014



**SUBJECT:** Westminster Economic Development Authority 2nd Quarter 2014 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 June 30, 2014.

### Background Information

WEDA currently includes seven separate URA's. This report presents the financial activity as of June 30, 2014. Included in the report are the following for each URA:

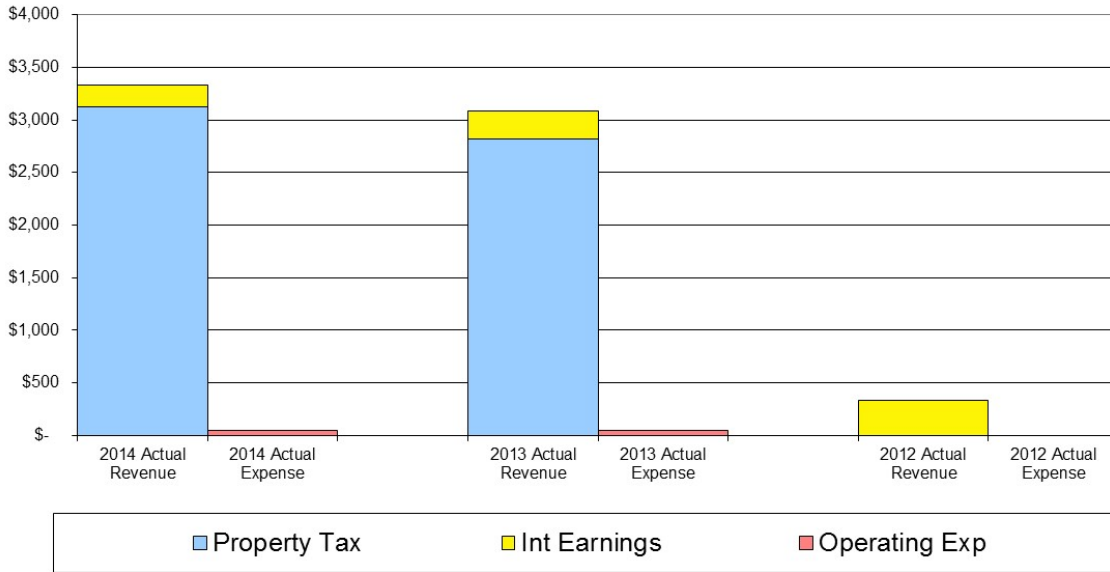
- Year-to-date comparative graphs showing three years of operating revenues and expenses and debt service, as of June 30; and
- A chart with an at-a-glance look at the changes in revenues and expenses for comparable reporting periods from 2013 to 2014.

Additionally, attached are:

- A chart summarizing the unaudited financial position as of June 30, 2014; and
- A list of all current outstanding obligations of the URAs.

**Holly Park URA**

**Holly Park URA Comparative Revenues vs Expenses as of 6/30**

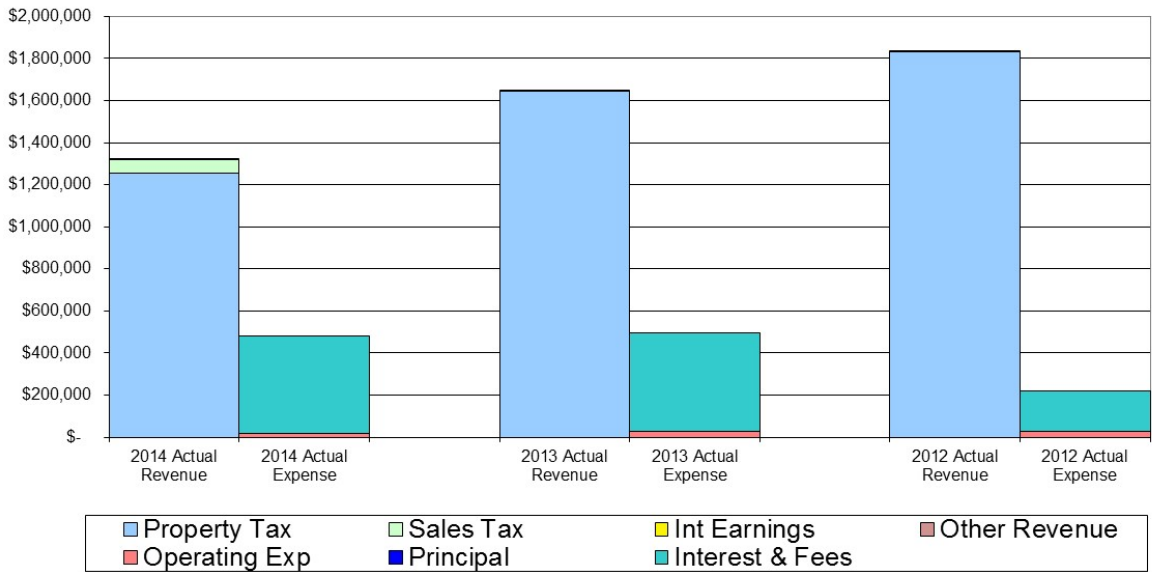


Description	2014	2013	Change
Property tax increment	\$ 3,128	\$ 2,815	\$ 313
Interest Earnings	206	265	(59)
Operating Exp	47	42	5

- Holly Park URA was established on February 23, 2004. The URA encompasses approximately 23 acres along the west side of Federal Boulevard between 96<sup>th</sup> Avenue and 97<sup>th</sup> 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 was unchanged in 2014 from 2013. Therefore, property tax increment is relatively consistent in 2014 from 2013.
- Interest earnings decreased in 2014 from 2013 due to continued spend down of project funds.
- Operating expenses remained constant in 2014 from 2013.

**Mandalay Gardens URA** (Shops at Walnut Creek)

Mandalay Gardens URA Comparative Revenues vs Expenses as of 6/30

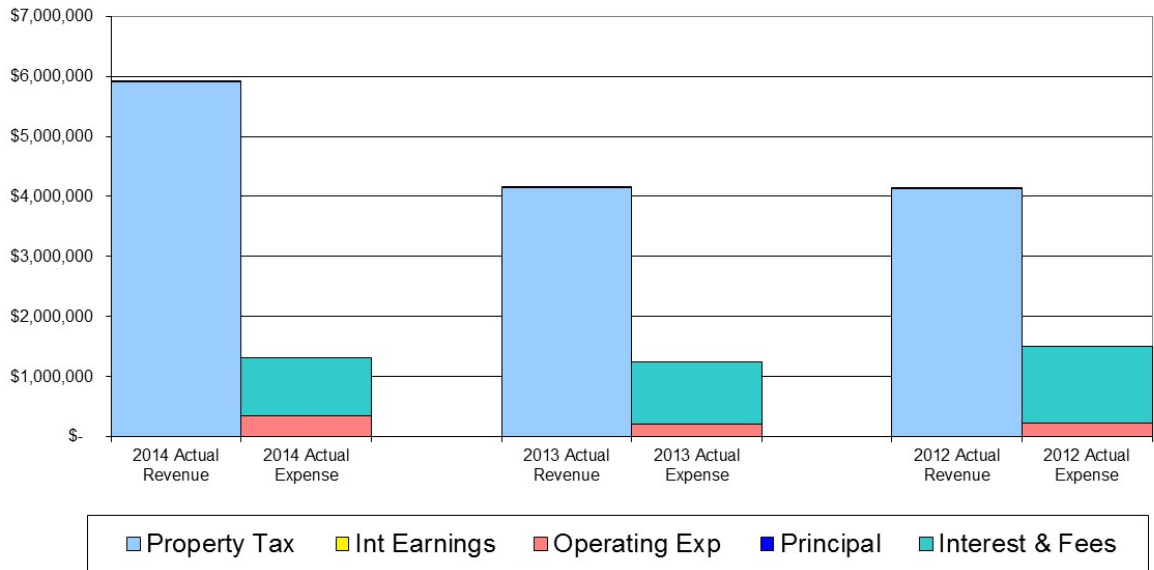


Description	2014	2013	Change
Property tax increment	\$ 1,253,019	\$ 1,645,275	\$ (392,256)
Sales tax increment	64,478	-	64,478
Interest Earnings	939	1,493	(554)
Operating Exp	18,796	24,679	(5,883)
Interest and Fees	464,287	471,238	(6,951)

- 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 in 2014 from 2013 resulting in a decrease in property tax increment collections.
- The sales tax pledge, set at 0% since March 2010, increased in March 2014 to .2% due to the anticipated reduction in property tax increment. Therefore, sales tax increment collections increased in 2014 from 2013.
- Interest earnings decreased slightly in 2014 from 2013.
- Year-to-date operating expenses decreased slightly in 2014 from 2013 due to a decrease in the collection fee paid to the county treasurer, consistent with the decrease in property tax increment revenue.
- Debt expenses consisting of only interest and fees decreased slightly in 2014 from 2013.

**North Huron URA**

**North Huron URA Comparative Revenues vs Expenses as of 6/30**

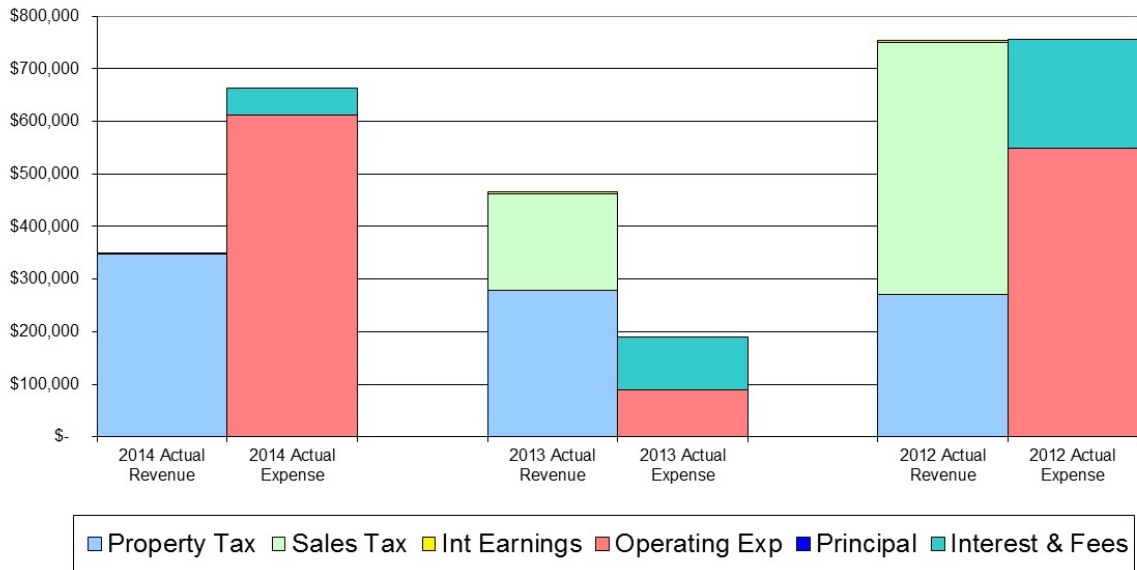


Description	2014	2013	Change
Property tax increment	\$ 5,908,795	\$ 4,149,294	\$ 1,759,501
Interest Earnings	10,465	15,020	(4,555)
Operating Exp	343,260	217,952	125,308
Interest and Fees	980,639	1,035,709	(55,070)

- WEDA established the North Huron URA on January 26, 2004. The boundaries of the URA are approximately 124<sup>th</sup> Avenue to 150<sup>th</sup> Avenue, Interstate 25 to Huron Street. Development in the URA included the interchange at 144<sup>th</sup> Avenue and I-25, Huron Street improvements from approximately 124<sup>th</sup> Avenue to 150<sup>th</sup> 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 144<sup>th</sup> Avenue.
- Incremental assessed valuation increased in 2014 from 2013, resulting in an increase in total property tax increment in 2014 from 2013.
- 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. Therefore, all sales tax revenue received from this URA was retained by the City.
- Interest earnings decreased slightly in 2014 from 2013 due to fluctuations in the balances of funds at the Trust.
- Total operating expenses increased in 2014 from 2013. The collection fee paid to the county treasurer increased consistent with the increase in property tax increment revenues in conjunction with higher intergovernmental cooperation agreement (ICA) payments in 2014.
- Debt service expenses, consisting only of interest and fees, decreased in 2014 from 2013 as anticipated with the refinancing of the 2012 loan.

**South Sheridan URA**

**South Sheridan URA Comparative Revenues vs Expenses as of 6/30**

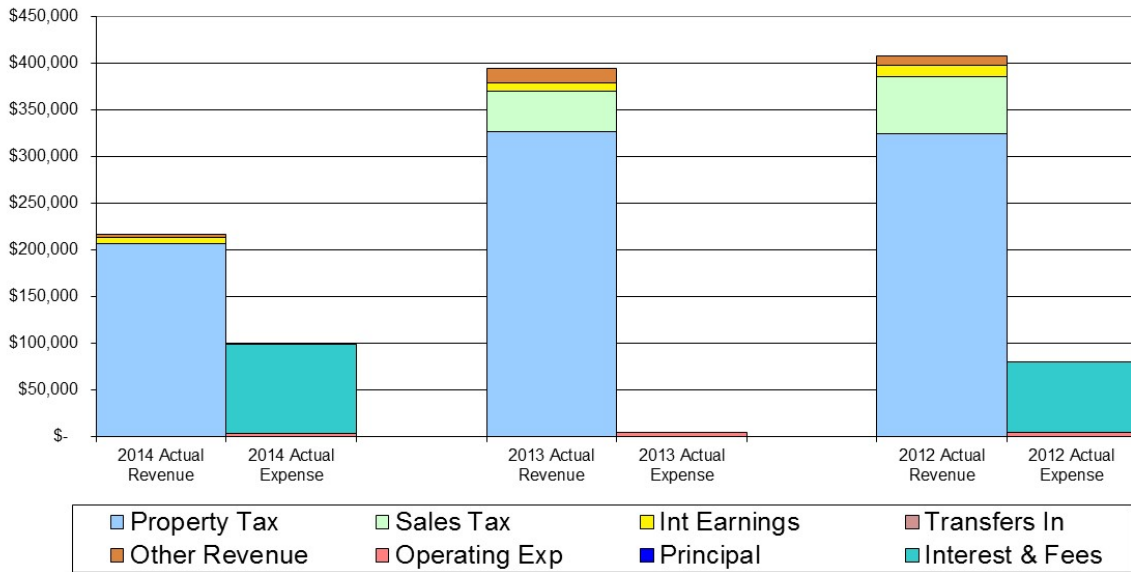


Description	2014	2013	Change
Property tax increment	\$ 347,093	\$ 279,008	\$ 68,085
Sales tax increment	-	183,578	(183,578)
Interest Earnings	2,278	2,771	(493)
Operating Exp	611,706	88,343	523,363
Interest and Fees	51,734	101,005	(49,271)

- 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, and tenant relocation 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 2014 from 2013 resulting in higher property tax increment collections in 2014 from 2013.
- The sales tax pledge was 3% in January and February 2011, reduced to 2.3% through February 2012 and reduced again to 1.2% in May 2012. In March 2013, the pledged was decreased to 0% with property tax increment sufficient to meet URA obligations. Therefore, the City now retains all sales tax revenue received from this URA.
- Interest earnings decreased in 2014 from 2013 consistent with the reduced increment sent to the Trust in 2014.
- Operating expenses increased substantially due to an ICA payment in 2014 and an increase in the collection fee paid to the county treasurer, consistent with the increase in property tax increment revenues.
- Debt service expenditures, consisting only of interest and fees, decreased in 2014 from 2013 as anticipated with the loan refinancing in 2012.

**South Westminster URA**

**South Westminster URA Comparative Revenues vs Expenses as of 6/30**

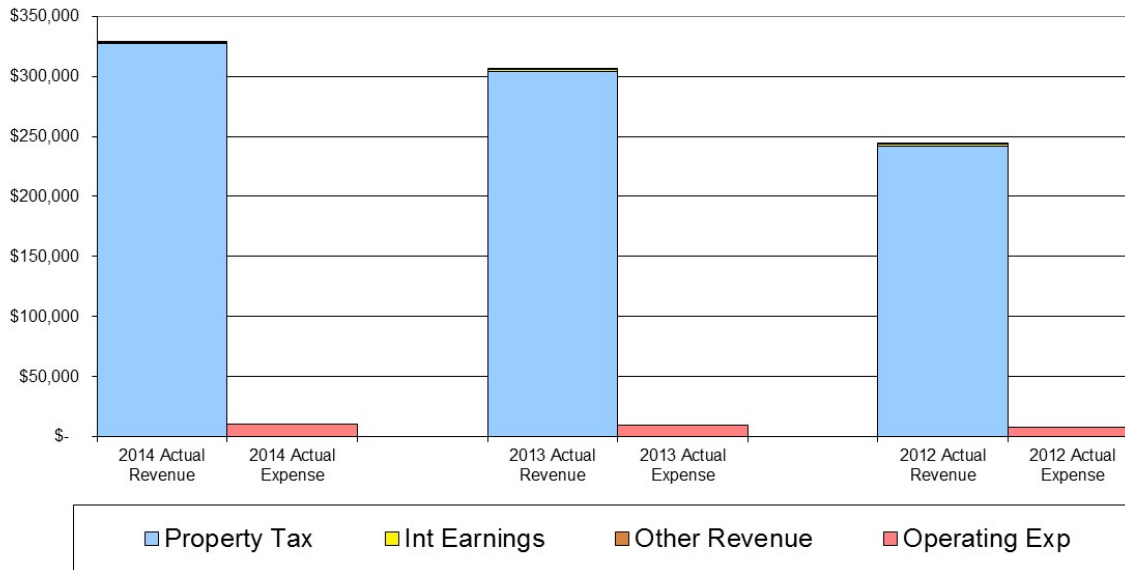


Description	2014	2013	Change
Property tax increment	\$ 206,729	\$ 326,179	\$ (119,450)
Sales tax increment	-	43,441	(43,441)
Interest Earnings	6,240	8,529	(2,289)
Other Revenue	4,083	16,331	(12,248)
Operating Exp	3,101	4,893	(1,792)
Interest and Fees	95,975	-	95,975

- WEDA, 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 72<sup>nd</sup> 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.
- Although incremental assessed valuation for Phase II increased in 2014 from 2013, total property tax increment in the 2<sup>nd</sup> quarter of 2014 decreased from the 2<sup>nd</sup> quarter of 2013 due to Phase I ending in 2013.
- Additionally with the ending of Phase I in 2013, sales tax increment decreased in 2014 from 2013.
- Interest earnings decreased in 2014 from 2013 as a result of a lower cash balance in the URA.
- Other revenue decreased 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 2014 from 2013, consistent with the decrease in property tax increment revenues.
- Debt service expenses decreased in 2014 from 2013 due to a difference in the timing of the debt payment in 2013.

**Westminster Center East URA**

Westminster Center East URA Comparative Revenues vs Expenses as of 6/30



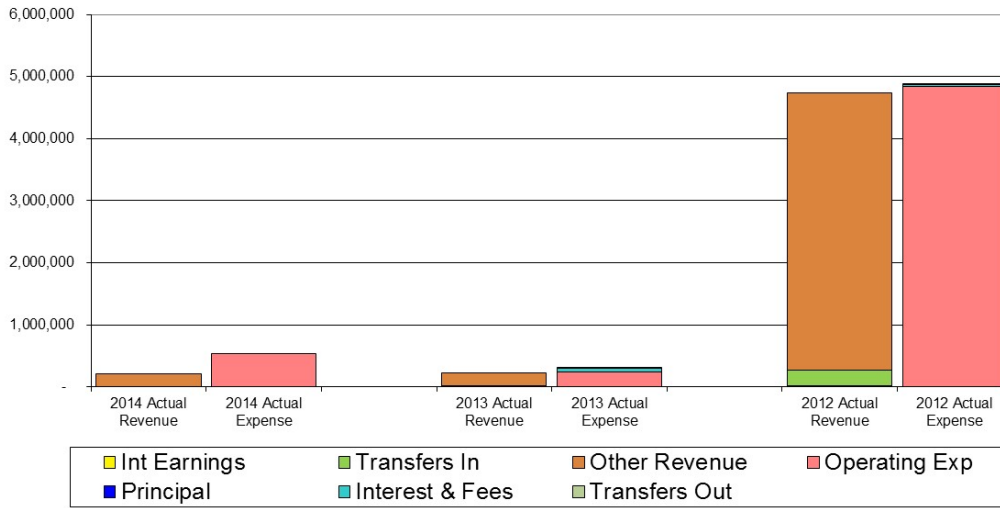
Description	2014	2013	Change
Property tax increment	\$ 327,672	\$ 304,080	\$ 23,592
Interest Earnings	818	1,493	(675)
Other Revenue	177	156	21
Operating Exp	10,827	9,742	1,085

- 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 98<sup>th</sup> Avenue, west of Sheridan Boulevard and east of Harlan Street. The URA boundaries do include City Center Park at the northeastern corner of 92<sup>nd</sup> and Yates, but do not include the Westminster Mall. The purpose of the URA is to provide funds to facilitate redevelopment in the City Center Area.
- Incremental assessed valuation increased in 2014 from 2013, resulting in an increase in property tax increment in 2014 from 2013.
- Interest earnings decreased in 2014 from 2013 due to the lower cash balance in the URA.
- Operating expenses increased slightly in 2014 from 2013 due to the increase of collection fees paid to the county treasurer, consistent with the increase in property tax increment revenues.
- This URA has no financed debt obligations.



**Westminster Center Urban Reinvestment Project Area**

Westminster Center Urban Reinvestment Plan Area Comparative Revenues vs Expenses as of 6/30



Description	2014	2013	Change
Interest Earnings	\$ 5,683	\$ 14,945	\$ (9,262)
Other Revenue	205,400	205,400	-
Operating Exp	535,186	242,490	292,696
Interest and Fees	-	62,851	(62,851)
Transfers out	-	3,409	(3,409)

- On April 13, 2009, City Council approved Resolution 12, Series 2009 which established the Westminster Center Urban Reinvestment Plan Area and the Reinvestment Plan. The vision for the future Westminster Center 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 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 27, 2013 to authorize the utilization of tax increment financing to finance the projects undertaken in furtherance of the plan. Staff anticipates that the URA will be receiving property tax increment for tax year 2014 that is received in 2015.
- Interest earnings decreased in 2014 from 2013 due to spend down of project cash.
- Other revenue consisting of rents remained constant in 2014 from 2013.
- Operating expenses for this URA include expenses for the redevelopment of the former Westminster Mall site. Expenses increased in 2014 from 2013 due to increased operating costs. 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” is \$4,200,000 for 2012 and the cumulative total of inventory to-date is \$29,250,523. The amount reclassified for 2012 is included in the operating expense category in the graph above.
- Debt service expenses decreased in 2014 from 2013 due to the Sears loan payoff in 2013.
- Transfers-out decreased in 2014 from 2013 due to the difference in the timing of an interfund billing in 2014 from 2013.

This financial update supports the City Council's Strategic Plan Goals of Vibrant and Inclusive Neighborhoods, Dynamic, Diverse Economy and 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,

J Brent McFall  
Executive Director

Attachments

- WEDA Unaudited and Unadjusted Financial Statements for period ending 06/30/14
- WEDA Obligations at 06/30/14

**Westminster Economic Development Authority**  
**Obligations as of June 30, 2014**

	URA	Outstanding Balance as of 1/1/14	2014 Activity		Outstanding Balance as of 6/30/14
			Add	(Delete)	
<i>Debt-Principal only</i>					
2009 WEDA Bonds	South Westminster	\$ 2,720,000	\$ -	\$ -	\$ 2,720,000
2012 WEDA Loan	N Huron	56,189,000	-	-	56,189,000
2012 WEDA Bonds	Mandalay	26,360,000	-	-	26,360,000
2012 WEDA Loan	South Sheridan	6,780,000	-	-	6,780,000
Total Debt		<u>\$ 92,049,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,049,000</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	1,425,000	-	-	1,425,000
Total Interfund loans		<u>\$ 2,670,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,670,000</u>

**Westminster Economic Development Authority**  
**For the period ending June 30, 2014**

	Holly Park	Mandalay Gardens	North Huron	South Sheridan	South Westminster	Westminster Center East	Westminster Center Urban Reinvestment Area	Total
<b>Revenues</b>								
<i>Property Tax</i>	\$ 3,128	\$ 1,253,019	\$ 5,908,795	\$ 347,093	\$ 206,729	\$ 327,672	\$ -	\$ 8,046,436
<i>Sales Tax</i>	-	64,478	-	-	-	-	-	64,478
<i>Interest</i>	206	939	10,465	2,278	6,240	818	5,683	26,629
<i>Miscellaneous</i>	-	-	-	-	4,083	177	205,400	209,660
<b>Total Revenues</b>	<b>3,334</b>	<b>1,318,436</b>	<b>5,919,260</b>	<b>349,371</b>	<b>217,052</b>	<b>328,667</b>	<b>211,083</b>	<b>8,347,203</b>
<b>Expenses</b>								
<i>Operating</i>	47	18,796	343,260	611,706	3,101	10,827	-	987,737
<i>Capital Project -proj exp</i>	1,392	-	2,606,580	-	-	-	535,186	3,143,158
<i>Interest &amp; Fees</i>	-	464,287	980,639	96,029	51,680	-	-	1,592,635
<b>Total Expenses</b>	<b>1,439</b>	<b>483,083</b>	<b>3,930,479</b>	<b>707,735</b>	<b>54,781</b>	<b>10,827</b>	<b>535,186</b>	<b>5,723,530</b>
<i>Revenues Over(under) Exp</i>	1,895	835,353	1,988,781	(358,364)	162,271	317,840	(324,103)	2,623,673
Beginning Fund Balance	(342,479)	4,153,623	16,225,800	1,978,831	95,317	91,709	30,667,987	52,870,788
Ending Fund Balance**	\$ (340,584)	\$ 4,988,976	\$ 18,214,581	\$ 1,620,467	\$ 257,588	\$ 409,549	\$ 30,343,884	\$ 55,494,461

\*\*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	-	4,960,258	13,231,264	1,276,968	257,588	-	-	19,726,078
Restricted: Capital Improvements	-	-	4,967,319	-	-	-	-	4,967,319
Committed: Urban Renewal	46,755	-	-	-	-	-	910,391	957,146
Assigned: Urban Renewal	-	28,718	15,998	343,499	-	409,549	182,970	980,734
Unassigned	(1,237,339)	-	-	-	-	-	-	(1,237,339)
<b>Total Fund Balance</b>	<b>\$ (340,584)</b>	<b>\$ 4,988,976</b>	<b>\$ 18,214,581</b>	<b>\$ 1,620,467</b>	<b>\$ 257,588</b>	<b>\$ 409,549</b>	<b>\$ 30,343,884</b>	<b>\$ 55,494,461</b>