



WESTMINSTER

Westminster Economic Development Authority

TO: The Westminster Economic Development Authority Board Members

DATE: August 5, 2015

SUBJECT: WEDA Post City Council Meeting Agenda for August 10, 2015

PREPARED BY: Donald M. Tripp, 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 2nd 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,

Donald M. Tripp
Executive Director



WESTMINSTER

Staff Report

WEDA Information Only Staff Report
August 10, 2015



SUBJECT: Westminster Economic Development Authority 2nd 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 June 30, 2015.

Background Information

WEDA currently includes seven separate URA's. This report presents the financial activity as of June 30, 2015. Included in the report are the following for each URA:

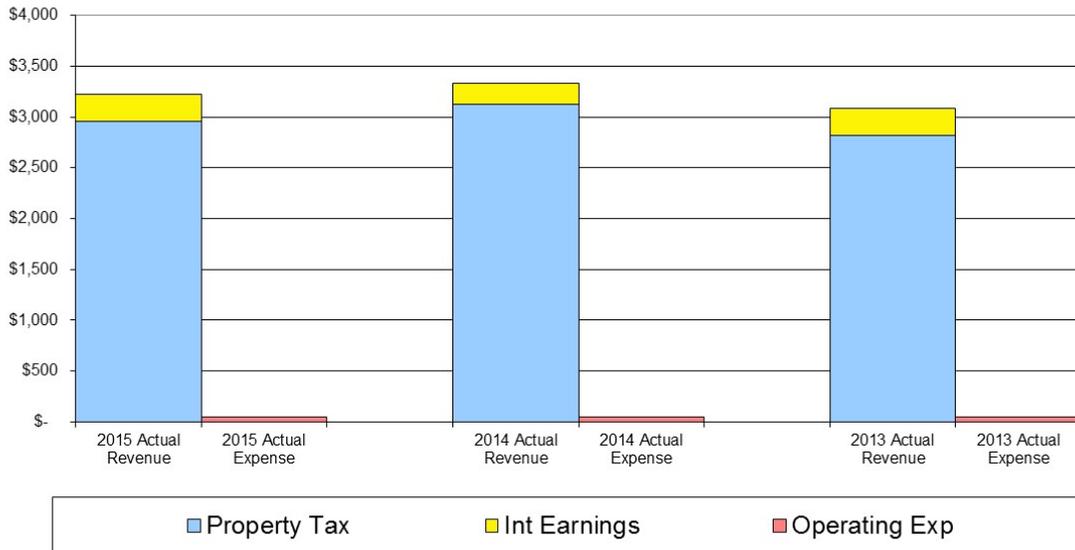
- Year-to-date comparative graphs showing three years of operating revenues and expenses and debt service as of June 30; and
- A chart with an at-a-glance look at the changes in revenues and expenses for comparable reporting periods from 2014 to 2015.

Additionally, attached are the following:

- A chart summarizing the unaudited financial position as of June 30, 2015; 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

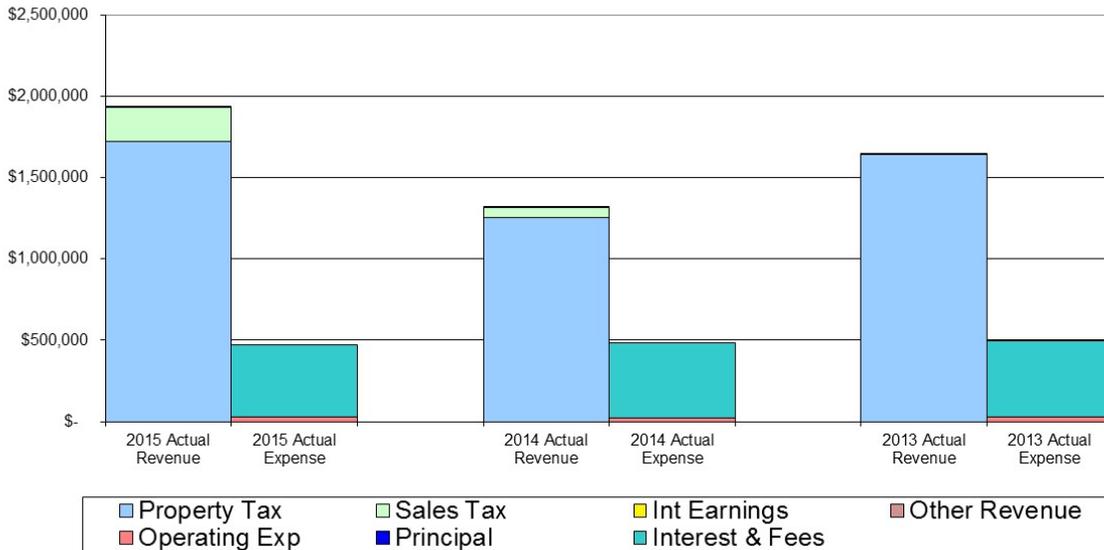


Description	2015	2014	Change
Property tax increment	\$ 2,959	\$ 3,128	\$ (169)
Interest Earnings	264	206	58
Operating Exp	44	47	(3)

- 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 decreased negligibly in 2015 from 2014. Therefore, property tax increment is relatively consistent in 2015 from 2014. However, due to the timing of processing the collections by the County, property tax increment receipts to-date decreased slightly in 2015 from 2014.
- Interest earnings remained relatively constant in 2015 from 2014.
- Operating expenses remained constant in 2015 from 2014.

Mandalay Gardens URA (Shops at Walnut Creek)

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

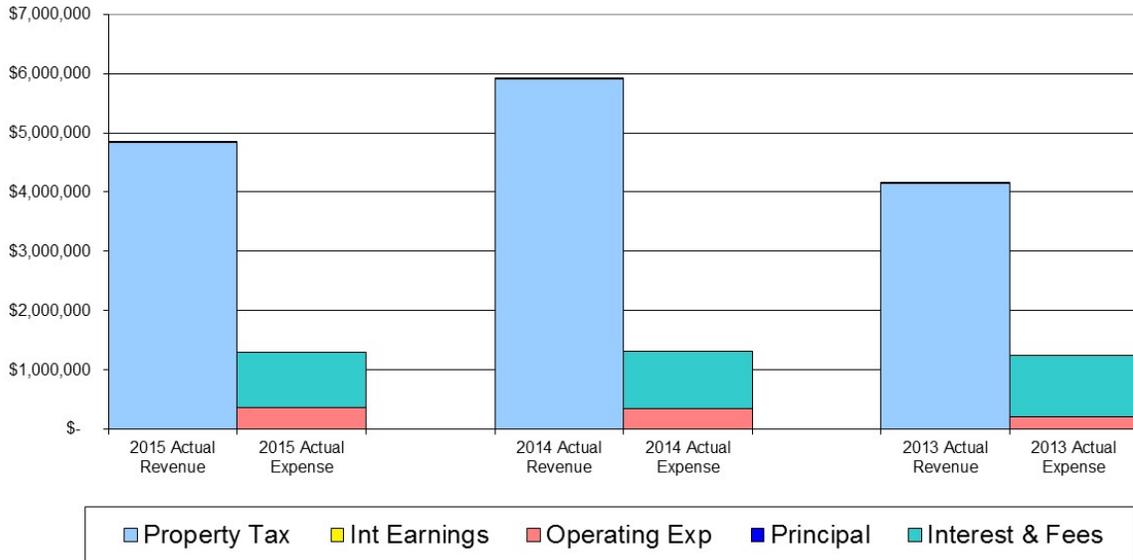


Description	2015	2014	Change
Property tax increment	\$ 1,723,256	\$ 1,253,019	\$ 470,237
Sales tax increment	210,014	64,478	145,536
Interest Earnings	1,726	939	787
Operating Exp	25,849	18,796	7,053
Interest and Fees	443,287	464,287	(21,000)

- 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 that will result in a decrease in property tax increment collections in 2015. However, due to the timing of the property tax collections processing by the County, property tax increment to-date increased significantly during the first half of 2015 from 2014.
- 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 recently 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.
- Year-to-date operating expenses increased slightly in 2015 from 2014 due to an increase in the collection fee paid to the county treasurer, consistent with the year-to-date increase in actual property tax increment collections.
- Debt service interest and fees decreased in 2015 from 2014 in accordance with the debt service schedule.

North Huron URA

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

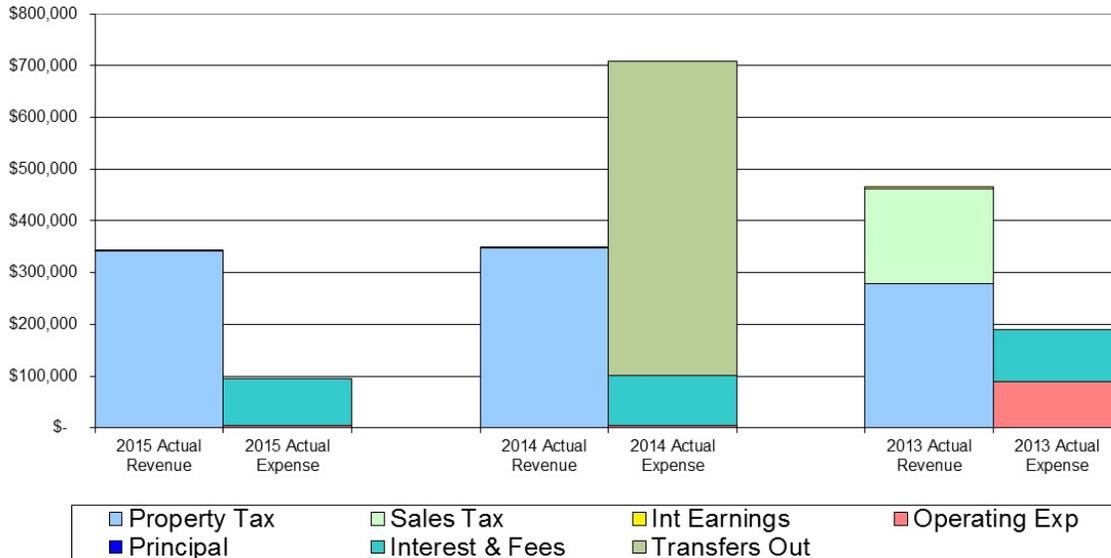


Description	2015	2014	Change
Property tax increment	\$ 4,835,015	\$ 5,908,795	\$(1,073,780)
Interest Earnings	6,019	10,465	(4,446)
Operating Exp	366,306	343,260	23,046
Interest and Fees	935,052	980,639	(45,587)

- 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 which will result in a decrease in property tax increment collections in 2015. However, due to the timing of the property tax collections processing by the County, property tax increment to-date decreased more significantly than anticipated during the first half of 2015 from 2014.
- 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, the City retains all sales tax revenue received from this URA, which are used for City operations.
- Interest earnings decreased in 2015 from 2014 due to spend down of project funds at the Trust and lower property tax increment collections to-date.
- Total operating expenses increased in 2015 from 2014. While the collection fee paid to the county treasurer decreased consistent with the year-to-date decrease in property tax increment revenues, intergovernmental cooperation agreement (ICA) obligations were higher in 2015 compared to the same period in 2014.
- Debt service interest and fees decreased slightly in 2015 from 2014 in accordance with the debt service schedule.

South Sheridan URA

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



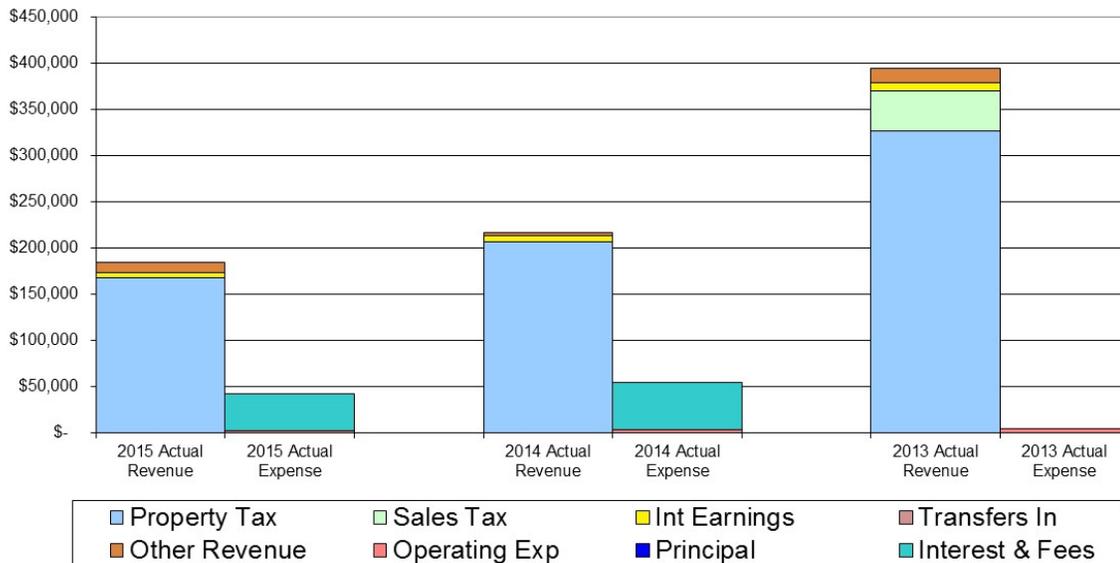
Description	2015	2014	Change
Property tax increment	\$ 341,362	\$ 347,093	\$ (5,731)
Interest Earnings	2,390	2,278	112
Operating Exp	5,121	5,206	(85)
Interest and Fees	91,001	96,029	(5,028)
Transfers out	-	606,500	(606,500)

- 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 2015 from 2014 resulting in anticipated higher property tax increment collections in 2015. However, due to the timing of collections processing by the County, property tax increment to-date decreased during the first half of 2015 from 2014.
- 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 are anticipated to be sufficient to meet URA obligations. Therefore, the City retains all sales tax revenue received from this URA, which are used for City operations.
- Interest earnings remained relatively constant in 2015 from 2014.
- Operating expenses decreased slightly due to a decrease in the collection fee paid to the county treasurer, consistent with the year-to-date decrease in property tax increment revenues.
- Debt service interest and fees decreased slightly in 2015 from 2014 in accordance with the debt service schedule.

- Transfers out decreased substantially in 2015 from 2014 due to a one-time payment made to the City in 2014 in accordance with an ICA payment. It should be noted that this one-time payment was reported in operating expenses in the 2nd quarter 2014 report but was reclassified to transfers as part of the 2014 year-end audit work.

South Westminster URA

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



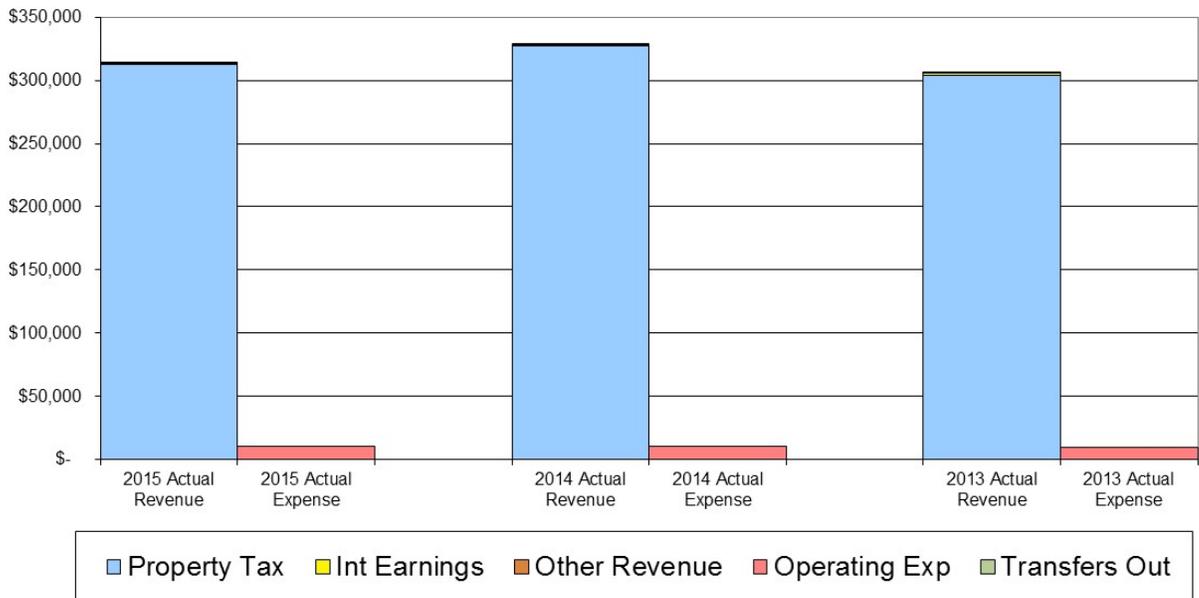
Description	2015	2014	Change
Property tax increment	\$ 168,346	\$ 206,729	\$ (38,383)
Interest Earnings	5,186	6,240	(1,054)
Other Revenue	10,398	4,083	6,315
Operating Exp	2,525	3,101	(576)
Interest and Fees	39,425	51,680	(12,255)

- 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.
- With Phase I ending in 2013 and sales tax revenue below the base for Phase II, no sales tax increment was realized in the 2nd quarter 2015.
- Total interest earnings decreased in 2015 from 2014 due to spend down of cash on hand to meet obligations.
- Other revenue increased 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 interest and fees decreased in 2015 from 2014 in accordance with the debt service schedule.

Westminster Center East URA

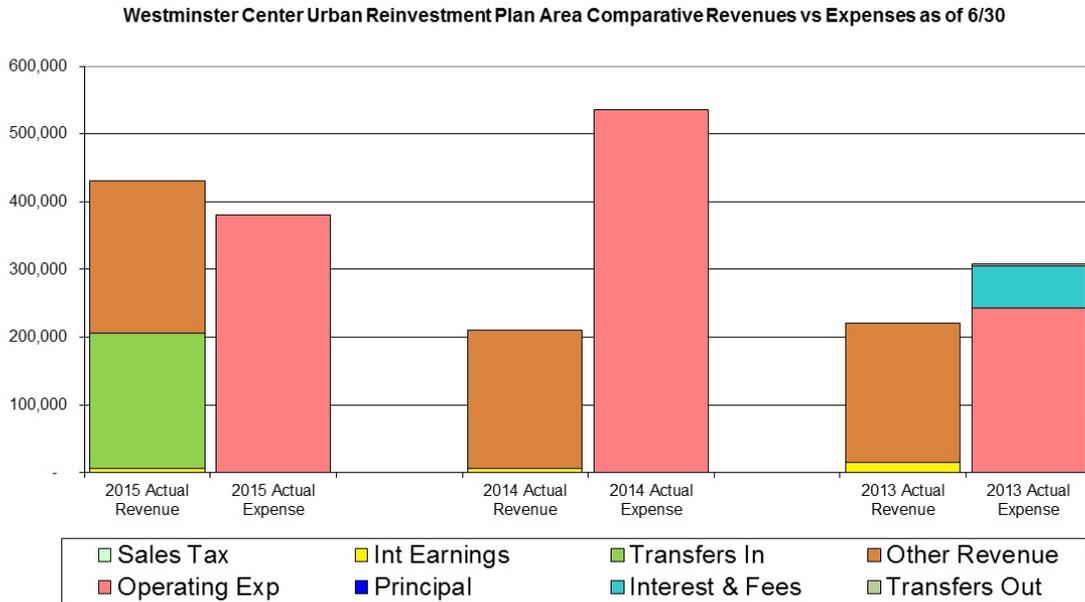
Westminster Center East URA Comparative Revenues vs Expenses as of 6/30



Description	2015	2014	Change
Property tax increment	\$ 312,259	\$ 327,672	\$ (15,413)
Interest Earnings	914	818	96
Other Revenue	175	177	(2)
Operating Exp	10,518	10,827	(309)

- 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 Westminster Mall 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 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.

Westminster Center Urban Reinvestment Project Area



Description	2015	2014	Change
Sales tax increment	\$ -	\$ -	\$ -
Interest Earnings	5,845	5,683	162
Other Revenue	224,800	205,400	19,400
Operating Exp	381,218	535,186	(153,968)

- 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 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 will not receive property tax increment in 2015 for tax year 2014 as the valuation is below the base valuation.
- Interest earnings remained constant in 2015 from 2014.
- Transfers-in revenue increased in 2015 from 2014 due to a transfer received from the General Fund in 2015. This funding will be appropriated to the WURP City Participation project as intended in the next WEDA quarterly supplemental.

- Other revenue consisting of rents increased in 2015 from 2014 due to the timing of when rental payments were received in the last month of the quarter.
- Operating expenses for this URA include expenses for the redevelopment of the former Westminster Mall site. Expenses decreased in 2015 from 2014 due to the completion of the master plan project in 2014. 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.

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,

Donald M. Tripp
Executive Director

Attachments

- WEDA Obligations at 6/30/15
- WEDA Unaudited and Unadjusted Financial Statements for period ending 6/30/15

**Westminster Economic Development Authority
Obligations as of June 30, 2015**

	URA	Outstanding Balance as of 6/30/15
<i><u>Debt-Principal only</u></i>		
2009 WEDA Bonds	South Westminster	\$ 2,075,000
2012 WEDA Loan	N Huron	53,279,000
2012 WEDA Bonds	Mandalay	24,960,000
2012 WEDA Loan	South Sheridan	6,425,000
Total Debt		<u>\$ 86,739,000</u>
 <i><u>Interfund loans</u></i>		
Gen Capital Improv Fund	Holly Park	\$ 1,125,000
General Fund	Holly Park	120,000
Utility Fund	South Westminster	1,225,000
Total Interfund loans		<u>\$ 2,470,000</u>

Westminster Economic Development Authority
For the period ending June 30, 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>	\$ 2,959	\$ 1,723,256	\$ 4,835,015	\$ 341,362	\$ 168,346	\$ 312,259	\$ -	\$ 7,383,197
<i>Sales Tax</i>	-	210,014	-	-	-	-	-	210,014
<i>Interest</i>	264	1,726	6,019	2,390	5,186	914	5,845	22,344
<i>Miscellaneous</i>	-	-	-	-	10,398	175	224,800	235,373
<i>Intergovernmental</i>	-	-	-	-	-	-	-	-
<i>Other Financing Source*</i>	-	-	-	-	-	-	-	-
<i>Transfers In</i>	-	-	-	-	-	-	200,000	200,000
Total Revenues	3,223	1,934,996	4,841,034	343,752	183,930	313,348	430,645	8,050,928
Expenses								
<i>Operating</i>	44	25,849	366,306	5,121	2,525	10,518	-	410,363
<i>Capital Project -proj exp</i>	133	-	-	-	-	-	381,218	381,351
<i>Principal</i>	-	-	-	-	-	-	-	-
<i>Interest & Fees</i>	-	443,287	935,052	91,001	39,425	-	-	1,508,765
<i>Other Financing Uses*</i>	-	-	-	-	-	-	-	-
<i>Transfers Out</i>	-	-	-	-	-	-	-	-
Total Expenses	177	469,136	1,301,358	96,122	41,950	10,518	381,218	2,300,479
<i>Revenues Over(under) Exp</i>	3,046	1,465,860	3,539,676	247,630	141,980	302,830	49,427	5,750,449
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**	\$ (339,236)	\$ 5,326,172	\$ 13,270,150	\$ 1,578,964	\$ 1,712	\$ 420,617	\$ 30,566,770	\$ 50,825,149

**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	-	5,295,161	12,548,432	1,231,264	1,712	-	-	19,076,569
Restricted: Capital Improvements	-	-	696,695	-	-	-	-	696,695
Committed: Urban Renewal	44,090	-	-	-	-	-	619,037	663,127
Assigned: Urban Renewal	-	31,011	25,023	347,700	-	420,617	697,210	1,521,561
Unassigned	(1,233,326)	-	-	-	-	-	-	(1,233,326)
Total Fund Balance	\$ (339,236)	\$ 5,326,172	\$ 13,270,150	\$ 1,578,964	\$ 1,712	\$ 420,617	\$ 30,566,770	\$ 50,825,149