



WESTMINSTER

Staff Report

TO: The Mayor and Members of the City Council

DATE: July 29, 2009

SUBJECT: Study Session Agenda for August 3, 2009

PREPARED BY: J. Brent McFall, City Manager

Please Note: Study Sessions and Post City Council meetings are open to the public, and individuals are welcome to attend and observe. However, these meetings are not intended to be interactive with the audience, as this time is set aside for City Council to receive information, make inquiries, and provide Staff with policy direction.

Looking ahead to next Monday night's Study Session, the following schedule has been prepared:

A light dinner will be served in the Council Family Room 6:00 P.M.

CITY COUNCIL REPORTS

1. Report from Mayor (5 minutes)
2. Reports from City Councillors (10 minutes)

PRESENTATIONS

None at this time

6:30 P.M.

EXECUTIVE SESSION

1. Discuss strategy and progress on potential sale, acquisition, trade or exchange of certain water rights and the City's position relative thereto, pursuant to WMC 1-11-3 (C)(2) and 1-11-3(C)(7)

INFORMATION ONLY ITEMS – Does not require action by City Council

1. WEDA – 2nd Quarter 2009 Financial Update - Attachment

Additional items may come up between now and Monday night. City Council will be apprised of any changes to the Study Session meeting schedule.

Respectfully submitted,

J. Brent McFall
City Manager

Study Session Minutes for July 20, 2009



WESTMINSTER

Staff Report

Information Only Staff Report
August 3, 2009



SUBJECT: Westminster Economic Development Authority 2nd Quarter 2009 Financial Update

PREPARED BY: Karen Creager, Special Districts Accountant

Summary Statement:

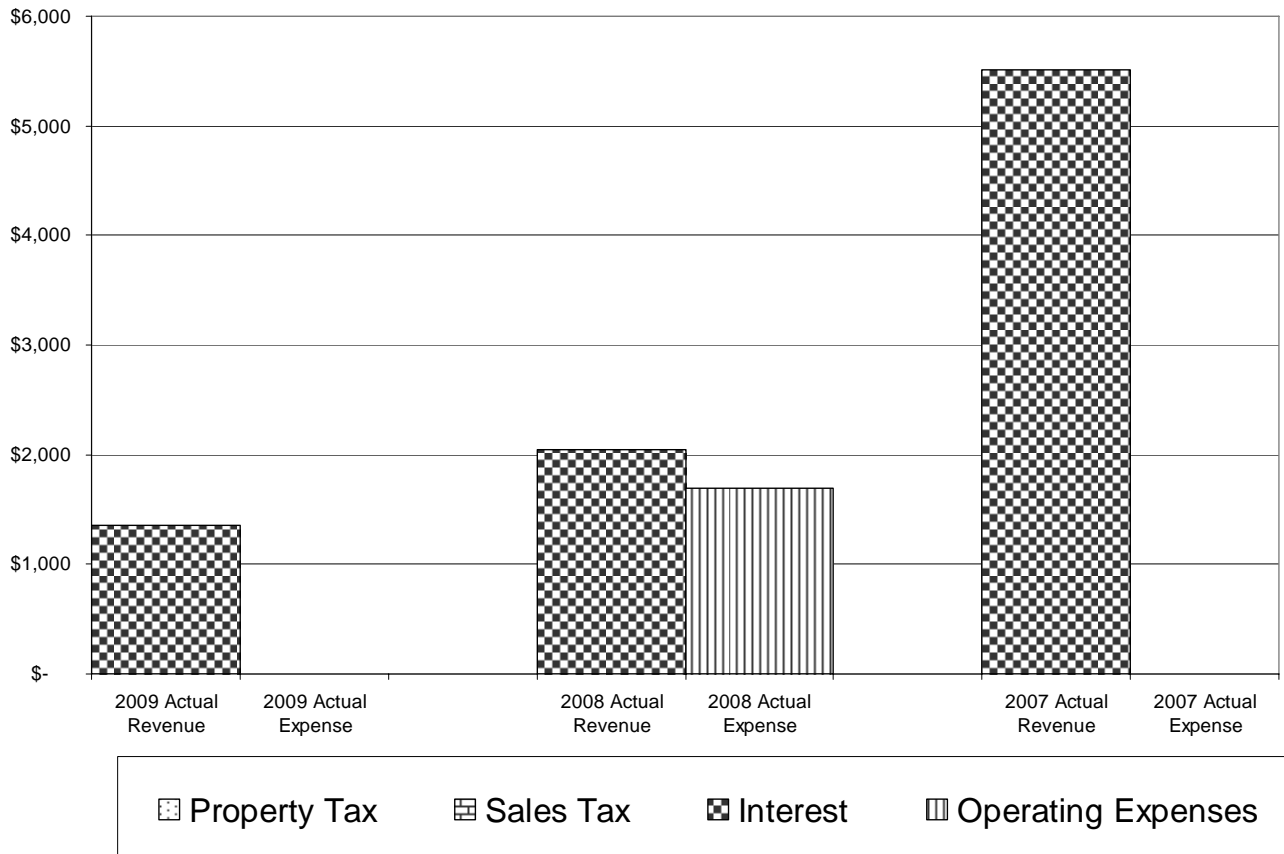
This report is for information only and requires no action by the Board. The report represents the unaudited financial position for each of the Westminster Economic Development Authority's (WEDA) Urban Renewal Areas (URA's) as of June 30, 2009.

Background Information:

WEDA currently includes seven separate URA's. This report presents the financial activity as of June 30, 2009. Included in the report are the following for each URA: 1) three year 2nd quarter comparative graphs for operating revenues and expenses and debt service, 2) a chart summarizing the financial position as June 30, 2009, 3) a list of all current outstanding obligations.

Holly Park URA

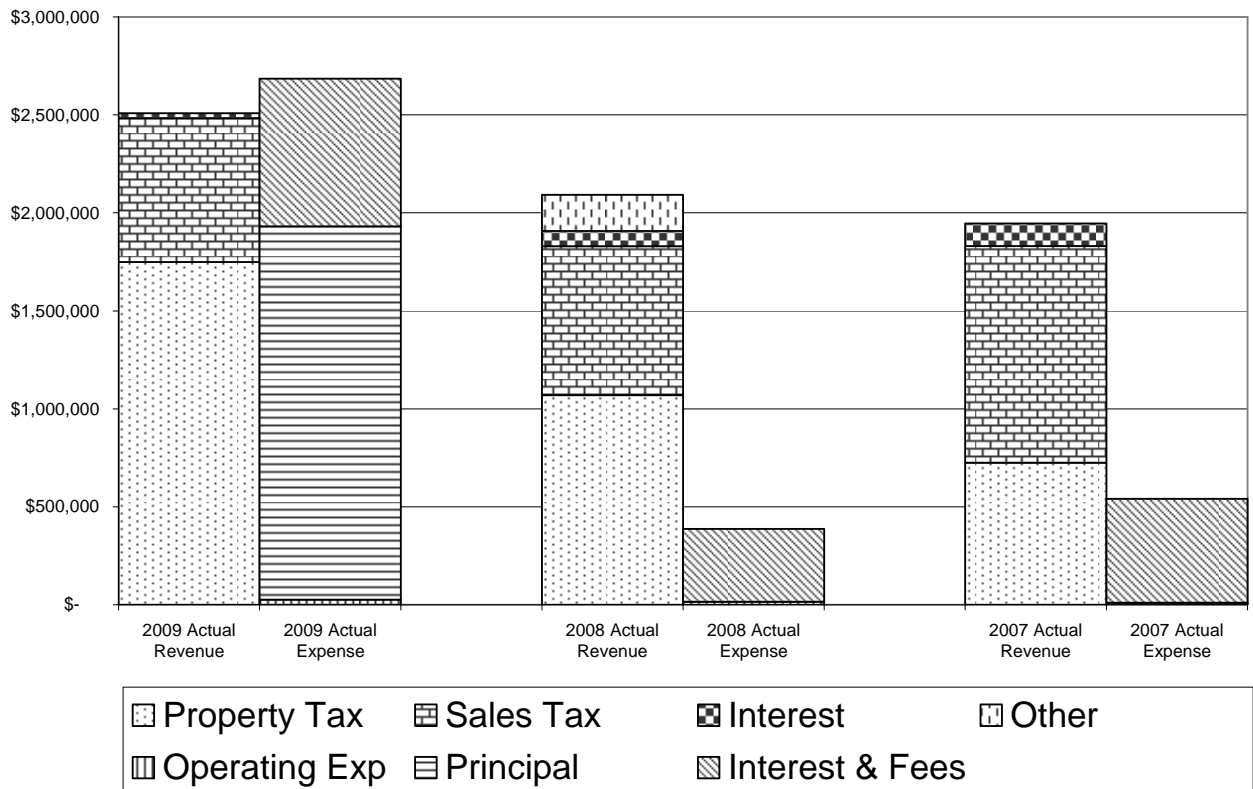
Holly Park URA Comparative 2nd Quarter Revenues vs Expenses



- The General Fund loaned this URA \$1,245,000 to fund the capital project for the clean-up of the property to ready it for resale. It is anticipated that the interfund loan will be repaid once the property is sold.
- The only revenue recorded is interest earnings on the unspent project funds. Interest earnings decreased \$681 in 2009 from 2008 because the project funds continue to be spent.

Mandalay Gardens URA (Shops at Walnut Creek)

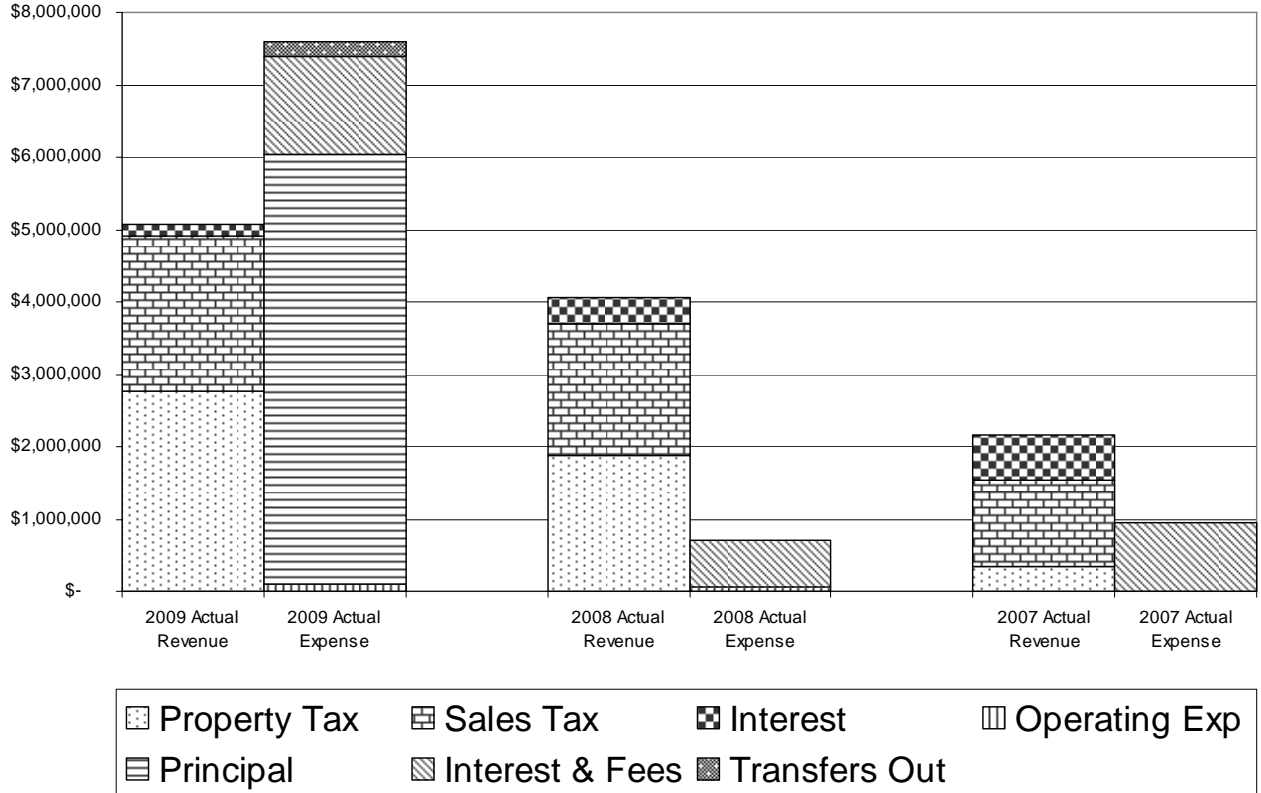
Mandalay Gardens URA Comparative 2nd Quarter Revenues vs Expenses



- 2008 was the first full year of the sales tax pledge reduction from 3.0% to 1.75%. Sales tax increment decreased \$25,994 in 2009 from 2008 due to the current economic climate.
- Property tax increment increased \$678,692 in 2009 from 2008. This increase is due to the increase in assessed valuation from newly completed development.
- Interest earnings decreased \$51,086 in 2009 from 2008 as cash on hand decreased due to increases in the URA’s scheduled debt service payments and declining interest rates.
- Operating expenses increased \$10,181 in 2009 from 2008 due to an increase in the property tax collection fee paid to the county treasurer, consistent with the increase in property tax revenues.
- Debt service costs increased \$2,288,649 in 2009 from 2008 due to the accelerated debt service schedule with the conversion from variable rate bonds to bank bonds. Accumulated prior year excess incremental revenues have been used to supplement current year revenues to pay debt service due under the accelerated schedule. The accelerated schedule will no longer apply once debt refinancing is completed in the near future.

North Huron URA

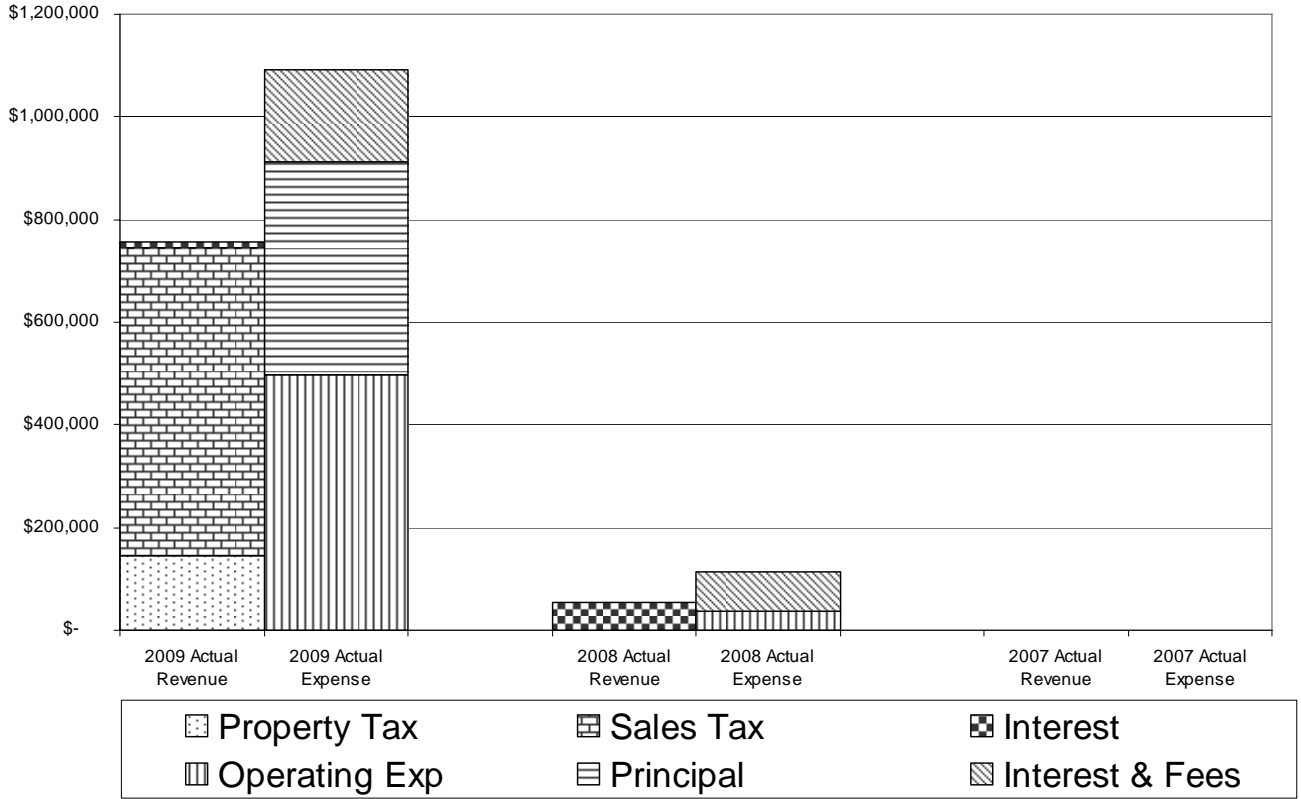
North Huron URA Comparative 2nd Quarter Revenues vs Expenses



- Property tax increment increased \$891,516 in 2009 from 2008. This trend should continue as the property values increase due to continued development.
- Sales tax increment increased \$314,835 in 2009 from 2008. This trend is anticipated to continue because of development continuing in the area. However, the sales tax pledge was reduced to 1% from 2% in June 2009 when the bonds were converted to a loan. Therefore, the actual increase in sales tax increment in the URA will not be as great as originally budgeted, but the City will see an increase in revenue as a result of the reduction in the pledge. Less sales tax goes to WEDA.
- Interest earnings decreased \$194,723 in 2009 from 2008. This decrease is the result of lower project cash on hand due to project completions, use of cash on hand to pay down principal when the bonds were refinanced, and declining interest rates.
- Operating expenses increased \$43,856 in 2009 from 2008. This increase is due to an increase in the property tax collection fee paid to the county treasurer, consistent with the increase in property tax revenues. Economic development agreement (EDA) expenses also increased in 2009, as anticipated.
- Transfers out increased \$184,572 in 2009 from 2008 due to a change in reporting method for the Intergovernmental Cooperation Agreement between WEDA and the 136th Avenue General Improvement District.
- Debt service costs increased \$6,644,968 in 2009 from 2008 due to the accelerated debt service schedule with the conversion from variable rate bonds to bank bonds, as well as the pay down of \$2,510,000 of principal as part of the refinancing. Accumulated prior year excess incremental revenues have been used to supplement current year revenues to pay debt service due under the accelerated schedule. The accelerated schedule no longer applies after the refinancing.

South Sheridan URA

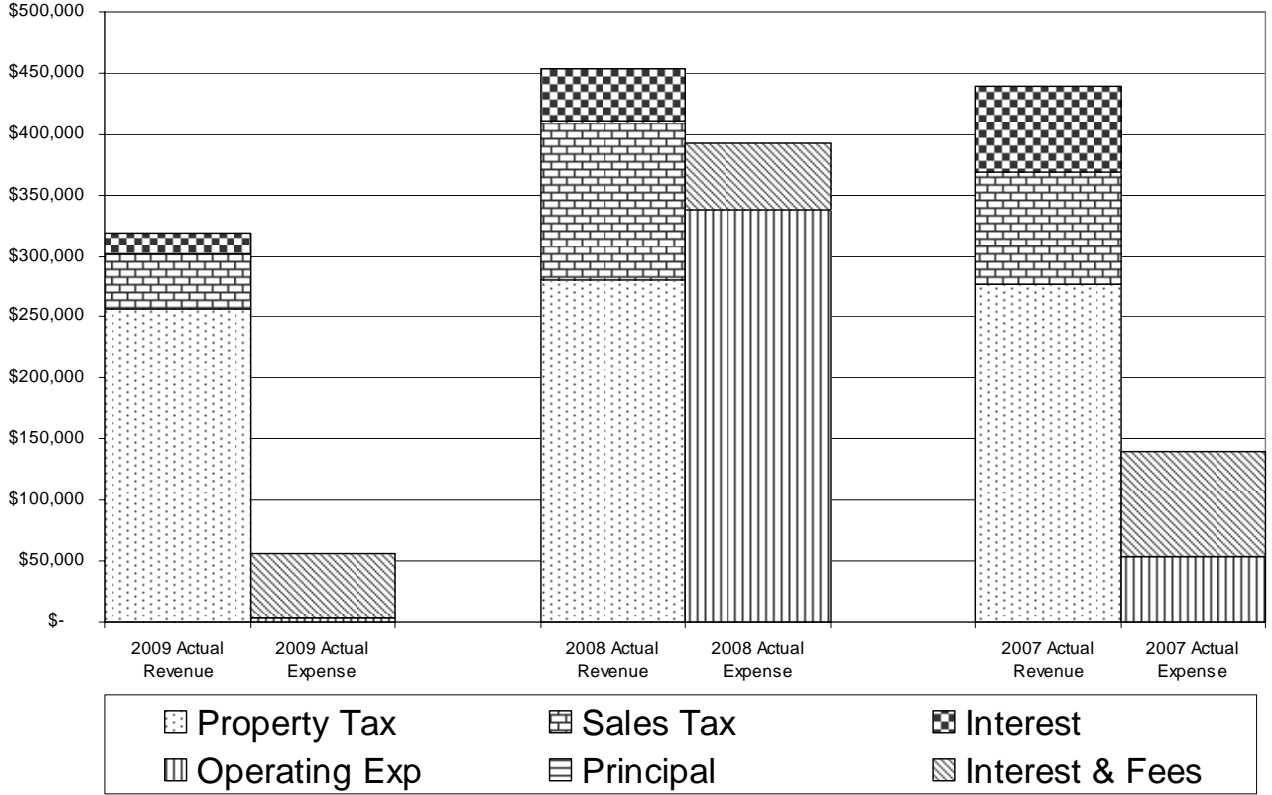
South Sheridan URA Comparative 2nd Quarter Revenues vs Expenses



- In the first half of 2009, a portion of the principal, interest and fees expenses were funded with capitalized interest from bond proceeds. These funds are now exhausted. Property tax and sales tax increment should be more than adequate to cover all future debt service and other obligations of the URA.
- Receipt of incremental property tax revenues began in 2009, which accounted for the increase in property tax increment of \$144,081 in 2009 from 2008.
- The sales tax base was met in the 1st quarter 2009 compared to the 3rd quarter 2008. Therefore, sales tax increment of \$601,751 has been realized in 2009.
- Interest earnings decreased \$45,379 in 2009 from 2008. This decrease is primarily the result of lower cash on hand due to project completions and declining interest rates.
- Operating expenses increased \$462,086 in 2009 from 2008 due to anticipated increases in EDA expenses in 2009.
- Debt service costs increased \$513,833 in 2009 from 2008 due to the accelerated debt service schedule with the conversion from variable rate bonds to bank bonds. Accumulated prior year excess incremental revenues have been used to supplement current year revenues to pay debt service due under the accelerated schedule. These bonds were converted to a loan in June 2009, and the accelerated schedule no longer applies.

South Westminster URA

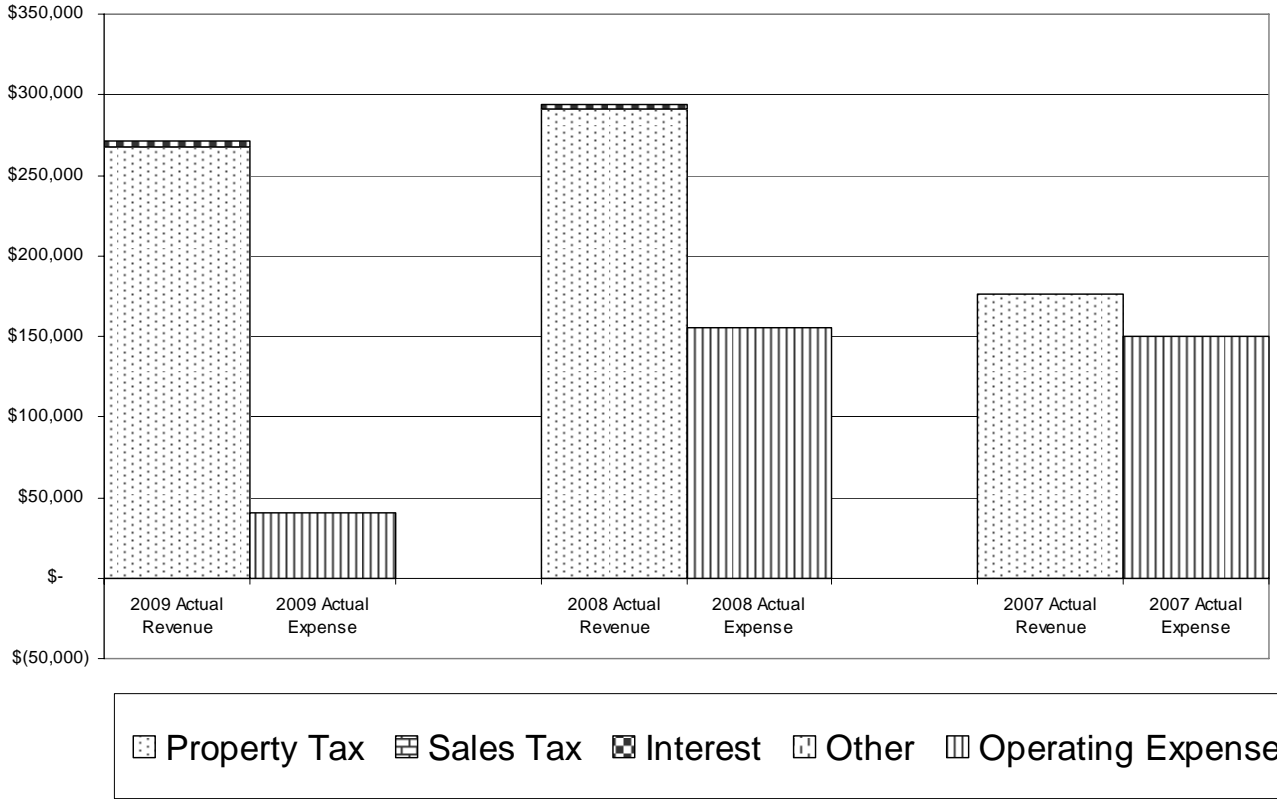
South Westminster URA Comparative 2nd Quarter Revenues vs Expenses



- It is anticipated that current year revenues and existing available cash will be sufficient to fund the URA’s obligations. Use of existing available cash will result in a reduction in this URA's fund balance.
- Property tax increment decreased \$24,304 in 2009 from 2008. Property tax receipts fluctuate from month-to-month in this URA.
- Sales tax increment decreased \$83,824 in 2009 from 2008 as a result of the current economic climate.
- Interest earnings decreased \$27,658 in 2009 from 2008. This decrease is primarily the result of lower cash on hand due to the reduction of increment received in recent years and declining interest rates.
- Operating expenses decreased \$334,365 in 2009 from 2008 due to a decrease in EDA payments.
- Debt service costs for the 2nd quarter 2009 remained consistent with the 2nd quarter 2008. On May 18, 2009, the Board approved the refunding of the WEDA Series 97 Bonds with the City holding the bond in its investment portfolio.

Westminster Center East URA

Westminster Center East URA Comparative 2nd Quarter Revenues vs Expenses



- Property tax increment decreased \$23,330 in 2009 from 2008. Property tax receipts fluctuate from month-to-month in this URA
- No sales tax increment was realized in the 2nd quarter of 2009 or the 2nd quarter of 2008 as the sales tax base was not met. It is anticipated that property tax increment will be sufficient to meet obligations again in 2009, which means sales tax increment will not be transferred to this URA in 2009.
- Interest earnings in 2009 remain consistent with 2008.
- Operating expenses decreased \$114,970 in 2009 from 2008. This decrease is due primarily to a decrease in EDA expenses.
- This URA has no bonded debt obligations.

Westminster Center Urban Reinvestment Plan Area

- On April 13, 2009, City Council approved Resolution 12, Series 2009 that established the Westminster Center Urban Reinvestment Plan Area (Area) and the Reinvestment Plan.
- Tax increment financing approval has not been requested to date, therefore, there is no financial activity in Area to report.

Respectfully submitted,

J. Brent McFall
Executive Director of Authority

Attachments

**Westminster Economic Development Authority
Obligations at 6/30/09**

	URA	Outstanding Balance	2009 Estimated Expense
<i><u>Bonds-Principal only</u></i>			
2009 WEDA Bonds	South Westminster	\$ 5,330,000	\$ 265,000
2009 WEDA Bonds	N Huron	60,469,750	1,170,000
2006 WEDA Bonds	Mandalay	37,252,375	3,657,875
2009 WEDA Bonds	South Sheridan	8,075,000	120,000
Total Bonds		<u>\$ 111,127,125</u>	<u>\$ 4,947,875</u>
<i><u>EDA</u></i>			
Lowe's HIW, Inc. - 136th Avenue location	N Huron	\$ 601,062	\$ 96,607
Shoenberg Ventures assigned to Wal-Mart	South Sheridan	5,000,000	881,929
LaConte Real Estate Trust	South Westminster	50,000	25,000
Pappa's Restaurants, Inc.	Westminster Center	163,409	75,186
Total EDA		<u>\$ 5,814,471</u>	<u>\$ 1,078,722</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	2,400,000	200,000
Total Interfund loans		<u>\$ 3,645,000</u>	<u>\$ 200,000</u>

Westminster Economic Development Authority
Unaudited Financial Statements
For the period ending June 30, 2009

	Holly Park	Mandalay Gardens	North Huron	South Sheridan	South Westminster	Westminster Center East	Total
Revenues							
Property Tax	\$ -	\$ 1,748,186	\$ 2,774,603	\$ 144,081	\$ 256,597	\$ 267,961	\$ 5,191,428
Sales Tax	-	734,897	2,133,806	601,751	45,192	-	3,515,646
Interest	1,359	25,872	153,799	9,498	16,320	2,889	209,737
Miscellaneous	-	-	-	-	-	10	10
Other Financing Source	-	-	62,375,000	8,075,000	5,330,000	-	75,780,000
Transfers	-	-	-	-	-	-	-
Total Revenues	1,359	2,508,955	67,437,208	8,830,330	5,648,109	270,860	84,696,821
Expenses							
Operating	-	26,223	108,590	498,106	3,849	40,815	677,583
Capital Project -proj exp	3,240	-	1,685,451	73,495	-	-	1,762,186
Principal	-	1,905,250	5,925,000	416,000	-	-	8,246,250
Interest & Fees	-	753,439	1,370,064	176,728	52,313	-	2,352,544
Other Financing Uses	-	-	62,878,028	8,032,450	5,330,000	-	76,240,478
Transfers Out	-	-	184,572	-	-	-	184,572
Total Expenses	3,240	2,684,912	72,151,705	9,196,779	5,386,162	40,815	89,463,613
Revenues Over(under) Exp	(1,881)	(175,957)	(4,714,497)	(366,449)	261,947	230,045	(4,766,792)
Beginning Fund Balance	(304,088)	7,118,786	21,526,255	1,425,825	283,861	95,930	30,146,569
Ending Fund Balance*	\$ (305,969)	\$ 6,942,829	\$ 16,811,758	\$ 1,059,376	\$ 545,808	\$ 325,975	\$ 25,379,777

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

Debt Service Reserve	\$ -	\$ 6,204,143	\$ 12,951,238	\$ 1,732,153	\$ 2,943,308	\$ -	\$ 23,830,842
Capital Project Reserve	56,953	-	3,522,516	53,435	-	-	3,632,904
Inventory	850,000	-	-	-	-	-	850,000
Total Reserved Fund Balance	\$ 906,953	\$ 6,204,143	\$ 16,473,754	\$ 1,785,588	\$ 2,943,308	\$ -	\$ 28,313,746

City of Westminster City Council Study Session Notes
July 20, 2009

Mayor Nancy McNally called the Study Session to order at 6:32 PM. All Councillors were in attendance.

City Staff in attendance included: City Manager Brent McFall; City Attorney Marty McCullough; Municipal Court Judge John Stipech; Assistant City Manager Steve Smithers; Deputy City Manager Matt Lutkus; Court Administrator Carol Barnhardt; Budget and Special Projects Manager Barbara Opie; Neighborhood Outreach Coordinator James Mabry; Public Information Specialist Carol Jones; and Management Analyst Phil Jones.

The guest in attendance was Nissa LaPoint with the Westminster Window.

Municipal Court Report

Judge Stipech and Carol Barnhardt provided an update to city council regarding court operations for the second quarter. The judge noted that filings are up by 8%, including filings for domestic violence. The judge also predicted that filings will continue to increase in the next 6 months due to the added stresses of the economy and the approaching holiday season. The judge also noted that the number of individuals on probation has dropped, and they have steered more people towards programs such as community mediation and diversion when appropriate. The fact that there have already been 24 jury trials to date, with the expectation of 40 by year end was also noted. This is primarily because those who plead “not guilty,” or are on a second or third offense receive a jury trial. Council was appreciative of the report and thanked the judge and Carol for their efforts towards maintaining an excellent court environment.

Human Services Board Recommended 2010 Funding

Neighborhood Outreach Coordinator James Mabry spoke with city council about the funding recommendations put forth by the Human Services Board (HSB) for Council’s approval. The HSB is given an allocation of funds available to distribute to community organizations who serve Westminster citizens. Councillor Mark Kaiser was the liaison to the board and noted that this year’s process was very efficient. Since two returning programs were not recommended for funding due to problems with their applications, additional funds were available for other organizations seeking 2010 funding. The Council will be approving the recommended funding levels as part of the 2010 budget amendment process in October.

Proposed FY2008 Carryover Appropriation into FY 2009

Budget and Special Projects Manager Barbara Opie presented information regarding the proposed carryover of funds from FY2008 to FY2009. These funding requests are either new items that were not originally part of the 2009 budget, or items that were ordered or started in 2008 but not received or finished until 2009. In the past, carryover has been used to fund capital projects; however, it is recommended that this year a majority of carryover funds be allocated to the new General Fund Stabilization Reserve. The GFSR is proposed to help smooth out the highs and lows of the volatile sales tax revenue stream. This reserve will add another layer of financial protection, on top of the general fund reserve. Council was supportive of the proposed carryover items and was very impressed with the GFSR proposal and the stability it will add to the city’s finances.

Mayor McNally adjourned the Study Session at 7:20 PM.