



WESTMINSTER

Westminster Economic Development Authority

TO: The Westminster Economic Development Authority Board Members
DATE: November 20, 2013
SUBJECT: WEDA Post City Council Meeting Agenda for November 25, 2013
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 3rd Quarter 2013 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
November 25, 2013



SUBJECT: Westminster Economic Development Authority 3rd Quarter 2013 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 September 30, 2013.

Background Information

WEDA currently includes seven separate URA's. This report presents the financial activity as of September 30, 2013. Included in the report are the following for each URA:

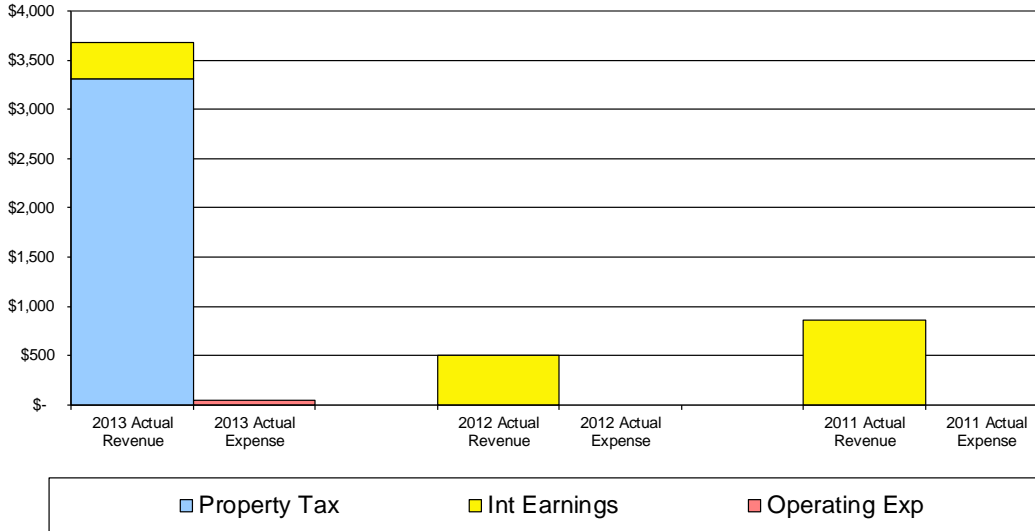
- Year-to-date comparative graphs showing three years of operating revenues and expenses and debt service, as of September 30; and
- A chart with an at-a-glance look at the changes in revenues and expenses for comparable reporting periods from 2012 to 2013.

Additionally, attached are:

- A chart summarizing the unaudited financial position as of September 30, 2013; and
- A list of all current outstanding obligations of the URAs.

Holly Park URA

Holly Park URA Comparative Revenues vs Expenses as of 9/30/13

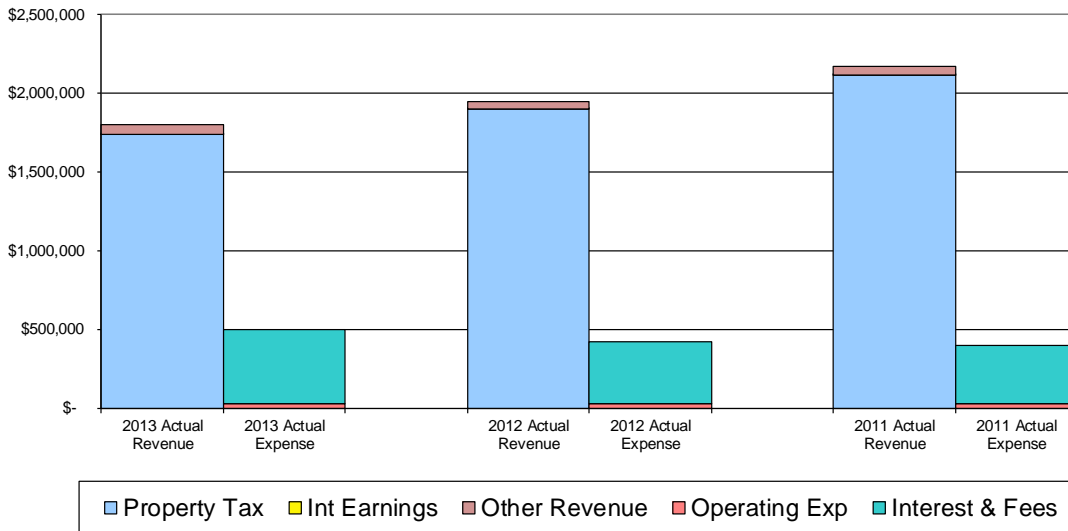


Description	2013	2012	Change
Property tax increment	\$ 3,308	\$ -	\$ 3,308
Interest Earnings	370	496	(126)
Operating Exp	49	-	49

- 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 is the first tax year that this URA's total assessed valuation is above the base valuation. Therefore, property tax increment increased in 2013 from 2012.
- Interest earnings decreased slightly in 2013 from 2012 due to continued spend down of project funds.
- Operating expenses increased in 2013 from 2012 due to the increase in the collection fee paid to the county treasurer, consistent with the increase in the property tax increment revenue.

Mandalay Gardens URA (Shops at Walnut Creek)

Mandalay Gardens URA Comparative Revenues vs Expenses as of 9/30/13

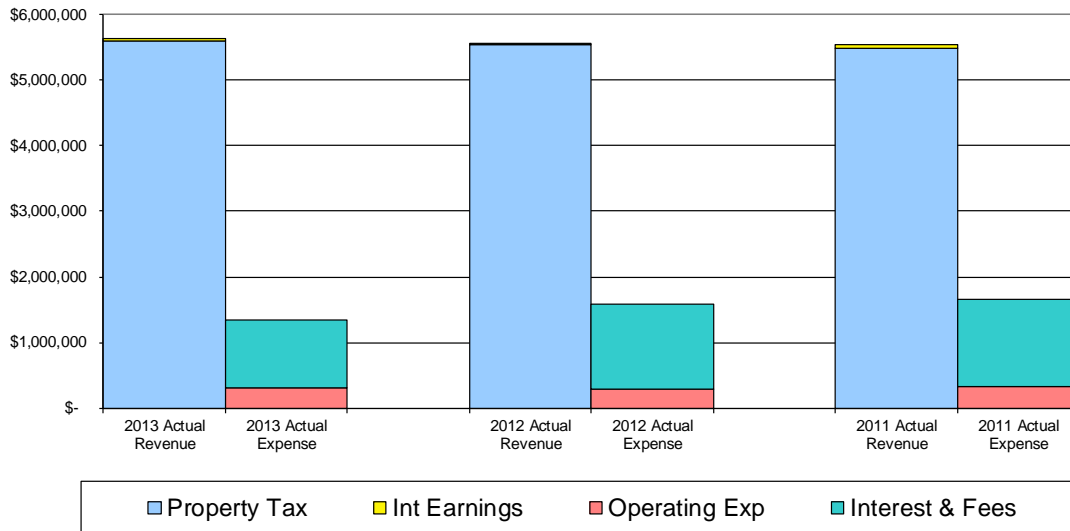


Description	2013	2012	Change
Property tax increment	\$ 1,739,053	\$ 1,898,968	\$ (159,915)
Interest Earnings	2,143	2,718	(575)
Other Revenue	60,900	49,000	11,900
Operating Exp	26,086	28,485	(2,399)
Interest and Fees	471,238	390,525	80,713

- Incremental assessed valuation decreased in 2013 from 2012 resulting in a decrease in property tax increment collections. Additionally, abatements for previous years authorized by Jefferson County were refunded in 2013 reducing current year increment even further.
- The sales tax pledge has been 0% since March 2010 as funds on deposit with US Bank Trust along with anticipated property tax increment is sufficient to meet debt service requirements. Therefore, all sales tax revenue received from this URA was retained by the City.
- The Federal Reserve policy to maintain a Federal Funds rate between zero and .25 percent through 2012 kept interest rates on investable funds low in 2012. The balance of Trust funds was slightly lower in 2013 from 2012 due to the fluctuation of the property tax receipts. The lower cash balance caused interest earnings to be slightly lower in 2013 over the same period in 2012.
- Year-to-date operating expenses decreased slightly in 2013 from 2012 due to a decrease in the collection fee paid to the county treasurer, consistent with the decrease in property tax increment revenue.
- Debt service expenditures increased in 2013 from 2012. This is the first full year of the new fixed rate debt service schedule. While interest costs increased in 2013 compared to the same period in 2012, interest costs over the remaining life of the bonds will decrease under the new schedule.

North Huron URA

North Huron URA Comparative Revenues vs Expenses as of 9/30/13

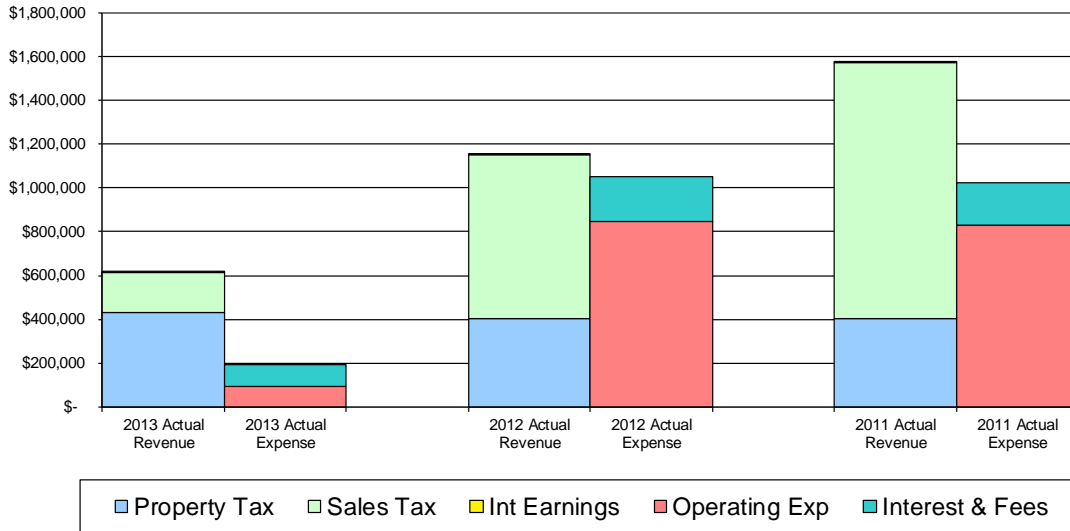


Description	2013	2012	Change
Property tax increment	\$ 5,604,700	\$ 5,534,221	\$ 70,479
Interest Earnings	23,048	24,371	(1,323)
Operating Exp	301,211	299,160	2,051
Interest and Fees	1,035,711	1,282,454	(246,743)

- Incremental assessed valuation increased in 2013 from 2012, resulting in an increase in property tax increment.
- 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 2013 from 2012 due to fluctuations in the balances of funds at the Trust during the period of refinancing in 2012.
- Total operating expenses increased slightly in 2013 from 2012 due to an increase in the collection fee paid to the county treasurer, consistent with the increase in property tax increment revenues; offset by lower intergovernmental cooperation agreement (ICA) payments in 2013.
- Debt service expenditures decreased in 2013 from 2012 due to reduced interest expense as anticipated with the new debt schedule.

South Sheridan URA

South Sheridan URA Comparative Revenues vs Expenses as of 9/30/13

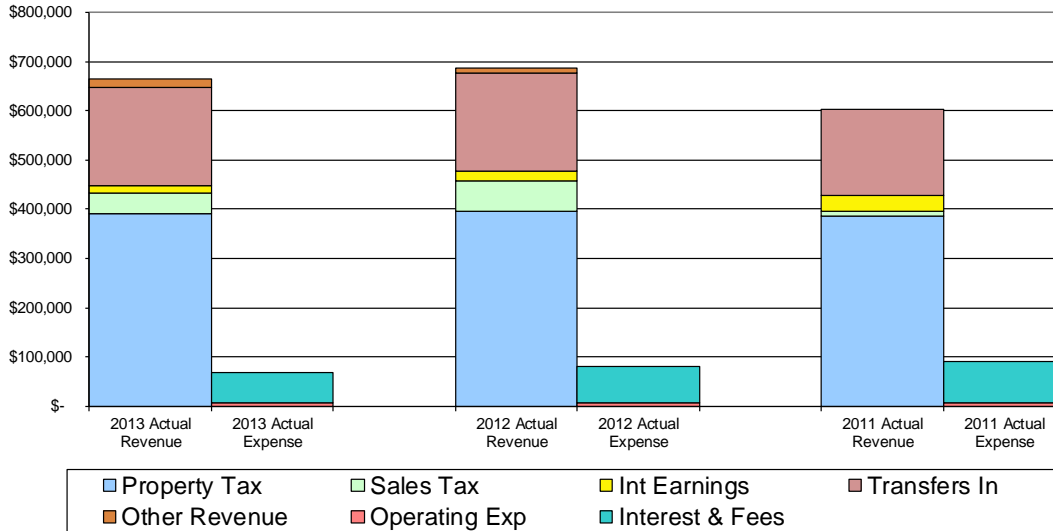


Description	2013	2012	Change
Property tax increment	\$ 428,548	\$ 404,617	\$ 23,931
Sales tax increment	183,578	747,589	(564,011)
Interest Earnings	4,113	6,661	(2,548)
Operating Exp	90,586	845,516	(754,930)
Interest and Fees	101,031	208,158	(107,127)

- Incremental assessed valuation increased in 2013 from 2012 resulting in slightly higher property tax increment collections in 2013 from 2012.
- 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 2013 from 2012 consistent with the reduced increment sent to the Trust in 2013.
- Operating expenses decreased substantially due to the completion of an EDA, somewhat offset by an increase in the collection fee paid to the county treasurer, consistent with the increase in property tax increment revenues.
- As a result of refinancing the debt, debt service expenditures decreased substantially in 2013 from 2012. In September 2012, the interest rate on the loan was reset, which caused a decrease in the interest paid for that year. Additionally, the new debt service schedule provides for substantially lower interest over the life of the loan that is noticeable in 2013, the first full year under the new debt service schedule.

South Westminster URA

South Westminster URA Comparative Revenues vs Expenses as of 9/30/13

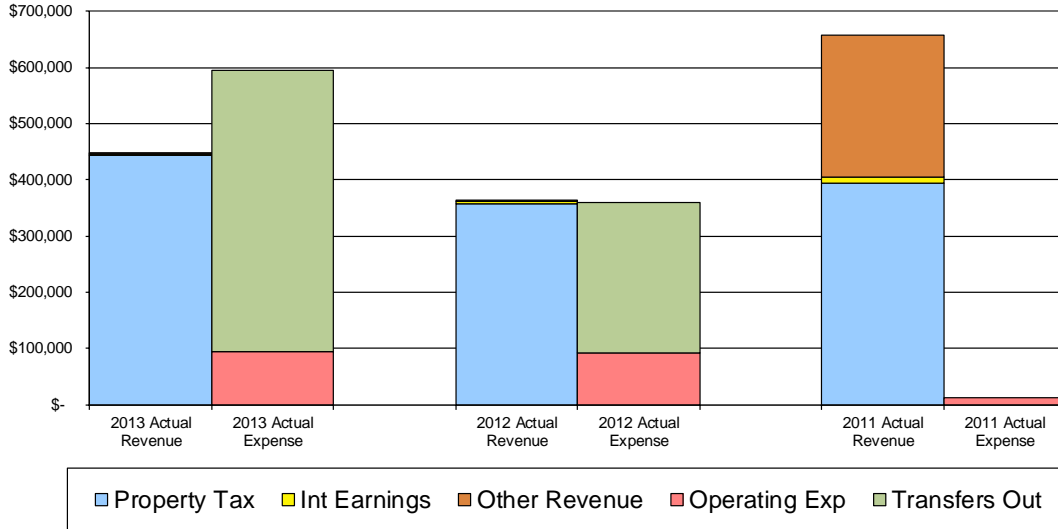


Description	2013	2012	Change
Property tax increment	\$ 390,589	\$ 396,945	\$ (6,356)
Sales tax increment	43,441	61,045	(17,604)
Interest Earnings	12,926	19,004	(6,078)
Transfers in	200,000	200,000	-
Other Revenue	18,044	11,321	6,723
Operating Exp	5,859	5,954	(95)
Interest and Fees	63,460	74,765	(11,305)

- Incremental assessed valuation increased in 2013 from 2012. However, actual property tax collections fluctuate from month to month resulting in a year-to-date decrease in property tax increment collected compared to the same period of 2012.
- Sales tax increment decreased in 2013 from 2012 due to declining sales at some of the larger businesses within Phase I of the URA. Phase II did not meet the sales tax base for the increment year ending September 30, 2013.
- Interest earnings decreased in 2013 from 2012 as a result of a lower cash balance in the URA.
- Other revenue increased due to restructuring of the Colorado Rural Housing Development Corporation note.
- Operating expenditures consisting of the collection fee paid to the county treasurer decreased slightly in 2013 from 2012, consistent with the decrease in property tax increment revenues.
- Debt service expenditures decreased slightly in 2013 from 2012 due to a reduced principal balance on the bonds.

Westminster Center East URA

Westminster Center East URA Comparative Revenues vs Expenses as of 9/30/13

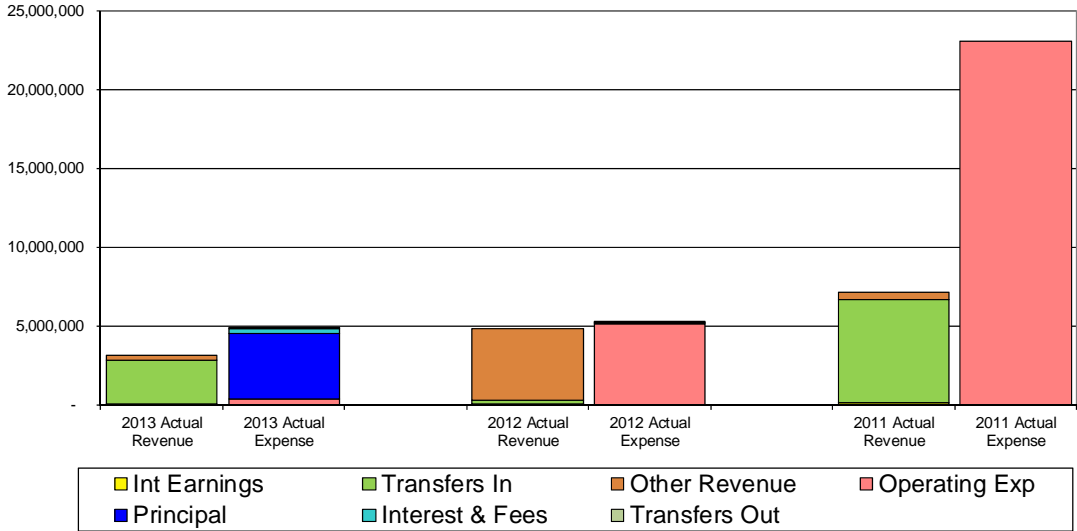


Description	2013	2012	Change
Property tax increment	\$ 443,429	\$ 358,126	\$ 85,303
Interest Earnings	2,399	3,067	(668)
Other Revenue	173	150	23
Operating Exp	94,418	92,345	2,073
Transfers out	500,000	268,000	232,000

- Incremental assessed valuation increased in 2013 from 2012, resulting in an increase in property tax increment in 2013 from 2012.
- Interest earnings decreased in 2013 from 2012 due to the lower cash balance in the URA.
- Operating expenses increased in 2013 from 2012 due to the increase of collection fees paid to the county treasurer, consistent with the increase in property tax increment revenues.
- Transfers out increased in 2013 from 2012 due to a larger payment to the City’s General Fund in accordance with an ICA between WEDA (Westminster Center East URA) and the City.
- 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 9/30/13



Description	2013	2012	Change
Interest Earnings	\$ 21,913	\$ 30,097	\$ (8,184)
Transfers in	2,768,000	250,000	2,518,000
Other Revenue	320,985	4,581,191	(4,260,206)
Operating Exp	353,533	5,156,341	(4,802,808)
Principal	4,200,000	-	4,200,000
Interest and Fees	248,915	32,116	216,799
Transfers out	3,409	6,598	(3,189)

- Tax increment financing approval had not been requested as of September 30, 2013.
- Interest earnings decreased in 2013 from 2012 due to spend down of project cash.
- Transfers-in increased in 2013 from 2012 resulting from a transfer from the City to repay the loan for the purchase of the Sears property.
- Other revenue decreased in 2013 from 2012 primarily due to the receipt of loan proceeds in 2012.
- Operating expenses for this URA include expenses for the redevelopment of the former Westminster Mall site. Expenses decreased in 2013 from 2012 due to reduced operating costs with the completion of site demolition and the expenses related to the 2012 purchase of the Sears property. 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” were \$4,200,000 in 2012 and \$21,800,000 in 2011. These amounts are included in the operating expense category in the graph above.
- Transfers out decreased slightly in 2013 from 2012 due to a reduction in the insurance costs paid to the Property and Liability Fund.
- Principal and interest costs increased in 2013 from 2012 as a result of the repayment of the loan for the purchase of the Sears property.

This financial update assists the City in meeting the following Strategic Plan Goals: Strong Balanced Local Economy, Financially Sustainable City Government Providing Exceptional Services, Vibrant

Neighborhoods in One Livable Community, and Beautiful and Environmentally Sensitive City by reporting 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 9/30/13
- WEDA Obligations at 9/30/13