

AGENDA

**WESTMINSTER ECONOMIC DEVELOPMENT AUTHORITY
SPECIAL MEETING**

MONDAY, OCTOBER 13, 2014

AT 7:00 P.M.

1. Roll Call

2. Minutes of Previous Meeting (July 28, 2014)

3. Public Hearings and New Business

A. Public Hearing re 2015/2016 Proposed Westminster Economic Development Authority Budget

B. Resolution No. 157 Adopting the 2015/2016 Budget

C. Resolution No. 158 re Contract and Administrative Authority for the Westminster Economic Development Authority

4. Adjournment

CITY OF WESTMINSTER, COLORADO
MINUTES OF THE WESTMINSTER ECONOMIC DEVELOPMENT AUTHORITY
MONDAY, JULY 28, 2014, AT 7:54 P.M.

ROLL CALL

Present at roll call were Chairperson Herb Atchison, Vice Chairperson Faith Winter, and Board Members Bruce Baker, Bob Briggs, Alberto Garcia, Emma Pinter, and Anita Seitz. Also present were J. Brent McFall, Executive Director, Martin McCullough, Attorney, and Linda Yeager, Secretary.

APPROVAL OF MINUTES

Board Member Briggs moved, seconded by Board Member Seitz, to approve the minutes of the meeting of July 14, 2014, as written. The motion carried unanimously.

PUBLIC HEARING TO CONSIDER AMENDMENT TO 2014 BUDGET

Mr. McFall reported that staff had no formal presentation to make and was available to answer any questions from the Authority. Responding to questions from Board Member Baker, Mr. McFall confirmed that the money to be appropriated had been taken from general sales taxes revenues and was not generated by the Authority.

At 7:56 p.m., the Chairperson opened the public hearing. No one wished to speak and the public hearing was closed.

RESOLUTION NO. 156 AUTHORIZING SUPPLEMENTAL APPROPRIATION TO 2014 BUDGET

Vice Chairperson Winter moved, seconded by Board Member Seitz, to adopt Resolution No. 156 authorizing a supplemental appropriation to the 2014 Westminster Economic Development Authority budget. Following comments from Board Member Baker, the roll was called, and the motion carried by a 6:1 margin with Board Member Baker voting no.

WURP GRADING DESIGN CONTRACT AMENDMENT/ENGINEERING CONTRACT AWARD

Vice Chairperson Winter moved, seconded by Board Member Pinter, to find, based upon the recommendation of the Executive Director, that the public interest would be best served by a negotiated contract with Martin/Martin, Inc. for Construction Engineering Services during the grading of the Westminster Center Urban Reinvestment Project (WURP); to award the grading Construction Engineering Services contract to Martin/Martin, Inc. and authorize the Executive Director to execute a contract in the amount of \$57,120 for this work and an additional \$25,000 as a contingency; and to authorize an amendment to Martin/Martin's current design contract in the amount of \$44,300 and an additional \$10,000 as a contingency. The motion passed by a 6:1 margin with Board Member Baker voting no.

ADJOURNMENT

With no further business for the Authority's consideration, Chairperson Atchison adjourned the meeting at 7:59 p.m.

ATTEST:

Chairperson

Secretary

WEDA Agenda Item 3 A - B

Agenda Memorandum

Westminster Economic Development Authority Meeting
October 13, 2014



SUBJECT: Public Hearing and Resolution No. 157 re 2015/2016 Proposed Westminster Economic Development Authority Budget

Prepared By: Karen Creager, Accountant
Barb Dolan, Sales Tax Manager
Bob Byerhof, Treasury Manager
Fred Kellam, Senior Financial Analyst
Rachel Price, Financial Analyst

Recommended Board Action

1. Hold a public hearing on the Westminster Economic Development Authority 2015/2016 proposed budget.
2. Adopt Resolution No. 157 adopting the 2015/2016 proposed budget for the Westminster Economic Development Authority as presented, including the appropriation of funds as set forth.

Summary Statement

- Staff presented the proposed 2015/2016 Westminster Economic Development Authority (WEDA) budget to the Board in a Staff Report dated September 22, 2014.
- The Board is requested to adopt the attached Resolution approving the 2015/2016 proposed budget for WEDA that reflects all proposed operations and services to be provided in those years.
- This budget includes only operating activity. While several of the URAs have capital project activity in progress, funding has already been appropriated to those activities. If new projects are proposed, a supplemental appropriation will be presented to the Board for approval to amend the budget.
- Local Government Budget Law (Budget Law), C.R.S. 29-1-103, requires an annual budget to be adopted for WEDA. WEDA adopts a two-year budget consistent with the City of Westminster's (City) budgeting cycle.
- WEDA currently consists of seven Urban Renewal Areas (URAs): Holly Park, Mandalay Gardens, North Huron, South Sheridan, South Westminster, Westminster Center East Sub-Area and Westminster Center Urban Reinvestment Plan Area.
- The preliminary 2014 estimated incremental assessed valuation from Adams County and Jefferson County for WEDA is \$81,623,151 and is used to calculate the estimated property tax increment of \$9,079,243 to be paid to WEDA in 2015. This same estimated valuation plus anticipated changes in property value within the URAs during 2015 was used to calculate the estimated property tax increment of \$9,309,865 to be paid to WEDA in 2016.
- Total revenues, which include incremental revenues, interest earnings, other miscellaneous revenues and prior year excess revenues, are estimated at \$10,143,398 for 2015 and \$10,400,592 for 2016.
- Projected expenditures, which include contractual obligations, property tax collection fees, debt service and transfers, are estimated at \$9,394,707 for 2015 and \$9,434,934 for 2016.
- Proposed expenditures consists primarily of debt service and contractual obligation payments that are non-discretionary in nature. Failure to budget for these payments would put WEDA in violation of its legal commitments.
- The Board will note that the WEDA budget projects a substantial remaining fund balance. These funds are necessary in order to meet bond and loan reserve requirements and are not available for other purposes.

Expenditure Required: \$9,394,707 for 2015 and \$9,434,934 for 2016

Source of Funds: Incremental tax revenues, interest earnings, intergovernmental revenue, other miscellaneous revenue and prior year excess revenues

Policy Issue

Should the attached 2015/2016 proposed WEDA budget be adopted by the Board?

Alternatives

1. One alternative would be not to adopt a budget for 2015 and/or 2016. However, according to Budget Law, C.R.S. 29-1-103, WEDA is required to adopt a budget each year. If a budget is not adopted, Budget Law, C.R.S. 29-1-108 allows for the re-appropriation of ninety percent of the amount appropriated in the current fiscal year for WEDA's expenses. This would negatively impact WEDA's ability to operate. Without budget appropriations or with reduced appropriations, WEDA would not be able to make payment in accordance with its contractual obligations, bond covenants, or loan agreements. Therefore, this alternative is not recommended.
2. A second alternative would be to adopt a modified budget. However, the estimated revenues presented in the proposed budget are based upon the preliminary net assessed valuation figures and projected pledged sales tax increment. Proposed expenditures consists primarily of debt service and contractual obligation payments that are non-discretionary in nature. Failure to adequately budget for these payments would put WEDA in violation of its legal commitments. Therefore, this alternative is not recommended.

Background Information

Pursuant to the Westminster Municipal Code and Title 31 of the Colorado Revised Statutes, WEDA was created to provide a regulatory and financial vehicle for improving and redeveloping properties and facilities within defined URAs. Accordingly, WEDA was given the right to provide funding for administration, planning, and financing of revitalization and redevelopment projects. WEDA's primary revenue sources are property tax increment and sales tax increment within each of the URAs.

Since its inception in 1987, WEDA has established seven URAs:

- Holly Park
- Mandalay Gardens
- North Huron
- South Sheridan
- South Westminster
- Westminster Center East Sub-Area
- Westminster Center Urban Reinvestment Project

While WEDA is a separate legal entity from the City, the Authority is considered a blended component unit and WEDA's activities are included in the City's Comprehensive Annual Financial Report (CAFR). The Governmental Accounting Standards Board Statements identify component units as legally separate entities for which the City is considered to be financially accountable. Financial accountability means that the City appoints a voting majority to the governing board and has the ability to impose its will upon the entity and/or accepts potential responsibility for the entities financial benefits and burdens. Component units that meet the inclusion criteria are either discreetly presented or blended in the City's CAFR. Discrete presentation entails reporting component unit financial data in a separate column from the primary government to emphasize their legal separateness from the City. Blended component units are, in substance, part of City operations. Therefore data from these units are combined with the City's data. Individual fund statements for these blended component units are audited as part of the City, but are not individually published outside the City's CAFR. WEDA is a blended component and has a December 31 year end.

The City's Finance Department prepared and is presenting a consolidated budget for WEDA as a whole. However the City Manager's Office and the Department of Community Development manage the development/redevelopment projects and, in some cases, the Department of Parks, Recreation and Libraries contracts with WEDA for required maintenance of areas within the URAs. When appropriate, those Departments provide input for the budget.

As with the City's budget, Staff has taken a conservative approach in preparing the WEDA budget. Property tax increment projections are based on preliminary assessed valuation information for 2014 and adjusted for anticipated changes in property value in the second budget year. Additionally, sales tax increment projections are based on existing retail and adjusted for anticipated changes to retail establishments located within each URA.

Treatment of operating transfers and interest earnings is consistent within all URAs. Operating transfers are included in the budget of a particular URA only when the transfer is needed to meet obligations. Pooled and investment interest earnings are not typically included in the proposed budgeted revenues for WEDA. Due to the fluctuations in the monthly balances of the pooled cash, interest earnings are difficult to forecast. These fluctuations result from the timing of property tax increment receipts, the point in time that the sales tax base is met, the timing and variation of sales tax increment receipts, and the payment schedules for contractual obligations. As is the case with the South Westminster URA, interest earnings are included as part of the budget in order to meet obligations. In all other URAs, the interest earnings will be appropriated when necessary or will increase fund balance for use at a later date.

Additionally, North Huron URA cash includes unspent bond proceeds. Interest earnings on the bond proceeds are not included in the proposed budgeted revenues, as the debt covenants restrict how those earnings can be spent. Those interest earnings will be appropriated through periodic housekeeping supplemental appropriations in order to more easily track their use for Federal Internal Revenue Code arbitrage purposes and to ensure compliance with bond and loan covenants.

In a given year, any excess revenues over expenditures in a particular URA will increase the fund balance for that URA. Those funds will be available for future appropriations in the URA when needed. Conversely, when expenditures exceed revenues in any given year, prior year excess revenues, or fund balance, is used to meet the current year obligations of that particular URA. Use of prior year excess revenues for a given URA is identified in the highlights section below.

Below are the highlights of the 2015/2016 proposed budget for each of the individual URAs.

Holly Park URA

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 Holly Park site, purchased by WEDA in 2006, remains under WEDA ownership despite efforts to sell the property for development. For the majority of the time that Holly Park has been under WEDA ownership, the property has been listed for sale by a commercial real estate broker. Unfortunately, though there has been some interest in the property, it remains unsold at this time. Staff continues to maintain the property and will do so until it is sold.

Total proposed revenues in this URA are: \$3,300 in 2015 and in 2016. These revenues include only property tax increment.

Total proposed expenditures in this URA are: \$50 in 2015 and in 2016. These expenditures include only the property tax collection fee.

Any excess revenues over expenditures will increase fund balance. Those funds will be available for future appropriations in the URA when needed.

Mandalay Gardens URA

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. Initially, variable rate taxable tax increment revenue bonds were issued in 2003 to fund the project. Subsequent refinancing of these bonds has occurred with the most recent in 2012, which secured fixed rate financing through the term of the original amortization period. Up until this point, the interest rate paid on this debt was variable and due to favorable interest conditions, it was deemed prudent to lock in interest rates through maturity of the original debt.

Total proposed revenues in this URA are: \$2,364,051 in 2015 and \$2,393,485 in 2016. These revenues include property tax increment, intergovernmental revenue from the Mandalay Town Center General Improvement District and prior year excess revenues. It is anticipated that the sales tax pledge on the bonds will remain at .2% in 2015 and increase to .5% in 2016. It is important to note that the City will retain the remaining portion of the City's 3% general sales tax collections in this URA.

Total proposed expenditures in this URA are: \$2,364,051 in 2015 and \$2,365,701 in 2016. These expenditures include the property tax collection fee and debt service.

Prior year excess revenues of \$21,453 are being utilized to fund a portion of expenditures in 2015. Any excess revenues over expenditures in 2016 will increase fund balance. Those funds will be available for future appropriations in the URA when needed.

North Huron URA

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 major 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. In 2005, variable rate tax-exempt tax increment revenue bonds were issued to fund the project. Subsequent refinancing of this debt has occurred with the most recent in 2012, which secured the debt with a bank loan that fixed the interest rate through the term of the original amortization period.

One-third of the 3% general sales tax collected in this area is shared with the City of Thornton per an Intergovernmental Agreement (IGA) dated November 10, 2004 leaving the remaining 2% available for the debt service pledge if necessary. Per a second IGA, Thornton will use some or all of this revenue as needed to pay their share of the cost of the 144th Avenue Interchange.

Total proposed revenues in this URA are: \$6,021,932 in 2015 and \$6,127,847 in 2016. These revenues include only property tax increment. It is anticipated that the sales tax pledge for the loan will remain at 0% in 2015 and 2016. Therefore, no sales tax increment revenue is budgeted in either year allowing the City to retain all of the 2% sales tax collections in this URA.

Total proposed expenditures in this URA are: \$5,281,598 in 2015 and \$5,283,466 in 2016. These expenditures include the property tax collection fee, contractual obligations and debt service.

Any excess revenues over expenditures in either year will increase fund balance. Those funds will be available for future appropriations in the URA when needed.

South Sheridan URA

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. In 2007, variable rate tax-exempt tax increment revenue bonds were issued to fund the redevelopment. Subsequent refinancing of this debt has occurred with the most recent in 2012, which secured the debt with a bank loan that fixed the interest rate at 2.8% until September 2017 and provided indexes that will determine the rate for 2018 through the time the bonds are paid off in 2028.

Total proposed revenues in this URA are: \$556,408 in 2015 and \$658,630 in 2016. These revenues include property tax increment and prior year excess revenues. It is anticipated that the sales tax pledge for the loan will remain at 0% in 2015 and 2016. Therefore, no sales tax increment revenue is budgeted in either year allowing the City to retain all of the 3% sales tax collections over the base sales tax in this URA.

Total proposed expenditures in this URA are: \$556,408 in 2015 and \$568,387 in 2016. These expenditures include the property tax collection fee and debt service.

Prior year excess revenues of \$22,485 are being utilized to fund a portion of expenditures in 2015. Any excess revenues over expenditures in 2016 will increase fund balance. Those funds will be available for future appropriations in the URA when needed.

South Westminster URA

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 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 expired in 2013. In October, 1992, the South Westminster URA boundaries were expanded with the addition being called "Phase II." This Phase is set to expire in 2017. In 1996, redevelopment of the Westminster Plaza Shopping Center, anchored by a grocery store, was begun. Both variable rate tax exempt and taxable convertible tax increment revenues bonds were issued in 1997 to fund the project. These bonds were subsequently refunded.

Total proposed revenues in this URA are: \$747,424 in 2015 and \$747,154 in 2016. These revenues include incremental revenues, interest earnings and prior year excess revenues.

Total proposed expenditures in this URA are: \$747,424 in 2015 and \$747,154 in 2016. These expenditures include the property tax collection fee and debt service.

Cash reserves of \$452,458 in 2015 and \$369,723 in 2016 are being utilized to fund a portion of expenditures. The South Westminster URA continues to face financial challenges and it is anticipated that cash reserves and contributions from the City, i.e. carryover to assist with repayment of the Utility Fund loan, will continue to be utilized to meet future URA obligations.

Westminster Center East Sub-Area URA

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 Center Urban Reinvestment Plan Area. The purpose of the URA is to provide funds to facilitate redevelopment in the City Center Area.

Total proposed revenues in this URA are: \$450,283 in 2015 and \$470,176 in 2016. These revenues include property tax increment, miscellaneous revenue and prior year excess revenues. Because there is no sales tax pledge, all sales tax collections in this URA are retained by the City.

Total proposed expenditures in this URA are: \$445,176 in 2015 and \$470,176 in 2016. These expenditures include the property tax collection fee, contractual obligations and transfers.

Prior year excess revenues of \$5,107 are being utilized to fund a portion of expenditures in 2015. Any excess revenues over expenditures in 2016 will increase fund balance. Those funds will be available for future appropriations in the URA when needed.

Westminster Center Urban Reinvestment Plan Area (WURP)

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 master plan for the site contemplates multiple phases of development and calls for a high-density, urban development with residential, commercial, retail and other uses. The project will also have a public realm that includes large parks, a major landscaped boulevard traversing the property from north to south and a walkable/bikeable design that is pedestrian friendly. The plan continues the City’s vision for the former mall site as a city center that would be an amenity for Westminster residents and others in the region.

Tax increment financing for this URA was established in October 2013. Most of the revenue currently generated in this URA is allocated to redevelopment related capital projects through a supplemental appropriation as needed. Therefore, no operating budget for 2015 or 2016 is proposed. Future supplemental appropriations will be brought to the Board to amend the budget as the redevelopment progresses.

While the budget reflects no operating activity in this URA, it is important to note that City participation funds of \$34,680,408 were transferred to the WURP URA for redevelopment capital project expenditures.

Summary

Below is a chart for each year summarizing, by URA, the breakdown of prior year excess revenues and estimated revenues that will be utilized to pay estimated expenditures each year. Additionally, the amounts estimated to increase fund balance in the corresponding URA are presented.

2015 Budget Summary by Fund										
	Appropriated Fund Balance/ Prior Year Revenues	+	2015 Estimated Revenues	=	Total Estimated Revenues Available	-	2015 Estimated Expenditures - 2015 Estimated Transfers Out	=	Difference Increase (Decrease) to Fund Balance	
Urban Renewal Area										
Holly Park	\$ -		\$ 3,300		\$ 3,300		\$ 50		\$ 3,250	
Mandalay Gardens	21,453		2,342,598		2,364,051		2,364,051		-	
North Huron	-		6,021,932		6,021,932		5,281,598		740,334	
South Sheridan	22,485		533,923		556,408		556,408		-	
South Westminster	452,458		294,966		747,424		747,424		-	
Westminster Center East	-		450,283		450,283		95,176		350,000	
WURP	-		-		-		-		-	
Totals	\$ 496,396		\$ 9,647,002		\$ 10,143,398		\$ 9,044,707		\$ 350,000	\$ 748,691
Estimated net change to fund balance for 2015									\$ 252,295	

2016 Budget Summary by Fund											
	Appropriated Fund Balance/ Prior Year Revenues	+	2016 Estimated Revenues	=	Total Estimated Revenues Available	-	2016 Estimated Expenditures	-	2016 Estimated Transfers Out	=	Difference Increase (Decrease) to Fund Balance
Urban Renewal Area											
Holly Park	\$ -		\$ 3,300		\$ 3,300		\$ 50		\$ -		\$ 3,250
Mandalay Gardens	-		2,393,485		2,393,485		2,365,701		-		27,784
North Huron	-		6,127,847		6,127,847		5,283,466		-		844,381
South Sheridan	-		658,630		658,630		568,387		-		90,243
South Westminster	369,723		377,431		747,154		747,154		-		-
Westminster Center East	19,893		450,283		470,176		95,176		375,000		-
WURP	-		-		-		-		-		-
Totals	\$ 389,616		\$ 10,010,976		\$ 10,400,592		\$ 9,059,934		\$ 375,000		\$ 965,658
Estimated net change to fund balance for 2016											\$ 576,042

The action requested in this agenda memorandum relates to the Westminster City Council’s Strategic Plan goals of Visionary Leadership and Effective Governance; Vibrant & Inclusive Neighborhoods; Dynamic, Diverse Economy; and Excellence in City Services. These goals are met by ensuring a balanced budget where revenues are appropriated to expenditure accounts so the funds can be utilized as directed by the Board.

Budget Law requires that a budget message be filed along with a certified copy of the budget to the Division of Local Government (DLG) no later than 30 days following the beginning of the fiscal year. The budget message to be submitted to the DLG is below:

BUDGET MESSAGE

The attached 2015/2016 budget for the Westminster Economic Development Authority (WEDA) includes these important features:

WEDA was created pursuant to the Urban Renewal Law of the State of Colorado for the purpose of undertaking certain urban renewal activities within the City of Westminster (City). These activities are described in the Westminster Urban Renewal Plan originally adopted by City Council in 1988 and updated in 1997 for the South Westminster Urban Renewal Area (URA). Since that time, WEDA has established additional URAs for the purpose of providing funds for land acquisition, demolition of structures, and tenant relocation so as to facilitate new development and redevelopment in other areas. The synergy of these overall improvements has stimulated economic growth throughout the City. Additionally, some of these projects are anticipated to play a strategic role in the planned Transit Oriented development in the City.

The total budget for 2015/2016 is inclusive of the following URAs within WEDA:

- Holly Park
- Mandalay Gardens
- North Huron
- South Sheridan
- South Westminster
- Westminster Center East Sub-Area
- Westminster Urban Reinvestment Project

While WEDA is a separate legal entity from the City, the Authority is considered a blended component unit and WEDA’s activities are included in the City’s Comprehensive Annual Financial Report (CAFR). The Governmental Accounting Standards Board Statements identify component units as legally separate entities for which the City is considered to be financially accountable. Financial accountability means that the City appoints a voting majority to the governing board and has the ability to impose its will upon the entity and/or accepts potential responsibility for the entities financial benefits and burdens. Component units that

meet the inclusion criteria are either discreetly presented or blended in the City's CAFR. Discrete presentation entails reporting component unit financial data in a separate column from the primary government to emphasize their legal separateness from the City. Blended component units are, in substance, part of City operations. Therefore data from these units are combined with the City's data. Individual fund statements for these blended component units are audited as part of the City, but are not individually published outside the City's CAFR. WEDA is a blended component and has a December 31 year end.

The preliminary 2014 estimated incremental assessed valuation from Adams and Jefferson County for WEDA is \$81,623,151, a decrease of \$1,733,474 from 2013. This incremental valuation will be used to calculate property tax increment paid to WEDA in 2015. The estimated incremental valuation for 2014 will produce approximately \$9,079,243 in property tax increment in 2015. This estimated valuation for 2014 plus anticipated changes in the URAs was used to estimate 2016 property tax increment of \$9,309,865. Sales tax increment is estimated to be \$495,966 for 2015 and \$634,318 for 2016. Total estimated revenues, which include property tax increment, sales tax increment, interest earnings, intergovernmental revenue, miscellaneous revenue and prior year excess revenues, are estimated at \$10,143,428 for 2015 and \$10,400,592 for 2016.

WEDA has four debt issues outstanding: 2009 WEDA tax increment revenue bonds (South Westminster URA), 2012 WEDA tax increment revenue refunding bonds (Mandalay Gardens URA), 2012 WEDA revenue loan (North Huron URA) and 2012 WEDA revenue loan (South Sheridan URA). Total debt service expenditures are estimated at \$8,512,917 for 2015 and \$8,524,685 for 2016.

Additional estimated expenditures of \$881,790 for WEDA for 2015 include contractual obligations of \$395,601, property tax collection fees of \$136,189 and a transfer payment of \$350,000. Additional estimated expenditures of \$910,249 for 2016 include contractual obligations of \$395,601, property tax collection fees of \$139,648 and a transfer payment of \$375,000. The total general operating expenditure budget is \$9,394,707 for 2015 and \$9,434,934 for 2016.

In a given year, any excess revenues over expenditures in a particular URA will increase the fund balance for that URA. Those funds will be available for future appropriations in the URA when needed. Conversely, when expenditures exceed revenues in any given year, prior year excess revenues, or fund balance, is used to meet the current year obligations of that particular URA.

The budgetary basis of accounting for the District is the modified accrual basis.

Respectfully submitted,

J. Brent McFall
Executive Director

Attachments: Resolution
2015/2016 Proposed WEDA Budget
Map of URAs

WESTMINSTER ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION

RESOLUTION NO. **157**

INTRODUCED BY BOARD MEMBERS

Series 2014

A RESOLUTION ADOPTING THE 2015/2016 BUDGET

WHEREAS, the Board of Directors of the Westminster Economic Development Authority (WEDA) must adopt an operating budget prior to each fiscal year; and

WHEREAS, a proposed budget for 2015/2016 was prepared and submitted to the Board of Directors on September 22, 2014 for review;

WHEREAS, proper notice was published on October 9, 2014 pursuant to the requirements of Section 29-1-106 Colorado Revised Statutes; and

WHEREAS, a public hearing was held on October 13, 2014 pursuant to the requirements of Section 29-1-108, Colorado Revised Statutes; and

WHEREAS, there is the need for the Westminster Economic Development Authority to administer studies and programs related to revitalization, development and redevelopment of the established Urban Renewal Areas in WEDA; and

WHEREAS, WEDA is obligated to contractual obligations and debt service related to the activities in the various Urban Renewal Areas in WEDA.

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Westminster Economic Development Authority of Adams County, Colorado:

1. That the attached budget is hereby approved and the amounts stated herein are hereby appropriated for the fiscal years 2015 and 2016.
2. That the City of Westminster Finance Director, Tammy Hitchens, is hereby directed to cause a certified copy of the attached budget to be filed in the office of the Division of Local Government, Department of Local Affairs, 1313 Sherman Street, Room 520, Denver, Colorado, 80203.

PASSED AND ADOPTED this 13th day of October, 2014.

_____, Mayor
Presiding Officer of the Authority

ATTEST:

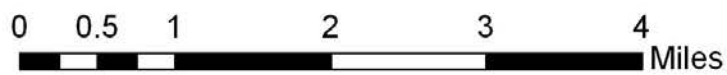
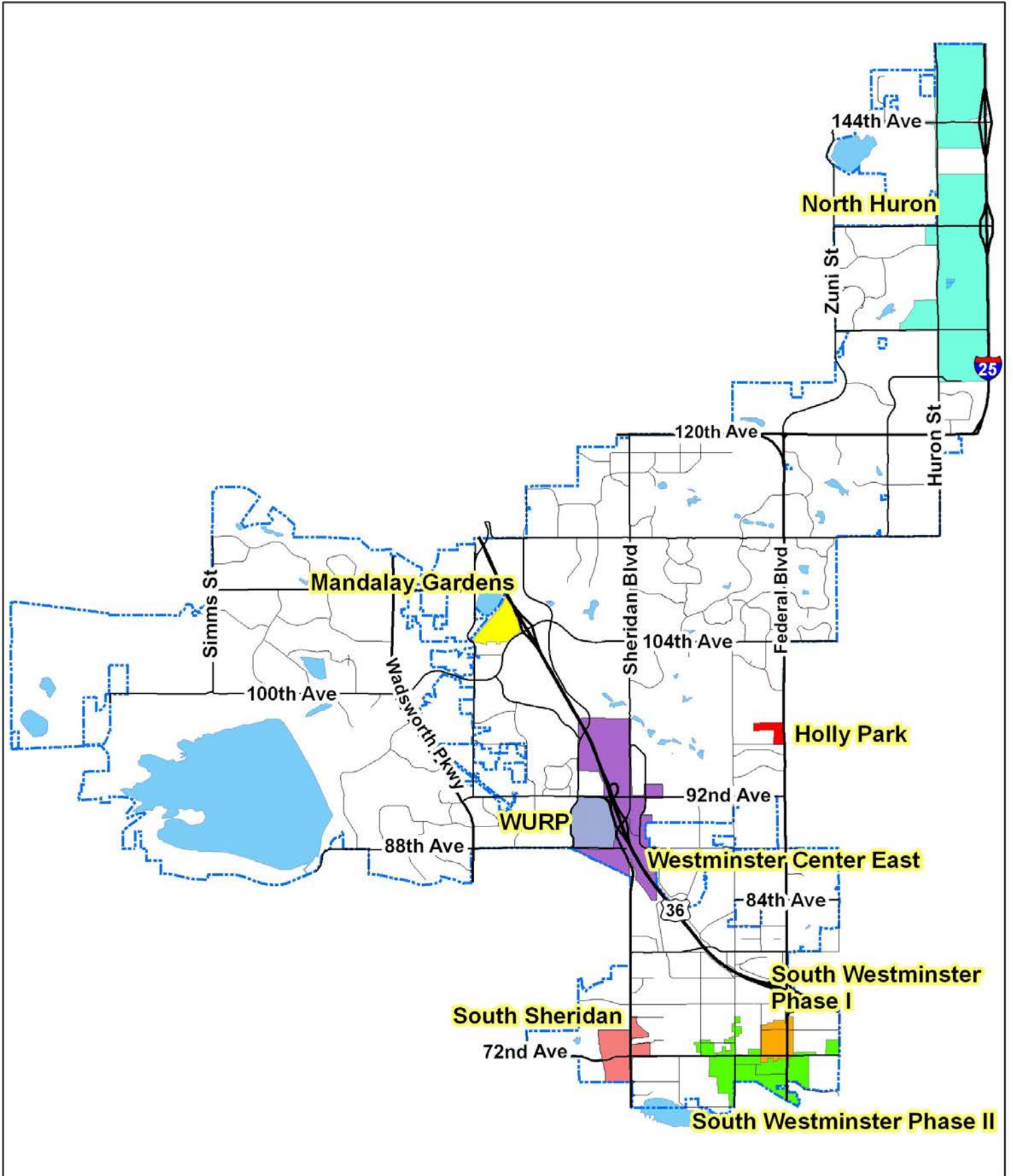
Authority Secretary

Westminster Economic Development Authority - LGID# 64189
Consolidated Budget for All URAs
2015/2016 Proposed Budget

	2013 Actual	2014 Budget	2014 Estimated	2015 Proposed	2016 Proposed
OPERATING					
Revenues					
Property Tax Increment	\$ 8,648,710	\$ 9,017,998	\$ 9,120,810	\$ 9,079,243	\$ 9,309,865
Sales Tax Increment	227,019	-	199,767	495,966	634,318
Total Tax Increment	8,875,729	9,017,998	9,320,577	9,575,209	9,944,183
Intergovernmental	54,700	57,000	57,600	57,600	57,600
Interest	(71,499)	15,024	55,187	14,000	9,000
Rents	(312,359)	-	192,586	-	-
Miscellaneous	22,067	150	9,108	193	193
<i>Total Operating Revenues</i>	<u>8,568,638</u>	<u>9,090,172</u>	<u>9,635,058</u>	<u>9,647,002</u>	<u>10,010,976</u>
Expenditures:					
Operating Activities					
Contractual	389,135	911,234	1,011,419	395,601	395,601
Other	3,409	-	3,500	-	-
Treasurer Fees	129,730	135,271	136,812	136,189	139,648
<i>Total Operating Expenditures</i>	<u>522,274</u>	<u>1,046,505</u>	<u>1,151,731</u>	<u>531,790</u>	<u>535,249</u>
Debt Service					
Principal Paid	5,171,000	5,310,000	5,310,000	5,487,000	5,683,000
Interest and fees	3,342,810	3,196,646	3,196,646	3,017,917	2,833,685
Agent Fees	1,763	9,000	8,000	8,000	8,000
<i>Total Debt Service</i>	<u>8,515,573</u>	<u>8,515,646</u>	<u>8,514,646</u>	<u>8,512,917</u>	<u>8,524,685</u>
Total Expenditures	<u>9,037,847</u>	<u>9,562,151</u>	<u>9,666,377</u>	<u>9,044,707</u>	<u>9,059,934</u>
Net Operating Revenue (Expense)	<u>(469,209)</u>	<u>(471,979)</u>	<u>(31,319)</u>	<u>602,295</u>	<u>951,042</u>
Other Financing Sources					
Transfers In (out)	(300,000)	(350,000)	(150,000)	(350,000)	(375,000)
<i>Total Other Financing Sources</i>	<u>(300,000)</u>	<u>(350,000)</u>	<u>(150,000)</u>	<u>(350,000)</u>	<u>(375,000)</u>
Excess Revenue over (under) Expenditures	(769,209)	(821,979)	(181,319)	252,295	576,042
<i>Beginning Balance Operating - January 1</i>	<u>44,768,091</u>	<u>46,291,467</u>	<u>43,998,882</u>	<u>43,817,563</u>	<u>44,069,858</u>
<i>Ending Balance Operating - December 31</i>	<u>\$ 43,998,882</u>	<u>\$ 45,469,488</u>	<u>\$ 43,817,563</u>	<u>\$ 44,069,858</u>	<u>\$ 44,645,900</u>
CAPITAL PROJECTS					
<i>For informational purposes only. All capital project funds have been previously appropriated with no additional requests in 2015/2016.</i>					
Revenue	\$ 3,599,841	\$ 795,224	\$ 792,590	\$ -	\$ -
Miscellaneous	-	-	-	-	-
Debt expense	(4,283,920)	-	-	-	-
Project expense	(1,161,035)	-	(7,216,793)	-	-
Excess Revenue over (under) Expenditures	(1,845,114)	795,224	(6,424,203)	-	-
<i>Beginning Balance Capital - January 1</i>	<u>10,717,020</u>	<u>3,734,633</u>	<u>8,871,906</u>	<u>2,447,703</u>	<u>2,447,703</u>
<i>Ending Balance Capital - December 31</i>	<u>\$ 8,871,906</u>	<u>\$ 4,529,857</u>	<u>\$ 2,447,703</u>	<u>\$ 2,447,703</u>	<u>\$ 2,447,703</u>
<i>Total Ending Balance</i>	<u>\$ 52,870,788</u>	<u>\$ 49,999,345</u>	<u>\$ 46,265,266</u>	<u>\$ 46,517,561</u>	<u>\$ 47,093,603</u>

*The negative amounts represent the appropriation of revenues to capital projects that were originally recorded as operating revenue.

Westminster Urban Renewal Areas



WEDA Agenda Item 3 C

Agenda Memorandum

Westminster Economic Development Authority Meeting
October 13, 2014



SUBJECT: Resolution No. 158 re Contract and Administrative Authority for the Westminster Economic Development Authority

Prepared By: Karen Creager, Special District Accountant

Recommended Board Action

Adopt Resolution No. 158 outlining the Executive Director's authority to enter into contracts and make purchases on behalf of the Westminster Economic Development Authority and to delegate these activities to appointed City of Westminster Staff in a manner consistent with practices established for the City under the Westminster Municipal Code, as it may be amended from time to time, and all current and future administrative memoranda.

Summary Statement

- The Westminster Economic Development Authority (WEDA) was established on September 14, 1987, with the primary purpose of undertaking urban renewal activities within the City of Westminster (City).
- Westminster City Council is the ex-officio Board of WEDA.
- WEDA is a component unit of the City. In accordance with Governmental Accounting Standards Board Statement (GASB) No. 14, *The Financial Reporting Entity*, and as amended by GASB Statement No. 61, *The Reporting Entity: Omnibus*, component units are legally separate entities for which the City is considered to be financially accountable. Financial accountability means that the City appoints a voting majority to the governing board and has the ability to impose its will upon the entity and/or accepts potential responsibility for the entity's financial benefits and burdens.
- Blended component units are, in substance, part of City operations. Therefore, data from these units are combined with the City in its Comprehensive Annual Financial Report.
- The City's external auditors include WEDA as part of the City's annual audit in accordance with practices established by the City.
- WEDA, the City's economic development authority, enables the City to employ eminent domain and utilize tax increment financing for needed re-development efforts in the City's blighted areas.
- The City and WEDA have entered into a number of cooperation agreements authorizing the City to provide WEDA with administrative support. The City has the option to bill WEDA for these services.
- The standard operating procedure (SOP) for the District is that the day-to-day activities are performed in accordance with City Code provisions and City administrative memoranda. The adoption of the attached resolution will formalize the SOP.

Expenditure Required: \$0

Source of Funds: N/A

Policy Issue

Should the Board adopt the attached Resolution outlining the Executive Director's authority to enter into contracts, make purchases and administer the day-to-day activities of WEDA?

Alternative

1. One alternative is to not adopt the Resolution formalizing the administration of the day-to-day activities of WEDA. This alternative is not recommended. Without dedicated professional staff, the District utilizes City Staff for administrative services. Additionally, the District is a blended component unit of the City with the District audited as part of the City's annual audit and subject to the same financial reporting requirements as the City. It is prudent to have the component units that are required to be included within the City's financial report adhere to the same policies and procedures as the City. Therefore, it is recommended that this Resolution be adopted to formalize what has been standard practice.
2. Another alternative is to adopt separate procedures for entering into contracts, making purchases and administering the day-to-day activities of WEDA. This alternative is also not recommended. Adopting procedures that differ from the City's would be administratively cumbersome and would require the City's external auditors to change their audit program for WEDA, thereby increasing the fee for the City's annual audit.

Background Information

WEDA was established on September 14, 1987 with the primary purpose of undertaking urban renewal activities within the City. City Council serves as the ex-officio Board of WEDA. It is not fiscally prudent for WEDA to employ its own professional staff. Therefore, City Staff perform accounting, legal, and other related tasks for WEDA as necessary. The City and WEDA have entered into a number of cooperation agreements that allow for WEDA to reimburse the City for these related costs.

WEDA is a blended component unit of the City of Westminster. In accordance with Governmental Accounting Standards Board Statement (GASB) No. 14, *The Financial Reporting Entity*, and as amended by GASB Statement No. 61, *The Reporting Entity: Omnibus*, component units are legally separate entities for which the City is considered to be financially accountable. Financial accountability means that the City appoints a voting majority to the governing board and has the ability to impose its will upon the entity and/or accepts potential responsibility for the entity's financial benefits and burdens.

On August 26, 2002 the Westminster Housing Authority (WHA), another blended component unit of the City, adopted a resolution outlining the authority of the Executive Director. This resolution provided for WHA to operate in a manner consistent with practices established for the City under the Westminster Municipal Code. This action is prudent as WHA has no dedicated professional staff and contracts with the City to provide such Staff.

The SOP for the other blended component units of the City, including the City's general improvement districts and the WEDA, has been to follow suit and operate in a manner consistent with practices established for the City under the Westminster Municipal Code and various policies and procedures outlined in Administrative Memoranda issued by the City Manager's Office. Additionally, the City's external auditors include each blended component unit as part of the City's annual audit in accordance with the practices established for the City. In order to formalize this SOP the attached resolution is presented to the WEDA Board for approval.

The action requested in this agenda memorandum relates to the City's Strategic Plan goal of Visionary Leadership and Effective Governance and Dynamic, Diverse Economy by setting forth the policies and

SUBJECT: Resolution re Contract and Administrative Authority

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procedures by which the City's component units operate to ensure that their resources are used for the purposes intended.

Respectfully submitted,

J. Brent McFall
Executive Director

Attachment – Resolution

WESTMINSTER ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. **158**

INTRODUCED BY BOARD MEMBERS

SERIES 2014

**A RESOLUTION CONCERNING CONTRACT AND ADMINISTRATIVE AUTHORITY FOR
THE WESTMINSTER ECONOMIC DEVELOPMENT AUTHORITY**

WHEREAS, Westminster Economic Development Authority (WEDA) is a Colorado urban renewal authority, with all the powers and authority granted pursuant to Title 31, Article 25, Part 1, Colorado Revised Statutes; and

WHEREAS, WEDA was established on September 14, 1987 with the primary purpose of undertaking urban renewal activities within the City of Westminster (City); and

WHEREAS, the Board of Commissioners wishes to formalize policies and procedures for the daily operations of WEDA; and

WHEREAS, WEDA is a blended component unit of the City with WEDA's financial activities required to be included as part of the City's annual audit and included in the City's Comprehensive Annual Financial Report; and

WHEREAS, WEDA contracts with the City to provide certain administrative services in order to accomplish WEDA's goals and activities for which WEDA may compensate the City.

NOW, THEREFORE, the Board of Commissioners of WEDA resolves that:

The scope of WEDA's Executive Director's authority to enter into contracts and make purchases on behalf of WEDA shall be consistent with the limits set forth in Title XV of the Westminster Municipal Code, as it may be amended from time to time, and all current and future administrative memoranda; and the Executive Director is further authorized, but not required, to delegate such contract and purchasing authority to City staff who may be appointed by the Executive Director from time to time.

PASSED AND ADOPTED this 13th day of October, 2014.

_____, Mayor
Presiding Officer of the Authority

ATTEST:

APPROVED AS TO LEGAL FORM:

Authority Secretary

Attorney for the Authority