



WESTMINSTER

Westminster Economic Development Authority

TO: The Westminster Economic Development Authority Board Members

DATE: February 18, 2015

SUBJECT: WEDA Post City Council Meeting Agenda for February 23, 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 4th Quarter 2014 Financial Update

EXECUTIVE SESSION

None at this time.

Items may come up between now and Monday night. The WEDA Board will be apprised of any changes to the agenda.

Respectfully submitted,

Donald M. Tripp
Executive Director



WESTMINSTER

Staff Report

WEDA Information Only Staff Report
February 23, 2015



SUBJECT: Westminster Economic Development Authority 4th Quarter 2014 Financial Update

PREPARED BY: Barb Dolan, Sales Tax Manager
Karen Creager, Special District Accountant

Summary Statement

This report is for information only and requires no action by the Board. The report represents the unaudited financial position for each of the Westminster Economic Development Authority's (WEDA) Urban Renewal Areas (URAs) as of December 31, 2014.

Background Information

WEDA currently includes seven separate URA's. This report presents the financial activity as of December 31, 2014. Included in the report are the following for each URA:

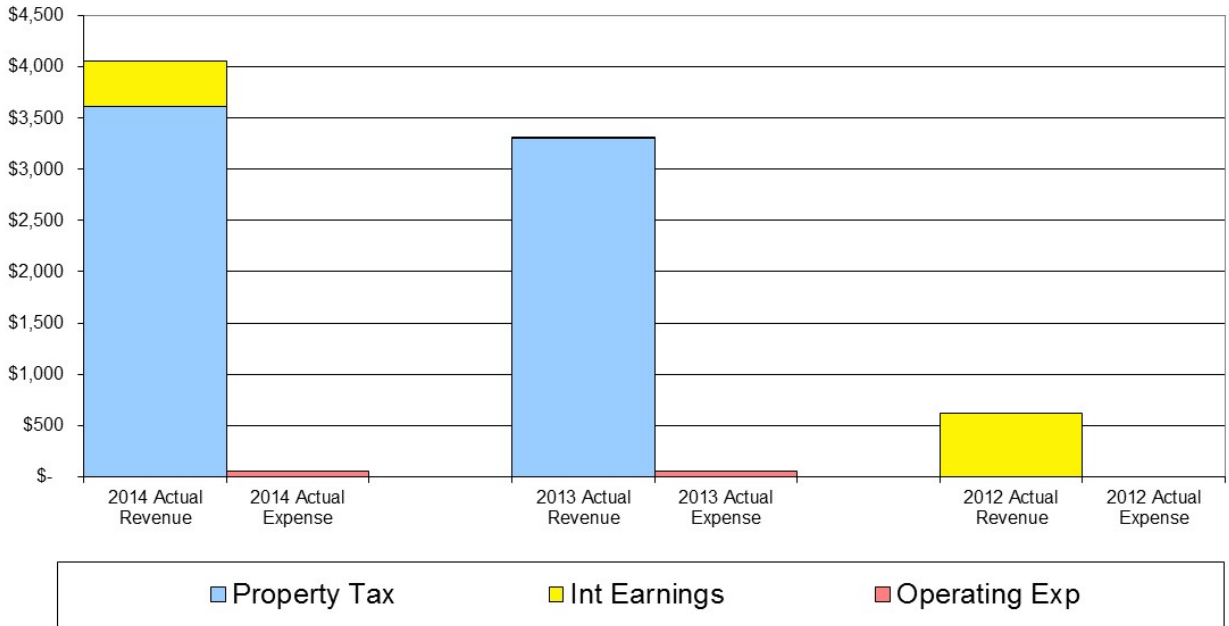
- Year-to-date comparative graphs showing three years of operating revenues and expenses and debt service as of December 31; and
- A chart with an at-a-glance look at the changes in revenues and expenses for comparable reporting periods from 2013 to 2014.
- It should be noted that figures in this report for the 4th Quarter 2014 do not reflect year-end adjustments and/or accruals, whereas figures in this report for the 4th Quarter 2013 are year-end final audited figures.

Additionally, attached are the following:

- A chart summarizing the unaudited financial position as of December 31, 2014; and
- A list of all current outstanding obligations of the URAs.

Holly Park URA

Holly Park URA Comparative Revenues vs Expenses as of 12/31

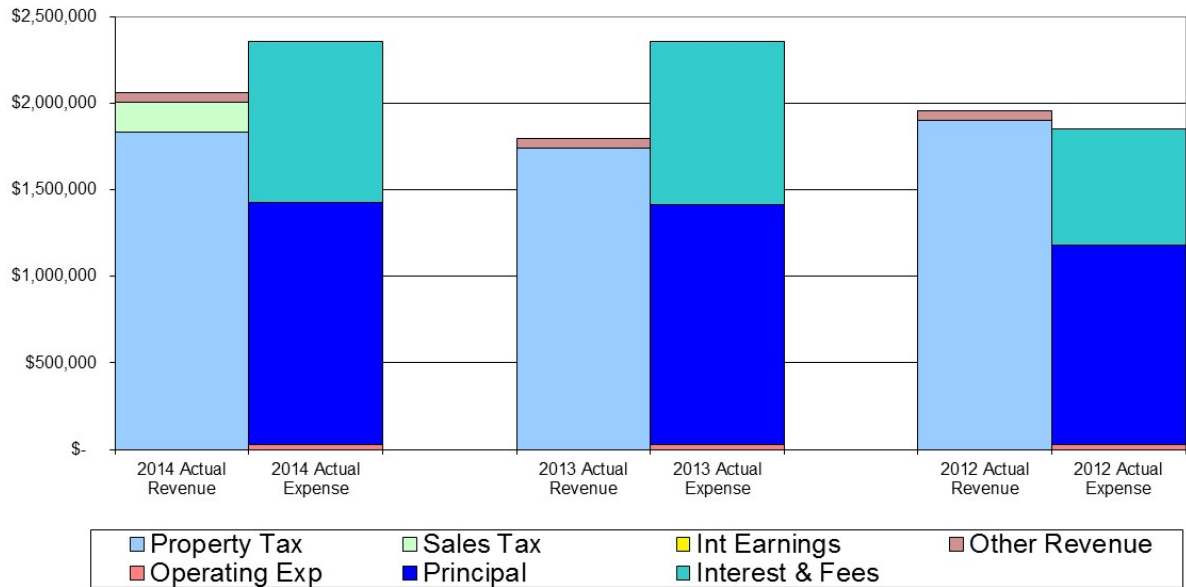


Description	2014	2013	Change
Property tax increment	\$ 3,619	\$ 3,308	\$ 311
Interest Earnings	441	5	436
Operating Exp	54	49	5

- 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 was unchanged in 2014 from 2013. Therefore, property tax increment is relatively consistent in 2014 from 2013.
- Interest earnings increased in 2014 from 2013 due to timing of year-end adjustments and/or accruals.
- Operating expenses remained constant in 2014 from 2013.

Mandalay Gardens URA (Shops at Walnut Creek)

Mandalay Gardens URA Comparative Revenues vs Expenses as of 12/31

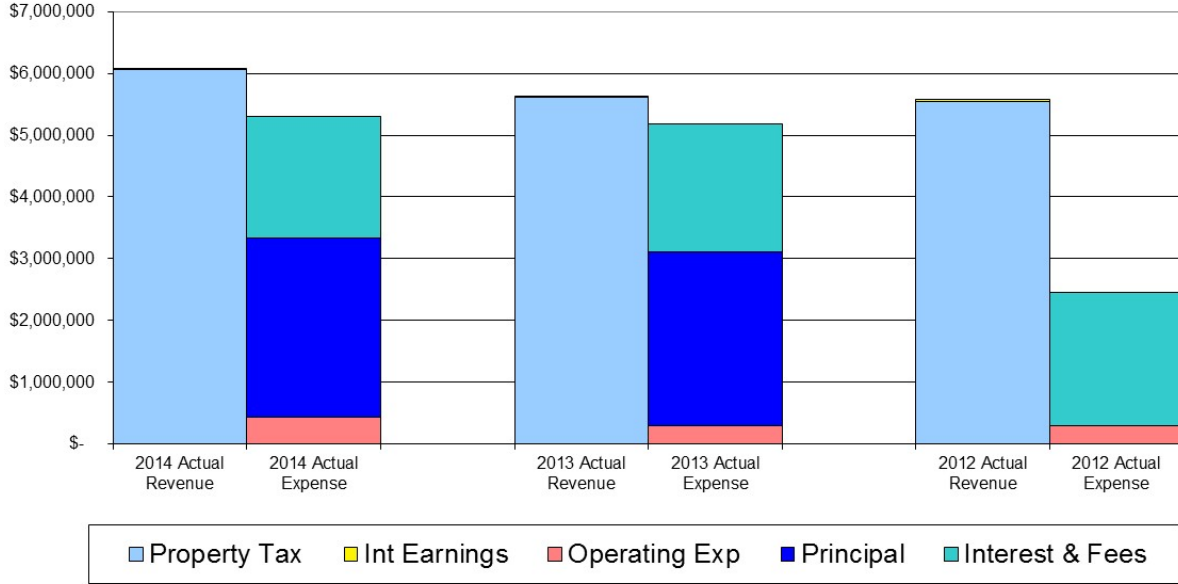


Description	2014	2013	Change
Property tax increment	\$ 1,836,640	\$ 1,740,305	\$ 96,335
Sales tax increment	168,438	-	168,438
Interest Earnings	1,698	2,158	(460)
Other Revenue	57,600	54,700	2,900
Operating Exp	27,549	26,105	1,444
Principal	1,400,000	1,390,000	10,000
Interest and Fees	930,225	943,975	(13,750)

- WEDA initiated a redevelopment project in 2003 known as the Shops at Walnut Creek. This redevelopment project is generally bound by US 36, Church Ranch Boulevard, and the Burlington Northern/Santa Fe railroad line. The Shops at Walnut Creek, connected by an attractive underpass to the Westminster Promenade, combines the warmth and familiarity of Victorian-inspired main street America with a multitude of restaurants, shops and a major retailer.
- Incremental assessed valuation decreased in 2014 from 2013. However, due to the timing of prior year abatements, property tax collections have increased in 2014 from 2013.
- The sales tax pledge, set at 0% since March 2010, increased in March 2014 to 0.2% due to the anticipated reduction in property tax increment resulting from the decline in assessed valuation. Therefore, sales tax increment collections increased in 2014 from 2013.
- Interest earnings decreased slightly in 2014 from 2013 due to timing of year-end adjustments and/or accruals.
- Other revenue is slightly higher in 2014 from 2013 due to an increased amount available in the Mandalay Town Center General Improvement District for transfer to the URA to assist with the repayment of debt.
- Year-to-date operating expenses increased slightly in 2014 from 2013 due to a increase in the collection fee paid to the county treasurer, consistent with the increase in actual property tax increment collections.
- To the extent expenditures were greater than revenues, expenditures were paid from supplemental reserves that were held over as part of the 2012 refinancings.
- Debt expenditures decreased slightly in 2014 from 2013 in accordance with the debt service schedule.

North Huron URA

North Huron URA Comparative Revenues vs Expenses as of 12/31

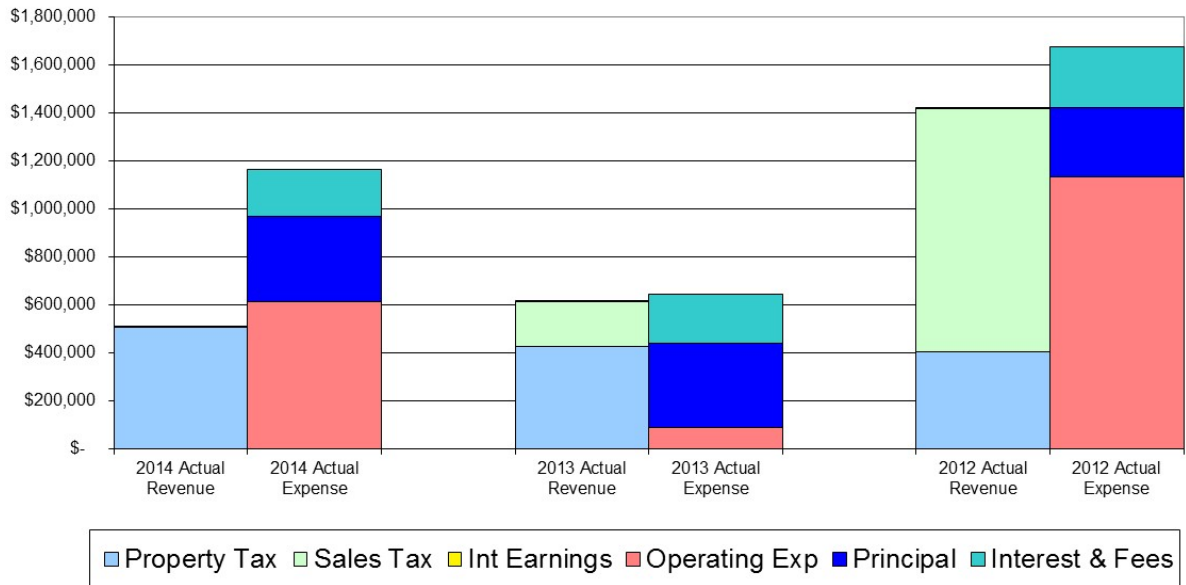


Description	2014	2013	Change
Property tax increment	\$ 6,062,695	\$ 5,605,305	\$ 457,390
Interest Earnings	17,166	29,790	(12,624)
Operating Exp	432,465	304,221	128,244
Principal	2,910,000	2,811,000	99,000
Interest and Fees	1,966,762	2,071,163	(104,401)

- 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 increased in 2014 from 2013, resulting in an increase in total property tax increment in 2014 from 2013.
- The sales tax pledge has been 0% since March 2010 as funds on deposit with Compass Bank along with anticipated property tax increment are sufficient to meet debt service requirements. Therefore, the City now retains all sales tax revenue received from this URA, which are used for City operations.
- Interest earnings decreased in 2014 from 2013 due to timing of year-end adjustments and/or accruals.
- Total operating expenses increased in 2014 from 2013. The collection fee paid to the county treasurer increased consistent with the increase in property tax increment revenues and in conjunction with higher intergovernmental cooperation agreement (ICA) payments in 2014.
- Debt expenditures decreased slightly in 2014 from 2013 in accordance with the debt service schedule.

South Sheridan URA

South Sheridan URA Comparative Revenues vs Expenses as of 12/31

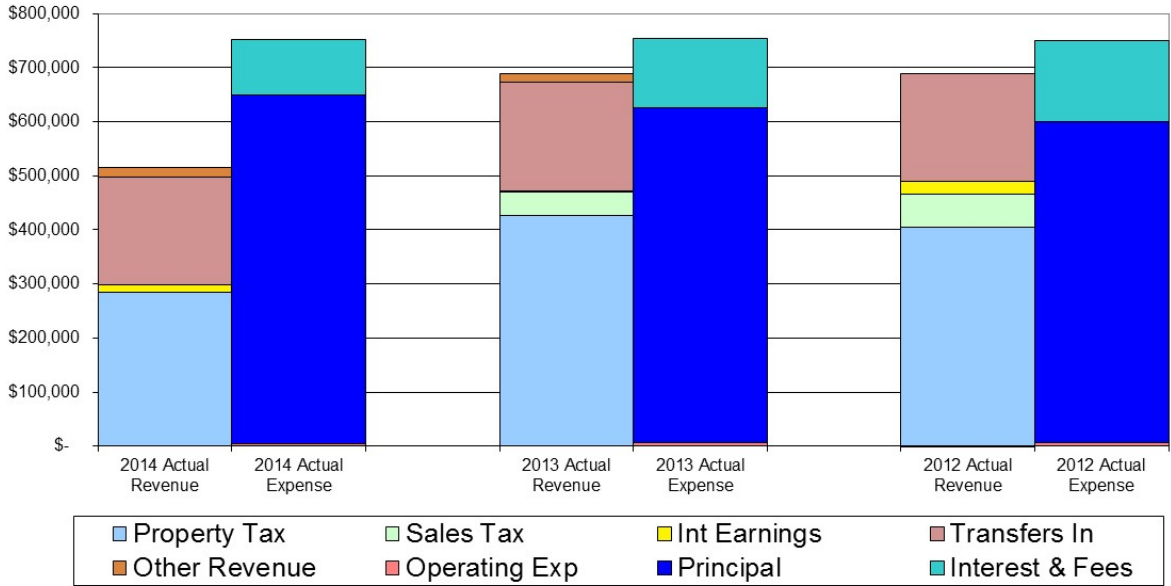


Description	2014	2013	Change
Property tax increment	\$ 508,916	\$ 428,548	\$ 80,368
Sales tax increment	-	183,578	(183,578)
Interest Earnings	4,544	1,958	2,586
Operating Exp	614,134	90,586	523,548
Principal	355,000	350,000	5,000
Interest and Fees	192,556	202,515	(9,959)

- The South Sheridan URA was established by WEDA on March 29, 2004. The approximate boundaries of the URA are commercial and vacant land north of 70th Avenue, east of Depew Street, south of 75th Avenue, and west of Xavier Street. The purpose of the URA was to provide funds for land acquisition, demolition of structures, and tenant relocation so as to facilitate redevelopment of the Shoenberg Shopping Center located at the southwest corner of 72nd Avenue and Sheridan Boulevard. The synergy of the new anchor store and overall redevelopment has encouraged development of the Shoenberg Farm and other commercial properties in the immediate area. The South Sheridan gateway to the City is anticipated to play an even more strategic role as a connection to the planned transit oriented development and commuter rail station in South Westminster.
- Incremental assessed valuation increased in 2014 from 2013 resulting in higher property tax increment collections in 2014 from 2013.
- The sales tax pledge of 2.3% through February 2012 was reduced 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, which are used for City operations.
- Interest earnings increased in 2014 from 2013 due to timing of year-end adjustments and/or accruals.
- Operating expenses increased substantially due to a one time ICA payment in 2014 and an increase in the collection fee paid to the county treasurer, consistent with the increase in property tax increment revenues.
- To the extent expenditures were greater than revenues, expenditures were paid from supplemental reserves that were held over as part of the 2012 refinancings.
- Debt expenditures decreased slightly in 2014 from 2013 in accordance with the debt service schedule.

South Westminster URA

South Westminster URA Comparative Revenues vs Expenses as of 12/31

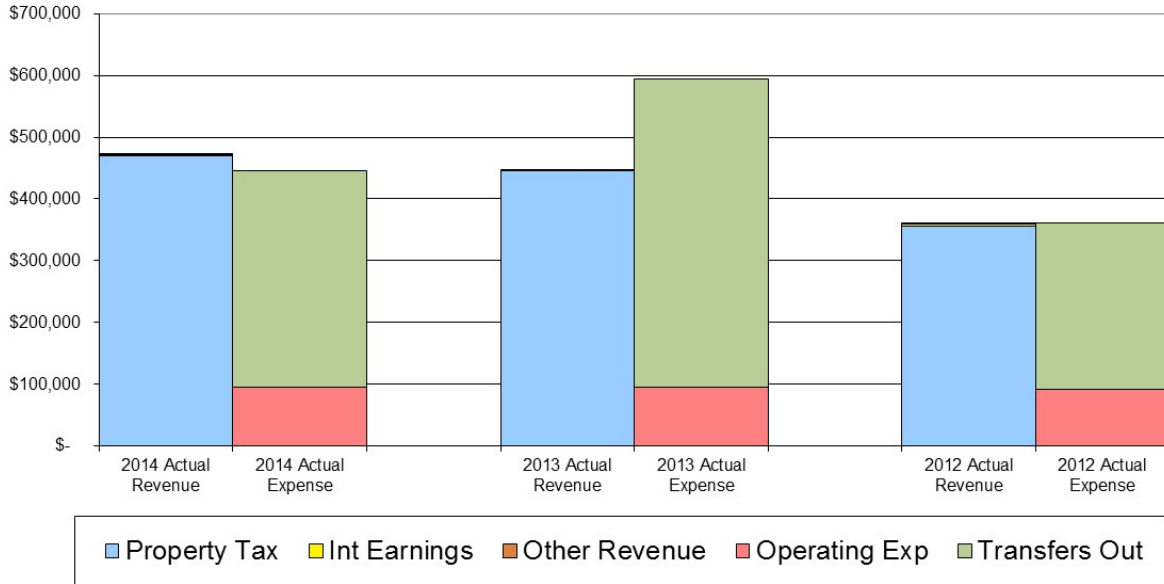


Description	2014	2013	Change
Property tax increment	\$ 284,392	\$ 425,993	\$ (141,601)
Sales tax increment	-	43,441	(43,441)
Interest Earnings	14,124	3,438	10,686
Transfers in	200,000	200,000	-
Other Revenue	16,766	15,681	1,085
Operating Exp	4,266	6,390	(2,124)
Principal	645,000	620,000	25,000
Interest and Fees	103,360	126,920	(23,560)

- The South Westminster URA was 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.
- Although incremental assessed valuation for Phase II increased in 2014 from 2013, total property tax increment in the 4th quarter of 2014 decreased from the 4th quarter of 2013 due to Phase I ending in 2013.
- With Phase I ending in 2013 and sales tax revenue below the base for Phase II, no sales tax increment was realized in 2014.
- Interest earnings increased in 2014 from 2013 due to timing of year-end adjustments and/or accruals.
- Other revenue increased slightly due to fluctuating scheduled payments related to the Community Resources and Housing Development Corporation note.
- Operating expenditures consisting of the collection fee paid to the county treasurer decreased slightly in 2014 from 2013, consistent with the decrease in property tax increment revenues.
- Debt expenditures increased slightly in 2014 from 2013 in accordance with the debt service schedule.

Westminster Center East URA

Westminster Center East URA Comparative Revenues vs Expenses as of 12/31

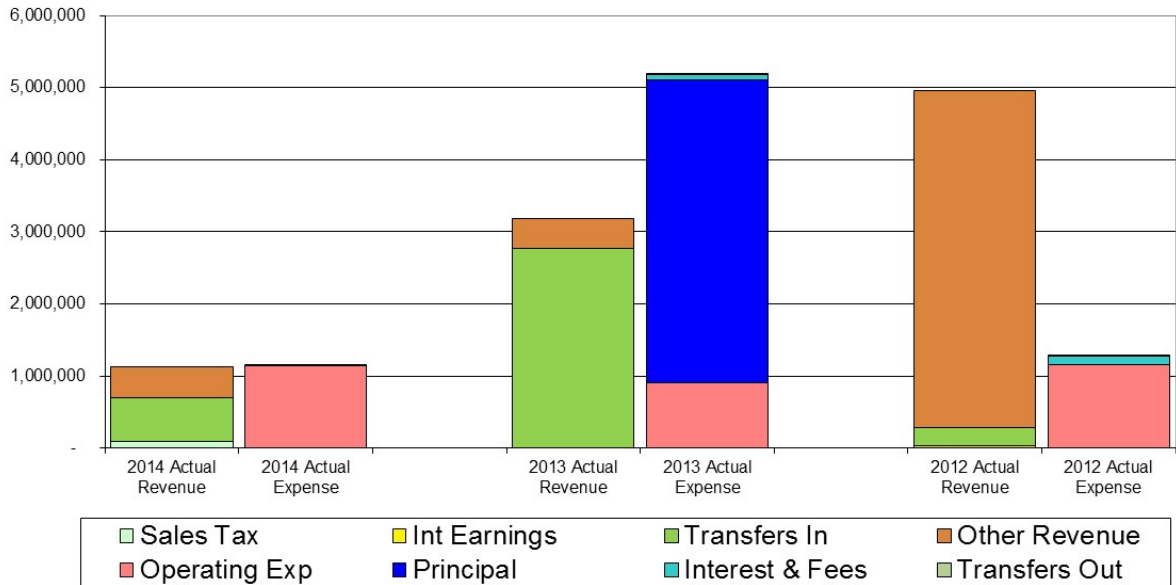


Description	2014	2013	Change
Property tax increment	\$ 469,426	\$ 445,251	\$ 24,175
Interest Earnings	1,860	744	1,116
Other Revenue	201	175	26
Operating Exp	95,756	94,514	1,242
Transfers out	350,000	500,000	(150,000)

- 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.
- Incremental assessed valuation increased in 2014 from 2013, resulting in an increase in property tax increment in 2014 from 2013.
- Interest earnings increased in 2014 from 2013 due to timing of year-end adjustments and/or accruals.
- Operating expenses increased slightly in 2014 from 2013 due to the increase of collection fees paid to the county treasurer, consistent with the increase in property tax increment revenues.
- Transfers out decreased in 2014 from 2013 due to a lower 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 12/31



Description	2014	2013	Change
Sales tax increment	\$ 86,655	\$ -	\$ 86,655
Interest Earnings	11,761	100	11,661
Transfers in	600,000	2,768,000	(2,168,000)
Other Revenue	422,218	416,000	6,218
Operating Exp	1,140,681	901,620	239,061
Principal	-	4,200,000	(4,200,000)
Interest and Fees	-	83,920	(83,920)
Transfers out	3,326	3,409	(83)

- On April 13, 2009, City Council approved Resolution 12, Series 2009 that established the Westminster Center Urban Reinvestment Plan Area and the Reinvestment Plan. The vision for the future Westminster Center is for a new transit-oriented mixed-use neighborhood including residential, retail, entertainment and employment uses, all adjacent to a new commuter rail transit station as well as the existing Westminster Center Park-n-Ride. This site will provide the City with a unique opportunity to create a focal point, a district center for the community. The new mixed-use neighborhood will serve the needs of current and future Westminster residents to live close to new workplaces and have the opportunity to use convenient transit as part of their everyday lives. It will be a place to live, work, play, visit, entertain and be entertained, and will serve as a source of great community pride for the existing City residents and the new residents that it will attract.
- The Westminster Center Urban Reinvestment Plan was amended on October 27, 2013, to authorize the utilization of tax increment financing to finance the projects undertaken in furtherance of the plan. Based on the preliminary assessed valuation from Jefferson County Assessor’s Office, the URA will not receive property tax increment for tax year 2014 that is received in 2015. However, the URA received unanticipated sales tax increment in 2014.
- Interest earnings increased in 2014 from 2013 due to timing of year-end adjustments and/or accruals.
- Transfers in decreased in 2014 from 2013 due primarily to the repayment of the Sears loan in 2013.
- Other revenue consisting of rents and sale of a sweeper increased slightly in 2014 from 2013.

- Operating expenses for this URA include expenses for the redevelopment of the former Westminster Mall site. Expenses increased in 2014 from 2013 due to increased operating costs. It is important to note that land purchase expenses are reclassified as “inventory – land held for resale” for financial reporting purposes as part of the year-end audit work. Amounts reclassified as “inventory - land held for resale” is \$4,200,000 for 2012 and the cumulative total of inventory to-date is \$29,250,523. The amount reclassified for 2012 is included in the operating expense category in the graph above.
- Debt expenditures decreased in 2014 from 2013 due to the Sears loan payoff in 2013.

This financial update supports the City Council’s Strategic Plan Goals of Vibrant and Inclusive Neighborhoods; Dynamic, Diverse Economy; and Excellence in City Services by communicating to the Board the changes in the revenues and expenses in the URAs in order to monitor the development and redevelopment efforts in the City.

Respectfully submitted,

Donald M. Tripp
Executive Director

Attachments

- WEDA Unaudited and Unadjusted Financial Statements for period ending 12/31/14
- WEDA Obligations at 12/31/14

Westminster Economic Development Authority
Obligations as of December 31, 2014

	URA	Outstanding Balance as of 1/1/14	2014 Activity		Outstanding Balance as of 12/31/14
			Add	(Delete)	
<i>Debt-Principal only</i>					
2009 WEDA Bonds	South Westminster	\$ 2,720,000	\$ -	\$ (645,000)	\$ 2,075,000
2012 WEDA Loan	N Huron	56,189,000	-	(2,910,000)	53,279,000
2012 WEDA Bonds	Mandalay	26,360,000	-	(1,400,000)	24,960,000
2012 WEDA Loan	South Sheridan	6,780,000	-	(355,000)	6,425,000
Total Debt		<u>\$ 92,049,000</u>	<u>\$ -</u>	<u>\$ (5,310,000)</u>	<u>\$ 86,739,000</u>
<i>Interfund loans</i>					
Gen Capital Improv Fund	Holly Park	\$ 1,125,000	\$ -	\$ -	\$ 1,125,000
General Fund	Holly Park	120,000	-	-	120,000
Utility Fund	South Westminster	1,425,000	-	(200,000)	1,225,000
Total Interfund loans		<u>\$ 2,670,000</u>	<u>\$ -</u>	<u>\$ (200,000)</u>	<u>\$ 2,470,000</u>

Westminster Economic Development Authority
For the period ending December 31, 2014

	Holly Park	Mandalay Gardens	North Huron	South Sheridan	South Westminster	Westminster Center East	Westminster Center Urban Reinvestment Area	Total
Revenues								
<i>Property Tax</i>	\$ 3,619	\$ 1,836,640	\$ 6,062,695	\$ 508,916	\$ 284,392	\$ 469,426	\$ -	\$ 9,165,688
<i>Sales Tax</i>	-	168,438	-	-	-	-	86,655	255,093
<i>Interest</i>	441	1,698	17,166	4,544	14,124	1,860	11,761	51,594
<i>Miscellaneous</i>	-	57,600	-	-	16,766	201	422,218	496,785
<i>Transfers In</i>	-	-	-	-	200,000	-	600,000	800,000
Total Revenues	4,060	2,064,376	6,079,861	513,460	515,282	471,487	1,120,634	10,769,160
Expenses								
<i>Operating</i>	54	27,549	432,465	614,134	4,266	95,756	-	1,174,224
<i>Capital Project -proj exp</i>	3,925	-	6,878,458	-	-	-	1,140,681	8,023,064
<i>Principal</i>	-	1,400,000	2,910,000	355,000	645,000	-	-	5,310,000
<i>Interest & Fees</i>	-	930,225	1,966,762	192,556	103,360	-	-	3,192,903
<i>Other Financing Uses*</i>	-	-	-	-	-	-	-	-
<i>Transfers Out</i>	-	-	-	-	-	350,000	3,326	353,326
Total Expenses	3,979	2,357,774	12,187,685	1,161,690	752,626	445,756	1,144,007	18,053,517
<i>Revenues Over(under) Exp</i>	81	(293,398)	(6,107,824)	(648,230)	(237,344)	25,731	(23,373)	(7,284,357)
Beginning Fund Balance	(342,479)	4,153,623	16,225,800	1,978,831	95,317	91,709	30,667,987	52,870,788
Ending Fund Balance**	\$ (342,398)	\$ 3,860,225	\$ 10,117,976	\$ 1,330,601	\$ (142,027)	\$ 117,440	\$ 30,644,614	\$ 45,586,431

**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	-	3,830,907	9,394,493	985,498	(142,027)	-	-	14,068,871
Restricted: Capital Improvements	-	-	696,536	-	-	-	-	696,536
Committed: Urban Renewal	44,222	-	-	-	-	-	913,994	958,216
Assigned: Urban Renewal	-	29,318	26,947	345,103	-	117,440	480,097	998,905
Unassigned	(1,236,620)	-	-	-	-	-	-	(1,236,620)
Total Fund Balance	\$ (342,398)	\$ 3,860,225	\$ 10,117,976	\$ 1,330,601	\$ (142,027)	\$ 117,440	\$ 30,644,614	\$ 45,586,431