



WESTMINSTER

Westminster Economic Development Authority

TO: The Westminster Economic Development Authority Board Members

DATE: November 19, 2014

SUBJECT: WEDA Post City Council Meeting Agenda for November 24, 2014

PREPARED BY: Stephen P. Smithers, Acting 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 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,

Stephen P. Smithers
Acting Executive Director



WESTMINSTER

Staff Report

WEDA Information Only Staff Report
November 24, 2014



SUBJECT: Westminster Economic Development Authority 3rd 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 September 30, 2014.

Background Information

WEDA currently includes seven separate URA's. This report presents the financial activity as of September 30, 2014. Included in the report are the following for each URA:

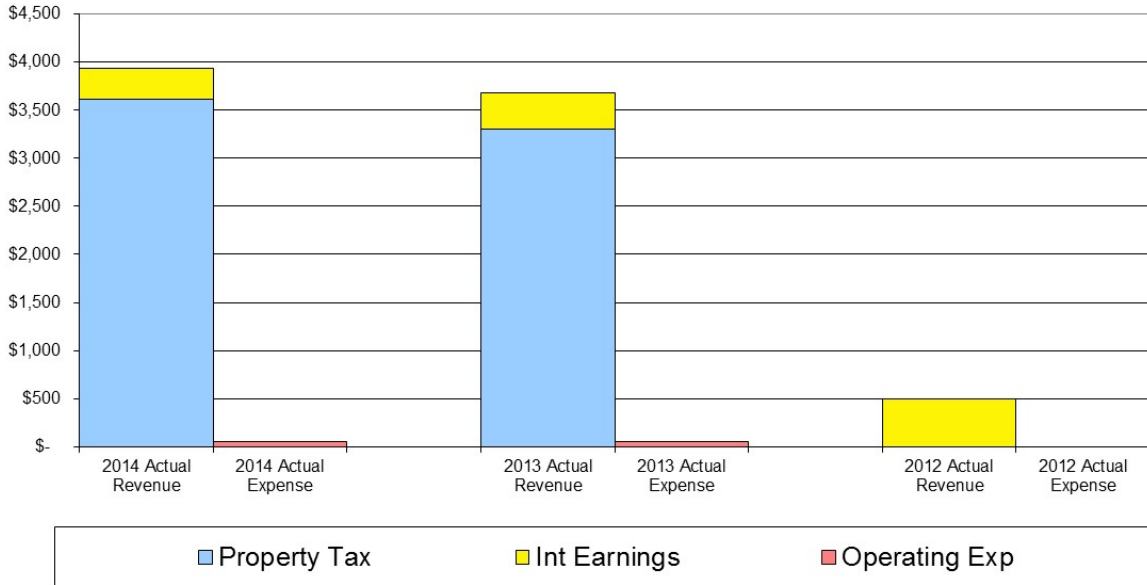
- Year-to-date comparative graphs showing three years of operating revenues and expenses and debt service as of September 30; and
- A chart with an at-a-glance look at the changes in revenues and expenses for comparable reporting periods from 2013 to 2014.

Additionally, attached are the following:

- A chart summarizing the unaudited financial position as of September 30, 2014; 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

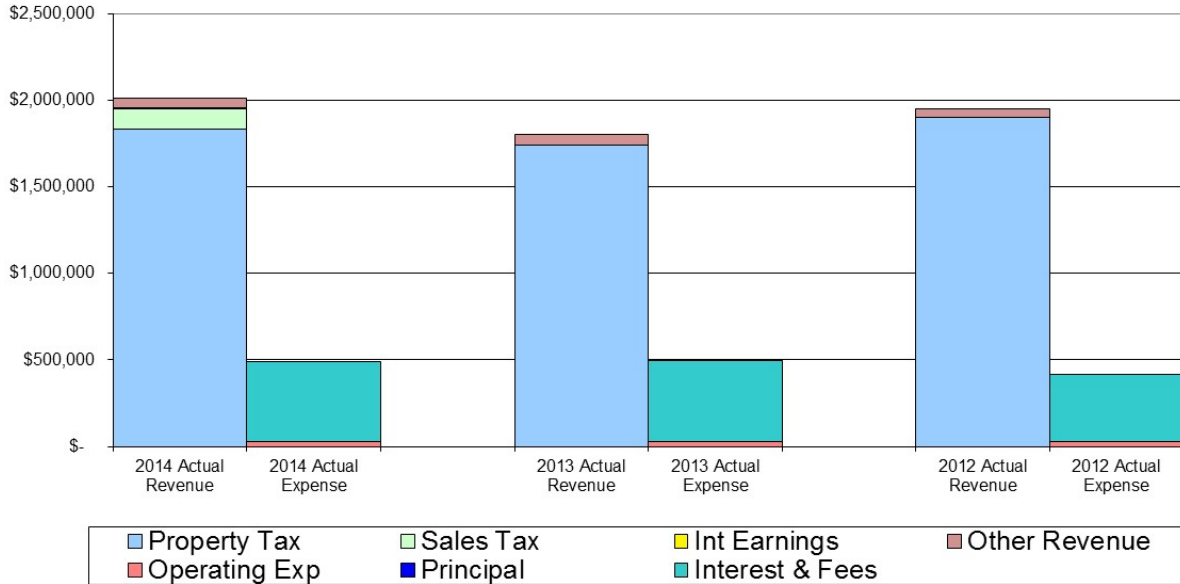


Description	2014	2013	Change
Property tax increment	\$ 3,619	\$ 3,308	\$ 311
Interest Earnings	318	370	(52)
Operating Exp	54	49	5

- 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 decreased in 2014 from 2013 due to continued spend down of project funds.
- Operating expenses remained constant in 2014 from 2013.

Mandalay Gardens URA (Shops at Walnut Creek)

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

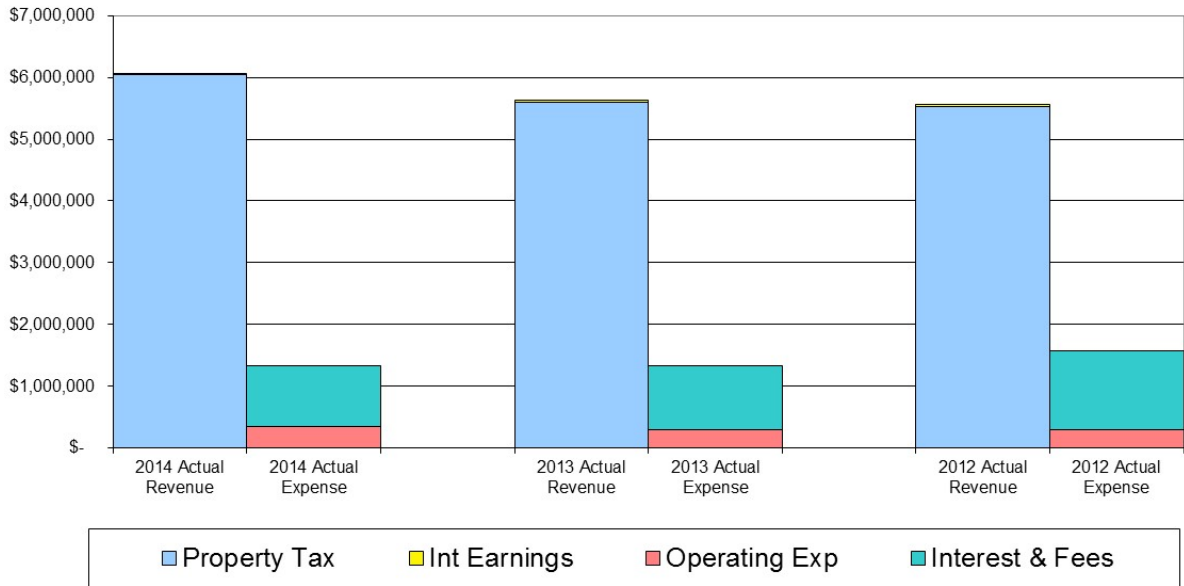


Description	2014	2013	Change
Property tax increment	\$ 1,836,640	\$ 1,739,053	\$ 97,587
Sales tax increment	116,635	-	116,635
Interest Earnings	1,494	2,143	(649)
Other Revenue	57,600	60,900	(3,300)
Operating Exp	27,550	26,086	1,464
Interest and Fees	464,287	471,238	(6,951)

- 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.
- Other revenue is slightly lower in 2014 from 2013 due to the reduced 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.
- Debt expenses consisting of only interest and fees decreased slightly in 2014 from 2013.

North Huron URA

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

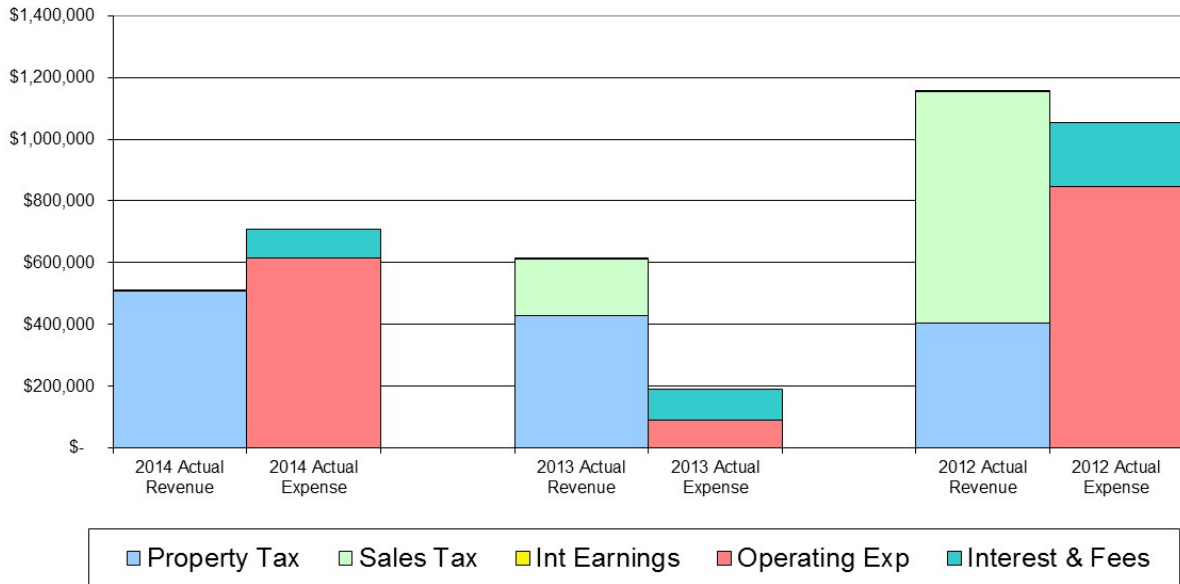


Description	2014	2013	Change
Property tax increment	\$ 6,040,845	\$ 5,604,700	\$ 436,145
Interest Earnings	15,270	23,048	(7,778)
Operating Exp	357,334	301,211	56,123
Interest and Fees	980,643	1,035,711	(55,068)

- 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, all sales tax revenue received from this URA was retained by the City.
- Interest earnings decreased in 2014 from 2013 due to fluctuations in the balances of funds at the Trust.
- 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 in conjunction with higher intergovernmental cooperation agreement (ICA) payments in 2014.
- Debt service expenses, consisting only of interest and fees, decreased in 2014 from 2013 as anticipated with the refinancing of the 2012 loan.

South Sheridan URA

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

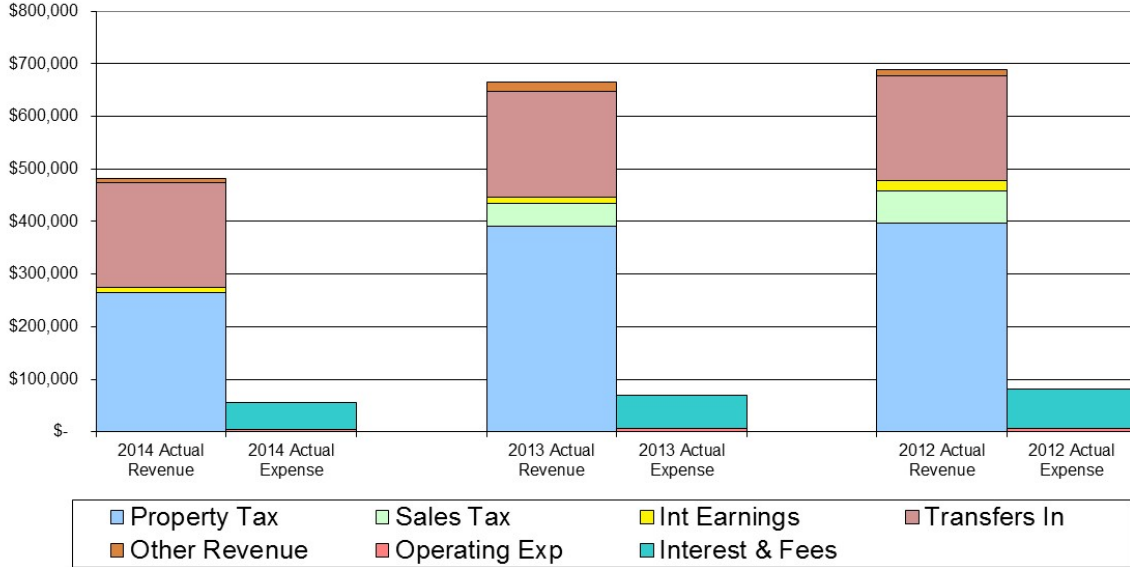


Description	2014	2013	Change
Property tax increment	\$ 508,916	\$ 428,548	\$ 80,368
Sales tax increment	-	183,578	(183,578)
Interest Earnings	3,484	4,113	(629)
Operating Exp	614,134	90,586	523,548
Interest and Fees	96,055	101,031	(4,976)

- 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.
- Interest earnings decreased in 2014 from 2013 consistent with the reduced increment sent to the Trust in 2014.
- Operating expenses increased substantially due to an 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.
- Debt service expenditures, consisting only of interest and fees, decreased in 2014 from 2013 as anticipated with the loan refinancing in 2012.

South Westminster URA

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

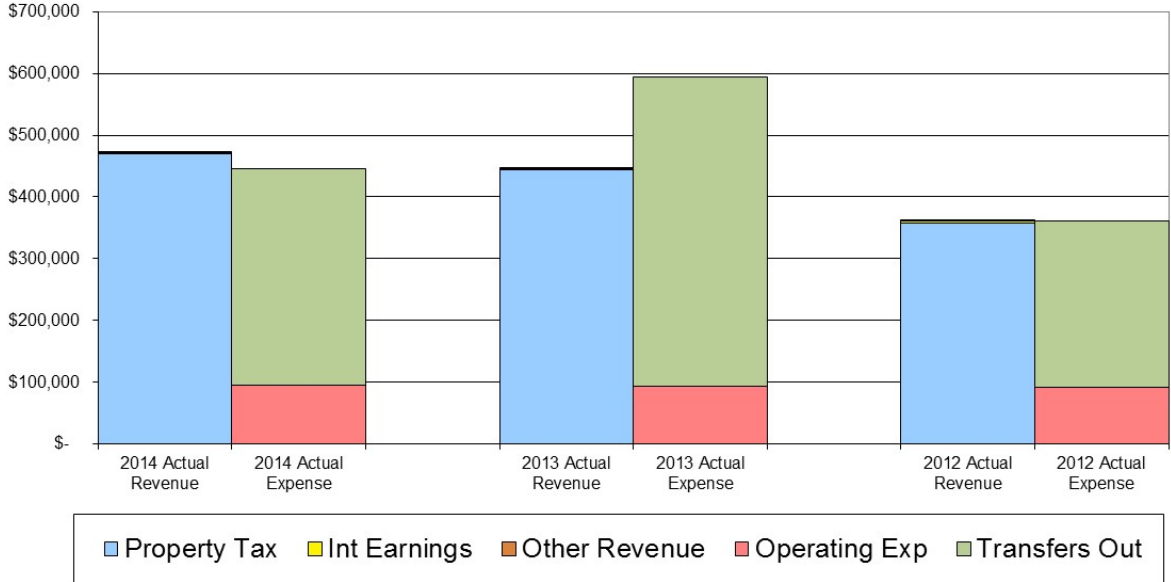


Description	2014	2013	Change
Property tax increment	\$ 264,038	\$ 390,589	\$ (126,551)
Sales tax increment	-	43,441	(43,441)
Interest Earnings	10,030	12,926	(2,896)
Transfers in	200,000	200,000	-
Other Revenue	6,872	18,044	(11,172)
Operating Exp	3,961	5,859	(1,898)
Interest and Fees	51,680	63,460	(11,780)

- 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 3rd quarter of 2014 decreased from the 3rd quarter of 2013 due to Phase I ending in 2013.
- Additionally with the ending of Phase I in 2013, sales tax increment decreased in 2014 from 2013.
- Interest earnings decreased in 2014 from 2013 as a result of a lower cash balance in the URA.
- Other revenue decreased 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 service expenses decreased in 2014 from 2013 due to the decrease in outstanding principal.

Westminster Center East URA

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

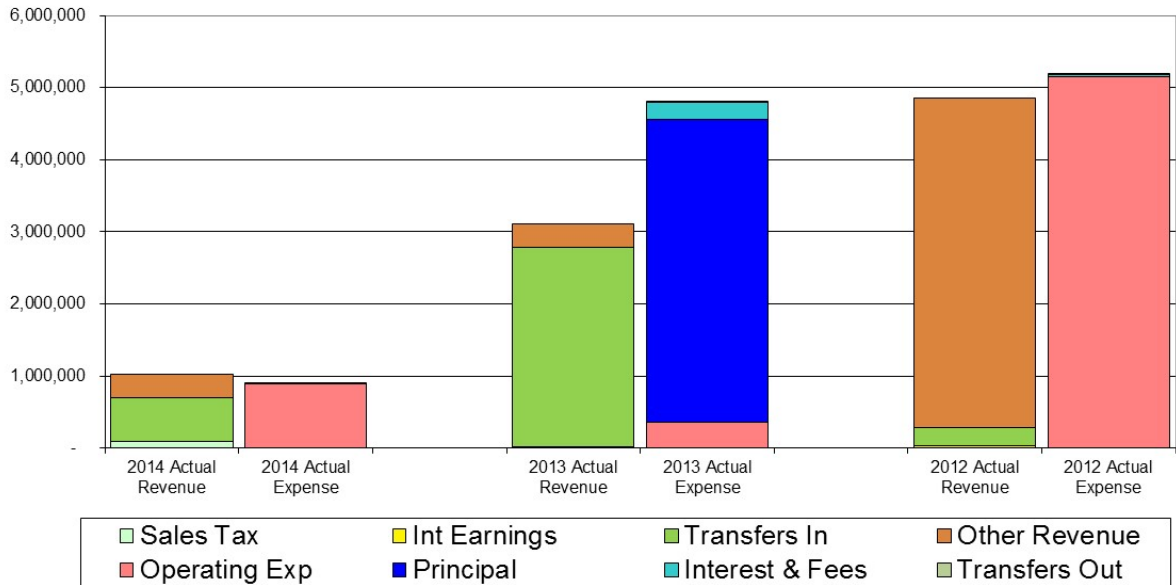


Description	2014	2013	Change
Property tax increment	\$ 469,426	\$ 443,429	\$ 25,997
Interest Earnings	1,614	2,399	(785)
Other Revenue	201	173	28
Operating Exp	95,756	94,418	1,338
Transfers out	350,000	500,000	(150,000)

- 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. 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 decreased in 2014 from 2013 due to the lower cash balance in the URA.
- 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 9/30



Description	2014	2013	Change
Sales tax increment	\$ 86,655	\$ -	\$ 86,655
Interest Earnings	8,652	21,913	(13,261)
Transfers in	600,000	2,768,000	(2,168,000)
Other Revenue	326,710	320,985	5,725
Operating Exp	884,346	353,533	530,813
Principal	-	4,200,000	(4,200,000)
Interest and Fees	-	248,915	(248,915)
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, Staff no longer anticipates that the URA will receive property tax increment for tax year 2014 that is received in 2015. However, the URA has received unanticipated sales tax increment in 2014.
- Interest earnings decreased in 2014 from 2013 due to spend down of project cash.
- Transfers in decreased in 2014 from 2013 due primarily to the repayment of the Sears loan in 2013.
- Other revenue consisting of rents remained constant 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 service expenses 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,

Stephen P. Smithers
Acting Executive Director

Attachments

- WEDA Unaudited and Unadjusted Financial Statements for period ending 09/30/14
- WEDA Obligations at 09/30/14

Westminster Economic Development Authority
For the period ending September 30, 2014

	Holly Park	Mandalay Gardens	North Huron	South Sheridan	South Westminister	Westminister Center East	Westminister Center Urban Reinvestment Area	Total
Revenues								
Property Tax	\$ 3,619	\$ 1,836,640	\$ 6,040,845	\$ 508,916	\$ 264,038	\$ 469,426	\$ -	\$ 9,123,484
Sales Tax	-	116,635	-	-	-	-	86,655	203,290
Interest	318	1,494	15,270	3,484	10,030	1,614	8,652	40,862
Miscellaneous	-	57,600	-	-	6,872	201	326,710	391,383
Transfers In	-	-	-	-	200,000	-	600,000	800,000
Total Revenues	3,937	2,012,369	6,056,115	512,400	480,940	471,241	1,022,017	10,559,019

Expenses								
Operating	54	27,550	357,334	614,134	3,961	95,756	-	1,098,789
Capital Project -proj exp	2,825	-	4,037,749	-	-	-	884,346	4,924,920
Principal	-	-	-	-	-	-	-	-
Interest & Fees	-	464,287	980,643	96,055	51,680	-	-	1,592,665
Other Financing Uses*	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	350,000	3,326	353,326
Total Expenses	2,879	491,837	5,375,726	710,189	55,641	445,756	887,672	7,969,700

Revenues Over(under) Exp	1,058	1,520,532	680,389	(197,789)	425,299	25,485	134,345	2,589,319
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**	\$ (341,421)	\$ 5,674,155	\$ 16,906,189	\$ 1,781,042	\$ 520,616	\$ 117,194	\$ 30,802,332	\$ 55,460,107

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

Nonspendable: Inventory	\$ 850,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,250,523	\$ 30,100,523
Restricted: Debt Service	-	5,644,958	13,342,281	1,436,676	520,616	-	-	20,944,531
Restricted: Capital Improvements	-	-	3,537,085	-	-	-	-	3,537,085
Committed: Urban Renewal	45,322	-	-	-	-	-	1,162,980	1,208,302
Assigned: Urban Renewal	-	29,197	26,823	344,366	-	117,194	388,829	906,409
Unassigned	(1,236,743)	-	-	-	-	-	-	(1,236,743)
Total Fund Balance	\$ (341,421)	\$ 5,674,155	\$ 16,906,189	\$ 1,781,042	\$ 520,616	\$ 117,194	\$ 30,802,332	\$ 55,460,107

**Westminster Economic Development Authority
Obligations as of September 30, 2014**

	URA	Outstanding Balance as of 1/1/14	2014 Activity Add	(Delete)	Outstanding Balance as of 9/30/14
<i>Debt-Principal only</i>					
2009 WEDA Bonds	South Westminster	\$ 2,720,000	\$ -	-	\$ 2,720,000
2012 WEDA Loan	N Huron	56,189,000	-	-	56,189,000
2012 WEDA Bonds	Mandalay	26,360,000	-	-	26,360,000
2012 WEDA Loan	South Sheridan	6,780,000	-	-	6,780,000
Total Debt		<u>\$ 92,049,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,049,000</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	-	-	1,425,000
Total Interfund loans		<u>\$ 2,670,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,670,000</u>