



# WESTMINSTER

## Staff Report

TO: The Mayor and Members of the City Council

DATE: December 16, 2015

SUBJECT: Study Session Agenda for December 21, 2015

PREPARED BY: Donald M. Tripp, City Manager

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

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

***A light dinner will be served in the Council Family Room 5:30 P.M.***

### CITY COUNCIL REPORTS

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

### CITY MANAGER'S REPORT

### EXECUTIVE SESSION

***6:00 P.M.***

1. Discussions with the City Attorney for the Purpose of Receiving Legal Advice on Pending Litigation in the Brandt v City of Westminster Case as Authorized by Section 24-6-402(4)(b), C.R.S., and Section 1-11-3(C)(3), W.M.C. – ***Verbal***

### PRESENTATIONS

1. Update on Scientific and Cultural Facilities District – Jim Harrington from CATZ presenting
2. Westminster Station Area Parking Discussion
3. Sustainability Update - ***Verbal***

### INFORMATION ONLY ITEMS

1. 2015 Annual Financial Audit – Engagement Letter

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

Respectfully submitted,

Donald M. Tripp  
City Manager

**NOTE:** Persons needing an accommodation must notify the City Manager's Office no later than noon the Thursday prior to the scheduled Study Session to allow adequate time to make arrangements. You can call [303-658-2161](tel:303-658-2161) /TTY 711 or State Relay or write to [mbarajas@cityofwestminster.us](mailto:mbarajas@cityofwestminster.us) to make a reasonable accommodation request.



Staff Report

City Council Study Session Meeting
December 21, 2015



SUBJECT: Update on Scientific and Cultural Facilities District

PREPARED BY: Ben Goldstein, Senior Management Analyst

Recommended City Council Action

Listen to the presentation by Jim Harrington, president of Citizens for Arts to the Zoo (CATZ) regarding the Scientific and Cultural Facilities District (SCFD).

Summary Statement

Since 1989, the Scientific and Cultural Facilities District (SCFD) has distributed funds from a 1/10 of 1% sales and use tax to cultural facilities throughout the seven-county Denver metropolitan area; including Adams and Jefferson counties. The funds support cultural facilities whose primary purpose is to enlighten and entertain the public through the production, presentation, exhibition, advancement and preservation of art, music, theatre, dance, zoology, botany, natural history and cultural history. The Butterfly Pavilion receives SCFD funding annually and the South Westminster Arts Group (SWAG) has received SCFD grants. The annual budget for scientific and cultural organizations in the seven-county area is approximately \$40 million.

Background Information

The current SCFD 0.1% sales tax is up for reauthorization in 2018, but will be considered by the legislature in 2016 to refer to the voters November 2016. The reauthorization has sparked a healthy debate among the various agencies that receive funds from the Scientific and Cultural Facilities District (SCFD). The current and SCFD proposed funding models are bifurcated with the changeover occurring at \$38 million in revenues, as shown in the tables below. This model is supported by Citizens for Arts to the Zoo (CATZ). There is also an additional model being proposed by Friends of Arts and Cultural Equity (FACE) that is not bifurcated and would be phased in by 2030. These models are shown below.

Table with 4 columns: Current SCFD Funding Model, Tier I, Tier II, Tier III. Rows: Revenues of \$38 million and below, Revenues above \$38 million.

Table with 4 columns: Proposed SCFD Funding Model, Tier I, Tier II, Tier III. Rows: Revenues of \$38 million and below, Revenues above \$38 million.

Proposed FACE Funding Model (2030)			
	Tier I	Tier II	Tier III
All SCFD Revenues (no bifurcation)	50%	30%	20%

Under the proposed SCFD model, tier II and tier III groups would receive an additional \$1.4 million, based on a projected \$52 million in total SCFD revenue. By 2030, the incremental increase for tier II and Tier III groups would be \$3.8 million, with total SCFD revenues projected at \$87 million. Over the 12 year reauthorization period, the SCFD is projecting flat revenues for tier I groups, an increase of \$21 million for tier II groups, and an increase of \$13.7 million for tier III groups.

Under the proposed FACE model, tier II and tier III groups would receive an additional \$7.7 million, based on a projected \$52 million in total SCFD revenue. By 2030, the incremental increase for tier II and Tier III groups is estimated to be \$12.6 million, with total SCFD revenues projected at \$87 million. Under the FACE proposal, a significant portion of the increase would be received by tier III groups. FACE is primarily comprised of individuals associated with tier III groups located in Boulder and Denver. While funding for tier I and tier II groups is outlined in statute, tier III agencies apply for funding through a grant process and would thus like to increase the overall availability of funds for which they could apply.

Below is a list of all SCFD groups located in Westminster and their estimated 2016 funding levels.

Tier I

- **None**

Tier II

- **Butterfly Pavilion** (\$695,000)  
6252 W. 104<sup>th</sup> Avenue, Westminster, 80030

Tier III

- **Colorado Educational Theatre** (\$15,000)  
8120 Sheridan Blvd. Suite B-309, Westminster, 80003
- **Golden Eagle Concert Band** (\$8,700)  
10465 Johnson Court, Westminster, 80021
- **Paletteers Art Club Inc.** (\$4,700)  
P. O. Box 350489, Westminster, 80035
- **Westminster Historical Society** (\$44,000)  
PO Box 492, Westminster, 80036
- **South Westminster Arts Group** (\$27,000)  
3915 W. 73rd Avenue, Westminster, 80030
- **North Metro Arts Alliance** (\$23,000)  
PO Box 1043, Westminster, 80030

Jim Harrington, president of Citizens for Arts to the Zoo (CATZ), will be in attendance at Monday’s Study Session with a brief presentation in support of the SCFD proposed funding model.

Staff Report – Scientific and Cultural Facilities District  
December 21, 2015  
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Supporting the SCFD furthers the City Council’s Strategic Plan Goals of “*Vibrant, Inclusive and Engaged Community*” and “*Dynamic, Diverse Economy*” by providing funding to the above mentioned groups in Westminster.

Respectfully submitted,

Donald M. Tripp  
City Manager



## Staff Report

City Council Study Session Meeting  
December 21, 2015



**SUBJECT:** Westminster Station Area Parking Discussion

**PREPARED BY:** Mac Cummins, AICP, Planning Manager

### Recommended City Council Action

Discuss the proposed approach regarding provision of parking in the Westminster Station Transit Oriented Development (TOD) area. Specifically, Staff will present ideas formulated relative to parking demand and supply in the district, both public and private; and how the City can strategize within the proposed Westminster Station Area Specific Plan for future growth and reinvestment in the area. The key question for the Council to consider is how to transition the City's regulatory and zoning requirements relative to parking from a "suburban" philosophy, into an "urban" philosophy in order to fully realize the vision laid out for the neighborhood.

### Summary Statement

- At the August 17, 2015 study session, staff reviewed a number of potential issues moving forward in the creation of a specific plan for the TOD area. One of those issues related to the strategy for provision of adequate parking within the district. At that meeting, staff indicated that we would return for a follow up discussion on the subject and to discuss in more detail how the district approach to parking would function.
- Planning for the Westminster Station Area began in 2002 with the identification of Westminster Station as the first station along the FasTracks Northwest Commuter Rail line.
- In 2011, City Council formulated a clear vision for the Station Area as a mixed-use, transit-oriented neighborhood. A conceptual plan was developed to illustrate the City's desire for higher-intensity development close to the station with a mix of residential, retail, and office uses with ample park space and civic amenities.
- Subsequent planning and design efforts for the Westminster Station Area have included the design of the station platform and north and south plazas, the 40-acre Little Dry Creek Park and Open Space.
- In 2014, the new Specific Plan District was adopted as part of the Zoning Code, which paves the way for creation of a Specific Plan, and thus, new zoning and development standards to implement the City Council's vision for the Station Area.
- The Westminster Station Area Specific Plan will regulate land use as well as the form and design of buildings, streets, public spaces; and parking. The plan will also address implementation and development review, and will be similar in format to the Downtown Specific Plan.

- Completion of the Westminster Station Area Specific Plan is anticipated for late spring or early summer 2016. The planning process will include several rounds of public outreach as well as multiple study sessions with the City Council and Planning Commission. This process has already begun, including an open house that occurred at the M.A.C. in October, and several business outreach meetings.

**Expenditure Required:** \$0 at this time

**Source of Funds:** N/A

## **Policy Issues**

Does Council support the notion of moving away from the suburban approach to the provision of parking to more of an urban approach? A suburban approach is characterized as having a requirement to provide all parking stalls required for a development (or land use) on that site. An urban approach is generally characterized as “pooling” the provided parking into a centralized location and allowing for a more continuous development pattern; aka “urban” style development. In these locations, public street parking is also utilized to accommodate parking for development, thereby allowing the impact of parking demand to “spill out” onto the street. In a suburban philosophy, all impacts are mitigated completely on site.

## **Alternatives**

Do not support the shift to a more urban approach in this district relative to parking requirements. In the discussion below, there are alternatives that staff are still exploring that will create “gradations” between 100% provided on site and not requiring any parking on site. Staff is promoting the concept of helping encourage reinvestment in the area, and removing barriers to entry is a key factor in that discussion. The balance of providing enough parking to supply the business needs of the area, and balancing the impacts of that demand with the provision of “enough” parking supply, is the preferred alternative. Staff will explain the approach below that should strike a balance between these two approaches.

## **Background Information**

The Westminster Station Area (Station Area) is a 135-acre area bounded by Lowell Boulevard, Federal Boulevard, 72<sup>nd</sup> Avenue and the Little Dry Creek Open Space and park. The Station Area is located southeast of the Harris Park district. Irving Street, a long-established civic corridor in South Westminster bisects the site, connecting the future Westminster Station to the MAC, Irving Street Library, Swim and Fitness Center, and the municipal courthouse to the north. The improvements and regional trail connections underway in the Little Dry Creek Open Space just to the south of the station, along with the direct 11-minute non-stop rail connection to Denver Union Station, make the Westminster Station Area an important regional and citywide destination. The vision for the station area builds on the site’s potential as a regional connection for the city as well as its local influence and role as a civic and cultural hub in the south of Westminster.

The following background provides an overview of planning efforts for the Station Area, the City’s established vision, the next steps in the planning process, and strategies for plan implementation. Additional detail of the project background can be found in the February 3, 2014 staff report on the Westminster Station Transit Oriented Development Area Overview and Update, which is attached.

## **Existing Context and Planning Background**

The Station Area is situated at the southeastern end of the City, just north of unincorporated Adams County. Existing development in the area occupies land north of the rail corridor (with the Little Dry Creek drainage basin to the south). Development is comprised primarily of single-story commercial and industrial uses, with smaller-scale development located along the periphery and larger-scale uses and lot sizes closer to the rail corridor. Uses in the Station Area are mostly non-residential and include

light industrial (18 acres), retail and general commercial use (16.4 acres), and auto and service-oriented use (15.1). Almost 16 percent of the developable land in the northern portion of the Station Area is occupied by high- and low-intensity residential development (7.9 and 3.8 acres, respectively). The remaining developable land north of the rail corridor is vacant (13.2 acres, including City-owned property and the site of the station garage). Major property owners in the area include the City of Westminster, JDRE Holdings (Nolan RV), Adams County Housing Authority, Hunter Leather and KEW Realty Corporation—most of these larger, more significant land holdings are located along the rail corridor adjacent to the station.

Planning for infrastructure in the Westminster Station Area began in 2002 with the identification of Westminster Station as the first station along the RTD FasTracks Northwest Commuter Rail Corridor. Based on the opportunity to establish a transit center and build community and economic capital, an initial concept plan for the area was developed in 2006. The plan illustrated a vision of a mixed-use, higher-intensity neighborhood around the station (**Attachment A**). Refinement of this concept continued into 2011, at which time a vision and clear objectives for transit-supportive, mixed-use development in a cohesive district were approved by City Council (**Attachment B**). The project objectives established with this vision include:

- Opening Day Success of the South Westminster Station;
- Circulation and Access;
- Stormwater Management;
- Urban Density/Walkability;
- Open Space;
- Mix of Uses;
- Grow and Enhance Opportunities; and
- Successful Implementation.

The land uses proposed with this plan include high-intensity mixed-use development with office and residential over retail, live/work, creative commercial uses, and multifamily and townhome development. The intent of this vision was reflected in the 2013 Comprehensive Plan Update through Focus Area policies for the Westminster Station Area, as shown in **Attachment C**. The area was also designated as Mixed Use Center to convey the City's intent to foster higher-intensity, transit-supportive development in the area.

Key to the success of this vision is the City's commitment to designing and building an exemplary station and facilities that will act as a catalyst for future development. The station and its surrounds are designed as a civic amenity and gathering space, with a large amphitheater, gathering space for formal and informal public events, and provision of pedestrian and bicycle amenities. Likewise, the Little Dry Creek Park and Open Space will further establish the Station Area as a regional and civic destination, with approximately 40 acres of open space, drainage area and park amenities planned. (Both the station and park are illustrated in Attachment C.)

At the August 17, 2015 City Council study session, staff presented the concept of utilizing a specific plan for the district, the same planning and development strategy tool that has been implemented in the new Downtown. Council supported staff's recommendation. In the staff report, at that time, staff conveyed the following information:



- **Parking strategy that fosters higher intensity development, more efficient use of land, and incentivizes reuse of existing structures.** Much of the Station Area is comprised of smaller parcels (typically 0.5 – 1.0 acres) with limited ability to accommodate required parking on-site, particularly for reuse of existing buildings and small-scale redevelopment. Already, staff has had to turn away several potential uses based on their inability to meet the current parking requirements on site. This inability to accommodate unique uses at the small, incremental level is problematic as they could have an immediate impact on the area's identity as a destination and neighborhood. Additionally, as new development occurs on a larger scale, the amount of transit-supportive non-residential uses will be limited by the amount of parking that can be accommodated on-site. In order to facilitate reuse and activity, as well as an appropriate urban form and intensity to development, the Specific Plan must address parking.

The Specific Plan will need to minimize parking in order to facilitate more density and development in the Station Area. The total supply of parking can be reduced by lowering the parking requirement for all development as well as through introducing a mechanism with which to allow parking to be shared across a wider area or district—allowing uses that have peak demand that complement each other to utilize the same spaces. As part of the planning process, staff hired Fox Tuttle Hernandez (FTH) to develop an overall parking management strategy for the Station Area. The strategy is two-fold. It includes reduction of parking requirements throughout the Station Area as well as a shared parking strategy that introduces a “pool” of public parking to meet the needs of non-residential parking demand that is not met on-site.

As staff continues to move forward with the specific plan process, staff is seeking City Council input on the “big picture” approach to provision of parking supply in the district. Staff will return to the Council at a future date on specific details, likely running in parallel with the specific plan adoption process.

### **Alternatives**

In order to achieve the desired vision for the TOD area, some change to the parking ordinance in this area of the city would be necessary. In past discussions with the City Council on the concept of urban development (most recently in discussions of the development of the new Downtown) Council has been comfortable with the concept of pooling parking in centralized locations. There is a fundamental difference between the new downtown and the TOD area, however. The Downtown is generally still owned entirely by WEDA, and the TOD is an area with multiple land owners. As such, planning for parking provision has some of the same “bones” as the new Downtown, but is fundamentally different in that there are existing properties with existing buildings and parking supplies, which has led to inefficiency in development patterns in the area. By contrast, in the new Downtown, we are able to far more logically plan for certain developments and land uses, and locate parking supply accordingly because WEDA controls the land and is selling it off one block at a time.

In order to remove the parking supply “barrier to entry,” staff is proposing to institute a program in which an applicant can intentionally “not” comply with onsite parking requirements for non-residential development, if they choose to participate in a parking district or GID. Applicants will always have the option to comply with the parking requirements and put all of their parking on site.

Many cities utilize this approach, as they realize that their suburban requirements are onerous for the types of development patterns that they envision occurring in a targeted area. This approach is very typical in downtowns and urban areas.

The program would utilize what is called a “parking space equivalent (PSE),” which would effectively be a 1 for 1 trade of required stalls being placed in a centralized location or on the street. For example, if a new commercial development required 20 stalls to be placed on site, and only 10 could physically be accommodated, 10 could be purchased from the district, which would own, operate, and manage those 10 stalls. The reason this system has been effective in the past in other communities, is that it allows for “sharing” of those 10 stalls, along with all the other PSE’s in the district, and therefore allows them to be used more efficiently. This is because the end users of the various commercial establishments come and go at different times of the day and evening. When 100% of parking is placed on site, it is less efficient since the parking supply is only utilized when that establishment happens to be open. The more efficient use of parking allows for more yield in terms of building square footage on each parcel, because each development or land use can utilize a larger pool of parking.

### **Short term vs. long term**

In the short term, there is no parking shortage in the TOD area. It is currently characterized with low intensity development, and is ripe for reinvestment and intensification. The commuter rail is a game changer with regard to development; and the national trend is to see the market generate the kinds of intensification the Council has envisioned for the neighborhood.

Staff has spent significant time evaluating the overall supply of street parking in the area, including any additional parking that may be built in the structure once all needs for RTD are satisfied and the IGA is complied with. In Staff’s opinion, there is a multi-year (probably more than 5) supply of street parking to accommodate growth and development in the area, before we would start to characterize the area as “impacted” or there is a need for additional supply of parking. This would only occur when the area experiences the very rapid growth of restaurants, shops, and other commercial businesses.

In the short term, staff is working on solutions and options that allow for a period of time where PSE’s would be offered at no charge to potential investors and developers. The risk of being the “first in” should be the “price of admission.” This would allow for anyone to adaptively reuse a building into a higher and better use, without parking becoming the preemptive barrier it could be. For example, someone could purchase an old industrial building and open a restaurant or brewpub without creating additional parking on site, or paying for the right to utilize PSE’s in that equation. Staff believes that we need to create energy and excitement in the area, and getting the first new commercial developments and businesses into the area should be the primary objective in the short term.

As the area becomes successful, there will naturally be a need to transition and work toward a longer term solution relative to parking needs in the area. The most important thing to note here, however, is that this point in time might be 3 years, or it might be 10 years. Parking supply and demand is a dynamic modeling process, not a static model. As such, staff proposes that the City monitor parking supply and demand on an ongoing basis (at least every 6 months), and adjust the parking management plan accordingly for the TOD area and district. When utilization rates approach a sufficient rate that

additional supply might be needed, the City Council can assess exactly how it wants to proceed at that time.

In the report produced by Fox Tuttle Hernandez, staff and our consultants concluded that if the area becomes extremely successful at some point, additional supply will be needed. As such, staff intends to continually consider and discuss with the Council possible locations for “land banking” or acquisition strategies so that when and if the demand exceeds supply, we are ahead of the curve. Monitoring and assessing on an ongoing basis is the key factor to making sure this occurs. Staff will return to the Council once the TOD specific plan is up and running to provide feedback on parking demand.

### **Conclusion**

Parking supply and demand is a key factor in helping encourage reinvestment in older areas. Utilizing a more urban approach to satisfying regulatory requirements is one step in helping encourage reinvestment in those kinds of areas. In our TOD area, with the types of development patterns and current land uses that are there, utilizing a PSE approach will quickly remove a barrier to entry in the marketplace. Creating a district approach to parking provision will allow for more logical urban development patterns, and will be a significant opportunity to more fully realize the City Council’s vision for the area.

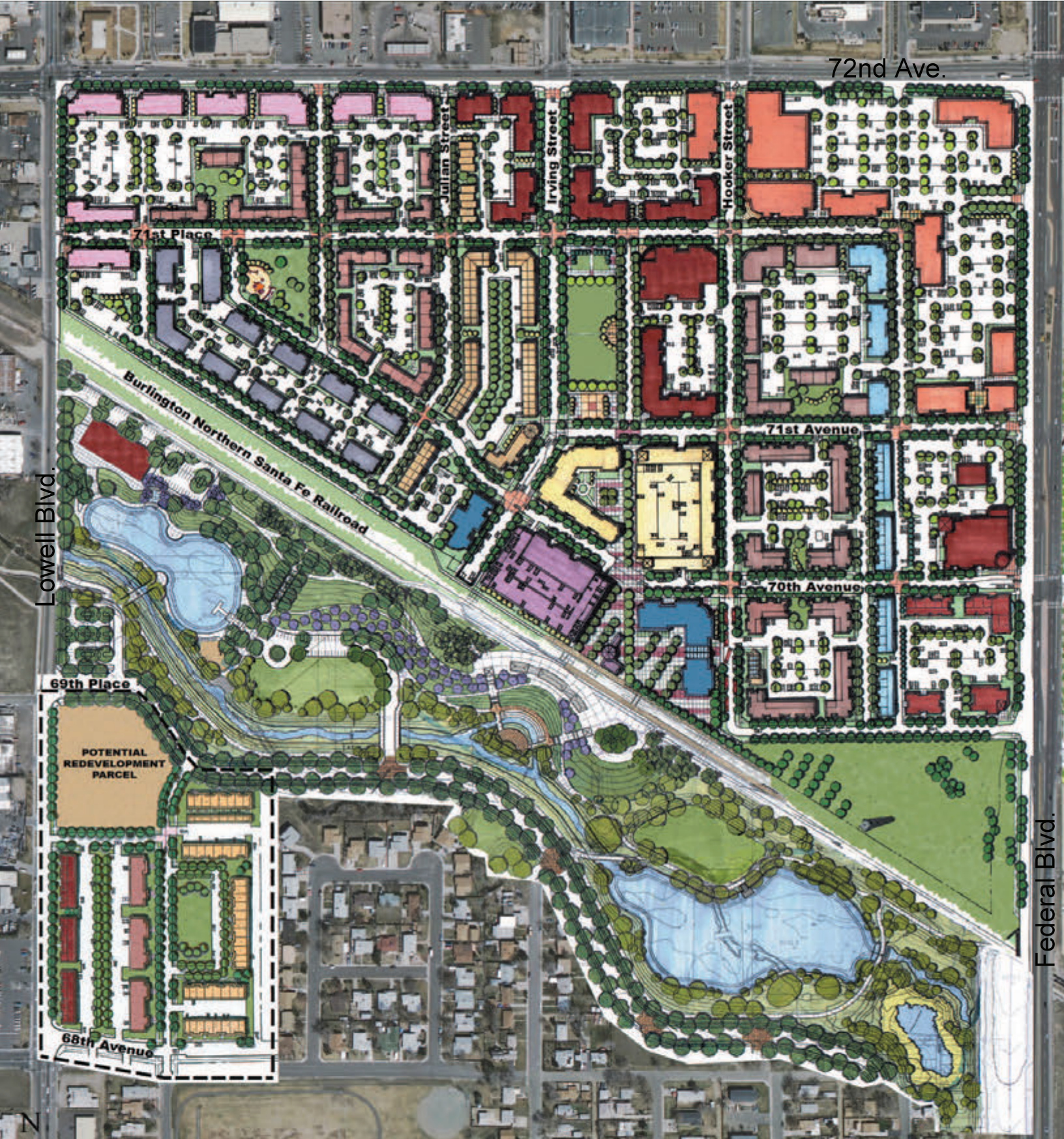
The Westminster Station Area Specific Plan supports the City Council’s Strategic Plan goals of a *Dynamic, Diverse Economy; Vibrant, Inclusive and Engaged Community; Financially Sustainable City Government Providing Excellence in City Services; Beautiful, Desirable, Safe and Environmentally Responsible City; and Ease of Mobility.*

Respectfully submitted,

Donald M. Tripp  
City Manager

### **Attachments**

- Attachment A: 2006 Illustrated Vision of Westminster Station Area
- Attachment B: 2011 Approved Council Vision for the Westminster Station Area
- Attachment C: Comprehensive Plan Westminster Station Area Focus Area Excerpt
- Attachment D: February 3, 2014 Staff Report





Draft concept plan for future Little Dry Creek Park and Drainage Project.

**Potential Development Summary\***

Land Area	Acres		
<b>Regional Area</b>	<b>130.44</b>		
Study Area - north of RR r.o.w.	82.27	63%	
Railroad R.O.W.	8.17	6%	
Regional Park	40	31%	
<b>Study Area - North Area</b>	<b>82.27</b>		
Public parks and Site Detention	6.19	8%	
Transit Plaza and Service	3.27	4%	
Right-of Way (existing & proposed)	18.48	22%	
Developable Land	54.33	66%	
Land Use	Building SF		
<b>Total Built Sq. Ft.</b>	<b>1,957,072</b>		
Total Retail Space	288,035	15%	
Total Office Space	194,965	10%	
Commercial/Creative Workforce	166,910	8%	
Total Dwelling Sq. Ft.	1,307,162	67%	
<b>Housing Types</b>		<b>Units</b>	
Multi-family Residential/Apt./Flat		762	
Mixed-Use Residential		415	
Mixed-Use Live Work		23	
Town House/Condo		137	
<b>Total Dwelling Units</b>		<b>1,337</b>	
<b>Open Space and Transit</b>	<b>Acres</b>		
Neighborhood Parks	4.10		
Area Detention	2.09		
Transit Plaza and Service	3.27		
<b>Total Required Parking Spaces</b>	<b>4,341</b>		
Retail	910		
Office	585		
Residential	1,470		
Commercial/Creative Workforce	451		
Transit	925		
<b>Total Provided Parking Spaces</b>	<b>4,599</b>		
Off-Street Surface Parking	1,902		
On-Street	610		
Structured Parking	2,087		

\* Please note: This Illustrative Development Concept is for conceptual land planning purposes; square feet, building height and unit numbers are approximate and are not derived from market data, survey data, legal descriptions, parcel owner boundaries or construction details. The above rendering is one possible development scenario and will be subject to change.

# Westminster Station Transit Oriented Development Project

## Illustrative Development Concept

August 2011

**Goals and Project Objectives**

The Westminster Station Transit Oriented Development (TOD) Plan sets forth a vision and framework to guide future land use, infrastructure and redevelopment decisions for the area bounded by 72nd Avenue, Federal Boulevard, the BNSF railroad tracks and Lowell Boulevard. The long term vision is to create a transit oriented pattern of development that draws new residents, jobs and businesses, while creating a new destination for existing residents and providing regional access from the new south Westminster transit station.

Leveraging a transit investment into a vibrant community destination takes years of effort, leadership and cooperation. Supportive regulatory policy, infrastructure and select public improvements illustrate the City's commitment to implementing the vision. The City of Westminster is utilizing the following guiding objectives to support the future envisioned for the Westminster Station TOD area.

**A. Opening Day Success.** The future Westminster Station is aligned with Hooker Street, with the platform south of the railroad tracks. The City of Westminster is working towards a successful opening day for the Westminster Station. The station will include a plaza, pedestrian tunnel and a ramp or steps to access the train platform. A parking structure will be funded by the City of Westminster, with a portion of the funding coming from RTD. The parking structure will provide for a total of 1,050 spaces, with plans to provide 525 spaces on opening day. The parking structure will be accessed from the full intersection at 70th Avenue and Federal Boulevard. At opening day, and in future phases of redevelopment, the City will work to improve visibility of the station, provide direct bus and auto access and will create safe pedestrian connections from the parking structure, the pedestrian drop-off and the surrounding neighborhood.

The Westminster Station will begin construction in 2012 and is scheduled to open in 2016, providing frequent service to downtown Denver. 70th Avenue will provide opening day auto access close to the station. Pedestrian access to the station, in phase 1, will originate at the southeast corner of the parking structure, run west along a sidewalk on City owned property and connect to the station plaza and tunnel that lead to the station platform on the south side of the railroad tracks. In future phases, the parking structure will double in size and will be surrounded by office and mixed-use buildings. Community events will be hosted at the station to increase awareness of and activity at the new station.

**B. Circulation and Access.** The proposed street network within the TOD area builds upon the existing street grid. Irving Street is the TOD 'main street' and extends south from 72nd Avenue to the station. Streets parallel to Irving Street carry less traffic, are oriented towards the station, and provide views south to the future regional park. New street cross-sections have been designed and located by the City to provide a network of streets that balance auto and pedestrian access. 70th Avenue will be extended west from Federal Boulevard to the station parking structure by opening day for the Westminster Station.

**C. Stormwater Management.** Effective stormwater management is a critical element when planning and designing any site development and particularly on redevelopment sites as the existing infrastructure could be deficient or simply nonexistent. This site is no different. In order to reduce the burden on the first developer to analyze the existing and proposed conditions, the City has been proactively working toward a regional stormwater detention and water quality policy. The proposed park area south of the railroad is being designed to handle the 100-year stormwater detention requirements. Additionally, there may be the possibility to incorporate some regional water quality facilities, however, this is still in the early stages of design as of May 2011. Low Impact Development techniques will be encouraged in the TOD area to reduce the potential pollutant load into the regional facilities. A more detailed parcel by parcel analysis will be presented in the "Westminster TOD Drainage Impact Fee Policies and Procedures" document that is currently in draft form. The triangular area in southeast corner of the TOD bounded by the railroad and Federal Boulevard should be reserved for a water quality facility when the parcel is available for redevelopment efforts as this area is not currently incorporated into the regional water quality concept.

**D. Urban Density/Walkability.** Higher density uses are proposed at the station and along Irving Street to increase the number of people living and working near transit. Buildings are pulled to the streets with minimal or no setbacks to create activity and interest along streets. Parking is located in the rear of buildings and parking access is consolidated to minimize curbs and to create parking lot efficiencies. Quality walkable streets are the standard and are designed with detached sidewalks, pedestrian amenities, lighting, trees and buildings with a ground-floor scaled to pedestrians. Plazas, "outdoor rooms" and balconies are encouraged.

**E. Open Space.** A range of open space opportunities are provided to enhance livability in the TOD area and to provide outdoor opportunities for residents and visitors of all ages. Two parks, several mid-block plazas and green streets are identified in the TOD Plan. A large 40 acre regional park immediately south of the proposed station provides valued open space, outdoor amenities and regional trail access.

**Mix of Uses.** Future land uses will accommodate a broad mix of uses including vertical mixed-use buildings with commercial on the ground floor and either office or residential space above. Areas targeted for mixed use are in strategic locations immediately north of the station, south of the Irving Street/72nd Avenue intersection and west of 71st Avenue/Federal Boulevard. Proposed residential uses are organized into three sub-neighborhoods with buildings that face or orient to parks, public streets or the station. Live-work uses are distributed throughout the TOD area to create varied opportunities for small business, retail and office. A 'commercial /creative workforce' area is identified near Lowell Boulevard to create an area where small business owners, artists and service or professional services might share building space.

**Grow and Enhance Opportunities.** The existing residents, landowners and businesses in South Westminster will benefit most from the rail access, infrastructure investments and transit oriented development opportunities. The City of Westminster will work with existing property owners and businesses to achieve a phased approach to redevelopment and to keep and grow businesses with a desire to be a part of the transit oriented vision. A business development strategy will be pursued by the City to attract developers, investors and businesses to the Westminster Station TOD area.

**Successful Implementation.** Implementation of the vision for the Westminster Station TOD area will occur in several phases over the next 5-20 years. Current planning, infrastructure investments and the opening of the station will create the first change. Residents, business owners and visitors will create demand for new uses and will fuel additional funding, investments and redevelopment projects for future phases. Proposed improvements will be funded by private developers, the City of Westminster and possibly the Adams County Housing Authority. The City will continue to pursue available local, state and federal funding and will explore the potential of special district funding such as tax increment financing (TIF), general or business improvement districts (GID/ BID), grants and transit related funding. City departments such as the City Manager's Office, Department of Community Development, Department of Public Works and Utilities, and the Department of Parks, Recreation and Libraries will coordinate implementation opportunities as well to create an efficient redevelopment process.

**Land Use**

- Mixed Use - Vertical
- Mixed Use - Live Work
- Multifamily Residential/Apt./Flat
- Townhome/Condo
- Transit Parking Structure
- Public Park
- Retail
- Commercial/Creative Workforce
- Office





### 3.2 WESTMINSTER STATION FOCUS AREA

The Westminster Station Focus Area is strategically located in the northwest portion of the greater Denver metro area, just a half-mile south of the US 36 and Federal Boulevard interchange. The 135-acre focus area is anchored by the future RTD FasTracks commuter rail station (Westminster Station), which will provide impetus for transit-supportive mixed-use development within the focus area when it opens in 2016. The 37.5-acre Little Dry Creek Park and Open Space is planned for the southern portion of the focus area, providing a key amenity for the surrounding South Westminster community. The park will also provide connectivity to the regional trail network via Little Dry Creek Trail, which is part of the planned Refuge to Refuge Trail connecting the Rocky Mountain Arsenal and Rocky Flats National Wildlife refuges.

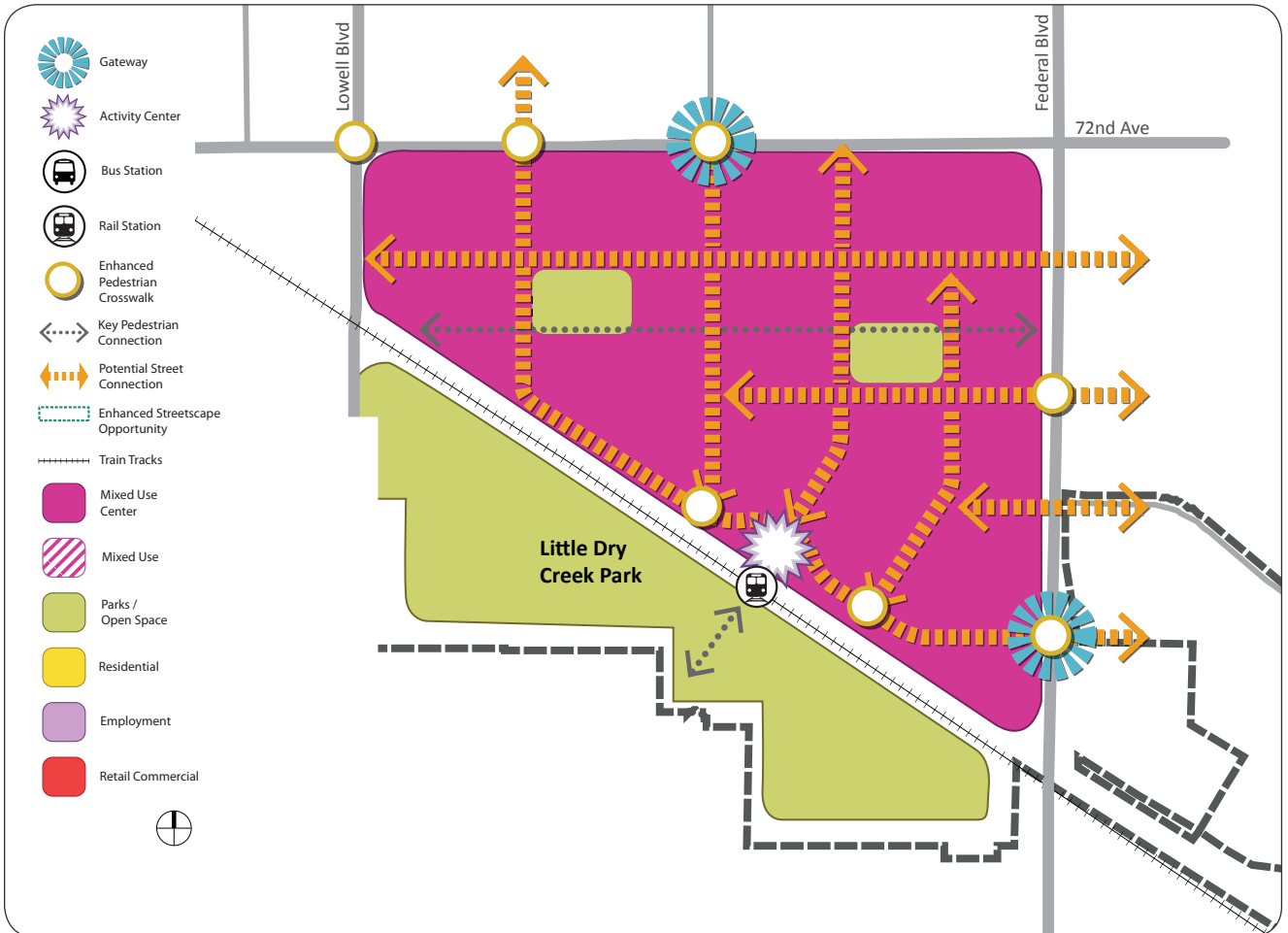


Westminster Station is envisioned as a vibrant district that will act as a node of energy and activity around the station (Figure 3-3). The focus area will comprise a mix of higher intensity retail, office and residential development with an emphasis on active ground floor uses along key connections to the station. A walkable, pedestrian-oriented public realm and appropriately-sized street grid is envisioned to complement this higher intensity of development. Connections to surrounding streets and development, access and circulation by multiple modes, and an attractive, varied public realm are all emphasized. Planning for the focus area is underway, and has included an initial concept approved by City Council in 2011, public outreach in 2012 and a cohesive station area plan that is anticipated to be complete in 2014.

*Above, existing views within the site, including, from the top, the view looking south down Hooker Street, development along 72nd Avenue, and industrial and commercial developments in the district. To the right, the view from above shows the extensive open space area that will be located just south of the district.*



Figure 3-3: Westminster Station Focus Area Illustrative Concept





*Above, an illustrative view of the station looking south into the planned Little Dry Creek Park and Open Space. Transit riders will need to cross south through the tunnel in order to access the train ticketing and platform. Below, an illustrative view of the north transit plaza that will become a community gathering and event space.*





*Above, an illustrative view looking east of the north transit plaza and development along Westminster Station Drive, showing the scale and orientation of potential new development. Below, an illustrative view showing conceptual development facing onto the north plaza and along Westminster Station Drive and Hooker Street.*



*Access to both rail and bus transit will be an important component of the Station Area's success.*

**GOALS**

- F-G-3** Establish a vibrant, mixed-use district that acts as a neighborhood and community destination.
- F-G-4** Provide a multimodal circulation network that prioritizes access to transit and connectivity throughout the focus area.
- F-G-5** Create a well-defined, engaging public realm.

**POLICIES**

- F-P-10** Foster a mix of retail, office and residential uses within the station area, with the highest intensity of use located adjacent to the station.
- F-P-11** Ensure development is designed to foster an active ground floor pedestrian environment, particularly along key connections to the station.
- F-P-12** Provide a range of public spaces, parks and plazas to serve the district and foster community gathering and events.
- F-P-13** Integrate the station into the design and function of the public realm with a station plaza and event space.
- F-P-14** Design the station and platform elements to create a distinctive landmark within the Little Dry Creek Park and Westminster Station Area.
- F-P-15** Provide safe and comfortable connections to the station and to the Little Dry Creek Park.
- F-P-16** Improve internal circulation with a connected street grid. Emphasize connectivity to surrounding streets where possible.
- F-P-17** Emphasize access to the transit station for all modes of travel. Provide adequate parking facilities for vehicles and bicyclists and ensure pedestrian crossings are safe and well-defined.
- F-P-18** Establish clear gateways into the site off of Federal Boulevard and 72nd Avenue designed to attract users to the site and create a unique identity.
- F-P-19** Use streetscape design, public art and wayfinding elements to create a distinct identity for the area.



## Staff Report

City Council Study Session Meeting  
February 3, 2014



**SUBJECT:** Westminster Station Transit Oriented Development Area Overview and Update

**Prepared By:** Sarah Nurmela, Senior Urban Designer  
Steve Baumann, Assistant City Engineer  
John Burke, Senior Engineer

### Recommended City Council Action

Staff will provide an overview of the Westminster Station Transit Oriented Development (TOD) Area planning process, deliverables associated with the Westminster Station Intergovernmental Agreement (IGA) with the Regional Transportation District (RTD), and capital improvement projects in process for this area. Confirm whether Council approves of the planning process and vision for the TOD Area since the final phase of plan development is ready to commence.

### Summary Statement

- In 2009, RTD announced that the Eagle P3 Project would include a spur line, bringing commuter rail to South Westminster (roughly 71<sup>st</sup> Avenue and Irving Street). The spur was labeled the Northwest Electrified Segment (NWES). Staff worked with RTD to promote the implementation of the City's future land planning goals for the area. One critical component of this effort is the implementation of a land plan and road network conducive to transit oriented development patterns and land uses (rather than large areas of surface parking). The Westminster Station is identified as a Focus Area in the recently adopted Comprehensive Land Use Plan (November 11, 2013). Planning for the focus area is underway and included an initial concept approved by City Council in 2011, public outreach in 2012 and a cohesive station area plan that is anticipated to be complete in 2014.
- Staff negotiated with RTD for over 2½ years to develop the Northwest Rail Electrified Segment Westminster Station Intergovernmental Agreement, which was entered into June 26, 2012 (see Attachment B). The IGA calls for the parking facility, access roads, bus loading and unloading facilities and the north plaza to be removed from RTD's agreement with their concessionaire, Denver Transit Partners (DTP), and allows for the City's construction of these elements of the project. The IGA also describes payments of approximately \$10 million by RTD to the City to reflect RTD's estimated cost for station and parking lot land purchases and DTP's reduced scope of work. The IGA also includes provisions related to the on-going responsibilities for operations and maintenance of the infrastructure, a portion of which will be the City's responsibility.

- In addition, the City entered into an IGA with RTD for the City’s Local Agency Contribution (LAC) for the FasTracks Northwest Rail Electrified Segment (NWES) on June 26, 2012. The RTD FasTracks financial plan approved in 2004 requires a LAC of 2.5% of the cost of the NWES in the form of cash, permit fee waivers, right-of-way dedication and/or other in-kind contributions. This amount is being split between Westminster and unincorporated Adams County. The payments must be completed on or before the date of revenue service commencement for NWES. At this point, only one segment of the Northwest Rail Corridor is funded to the level where it will be completed within the original FasTracks construction schedule.
- This Staff Report and presentation is intended to provide City Council background on this project area, what commitments have been made to RTD through IGAs, identify some key policy and financial determinations that will be brought before City Council this year, and receive direction from City Council on the proposed planning process and vision for the TOD Area since the final phase of plan development is ready to commence.

**Expenditure Required:** The total improvements are estimated to cost approximately \$45 million.

**Source of Funds:** RTD payments per the IGA, General Capital Improvement Fund, Stormwater Fund, Urban Drainage and Flood Control District Funds, Adams County Open Space Funds, DRCOG Transportation Improvement Program (TIP) Funds, and Adams County General Funds

## **Policy Issues**

Does City Council concur with the vision established thus far for the TOD Area? Should the City continue planning efforts to guide the vision and development of transit-supportive uses around the proposed Westminster Station?

## **Alternatives**

- The City could choose to not continue to develop a cohesive plan with a policy framework and development regulations for the TOD Area. Planning and construction of the station facilities and Little Dry Creek Park would continue. The Comprehensive Plan and Municipal Code would continue to provide the regulatory direction for the TOD Area, which includes a land use designation for Mixed Use Center. The Mixed Use Center designation allows a wide range of transit-supportive and mixed-use development including residential, office and retail as well as requires a higher intensity of development. Zoning in the area includes R-1, R-4, C-1, B-1 and M-1, much of which would require rezoning to PUD in order to redevelop a property. Staff does not recommend this route for two key reasons: (1) a more specific plan that provides a greater variability and a more context-sensitive approach to land use designations in the TOD Area could result in the potential loss of the area's character, ability to retain or attract unique businesses, particularly as the area transitions and evolves over the next 20 to 30 years; and (2) the plan regulatory structure will set in place both land use and zoning for properties within the TOD Area. This will allow expedited development review and incentivize redevelopment in the area. Without this, a more cumbersome development process that could entail Comprehensive Plan and/or zoning amendments could act as a disincentive to new development.
- The City could choose to change direction or reevaluate the vision for development around the Westminster Station and within the TOD Area. This could include altering the planning area boundaries or establishing a different vision or direction for all or some of the planning area. If this alternative were to be pursued, one result could entail existing property and business owners being removed or added to the planning area. Based on the input received thus far from outreach with stakeholders and community members, this will include property and business owners who are interested and excited for property values to rise and opportunity for sale and/or redevelopment of their property. This will also include other property or business owners that may be satisfied with not being within the planning area in order to ensure they are not impacted by new development or regulation. Another result of this alternative could entail creating a modified vision for all or some of the TOD Area. If modification of the planning area were to be pursued, Staff would advise that creating a significant critical mass of transit-supportive development around a station area is essential in achieving a vibrant district. Mixed-use, higher intensity development fosters pedestrian activity, particularly when coupled with active ground floor uses like shops, dining and services. As a result, reducing the area encompassed by the plan is not recommended. Altering the vision for all or a portion of the area should be pursued with caution, particularly for land area within a five-minute walk or quarter mile of the station. The current vision for the TOD Area embraces the area's character as a working district while also inviting opportunity for intensification and community building in and around the station.

## **Background Information**

The Westminster Station Transit Oriented Development Area (TOD Area) is located in south Westminster around the FasTracks commuter rail station planned for approximately 71<sup>st</sup> Avenue and Irving Street. The TOD Area encompasses approximately 135 acres to the north and south of the planned

FasTracks station and rail corridor. The northern portion of the TOD Area includes land bounded by Lowell and Federal boulevards to the west and east, 72<sup>nd</sup> Avenue to the north and the BNSF rail corridor to the south. The southern portion of the TOD Area is a planned 33.3-acre regional park (Little Dry Creek Park and Open Space). Land use planning for the northern portion of the TOD Area began in 2007 with an initial concept plan for transit-oriented mixed-use development around the station. Planning for the area continued to evolve over the next four years, which resulted in a Draft Illustrative Concept Plan for the TOD Area in late 2011 (**Attachment A**). With City Council approval of the land use direction and vision for the TOD Area, Staff initiated the preparation of a cohesive Station Area Plan to guide land use, urban design, circulation, and plan implementation.

The following background provides an overview and status update of the City's efforts to plan, finance and construct the FasTracks Westminster Station and surrounding infrastructure and transit-oriented development.

#### FasTracks Northwest Rail Corridor Funding

Westminster Station is located along the RTD FasTracks Northwest Rail Corridor that is ultimately planned to extend from Denver Union Station to Longmont, passing through North Denver, unincorporated Adams County, Westminster, Broomfield, Louisville, unincorporated Boulder County and Boulder. Provision of commuter rail service along the FasTracks Northwest Rail Corridor was enabled by the November 2004 passage of a 0.4% sales tax measure by voters within the RTD service area. The Northwest Rail Corridor was one of five new railways included in the FasTracks program that was designed to provide radial service between downtown Denver and strategic points around the periphery of the Denver Metro Area. Two stations were approved by RTD for Westminster: 70<sup>th</sup>/Lowell and Church Ranch. Over the next five years, RTD and affected Northwest Corridor jurisdictions prepared an Environmental Evaluation to resolve a variety of issues such as the rail technology to be utilized and the final locations of train stations. In Westminster, those stations included the Westminster Station at approximately 71<sup>st</sup> Avenue and Irving Street, 88<sup>th</sup> Avenue and Harlan Street, and Church Ranch just north of the Shops at Walnut Creek. The 88<sup>th</sup> Avenue and Harlan Street Station would need to be built with non-RTD funds.

By 2010, due to sales tax revenues not meeting projections and escalating costs for construction materials, among other issues, it was determined that the funding mechanisms for full implementation of the Northwest Rail Corridor would not support the project completion. Alternative avenues for funding various portions of the FasTracks system were pursued, which included the public-private partnership known as the Eagle P3 Project. The Eagle P3 Project included design, construction, financing, operation and maintenance of RTD's East Rail Line to Denver International Airport, the Gold Line to Arvada, a Northwest Rail segment to Westminster Station (NWES), and a Commuter Rail Maintenance Facility in Denver. Just under half of the Eagle P3 Project was funded by a Federal Transit Authority New Starts Grant, although no federal funds were appropriated to the NWES segment.

#### Inter-Governmental Agreements between City and RTD

The City initiated negotiations with RTD to develop agreements necessary for work on the NWES segment in Westminster. Three inter-governmental agreements (IGAs) were made including a Utility Relocation IGA (approved by City Council in July 2011); a Local Agency Contribution (LAC) IGA approved in June 2012, which requires a 2.5 percent match from local government for transit improvements; and a Station IGA, also approved in June 2012.

The Station IGA requires the City to build a parking structure, access roads, bus loading and unloading facility, and the transit plaza on the north side of the rail corridor. RTD will provide the City nearly \$10 million to help pay for these improvements. The Station IGA also delineates responsibility for ongoing operations and maintenance of station infrastructure (see **Attachment B** for the Station IGA). As part of the Station IGA, the City is obligated to deliver all station support infrastructure described in the agreement, including 350 parking spaces by early 2016, when the station is expected to initiate operation. The City is also obligated to provide land in which to construct 575 additional parking spaces by the time at which utilization of RTD parking meets or exceeds 85 percent consistently for a six month period, at which time the parties shall meet to determine a plan to expand the parking facility to increase the RTD parking to not less than 925 spaces. The IGA states the parties shall jointly determine whether expansion shall be in the form of additional structured parking or additional surface parking and that parties shall use best efforts to implement structured parking. RTD shall provide funding for capital expenditures associated with the additional RTD spaces and a pro rata share of funding for common elements in a parking facility expansion. Any land necessary to expand the parking facility to include the additional 575 spaces shall be acquired by the City since RTD has provided all of the land acquisition funding originally within their project scope to accommodate 925 spaces to the City as part of the Station IGA. Funding for the additional land and construction of 575 spaces is not included with the current budget identified for this project; Staff is working to incorporate space within the City's current property for the parking garage for future expansion.

In addition, the FasTracks financial plan assumes and requires a 2.5% local agency contribution (LAC) from local jurisdictions in the district in consideration for the construction of transit improvements that will benefit them and their citizens. The City will receive credit for expenses associated with acquisition of platform parcels, project permit and design review fees, sales and use tax rebates associated with RTD contractors for NWES work, utility tap fees (capped at \$120,000), any utility relocations the City performs for RTD, temporary construction easements, other funds from outside sources, and Little Dry Creek Storm Water Drainage project improvements capped at \$2.0 million.

The City entered a LAC IGA with RTD in June 2012. The total LAC required for the NWES is \$3,422,500, which is to be shared equally between the City and Adams County; the City's LAC is \$1,711,250.

Adams County assisted the City in acquiring the Barnum Publishing property located within the Little Dry Creek drainage improvement project. The Barnum property's western segment partially overlaps with the station platform and was a critical acquisition in moving the NWES forward. As part of the financial assistance provided by Adams County for the Barnum property, the City agreed to utilize any LAC overmatch towards Adams County's share of the LAC. Per the LAC IGA with RTD, any overmatch by the City will be credited towards Adams County's LAC for the NWES in an amount not to exceed \$1.5 million. As such, if Adams County's portion of the LAC is applied to the City, Westminster will be responsible potentially for \$3,211,250 of the total LAC associated with the NWES. No funds have been budgeted for the City's LAC; Staff is diligently tracking and documenting costs associated with the project to be applied to the LAC.

The City is responsible to fulfill its entire LAC to RTD on or before the later of March 31, 2016 or the date of revenue service commencement for NWES. The City may fulfill the LAC by making a lump sum or annual cash payments or by accepting credit against the LAC in lieu of payment from RTD for items outlined.

### Station Design

The Westminster Station platform is located midway between the Irving and Hooker Street alignments along the Burlington Northern Sante Fe (BNSF) rail corridor. Station components include the rail platform, located to the south of the BNSF tracks, and a bus facility, vehicle drop-off and a parking structure located to the north of the rail corridor. A pedestrian tunnel will provide access from the north to the southern boarding platform.

#### *Initial RTD Station Design*

RTD's initial plan for the station (**Attachment C**) included a 15.5-acre surface parking field east of the station and abutting Federal Boulevard, a bus facility and vehicle drop-off directly north of the platform area, and a utilitarian pedestrian tunnel under the tracks that terminated at a 15-foot vertical retaining wall. Access to the pedestrian tunnel from the commuter rail platform was via 355-foot-long, enclosed ramps or stairs. No direct access to the station was provided to/from the 33.3-acre Little Dry Creek Park or the unincorporated Adams County Goat Hill neighborhood to the south.

#### *City of Westminster Station Design*

As shown in the initial RTD plan, parking and station operations dominated the immediate station area, providing little opportunity for connectivity and interaction with transit-supportive development, existing communities and future amenities. City staff focused on improving these connections and fostering future transit-oriented development with a revised station design. The station and the surrounding area are envisioned as a key amenity and neighborhood asset within the south Westminster and immediate station areas. Station design was focused on creating an amenity and setting for future development, a safe and attractive transit environment for patrons, and key connections to new development, transit and open space. The revised station plan is illustrated in **Attachment D**. As shown in the illustrations, the north transit plaza acts as the central organizing element of the station. The plaza is designed to provide a visually dramatic descent to a spacious 26-foot wide pedestrian tunnel connecting transit patrons to the south-boarding station platform. The plaza's amphitheater form provides a venue for both formal and informal public events and gathering. High quality design and attention to enhanced landscaping, public art and pedestrian and bicycle amenities further underline the plaza as a park space and amenity for the immediate TOD Area.

Other key improvements beyond the initial RTD plan include the parking structure and bus facility, organized along Westminster Station Drive. This new street will act as a major gateway into the TOD Area from a new traffic signal at Federal Boulevard. Additional street connections to the station will ultimately include extensions of Irving Street, Hooker Street and Grove Street from 71<sup>st</sup> Avenue south to Westminster Station Drive. These streets will serve as the backbone for new transit-oriented development, an enhanced public realm, and vehicle and bus access to the station. Staff is currently in the process of negotiating with property owners to acquire land necessary to complete the rail station supporting improvements.

### Station Platform and South Plaza

As mentioned previously, access to the commuter rail line is via a platform located on the south side of the BNSF tracks. Improved design of the station platform, staging area/southern plaza and access to the Little Dry Creek Park and neighborhoods to the south has been developed as part of the City's station planning process. The design of these facilities provides enhanced visibility of the Station and greater connectivity and access to the station. An elevator to access the station platform was also added as part of these planned improvements. As shown in **Attachment E**, the platform and south station design includes a dramatic canopy structure that adds height, visibility and weather protection to the station platform.



Smaller platform canopies mimic the design of the larger structure. South of the station, a pedestrian bridge connects over Little Dry Creek to a small parking area and the neighborhoods to the south. This portion of the station and Little Dry Creek Park facility will be completed in 2016, and as funding allows.

### Little Dry Creek Park and Open Space

Planning for the Little Dry Creek Park and Open Space was initiated in 2007. The approximately 33.3-acre park and open space incorporates improvements to the Little Dry Creek drainage basin between Lowell and Federal Boulevard. These various parcels were acquired by the City and Adams County over a several year period at a cost of \$5,440,385. The new and improved drainage and water quality facilities within the park will serve new development in the TOD Area. Little Dry Creek will be reconstructed and realigned through the area. The park will also serve as a community resource and amenity, with regional ties as well. The Little Dry Creek Trail connects southeast to the Clear Creek and South Platte trails into Denver and northwest to the Rocky Flats Wildlife Refuge. This portion of the Little Dry Creek trail will be a part of the federal Refuge to Refuge Trail connecting the Rocky Mountain Arsenal Wildlife Refuge, Two Ponds Wildlife Refuge and Rocky Flats Wildlife Refuge. Included in the Master Park Plan are three major components: (1) a recreation area with playground, xeriscape garden and amphitheater on the western edge nearest Lowell Boulevard; (2) the transit area with direct access to the commuter rail station in the center area of the site; and (3) an environmental area that will include a fishing lake, open space, wetland plantings and educational pavilions on the eastern edge nearest Federal Boulevard. In addition, future plans call for the installation of a new road along the southern edge of the park and open space (tentatively called Creekside Drive) that will provide additional access to the park and open space as well as access to the Westminster Station from a parking lot and bridge. The current budget for this project is confined to the drainage improvements and not for the final recreation area along the western edge. The drainage improvements project includes installation of native grasses throughout the site and some landscaping associated with the environmental area with a lake along the eastern edge. The future recreation area, xeriscape garden and amphitheater will be proposed for future budget years.

It should be noted that the original plan for the Westminster Station did not involve the level of stormwater drainage improvements that are ultimately being constructed. The original plan left the BNSF railroad tracks within the 100-year floodplain, leaving the potential for the tracks to be under up to four feet of water in a 100-year flood situation. RTD and DTP's original plan contemplated that the area would become flooded and trains inoperable whereby a bus bridge (where train riders would exit the train and board buses) would be utilized. This was unacceptable to the City and the Urban Drainage and Flood Control District as well. While RTD does not have funding available to assist the City with addressing the additional costs associated with removing the tracks from the 100-year floodplain, the City will receive up to \$2.0 million credit towards the 2.5% LAC for mitigating this hazard along with constructing other floodplain improvements in the area.

### Vision for Transit-Oriented Development

#### *Existing Context*

The TOD Area is situated at the southeastern end of the City, just north of unincorporated Adams County. Existing development in the area occupies land north of the rail corridor (with the Little Dry Creek drainage basin to the south). Development is comprised primarily of single-story commercial and industrial uses, with smaller-scale development located along the periphery and larger-scale uses closer to the rail corridor. Uses in the TOD Area are mostly non-residential and include retail, general and professional office and commercial uses, auto/service and industrial uses. Together, these uses comprise just under half the developable land area (exclusive of rights-of-way) in the TOD Area, with another 15 percent occupied by residential and the remainder vacant. Major property owners in the TOD Area

include the City of Westminster, JDRE Holdings (Nolan RV), Adams County Housing Authority and KEW Realty Corporation—most of these larger, more significant land holdings are located along the rail corridor adjacent to the station.

#### *Vision*

As described in the Comprehensive Plan, the Westminster Station Area is envisioned as a significant development and community building opportunity within the City. As described in the Comprehensive Plan Focus Area description for the TOD Area (**Attachment F**), the area will act as a node of energy and activity around the station. Development will include a mix of higher intensity retail, office and residential uses with an emphasis on active ground floor uses along key connections to the station. A walkable, pedestrian-oriented public realm and appropriately-sized street grid are envisioned to complement and accommodate this higher intensity of development. Connections to surrounding streets and neighborhoods, access and circulation by multiple modes, and an attractive, engaging public realm are all emphasized.

#### Planning Process

In order to achieve the vision that City Council, the community and City staff have developed for the Westminster Station TOD Area, a complete planning document that provides the overall vision, land use and urban design guidance, circulation and transit connectivity, and a clear path to implementation is essential. The plan will include a complete policy framework for land use, circulation, parking, green space and urban design; development standards and design guidelines; and a plan for implementation.

#### *Public Outreach and Key Issues*

The Planning Division initiated work on the Westminster Station TOD Area Plan in early 2012. The first phase of the planning and refinement of the TOD Area vision included a substantial public outreach effort. The outreach featured two stakeholder meetings (with business and property owners, residents, development industry representatives, and agencies active in the area), a neighborhood open house (attended by over 150 people) and a neighborhood meeting with the Progressive Home Owners Association (HOA). Each meeting provided an introduction to the TOD Area vision along with a conceptual urban design plan (Attachment A), potential land uses, circulation and station design, and parks and open space plans.

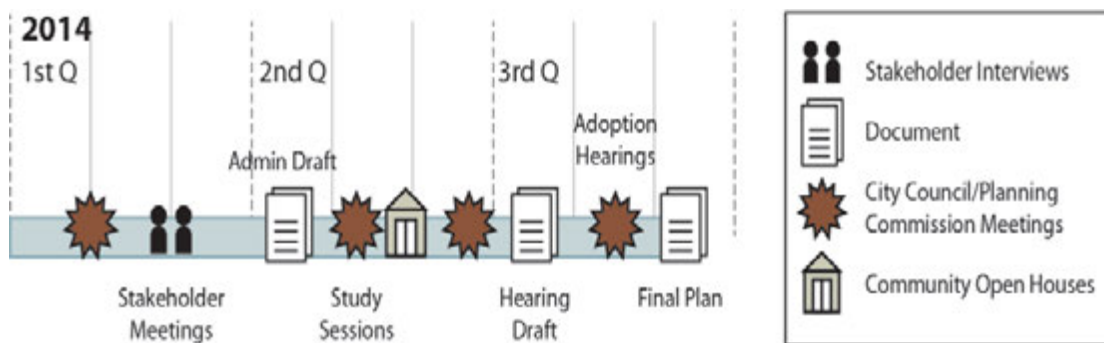
In general, all participants in the process were excited to see planning for the area commence and were hoping to see the TOD Area emerge as a community destination within south Westminster. Community members supported the proposed intensity of development and mix of uses adjacent to the station; providing open spaces and a focal community gathering space within this framework was important for many. Key concerns expressed were primarily over the likelihood of development within the current economic climate and how the project would be phased over time. Stakeholder participants expressed specific concern over implementation of the plan and how businesses and property owners would be affected—in particular, if they would be able to continue their operations once a plan was adopted and whether they would be impacted by construction in the area. A summary of this round of outreach is attached as **Attachment G**.

Additional input gathered since this first round of outreach has included property owners inquiring about the likelihood of eminent domain and takings of their property; loss of value due to designation or even illustrative concepts showing parks and right-of-way over their property; and the impact of potentially becoming a nonconforming land use or structure upon plan implementation. While some of these concerns are indicative of the need for additional communication about how the City intends to encourage

transit-supportive development in the area (not utilizing eminent domain or forcing sale of properties), there are key issues to address in the approach to plan implementation.

*Next Steps*

The next step in the planning process is focused on a second round of public outreach to solicit feedback focused on the land use and implementation elements of the plan. Meeting with stakeholders (property and business owners in particular) is a key focus of this outreach effort. Neighborhood meetings are also planned in order to capture a wider audience and perspective from the surrounding community. City staff will return to City Council in a future study session to summarize the input received in this second round and discuss key policy direction and plan implementation. It is anticipated that a Draft Westminster Station TOD Area Plan will be completed by late summer of this year (2014), as reflected in the timeline below:



Other Key Decision Points Pending between City and RTD

As noted, the City’s vision for this area is substantially different from the original station design approved by RTD. The Station IGA between the City and RTD allows the City to implement an alternative approach to RTD’s base plan for commuter and bus access, parking, and pedestrian areas that will support the proposed Westminster Station commuter rail station. Through their contract with DTP, RTD has retained the responsibility for certain elements of the station plan including the track work, the station platform and the pedestrian tunnel that serves it. The IGA also has procedures through which the City can request upgrades (betterments) of the RTD elements of the station at a negotiated cost with DTP.

City Council approved on December 10, 2012, the first “betterment” for the design and construction of the City designed pedestrian tunnel that will serve the Westminster Station commuter rail platform. The cost to the City for this betterment was \$453,375. This betterment substitutes a precast concrete arch structure for the cast-in-place concrete box culvert that was in the RTD base plan. The original RTD box culvert, in combination with enclosed stairs and ramps at the southern end, would have provided a completely unappealing, subterranean path from the north side of the tracks to the south side and the station platform with very limited visibility to the tunnel. That culvert would have been a 20-foot-wide by 12-foot-high rectangular shape that is commonly used for drainage crossings. While it is completely serviceable, it is the utilitarian choice for this application and made sense for the RTD plan for stations that look and operate the same throughout their system.

The City’s design for the tunnel features a curved 12 foot tall ceiling and will be 26 feet wide. Staff has submitted plans to RTD, DTP and BNSF for approval of the north plaza retaining wall that is connected

with this betterment of the pedestrian tunnel. BNSF informed Staff that the retaining wall needs to be reinforced to withstand a potential third rail should one ever be installed on this line, and BNSF review of this design change is causing delays and is likely to increase the cost associated with this component of the project. Most significantly, Staff is concerned that these additional negotiations may cause further delays that may negatively impact DTP, which could potentially fall back to the City. The IGA has serious penalties associated (liquidated damages for each and every day of delays impacting revenue service equal to \$8,965 per day) and Staff is diligently working with RTD, DTP and BNSF to ensure any potential delays are avoided.

In addition, the City has submitted a second betterment proposal with RTD and DTP for the station platform that includes a modification to the southern end of the pedestrian tunnel, opening it to the Little Dry Creek drainage way and future park. The City's design includes an attractive platform overlooking the park with a "signature" arched shade structure. Initial cost estimates from DTP for this betterment have been substantially higher than both RTD and City Staff estimated. The City hired an independent cost estimator who has extensive experience working with RTD on light rail projects to assist with the City's cost estimates. Staff continues to work with RTD in hopes of closing the significant divide between DTP's estimates but anticipates that an important decision point will be before City Council within the next few months for consideration of this second betterment proposal. Staff will return to City Council once construction details and pricing is completed by RTD and DTP.

#### *Budget Overview*

The total budget for all of the improvements proposed with the north and south station project is estimated at \$44.7 million. The City has been successful in partnering with RTD, Adams County (transportation and open space), Urban Drainage Flood Control District, and DRCOG. Together, it is estimated that these groups will contribute approximately \$16.7 million, or approximately 37% of the total cost. Staff is optimistic that several of these partners will come to the table for additional financial support and continues to pursue these avenues. To date, a total of \$36.9 million has been identified and/or allocated by the City and its partners. The project is almost evenly divided in costs; the north side of BNSF tracks is estimated to cost \$22.2 million and the south side is estimated to cost \$22.5 million. Staff is working diligently to reduce costs, refining cost estimates and seeking additional funding opportunities to address the remaining \$7.8 million shortfall that remains in fully funding this project. Staff will return with ideas for funding the remaining later this summer. For example, the City is working with a nearby homebuilder who wants the over 300,000 cubic yards of fill that must be removed from the site. Providing a nearby location to haul the fill could save the City \$1 million.

#### *Solicitation for Parking Garage Contractor and Land Developer*

In order to meet the contractual time commitment to deliver the required parking spaces to RTD by the third quarter of 2015, Staff proceed to issue a Request for Proposals (RFP) in mid-August, 2013. The RFP sought proposals from either a general contractor or team comprised of a contractor and land developer to design and construct a parking garage through a design/build process. The RFP was sent directly to over 80 architectural, construction, and development companies as well as being posted through the City's standard bid solicitation process. A total of five submittals were received, two of which proposed to construct multi-story mixed use buildings on the City owned property, concurrent with construction of the parking garage.

Staff chose to interview four of the prospects. Three of the interviews have been completed with the remaining one to occur February 3, 2014. Upon completion of the interviews, Staff expects to select a preferred candidate and proceed with negotiations on a contract to be presented to City Council for consideration by the end of March or April. Subject to City Council approval, the design of the structure

could begin in April/May that would lead to completion of the parking garage by the third quarter of 2015, meeting RTD's deadline per the Station IGA.

Staff will be in attendance at Monday's Study Session to provide an overview of the Westminster Station TOD and receive direction on whether City Council concurs with Staff's proposed planning process and vision for the TOD Area and whether the final phase of plan development should commence.

The Westminster Station TOD supports all five of the City Council's Strategic Plan goals of Strong, Balanced Local Economy; Safe and Healthy Community; Financially Sustainable City Government Providing Exceptional Services; Vibrant Neighborhoods in One Livable Community; and Beautiful and Environmentally Sensitive City.

Respectfully submitted,

J. Brent McFall

City Manager

Attachments

Attachment A: 2011 Illustrative Concept Plan for the TOD Area

Attachment B: Westminster Station IGA with RTD

Attachment C: RTD's Base Westminster Station Plan

Attachment D: Revised Westminster Station Plan by the City of Westminster

Attachment E: South Platform/Plaza Station Design by the City of Westminster

Attachment F: Comprehensive Plan Focus Area description for the TOD Area

Attachment G: Westminster Station TOD Area Plan 2012 Outreach Summary



SUBJECT: 2015 Annual Financial Audit – Engagement Letter

PREPARED BY: Cherie Sanchez, Accounting Manager

### **Summary Statement**

This report is for information only and requires no action by City Council.

- In preparation for the City's 2015 annual financial audit, BKD, LLC, the City's independent audit firm, has prepared a pre-engagement audit message for City Council's review.
- Statement on Auditing Standards No. 114 (SAS 114), "The Auditor's Communication with Those Charged with Governance," requires formal communication by an auditor to occur at the beginning of an audit engagement to inform an organization's governing board about audit plans and at the end of the audit engagement to report results.
- BKD's planned scope and timing of the City's 2015 audit is explained in the pre-engagement letter. The results and findings of the City's financial audit are scheduled to be communicated to Council through a management letter and study session presentation in June of 2016.

### **Background Information**

On November 9, 2015, Council authorized Staff to enter into a contract with BKD, LLC (BKD) for independent, professional auditing services for the City's annual financial audit for the fiscal year 2015 with an option to renew for an additional four one-year terms, subject to annual appropriation. The 2015 annual financial audit commenced preliminary work on Monday, December 14, with fieldwork scheduled to begin on April 4, 2015.

In 2006, the American Institute of Certified Public Accountants issued Statement on Auditing Standards No. 114 (SAS 114), "The Auditor's Communication with Those Charged with Governance," which formalizes requirements for auditor communication with those responsible for overseeing the strategic direction of an entity and obligations related to their accountability for that entity. SAS 114 requires communications to address planning matters before an audit engagement begins and to evaluate the results at its conclusion. It is essential that the communication be timely enough to provide an opportunity for dialogue between the auditor and entity, if desired.

In accordance with SAS 114, BKD has prepared a pre-engagement audit message for Council communicating their responsibilities under generally accepted auditing standards and the planned scope and timing of the City's 2015 audit. The results and findings of the City's financial audit are scheduled to be communicated to Council through a management letter and study session presentation in June of 2016.

This information supports City Council's strategic plan goal of Financially Sustainable Government Providing Excellence in City Services.

Respectfully submitted,

Donald M. Tripp  
City Manager

Attachment – Audit engagement letter

November 20, 2015

City Council  
Don Tripp, City Manager  
Tammy Hitchens, Finance Director  
City of Westminster, Colorado  
4800 West 92<sup>nd</sup> Avenue  
Westminster, Colorado 80031

We are pleased to confirm the arrangements of our engagement and the nature of the services we will provide to City of Westminster.

### **ENGAGEMENT OBJECTIVES AND SCOPE**

We will audit the basic financial statements of City of Westminster as of and for the year ended December 31, 2015, and the related notes to the financial statements.

Our audit will be conducted with the objectives of:

- Expressing an opinion on the financial statements
- Issuing a report on your compliance based on the audit of your financial statements.
- Issuing a report on your internal control over financial reporting based on the audit of your financial statements.
- Expressing an opinion on your compliance, in all material respects, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that are applicable to each of your major federal award programs.
- Issuing a report on your internal control over compliance based on the audit of your compliance with the types of compliance requirements that are applicable to each of your major federal award programs.
- Issuing a report on your schedule of expenditures of federal awards.

### **OUR RESPONSIBILITIES**

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles,*

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*and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards require that we plan and perform:

- The audit of the financial statements to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether caused by fraud or error. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
- The audit of compliance with the types of compliance requirements described in the OMB Compliance Supplement applicable to each major federal award program to obtain reasonable rather than absolute assurance about whether noncompliance having a direct and material effect on a major federal award program occurred.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance having a direct and material effect may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS.

In making our risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit. Also, in the future, procedures could become inadequate because of changes in conditions or deterioration in design or operation. Two or more people may also circumvent controls, or management may override the system.

We are available to perform additional procedures with regard to fraud detection and prevention at your request, subject to completion of our normal engagement acceptance procedures. The actual terms and fees of such an engagement would be documented in a separate letter to be signed by you and BKD.

Jodie Cates will oversee and coordinate the engagement. Marcella Ardan is responsible for supervising the engagement and authorizing the signing of the report or reports.

We will issue a written report upon completion of our audit of City of Westminster's financial statements. Our report will be addressed to the Honorable Mayor and Members of the City Council of the City of Westminster. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our



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opinion, add an emphasis of matter or other matter paragraph(s), or withdraw from the engagement. If we discover conditions that may prohibit us from issuing a standard report, we will notify you as well. In such circumstances, further arrangements may be necessary to continue our engagement.

We will also express an opinion on whether your combining and individual fund statements and schedules and other supplementary information listed in the table contents (“supplementary information”) is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **YOUR RESPONSIBILITIES**

Our audit will be conducted on the basis that management and, where appropriate, those charged with governance acknowledge and understand that they have responsibility:

- a. for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
- b. for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- c. for identifying and ensuring compliance with the laws, regulations, contracts and grants applicable to your activities including your federal award programs; and
- d. to provide us with
  - i. access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters;
  - ii. additional information that we may request from management for the purpose of the audit; and
  - iii. unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management written confirmation acknowledging certain responsibilities outlined in this engagement letter and confirming:

- The availability of this information
- Certain representations made during the audits for all periods presented

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- The effects of any uncorrected misstatements, if any, resulting from errors or fraud aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole

The results of our tests of compliance and internal control over financial reporting performed in connection with our audit of the financial statements may not fully meet the reasonable needs of report users. Management is responsible for obtaining audits, examinations, agreed-upon procedures or other engagements that satisfy relevant legal, regulatory or contractual requirements or fully meet other reasonable user needs.

With regard to supplementary information:

- Management is responsible for its preparation in accordance with applicable criteria
- Management will provide certain written representations regarding the supplementary information at the conclusion of our engagement
- Management will include our report on this supplementary information in any document that contains this supplementary information and indicates we have reported on the supplementary information
- Management will make the supplementary information readily available to intended users if it is not presented with the audited financial statements

### **OTHER SERVICES**

When authorized by the City, we may perform other services for you not covered by this engagement letter. You agree to assume full responsibility for the substantive outcomes of the services described above and for any other services that we may provide, including any findings that may result. You also acknowledge that those services are adequate for your purposes and that you will establish and monitor the performance of those services to ensure that they meet management's objectives. Any and all decisions involving management responsibilities related to those services will be made by you, and you accept full responsibility for such decisions. We understand that you will designate a management-level individual to be responsible and accountable for overseeing the performance of those services, and that you will have determined this individual is qualified to conduct such oversight.

### **ENGAGEMENT FEES**

The fee for our services as outlined in Appendix C of the executed agreement (the Agreement) will be \$66,000. Our estimate of time assumes no substantial problems with obtaining the information necessary to complete the audit.

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Our pricing for this engagement and our fee structure are based upon the expectation that our invoices will be paid promptly. We will issue progress billings during the course of our engagement based on an agreed upon percentage of the overall contract to be paid following completion of each segmentation of the audit and payment of our invoices is due upon receipt. Interest will be charged on any unpaid balance after 30 days at the rate of 10% per annum.

The following new accounting standards are effective for your fiscal year ending December 31, 2015. The impact of these standards on your financial statements will depend on your facts and circumstances. You should evaluate the effect of these standards well in advance of your fiscal year to obtain any additional information necessary and effectively implement them:

- Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27.*

Our fees above include 10 hours of time to assist you with implementing these standards. Should you require assistance above the allotted 10 hours or if significant additional procedures are required for the adoption of this standard, we will bill you at our standard hourly rates contained in Appendix C of the Agreement.

Our engagement fee does not include any time for post-engagement consultation with your personnel or third parties, consent letters and related procedures for the use of our reports in offering documents, inquiries from regulators or testimony or deposition regarding any subpoena. Charges for such services will be billed separately.

Our fees may also increase if our duties or responsibilities are increased by rulemaking of any regulatory body or any additional new accounting or auditing standards. We will consult with you in the event any other regulations or standards are issued that may impact our fees.

Any additional fees will be agreed to in writing by both City of Westminster and us, prior to incurring any costs or time.

If our invoices for this or any other engagement you may have with BKD are not paid within 30 days, we may suspend or terminate our services for this or any other engagement. In the event our work is suspended or terminated as a result of nonpayment, you agree we will not be responsible for any consequences to you.

#### **OTHER ENGAGEMENT MATTERS AND LIMITATIONS**

BKD is not acting as your municipal advisor under Section 15B of the *Securities Exchange Act of 1934*, as amended. As such, BKD is not recommending any action to you and does not owe you a fiduciary duty with respect to any information or communications regarding municipal financial products or the issuance of municipal securities. You should discuss such information

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or communications with any and all internal or external advisors and experts you deem appropriate before acting on any such information or material provided by BKD.

Our workpapers and documentation retained in any form of media for this engagement are the property of BKD. We can be compelled to provide information under legal process. In addition, we may be requested by regulatory or enforcement bodies to make certain workpapers available to them pursuant to authority granted by law or regulation. You agree that we have no legal responsibility to you in the event we provide such documents or information.

You agree that any dispute regarding this engagement will, prior to resorting to litigation, be submitted to mediation upon written request by either party. Both parties agree to try in good faith to settle the dispute in mediation. The American Arbitration Association will administer any such mediation in accordance with its Commercial Mediation Rules. The results of the mediation proceeding shall be binding only if each of us agrees to be bound. We will share any costs of mediation proceedings equally.

Either of us may terminate these services at any time in accordance with the terms set out in the Agreement. Both of us must agree, in writing, to any future modifications or extensions.

If any provision of this agreement is declared invalid or unenforceable, no other provision of this agreement is affected and all other provisions remain in full force and effect.

This engagement letter and the Agreement represents the entire agreement regarding the services described herein and supersedes all prior negotiations, proposals, representations or agreements, written or oral, regarding these services. It shall be binding on heirs, successors and assigns of you and BKD.

This engagement letter supplements the Agreement in place between the parties. If any portion of this letter conflicts with said agreement, the agreement shall control.

We may from time to time utilize third-party service providers, *e.g.*, domestic software processors or legal counsel, or disclose confidential information about you to third-party service providers in serving your account. We remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information. In the event we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider.

We will, at our discretion or upon your request, deliver financial or other confidential information to you electronically via email or other mechanism. You recognize and accept the risk involved, particularly in email delivery as the Internet is not necessarily a secure medium of communication as messages can be intercepted and read by those determined to do so.

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You agree you will not modify these documents for internal use or for distribution to third parties. You also understand that we may on occasion send you documents marked as draft and understand that those are for your review purpose only, should not be distributed in any way and should be destroyed as soon as possible.

If you intend to include these financial statements and our report in an offering document at some future date, you agree to seek our permission to do so at that time. You agree to provide reasonable notice to allow sufficient time for us to perform certain additional procedures. Any time you intend to publish or otherwise reproduce these financial statements and our report and make reference to our firm name in any manner in connection therewith, you agree to provide us with printers' proofs or masters for our review and approval before printing or other reproduction. You will also provide us with a copy of the final reproduced material for our approval before it is distributed. Our fees for such services are in addition to those discussed elsewhere in this letter.

You agree to notify us if you desire to place these financial statements or our report thereon along with other information, such as a report by management or those charged with governance on operations, financial summaries or highlights, financial ratios, etc., on an electronic site. You recognize that we have no responsibility as auditors to review information contained in electronic sites.

Any time you intend to reference our firm name in any manner in any published materials, including on an electronic site, you agree to provide us with draft materials for our review and approval before publishing or posting such information.

BKD is a registered limited liability partnership under Missouri law. Under applicable professional standards, partners of **BKD, LLP** have the same responsibilities as do partners in a general accounting and consulting partnership with respect to conformance by themselves and other professionals in BKD with their professional and ethical obligations. However, unlike the partners in a general partnership, the partners in a registered limited liability partnership do not have individual civil liability, directly or indirectly, including by way of indemnification, contribution, assessment or otherwise, for any debts, obligations or liabilities of or chargeable to the registered limited liability partnership or each other, whether arising in tort, contract or otherwise.

*Government Auditing Standards* require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2014 peer review report accompanies this letter.

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Please sign and return the attached copy of this letter to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities. If the signed copy you return to us is in electronic form, you agree that such copy shall be legally treated as a "duplicate original" of this agreement.

BKD, LLP

Acknowledged and agreed to on behalf of  
City of Westminster

BY   
Don Tripp, City Manager

DATE \_\_\_\_\_

System Review Report

To the Partners of BKD, LLP  
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of BKD, LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2014. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, audits performed under FDICIA, audits of carrying broker-dealers, and examinations of service organizations (SOC 1).

In our opinion, the system of quality control for the accounting and auditing practice of BKD, LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended May 31, 2014, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. BKD, LLP has received a peer review rating of *pass*.

*Postlethwaite & Netterville*

Baton Rouge, Louisiana  
September 19, 2014