



Staff Report

TO: The Mayor and Members of the City Council
DATE: February 3, 2006
SUBJECT: REVISED Study Session Agenda for February 6, 2006
PREPARED BY: J. Brent McFall, 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 6:00 P.M.

CONSENT AGENDA

None at this time.

CITY COUNCIL REPORTS

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

PRESENTATIONS

6:30 P.M.

1. Legislative Lobbyists' Update (*Verbal*)
2. Community Enhancement Master Plan
3. Refunding of the 2003 Westminster Economic Development Authority Bonds (Mandalay Gardens) Converting the Bonds from Taxable Bonds to Tax-Exempt Bonds

EXECUTIVE SESSION

1. Discussion of Proposed Settlement Agreement in Contested Tax Case with City Attorney and Obtaining Council Direction, pursuant to Section 1-11-3(C)(7) and 1-11-3(C)(8) of the Westminster Municipal Code

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,

J. Brent McFall
City Manager



WESTMINSTER

Staff Report

City Council Study Session Meeting
February 6, 2006



SUBJECT: Community Enhancement Master Plan

PREPARED BY: Bill Walenczak, Director of Parks, Recreation and Libraries

Recommended City Council Action:

Review the attached draft Community Enhancement Master Plan and provide comments and input to City Staff. If consensus from Councillors is reached after any recommended revisions are made, City Council is requested to direct Staff to place this item on a regular City Council agenda for formal approval.

Summary Statement

The current Community Enhancement Master Plan and supplemental Design Guidelines were adopted by City Council in 1992 and were intended to be a guide for enhancement projects in the City of Westminster. In 2005, City Council designated updating the Community Enhancement Master Plan as a one of the Department of Parks, Recreation and Libraries goals and objectives.

City Staff evaluated the priorities and assumptions from the 1992 plan to determine if they are still valid today and has supplemented that information with input from focus groups conducted with the City's advisory boards. This has resulted in Staff developing a first draft of the attached document for City Council review and comment.

Appropriate Staff will be in attendance at the February 6, 2006, Study Session to present key elements of the new plan for City Council's review and input. After City Council review and input, the plan will be brought back for official action.

Expenditure Required: \$1,000,000 annually

Source of Funds: General Capital Improvement Fund –
Community Enhancement Plan Project

Policy Issue

Does City Council wish to update the Community Enhancement Master Plan?

Alternatives

- 1) City Council could decide not to approve the attached document and continue to use the original Master Plan adopted in 1992. This is not recommended as the 1992 Plan is out of date and the modifications recommended in the new plan more accurately reflect current conditions and future needs.
- 2) City Council could direct Staff to hire an outside consulting firm to provide a different approach to the Community Enhancement Master Plan. Previous bids to use an outside consultant were approximately \$100,000.

Background Information

The original Community Enhancement master plan was completed in 1992 with an accompanying document for design guidelines that would be used to provide a consistent look throughout the City. The funding mechanism for community enhancement projects is the Accommodations Tax. A variety of projects were proposed and have been completed over the past 12 years.

Due to past economics, drought, and current development, a taskforce from Parks, Recreation and Libraries, Community Development and City Managers Office has been working on a revised Community Enhancement Master Plan to update the original plan to today's priorities and trends, as well as present day economic realities.

As part of the review process, a power point presentation was created and shown to a variety of people representing different aspects of the Westminster community. They were the Parks and Recreation Board, The Business Advisory Group and Planning Commission. These groups provided input as to what they felt was important to the Westminster community. All agreed that medians, lighting, gateways, neighborhood grants, and public art were important and should be continued in the future. Maintenance of existing and proposed improvements was considered essential to the updated master plan.

Staff would like to share the following highlights and conclusions that are drawn from the new plan:

Recommended Priorities:

Medians – Developing medians in well-traveled corridors and maintaining and renovating the existing medians throughout the City will continue to be a top priority and will be addressed in the City's biennial budget. Renovation of plant material must be performed between five and seven years after medians are built due to the harsh growing conditions within the roadways.

Gateways – Gateways help define the limits of the City of Westminster and create a sense of City identity and entry. Major entries occur along interstate corridors and minor gateways appear at major intersections at the City limits. The biennial budget will provide funds for spring/summer color with an array of annual plant material and general maintenance. Additional gateways will also be considered where feasible. Major gateway costs range up to \$800,000 (including substantial landscaping) and generally occur along major interstates; while minor gateway costs are \$150,000 and are placed along heavily traveled corridors at City boundaries.

Streetscapes - Enhancement amenities, such as banners, planters, and benches, are considered as part of this category. The level of enhancement is dependent upon a variety of factors. These include traffic, available area, commercial development, and maintenance needs.

Enhancement Grants – Neighborhood enhancement grants have become a very popular part of the Community Enhancement Program. Many neighborhoods have benefited from this program.

City Public Art – In an effort to promote public art throughout the City, Staff continues to work with developers to provide art pieces as part of development. In addition, Staff continues to pursue and identify art pieces, along with locations, that can be enjoyed by all its citizens. Acquired pieces will continue to be maintained.

Bridge Locations – Existing bridges and new bridges will continue to be upgraded as part of the overall enhancement of the City. Staff will coordinate with other departments to ensure that roadway and enhancement projects, such as bridges, will be constructed efficiently.

Staff is confident that the plan put forth for Council's consideration balances a variety of enhancements for the City and develops a realistic roadmap for attaining the goals and objectives set forth in the plan. The plan makes it clear that all recommendations depend on available resources to not only develop new enhancements for the City, but to also to provide adequate maintenance once those facilities are developed. The attached chart of proposed improvements for 2006 to 2010 shows how future funding would be distributed between the categories both in a percentage and dollar amount. In addition, projects that are currently funded with construction for 2006 along with funding that has not be allocated to a specific project while staff was working on the Community Enhancement Master Plan update.

Appropriate Staff will be in attendance at the February 6, 2006, Study Session to present highlights of the plan and answer any questions City Council may have about the recommendations made.

Respectfully submitted,

J. Brent McFall
City Manager



Attachments



WESTMINSTER

Staff Report

City Council Study Session Meeting
February 6, 2006

SUBJECT: Refunding of the 2003 Westminster Economic Development Authority Bonds (Mandalay Gardens) converting the bonds from Taxable bonds to Tax-Exempt bonds  

PREPARED BY: Robert Smith, Treasury Manager

Recommended City Council Action

Direct Staff to bring back for official City Council and Westminster Economic Development Authority (WEDA) board the following actions.

- 1) Council Actions: To approve the Replenishment Resolution, Amended 2003 Cooperation Agreement and the Reimbursement Agreement relative to replenishing the bond reserve fund and any draws on the Letter of Credit, for the benefit of the WEDA.
- 2) WEDA Actions: To approve the Bond Resolution relative to issuing tax-exempt WEDA Series 2006 Bonds to refund the outstanding 2003 taxable WEDA bonds and approve the amended 2003 Cooperation Agreement.

Summary Statement

This Staff Report describes a proposed refinancing of the Westminster Economic Development Authority (WEDA) 2003 taxable bonds into a tax-exempt issue and the documents that will be brought to City Council and the WEDA Board for action on February 13, 2006.

Staff will be present at Monday night's meeting to provide additional information on this item and to answer questions from City Council.

Policy Issue(s)

Should the 2003 WEDA taxable bonds be refunded with tax-exempt bonds?

Should Council approve the Replenishment Resolution, Amended 2003 Cooperation Agreement and the Reimbursement Agreement order to facilitate the refunding of the 2003 taxable WEDA bonds to tax-exempt bonds?

Should the WEDA board approve the Bond Resolution and the Amended 2003 Cooperation Agreement in order to facilitate the refunding of the 2003 taxable WEDA bonds to tax-exempt bonds?

Alternative(s)

1) Do not approve the Replenishment Resolution and associated agreements relative refunding of the 2003 WEDA Bonds. This is not recommended as the pending action does not add to the existing level of Moral Obligations and WEDA would not be able to benefit from reduced debt service costs.

2) Delay the bond refunding. This is not recommended as the conversion from a taxable to a tax-exempt issue lowers the overall debt service.

Background Information

In August 2003, WEDA issued \$38,525,000 in taxable variable rate bonds to help finance development within the Mandalay Gardens Urban Renewal Area (URA), now known as the Shops at Walnut Creek. The bonds were issued primarily to pay land purchases and public improvements. When the bonds were issued it was impossible to know the extent to which bond proceeds would be used to finance public vs private improvements, and therefore how much taxable vs tax-exempt debt to issue. The use of public issued tax-exempt debt is limited to 10% of the bond issue for private use. Thus the entire financing was done on a taxable basis with the intent of revisiting the question after bond proceeds were exhausted.

By mid-2005 bond project funds were completely spent and subsequently, staff and the City's bond counsel, Sherman Howard, evaluated how the bond proceeds were spent in the Mandalay Gardens' project. After this analysis the tax specialist at Sherman Howard has determined that it would be possible to refund 100% of the WEDA Series 2003 Bonds with tax-exempt debt.

Conversion to tax-exempt bonds will provide significant financial benefits to WEDA relative to the Mandalay Gardens URA. Tax-exempt bonds will have a lower interest rate than taxable bonds, which will reduce the interest cost on the bonds. In addition, it affords us the opportunity to change letter of credit banks to DEPFA Bank that charges a lower letter of credit fee than the bank currently providing the direct pay letter of credit for the taxable issue. The estimated combined debt service savings is 1% below the existing debt service. This is projected to save approximately \$190,000 in 2006 and about \$240,000 each year of debt service between 2007 and 2028, or a total of approximately \$5,500,000 over the course of the life of the bonds.

Future City Council Actions

Anticipated for Council approval on February 13, 2006 are the following items:

1. Replenishment Resolution – The resolution is necessary to allow WEDA to issue the tax-exempt bonds. The letter of credit provider requires that the City authorize the Replenishment

Resolution. The resolution, also known as a Moral Obligation, requires the City to take certain actions should the cash in that fund fall below the minimum required by the indenture for the bonds. The Moral Obligation associated with the Replenishment Resolution calls for the City Manager to request that Council appropriate City funds for the purpose of replenishing the reserve fund balance to the required level. This could occur should tax increment revenues associated with development in the Mandalay Gardens URA be unable to cover debt service. In essence, the resolution replaces the existing resolution on the 2003 WEDA bonds; however, it is necessary given the conversion of the existing bonds.

2. Cooperation Agreement - Council will be requested to approve the Amended Cooperation Agreement with WEDA. The Cooperation Agreement structures the loan conditions between the City and WEDA in the event that City funds need to be appropriated per the Replenishment Resolution.
3. Reimbursement Agreement - The Reimbursement Agreement outlines the conditions between the Letter of Credit provider, the City, and WEDA to reimburse the provider for any interest or principal draws taken on the direct pay Letter of Credit and any associated fees in the event that debt service is not adequately covered by the projected tax increment revenues.

Future WEDA Board Actions

Anticipated for WEDA Board approval on February 13, 2006 are the following items:

1. Bond Resolution - The WEDA board will be requested to approve the Bond Resolution associated with the 2006 refunding. The Bond Resolution requests the approval of the Board to permit issuance of the bonds, and for the Executive Director of WEDA to execute certain documents needed to close on the bonds. The resolution is effective for 60 days.
2. Cooperation Agreement – As mentioned above, the Cooperation Agreement structures the loan conditions between the City and WEDA in the event that City funds need to be appropriated per the City's Replenishment Resolution.
3. Reimbursement Agreement - As mentioned above, the Reimbursement Agreement outlines the conditions in the event of unanticipated draws through the Letter of Credit provider and is necessary in order for WEDA to obtain favorable interest rates relative to the refunding bonds.

The size of the WEDA Series 2006 refunding bonds will be approximately \$38,420,000. The principal is slightly less than the original amount borrowed since some of the existing capitalized interest needs to be expended by August 2006, thus, the principal was reduced. This reduction in the capitalized interest is partially offset by the costs of issuance that must be borne by the new issue.

Respectfully submitted,

J. Brent McFall
City Manager

Attachment(s)