



# WESTMINSTER

## Staff Report

TO: The Mayor and Members of the City Council

DATE: June 13, 2007

SUBJECT: Study Session Agenda for June 18, 2007

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.

### CITY COUNCIL REPORTS

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

### SPECIAL CITY COUNCIL MEETING

7:00 P.M.

### PRESENTATIONS

1. Lobbyist Update - *Verbal*
2. Global Warming Organizations
3. 2006 Comprehensive Annual Financial Report and Management Letter
4. Proposed FY 2006 Carryover Fund Appropriation into FY 2007

### EXECUTIVE SESSION

None at this time.

### INFORMATION ONLY ITEMS – Does not require action by City Council

1. Monthly Residential Development Report (Attachment)

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  
June 18, 2007



**SUBJECT:** Global Warming Organizations

**PREPARED BY:** Carol DiGiacomo, Chair, Environmental Advisory Board  
Lisa Bressler, Vice Chair Environmental Advisory Board  
Rachel Harlow-Schalk, Environmental and Administrative Services Officer  
Carey Rangel, Environmental Analyst

### Recommended City Council Action

Consider issues discussed in this report and support the Environmental Advisory Board recommendation to sign the U.S. Mayor's Climate Protection Agreement supported by the U.S. Council of Mayors.

### Summary Statement

- Across the United States, there are a myriad of global warming initiatives sponsored by a variety of environmental groups. Some of these groups are focused only on global warming while others have identified global warming as just a portion of their overall environmental work. Many groups require dues in order to become involved in their organization and some conduct lobbying efforts that may be counter to Westminster views.
- The City of Westminster has not become involved in any of these initiatives because Staff and the Environmental Advisory Board have been evaluating organizations and their alignment with Westminster goals, practices and views including operational commitments that would impact the City fiscally.
- Of the myriad of organizations *Cool Mayors for Climate Change* stands out as one in which Westminster could become a part. This organization asks mayors to sign an agreement that their city will strive to meet or exceed the Kyoto Protocol targets for reducing global warming pollution by taking actions in municipal operations and in the community. The United States Conference of Mayors supports this organization and it is the only known organization that establishes expectations for cities who are involved and yet does not expect operational changes with huge fiscal impact to cities. To date, 406 mayors across the country have endorsed the U.S. Mayors Climate Protection Agreement.
- Council is requested by the Environmental Advisory Board to approve the City's signing of the U.S. Mayors Climate Protection Agreement. This recommendation is provided in response to inquiries by citizens on what Westminster is doing to reduce global warming. As a result of signing this agreement, the City will have access to the Cool Mayors website that provides technical assistance for the City's implementation efforts. The City Attorney's Office has reviewed this agreement and has found it does not increase the City's liability by signing.
- The expected targets Westminster will be asked to strive for by signing the Climate Protection Agreement through *Cool Mayors* are already established practices or goals that will not impact current City operations.

Staff Report – Global Warming Organizations

June 18, 2007

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- If Council concurs with the EAB's recommendation to endorse the Climate Protection Agreement, this item will be brought before City Council for official action at an upcoming Council meeting.

**Expenditure Required:** \$0

**Source of Funds:** N/A

## **Policy Issue**

The policy issue for discussion is whether the City should take a position on this national initiative. Westminster has historically not become involved in national political issues such as foreign policy, immigration policy and the like. Is this issue local, and therefore, worthy of a policy statement by Council?

## **Alternatives**

Council could decide that it is not necessary to formally identify a global warming initiative to support. In the past, Westminster has not aligned itself with national issues and has focused on local impacts instead. If Council decides it is not necessary to sign the U.S. Climate Protection Agreement, the Environmental Advisory Board will still work with Staff to establish a page on the City's website that provides information on what Westminster is doing locally to reduce global warming.

## **Background Information**

The Kyoto Protocol to the United Nations Framework Convention on Climate Change provides for an amendment to the international climate change treaty establishing emissions limits for greenhouse gas by countries. The objective is to stabilize emissions of greenhouse gases preventing interference with the climate system. As of December 2006, there were 169 countries that had ratified the agreement (the United States has not signed the agreement).

Recently, the City and the Environmental Advisory Board (EAB) have been approached by a number of citizens and organizations asking for the City's support of climate change initiatives. Some of these organizations require funding to become a member and may conduct lobbying activities that run counter to City views, goals and practices. Organizations range from specific global warming groups to larger environmental organizations who have added global warming as one of their many environmental efforts.

Instead of providing the range of organization information to the EAB, Staff focused on finding organizations that request the City identify measures they will implement locally to reduce emissions of greenhouse gases instead of just stating the City is concerned with climate change. Additionally, Staff and the EAB reviewed the organization's positions on water and air matters to ensure that the City's views were in line with the organization.

In response to inquiries by citizens, the EAB recommends Council sign the U.S. Mayors Climate Protection Agreement through *Cool Mayors for Climate Change* as supported by the U.S. Conference of Mayors. By signing this agreement the City will:

- A. Urge the federal government and state governments to enact policies and programs to meet or beat the target of reducing global warming pollution levels to 7 percent below 1990 levels by 2012, including efforts to: reduce the United States' dependence on fossil fuels and accelerate the development of clean, economical energy resources and fuel-efficient technologies such as methane recovery for energy generation, waste to energy, wind and solar energy, fuel cells, efficient motor vehicles, biofuels and through conservation efforts;
- B. Urge the U.S. Congress to pass bipartisan greenhouse gas reduction legislation that includes 1) clear timetables and emissions limits and 2) a flexible, market-based system of tradable allowances among emitting industries; and
- C. Strive to meet or exceed Kyoto Protocol targets for reducing global warming pollution by taking actions in our own operations and communities through actions such as:
  1. Inventory global warming emissions in City operations and in the community, set reduction targets and create an action plan.

Current Practices at Westminster: The Regional Air Quality Council (RAQC) monitors the Front Range's compliance with air pollution standards. In addition to work with the RAQC, Staff already works to remove air pollution sources and have inventoried those locations with global warming emissions.

2. Adopt and enforce land-use policies that reduce sprawl, preserve open space, and create compact, walkable urban communities;

Current Practices at Westminster: The City has a very strong environmentally-oriented development program and has always been known for its leadership in preserving open space and creating trail systems.

3. Promote transportation options such as bicycle trails, commute trip reduction programs, incentives for car pooling and public transit;

Current Practices at Westminster: In addition to being members of the RAQC and US 36 Commuting Solutions both of which educate and create incentives for carpooling, Westminster supports the implementation of the commuter rail system and the expansion of US 36 to include a bus rapid transit and carpooling lane and has taken steps to assist in the implementation of multi-model systems within the City.

4. Increase the use of clean, alternative energy by advocating for the development of renewable energy resources, recovering landfill methane for energy production, and supporting the use of waste to energy technology;

Current Practices at Westminster: Westminster supports citizen use of alternative energies and advocates ways in which citizens can tap into wind source through their current energy provider on the City's website.

5. Make energy efficiency a priority through building code improvements, retrofitting city facilities with energy efficient lighting and urging employees to conserve energy and save money;

Current Practices at Westminster: Not only has the City completed the retrofit of lighting for all City buildings it also installed low flow water systems in toilets, sinks and irrigation. As a result of this work, the City received Colorado Energy Champion Award from the Governor's Office of Energy Management and Conservation. The City has already adopted an advanced energy code (2006 International Energy Conservation Code) that the State is just now trying to adopt.

6. Purchase only Energy Star equipment and appliances for City use;

Currently Practices at Westminster: The City's current practices for purchasing do not establish preference for Energy Star equipment. As with any purchase, the evaluation of environmental impact is taken into consideration along with the fiscal implications of any purchase.

7. Practice and promote sustainable building practices using the U.S. Green Building Council's LEED program or a similar system;

Current Practices at Westminster: Westminster encourages businesses within the community to build green when possible.

8. Increase the average fuel efficiency of municipal fleet vehicles; reduce the number of vehicles; launch an employee education program including anti-idling messages; convert diesel vehicles to bio-diesel;

Current Practices at Westminster: The City's Fleet Maintenance runs an aggressive preventive maintenance program on fleet vehicles resulting in increased fuel efficiency. Additionally, the Fleet Manager is the City's representative on the Denver Metro Coalition of the Department of Energy's Clean Cities Initiative whose mission is to improve air quality, reduce dependence on foreign oil, promote local economies and secure energy supplies. The City continues to evaluate the implementation of bio-diesel in Colorado. Currently, there are no vehicles that can accommodate this type of fuel and recent local use during the winter storm months indicates the material's viscosity increased significantly that can impact vehicle reliability.

9. Evaluate opportunities to increase pump efficiency in water and wastewater systems; recover wastewater treatment methane for energy production;

Current Practices at Westminster: Westminster has used the methane from wastewater treatment as an energy source at the plant for twelve years. Additionally, the City operates nationally recognized water and wastewater systems known for their efficiency.

10. Increase recycling rates in City operations and in the community;

Current Practices at Westminster: Westminster does not provide trash removal service to residents. Instead residents must contract directly with licensed trash haulers for removal. The City's Solid Waste Code requires that haulers provide recycling at the curb. For those residents who do not use the curbside service, Westminster provides drop off locations throughout the City for their materials. Annually, haulers are required to report on their residential recycling rates and consistently meet national averages. Staff continues to pursue education opportunities to increase recycling efforts of residents.

11. Maintain healthy urban forests; promote tree planting to increase shading and to absorb CO<sub>2</sub>; and

Current Practices at Westminster: Westminster is a leader in the Front Range for its landscaping requirements for all developments and actively pursues opportunities to protect established canopies of trees within new developments instead of planting new ones. The City has been a recipient of the Tree City USA Award for 22 consecutive years.

12. Help educate the public, schools, other jurisdictions, professional associations, business and industry about reducing global warming pollution.

Current Practices in Westminster: The Environmental Services Program and the Environmental Advisory Board run an active education program on environmental sustainability including not only the impact of global warming pollution, but also the impact of pollution overall on the City.

Of the commitments the City will strive to meet, none are outside of current practices, goals or views of the City. In fact, many of these commitments have already been met. Staff has reviewed this agreement with the City Attorney's Office and none of the commitments impose additional liability issues on the City.

Even if Council decides not to approve the signing of this agreement, the EAB with the support of Staff, will develop a page on the City's website that will identify all of the commitments that the City has made to reduce its emissions of global warming gases.

Lisa Bressler, Vice Chair of the EAB and Staff will be present at the meeting to discuss the information found in this report.

Respectfully submitted,

J. Brent McFall  
City Manager

Attachments

## **ENDORISING THE U.S. MAYORS CLIMATE PROTECTION AGREEMENT**

**WHEREAS**, the U.S. Conference of Mayors has previously adopted strong policy resolutions calling for cities, communities and the federal government to take actions to reduce global warming pollution; and

**WHEREAS**, the Inter-Governmental Panel on Climate Change (IPCC), the international community's most respected assemblage of scientists, has found that climate disruption is a reality and that human activities are largely responsible for increasing concentrations of global warming pollution; and

**WHEREAS**, recent, well-documented impacts of climate disruption include average global sea level increases of four to eight inches during the 20th century; a 40 percent decline in Arctic sea-ice thickness; and nine of the ten hottest years on record occurring in the past decade; and

**WHEREAS**, climate disruption of the magnitude now predicted by the scientific community will cause extremely costly disruption of human and natural systems throughout the world including: increased risk of floods or droughts; sea-level rises that interact with coastal storms to erode beaches, inundate land, and damage structures; more frequent and extreme heat waves; more frequent and greater concentrations of smog; and

**WHEREAS**, on February 16, 2005, the Kyoto Protocol, an international agreement to address climate disruption, went into effect in the 141 countries that have ratified it to date; 38 of those countries are now legally required to reduce greenhouse gas emissions on average 5.2 percent below 1990 levels by 2012; and

**WHEREAS**, the United States of America, with less than five percent of the world's population, is responsible for producing approximately 25 percent of the world's global warming pollutants; and

**WHEREAS**, the Kyoto Protocol emissions reduction target for the U.S. would have been 7 percent below 1990 levels by 2012; and

**WHEREAS**, many leading US companies that have adopted greenhouse gas reduction programs to demonstrate corporate social responsibility have also publicly expressed preference for the US to adopt precise and mandatory emissions targets and timetables as a means by which to remain competitive in the international marketplace, to mitigate financial risk and to promote sound investment decisions; and

**WHEREAS**, state and local governments throughout the United States are adopting emission reduction targets and programs and that this leadership is bipartisan, coming from Republican and Democratic governors and mayors alike; and

**WHEREAS**, many cities throughout the nation, both large and small, are reducing global warming pollutants through programs that provide economic and quality of life benefits such as reduced energy bills, green space preservation, air quality improvements, reduced traffic congestion, improved transportation choices, and economic development and job creation through energy conservation and new energy technologies; and

**WHEREAS**, mayors from around the nation have signed the U.S. Mayors Climate Protection Agreement which, as amended at the 73rd Annual U.S. Conference of Mayors meeting, reads:

### **The U.S. Mayors Climate Protection Agreement**

- A. We urge the federal government and state governments to enact policies and programs to meet or beat the target of reducing global warming pollution levels to 7 percent below 1990 levels by 2012, including efforts to: reduce the United States' dependence on fossil fuels and accelerate the development of clean, economical energy resources and fuel-efficient technologies such as conservation, methane recovery for energy generation, waste to energy, wind and solar energy, fuel cells, efficient motor vehicles, and biofuels;
- B. We urge the U.S. Congress to pass bipartisan greenhouse gas reduction legislation that includes 1) clear timetables and emissions limits and 2) a flexible, market-based system of tradable allowances among emitting industries; and
- C. We will strive to meet or exceed Kyoto Protocol targets for reducing global warming pollution by taking actions in our own operations and communities such as:
1. Inventory global warming emissions in City operations and in the community, set reduction targets and create an action plan.
  2. Adopt and enforce land-use policies that reduce sprawl, preserve open space, and create compact, walkable urban communities;
  3. Promote transportation options such as bicycle trails, commute trip reduction programs, incentives for car pooling and public transit;
  4. Increase the use of clean, alternative energy by, for example, investing in "green tags," advocating for the development of renewable energy resources, recovering landfill methane for energy production, and supporting the use of waste to energy technology;
  5. Make energy efficiency a priority through building code improvements, retrofitting city facilities with energy efficient lighting and urging employees to conserve energy and save money;
  6. Purchase only Energy Star equipment and appliances for City use;
  7. Practice and promote sustainable building practices using the U.S. Green Building Council's LEED program or a similar system;
  8. Increase the average fuel efficiency of municipal fleet vehicles; reduce the number of vehicles; launch an employee education program including anti-idling messages; convert diesel vehicles to bio-diesel;
  9. Evaluate opportunities to increase pump efficiency in water and wastewater systems; recover wastewater treatment methane for energy production;
  10. Increase recycling rates in City operations and in the community;
  11. Maintain healthy urban forests; promote tree planting to increase shading and to absorb CO<sub>2</sub>;
- and
12. Help educate the public, schools, other jurisdictions, professional associations, business and industry about reducing global warming pollution.

**NOW, THEREFORE, BE IT RESOLVED** that The U.S. Conference of Mayors endorses the U.S. Mayors Climate Protection Agreement as amended by the 73rd annual U.S. Conference of Mayors meeting and urges mayors from around the nation to join this effort.

**BE IT FURTHER RESOLVED**, The U.S. Conference of Mayors will work in conjunction with ICLEI Local Governments for Sustainability and other appropriate organizations to track progress and implementation of the U.S. Mayors Climate Protection Agreement as amended by the 73rd annual U.S. Conference of Mayors meeting.



**US Conference of Mayors Climate Protection Agreement – Signature Page**

You have my support for the US Mayors Climate Protection Agreement.

Date: \_\_\_\_\_

Mayor: \_\_\_\_\_

Signature: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Mayor's Email:

Staff Contact Name:

Staff Contact Title:

Staff Phone:

Staff Email:

Please add my comments in support of the US Mayors Climate Protection Agreement.  
We will add these to the Website (*optional*):

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Please return completed form at your earliest convenience to:

**US Mayors Climate Protection Agreement**

By Mail:

c/o City of Seattle  
Office of Sustainability and Environment  
Seattle Municipal Tower  
PO Box 94729  
Seattle, WA 98124-4729

By Fax: (206) 684-3013

By Email: [jeanie.boawn@seattle.gov](mailto:jeanie.boawn@seattle.gov)

For more Information: (206) 615-0817



# WESTMINSTER

## Staff Report

City Council Study Session Meeting  
June 18, 2007



SUBJECT: 2006 Comprehensive Annual Financial Report and Management Letter

PREPARED BY: Tammy Hitchens, Finance Director

### **Recommended City Council Action:**

Review and discuss the 2006 Comprehensive Annual Financial Report (CAFR) and Management letter.

### **Summary Statement:**

Finance Staff along with Wendy Swanhorst, Partner and Kyle Logan, Senior Manager, of Swanhorst & Company, LLC (Swanhorst), the City's independent audit firm, will present the 2006 CAFR and Management Letter to City Council for review. The CAFR is scheduled for formal acceptance at the Council meeting on June 25, 2007.

The City has received an unqualified opinion from Swanhorst & Company, LLC. This means the CAFR represents fairly the financial position of the City.

The Management letter includes six comments the auditors would like to bring to the City's attention.

**Construction In Progress** - Swanhorst has indicated that the City's method for recording Construction Work in Progress (CWIP) is not consistent with generally accepted accounting principles. They have indicated that they believe this is a material weakness. While staff is in agreement that there is an opportunity to improve the process for recording CWIP, staff does not agree that this is a material weakness. The current process was developed three years ago with the previous auditors and has been used since that time. The bottom line is that the City's financial position under the auditor's recommended method did not change. The difference is a timing difference. Approximately \$10 million (2.5% of capital assets in the City's governmental activities) was recorded as an asset (CWIP) in 2005, and would have been expensed in 2006 under the City's method. The auditor's recommended method expensed the \$10 million in 2005 rather than 2006, via a restatement of 2005 net assets. Staff has developed a new process for closing capital projects that have significant non-capitalizable expenses. This process will be used beginning with the 2007 Comprehensive Annual Financial Report (CAFR).

**Post-Employment Benefits** – Swanhorst noted that the City will be required to obtain an actuarial study in order to determine if the City has an "Other Post Employment Benefit" (OPEB) liability. Staff has been working on this new GASB requirement and will be engaging an actuary to determine the City's liability.

**Grants** – Swanhorst noted that the Westminster Housing Authority received a loan/grant from the Colorado Brownfields Revolving Loan Fund and it was omitted from the federal grant schedule in

2005. Staff is implementing new grant policies and procedures in 2007 that will include a process for more clearly identifying federal grants.

**Volunteer Firefighters' Pension Plan** – The administration of the plan has been contracted with the Fire and Police Pension Association (FPPA). Swanhorst is recommending that legal counsel be consulted to ensure that all fiduciary responsibilities are being met. Finance staff and the City Attorney's Office will work together to determine if there are any fiduciary responsibilities that are not being met. Staff does not have any indication that any financial problems exist.

**Building Permit System** – Swanhorst noted that a reconciliation between the accounting system and the building permit system is not being completed. Staff from the Building Division and the Accounting Division are in the process of establishing procedures for reconciling the two systems.

**Interfund Loans** - Swanhorst noted progress that has been made reducing the interfund loan balances and is recommending that the City continue this practice. Staff will continue to monitor interfund balances and make recommendations for repayment.

**Expenditure Required:** \$0

**Source of Funds:** N/A

**Policy Issue:**

Section 9.10 of the City Charter requires that an independent audit be conducted at least annually in accordance with generally accepted accounting principles as they pertain to governments for all funds reported in the Comprehensive Annual Financial Report. The audit is required to be conducted by Certified Public Accountants, experienced in municipal accounting. The 2006 audit was performed by Swanhorst & Company, LLC, Certified Public Accountants.

**Alternative:**

Require staff to make changes to the report. Minor changes could be made to the report without affecting the audit opinion; however, major changes may result in the report not being in compliance with generally accepted accounting principles as they pertain to governments and could result in a change of the auditor's opinion.

**Background Information:**

Each year Finance staff prepares a CAFR and contracts with an independent auditor to conduct an audit of the City's financial statements. The 2006 CAFR received an unqualified opinion from Swanhorst & Company, LLC, the City's independent auditors. An unqualified opinion indicates that the financial data of the City is fairly presented according to generally accepted accounting principles. Highlights of the 2006 CAFR are detailed below:

- Government-wide: Combined net assets of governmental and business-type activities increased \$27.7 million, including a \$3.1 million increase in governmental activities net assets and a \$24.6 million increase in business-type activities net assets.
- General Fund: The fund balance of the General Fund decreased \$0.2 million in 2006. Of the \$17.6 million ending fund balance, \$10.7 million was unreserved and available for future spending.
- Sales & Use Tax Fund: Sales and Use Tax revenues increased \$2 million. Net assets increased by \$0.7 million due to overall sales and use tax collections exceeding transfers to other funds.
- General Capital Improvement Fund: Operating revenues decreased by \$1.6 million and expenditures were \$5.7 million more than 2005. Fund Balance decreased \$9.5 million primarily as a result of these changes as well as a decrease in transfers into the fund of \$1.3 million compared to 2005.
- Westminster Economic Development Authority: Fund balance decreased \$22.7 million from \$53.9 million to \$31.2 million due primarily to capital expenses related to the Orchard project.
- Utility Fund: Net Assets increased \$23.8 million from \$361.8 to \$385.6 million due primarily to tap fees of \$15.6 million and a \$4.1 million sale of water rights to South Adams County Water and Sanitation District.
- Golf Course Fund: Net Assets increased \$.8 million from \$10.0 to \$10.8 million due primarily to the write off of outstanding interfund loans.
- One tax increment revenue bond issue occurred during 2006 in the amount of \$38.5 million. The proceeds were used to refinance the 2003 WEDA taxable tax increment adjustable rate revenue bonds, resulting in the reduction of future debt service by \$6.2 million and an economic gain of \$5.6 million.
- Capital spending was funded with pay-as-you-go resources and bond proceeds. Capital spending for all projects included the following:

\$ 26,333,520	General Capital Improvements Fund
23,856,822	Utility Fund
<u>23,533,032</u>	Westminster Economic Development Authority
<u>\$ 73,723,374</u>	Total Current Year Capital Expenditures

The specifics of the management letter and staffs' responses are outlined below.

**Construction In Progress** – Prior to GASB 34, the City did not record infrastructure. The City implemented GASB 34 in 2002. Since that time, the process for recording infrastructure and capital projects has been developed. The City's process for closing capital projects has been to review the expenditures for all capital projects that were substantially complete or placed in service during the year. Substantially complete was defined as having at least 95% of the budget spent. At that time, Finance staff reviewed all the expenditures and determined if they were capitalizable or needed to be expensed. Projects that were not substantially complete or not yet placed in service were recorded as Construction Work in Progress (CWIP).

Due to some unique circumstances in 2005 and 2006, there were significant expenditures that were not capitalizable. Those expenditures included the capitalized interest expense (capitalized interest is the portion of the bond proceeds used to make debt service payments while the project is being constructed) and costs related to economic development expenses. Since the projects (primarily the Shops at Walnut Creek and Phase 1 of the Orchard) were not substantially complete at the end of 2005, staff did not expense the interest and other costs associated with the projects. At the end of 2006, those projects were substantially complete and staff reviewed the expenditures and properly expensed them.

During the audit, Swanhorst reviewed the amounts that were expensed and determined that the costs associated with expenses paid in 2005 should have been reflected in the 2005 statements. Therefore, a prior period adjustment, as described in Note T of the financial statements, has been made.

Staff has developed a new process for capitalizing projects and will use that process during the closing of the 2007 books.

**Post-Employment Benefits** – Staff has been actively monitoring and preparing for the implementation of GASB 45, which requires the identification of post employment benefit liabilities. Even though City retirees are required to pay 100% of their post retirement health care premium, because they are allowed to remain in the City's health plan until they reach the age of 65 the City could have a liability. This is called an implicit subsidy; the theory being that our plan costs would be less if the retirees were not in the plan because retirees incur more medical costs than people in the workforce. Staff will be engaging an actuary to determine the City's liability.

**Grants** – Swanhorst noted that the Westminster Housing Authority received a loan/grant from the Colorado Brownfields Revolving Loan Fund, which was omitted from the federal grant schedule. The City staff that applied for and utilized the loan/grant from the Colorado Brownfields loan fund had the understanding that this was State rather than Federal funding. After further review it appears that these funds are Federal money. Staff is implementing new grant policies and procedures in 2007 that will include a provision for clearly identifying federal grants.

**Volunteer Firefighters' Pension Plan** – The administration for the plan has been contracted with the Fire and Police Pension Association (FPPA). Swanhorst is recommending that legal counsel be consulted to ensure that all fiduciary responsibilities are being met.

In 2001, the City dissolved the Volunteer Firefighter Program when the last volunteer firefighter became eligible for retirement. A final benefit was determined and the money remaining in the Volunteer Firefighters' Pension Plan was transferred to the Fire and Police Pension Administration (FPPA) for the purpose of having FPPA administer the plan and manage the plan's funds for investment. The City remains responsible for funding the plan. Since that time, Finance staff has reviewed the actuarial study and financial statements. Finance staff and the City Attorney's Office will work together to determine if all fiduciary responsibilities are being met.

**Building Permit System** – Swanhorst noted that a reconciliation is not being completed between the accounting system and the building permit system. Staff from the Building Division and the Accounting Division are already working on a process for reconciling the two systems.

**Interfund Loans** - Swanhorst noted the progress that has been made reducing the interfund loans and is recommending that the City continue to address interfund loans. WEDA paid down over \$1,900,000 in interfund loans in 2006 and the Golf Course Fund's negative cash balance decreased by over \$750,000. Staff will continue to monitor and make recommendations to reduce these interfund obligations in the normal course of business.

Staff and representatives from Swanhorst will attend the June 18th Study Session to answer City Council's questions.

Respectfully submitted,

J. Brent McFall  
City Manager

Attachments



# WESTMINSTER

## Staff Report

City Council Study Session Meeting  
June 18, 2007



**SUBJECT:** Proposed FY 2006 Carryover Fund Appropriation into FY 2007

**PREPARED BY:** Steve Smithers, Assistant City Manager  
Aric Otzelberger, Management Analyst

### **Recommended City Council Action:**

Direct Staff to prepare an ordinance for City Council consideration appropriating the 2006 carryover funds as outlined in this Staff Report.

### **Summary Statement**

- The City Council annually reviews and appropriates carryover funds from the previous year's budget into the current year budget for the following:
  - those items and services included in the previous year's budget but not received or provided until the current year's budget;
  - new items and services not included in the previous year's budget or funds that were identified as available for these new priorities in late 2006, but the items or services were not received or provided until the current year's budget;
  - budget incentive funds into various departments' budgets based on savings from the prior year; and
  - existing or new capital projects and key operating priorities for which funds are needed and carryover funds are available.
- Total funding of \$32,961,916 (\$16,373,609 in Utility Fund Reserves) for the items recommended in this memo comes from unrestricted revenues and unexpended 2006 funds in the various amounts identified. Further detail on these items is provided in the background section of this memo.
- Staff is requesting that City Council review the proposed carryover items included within this Staff Report and direct staff to bring back an ordinance appropriating FY2006 carryover funds into the FY2007 budgets of the General, General Capital Outlay Replacement, General Capital Improvement, Utility, Storm Drainage, Workers Compensation and Open Space Funds.
- Given the continuing challenge the City faces with Sales and Use Tax revenue collections, Staff is recommending leaving \$1.0 million of 2006 carryover funds in the Sales and Use tax fund to protect against any potential shortfall in 2007.
- Staff will be in attendance at Monday night's Study Session to answer questions on carryover funds.

**Expenditure Required:** \$32,961,916

**Source of Funds:** General, General Capital Improvement, Utility, Storm Drainage, Open Space and Workers Compensation Funds

### **Policy Issue**

- Should the City appropriate carryover funds as proposed?

### **Alternatives**

- City Council could decide not to appropriate any of these funds at this time. This is not recommended as many of the carryover requests are for items and services that have already received City Council approval during the FY2006 Budget process as priority expenditures for the City.
- City Council could choose to approve the carryover appropriation for only previously appropriated operating items. Staff recommends utilizing the carryover funds for the previously appropriated operating items as well as the new operating and capital improvement projects noted in this memorandum to maximize the use of these funds in providing services to residents.

### **Background Information**

City Council is requested to review the following list of items proposed to be funded with FY 2006 carryover funds and direct staff to bring forward an ordinance to appropriate these funds, as described below, into the General, General Capital Outlay Replacement, General Capital Improvement, Utility, Storm Drainage, Workers Compensation and Open Space Funds. The carryover appropriation takes place annually once the audit is substantially completed for the prior year and carryover amounts are finalized.

#### **PROPOSED RE-APPROPRIATION OF OPERATING ITEMS APPROVED IN 2006**

Certain items were budgeted and ordered in 2006 but were not received until 2007. In addition, certain services, authorized in 2006, were not fully performed by the end of the year. Under standard accounting procedures, these remaining funds must be re-appropriated in the new year to complete the desired purchase or service. Staff recommends the funds described below be re-appropriated in 2006.

#### **GENERAL FUND:**

Central Charges – One item totaling \$20,000 for legal services for Barbara Banks' work on development agreements that were not completed in 2006. \$30,000 was originally approved by City Council in 2006 for Ms. Banks' work, and \$13,920 remains on that original contract. This request would fund an additional \$6,080 for Ms/ Banks' services. Ms. Banks is a respected real estate attorney who provides unique expertise on certain City development projects.

General Services – One item totaling \$6,700 for office equipment that was purchased in 2006, but delivery was delayed due to the previous company going out of business and transferring the order to a new company. The snow events at year end further delayed this delivery.

Police Department – One item totaling \$26,200 for an interface between Livescan fingerprinting software (Intergraph) and the department's report management software (I/Leads). The Police Department purchased the new Livescan fingerprinting equipment in late 2005 and had to wait until mid-2006 for the Colorado Bureau of Investigation to install their new software on the Livescan machine before the design document from the Intergraph Corporation could be completed. There were also other projects that were being dealt with through the Intergraph Corporation, and the Livescan project was not completed before the end of 2006. The interface will make the booking process more accurate and efficient. The interface will allow an officer to input data into the arrest module of I/Leads and then push all of the data to the Livescan machine. Duplication of data entry is



eliminated, and finger prints are automatically sent to CBI electronically for identification and processing before being sent to the FBI.

Fire Department – Two items totaling \$11,920 as follows:

1. \$9,539 to cover costs for the Officer Development program that is in process of being finalized. This money is what remains from the one-time payoff from Red Rocks Community College for our assistance to their Fire Science Program. This class has been targeted for 15 personnel and is intended to better prepare them for leadership roles in our department. Lack of funding in the past has caused this program to be delayed for several years. Program implementation had been expected in 2006 however, development has gone into 2007.

2. \$2,381 for Emergency Management Preparedness Grant funds from the State of Colorado in 2006. The Emergency Preparedness Program has received these types of funds in previous years and has been spending the funds as required.

Community Development – Five items totaling \$68,872 as follows:

1. \$14,000 for 120th Avenue and I-25 Gateway Design. This project commenced in 2006 but was not completed. Weather and other delays extended the project into 2007.

2. \$10,000 for Schoenberg Farm Historic Preservation Projects. This would fund the Schoenberg Farm building survey and documentation. It would also provide funds for preparing Schoenberg Farm marketing material. Both of these projects were planned but not started in 2006 due to ongoing negotiations with the property owner.

3. \$4,000 for the development of additional art and history panels at the Promenade to expand on those already in place near the Westin Hotel. This project was started late in the year but not completed in 2006.

4. \$872 for a 2-drawer file cabinet and 5-drawer fixed-cabinet for the Planning Division. These items were ordered in 2006, but they were not received until 2007 due to winter storms in December.

5. \$40,000 for an update of the Economic Development section of the City's Web site, a real estate inventory update, and a survey of basic employers. In 2006, these projects were not started as planned due to Economic Development experiencing a transition period with new Staff. Now, an Economic Development Aide has been trained and a new Economic Development Specialist has been hired. With Staff in place, these funds are needed to develop industry specific marketing materials, update the Web site and better understand the City's basic employment base.

Parks, Recreation & Libraries – One item totaling \$8,116 in scholarship funds, received in 2006 from citizens and recreation program participants, for the Youth Sports Program. These funds are intended to supplement registration fees for individuals needing assistance. These funds will be available for scholarships in 2007.

Public Works & Utilities – One item totaling \$7,500 that was paid by Max Retaining Walls for damages to the pavement on 88th Avenue west of Wadsworth Parkway. This amount would be used to restore the surface back to new condition. Although the funds were received in 2006, repairs of the damaged asphalt were not scheduled to be completed until the spring of 2007.

UTILITY FUND:

Finance – One item totaling \$427 for an office chair for Utility Billing. The chair was purchased in 2006, but delivery was delayed due to snow storms.

Information Technology – Three items totaling \$28,503 as follows:

1. \$12,520 for VMware Licenses. This software will allow the City to "virtualize" computer servers, thereby consolidating and reducing the number of physical computer servers in our environment. This will reduce the cost of server replacements in future years, reduce cooling costs, reduce electrical consumption, and improve performance. The software was ordered in 2006, but not delivered until 2007.
2. \$13,453 for Poweredge 2950 Servers for VM Ware (2 units). These two servers were ordered in 2006, but not delivered until 2007.
3. \$2,800 for a color printer that was ordered in 2006, but not delivered until 2007.

Public Works & Utilities – Six items totaling \$127,975 as follows:

1. \$11,000 for the delivery of Moffat Water from Denver Water that was requested early in December 2006 to fulfill the remainder of what Westminster was scheduled to take for the year. Denver was unable to deliver this scheduled water because of maintenance issues that arose in the South Boulder Diversion Canal. Westminster is still required to take or pay half of the contract amount before June 30, 2007. This money is being requested for carryover to pay for the water not delivered in 2006 but that Westminster is still required to take contractually in 2007.
2. \$76,800 for a tanker trailer that was ordered in 2006 that replaced a 1979 tanker trailer (unit 9229). Delivery of the tanker trailer was delayed due to inclement weather between Kansas and Colorado at the end of 2006.
3. \$26,376 for outfitting a utility van that was purchased in 2006. The \$26,376 is the difference between the \$100,000 budgeted for the unit and the \$73,624 spent in 2006. Due to issues with the van's body work, the chassis was not delivered until late December. Some equipment could not be ordered until the chassis was on hand and could be measured to make sure the equipment fit. The funds being carried over will be used to complete the purchase and installation of the power equipment and make the unit usable. If approved, the vehicle will be outfitted with compressed air, electric power and hydraulic power equipment.
4. \$9,667 for Westminster's portion of a 2006 contract with Western Environmental Service Inc. for their work on the Big Dry Creek Wastewater Treatment Facility's NPDES permit renewal. The data for this permit renewal was collected in 2006. However, the work will not be completed until 2007.
5. \$2,440 for a contract with Colorado State University for a water quality study. CSU will issue the final report on this study in 2007 and will request payment on the rest of the contract at that time. Carryover funds are requested to make this final contract payment. This contract with CSU spans from June 2006 to June 2007.
6. \$1,692 for the remodeling of cubicles in City Hall to accommodate the new engineer in the Capital Projects and Budget Management Division that was authorized in the 2007 budget. Staff was expecting this cubicle remodel to be completed by the end of 2006. However, the installation of the cubicles was delayed until the middle of January 2007.

OPEN SPACE FUND:

1. Central Charges – One item totaling \$747,422 for the purchase of open space land and construction of open space facilities. The majority of this amount reflects the open space funds that were unspent in 2006 on land purchases that will be available to purchase as open space in 2007. An additional \$344,847 from cash-in-lieu funds (noted below) in the General Capital Improvement Fund will be added for the purchase and construction of open space facilities (total amount to open space \$1,092,269).
2. \$344,847 transfer payment to the Open Space Fund from the Parks General Capital Improvement Fund. These are funds collected from developers as cash-in-lieu for open space or park land acquisition. These funds were collected in 2006 and are recommended to be deposited into the open space land acquisition account for the purchase of future open space parcels in the Open Space Fund.

STORMWATER FUND:

1. One item totaling \$5,000 for the household hazardous waste pick-up program. Funds for this program were reduced by \$5,000 in 2006 to help reduce expenditures and balance the general fund budget. Staff requests that this program be funded in 2007 at its Approved 2006 level and the \$5,000 be restored.

WORKERS COMPENSATION FUND:

Two items totaling \$5,579

1. \$579 for a file cabinet that was ordered in 2006, but not received until 2007 due to winter storms.
2. \$5,000 for temporary staff to scan legal documents into the laserfiche system, including claims information in the Risk Management Office. Funds were budgeted for this purpose in 2006, but not fully expended due to other pressing issues. These funds will allow Staff to continue the exceptionally large amount of scanning that needs to take place in the Risk Management Office.

PROPOSED APPROPRIATION OF NEW OPERATING ITEMS

Staff recommends utilizing some of the General, General Capital Improvement, and Utility Funds' carryover moneys available to help address new spending needs. The items listed below are intended to be proactive measures to help minimize the impact on future budgets for needed items.

GENERAL FUND:

City Manager's Office – One item totaling \$50,000 for a complete redesign and overhaul of City's Web site. This project is per recommendation of the City's 2006 communications plan.

Central Charges – Five items totaling \$1,077,462 as follows:

1. \$100,000 for General Leave Buyback. This program allows employees to receive payment for unused general leave up to 24 hours at a 75% rate. This program was an annual budgeted item eliminated in 2002 due to the City's tight financial status. This program helps reduce the City's unfunded liability of general leave at today's dollars instead of an increasing pay rate as time continues. These dollars represent savings in the Central Charges 2006 operating budget. An additional \$60,000 is requested in the Utility Fund for this program (total = \$160,000).
2. \$807,462 to cover Thornton Payment for COP in North Huron Urban Renewal Area. Per the IGA for North Huron, Thornton is obligated to pay us no more for their annual COP contribution than they

receive from the revenue sharing IGA. 2006 revenues were collected but not paid to Thornton until 2007. Those revenues total \$268,671. Now that more retail activity is underway, Thornton will receive more revenue and pay their full contribution to the COPs. Ultimately, Thornton will have to repay their entire obligation for the COPs and Westminster will be made whole.

3. \$150,000 for miscellaneous studies and projects unanticipated in 2007 (budget was reduced to \$55K in 2007). These funds represent savings in Central Charges 2006 operating budget and are proposed to offset additional costs associated with special projects, economic development, redevelopment, and special studies that might arise per City Council and staff requests.

4. \$10,000 for audio-visual replacements for the Council Board Room. These funds would replace existing equipment in the Council board room while also providing some enhancements to allow for better presentations. Much of the current equipment is in need of replacement. This request would fund a replacement projector, new speakers and related amplification equipment, and a new projection screen.

5. \$10,000 for two-year membership to the Rocky Mountain Regional Rail Authority (RMRA). On March 26, 2007, City Council unanimously voted to have the City of Westminster join the Rocky Mountain Rail Authority. RMRA is working on a proposal to designate the Rocky Mountain Corridor as the eleventh High Speed Rail Corridor in the country. These funds will give the City representation on the RMRA Board of Directors and provide resources for a feasibility study that will explore issues such as the capacity of existing tracks, the cost to relocate freight trains from those existing tracks, the cost to improve tracks to allow passenger train speeds of up to 110 miles per hour, potential ridership and operating costs.

General Services – Five items totaling \$39,804 as follows:

1. \$4,200 for Federal Lobbying Trips for Deputy City Manager. The Deputy City Manager has assumed the responsibility of directing the City's federal and state legislative program from the Assistant City Manager. The Deputy City Manager participated in two lobbying efforts in Washington D.C. One lobbying trip was with the US 36 Coalition and the other was associated with the annual National League of Cities conference. This requested amount reflects the total costs of both of the lobbying efforts.

2. \$7,700 for replacement jury chairs (18), new chairs in main area of Municipal Court (5), and replacement filing cabinets (3) in the Probation Office. Sufficient carryover funds were available in Municipal Court accounts to cover the purchases of these items.

3. \$6,000 for computer training classes for Staff. Computer training classes remain a popular training option for Staff, and sufficient carryover funds were available at the end of 2006 in training accounts to cover this request.

4. \$7,250 for Oracle Database Service Contract (HR contribution). Human Resources and Accounting propose to split this cost (total = \$14,500). This is not an extra cost for the service contract, but rather a shift in the timing of the contract payment. Oracle recently contracted with a reseller to handle the renewals of existing contracts for service, and the reseller shifted the annual contract. This would require the City to pay a portion of the contract that would have been covered by funds budgeted for 2008. This request will cover that difference.

5. \$14,654 for temporary staffing in City Clerk's Office. Due to staff illness and absence, temporary staff is assisting with the operations of the City Clerk's Office. It is estimated that 985 hours of temporary staffing will be necessary in 2007, at a rate of \$14.88 per hour.

Finance – One item totaling \$7,250 for Oracle Database Service Contract (Finance contribution). Human Resources and Accounting propose to split this cost (total = \$14,500). This is not an extra cost for the service contract, but rather a shift in the timing of the contract payment. Oracle recently contracted with a reseller to handle the renewals of existing contracts for service, and the reseller shifted the annual contract. This would require the City to pay a portion of the contract that would have been covered by funds budgeted for 2008. This request will cover that difference.

Police – One item totaling \$9,500 for Jefferson County Custody Report. In 2006, the department contracted with Intergraph to write an electronic Custody report that would automatically generate from the department's report management system (I/Leads). The project was completed in 2006. As soon as the department started utilizing the new custody report, the Jefferson County Jail raised concerns and requested a custody report to fit their needs, even though the custody report had been approved by the Jefferson County Jail when the Westminster Police Department met with them on two prior occasions. The police department contacted Intergraph for a Statement of Work to ascertain the cost of modifying our current custody to conform to Jefferson County's requirements. Between the meetings with Jefferson County and discussions with Intergraph, the year ended before the project could be finalized. Intergraph will be able to modify our existing software and write code to make this work at about half of the cost of the original custody report software.

Community Development – One item totaling \$9,500 for the replacement of the department's copy machine. Staff started planning for the replacement of the existing shared copy machine located in Community Development in 2006, with the expectation of not moving forward with the replacement until at least 2007. Through careful budgeting, substantial funds were left over from 2006, and with the growing history of repairs and increased maintenance costs on the existing machine, the timing is appropriate to replace the machine. The total cost of replacement via a purchase (not a lease) is just under \$18,000. If this request is approved, the department will absorb the balance of this purchase from their 2007 budget.

Public Works and Utilities – Three items totaling \$229,974 as follows:

1. \$200,000 to cover snow removal costs associated with major winter storm events in 2007. Following the initial blizzard of last winter and subsequent snow storms, the department faced much higher costs than anticipated for contractual services to assist with snow removal and materials. To date, the budget for snow removal materials has been completely expended, and the Street Division has already spent more than was budgeted in 2007 for contractual services for snow removal. Staff recommends addressing this shortfall through carryover versus contingency.
2. \$22,474 that was reimbursed by Arvada for resurfacing done by Westminster in the summer of 2006. Arvada did not pay the reimbursement until November 2006, thus not allowing for any street work to be done prior to the end of the year. These funds would be used to accomplish additional street resurfacing in 2007.
3. \$7,500 for relocation and other associated hiring costs for new Public Works and Utilities Director. This is the General Fund portion of this request. The total request is for \$20,000 (\$7,500 for General Fund and \$12,500 for Utility Fund).

UTILITY FUND:

Central Charges – One item totaling \$60,000 for General Leave Buyback. Staff is recommending that a total of \$160,000 from carryover (\$100,000 from General Fund and \$60,000 from Utility Fund) be

allocated to this program to reduce the City's liability of general leave at today's dollars instead of an increasing pay rate as time continues. This amount is attributable to the Utility Fund.

Public Works & Utilities – three items totaling \$68,500 for the following:

1. \$6,000 for contract costs for landscape maintenance for Jim Baker Reservoir. The contractor (Arrowhead Landscape Services) retained for 2006-2007 landscape maintenance services for Jim Baker Reservoir has backed out of the contract due to non-compliance with the new immigration regulations. Westminster has been able to locate a replacement contractor to finish out this contract for 2007, but at an additional cost of \$6,000 above the original contract amount. Carryover funds are requested to cover the increased cost of this two-year contract.

2. \$50,000 for Platte River Recovery Implementation Program. This program was agreed upon by the States of Wyoming, Colorado, and Nebraska, along with the U.S. Department of the Interior, to improve and maintain habitat for endangered species in the central and lower Platte River in Nebraska. This program was implemented on January 1, and this amount will fund the City's participation in the program to cover depletion associated with the Wattenberg Gravel Lake Project. This participation will also provide Endangered Species Act compliance for future City actions that City might take that requires federal permitting and may impact the South Platte River. City Council approved participating in this program on May 14<sup>th</sup>.

3. \$12,500 for relocation and other associated hiring costs for new Public Works and Utilities Director. This is the Utility Fund portion of this request. The total request is for \$20,000 (\$7,500 for General Fund and \$12,500 for Utility Fund).

#### UTILITY RESERVE FUND – WATER AND WASTEWATER

Staff proposes appropriating \$16,373,609 into the following three utility reserve accounts per the recently adopted Utility Reserve Fund Policy.

1. Operating Reserve Account - This is essentially a minimum unrestricted fund balance needed to accommodate the short-term cycles of revenues and expenses. Operating Reserves provide a "cushion" that can be used to cover cash balance fluctuations. Per the reserve fund policy, the required balance for operating reserve account for the Water fund is 45 days of operating expenses; the required balance for the Wastewater Fund is 30 days of operating expenses. Staff recommends appropriating carryover at these required levels. This amounts to \$2,969,092 for the Water Fund and \$776,924 for the Wastewater Fund.

2. Rate Stabilization Reserve – The Rate Stabilization Reserve was established and funded to meet a specific risk such as revenue loss related to a certain level of demand curtailment. The reserve is designed to minimize or mitigate rate impacts. Impacts to the rate stabilization reserves are determined by the annual performance of rates versus the budgeted rate revenue. The target level for this reserve is set at 25% of budgeted revenues for the Water Fund and 5% of budgeted revenues for the Wastewater Fund. The Rate Stabilization Reserve has an upper limit of 140% of the target and a lower limit of 80% of the target. Staff recommends appropriating \$3,129,472 in carryover for the Rate Stabilization Reserve for the Water Fund; staff recommends appropriating \$277,094 to the Wastewater Fund. This level of reserve in the Water Fund will exceed the 140% upper limit for the moment, but staff expects this figure to be reduced, as actual water revenues in 2007 have been below budgeted figures due to the wet spring.

3. Capital Project Reserve – This reserve is to establish a Capital Improvement Program capable of sustaining long-term utility capital requirements. The City established a capital reserve to accumulate funds in excess of near-term needs. This policy is intended to foster timely system reinvestment, while providing resources for periodic increases in outlays without undue rate burden. Staff recommends appropriating \$7,130,793 in carryover to the Capital Project Reserve in the Water Fund. Staff recommends appropriating \$2,090,234 to the Capital Project Reserve in the Wastewater Fund.

#### PROPERTY/LIABILITY FUND

One item totaling \$400,000 to cover premium increase in 2007 and improve fund reserve level. Due to rising costs, including policy premiums, an additional \$85,000 is needed to cover annual operating expenditures for 2007. Due to several significant claims in 2006, the current estimated year-end fund balance is \$1.4 million. This is a relatively low reserve and the remainder of the funds will improve the reserve level to a healthy amount. If approved, \$200,000 of this request will be appropriated from Public Safety Sales and Use Tax carryover and the remaining \$200,000 will come from General Fund Carryover.

#### GOLF COURSE FUND

One item totaling \$700,000 for the Golf Course Fund. These moneys are one of the steps that Staff is proposing to help offset the \$1,255,465.09 interfund loan covering negative cash that the golf course fund had on 12/31/06 per the recently completed financial audit. Staff shares the auditor's concerns with this interfund loan negative cash balance and is proposing these funds to help pay off 56% of this debt. Staff proposes that General Fund carryover dollars be transferred into the Golf Course Fund for this purpose.

#### GENERAL CAPITAL OUTLAY REPLACEMENT FUND (GCORF) - PUBLIC SAFETY TAX

Staff proposes transferring \$689,724 in public safety sales and use tax carryover from 2006 into the General Capital Outlay Replacement Fund (GCORF) for public safety tax. This Fund is utilized to purchase replacement vehicles and replacement computers. These funds will help address future replacement vehicle and computer needs related to public safety.

#### PROPOSED APPROPRIATION FOR EXISTING OR NEW CAPITAL PROJECTS

Staff has completed a review of potential capital improvement projects for the balance of carryover funds. Staff is recommending that the following new or existing capital projects be appropriated as Capital Improvement Program (CIP) projects. Higher than anticipated revenues and better than anticipated expenditure savings in the General and General Capital Improvement Funds are proposed to be utilized for these projects.

#### GENERAL CAPITAL IMPROVEMENT FUND:

A total of \$11,124,122 for capital projects is proposed to be appropriated into the General Capital Improvement Fund (GCIF) as follows:

1. \$3,000,000 for Westminster Mall Redevelopment. Staff is in discussions with several parties regarding options for redeveloping and reinvigorating the Westminster Mall. At City Council's recent Strategic Planning retreat, Council identified the Westminster Mall Strategy as the top policy action for 2007 under the "Vibrant Neighborhoods and Commercial Areas" Strategic Plan goal. If approved, these funds would be available for redevelopment costs that will arise, including planning and design efforts.
2. \$2,500,000 for 144<sup>th</sup> Avenue widening between Huron and Zuni Streets. Included in the total amount of this request is \$564,320 in Adams County attributable share dollars, which must go to an

Adams County road project in the City. With the increasing development in Westminster and Broomfield, it is anticipated that a significant increase in traffic will occur along 144th Avenue between Huron Street and the western City limits at Zuni Street. The existing two-lane road should be widened to arterial street standards within the next few years. The City has already budgeted \$150,000 for a conceptual design effort that is underway to identify a general alignment, basic right-of-way needs and a preliminary cost estimate for the future construction.

3. \$500,000 for South Westminster Revitalization Project. These funds will assist with the redevelopment projects to improve this area of the City. The project currently has \$500,000 budgeted in the Approved 2007 Budget.

4. \$2,536,000 for the renovation and expansion of the Municipal Service Center (MSC). Council approved the revised scope of work for this project earlier in the year. This is the General Fund's contribution for this project. To gain proportionate equity between the Utility and General Funds for historical funding of the MSC, Council approved a funding breakdown where Utilities will contribute \$8,668,000 and the General Fund will contribute \$2,536,000 of the proposed \$11,204,000 renovation costs. In funding the renovation project in this manner, Utilities will effectively have purchased fair-share equity in the facilities. This equity includes the general fund payment for the original construction of the center and ongoing maintenance. The project will include site work, building renovation and construction, drainage control, material testing, office furnishings, and design work.

5. \$400,000 for the Street Rehabilitation Program. With the cost of asphalt materials continuing to escalate with gas prices, these funds will help address scheduled improvements to arterial streets. This project had \$500,000 appropriated with the Approved 2007 Budget. These funds will help improve driving conditions on arterials while extending the life of the pavement.

6. \$100,000 for the Rocky Flats Wildlife Refuge Project. \$100,000 was received from Kaiser Hill in 2006 as payment to the City for Rocky Flats Closure. These funds will be utilized for a yet-to-be determined project at Rocky Flats Wildlife Refuge.

7. \$300,000 for facility major maintenance. These funds are for the maintenance and repair of City facilities that are larger in scope than projects included within the operating budget. The 2007 Adopted Budget included \$400,000 for this work but several unanticipated major repairs have utilized a significant amount of these funds. This includes \$75,000 for mechanical system improvements at the Fleet Maintenance Facility, \$71,400 for a membrane change for the roof at the Fleet Maintenance Facility, and \$53,400 to pay Siemens Technology, Inc. for the lighting retrofit/upgrades at City Park Recreation Center. In 2006, this money was placed in an operational account in the Department of Parks Recreation and Libraries and the project was completed, but the company was not paid. If funds are not carried over into 2007, the money will be taken out of the Major Maintenance Capital Improvement Project resulting in an impact to the schedule of projects identified for 2007. These additional dollars will assist Staff in meeting one of Council's objectives from the strategic plan – maintaining existing City facilities.

8. \$425,000 for tenant finish costs for the old police facility. Recently, the City entered into an agreement with the Department of Parole for the State of Colorado. The department will lease the old police facility, but the City must complete renovation work to both floors of the facility to prepare the building for occupancy. Council previously authorized funds for tenant finish; however, these additional funds are necessary based on the bids received for making the necessary improvements to the building. These renovation costs will be reimbursed to the City from payments during the first five years of the lease.



9. \$150,000 to Recreation Facilities Capital Improvement Project Account for tenant-finish improvements for the former Colorado Rapids Training Facility at City Park. Funds are necessary to make tenant finish improvements to the building in order to lease building to a new tenant. Staff is in the process of exploring options for the facility while also identifying potential tenants who might have an interest in the space.

10. \$35,000 to the Parks Capital Improvement Project Account for the replacement of the irrigation pump at City Hall. This pump was purchased in 1987 and has been rebuilt several times, but it cannot be rebuilt any longer. This is a pressing need that was not budgeted for in 2007.

11. \$24,170 to the Golf Course Improvements Project Account. Of this total amount, \$16,400 is proposed for emergency repairs that were recently completed to the Heritage Golf Course irrigation pump station and the associated computerized communication box. This was not anticipated or budgeted for in 2007. The remaining \$7,770 is for emergency repairs to the Legacy Ridge Golf Course grease trap system. This unanticipated project included replacement of the underground pipe, attic pipe, and adjacent concrete slab.

12. \$1,153,952 transfer to Parks CIP Reserve Account. Staff proposes to place these funds in reserve to be allocated at a later date. This represents the total carryover from the 2006 parks capital improvements; less the \$209,170 proposed for capital projects and the \$344,847 in cash in lieu monies proposed to be transferred to the Open Space fund for land acquisitions. This figure also includes \$363,198 in carryover from the Conservation Trust Fund.

#### UTILITY FUND:

One item totaling \$275,000 to the Water Fund Contingency Capital Improvement Project Account. This project account is for contingency needs of other water-related capital improvement projects. This account was recently utilized for contingency dollars for other projects, and the balance in this account is \$225,000. The City has established a policy to fund this contingency account to retain a balance of \$500,000. This request would put the account back at the \$500,000 level.

#### STORM DRAINAGE FUND:

Three items totaling \$443,140 including:

1. \$300,000 for Quail Creek Drainage Project. The project will rehabilitate the existing Quail Creek channel upstream of Huron Street to improve flow. The low slope of the existing channel has caused standing water problems. 134<sup>th</sup> Avenue will be narrowed to allow for channel improvements, and changes will be made to landscaping. Pedestrian amenities will also be enhanced. The current estimate for the project is \$2.1 million. The City has budgeted \$450,000 in CIP funds to date. Other funds include \$550,000 from the Urban Drainage and Flood Control District and \$200,000 from cash in lieu funds from a commercial developer. Staff proposes to address the remaining balance through the utilization of \$600,000 in unused funds from the Shaw Boulevard/Circle Drive Drainage Project. This request would fund the remaining amount needed for the Quail Creek project.

2. \$100,000 for Cozy Corner Tributary No. 5 Channel Improvements (Sheridan Boulevard to Big Dry Creek along the 116th Avenue alignment). This project includes the construction of the Cozy Corner Tributary No. 5 Channel on the north side of the 116th Avenue alignment between Sheridan Boulevard and Big Dry Creek. Council approved an IGA with the Urban Drainage and Flood Control District (UDFCD) which defines an equal cost sharing for the project. Both entities have budgeted \$500,000 each for the project so far. Recently, Staff was notified that this

project will need to proceed through the individual permit process with the Army Corps of Engineers. This permit process was unanticipated and will require additional activities related to wetland mitigation. Staff estimates that an additional \$150,000 in funding will be necessary due to the permit process. UDFCD has committed \$50,000 towards this extra cost, and Staff recommends that the City contribute the remaining \$100,000 through carryover funds.

3. \$38,140 for the Stormwater Utility Miscellaneous Capital Improvement Project Account. Staff utilizes this account to fund unanticipated studies and stormwater construction costs.

Staff will be in attendance at Monday's Study Session to answer any questions City Council might have.

Respectfully submitted,

J. Brent McFall  
City Manager



Staff Report

Information Only Staff Report
June 18, 2007



SUBJECT: Monthly Residential Development Report

PREPARED BY: Shannon Sweeney, Planning Coordinator

Summary Statement:

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

- The following report updates 2007 residential development activity per subdivision (please see attachment) and compares 2007 year-to-date totals with 2006 year-to-date figures through the month of May.
The table below shows an overall decrease (-27.9%) in new residential construction for 2007 year-to-date compared to 2006 year-to-date totals.
Residential development activity so far in 2007 reflects a decrease in single-family detached (-41.0%), an increase in single-family attached (4.0%), and no changes in multi-family or senior housing development when compared to last year at this time.

NEW RESIDENTIAL UNITS (2006 AND 2007)

Table with 7 columns: UNIT TYPE, MAY (2006, 2007), % CHG., YEAR-TO-DATE (2006, 2007), % CHG. Rows include Single-Family Detached, Single-Family Attached, Multiple-Family, Senior Housing, and TOTAL.

**Background Information**

In May 2007, service commitments were issued for four new housing units within the subdivisions listed on the attached table. There were a total of four single-family detached and no single-family attached, multi-family, or senior housing utility permits issued in May.

The column labeled “# Rem.” on the attached table shows the number of approved units remaining to be built in each subdivision.

Total numbers in this column increase as new residential projects (awarded service commitments in the new residential competitions), Legacy Ridge projects, build-out developments, etc. receive Official Development Plan (ODP) approval and are added to the list.

Respectfully submitted,

J. Brent McFall  
City Manager

Attachment

**ACTIVE RESIDENTIAL DEVELOPMENT**

<b><u>Single-Family Detached Projects:</u></b>	<b>Apr-07</b>	<b>May-07</b>	<b>2006 YTD</b>	<b>2007 YTD</b>	<b># Rem.*</b>	<b>2006 Total</b>
Bradburn (120th & Tennyson)	2	0	5	5	97	31
CedarBridge (111th & Bryant)	0	0	0	0	6	0
Country Club Highlands (120th & Zuni)	0	0	0	3	115	0
Countryside Vista (105th & Simms)	0	0	0	0	9	0
Huntington Trails (144th & Huron)	0	4	5	13	171	26
Hyland Village (96th & Sheridan)	0	0	0	0	111	0
Legacy Ridge West (104th & Leg. Ridge Pky.)	0	0	1	0	7	15
Lexington (140th & Huron)	0	0	0	0	4	1
Meadow View (107th & Simms)	0	0	1	0	5	4
Park Place (95th & Westminster Blvd.)	5	0	15	9	69	21
Ranch Reserve (114th & Federal)	0	0	4	0	4	5
South Westminster (Shoenberg Farms)	0	0	0	5	59	0
Various Infill	0	0	4	1	7	8
Village at Harmony Park (128th & Zuni)	0	0	26	0	0	41
Winters Property (111th & Wads. Blvd.)	0	0	0	0	8	0
Winters Property South (110th & Wads. Blvd.)	0	0	0	0	10	0
<b><i>SUBTOTAL</i></b>	<b>7</b>	<b>4</b>	<b>61</b>	<b>36</b>	<b>682</b>	<b>152</b>
<b><u>Single-Family Attached Projects:</u></b>						
Alpine Vista (88th & Lowell)	0	0	0	0	84	0
Bradburn (120th & Tennyson)	1	0	12	2	3	38
CedarBridge (111th & Bryant)	0	0	0	0	0	2
Cottonwood Village (88th & Federal)	0	0	0	0	72	0
East Bradburn (120th & Lowell)	0	0	0	0	117	0
Highlands at Westbury (112th & Pecos)	0	0	3	11	36	24
Hollypark (96th & Federal)	0	0	0	0	20	0
Hyland Village (96th & Sheridan)	0	0	0	0	165	0
Legacy Village (113th & Sheridan)	0	0	8	8	62	24
South Westminster (Shoenberg Farms)	0	0	0	5	55	0
Summit Pointe (W. of Zuni at 82nd Pl.)	0	0	0	0	58	0
Sunstream (93rd & Lark Bunting)	0	0	2	0	18	4
Walnut Grove (104th & Wadsworth Pkwy.)	0	0	0	0	0	66
<b><i>SUBTOTAL</i></b>	<b>1</b>	<b>0</b>	<b>25</b>	<b>26</b>	<b>690</b>	<b>158</b>
<b><u>Multiple-Family Projects:</u></b>						
Bradburn (120th & Tennyson)	0	0	0	0	54	0
Hyland Village (96th & Sheridan)	0	0	0	0	150	0
Mountain Vista Village (87th & Yukon)	0	0	0	0	24	0
Prospector's Point (87th & Decatur)	0	0	0	0	29	0
South Westminster (East Bay)	0	0	0	0	64	0
South Westminster (Harris Park Sites I-IV)	0	0	0	0	12	0
<b><i>SUBTOTAL</i></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>333</b>	<b>0</b>
<b><u>Senior Housing Projects:</u></b>						
Covenant Retirement Village	0	0	0	0	26	0
Crystal Lakes (San Marino)	0	0	0	0	7	0
<b><i>SUBTOTAL</i></b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>33</b>	<b>0</b>
<b>TOTAL (all housing types)</b>	<b>8</b>	<b>4</b>	<b>86</b>	<b>62</b>	<b>1738</b>	<b>310</b>

\* This column refers to the number of approved units remaining to be built in each subdivision.

**City of Westminster City Council Study Session  
June 18, 2007**

Mayor Nancy McNally called the Study Session to order at 6:35 PM. All Council was in attendance.

City Staff in attendance included: City Manager Brent McFall; Assistant City Manager Steve Smithers; Deputy City Manager Matt Lutkus; City Attorney Marty McCullough; Finance Director Tammy Hitchens; Management Analyst Aric Otzleberger; Public Information Specialist Joe Reid; Open Space Coordinator Heather Cronenberg; City Engineer Dave Downing; Sales Tax Manager Barb Dolan; Accounting Manager Cherie Sanchez; Environmental and Administrative Services Officer Rachel Harlow-Schalk; and Management Intern Phil Jones.

The guests in attendance were Rachel Ceccarelli with the Westminster Window; Danny Tomlinson and Erin Silver of Tomlinson & Associates; Wendy Swanhorst, Partner and Kyle Logan, Senior Manager, of Swanhorst & Company, LLC; and Lisa Bressler, Vice Chair Environmental Advisory Board;

**Lobbyist Update**

City Lobbyists Denny Tomlinson and Erin Silver gave an update on the 2006-2007 legislative session and discussed the legislative scorecard. Current and future issues were discussed as they relate to transportation and transportation funding options. Transportation in 2008 will be a large issue. Also gave an update on constitutional ratification procedures.

Council was appreciative of all of the hard work during the legislative session by staff.

**Global Warming Organizations**

Though many organizations have contacted the City of Westminster for support on the fight against global warming, the City has not become involved with any of the organizations or initiatives because Staff and the Environmental Advisory Board have been evaluating organizations and their alignment with Westminster goals, practices and views including operational commitments that would impact the City fiscally. "Cool Mayors for Climate Change," is an organization that stands out from the rest and appears to be the best organization for the City to support. This organization asks mayors to sign an agreement that tier city will strive to meet or exceed the Kyoto Protocol targets for reducing global warming pollution by taking actions in municipal operations and in the community. The United States Conference of Mayors supports this organization and it is the only known organization that establishes expectations for cities who are involved and yet does not expect operational changes with huge fiscal impact to cities. To date, 406 mayors across the country have endorsed the U.S. Mayors Climate Protection Agreement. The expected targets Westminster will be asked to strive for by signing the Climate Protection Agreement through *Cool Mayors* are already established practices or goals that will not impact current City operations. This recommendation is provided in response to inquiries by citizens on what Westminster is doing to reduce global warming. As a result of signing this agreement, the City will have access to the *Cool Mayors* Website that provides technical assistance for the City's implementation efforts.

Council discussed the policy and directed staff to move forward and place the report on the agenda for the June 25, 2007 council meeting.

**2006 Comprehensive Annual Financial Report and Management Letter**

Finance Staff, along with Wendy Swanhorst, Partner and Kyle Logan, Senior Manager, of Swanhorst & Company, LLC, the City's independent audit firm, presented the 2006 Comprehensive Annual Financial Report (CAFR) and Management Letter to City Council for review. The city has received an unqualified opinion from Swanhorst & Company, LLC. This means the CAFR represents fairly the financial position of the City. The Management letter includes six comments the auditors would like to bring to the City's attention. These six items include the City's method for recording Construction Work in Progress; "Other Post Employment Benefit" liability calculation; grant recording; review of Volunteer Firefighters' Pension Plan administration

through the Fire and Police Pension Association; the need for reconciliation between the accounting system and the building permit system; and the need for a continued effort to reduce the interfund loan balances.

Council was appreciative of the hard work put forth by the auditors and staff.

**Proposed FY 2006 Carryover Fund Appropriation into FY 2007**

The City Council annually reviews and appropriates carryover funds from the previous year's budget into the current year budget for those items and services included in the previous year's budget but not received or provided until the current year's budget; new items and services not included in the previous year's budget or funds that were identified as available for these new priorities in late 2006, but the items or services were not received or provided until the current year's budget; budget incentive funds into various departments' budgets based on savings from the prior year; and existing or new capital projects and key operating priorities for which funds are needed and carryover funds are available. Total funding of \$32,961,916 (\$16,373,609 in Utility Fund Reserves) for the items recommended in this memo comes from unrestricted revenues and unexpended 2006 funds in the various amounts identified in the agenda memo. Given the continuing challenge the City faces with Sales and Use Tax revenue collections, Staff is recommending leaving \$1.0 million of 2006 carryover funds in the Sales and Use tax fund to protect against any potential shortfall in 2007. The source of funds for carryover expenditures include: General, General Capital Improvement, Utility, Storm Drainage, Open Space, and Workers' Compensation Funds.

Council discussed specific funding options and topics and directed staff to move forward with carryover appropriations for the June 25, 2007 council meeting.

Mayor McNally adjourned the Study Session at 8:35 PM.