



WESTMINSTER

Staff Report

TO: The Mayor and Members of the City Council

DATE: July 28, 2010

SUBJECT: Study Session Agenda for August 2, 2010

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)

PRESENTATIONS

1. Ballot Issues Update with Danny Tomlinson
2. Presentation on Amendments 60, 61 and Proposition 101
3. Adoption of the 2009 Building and Fire Codes

6:30 P.M.

EXECUTIVE SESSION

1. Discuss strategy and progress on negotiations related to the Westminster Urban Reinvestment Project and provide instructions to the City's negotiators as authorized by W.M.C. 1-11-3(C)(4), W.M.C. 1-11-3(C)(7) and C.R.S. 24-6-402(4)(e)

INFORMATION ONLY ITEMS – Does not require action by City Council

1. 2010 2nd Quarter City Council Expenditure Report
2. WEDA 2nd Quarter 2010 Financial Update

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

Minutes – July 19, 2010



WESTMINSTER

Staff Report

City Council Study Session Meeting
August 2, 2010



SUBJECT: Presentation on Amendments 60, 61 and Proposition 101

PREPARED BY: Steve Smithers, Assistant City Manager

Recommended City Council Action:

Listen to the presentation from Dee Wisor and City Staff and determine whether to direct Staff to draft up a resolution establishing the City's official position on these ballot proposals.

Summary Statement:

>The Colorado Secretary of State has certified Amendments 60, 61 and Proposition 101 for consideration by the voters on the November, 2010 election ballot.

>Amendments 60 and 61 if adopted would become part of the Colorado Constitution Proposal 101 would become part of the State Statutes.

>These issues will appear as separate questions on the November, 2010 election ballot and will require a simple majority of those voting to be adopted.

>Staff has conducted analysis showing that passage of one or more of these proposals will have a significant impact on the City's finances and will require significant changes in the way we operate as a municipality.

>Attached to this Staff report is a memorandum from the State Legislative Council analyzing the estimated fiscal impacts of these proposals on state and local governments in Colorado.

Expenditure Required: Undetermined

Source of Funds: Undetermined

Policy Issue:

Should City Council take an official position on pending election ballot issues amendments 60,61 and Proposition 101?

Alternatives:

1. City Council could decide to oppose one or more of these measures.
2. City Council could decide to support one or more of these measures.
3. City Council could decide to take no position on these measures.

Background Information:

Three questions will appear on the November, 2010 ballot as follows:

Proposition 101 "Concerning Limits on Government Charges"

Shall there be an amendment to the Colorado Revised Statutes concerning limits on government charges, and, in connection therewith, reducing vehicle ownership taxes over four years to nominal amounts; ending taxes on vehicle rentals and leases; phasing in over four years a \$10,000 vehicle sale price tax exemption; setting total yearly registration, license, and title charges at \$10 per vehicle; repealing other specific vehicle charges; lowering the state income tax rate to 4.5% and phasing in a further reduction in the rate to 3.5%; ending state and local taxes and charges, except 911 charges, on telecommunication service customer accounts; and stating that, with certain specified exceptions, any added charges on vehicles and telecommunication service customer accounts shall be tax increases?

Amendment 60 'Limit Property Taxes'

Shall there be an amendment to the Colorado constitution concerning government charges on property, and, in connection therewith, allowing petitions in all districts for elections to lower property taxes; specifying requirements for property tax elections; requiring enterprises and authorities to pay property taxes but offsetting the revenues with lower tax rates; prohibiting enterprises and unelected boards from levying fees or taxes on property; setting expiration dates for certain tax rate and revenue increases; requiring school districts to reduce property tax rates and replacing the revenue with state aid; and eliminating property taxes that exceed the dollar amount included in an approved ballot question, that exceed state property tax laws, policies, and limits existing in 1992 that have been violated, changed, or weakened without state voter approval, or that were not approved by voters without certain ballot language?

Amendment 61 "State and Local Debt Limitations"

Shall there be an amendment to the Colorado constitution concerning limitations on government borrowing, and, in connection therewith, prohibiting future borrowing in any form by state government; requiring voter approval of future borrowing by local governmental entities; limiting the form, term, and amount of total borrowing by each local governmental entity; directing all current borrowing to be paid; and reducing tax rates after certain borrowing is fully repaid?

City Staff and Dee Wisor from Sherman and Howard will be present at Monday night's Study Session to provide City Council with further analysis and background on the impacts of these ballot proposals.

Respectfully submitted,

J. Brent McFall
City Manager

Attachment(s)



Colorado
Legislative
Council
Staff

Room 029 State Capitol, Denver, CO 80203-1784
(303) 866-3521 FAX: 866-3855 TDD: 866-3472

MEMORANDUM

DRAFT

Pursuant to section 24-72-202(6.5)(b), research memoranda and other final products of Legislative Council Staff research that are not related to proposed or pending legislation are considered public records and are subject to public inspection. If you think additional research is required and this memorandum is not a final product, please call the Legislative Council Librarian at (303) 866-4011 by July 15, 2010.

July 8, 2010

TO: Members of the General Assembly
FROM: Legislative Council Staff (303-866-3521)
SUBJECT: Amendments 60 and 61, and Proposition 101

The following memorandum responds to requests for information regarding the fiscal impacts of Amendments 60 and 61, and Proposition 101. The memo briefly describes each ballot measure and its fiscal impact, assuming each measure is fully implemented in FY 2010-11. Although the estimated fiscal impacts will differ in the future once inflation and growth increase the overall size of the economy, the comparable budget impacts on taxpayers and governments are expected to remain relatively the same. This approach was taken to provide the best information available concerning the projected final impacts of the measures, recognizing that the full effects of some of the provisions will take several years to occur. Please note that these estimates are preliminary and will be revised as new information is received. The last section of the memo discusses the combined impacts of all three measures if each receives voter approval.

Summary

These ballot measures contain provisions that affect state and local government finances by decreasing taxes for households and businesses and restricting government borrowing. How these measures work together may require clarification from the state legislature or the courts. Since these measures are all phased in over time, the actual impacts to taxpayers and governments will be less in the initial years of implementation and grow over time.

Summary (continued)

If all of these measures were fully implemented in FY 2010-11, the state would lose \$2.1 billion in revenue and would have to increase K-12 education funding by \$1.6 billion. The combined impacts mean that K-12 education funding would require about 99 percent of the General Fund budget. A homeowner earning \$55,000 per year with a \$295,000 home would save approximately \$1,800 annually in taxes.

Amendment 60 reduces school district property taxes by an estimated \$1.5 billion each year, which the state is required to backfill. Property taxpayers will see savings of about 23 percent, which amounts to a decrease in property taxes of \$376 per year for a \$295,000 home. Cities and towns, counties, and special districts will also lose an indeterminate amount of property tax revenue.

Proposition 101 is expected to reduce state revenue by \$1.6 billion annually. This results from decreases in income and sales taxes, vehicle registration fees, and telecommunications fees. Local governments will lose \$936 million in revenue from specific ownership taxes and local sales taxes. Of the local government decrease, school districts will lose about \$150 million, which the state is required to backfill. A household earning \$55,000 per year is estimated to save \$604 annually.

Amendment 61 prohibits the state from incurring new debt, imposes new limits on the amount of local government debt, and requires tax rates to be reduced when debt is repaid. If the repayment of existing debt requires a reduction in tax rates, the amendment will require the state to cut its tax revenue by \$500 million and local governments to cut \$2.8 billion. These tax rate cuts are expected to reduce property taxes by \$678 for a \$295,000 home and save the average household earning \$55,000 about \$130 per year in income taxes. In addition, an estimated 36 school districts will exceed or equal the new debt limits and be unable to borrow money to build public school facilities. These school districts represent almost half of the students in the state.

Amendment 60: Limit Property Taxes

Description of Amendment 60. This measure amends Section 20, Article X, of the Colorado Constitution, commonly known as TABOR. Some of the amendment's provisions are unclear and may require clarification from the state legislature or the judicial system. Effective January 1, 2011, the amendment limits property taxes by:

- ✓ requiring school districts to reduce their non-debt mill levies by 50 percent between 2011 and 2020 and requiring the state to increase state spending on K-12 education by backfilling the loss in property taxes;

- ✓ repealing any property tax increase, extension, or abatement rate increase that occurred after 1992 without voter approval. This is subject to legal interpretation, but based on information provided by the proponents at the review and comment hearing for an earlier version of this measure, this could be interpreted to include, but is not necessarily limited to, the mill levy freeze resulting from Senate Bill 07-199;
 - ✓ requiring government authorities and enterprises to pay property taxes and requiring local governments to lower tax rates to offset the additional revenue;
 - ✓ repealing, presumably on Amendment 60's effective date, the results of local elections allowing governments to retain property tax revenue above their TABOR limit;
 - ✓ allowing property owners to vote in any election involving property tax issues where they own property;
 - ✓ placing limits on future ballot questions by:
 - requiring ballot questions that raise property taxes to be separate from debt-related questions;
 - requiring a ten-year sunset on voter-approved property tax rate increases; and
 - requiring a four-year sunset on voter-approved retention of revenue above a government's TABOR limit.
 - ✓ legally defining certain actions as tax increases, including voter-approved revenue changes above a government's TABOR limit and the extension of an expiring tax;
 - ✓ requiring property tax bills to list only property taxes and late charges. The measure does not specify how fees or special assessments currently levied on property tax bills should be assessed and does not address whether the intent is to eliminate such fees and special assessments;
 - ✓ prohibiting enterprises and unelected boards from levying a mandatory fee or tax on property; and
-
- ✓ providing for the enforcement of the amendment, including, but not limited to:
 - requiring the state to enforce the amendment and conduct annual audits of property taxing districts; and
 - stating that the amendment supercedes conflicting laws, opinions, and constitutional provisions and shall always be strictly interpreted to favor taxpayers.

Fiscal impact of Amendment 60. The measure contains several provisions that decrease local property taxes for individuals and businesses, which reduces the amount of tax revenue received by cities, counties, school districts, and special districts. In addition, the measure requires the state to replace the property tax losses of school districts, so that they continue to receive the same levels of funding. For the provisions that have been quantified to date, the measure is expected to lower school district property tax collections by an estimated \$1.5 billion annually, assuming the measure is fully implemented today. The average homeowner will save \$376 per year

DRAFT

and the average commercial business owner will save \$5,574 per year in property taxes. The \$1.5 billion property tax loss for school districts will increase state expenditures under the school finance act by \$1.5 billion each year as a result.

Counties, cities and towns, and special districts that had previously received voter approval to keep property tax revenue above their limit will lose an indeterminate amount of tax revenue. This loss for local governments will add to the tax savings of individuals and businesses described above. Table 1 illustrates the projected impacts that have been estimated to date.

Property taxes will also fall further for individuals and businesses if their property is located in districts with government enterprises and authorities. These entities are required to pay property taxes under the measure, which are offset by lower mill levies in the districts where that property is located. For example, homeowners and businesses in Boulder County will see an additional reduction in property taxes because of the property taxes paid by the University of Colorado. However, the property taxes paid by the University of Colorado will have to be recovered through some other means, such as tuition increases, reductions in services, or increases in other fees.

Table 1
Selected Annual Impacts of Amendment 60, Fully Implemented
(In Today's Dollars)

Impacted Group	Current Law	Amendment 60	Difference	% Change
Property Tax Payment for Average Homeowner (\$295,000 home)	\$1,638	\$1,262	-\$376	-23.0%
Property Tax Payment for Average Commercial Property Valued at \$1.2 million*	\$24,277	\$18,703	-\$5,574	-23.0%
Property Tax Collections for School Districts	\$3.3 billion	\$1.8 billion	-\$1.5 billion	-44.8%
State Expenditures for K-12 Education	\$3.7 billion	\$5.2 billion	\$1.5 billion	39.2%
K-12 as % of State Operating Budget (General Fund)	49%	67%	NA	NA

* Assumes average for commercial merchandising establishment.

Amendment 61: Prohibition on Debt

Description of Amendment 61. This measure amends Article XI (concerning public debt) and Section 20, Article X (TABOR), of the Colorado Constitution, to limit debt. Some of the amendment's provisions are unclear and may require clarification from the state legislature or the judicial system. The amendments to Article XI:

- require the ballot title for any question seeking voter approval to specify how the moneys to be borrowed are to be used and prohibits any subsequent change in the use of the borrowed moneys.

The amendment to Article X, Section 20, imposes specific limits on borrowing beginning in 2011. Specifically:

- ✓ The **state and all of its political subdivisions are prohibited** from borrowing money in any form;
- ✓ no borrowing may continue past its original term, and all current borrowing must be repaid;
- ✓ whether or not the debt is secured with taxes, a government's **tax rates are required to decrease** as the debt is repaid by the amount of the average annual repayment. The measure defines this as "a voter-approved revenue change;" and
- ✓ **local governments** could borrow with voter approval only if:
 - the debt is bonded and repaid within ten years; and
 - for non-enterprises, the total principle does not exceed 10 percent of the assessed taxable value of real property in the government's jurisdiction.

Fiscal impact of Amendment 61. The measure contains several provisions that create fiscal impacts for the state and local governments. Key to many of these impacts is the assumption that at least one provision—requiring a reduction in tax rates when borrowed money is repaid—will apply to current outstanding debt and other borrowed money.

If this assumption holds, state and local government tax revenue will fall because of the requirement to reduce tax rates when debt is retired. In 2008, the state and all of its enterprises had about \$16 billion in outstanding debt, which will be retired over the next 40 years. About two-thirds of the state's debt is owed by state enterprises, and is therefore not subject to the tax rate reduction requirement. The average annual principal and interest payment for the remaining state debt is estimated at approximately \$514 million, based on a repayment term of 15 years and an annual interest rate of 5 percent. When the state's debt is retired, tax rates must be cut by an amount equal to the average annual payment, or \$514 million per year. Although this will occur over several years, the fiscal analysis assumes that this provision is fully phased in today. The revenue reduction for the state is equivalent to cutting the income tax rate from 4.63 percent to 4.18 percent, or by 0.45 percentage points in today's dollars. The rate cut will save a household earning \$55,000 per year about \$130 in income taxes annually.

Similarly, local governments in Colorado have about \$29 billion in outstanding debt, excluding enterprises, with an estimated average annual principal and interest payment of \$2.8 billion in total. As local government debt is retired, local tax rates are assumed to fall by an amount that reduces local tax revenue by \$2.8 billion, which will occur over several years. If this were fully implemented today, the revenue reduction for local governments is equivalent to decreasing the statewide average property tax rate from about 70 mills to 41 mills. For a homeowner with a house worth \$295,000, the property tax cut will reduce their property taxes by \$678 per year. Table 2 illustrates these impacts.

DRAFT

In both cases, permanently reducing tax rates will produce increasingly larger fiscal impacts in the future because of growth in the applicable tax base. For example, a one percentage point decrease in the income tax rate will reduce income taxes by a specific amount initially, but the impact in subsequent years will grow because of increases in taxable income over time. The same applies to cuts in the property tax rate. As assessed values grow, the loss for local governments becomes greater than the initially targeted reduction.

Table 2
Annual Impacts of Amendment 61 on State and Local Government Revenue,
Fully Implemented
(In Millions of Today's Dollars)

	Current Outstanding Debt (excluding enterprises)	Current Average Annual Debt Payment	Annual Tax Revenue Reduction Under 61	Change in Income and Property Tax Rates to Implement Revenue Reduction
State Government	\$5,338	\$514	(\$514)	4.63% to 4.18%
Local Governments	\$29,259	\$2,819	(\$2,819)	70 mills to 41 mills

Second, the measure prohibits the state from borrowing any money in the future and restricts the ability of local governments to borrow, both of which will reduce the overall size of government. The debt restriction provisions in the amendment will prevent or constrain the state and local governments from borrowing money to build highways, bridges, low-income housing, sewer and water systems, and schools. For instance, local governments cannot borrow money for a term longer than 10 years, which increases the average annual payments needed to pay for those projects. The measure also imposes lower debt limitations for school districts, which will further impede their ability to borrow money. Table 3 illustrates the 36 school districts that, based on existing debt levels, are expected to exceed or equal the new debt limit imposed by Amendment 61. These districts, representing almost half of the students enrolled in public schools in the state, will be unable to borrow any money in the future until their existing debt is repaid or assessed values increase. For example, the outstanding debt of the Adams 12 Five Star School District is \$392 million and the new debt limit imposed by Amendment 61 is estimated at \$158 million. As a result, the district's debt is \$234 million above the limit imposed by Amendment 61, or 148 percent above the new limit.

Third, the measure prohibits the state from short-term borrowing for cash flow purposes. In FY 2009-10, the state had two types of short-term borrowing: General Fund tax and revenue anticipation notes (GTRAN) and education tax and revenue anticipation notes (ETRAN). In that year, the state issued \$650 million of outstanding GTRAN debt, which was used to bridge the costs of state government to when tax collections were received, primarily at the end of the fiscal year. The state issued \$515 million of outstanding ETRAN debt, which was used to finance local school district spending. In FY 2009-10, 27 school districts borrowed money short-term from the state's education loan program, which was repaid in the spring when property taxes were collected. Amendment 61 would prevent this type of borrowing by the state in the future, which could constrain the ability of both state government and school districts to manage their short term cash flows.

Table 3
School Districts Estimated to Equal or Exceed the Amendment 61 Debt Limit*

County	School District	Debt as % of Amendment 61 Limitation	County	School District	Debt as % of Amendment 61 Limitation
Adams	Adams 12 Five Star	248%	El Paso	Miami-Yoder	193%
Adams	Bennett	124%	El Paso	Peyton	109%
Adams	Brighton	242%	Elbert	Elizabeth	102%
Adams	Commerce City	177%	Fremont	Canon city	108%
Adams	Strasburg	224%	Fremont	Florence	125%
Adams	Westminster	220%	Gunnison	Gunnison	100%
Arapahoe	Aurora	211%	Larimer	Thompson	101%
Arapahoe	Cherry Creek	106%	Logan	Buffalo	140%
Arapahoe	Sheridan	144%	Logan	Valley	153%
Boulder	St. Vrain	183%	Morgan	Wiggins	100%
Costilla	Centennial	112%	Otero	East Otero	141%
Douglas	Douglas	138%	Otero	Fowler	105%
El Paso	Academy	153%	Otero	Swink	187%
El Paso	Edison	164%	Pueblo	Pueblo City	116%
El Paso	Ellicott	111%	Pueblo	Pueblo Rural	113%
El Paso	Hanover	180%	Weld	Briggsdale	216%
El Paso	Harrison	135%	Weld	Greeley	100%
El Paso	Lewis-Palmer	201%	Weld	Windsor	140%

* Assumes 10 percent of each district's assessed value is personal property.

Proposition 101: Limit State and Local Government Revenue

Description of Proposition 101. This measure seeks to amend Article 25, Title 39, Colorado Revised Statutes, to limit government revenue. Some of the provisions of the measure are unclear and may require clarification from the state legislature or the judicial system. Effective January 1, 2011, the amendment would limit state and local government revenue by:

- ✓ Reducing the **state income tax** rate over time from 4.63 percent to 3.5 percent. After initially falling to 4.5 percent in 2011, the rate is required to be reduced by one tenth of a percentage point each year for ten years, but only during years in which income tax revenue increases by more than 6.0 percent. As a result, this is likely to occur over a period of time greater than 10 years.

- ✓ Reducing **automobile-related** revenue by:
 - reducing annual **specific ownership taxes** over a four-year period to \$2 per new vehicle and \$1 for older vehicles;
 - exempting the first \$10,000 of a vehicle's price from sales tax over a four-year period;
 - eliminating **taxes on vehicle rentals or leases**;
 - prohibiting **taxes on vehicle sales rebates**;
 - reducing annual **registration and title fees** to \$10 per vehicle;
 - prohibiting tax, fine, parking, seizure, inspection, and new plate fees on vehicles or vehicle uses by state and local governments; and
 - defining "added charges" as tax increases.

- ✓ Reducing **telecommunication-related** revenue by:
 - prohibiting state and local governments from charging any fee or tax on, or aiding any program related to, telephone, pager, cable, television, radio, Internet, computer, satellite, or other telecommunication service customer accounts; and
 - defining "added charges" as tax increases.

Fiscal impact of Proposition 101. Proposition 101 will reduce **income taxes** by 26.0 percent from levels expected under current law assuming the income tax rate cut is fully implemented today. That amount is equivalent to about \$1.3 billion this year. The measure exempts telecommunications services, vehicle leases, and vehicle rentals from **state and local sales tax** beginning in 2011. It also phases in a sales and use tax exemption on the first \$10,000 of a purchased vehicle's sales price over a four-year period. Proposition 101 phases in a near-elimination of **specific ownership taxes** over a four-year period and collapses all fees collected on motor **vehicle registrations** into a single \$10 fee beginning in 2011. It also eliminates local and state **telecommunications fees** beginning in 2011. Three state telecommunication fees are eliminated: the universal charge which subsidizes service to rural areas of the state; the uniform charge which subsidizes service to low-income people; and the relay charge which subsidizes telephone service for the deaf and hearing impaired.

Table 4 shows the annual impact of Proposition 101 on three households with different incomes. Table 5 shows the annual impact of Proposition 101 on government. The figures in both tables show the impact of Proposition 101 if it were fully implemented in 2011. Because some of the reductions are phased in over time, the full impact shown in these tables will not occur immediately. Specific information about each of these reductions follows.

DRAFT

Table 4
Annual Change in Representative Households' Tax and Fee Bills
As a Result of Proposition 101, Fully Implemented /a
(In Today's Dollars)

	Income Taxes	Vehicle Fees & Taxes	Telecommunication Fees & Taxes	Total	% of Household Income
Household A	<i>Household Description: Yearly Income: \$35,000; owns a 10-year-old car worth \$3,500; \$60 monthly combined phone bills.</i>				
	(\$185)	(\$61)	(\$43)	(\$289)	-0.8%
Household B	<i>Household Description: Yearly Income: \$55,000; owns a 5-year-old car worth \$7,000 and an 5-year-old car worth \$10,000; \$130 monthly combined phone bills.</i>				
	(\$320)	(\$191)	(\$93)	(\$604)	-1.1%
Household C	<i>Household Description: Yearly Income: \$110,000; bought a new car worth \$20,000 and owns a 3-year-old car worth \$15,000; \$180 monthly combined phone bills.</i>				
	(\$780)	(\$1,335)	(\$128)	(\$2,243)	-2.0%

/a This analysis assumes an 7.0 percent combined state and local sales tax rate. Assumes no sales tax on cable television, although some home-rule cities levy a sales tax on cable.

Impact on households. Table 4 shows savings for three different households resulting from Proposition 101 assuming the measure is fully implemented today. Proposition 101 will impact each household differently depending on that household's yearly income, vehicles owned, whether they buy a vehicle that year, and how much they pay for phone and cable service. For example, a household with \$35,000 in income and a ten-year-old vehicle worth \$3,500 will save \$289 under the measure, which is a savings of 0.8 percent of their income. Another household with \$110,000 in income, which purchases a new car worth \$20,000 and owns a three-year-old vehicle worth \$15,000 will save \$2,243 each year. This represents a savings of 2.0 percent of the household's income.

Impact on local governments. Table 5 shows the estimated reduction in vehicle specific ownership taxes and sales taxes for local governments. The types of local governments affected by this include school districts, cities, counties, and special districts such as recreation, fire, water, sewer, and public transportation districts. The money collected in taxes and fees pays for different services depending on the local government. Most of the money is used for public safety, road construction and maintenance, trash service, parks and recreation, and education. As required by state law, school districts will be reimbursed by the state for their loss of specific ownership taxes. The impact on local governments will be phased in over a four-year period.

Table 5
Annual Change in Government Tax and Fee Collections
As a Result of Proposition 101, Fully Implemented
(In Millions of Today's Dollars)

Government	Current Law	Prop 101	Change	Percent Change
Local Governments Vehicle Specific Ownership Taxes and Local Sales Taxes	\$3,866	\$2,930	(\$936)	-24.2%
State Government General Operating Budget Sales and Income Taxes and Telecommunication Fees	\$7,169	\$5,547	(\$1,622)	-22.6%
Transportation Budgets - City, County, and State Governments Vehicle Registration Fees and State Rental Fee	\$392	\$50	(\$342)	-87.2%

Impact on the state government. Table 5 shows that the state government will collect \$1.6 billion less from sales taxes, income taxes, and telecommunication fees, assuming the measure is fully implemented. The state spends 96 percent of the General Fund budget on: preschool through higher education; health care; prisons; the courts; and programs that help low-income, elderly, and disabled people. Once Proposition 101 is fully phased in, the amount of money available to pay for General Fund appropriations will be reduced by about 23 percent.

The state will also be required to reimburse school districts for their loss of vehicle specific ownership taxes. This increases the total impact on the state budget from the \$1.6 billion figure shown in Table 5 to close to \$1.8 billion.

Impact on state and local government transportation budgets. Table 5 shows that there will be a decrease of \$342 million in revenue to the Highway Users Tax Fund (HUTF). This money is shared between the state, cities, and counties. The state constitution requires that vehicle-related fees collected by the state be spent on road safety, construction, and maintenance.

Vehicle registration fees, which are deposited into the Highway Users Tax Fund (HUTF) and distributed to the Colorado Department of Transportation (CDOT), cities, and counties, will decrease by 87.2 percent. The vehicle rental fee will be eliminated. Both of these impacts will occur immediately in 2011. The state's transportation budget, which includes CDOT's share of the HUTF, federal funding, and other sources of money, will decrease by an estimated 27 percent. The impact on city and county government transportation budgets will vary by jurisdiction.

Combined Fiscal Impacts of Amendments 60, 61, and Proposition 101

These ballot measures contain provisions that affect state and local government finances by decreasing taxes for households and businesses and restricting government borrowing. How these

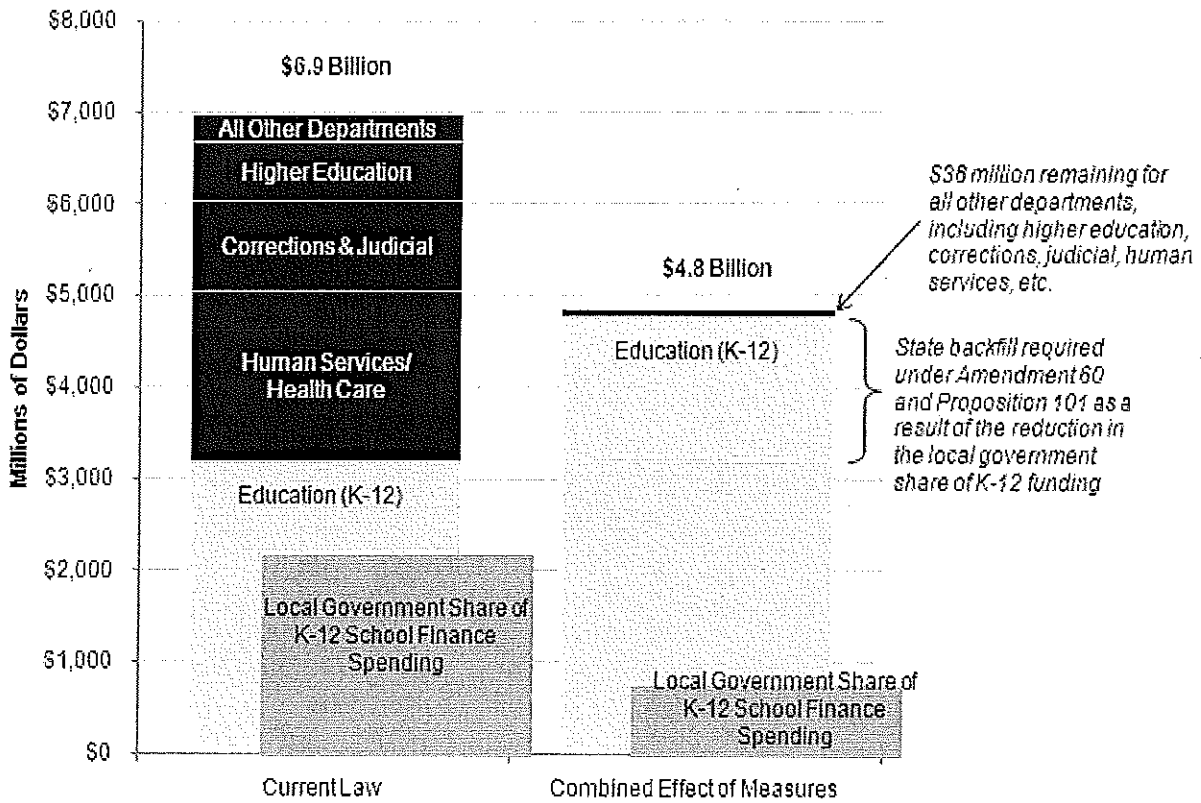
measures work together may require clarification from the state legislature or the courts. Since these measures are all phased in over time, the actual impacts to taxpayers and governments will be less in the initial years of implementation and grow over time.

Amendment 60 reduces local property taxes, while requiring state expenditures for K-12 education to increase by an amount that offsets the property tax loss for school districts. Amendment 61 reduces state and local government revenue by requiring a decrease in tax rates when debt is repaid. The analysis of Amendment 61 assumes that this provision applies to the existing debt of state and local governments. Proposition 101 reduces state and local government revenue by cutting income taxes, sales taxes, specific ownership taxes, vehicle registration fees, and telecommunications fees.

The estimated savings to taxpayers and the financial impacts to governments assume that all three measures are approved by voters and fully implemented in FY 2010-11. An average household making \$55,000 per year that owns a \$295,000 house would save an estimated \$1,800 per year in taxes. State government would lose an estimated \$2.1 billion annually, while state spending for K-12 education would increase by \$1.6 billion per year to offset local funding losses for school districts. This would leave the state's general operating budget almost entirely committed to paying for the constitutional requirements of K-12 education, with no money left to pay for other government functions. Local government would lose an estimated \$3.8 billion per year if these measures were fully implemented today.

Figure 1 shows how the state's General Fund budget was appropriated in FY 2010-11, and how it would look if all of these measures passed and were fully implemented that year. In the current budget year, K-12 education accounts for about 46 percent of General Fund appropriations. If these ballot measures were fully implemented that year, the entire General Fund budget, except for an estimated \$38 million, would be allocated to K-12 education.

Figure 1
General Fund Appropriations Under Current Law and With Passage of All Three Measures, FY 2010-11





WESTMINSTER

Staff Report

City Council Study Session Meeting
August 2, 2010



SUBJECT: Adoption of the 2009 International Building and Fire Codes

PREPARED BY: Dave Horras, Chief Building Official
Gary Pedigo, Fire Marshal

Recommended City Council Action:

Direct Staff to prepare an ordinance for first reading of the adoption of the 2009 Editions of the International Building and Fire Codes at the August 23, 2010 City Council meeting.

Summary Statement:

- Staff is asking City Council to adopt, by reference, the 2009 editions of the International Building Codes developed and published by the International Code Council (ICC) as the building and fire codes for the City of Westminster. These codes would replace the 2006 edition of the International Codes that have been adopted as the City's building and fire codes since January 1, 2007.
- Staff is proposing the adoption of the following codes published by the International Code Council:
 - The International Building Code, 2009 edition
 - The International Fire Code, 2009 edition
 - The International Residential Code, 2009 edition
 - The International Plumbing Code, 2009 edition
 - The International Mechanical Code, 2009 edition
 - The International Fuel Gas Code, 2009 edition
 - The International Energy Conservation Code, 2009 edition
 - The International Existing Buildings Code, 2009 edition
- In addition to the above referenced codes, staff is also proposing the adoption of the 2008 edition of the National Electrical Code (NEC). The NEC is published by the National Fire Protection Association and is established as the Colorado adopted electrical code as adopted by the State of Colorado State Electrical Board.
- Staff is also proposing revisions to an administrative section of the current code addressing information required on construction documents and a section of the Rental Property Maintenance Code that will require carbon monoxide alarms.

Expenditure Required: Approximately \$5,000 for code books and new handout materials

Source of Funds: Building Division and Fire Department operating budgets

Policy Issue:

Should the City of Westminster adopt, by reference, the most current editions of the International Codes as the building and fire codes for the City?

Alternative(s):

- Continue with the currently adopted 2006 edition of the International Codes. This alternative would allow staff to continue to enforce codes with which they are very familiar. This alternative would also not require the purchase of new code books. However, the building and fire code development process is designed to evolve along with constantly changing building processes. This alternative would not keep the adopted building and fire codes current with the latest technologies or provide for the use of advancements in building construction techniques or materials. This could discourage owners and developers from building in Westminster. Westminster would soon become an exception within the metropolitan area as other jurisdictions adopted the most current versions of the codes.
- Adopt the codes as proposed but modify the effective date of the new requirement for residential fire sprinklers as recommended by the Board of Building Code Appeals (BBCA) from January 1, 2013 to July 1, 2013. Staff is not recommending this alternative because it is believed that it is important to follow the recommended effective date of January 1, 2013 as proposed by the Joint Ad-Hoc Residential Sprinkler Committee.
- Modify the proposed code amendments or code adoption to address any specific concerns. Staff does not have any specific concerns with the codes proposed that Staff believe warrant amendments.

Background Information:

The City of Westminster has adopted the International Codes (I-Codes) since they were first published in 2000. The City of Westminster adopted the 2000 I-Codes effective in September of 2002 and most recently adopted the 2006 I-Codes effective January of 2007.

The 2009 edition of the International Codes represent the most current, comprehensive, integrated set of building and fire safety code regulations. The International Codes are an all-inclusive set of building construction codes covering all aspects of construction, including fire protection, mechanical, plumbing, energy conservation, and accessibility. The International Codes apply to new construction or alteration of existing structures and typically do not apply retroactively to existing structures.

Building code and fire protection technology is constantly evolving and code and standards require continual updating to keep pace with new ideas and products. The City of Westminster needs to update the adopted building and fire codes so that owners, designers and contractors will not be restricted from taking advantage of new technologies and building practices. The I-Codes are currently the only published set of codes available to adopt as a correlated, contemporary set of building code regulations and represent the most up-to-date set of codes governing building construction.

It is proposed to adopt the I-Codes by reference, which will result in hundreds of changes in the minimum standards. The great majority of these changes will not be noticeable to the general public, however, some provisions that are new to the 2009 International Codes which may generate some comments from the public are:

- A requirement for all residential dwelling units, including single family and townhomes, to be provided with fire sprinkler systems.
- Increased energy efficiency requirements for both residential and commercial construction by approximately 15%.
- A requirement for carbon monoxide detectors to be installed in new dwelling units.

The most controversial item that has generated the most debate in the proposed codes is the requirement to install residential fire sprinklers in all new residential dwelling units, including single family homes. This requirement, as written in the International Residential Code (IRC), will require sprinklers to be installed in all homes effective as of January 1, 2011. Staff is in support of this new code requirement but is proposing an amendment to change the effective date to January 1, 2013. This recommended change to the effective date is based on a recommendation of a Joint Ad-Hoc Committee. The Joint Ad-Hoc Residential Sprinkler Committee was formed by the Fire Marshal's Association of Colorado and the Colorado Chapter of the International Code Council to address issues associated with the wide-spread adoption of the sprinkler requirements. The committee was made up of representatives of both organizations as well as industry experts and stakeholders including fire protection engineers, plumbing contractors, water purveyors, and the Denver Metro Home Builders Association. This committee has determined that a delay will provide time to address necessary legislative changes, train personnel, reduce system costs, and gain more acceptance for wide-spread residential sprinkler system installation.

The Westminster Board of Building Code Appeals reviewed the residential fire sprinkler requirements and supported the requirements with an effective date of July 1, 2013. The BBKA decision was based on additional time to determine what, if any, changes will appear in the 2012 edition of the IRC that will be published by the effective date of the residential sprinkler requirement. However, the changes to the 2012 edition of the IRC have since been finalized and the 2012 edition will not include any changes to the residential sprinkler requirements.

Changes to the International Energy Conservation Code (IECC) continue to increase energy conservation requirements. Energy conservation is a priority of the U. S. Department of Energy and the code development process and the IECC reflect these priorities. Future editions of the codes will continue to reflect these priorities and it is expected that future energy conservation requirements will become more demanding.

A requirement to install carbon monoxide alarms in single family, duplex and townhome dwelling units has been added to the IRC. This requirement is similar to what was approved by the state during the 2008 legislative session and will allow the enforcement of these alarm provisions. In addition, it is proposed to amend the Rental Property Maintenance Code to include enforcement provision for rental properties retroactively as required by the state standards.

In addition, Staff has proposed a limited number of amendments to the proposed Codes. All of the proposed amendments fall into one of the following categories:

- Amendments to “fill in the blanks” in the model codes to localize them to the City of Westminster based on weather factors and soil conditions.

- Amendments unique to the City of Westminster such as our restriction on the installation of solid fuel burning devices or the allowing of State “permissible fireworks” for a limited number of days.
- Amendments retaining previously adopted building codes that proved effective and are no longer included as part of the current International Codes.

It is proposed to amend the Fire Code portion of the City Municipal Code to reflect new Chapter and Section numbers of the 2009 code as well as move the City’s already adopted standard for Emergency Responder Radio Coverage from the Electrical Code section to the Fire Code.

Solar photovoltaic systems installations have increased in the City in recent months. A series of meetings was held with the vendors and City staff to establish some minimum clearance and marking requirements to allow roof operations of Fire personnel. It is proposed to add an amendment reflecting these requirements.

It is proposed to establish the City of Westminster’s adopted electrical code to be the National Electrical Code as adopted by the State of Colorado State Electrical Board. Staff is proposing this change based on the passage of House Bill #10-1225 which requires that Colorado jurisdictions adopt the same minimum standards as the State Electrical Board within twelve months of the any State electrical code adoption.

As with almost all new code provisions, new code requirements will only apply to new buildings or buildings that are undergoing a renovation. With the exception of smoke and carbon dioxide detectors, new provisions do not retroactively apply to existing buildings approved under a previous version of the codes. The fire code is used to maintain existing buildings from a building and fire safety perspective.

The International Codes have been adopted by the majority of jurisdictions in the State. Locally, most jurisdictions, including Arvada, Thornton, Broomfield and Jefferson County are either in the process, or have already have, updated to the 2009 editions of the I-Codes.

The adoption of the full family of International Codes is fully endorsed by many prominent national organizations. Some of the organizations that have formally shown support for the International Codes include:

- The American Institute of Architects (AIA)
- The National Association of Home Builders (NAHB)
- The Federal Emergency Management Agency (FEMA)
- The American Gas Association (AGA)
- The Building Owners and Managers Association (BOMA)
- The U.S. Department of Housing and Urban Development (HUD)
- The U. S. Department of Energy (DOE)
- The International City/County Management Association (ICMA)

The proposed adoption and local code amendments have been reviewed by the Westminster Board of Building Code Appeals and is currently being reviewed by the Denver Metro Home Builders Association. The Board of Building Code Appeals has indicated support for the adoption of the 2009 Editions of the International Codes, subject to delaying the residential sprinkler requirements an additional 6 months, beyond January 1, 2013 (which Staff is not recommending), and it is expected that the Home Builders Association will likely support the adoption as well.

The adoption of the 2009 International Codes is consistent with the goal of a Safe and Secure Community as outlined in the Strategic Plan. If City Council concurs with the staff recommendation, a proposal for adoption of the 2009 building and fire codes the ordinance will be presented to City Council for introduction at first reading and the scheduling of a public hearing at the August 23, 2010 City Council meeting.

Respectfully submitted,

J. Brent McFall
City Manager



W E S T M I N S T E R

Staff Report

Information Only Staff Report
August 2, 2010



SUBJECT: 2010 2nd Quarter City Council Expenditure Report

PREPARED BY: Aric Otzelberger, Senior Management Analyst
Lynn Voorhees, Secretary

Summary Statement:

- This report is for City Council information only and requires no action by City Council.
- The attached document is a listing of all 2010 City Council posted expenditures from January 1 through June 30, 2010.

Background Information:

The following report is a listing of City Council expenditures by each account for January 1 through June 30 as posted in the City's financial management system by July 16, 2010. As of June 30, 2010, 50% of the year elapsed and Council spent approximately 45%, or \$99,819 of its amended 2010 budget.

City Council's amended 2010 budget totals \$222,312. This reflects a 7.5% reduction (\$18,080) from the originally adopted 2010 City Council budget. City Council approved this reduction in October of 2009 as part of the City's overall 2010 budget amendment.

The budget is a planning tool and represents a best estimate regarding actual expenditures. If you have any questions about items included in this report, please contact Aric Otzelberger at 303-658-2004 or at aotzelbe@cityofwestminster.us.

Respectfully submitted,

J. Brent McFall
City Manager

Attachment

**2nd Quarter 2010 City Council Expenditure Report
(as of July 16, 2010)**

SALARIES - MAYOR/COUNCIL		(ACCT: 10001010.60800.0000)	
EXPENDITURE	DATE	DESCRIPTION	PAID TO:
749.58	1/3/2010	Salaries	Councillors
3,498.06	1/17/2010	Salaries	Councillors
3,498.06	1/31/2010	Salaries	Councillors
3,498.06	2/14/2010	Salaries	Councillors
3,498.06	2/28/2010	Salaries	Councillors
3,498.06	3/14/2010	Salaries	Councillors
3,498.06	3/28/2010	Salaries	Councillors
3,498.06	4/11/2010	Salaries	Councillors
3,498.06	4/25/2010	Salaries	Councillors
3,498.06	5/9/2010	Salaries	Councillors
3,498.06	5/23/2010	Salaries	Councillors
3,498.06	6/6/2010	Salaries	Councillors
3,498.06	6/20/2010	Salaries	Councillors
\$42,726.30	TOTAL		<i>% of total City Council budget</i> 41.56%
\$92,400.00	BUDGET	2010 APPROVED BUDGET	<i>% of account budget expended year-to-date</i> 46.24%
\$49,673.70	BALANCE		

COUNCIL ALLOWANCE		(ACCT: 10001010.61100.0000)	
EXPENDITURE	DATE	DESCRIPTION	PAID TO:
1,050.00	1/3/2010	Council allowances	Councillors
1,050.00	1/17/2010	Council allowances	Councillors
1,050.00	1/31/2010	Council allowances	Councillors
1,050.00	2/14/2010	Council allowances	Councillors
1,050.00	2/28/2010	Council allowances	Councillors
1,050.00	3/14/2010	Council allowances	Councillors
1,050.00	3/28/2010	Council allowances	Councillors
1,050.00	4/11/2010	Council allowances	Councillors
1,050.00	5/9/2010	Council allowances	Councillors
1,050.00	5/23/2010	Council allowances	Councillors
1,050.00	6/6/2010	Council allowances	Councillors
1,050.00	6/20/2010	Council allowances	Councillors
\$12,600.00	TOTAL		<i>% of total City Council budget</i> 11.34%
\$25,200.00	BUDGET	2010 APPROVED BUDGET	<i>% of account budget expended year-to-date</i> 50.00%
\$12,600.00	BALANCE		

MILEAGE REIMBURSEMENT		(ACCT: 10001010.61200.0000)	
EXPENDITURE	DATE	DESCRIPTION	PAID TO:
258.00	5/26/2010	Mileage for January through March - McNally	Nancy McNally
176.00	5/26/2010	Mileage for April and May - McNally	Nancy McNally
\$434.00	TOTAL		<i>% of total City Council budget</i> 3.10%
\$6,900.00	BUDGET	2010 APPROVED BUDGET	<i>% of account budget expended year-to-date</i> 6.29%
\$6,466.00	BALANCE		

**2nd Quarter 2010 City Council Expenditure Report
(as of July 16, 2010)**

MEETING EXPENSES		(ACCT: 10001010.61400.0000)	
EXPENDITURE	DATE	DESCRIPTION	PAID TO:
354.33	2/28/2010	Dinner with School District 50	Saltgrass
60.00	3/3/2010	ADCOG Meeting, McNally, Dittman, Briggs	City of Commerce City
34.61	3/15/2010	2/19 Legislative Lunch with Rep. Peniston, McNally, Lutkus, Tomlinson	Panera Bread
39.31	3/15/2010	2/22 Legislative Lunch with Senator Steadman, McNally, McFall, Lutkus, Tomlinson,	Panera Bread
56.31	3/15/2010	2/26 Legislative Breakfast with Rep. Soper, McNally, McFall, Lutkus, Tomlinson	Delectable Egg
310.82	3/25/2010	NLC Conference - Council meals paid by Steve Smithers	Various Restaurants
41.51	4/16/2010	3/21 Legislative Lunch with Senator Hudak, McNally, McFall, Lutkus, Tomlinson	Panera Bread
42.70	4/16/2010	3/26 Legislative Lunch with Rep. Benefield, McNally, McFall, Lutkus and Tomlinson	Panera Bread
90.00	3/26/2010	3/11 Mayors Round Table, Winter, Briggs, Lindsey	Metro North Chamber
6.00	4/1/2010	Westminster Historical Society	Educational Services
33.32	4/13/2010	4/7 Community Summit (cookies); 4/9 & 4/10 Core Services Retreat (soda)	Petty Cash - Barajas
30.00	4/13/2010	4/7 Metro North Chamber DC Breakfast Reimbursement	Chris Dittman
30.00	4/16/2010	4/7 Metro North Chamber DC Breakfast - Briggs	Metro North Chamber
140.00	4/21/2010	Adams County Economic Development	Human Services
45.00	4/29/2010	5/7 ABBA Law Day Breakfast	McNally, Briggs and Lindsey
70.00	5/12/2010	Adams County Economic Development	Educational Services
103.71	5/18/2010	Dinner Meeting - McNally, McFall, Sumek	Bonefish Grill
396.00	5/18/2010	ADCO Executive Committee Breakfast	The Grill at Legacy Ridge
199.65	5/25/2010	4/7 Boards and Commissions Community Summit	Anthony's Pizza
2,039.53	5/25/2010	4/9-10 Core Services Retreat	The Heritage Grill
27.50	5/25/2010	Good News Breakfast - Lindsey and Briggs	Acteva Event Payment
51.00	5/26/2010	Adams County Government	Educational Services
5.00	6/25/2010	May Business After Hours - Briggs	Metro North Chamber
\$4,206.30	TOTAL		<i>% of total City Council budget</i> 3.49%
\$7,750.00	BUDGET	2010 APPROVED BUDGET	<i>% of account budget expended year-to-date</i> 54.27%
\$3,543.70	BALANCE		

CAREER DEVELOPMENT		(ACCT: 10001010.61800.0000)	
EXPENDITURE	DATE	DESCRIPTION	PAID TO:
50.00	2/28/2010	ICSC Membership fee - McNally	ICSC
1280.44	3/11/2010	US 36 Lobbying Trip (airfare \$369.40; lodging \$845.00; transportation \$10.00; meals \$56.04)	McNally
2,171.80	4/27/2010	NLC Congressional City Conference (reg. \$565.00; airfare \$388.40; lodging \$1048.84; transportation/parking/mileage \$103.88; meals/tips \$65.68)	McNally
2,243.12	4/27/2010	NLC Congressional City Conference (Reg. \$615; airfare \$419.20; lodging \$1,048.84; meals \$121.48; transportation/tips \$38.60)	Briggs
2,323.45	4/27/2010	NLC Congressional City Conference (Reg. \$445; airfare \$338.40; lodging \$1,072.74; meals \$149.34; transportation \$35.53; other Council meals \$282.44)	Dittman
2,247.32	4/27/2010	NLC Congressional City Conference (Reg. \$615; airfare \$388.40; lodging \$1,048.84; meals \$149.75; transportation \$45.33)	Kaiser
1,986.24	4/27/2010	NLC Congressional City conf (Reg. \$445; airfare \$388.40; lodging \$1,048.84; meals \$59.92; transportation \$44.08)	Lindsey
1,265.42	6/29/2010	ICSC Conference, Las Vegas (reg. \$425; airfare \$169.40; lodging \$600.32, local transportation \$12.00, meals \$30.71; miscellaneous \$27.99)	McNally
\$13,567.79	TOTAL		<i>% of total City Council budget</i> 13.21%
\$29,375.00	BUDGET	2010 APPROVED BUDGET	<i>% of account budget expended year-to-date</i> 46.19%
\$15,807.21	BALANCE		

**2nd Quarter 2010 City Council Expenditure Report
(as of July 16, 2010)**

TELEPHONE (ACCT: 10001010.66900.0000)			
EXPENDITURE	DATE	DESCRIPTION	PAID TO:
30.00	2/2/2010	December PDA Reimbursement	Bob Briggs - Petty Cash
30.00	2/23/2010	January PDA Reimbursement	Bob Briggs - Petty Cash
41.56	2/28/2010	Council Blackberry	Verizon Wireless
41.78	2/28/2010	Council Blackberry	Verizon Wireless
41.56	2/28/2010	Council Blackberry	Verizon Wireless
41.56	2/28/2010	Council Blackberry	Verizon Wireless
41.56	2/28/2010	Council Blackberry	Verizon Wireless
217.39	2/28/2010	Council Blackberry	Verizon Wireless
-31.32	3/18/2010	Council Blackberry Reimbursement (Lindsey)	City of Westminster
41.56	3/26/2010	Council Blackberry	Verizon Wireless
73.10	3/26/2010	Council Blackberry	Verizon Wireless
41.56	3/26/2010	Council Blackberry	Verizon Wireless
41.56	3/26/2010	Council Blackberry	Verizon Wireless
41.56	3/26/2010	Council Blackberry	Verizon Wireless
30.00	4/8/2010	February PDA Reimbursement	Bob Briggs - Petty Cash
41.56	4/16/2010	Council Blackberry	Verizon Wireless
41.56	4/16/2010	Council Blackberry	Verizon Wireless
41.56	4/16/2010	Council Blackberry	Verizon Wireless
70.73	4/16/2010	Council Blackberry (Lindsey)	Verizon Wireless
41.56	4/16/2010	Council Blackberry	Verizon Wireless
30.00	4/28/2010	March PDA Reimbursement	Bob Briggs - Petty Cash
41.56	5/18/2010	Council Blackberry	Verizon Wireless
41.56	5/18/2010	Council Blackberry	Verizon Wireless
41.56	5/18/2010	Council Blackberry	Verizon Wireless
41.56	5/18/2010	Council Blackberry	Verizon Wireless
1.32	5/25/2010	Council Blackberry (Lindsey)	Verizon Wireless
30.00	5/27/2010	April PDA Reimbursement	Bob Briggs - Petty Cash
41.56	6/25/2010	Council Blackberry	Verizon Wireless
47.95	6/25/2010	Council Blackberry	Verizon Wireless
41.56	6/25/2010	Council Blackberry	Verizon Wireless
41.56	6/25/2010	Council Blackberry	Verizon Wireless
41.56	6/25/2010	Council Blackberry	Verizon Wireless
30.00	6/29/2010	May PDA Reimbursement	Bob Briggs - Petty Cash
\$1,432.15	TOTAL		<i>% of total City Council budget</i> 1.55%
\$3,450.00	BUDGET	2010 APPROVED BUDGET	<i>% of account budget expended year-to-date</i> 41.51%
\$2,017.85	BALANCE		

PC REPLACEMENT FEE (ACCT: 10001010.66950.0000)			
EXPENDITURE	DATE	DESCRIPTION	PAID TO:
2,353.00	1/31/2010	PC Replacement Fee	
\$2,353.00	TOTAL		<i>% of total City Council budget</i> 1.06%
\$2,353.00	BUDGET	2010 APPROVED BUDGET	<i>% of account budget expended year-to-date</i> 100.00%
\$0.00	BALANCE		

SPECIAL PROMOTIONS (ACCT: 10001010.67600.0000)			
EXPENDITURE	DATE	DESCRIPTION	PAID TO:
200.00	2/11/2010	Backpacks 2 Briefcases Sponsorship	Adams County Economic Development
30.00	4/28/2010	Annual Luncheon - Centerpeice Sponsorship	The Senior Hub
\$230.00	TOTAL		<i>% of total City Council budget</i> 2.11%
\$4,700.00	BUDGET	2010 APPROVED BUDGET	<i>% of account budget expended year-to-date</i> 4.89%
\$4,470.00	BALANCE		

**2nd Quarter 2010 City Council Expenditure Report
(as of July 16, 2010)**

OTHER CONTRACTUAL SERVICE (ACCT: 10001010.67800.0000)			
EXPENDITURE	DATE	DESCRIPTION	PAID TO:
500.00	1/7/2010	Awards Banquet Sponsorship	Adams County - MMCYA
600.00	1/28/2010	After Prom Sponsorship	Standley Lake High School
200.00	1/28/2010	Ranum After Prom Sponsorship	Adams County School District 50
500.00	2/3/2010	Annual VIP Dinner Sponsorship	North Metro CAC
255.00	2/25/2010	Council Photos	Cronin Photography
650.00	2/28/2010	Metro North Chamber Gala - 3 Additional Tickets	Metro North Chamber
500.00	3/3/2010	Golf Tournament Sponsorship	Front Range Community College
200.00	3/3/2010	After Prom Sponsorship	Jefferson Academy
200.00	3/3/2010	Mountain Range After Prom Sponsorship	Adams 12 Five Star Schools
1,500.00	3/11/2010	Metro North Chamber Gala Sponsorship	Metro North Chamber
200.00	3/31/2010	Arvada Senior High School	Arvada High School
20.00	4/1/2010	MMCYA Youth Awards Banquet - Lindsey	Adams County MMCYA
1,250.00	5/12/2010	Golf Tournament Sponsorship	Westminster 7:10 Rotary
236.00	5/12/2010	District 50 Graduation Announcement	Metronorth Newspapers
750.00	5/25/2010	Annual Banquet Sponsorship	DRCOG
10,000.00	5/26/2010	Corporate Sponsorship	North Metro Arts Alliance
2,000.00	6/10/2010	Crystal Ball Sponsorship	The Jefferson Foundation
248.00	6/30/2010	Budget Ads in Window and Westsider	Metronorth Newspapers
\$19,809.00	TOTAL		<i>% of total City Council budget</i> 18.08%
\$40,184.00	BUDGET	2010 APPROVED BUDGET	<i>% of account budget expended year-to-date</i> 49.30%
\$20,375.00	BALANCE		

SUPPLIES (ACCT: 10001010.70200.0000)			
EXPENDITURE	DATE	DESCRIPTION	PAID TO:
-60.00	2/9/2010	Account Credit - Compostable Paper Products	City of Westminster
58.34	2/18/2010	MMCYA Recognition Event	Costco
77.74	2/28/2010	Council Shirts	Lands End Business
95.00	2/28/2010	Composting Container for Council Family Room	CSN
96.60	3/26/2010	MMCYA Certificate Frames	Trainers Warehouse
183.89	4/16/2010	Strategic Planning Retreat - Supplies	Sun Office Products
70.71	5/18/2010	Strategic Planning Retreat - Flip Charts	Sun Office Products
7.48	5/18/2010	Council Dinner Forks	Bed Bath and Beyond
4.97	5/18/2010	Strategic Planning Retreat - Pens	Sun Office Products
69.16	5/18/2010	Printer Cartridge - Dittman	Sun Office Products
17.97	5/18/2010	Council Dinner Timer and Forks	Bed Bath and Beyond
19.99	5/25/2010	Core Services Retreat - Flip Charts	Staples
140.00	5/31/2010	Print Shop Charges	Print Shop Charges
59.85	6/25/2010	Post Card Frames - Dittman Turkey Trip	Michaels
\$841.70	TOTAL		<i>% of total City Council budget</i> 2.25%
\$5,000.00	BUDGET	2010 APPROVED BUDGET	<i>% of account budget expended year-to-date</i> 16.83%
\$4,158.30	BALANCE		

**2nd Quarter 2010 City Council Expenditure Report
(as of July 16, 2010)**

FOOD (ACCT: 10001010.70400.0000)				
EXPENDITURE	DATE	DESCRIPTION	PAID TO:	
47.90	1/12/2010	Council Dinner	Papa J's Italian Restaurant	
79.20	2/17/2010	Council Soda	Vend One	
53.00	2/28/2010	Council Dinner	Li's Chinese Restaurant	
61.46	2/28/2010	Council Dinner	Pizza Hut	
76.41	2/28/2010	Council Dinner	Los Lagos	
123.86	3/26/2010	Council Dinner	Chili's Restaurant	
54.00	3/26/2010	Council Dinner	Wishbone Restaurant	
76.41	3/26/2010	Council Dinner	Los Lagos	
123.86	3/26/2010	Council Dinner	Chili's Restaurant	
54.00	3/26/2010	Council Dinner	Wishbone Restaurant	
76.41	3/26/2010	Council Dinner	Los Lagos	
92.40	4/6/2010	Council Soda	Vend One	
-10.00	4/16/2010	Reimbursement for soda used from Council supply	City of Westminster	
47.90	4/16/2010	Council Dinner	Papa J's Italian Restaurant	
67.94	4/16/2010	Council Dinner	BlackJack Pizza	
54.00	5/18/2010	Council Dinner	Wishbone Restaurant	
45.99	5/18/2010	Council Dinner	Chili's Restaurant	
30.47	5/18/2010	Council Dinner	BlackJack Pizza	
75.41	5/18/2010	Council Dinner	Los Lagos	
71.50	5/18/2010	Council Dinner	Noodles and Co.	
53.00	5/25/2010	Council Dinner	Li's Chinese Restaurant	
61.46	5/25/2010	Council Dinner	Pizza Hut	
52.80	6/2/2010	Council Soda	Vend One	
52.75	6/25/2010	Council Dinner	Li's Chinese Restaurant	
61.46	6/25/2010	Council Dinner	Pizza Hut	
35.00	6/25/2010	Council Dinner	Double D's Pizza	
\$1,618.59	TOTAL		<i>% of total City Council budget</i>	2.25%
\$5,000.00	BUDGET	2010 APPROVED BUDGET	<i>% of account budget expended year-to-date</i>	32.37%
\$3,381.41	BALANCE			
\$222,312.00	TOTAL 2010 CITY COUNCIL BUDGET			
-\$99,818.83	TOTAL 2010 CITY COUNCIL EXPENDITURES YTD			
\$122,493.17	BALANCE			
44.90%	PERCENT OF BUDGET EXPENDED YTD			



WESTMINSTER

Staff Report

Information Only Staff Report

August 2, 2010



SUBJECT: Westminster Economic Development Authority 2nd Quarter 2010 Financial Update

PREPARED BY: Karen Creager, Special Districts Accountant

Summary Statement:

This report is for information only and requires no action by the Board. The report represents the unaudited financial position for each of the Westminster Economic Development Authority's (WEDA) Urban Renewal Areas (URAs) as of June 30, 2010.

Background Information:

WEDA currently includes seven separate URA's. This report presents the financial activity as of June 30, 2010. Included in the report are the following for each URA:

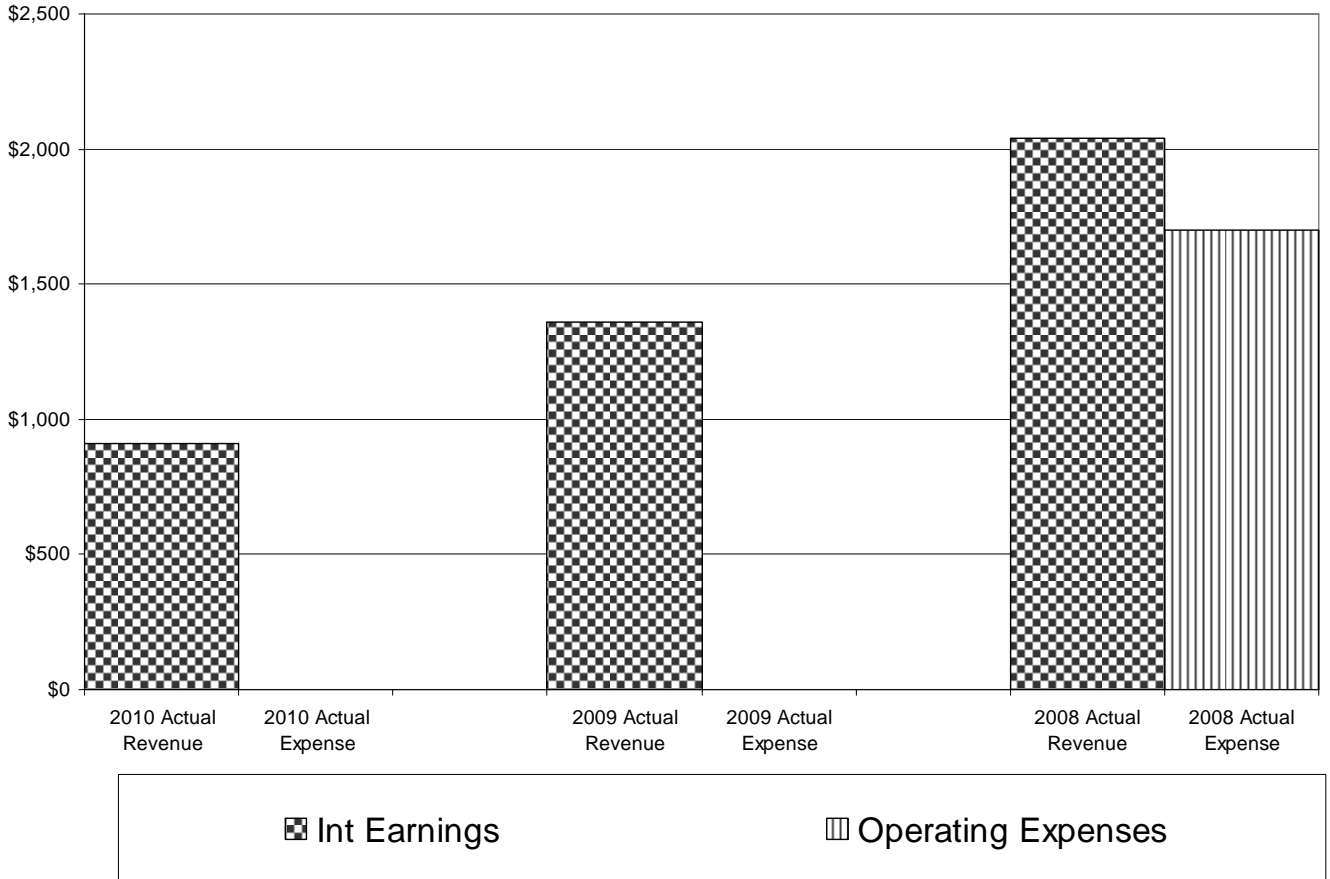
- Year-to-date comparative graphs showing three years of operating revenues and expenses and debt service, as of June 30, 2010, and
- A chart with an at-a-glance look at the changes in revenues and expenses for comparable reporting periods from 2010 to 2009.

Additionally, attached are

- A chart summarizing the financial position as of June 30, 2010
- A list of all current outstanding obligations of the URAs

Holly Park URA

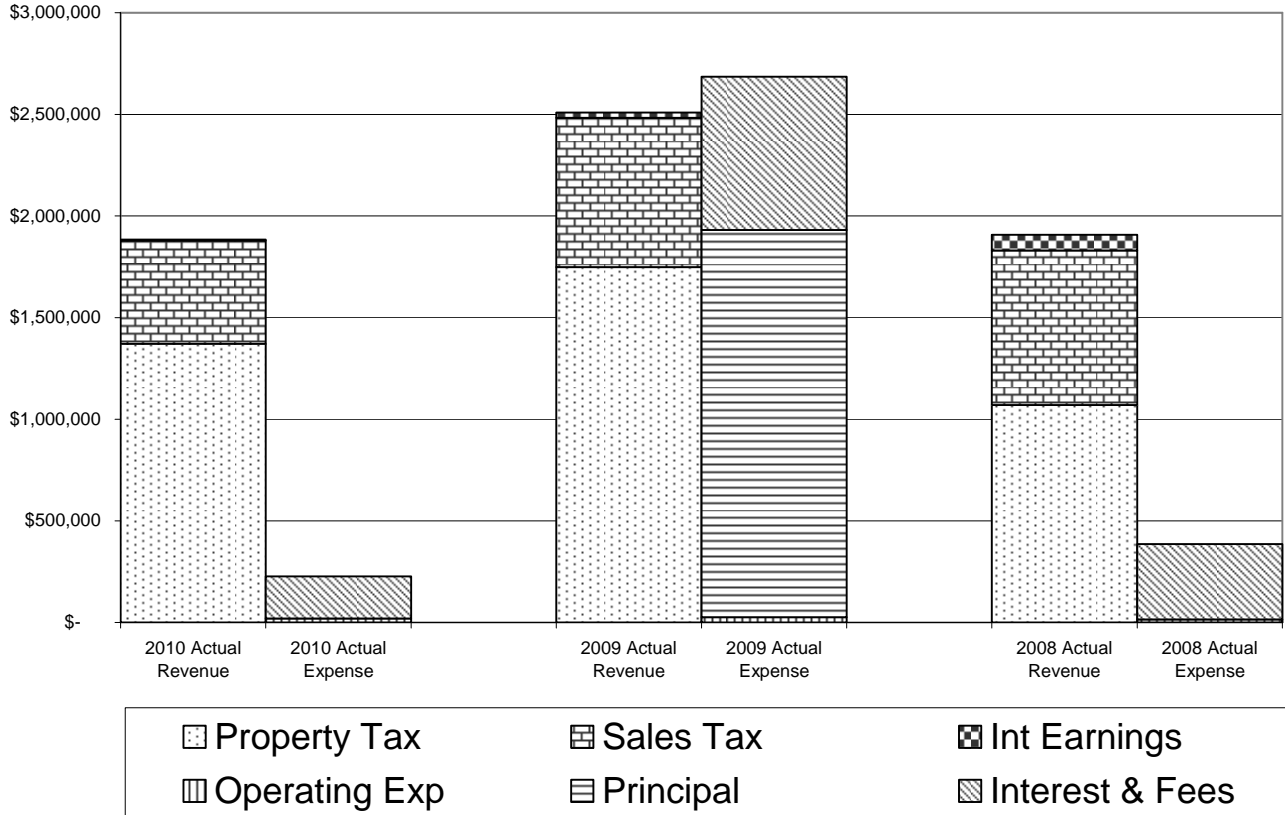
Holly Park URA Comparative Revenues vs Expenses as of 6/30/10



- The General Fund and General Capital Improvement Fund loaned \$120,000 and \$1,125,000, respectively, to this URA to fund the capital project for the clean-up of the property to ready it for resale. It is anticipated that the interfund loan will be repaid once the property is sold.
- Interest earnings, the only revenue recorded in this URA to-date, decreased \$450 in 2010 from 2009 due to the spend down of the funds loaned to the URA for the capital project.

Mandalay Gardens URA (Shops at Walnut Creek)

Mandalay Gardens URA Comparative Revenues vs Expenses as of 6/30/10

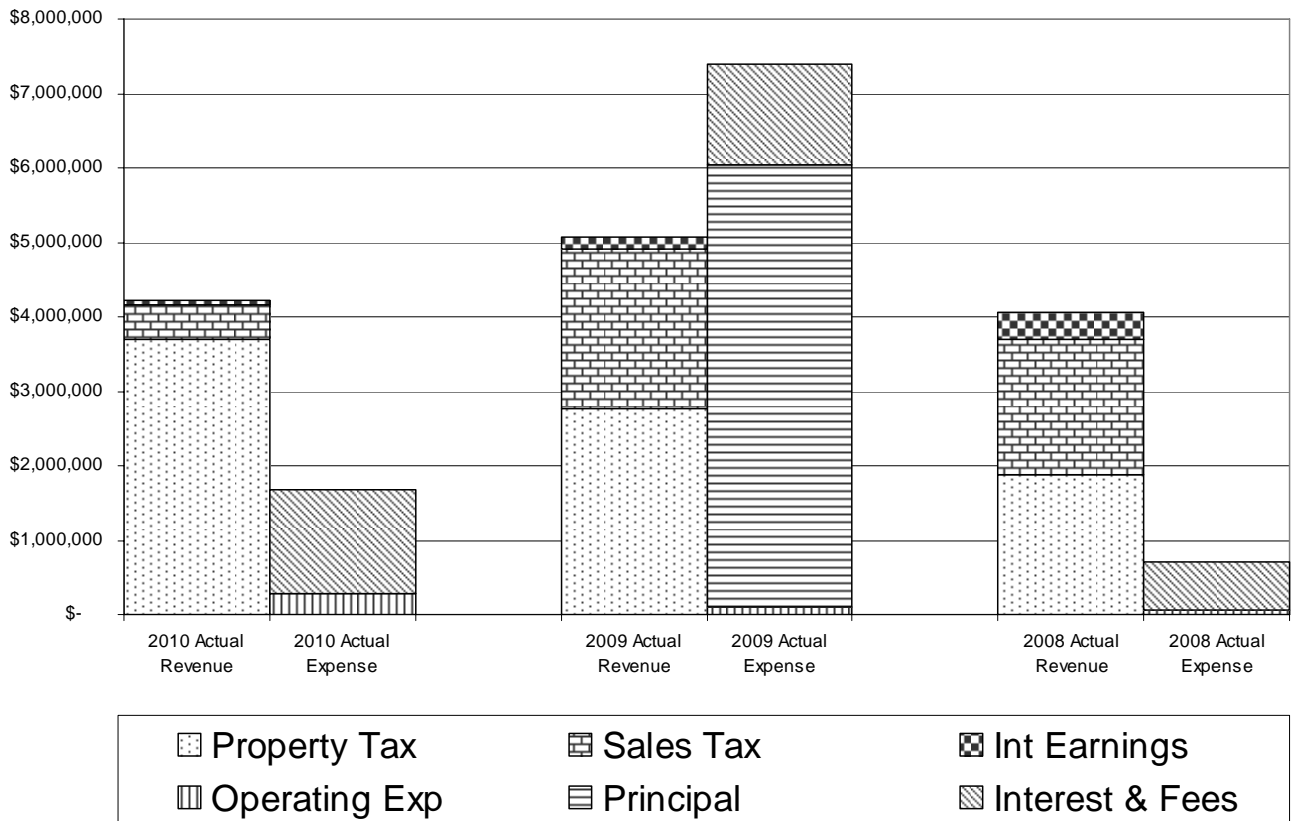


Description	2010	2009	Change
Property tax increment	\$ 1,370,881	\$ 1,748,186	\$ (377,305)
Sales tax increment	508,028	734,897	(226,869)
Interest Earnings	4,441	25,872	(21,431)
Operating Exp	20,564	26,223	(5,659)
Principal	0	1,905,250	(1,905,250)
Interest and Fees	206,873	753,439	(546,566)

- Although assessed valuation increased in 2010 from 2009, year-to-date property tax increment receipts decreased in 2010 from 2009 due to payment patterns by taxpayers. It is anticipated that total property tax revenue in 2010 will exceed 2009 property tax revenue by year's end.
- The sales tax pledge was 1.75% from January 2009 through September 2009 and increased to 3% in October 2009 as part of the bond refinancing. In March 2010, the pledge decreased to 0%, as funds already on deposit with US Bank Trust as well as anticipated property tax increment will be sufficient to meet debt service requirements in 2010. Therefore, the sales tax increment reported here is the total sales tax increment that will be received for 2010.
- Due to the low interest rate earnings environment, the interest earnings on the funds invested at the US Bank Trust are low relative to historic performance.
- Year-to-date operating expenses decreased in 2010 from 2009 due to the property tax collection fee paid to the county treasurer. This is consistent with lower collections in the same quarter of 2010.
- Year-to-date debt service costs reflect a decrease in 2010 from 2009. This is primarily due to larger fees and principal payments required in 2009 because the bonds converted to bank bonds. Year-end debt service payments are expected to remain lower in 2010 from 2009.

North Huron URA

North Huron URA Comparative Revenues vs Expenses as of 6/30/10

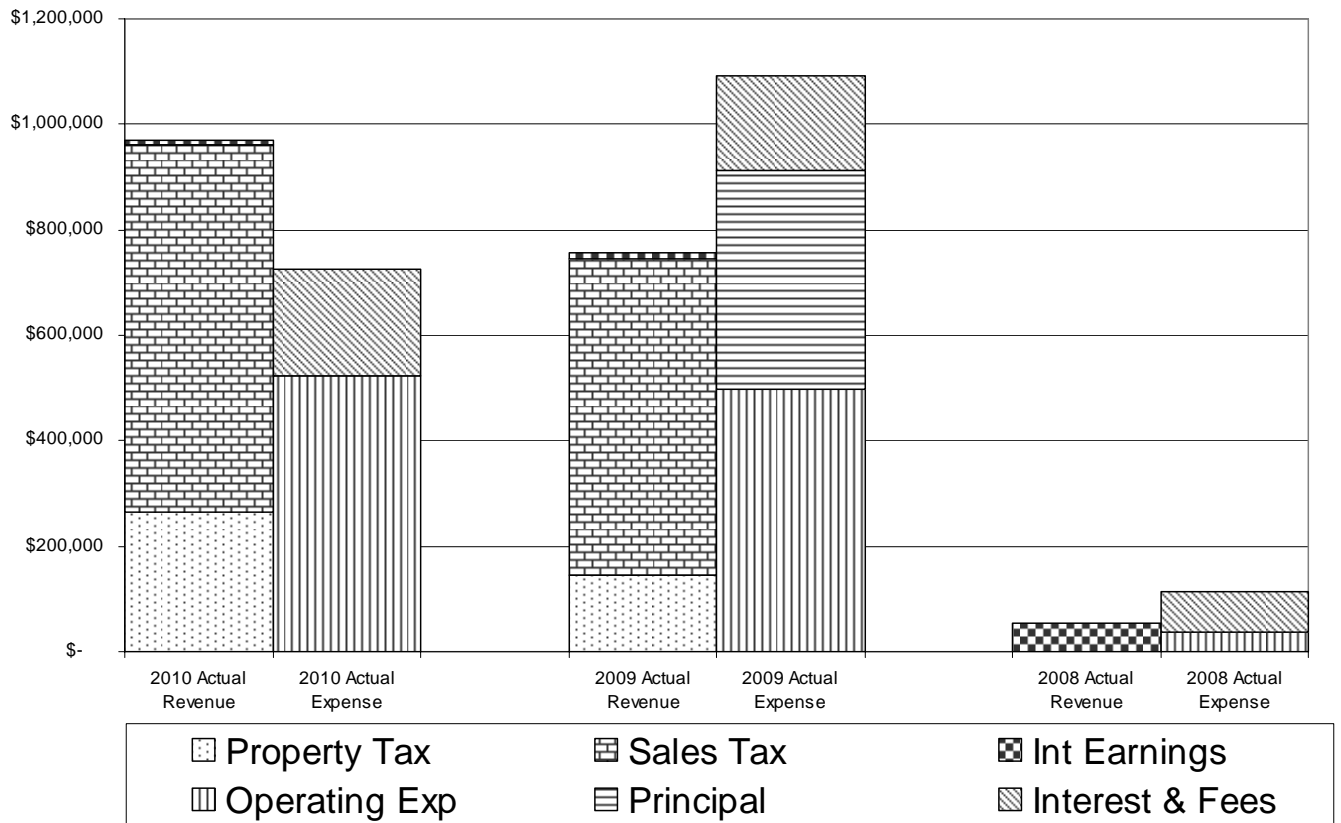


Description	2010	2009	Change
Property tax increment	\$ 3,697,991	\$ 2,774,603	\$ 923,388
Sales tax increment	460,570	2,133,806	(1,673,236)
Interest Earnings	54,393	153,799	(99,406)
Operating Exp	292,693	108,590	184,103
Principal	-	5,925,000	(5,925,000)
Interest and Fees	1,380,233	1,370,064	10,169

- Property tax increment increased as a result of increases in the assessed valuation due to development in the URA.
- Sales tax increment decreased due to the reduction of the sales tax pledge from 1% to 0% in March 2010. Funds already on deposit with Compass Bank, as well as anticipated property tax increment will be sufficient to meet debt service requirements for 2010. Therefore, the sales tax increment reported here is the total sales tax increment that will be received for 2010.
- Interest earnings decreased in 2010 from 2009 as a result of lower project cash-on-hand resulting from project completions and the pay down of principal when the bonds were refinanced.
- Operating expenses increased due to increased economic development agreement (EDA) expenses and an increase in the property tax collection fee paid to the county treasurer, consistent with the increase in property tax revenues.
- Year-to-date debt service costs reflect a decrease in 2010 from 2009. This is primarily due to larger principal payments required in 2009 because the bonds converted to bank bonds. Year-end debt service payments are expected to remain lower in 2010 from 2009.

South Sheridan URA

South Sheridan URA Comparative Revenues vs Expenses as of 6/30/10



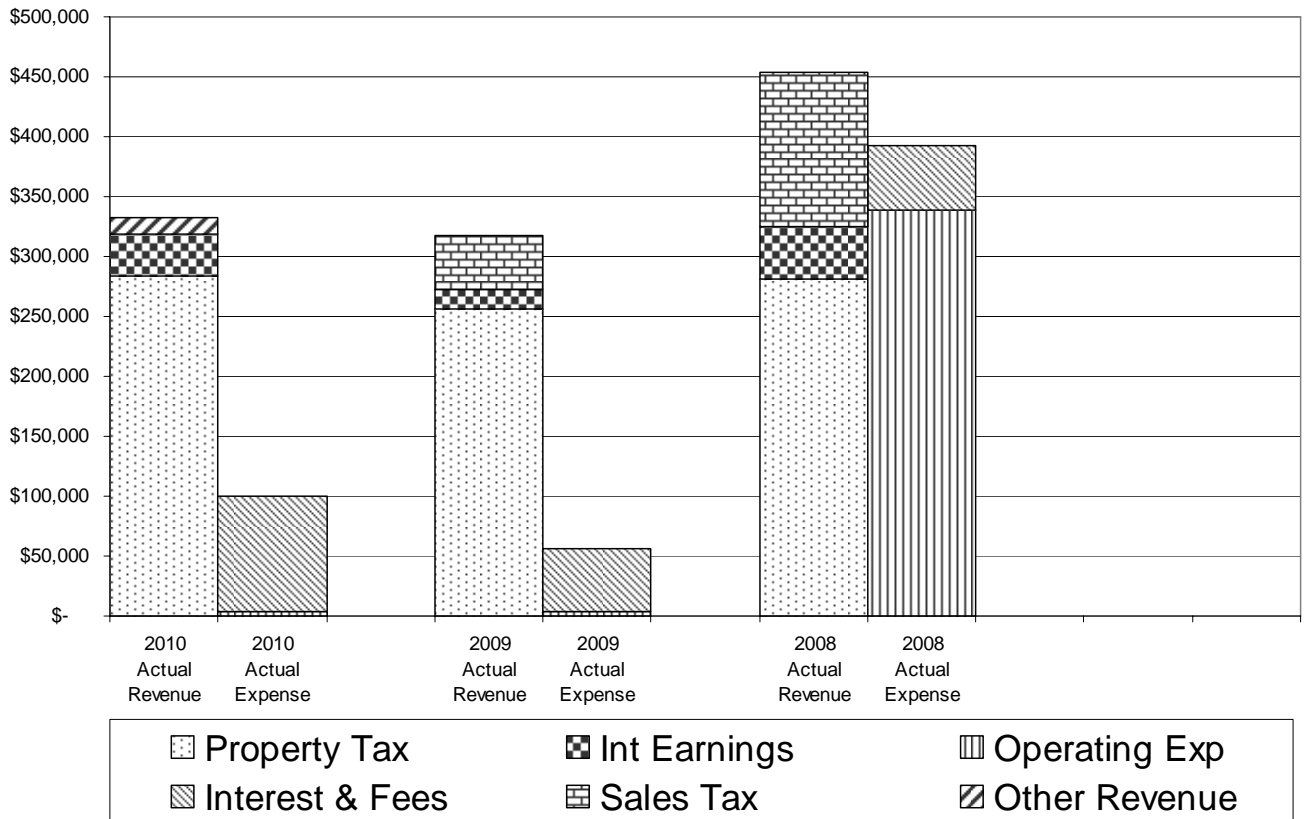
Description	2010	2009	Change
Property tax increment	\$ 264,835	\$ 144,081	\$ 120,754
Sales tax increment	695,087	601,751	93,336
Interest Earnings	9,854	9,498	356
Operating Exp	524,593	498,106	26,487
Principal	-	416,000	(416,000)
Interest and Fees	199,114	176,728	22,386

- Receipt of incremental property tax revenues began in 2009. Property tax increment increased in 2010 as a result of increases in the assessed valuation due to completed development in the URA.

- Increased retail sales in the area resulted in an increase to the sales tax increment in 2010 from 2009.
- Operating expenses increased due to increased EDA expenses and an increase in the property tax collection fee paid to the county treasurer, consistent with the increase in property tax revenues.
- Year-to-date debt service costs reflect a decrease in 2010 from 2009. This is primarily due to larger principal payments required in 2009 because the bonds converted to bank bonds. Year-end debt service payments are expected to remain lower in 2010 from 2009.

South Westminster URA

South Westminster URA Comparative Revenues vs Expenses as of 6/30/10

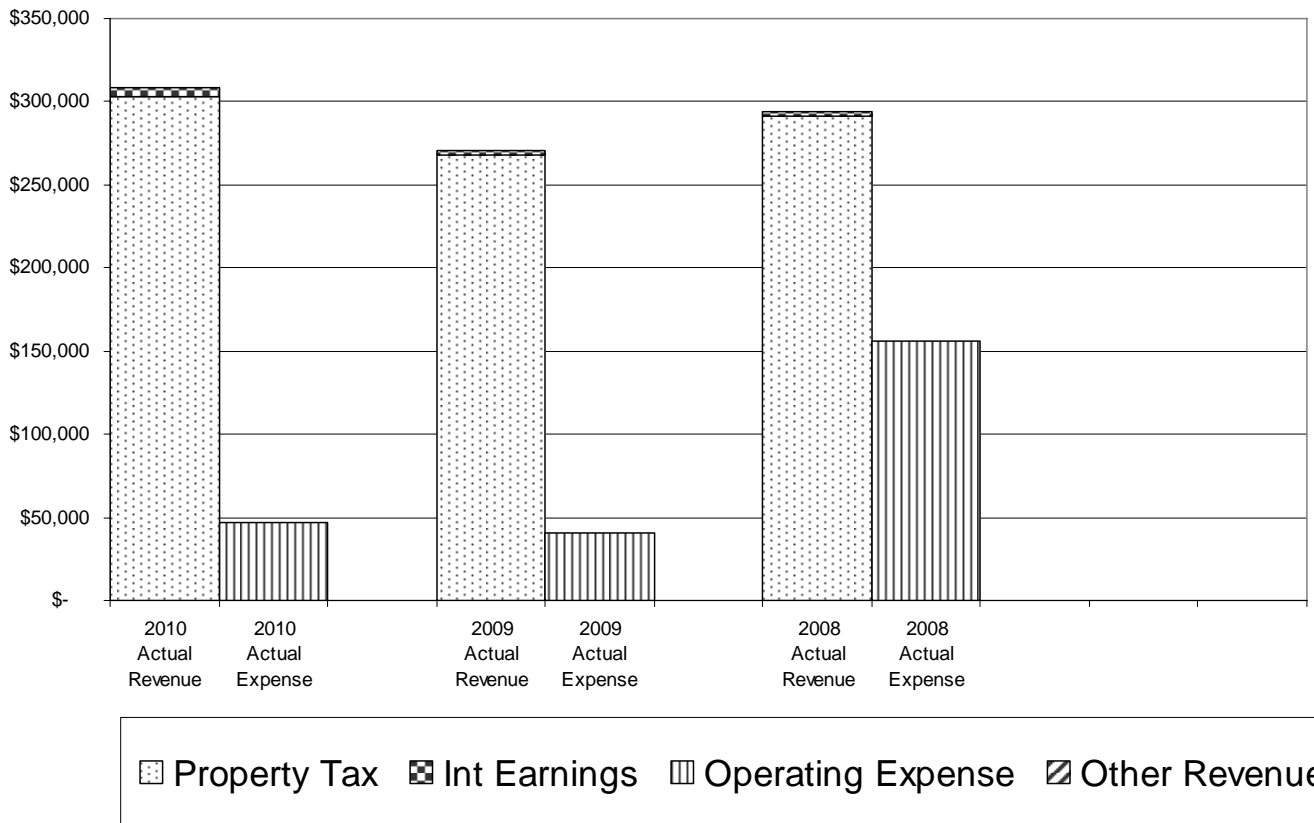


Description	2010	2009	Change
Property tax increment	\$ 284,006	\$ 256,597	\$ 27,409

Sales tax increment	-	45,192	(45,192)
Interest Earnings	34,878	16,320	18,558
Other Revenue	13,360	-	13,360
Operating Exp	4,260	3,849	411
Interest and Fees	96,235	52,313	43,922

- Year-to-date property tax increment has increased in 2010 from 2009. However, property tax receipts tend to fluctuate from month-to-month in this URA.
- There is no sales tax increment revenue at this time as the sales tax base has not been met.
- Interest earnings increased in 2010 from 2009 as a result of the improved rate of return on the pooled investments.
- Debt service costs increased from 2010 to 2009. The original debt service schedule on the bonds issued for this URA provided for lower debt service payments in 2009. The City purchased the bonds for this URA in May 2009. The new repayment schedule increased the annual debt service payments.
- It is anticipated that current year revenues and existing available cash will be sufficient to fund current obligations of the URA. Annually, a review of the available cash is performed in order to determine how much cash is available to pay down the Utility Enterprise Fund loan. However, the use of existing available cash will result in a further reduction in this URA's fund balance.

Westminster Center East URA Comparative Revenues vs Expenses as of 6/30/10



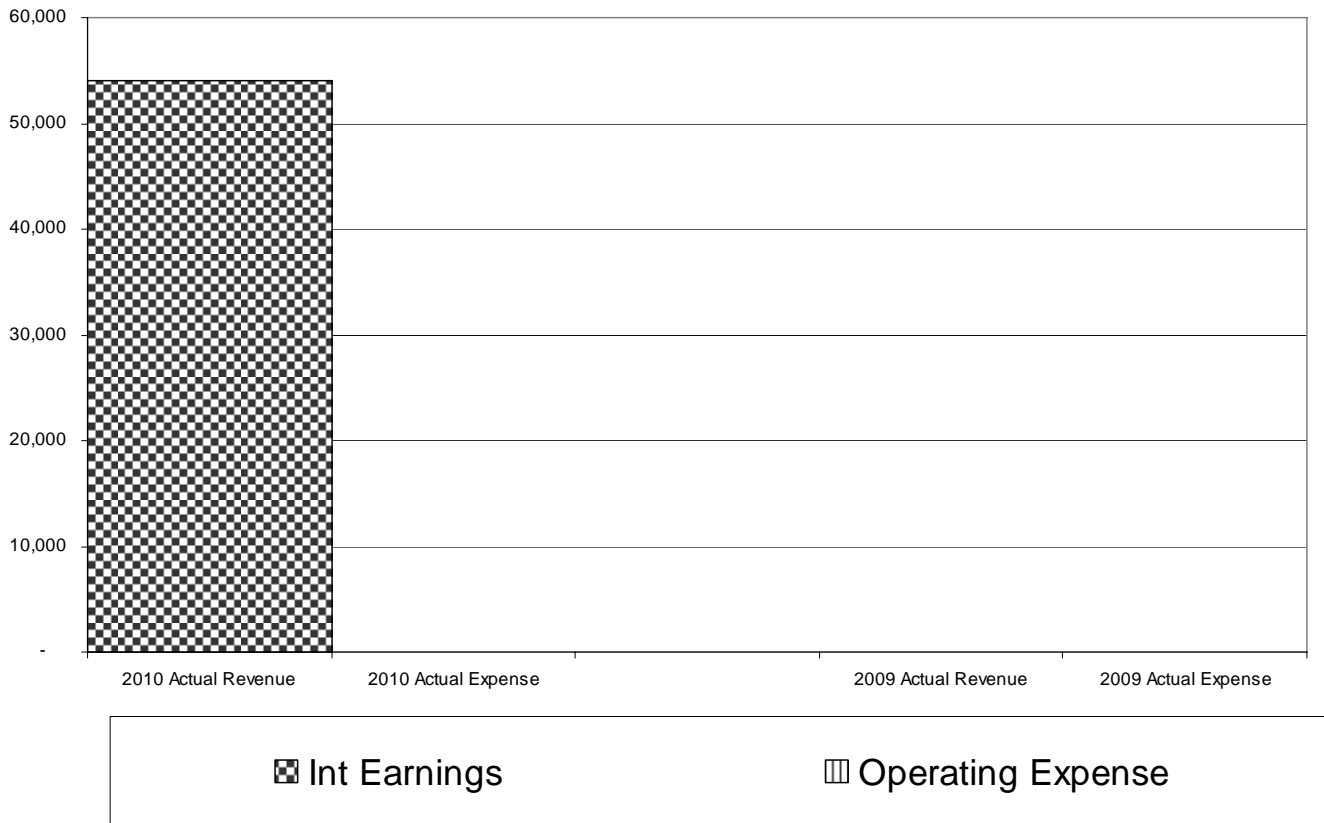
Description	2010	2009	Change
Property tax increment	\$ 303,457	\$ 267,961	\$ 35,496
Interest	5,146	2,889	2,257
Other Revenue	205	10	195
Operating Exp	47,241	40,815	6,426

- Year-to-date property tax increment has increased in 2010 from 2009. However, property tax receipts tend to fluctuate from month-to-month in this URA.
- No sales tax increment was realized in 2010 or 2009, as property tax increment was sufficient to meet the URA’s obligations.

- Interest earnings increased in 2010 from 2009 as a result of the improved rate of return on the pooled investments.
- This URA has no bonded debt obligations.

Westminster Center Urban Reinvestment Project Area

Westminster Center Urban Reinvestment Plan Area Comparative Revenues vs Expenses as of 6/30/10



- On April 13, 2009, City Council approved Resolution 12, Series 2009, which established the Westminster Center Urban Reinvestment Project Area (WURP) and the Reinvestment Plan.
- Tax increment financing approval was not requested at that time.
- While the above chart reflects only operating activity in this URA, it is important to note that City participation funds of \$8,825,300 were transferred to the WURP URA for redevelopment capital project expenditures.

- Interest earnings, the only revenue recorded in this URA, increased in 2010 from 2009 due to interest earned on the City's participation funds received in 2010 that have not yet been spent.

Respectfully submitted,

J Brent McFall

Executive Director of Authority

Attachments

**Westminster Economic Development Authority
Obligations at 6/30/10**

	URA	Outstanding Balance	2010 Estimated Expense
<i>Debt-Principal only</i>			
2009 WEDA Bonds	South Westminster	\$ 5,065,000	\$ 555,000
2009 WEDA Loan	N Huron	61,205,000	2,125,000
2009 WEDA Bonds	Mandalay	35,830,000	1,125,000
2009 WEDA Loan	South Sheridan	7,955,000	260,000
Total Debt		<u>\$ 110,055,000</u>	<u>\$ 4,065,000</u>
<i>EDA</i>			
Lowe's HIW, Inc. - 136th Avenue location	N Huron	\$ 312,268	\$ 154,084
Shoenberg Ventures assigned to Wal-Mart	South Sheridan	3,849,770	957,278
LaConte Real Estate Trust	South Westminster	25,000	25,000
Pappa's Restaurants, Inc.	Westminster Center	96,017	45,082
Total EDA		<u>\$ 4,283,055</u>	<u>\$ 1,181,444</u>
<i>Interfund loans</i>			
Gen Capital Improv Fund	Holly Park	\$ 1,125,000	\$ -
General Fund	Holly Park	120,000	-
Utility Fund	South Westminster	2,200,000	-
Total Interfund loans		<u>\$ 3,445,000</u>	<u>\$ -</u>

Westminster Economic Development Authority
 Unaudited Financial Statements
 For the period ending June 30, 2010

	Holly Park	Mandalay Gardens	North Huron	South Sheridan	South Westminster	Westminster Center East	Westminster Center Urban Reinvestment Area	Total
Revenues								
Property Tax	\$ -	\$ 1,370,881	\$ 3,697,991	\$ 264,835	\$ 284,006	\$ 303,457	\$ -	\$ 5,921,170
Sales Tax	-	508,028	460,570	695,087	-	-	-	1,663,685
Interest	909	4,441	54,393	9,854	34,878	5,146	54,003	163,624
Miscellaneous	-	-	-	-	13,360	205	-	13,565
Transfers In	-	-	-	-	-	-	7,629,154	7,629,154
Total Revenues	909	1,883,350	4,212,954	969,776	332,244	308,808	7,683,157	15,391,198
Expenses								
Operating	-	20,564	292,693	524,593	4,260	47,241	-	889,351
Capital Project -proj exp	1,429	-	44,918	-	-	-	913,783	960,130
Interest & Fees	-	206,873	1,380,233	199,114	96,235	-	-	1,882,455
Total Expenses	1,429	227,437	1,717,844	723,707	100,495	47,241	913,783	3,731,936
Revenues Over(under) Exp	(520)	1,655,913	2,495,110	246,069	231,749	261,567	6,769,374	11,659,262
Beginning Fund Balance	(316,858)	6,456,826	13,975,762	1,454,517	497,503	320,472	784,074	22,388,222
Ending Fund Balance*	\$ (317,378)	\$ 8,112,739	\$ 16,470,872	\$ 1,700,586	\$ 729,252	\$ 582,039	\$ 7,553,448	\$ 34,047,484

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

Debt Service Reserve	\$ -	\$ 8,085,713	\$ 14,801,875	\$ 1,910,076	\$ -	\$ -	\$ -	\$ 24,797,664
Capital Project Reserve	37,242	-	1,543,592	69,295	-	-	6,769,123	8,419,252
Inventory	850,000	-	-	-	-	-	728,425	1,578,425
Total Reserved Fund Balanc	\$ 887,242	\$ 8,085,713	\$ 16,345,467	\$ 1,979,371	\$ -	\$ -	\$ 7,497,548	\$ 34,795,341

City of Westminster City Council Study Session Notes
July 19, 2010

Mayor Pro Tem Chris Dittman called the Study Session to order at 6:34 PM. All Councillors were in attendance except Mayor Nancy McNally.

City Staff in attendance included: City Manager Brent McFall; Assistant City Attorney II Jane Greenfield; Assistant City Manager Steve Smithers; Deputy City Manager Matt Lukus; Presiding Judge John Stipich; Director of Community Development John Carpenter; Director Parks Recreation and Libraries Bill Walenczak; Director of Finance Tammy Hitchens; Public Information Specialist Carol Jones; Court Administrator Carol Barnhardt; Sales Tax Manager Barb Dolan; Sales Tax Audit Supervisor Josh Pens; Landscape Architect II Becky Eades; Chief Building Official Dave Horras and Management Analyst Ben Goldstein

Guests in attendance included: Westminster Window June Younger

Lao Hmong Memorial

Director Parks Recreation and Libraries Bill Walenczak and Landscape Architect II Becky Eades provided an update for Council on the status of the Lao Hmong Memorial. Currently, a group of residents has been working on forming a 501C3 with nonprofit status to increase their fundraising capabilities. Mr. Walenczak noted that if significant progress in fundraising was not made within the next year he would recommend that the City discontinue its work and partnership on the project.

Council expressed interest in having a point of contact in the community for the project, particularly to ensure funds are collected should the project proceed to construction. Staff felt that if the group was successful in forming a 501C3, which would serve as our contact. Staff was asked to provide current cost estimates, with little being finalized Staff noted estimates were rough, but in the range of \$1 million. This differs from the community groups estimate of \$500,000. Council supported Staff's direction and encourage them to proceed cautiously in working with the group if 501C3 status is obtained.

Semi-Annual Report from the Municipal Court

Presiding Judge John Stipich and Court Administrator Carol Barnhardt provided an update on the Municipal Court. Judge Stipich noted that the Court will be transitioning to the focused workweek schedule on August 30 rather than August 2 with the rest of the organization. This is due to extra time needed for the transition of cases that had already been scheduled for Fridays in August. The Court reported confiscating 223 knives and 39 handcuff keys, this is slightly above the average. The Court is currently reviewing the fine schedule and will be coming back soon to Council with a recommendation. Judge Stipich also noted that the Court is working with the Police Department to educate Officers on the fine schedule.

Council asked if it is looking like the City's revised fine schedule will be in the range of other cities in the area. Judge Stipich noted that the City would be on the higher end at first but that over time the rate will normalize. The Judge stated that the court should not need to adjust its rates again for another five to six years. Council asked for no additional follow up.

Changes to Building Permit Fee Structure

Director of Community Development John Carpenter and Chief Building Official Dave Horres presented a proposal to increase building permit fees. This fee increase will put the City in line with other Cities in the area, and correct a dramatic differential in Westminster's fee structure in comparison to other cities in the area. The fees were last adjusted in 2003. The revised fee schedule is expected to generate an additional \$100,000 to \$250,000 in annual building permit fee revenue.

Council expressed interest in full cost recovery with the fee schedule. Staff noted that its current recommendation did not provide for full cost recovery and it did not think an increase of that magnitude would be amenable at this time. Council would like Staff to implement a more regular fee review schedule. Mr. Carpenter noted that they are looking at two year review in the future to normalize the adjustments. Council was curious in how the public is educated about what requires a permit and how much the permits are. Mr. Horres said that the best resource for

residents is the website, where the City list all projects that require a permit and many of the projects that don't, he also noted that residents are always welcome to call the City for more information. Council directed Staff to proceed in the fee increase and bring the item to them for formal consideration at upcoming Council Meeting.

Changes to Collection Procedures for Use Taxes

Director of Finance Tammy Hitchens, Sales Tax Manager Barb Dolan, and Sales Tax Audit Supervisor Josh Pens presented proposed changes to the procedure for collecting use taxes on infrastructure. Currently, the tax is collected at the culmination of a project and requires significant audit resources. The proposed change would require collection at the beginning of a project. This would greatly increase the collection rate and provide contractors with the needed time to collect taxes from sub-contractors. Additionally, as part of these changes, Staff has proposed a payment in lieu of taxes from the Utility Fund with respect to use taxes due; this does not include City owned golf courses, as they do not meet the TABOR requirements for enterprise.

Council raised a concern of contractor's ability to pay all the taxes up front. Staff noted that in many cases contractors would have a greater ability to pay up front and again would have more time to work with sub-contractors in collecting taxes owed. Staff noted that the reaction from builders is likely going to be positive as they are probably already paying taxes on the material at the point of sales, which will not be required if the taxes are paid up front to Westminster.

Changes to the Deadline for Protest of Assessment

Director of Finance Tammy Hitchens, Sales Tax Manager Barb Dolan, and Sales Tax Audit Supervisor Josh Pens presented proposed changes to the deadline for people to protest there tax assessment. Currently the City has a 20 day deadline, however with changes at the State to provide a uniform deadline, Staff is proposing increasing to a 30 day deadline. Staff is also proposing to discontinue combined file for businesses with two location in the City and miscellaneous other minor changes.

Council requested not additional information and asked staff to proceed and bring the item to a City Council Meeting.

Executive Session

See separate notes

Mayor Pro Tem Dittman adjourned the Study Session at 7:40 PM.