



WESTMINSTER

Staff Report

TO: The Mayor and Members of the City Council

DATE: November 29, 2008

SUBJECT: Study Session Agenda for November 3, 2008

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. Beavers and Big Dry Creek Management Plan (Attachment)
 2. "WEDA 101" – An Overview on the Westminster Economic Development Authority and Tax Increment Financing (Attachment)
- 6:30 P.M.

EXECUTIVE SESSION

None at this time

INFORMATION ONLY ITEMS – Does not require action by City Council

None at this time

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

Attachment – Minutes for the 10/20/08 Study Session



Staff Report

City Council Study Session Meeting
November 3, 2008



SUBJECT: Beavers and Big Dry Creek Management Plan

PREPARED BY: Rod Larsen, Park and Open Space Supervisor
Richard Dahl, Park Services Manager

Recommended City Council Action:

Receive Staff's presentation on the proposed Beaver Management Plan. City Councillors are being asked to review the plan and provide Staff with comments and any proposed changes that may be desired.

Summary Statement

- City Staff has noticed a dramatic increase in the beaver population over the last three years along with a significant loss of both mature and new cottonwood trees due to beaver activity.
- Big Dry Creek is a 12-mile-long corridor, which starts at Standley Lake and runs northeast through the heart of the City to 130th Avenue, where the City is experiencing problems caused by beavers.
- Some key points of the plan are as follows:
 - All wildlife in Colorado is the property of the state and owned by the people. Colorado Division of Wildlife (DCOW) allow for the "take" of beavers throughout the year as necessary to protect private property.
 - The City will work with CDOW personnel to manage beavers on City open space.
 - The plan will identify new and existing activity along the corridor and evaluate the impact to the environment as well as health and safety to open space users.
 - Where significant damage to natural resources or safety to human activity is determined, action will be taken to modify or eliminate beaver activities.
 - Resolutions for beaver activities may include: (see management plan for detailed explanation)
 1. Tree protection
 2. Beaver mitigation – replacing felled trees
 3. Establish beaver-free zones
 4. Water level control devices
 5. Live trapping and relocation
 6. Euthanizing beavers as a last alternative
 7. Continued monitoring of actions
- The proposed Beaver Management Plan provides information on the biology of the beaver as well as management and control options.

Expenditure Required: \$10,000

Source of Funds: POST - Park Services 2008/09 Budget

Policy Issue

Should Council adopt and direct Staff to follow a Beaver Management Plan for City open space properties that may include control and removal options?

Alternatives

1. Council could direct Staff to significantly revise the proposed Beaver Management Plan for open space properties. Staff does not recommend this as it is believed the proposed Management Plan would give Staff the appropriate options for management and control depending upon the circumstances for each site.
2. City Council could choose to not approve the Management Plan and direct Staff to continue with existing minimal control efforts, which includes beaver dam and lodge removal. Staff does not recommend this option as the number of Staff hours required to do this work on a daily basis is very time-consuming and doesn't preclude the beaver population from continuing to cut down trees to repair their dams.

Background Information

Over the last three years, Staff has noted a steady increase in the beaver population along the Big Dry Creek corridor. This increase in population has led to a loss of many mature and new cottonwood trees that were growing along the banks. These trees were either felled by the beavers themselves or have died due to the flooding caused by the beaver dams.

A field survey of Big Dry Creek completed the summer of 2008 recorded at least 30 active beaver dams along the Big Dry Creek corridor. Although the actual number of beavers is not known, it is estimated that there are at least 100 beavers currently living along Big Dry Creek.

Staff has prepared a Beaver Management Plan that provides information on the biology of the beaver as well as management options. Beavers provide a unique and beneficial quality to the ecosystem and it is not the intention of the Parks, Recreation and Libraries Staff to eliminate the beaver population within the Big Dry Creek corridor, but to reach a balance whereby the number of beavers can be supported by the existing natural resources without the total loss of the tree canopy. The management plan as proposed would aid in this goal.

The proposed Beaver Management Plan supports City Council' Strategic Plan Goals of "Safe and Secure Community" and "Beautiful and Environmentally Sensitive City."

Respectfully submitted,

J. Brent McFall
City Manager

Attachment



WESTMINSTER

Beaver Management Plan



City of Westminster
Open Space
2008

**Beaver Management Plan
City of Westminster
2008**

Purpose of a Beaver Management Plan	page 1
Biology of the Beaver	page 2-3
Benefits and Problems Related to Beaver Activity	page 4-5
Policy for Beaver Management	page 6-7
Beaver Management Actions	page 8
1. Tree Protection	page 8-9
2. Beaver Tree Mitigation Policy	page 10
3. Establishment of “Beaver-Free Zones”	page 11
4. Water Level Control Devices	page 12
5. Live Trapping and Relocation	page 13
6. Euthanizing Animals	page 14
7. Monitoring Actions	page 15
8. Summary	page 16

Purpose of a Beaver Management Plan

In 1985, The City of Westminster initiated the Open Space program that began the purchase and preservation of undeveloped natural areas throughout the city. The Open Space Program Policy Statement (13-5-1) reads “In the broadest sense, the objective of the Open Space Program is to promote quality of life for the citizens of Westminster through the preservation and protection of the quality of the natural environment, which has given Westminster much of its character...” Open Space properties, therefore, are to be managed in a way that promotes the quality of the natural ecosystem. Establishing and maintaining wildlife habitat is a key goal in open space management, as is the protection of the natural resources. These two goals are at times in conflict with each other. Managers are sometimes faced with the choice of allowing beavers to inhabit an area with the knowledge that trees may be lost or protect the trees by eliminating the beavers in that area.

Beavers can be a valuable and desirable animal to have in an open space environment and at the same time they can be harmful to the existing natural resources. These benefits and detriments can often occur simultaneously at a single location. Because of the varying degrees of tolerance levels among people to beaver activity, there are bound to be disagreements on how best to deal with beaver conflicts.

This document is intended to be a foundation for future management decisions based on current scientific data and City of Westminster Open Space standards. This plan is not meant to provide a blanket policy for beaver management. Rather, this plan gives management options that staff can choose from when having to take action. Wildlife management is a fluid science and not every management option will work or be right for the given situation.



Beaver, (*Castor canadensis*)

Biology of the Beaver

The beaver (*Castor Canadensis*) is North America's largest rodent. Adult beavers typically weigh 45 to 60 pounds, but have been known to grow to 100 pounds. Wild beavers live about 11 years, unless they are trapped or killed by predators. Beavers are aquatic mammals with large webbed hind feet ideal for swimming, and hand-like front paws that allow them to manipulate objects with great dexterity. They have excellent senses of hearing and smell, and rely on these senses more than their less developed sense of eyesight. When swimming underwater a protective transparent membrane will cover their eyes, and flaps close to keep water out of their nostrils and ears.

Beavers are monogamous and mate for life. They do not breed until they are two to three years old. They have a gestation period of 4 months and will have one litter of 1 - 6 kits per year. Each established beaver "colony" consists of adult parents, and two years of offspring. Only the adult female breeds. The average number of beavers in an established family is typically six or seven beavers.

Once a beaver reaches the age of two they will usually leave the colony to find a mate and establish a colony of their own. This is the most dangerous time in the life of a beaver. Not only can they be killed by predators or cars, other beavers will attack them if they enter their ponds. Beavers have been noted to travel ten or more miles searching for a place to live.

Beaver dams are created as a protection against predators and to provide easy access to food during winter. Beavers always work at night and are prolific builders, carrying mud and stones with their fore-paws and timber between their teeth. Beavers usually can re-build a dam overnight if it has been breached, thereby making this technique ineffective. Beavers predictably select sites to build their dams based primarily on topography and food supply. Preferred sites for damming will be in areas where the dam will flood a large flat area and there are plenty of desirable woody plants for food in the vicinity. Streams that are more than two feet deep or have strong currents are not generally dammed. Beavers often situate their dams where there are constrictions in the stream flow (natural or manmade).

Each beaver colony will usually establish one large pond where they will build their lodge. In addition to this primary pond, other smaller dams up and downstream are usually built to create smaller ponds. These smaller ponds permit safe travel for the beaver as it seeks out new food supplies of native trees and shrubs. The average beaver colony will dam a half-mile length of a small stream.

To obtain food and building materials, beavers are well known for their ability to topple large trees using nothing but their specially adapted incisor teeth and powerful lower jaw muscles. Beaver teeth never stop growing, so they do not become too worn despite years of chewing hardwoods. Their four front teeth (incisors) are self-sharpening due to hard orange enamel on the front of the tooth and a softer dentin on the back. Therefore as beavers chew wood the softer backside of the tooth wears faster, creating a chisel-like cutting surface.



Beaver felled trees along Big Dry Creek, 2008.

Benefits and Problems Relating to Beaver Activity

The beaver is an important mammal to Colorado, as well as to North America, from both a historical perspective and from an aesthetic perspective. Beaver can be among the most beneficial of the City's wildlife. They create favorable wetland habitat for a variety of wildlife species including fish, birds, amphibians, reptiles, and mammals. This variety of wildlife is in turn valued for recreational, scientific, educational and aesthetic purposes. This increase in biodiversity of wildlife is a great asset to the open space ecosystem. Wildlife observation is an important product of the open space that is highly valued by trail users and the residents.

Beaver activity is also helpful in retaining storm water runoff and improves water quality by trapping sediment, nutrients, and pollutants. The dams act as natural check dams during floods and high water, reducing erosion and slowing the water enough to deposit solids. The higher water behind the dam also creates additional shoreline and enables water-loving plants and trees to grow and thrive.

Beaver activity can also have detrimental affects. Their actions can sometimes lead to flooding of roads and trails, the loss of trees and shrubs, and the destruction of both public and private property. Their impacts often occur suddenly and dramatically. Beavers are usually not noticed in an area until valuable trees have been felled or flooding along trails occurs. Often, when flooding occurs along trails, it is necessary to breach the dam. Although this can be a quick fix solution, the dams are usually rebuilt overnight.



Beaver dam on Big Dry Creek, 2008.

Policy for Choosing Beaver Management Options

Beaver activity emanating from city-owned open space and resulting in conflict and/or natural resource damage will be evaluated by the Department of Parks, Recreation and Libraries for the existence of, or potential of:

- impact to public health and safety
- unacceptable loss of natural resources
- impact to public and private property
- impact to public infrastructure

The significance of these impacts will determine the type of management action taken. Any action taken will be based on proven wildlife management techniques, appropriate animal welfare concerns, and applicable laws and regulations.

One function of open space lands is to provide habitat for wildlife. These areas are one of the few places left in the metro area where wildlife can live. In most cases, some level of loss of trees on open space lands is an accepted consequence of trying to achieve a balanced ecosystem.

The City of Westminster recognizes beaver as a natural and desirable component of the environment because of their contribution to the quality and diversity of natural habitat. However, it is also recognized that conflicts between beaver and humans arise when beaver activity impacts public health and safety, natural resources, private property, or public infrastructure.

The Colorado Division of Wildlife (CDOW) has issued the following statement concerning the management of beavers. “All wildlife in Colorado is the property of the State and owned by the people. Beavers are defined as “furbearers” under the CDOW rules and regulations, therefore, allowing private landowners permission to manage beavers in accordance with state laws and CDOW regulations. CDOW rules and regulations allow for the “take” of beaver year

round as necessary to protect private property.” The City of Westminster Open Space will work cooperatively with CDOW personnel, and other officials, when necessary, to manage beavers according to Westminster’s Beaver Management Plan.

All instances of beaver activity that impact the Big Dry Creek corridor will be reviewed by the Open Space management staff. Reports may come from several sources including any open space staff, residents, trail users, public officials or private individuals. All reports will be investigated by staff to verify location and collect basic information. New data will be added to the Beavers and Big Dry Creek Inventory that was completed in 2008.

It is the aim of the beaver management plan to identify new areas of beaver activity as soon as possible. New locations will be checked for real and potential natural resource damage, potential for damaging floods, location in a “beaver-free zone,” and private/public property damage. Where existing or potential negative impacts are identified, open space staff will contact appropriate parties who are likely to be involved in resolving any conflicts. Those contacted may include: appropriate Department and Division Heads, POST committee, appropriate city staff, affected property owners, Division of Wildlife personnel, and any other affected personnel.

Discussions with affected parties will determine the level of impact that is acceptable. It will be the primary goal of the City of Westminster’s beaver management plan to coexist with beavers wherever this is possible while, at the same time, protecting the natural resources. Where significant damage to natural resources or threats to human safety are demonstrated or inevitable, staff will take action to modify or eliminate beaver activities.



Beaver damage along Big Dry Creek, 2008.

Beaver Management Actions

The following actions and strategies may be used to resolve various kinds of beaver damage and conflicts, within and contiguous to the Big Dry Creek corridor. They are written in the form of guidelines to allow for flexibility as experience improves Staff's knowledge and abilities.

Problems between beavers, open space natural resources, and public or private property may be resolved by implementing one or more of the following actions.

The least intrusive actions will always be attempted first, where those actions fit the circumstances. More intrusive actions, up to and including live-trapping and euthanasia of the animal, will be done only when no other alternatives are available.

1. Tree Protection

Along Big Dry Creek, the most available and sought after tree by the beaver is the Plains Cottonwood. The semi-arid climate of Colorado makes it very difficult for trees to grow and thrive without supplemental irrigation. These trees along Big Dry Creek have managed to

survive over the years by tapping into the creek's water table. Because of the climatic factors and the overall small population of these native trees, any loss of trees along Big Dry Creek is dramatic.

Protecting trees is not 100% fool-proof all of the time, but the elimination of the beaver's food source is one of the most effective means of beaver control. Tree cutting by beavers can be prevented by the placement of hardware cloth or fencing fabric around the base of trees. Although not fool-proof, this technique has shown to be relatively effective and inexpensive, with only a small visual impact. Individual trees can be spared from beaver gnawing by placing wire cylinders around the base of their trunks. The purpose of this heavy wire cylinder is simply to keep the beaver from getting to the tree. The cylinders can be made from 3 to 4 foot tall galvanized wire mesh. The fencing should extend 2 feet above the highest snow level to prevent winter chewing. It generally does need to be anchored to the ground. The bottom is cut to fit a sloping ground, or to protect prominent roots from chewing, leaving a few inches of space between the tree and the wire allows for tree trunk growth. The fencing is replaced as needed with a larger diameter cylinder to allow for trunk expansion.

Although this method is relatively effective in protecting trees, it is very labor intensive. Location of the tree along the bank, size of tree, and accessibility are all factors that present challenges of effectively applying the tree wrap. As the tree grows, this wrap then needs to be manually widened to allow for the natural growth of the tree.



Protected trees using tree wrap, 2008.

2. Beaver Tree Mitigation Policy

The cottonwood trees that currently live along Big Dry Creek are the primary food source target for the beavers. Most of these trees are decades old and have established themselves despite a semi-arid climate. A tree mitigation, or replacement, policy would help offset the loss of trees by beavers. Although much smaller in size to the trees that are felled, these trees would provide the same benefits for future generations.

Any tree that is harvested by beavers along BDC would be replaced at a 1:1 ratio somewhere along the BDC corridor within a year. Example: A 6” cottonwood that is felled by a beaver would be replaced with 6 – 1” cottonwoods within 1 year in a suitable location along BDC. All trees that are planted would also be protected with wire mesh.



Felled cottonwoods along Big Dry Creek, 2008.

3. Establishment of Beaver-Free Zones

There may be areas along the BDC corridor where staff determines that would not be acceptable for beavers to inhabit. These zones may be determined based on flooding potential, historical significance, visual impact from trail users, or other criteria.

Once these zones have been established, all trees located in these zones would be protected by the use of wire mesh. Any beaver activity within these zones would immediately be addressed using dam destruction, trapping, and/or euthanasia of the beavers.

4. Water Level Control Devices

Water level control devices can be used in areas where the flooding of water behind the dam becomes an issue. Although this does not address the issue of losing trees, it is an option to be used regulating the water height in the beaver pond. A number of individuals and groups have developed a variety of devices that attempt to control the water level in beaver ponds. The devices consist of some type of conduit, either rigid PVC plastic, corrugated plastic tubing, metal pipe, or fabricated wooden box or steel mesh cylinder. The conduit is used in conjunction with metal screening or fencing that is arranged to prevent beaver from plugging the conduit. Depending upon its design, the device is placed in or near a culvert pipe, bridge, road ditch, or beaver dam. Beaver continue to dam against the device, however, the devices are designed to maintain water flow in spite of the beaver's efforts.

The success of water level control devices appears to depend upon site conditions, watershed size, and the persistence of individual beaver. Where an acceptable level of impounded water can be determined, and where site conditions are suitable, these devices provide a good means for coexistence with beaver. With experience, Open Space staff will develop criteria and techniques for the successful use of water level control devices in the open space.

This is most likely to be true where:

- a.) watershed size is relatively small,
- b.) the topography of the site is such that there is a sufficient elevation difference between the pond water level and the facility that requires protection,
- c.) the topography allows for the temporary storage of excess water near the beaver pond after heavy rains.

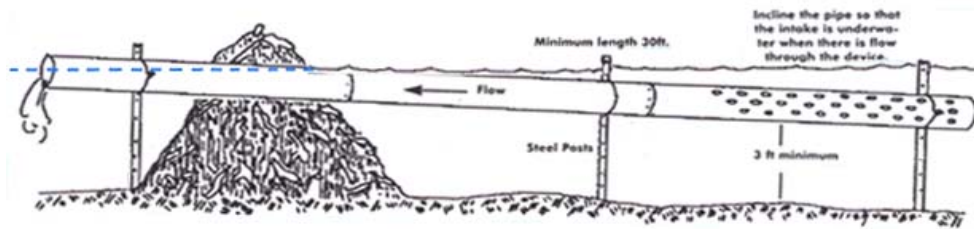


Diagram of water level control device for beaver dams, 2008.

5. Live Trapping and Relocation

Where it can be determined that a.) the impacts of beaver activity cannot be tolerated and, b.) other strategies or devices are not effective or appropriate, then the animal(s) will be removed from the site and relocated.

Relocation of beavers is accomplished by a state licensed contractor. The contractor usually has relocation sites for the beavers in the foothills and mountains. Relocations are only allowed by CDOW between June and September. Although this can be a good option for positive public relations, it can be expensive and is not reliable for large beaver population reductions. There are only a few licensed contractors in Colorado and they are usually in high demand for the services throughout the summer. Licensed contractors will be used to perform any relocation services. These contractors will be responsible for all aspects of relocation including finding appropriate relocation sites. To the extent possible, beaver family units will be relocated as a group. It should be noted that relocation of problem animals does not guarantee that new beavers won't re-inhabit the original beaver location.



Trapped beaver ready for relocation, 2008.

6. Euthanizing Animals

Where it can be determined that a.) the impacts of beaver activity cannot be tolerated, b.) available strategies and devices have not proven effective or appropriate, and c.) live-trapping and relocation is not possible, then problem animals will be euthanized.

This decision will be made by the POST committee after a review of all the facts and data. If this management route is chosen, City Council will be notified prior to the control. The City of Westminster Open Space staff will be responsible for initiating this process with a licensed contractor and overseeing this operation. The most humane methods of euthanasia will be used by a licensed contractor.



Beavers live-trapped, 2008.

7. Monitoring Actions

a.) Monitoring Beaver Activities in Problem Areas

Beaver activity in such areas will be inspected at least weekly by Open Space staff or volunteers, so that required management actions can be properly planned and implemented.

b.) Monitor Water Level Control Devices

Water level control devices will be inspected weekly following installation by Open Space staff or volunteers to ensure that they are functioning effectively. After a month of weekly inspections, monthly inspections will occur as long as beaver are active at a particular site.

c.) Monitor Beaver Population

The current inventory will be updated every 3 years. Newly affected areas will be identified. Currently active sites will be evaluated for impacts on sensitive resources. Estimates of the beaver population will be made from the GIS system, if and when that becomes necessary.



Cottonwoods along Big Dry Creek, 2008

Summary

The City of Westminster recognizes the value and importance that all wildlife brings to balancing the delicate eco systems in our preserved open spaces. As with other wildlife management policies, the Beaver Management Plan is intended to manage, not eliminate the City's beaver population. Only when all other options are exhausted will euthanizing of these important animals take place.



Staff Report

City Council Study Session Meeting
November 3, 2008



SUBJECT: WEDA 101 – an Overview on the Westminster Economic Development Authority and Tax Increment Financing

PREPARED BY: John Carpenter, Director of Community Development
Tammy Hitchens, Finance Director

Summary Statement

Staff will provide an overview to Council on the Westminster Economic Development Authority and the importance to the City's development and redevelopment efforts. Staff will provide a brief history of WEDA activities and explain how tax increment financing works for property tax and sales tax.

Background Information

The Westminster Economic Development Authority (WEDA) is a separate local government established on September 14, 1987 by the City Council in accordance with the provision of Colorado State laws governing the operations of urban renewal authorities. City Council serves as the board of WEDA. The Mayor acts as the Chair Person and the City Manager acts as the WEDA Executive Director. WEDA does not have its own staff; rather, City staff acts as the staff for WEDA.

Under Colorado Urban Renewal Authority law, WEDA has the ability to establish urban renewal areas if the City Council has first made a determination that the area is blighted in accordance with the criteria described in state law. In the past, WEDA has hired consultants to do blight studies to determine if blight, as defined by the statutes, exists.

If blight is shown to exist, an urban renewal area can be established, and urban renewal projects may be undertaken by WEDA within its urban renewal areas. The powers of an urban renewal authority include the power of eminent domain that maybe needed to carry out the authority's projects, such as the acquisition and assemblage of deteriorated property for redevelopment.

One of the benefits of an urban renewal authority is the ability to use property tax and/or sales tax increment financing issues to fund redevelopment projects. Here is how tax increment financing works.

Property Tax Increment

The urban renewal authority creates an urban renewal project area. If it decides to employ tax increment financing for a project, it must adopt an urban renewal plan that specifically contains a tax increment provision. The "base valuation," in a tax increment funded urban renewal area is the assessed valuation for the entire urban renewal area last certified prior to the creation of the urban renewal area. Property taxes attributable to the base valuation continue to be paid to all local governments with mill levies on the property (such as the county, school district, city, RTD, and Hyland Hills Park and Recreation District). Once the redevelopment occurs, the assessed valuation

and the resulting property tax increase. The difference between the amount of property tax revenues generated from the base value, and those generated from the post redevelopment value is called the property tax increment.

The property taxes generated by the property tax increment are not paid to the various local governments. Rather, the property tax increment related revenues are paid to the urban renewal authority. These future revenues can be pledged to the repayment of redevelopment bonds. The proceeds of the bonds can be used to fund redevelopment activities such as land assembly and construction of infrastructure. These incremental revenues can be used for other obligations that serve a public purpose for the urban renewal area.

The following is an example of how property tax increment works:

- 1) Base assessed value \$10,000,000
Base Property Tax Revenue \$100,000
- 2) Post redevelopment Value \$100,000,000
Post Redevelopment Tax Revenue \$1,000,000
- 3) Property tax increment \$900,000

Sales Tax Increment

The concept of sales tax increment financing is very similar to property tax increment financing except that it is limited to the city sales tax revenues. The pre-development sales tax revenues are called the base revenues. Once redevelopment occurs, sales tax revenues increase typically. The incremental increased revenues are called the sales tax increment.

Sales tax increments only apply to City sales taxes, not state or other sales taxes. WEDA uses tax increments generated by the general city sales tax and not those generated by the open space sales tax or the public safety sales tax.

WEDA's Urban Renewal Areas

The following is a summary of the urban renewal areas that have been created to date by WEDA. (See attached map.)

South Westminster Urban Renewal Area

Phase 1 contains 153 acres. It was formed in 1988 when there was anticipation of redevelopment of Westminster Plaza; at that time, incremental sales and property tax revenues were pledged towards redevelopment for the next 25 years. During its 21 year history, there have been several major redevelopment initiatives.

PHASE 1 - KEY DATES

Plan Adopted: June 27, 1988

Sales Tax Base: June-May, 1988

Property Tax Base: 1987 assessed valuation for taxes collected in 1988

Staff Report - WEDA 101 – an Overview on the Westminster Economic Development Authority and Tax Increment Financing

- In 1987, The Trammell Crow Company approached the City with a redevelopment proposal for Westminster Plaza, the largest shopping center in Phase 1. Consideration of this project triggered the formation of the urban renewal authority in 1987. However, the development did not materialize and the area languished.
- In 1993, the Colorado and Santa Fe Company, a specialist in low end retail centers, purchased Westminster Plaza and initiated a tenant plan, attracting low lease rate tenants.
- In 1995, Hunt Properties expressed interest in Westminster Plaza and initiated negotiations with WEDA after a competitive selection process.
- In 1997, WEDA purchased Westminster Plaza from Colorado and Santa Fe Company and initiated remediation, demolition and site preparation activities, pursuant to a joint redevelopment plan with Hunt Properties.
- In 1998, the Westminster Plaza redevelopment project was complete; the project included demolition of 236,500 square feet of substandard retail space and replacement with 104,049 square feet of new space. New tenants, anchored by Safeway and Rite-Aid (later Walgreens) moved in starting in December 1998.
- In 2006, the LaConte Center, located on the east side of Federal Boulevard between West 72nd and West 74th Avenues was redeveloped. It now contains TCF Bank on a freestanding pad and 14,000 square feet of in-line retail and service space.

Phase 2 of the URA contains 144 acres. It was added to the South Westminster URA in 1992 by an amendment to the Original Urban Renewal Plan. Incremental sales and property tax revenues were pledged at that time for the next 25 years.

–

PHASE 2 - KEY DATES

Plan Adopted: October 26, 1992

Sales Tax Base: October-September

Property Tax Base: 1991 assessed valuation for taxes collected in 1992

- In the early 1990s, WEDA began the evaluation of the potential redevelopment of the Northgate Shopping Center, located on the southeast corner of West 72nd Avenue and Federal Boulevard. At the time, the Center was anchored by Grocery Warehouse, Northgate Bowling Lanes and the Northgate Apartments. The City also initiated a series of public sector infrastructure projects to improve the function and appearance of the area and help stimulate private sector investment.
- In 1992, the City began negotiations with Southwestern Investments for the redevelopment of a 36.2 acre parcel that included the Northgate Shopping Center. Southwestern's plans were to redevelop the site into 103,160 square feet of neighborhood and community service uses, anchored by a new format, 58,000 square foot Albertson's store and additional retail plus moderately priced town homes, cottage homes and single family homes east of the Center. Construction was anticipated to begin in January 2002 and be completed in December 2003. This development did not proceed.

- During this time period, Albertson's closed and Grocery Warehouse, a low price point affiliate within the Albertson organization, opened in the Albertson's space.
- In 2006, Grocery Warehouse closed and the site was sold to National Investment LLC who initiated plans to redevelop the 21.4 acre Northgate Shopping Center to a center, anchored by Rancho Liborio, a full service grocer. The site was subsequently (2007) transferred to Parkwood East LLC and Carlson, an entity that is moving forward with the redevelopment.
- In 2008, the Adams County Housing Authority initiated the redevelopment of a three parcel, 30,500 square foot site at West 71st Avenue and Federal Boulevard. The site will house their offices and additional retail or leasable office space. This project is expected to be complete in 2010.

Mandalay Gardens Urban Renewal Area

Mandalay Gardens is comprised of approximately 65.8 acres in the northwest part of the City. During 2002, the majority of the property owners within Mandalay Gardens petitioned the City for annexation. Mandalay Gardens was annexed by the City in December, 2002, with the Urban Renewal Plan approved by the City Council on March 17, 2003. Mandalay Gardens is an assembly of approximately 23 parcels of different sizes and dimensions. The primary uses of these properties were housing, horse pastures, and a warehouse operation. The goal of WEDA was to remove all of the existing structures in order to present a clean, developable site to the Developer and other prospective developers.

KEY DATES

Plan Adopted: March 17, 2003

Sales Tax Base: March 2002-February, 2003

Property Tax Base: 2002 assessed valuation for taxes collected in 2003

In 2003, the Board designated CDC Red as the preferred developer for the Mandalay Gardens Redevelopment Project. Red developed the property into what is now known as The Shops at Walnut Creek.

Authorized acquisition of land within the Mandalay Gardens Urban Renewal Area, using the power of eminent domain if necessary.

Contracted for final design of the Mandalay Town Center Drive/US 36 underpass.

Approved the issuance of \$38.525 million in taxable variable rate bonds.

Westminster Center East Sub-Area Urban Renewal Area

The City Center East Urban Renewal Area wraps around the southern, eastern, and northern edge of the Westminster Mall property. The northern boundary is 98th Avenue and incorporates the Hyland Village project. The irregular eastern boundary generally follows Sheridan north of 92nd and then extends east of Sheridan to the south side of US 36 encompassing the existing retail, hotel and business park uses. South of the mall, the area includes a triangular area bounded by Sheridan Boulevard, 88th Avenue and the BNSF railroad. The area is 451 acres.

KEY DATES

Plan Adopted: December 8, 2003

Sales Tax Base: December 2003-November 2004

Property Tax Base: 2002 assessed valuation for taxes collected in 2003

Lowe's BAP: Resolution No. 50 adopted authorizing the City Manager to enter into the business assistance package (BAP) with Lowe's Home Improvement Warehouse (Lowe's). 1-26-04

BAP for Pappadeaux Seafood Kitchen: Resolution No. 53 adopted authorizing the Executive Director to enter into a three party Business Assistance Package (BAP) between the City of Westminster (City), Westminster Economic Development Authority (WEDA), and Pappas Restaurants (Pappas). The purpose of the three party agreement is to provide \$347,000 in sales tax rebates over the first five years from WEDA to Pappas; and a waiver of utility recoveries from the City of Westminster to Pappas. 4-12-04

North Huron Urban Renewal Area

The North Huron Urban Renewal area is generally bordered by 150th Avenue, I-25, Huron Street and 124th Avenue. The boundaries extend west of Huron Street to include the 144th Avenue right of way as well as the northwest corner of 128th Avenue/Huron Street. The boundary excludes the former Fonay property which was not annexed at the time when the urban renewal area was formed. The area is 1,044 acres in size.

KEY DATES

Plan Adopted: January 26, 2004

Sales Tax Base: January 2003 – December 2003

Property Tax Base: 2003 assessed valuation for taxes collected in 2004

Predevelopment Agreement with Forest City Enterprises: Resolution No. 54 adopted authorizing the Executive Director to execute a Pre-Development Agreement (PDA) with Forest City Enterprises. 4-12-04

FOREST CITY FINAL DEVELOPMENT AGREEMENT: authorized the City Manager to execute the Final Development Agreement (FDA) with Forest City and Westminster Economic Development Authority (WEDA) which called for the development of a regional retail facility at the northwest corner of 144th Avenue and I-25. 12-13-04

Resolution No. 74 re WEDA Bond Issue Approval for up to \$70 million for the North Huron Urban Renewal Area – North I-25 Project - Adopted Resolution No. 74 approving the issuance of up to \$70 million in tax-exempt multi-modal bonds to finance the construction of public infrastructure improvements in the North Huron Urban Renewal Area.

128th Avenue Widening (Delaware Street to I-25) – Design Contract - Authorized the Executive Director to sign a contract with Kirkham Michael Consulting Engineers for the final design of the widening of the south side of 128th Avenue between Delaware Street and I-25 in an amount not to exceed \$89,551.50 and authorize an \$8,950 contingency. 3-12-07

WEDA also authorized the construction of improvements to 128th avenue that are now complete.

Holly Park Urban Renewal Area

The Holly Park Urban Renewal Area encompasses the Holly Park project as well as the Wishbone Restaurant and the land to the north and west. The northern boundary is approximately 98th Avenue, the southern boundary is 96th Avenue and the eastern boundary is Federal Boulevard. The urban renewal area is 23 acres in size.

KEY DATES

Plan Adopted: February 23, 2004

Sales Tax Base: February 2003 – January 2004

Property Tax Base: 2003 assessed valuation for taxes collected in 2004

Holly Park Townhouse Project Authorization To Commence Condemnation: Resolution No. 51A authorized staff to obtain proposals from potential redevelopers for the Holly Park project, commence good faith negotiations with the owner of the abandoned Holly Park Townhouse Project, for the acquisition of the property in furtherance of the redevelopment of the property, and authorized the City Attorney's Office to file eminent domain proceedings to acquire the property.

Redevelopment Proposals for the Holly Park Townhome Project and Resolution No. 72 Authorizing Acquisition of the Site – 1). Rejected all proposals submitted for the redevelopment of the Holly Park Townhome Project pursuant to the Authority's Request for Proposals dated August 6, 2004.

2). Adopted Resolution No. 72 authorizing the Authority's legal counsel to take all necessary legal measures to acquire the Holly Park Townhome Project site, including proceeding with condemnation if necessary. 3-14-05

Holly Park Acquisition Deposit with Adams County Combined Courts and Holly Park Demolition Contract - Approved expenditure of \$100,000 payable to the Adams County Combined Court representing the preliminary value deposit for the acquisition of Holly Park per the Court Order dated April 12, 2006, and approved the contract with Alpine Demolition Inc. for demolition of the condemned, partially completed units on the property acquired by WEDA. 4-24-06

South Sheridan Urban Renewal Area

The South Sheridan Urban Renewal area encompasses the land near the intersection of 72nd Avenue and Sheridan Boulevard. The urban renewal area incorporates the retail property and residentially zoned land that was vacant at the time the urban renewal area was formed. The area includes the Wal-Mart, Shoenberg Farm, Village Home project and the Hidden Lake (former Albertson's Shopping Center). The area is 136 acres in size.

KEY DATES

Plan Adopted: March 29, 2004

Sales Tax Base: March 2003– February 2004

Property Tax Base: 2003 assessed valuation for taxes collected in 2004

Redevelopment Agreement Concerning Residential Development in the South Sheridan Urban Renewal Area - Authorized the Executive Director to execute a Redevelopment Agreement between the City of Westminster, the Westminster Economic Development Authority and Village Homes. 4-25-05

Resolution No.85 re Redevelopment Agreement for Shoenberg Shopping Center - Adopted Resolution No.85, authorizing the Executive Director to enter into and execute the Redevelopment Agreement with Shoenberg Venture to facilitate the redevelopment of the Shoenberg Shopping Center. 1-23-06

Resolution No. 95 re WEDA Bond Issue Approval for up to \$8.5 million for the South Sheridan Urban Renewal Area - Adopted Resolution No. 95 approving the issuance of up to \$8.5 million in tax-exempt multi-modal bonds to finance the construction of public infrastructure improvements in the South Sheridan Urban Renewal Area as well as approving bond documents including but not limited to the Bond Indenture of Trust; Bond Purchase Agreement; Remarketing Agreement; Letter of Credit Reimbursement Agreement; Cooperation Agreement with the City; and Final Official Statement. 6-11-07

South Sheridan Urban Renewal Area Masonry Walls Construction Contract - Authorized the Executive Director to sign a contract with USA Masonry Inc. for the design and construction of approximately 8,111 linear feet of masonry wall in an amount not to exceed \$1,770,000. 8-13-07

Construction Contracts re Sheridan Boulevard and 72nd Avenue Roadway Improvement Project Approved the 72nd & Sheridan Improvements Project for the South Sheridan Urban Renewal Area; authorized the assumption and payment of existing contractual obligations of the City of Westminster for the Sheridan Boulevard and 72nd Avenue Roadway Improvement Project as approved by the City of Westminster City Council; authorized the Executive Director to execute all documents necessary to assume the obligations for payment under these contracts and any future contracts in an amount not to exceed \$5,080,000 from bond proceeds; and ratified payments previously made from the bond proceeds in the amount of \$1,732,898.73. 11-12-07

Additional Background on Urban Renewal and Tax Increment Financing

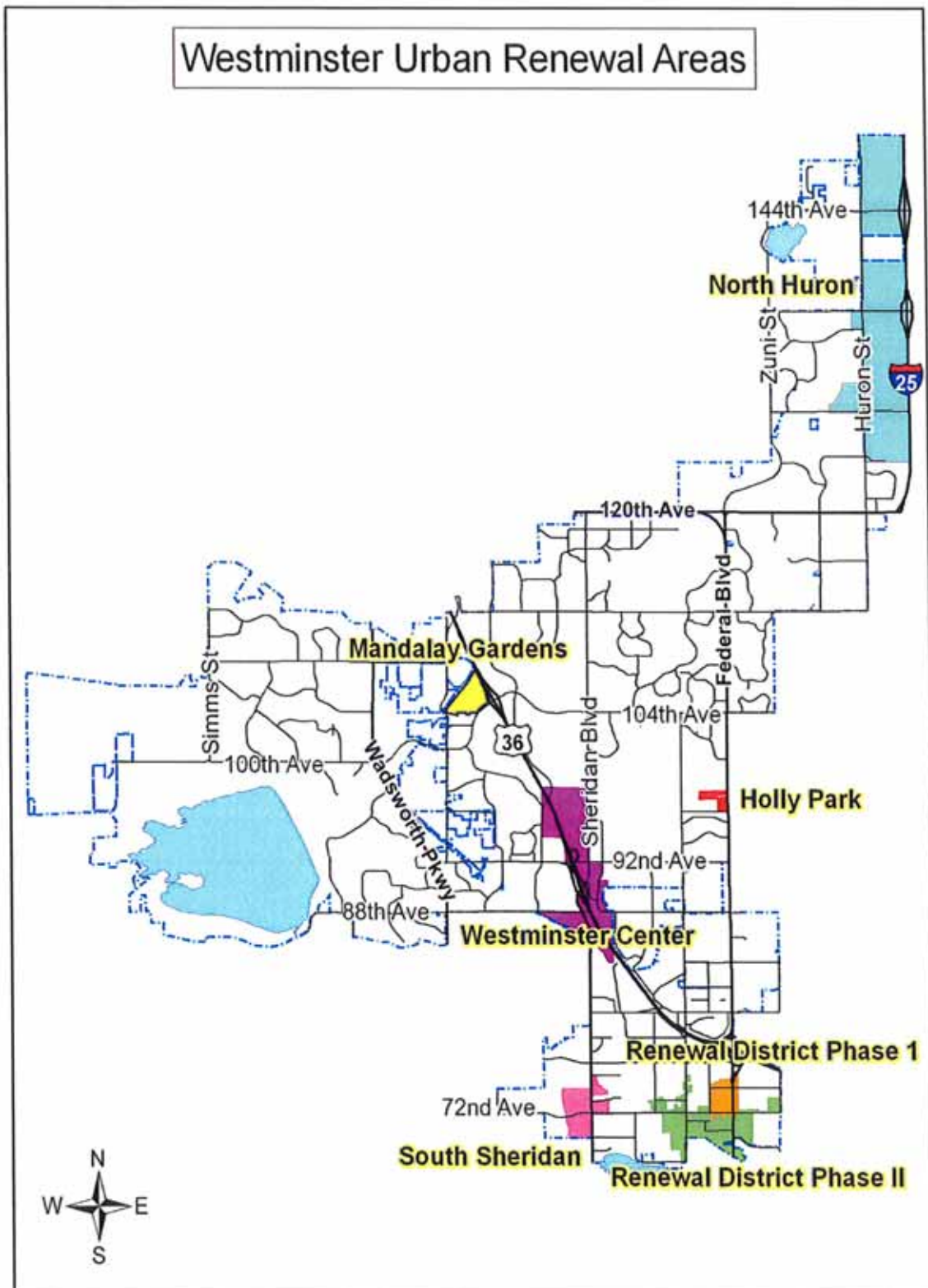
Attached is a document that provides more detailed information on urban renewal and tax increment financing. The law firm of Sherman and Howard prepared a document entitled "Tax Increment Financing Information Sheet". Staff will be present on Monday evening to discuss Urban Renewal and Tax Increment Financing and to answer City Council's questions on this topic.

Respectfully submitted,

J. Brent McFall
City Manager

Attachment(s)

Urban Renewal Areas: Key to Long-Term Redevelopment Success



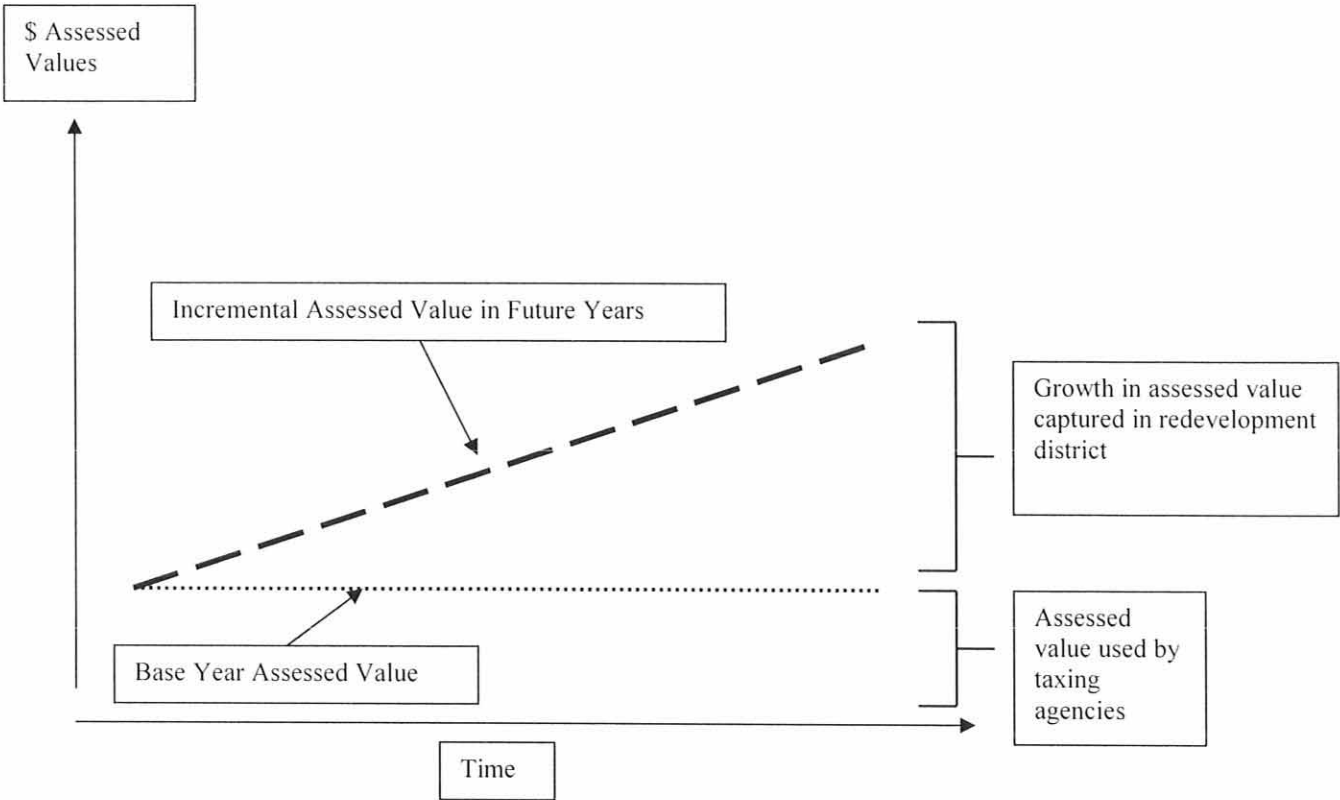
Tax Increment Financing Information Sheet

1. What is Tax Increment Financing?

Tax increment financing is a tool utilized by municipalities to finance public improvements in identified areas of need, known as redevelopment districts. Tax increment financing can be implemented through a down City development authority (DDA) or an urban renewal authority (URA). A URA or DDA can provide public amenities that encourage and facilitate corresponding new development. For example, an authority might use funds generated from a new development to build streetscape or improve circulation that helps make the new development possible. Another possibility is that if a property is to be redeveloped, the authority might work with the developer to provide some public amenities such as a plaza or pedestrian mall. An authority can also provide assistance to existing property owners who might want to rehabilitate or expand their property. An example of this type of assistance might be a facade improvement loan program. This tool is not new and has been utilized around the country for decades to fund public improvements and encourage redevelopment.

2. How does TIF Work?

Once an URA or DDA has been established, the City is able to adopt a plan to use TIF. Once a redevelopment district is established and a plan is adopted, the property tax base for the redevelopment district is frozen. This means that after the date of plan adoption, the assessed value to which the mill levy for the City, the school district, and the County would be the same each year with adjustment for general reassessments. For example, if the assessed value in a redevelopment district is \$1 million on the date of plan adoption, then the mill levy for each of the overlapping taxing jurisdictions is applied to that \$1 million assessed value each year of the plan. As the properties in the redevelopment district begin to increase in value due to the redevelopment efforts, that increase in assessed value times the combined mill levy of the overlapping taxing jurisdictions goes to the URA or DDA. For example, if the assessed value of property in the district increases to \$10 million in year 5 of the plan, the taxes derived from multiplying the combined mill levy times the \$1 million base go to the overlapping taxing jurisdictions and the mill levy times the \$9 million increase goes to the URA and DDA. So revenues that would have ended up with the county and other entities through increases in tax revenues, stay in the City and, more specifically, in the redevelopment district. The plan can also affect City sales tax revenues; but not State or County revenues. The plan can dedicate sales tax revenues above the base year revenues to the URA or DDA. The following graph represents how revenues are captured by the redevelopment district.



Once these revenues are captured, this new stream of revenue can be utilized to pay debt service on bonds that are issued by the City for public improvements. Bonding is necessary, as it would take a period of time to acquire enough revenue to fund public improvements. Lending institutions find TIF a very stable source of revenue and therefore readily lend money when secured by TIF. Bonds are only put in place once construction of public improvements begins. TIF can be utilized for up to 25 years from the date of establishment.

3. Is TIF a new Tax:

No new taxes are established using TIF nor are taxes increased. The revenues produced by increased property values and increased retail sales activity are simply redistributed to benefit the redevelopment district. The following graph represents how revenues are captured by the redevelopment district.

4. What is the difference between a DDA and a URA

A down City development authority (DDA) and a urban renewal authority (URA) work the same in terms of how revenue is generated to pay for the debt service for bonds. Both use a the

incremental increase in property and/or sales tax that results from public and private improvements. The differences between the two types of TIF districts are summarized below:

DDA's:

- DDAs are initiated by an ordinance from the City Council
- DDA's require a vote of owners, tenants, and business owners to establish the district and to issue bonds.
- DDA's requires stating that blight is being prevented.
- DDA's require that a separate board be created to administer the District. Only 1 Council member can sit on the board. The members of the Board must be appointed by the mayor.
- DDA's do not have condemnation powers.

URA's:

- URA's are initiated by 25 registered voters signing a petition
- URA's don't require a public vote to create the district or issue bonds.
- URA's require a resolution that blight is being eliminated.
- URA's can be administered by the City Council or the City Council can appoint a separate board.
- If a URA is a separate Board from the City Council it can have condemnation powers to achieve the goals of the redevelopment plan.

7. Pros and Cons of Tax Increment District Financing

Pros:

- TIF can fund needed public improvements without an increase in taxes.
- TIF takes the additional incremental revenue resulting from public and private improvements to help pay for public improvements in a redevelopment area. This form of public revenue is paid for by the development without increasing taxes (User Pays).
- Other taxing jurisdictions still get what they receive today in revenue. After the TIF district expires (25 years for a URA and 30 years for a DDA) the other jurisdictions will receive the full benefit of the growth in property and sales tax.
- This is common financing tool for redevelopment projects around the United States.
- Other TIF Districts in Colorado have generally reported that this financial tool has achieved its goal for funding public improvements.

Cons:

- The City must either declare that they are preventing blight (DDA) or eliminating blight (URA).
- If property values and sales tax don't increase with development the City or authority may not be able to pay for the debt service for the bonds.
- TIF requires legal, financial, land planning (TIF study), and communication expertise. Consulting services can be significant to implement this financing tool.

- If a URA is used, citizens can be concerned about condemnation.
- This is a confusing financial tool and it is harder to communicate how this tool works compared to other more traditional revenue sources (sales tax, property tax ect).
- Other jurisdictions don't receive the incremental growth in property and sales tax as the result of redevelopment. This can lead to conflict and litigation which can delay the use of TIF.

**City of Westminster City Council Study Session
October 20, 2008**

Mayor Nancy McNally called the Study Session to order at 6:40 PM. All Council was in attendance except Bob Briggs who was excused for an out-of-town trip.

City Staff in attendance included: City Manager Brent McFall; Assistant City Manager Steve Smithers; City Attorney Marty McCullough; Deputy City Manager Matt Lutkus; Public Information Specialist Carol Jones; Community Outreach Coordinator James Mabry; and Management Analyst Phil Jones

The guests in attendance were Nissa LaPoint with the Westminster Window; Dr. Mike Paskewicz of Adams 12 Five Star Schools, and guest Calisse Staggs, Westminster resident.

Adams 12 Five Star Schools Ballot Measures

Dr. Mike Paskewicz solicited City Council's support on Adams 12 ballot measures 3A and 3B. Measure 3B provides an \$80 million bond that does not increase the tax rate. The \$80 million builds two elementary schools and provides \$38 million for renovation and repair of existing schools. These repairs include replacing aging interior finishes, conducting needed maintenance, increasing safety and security (cameras, cards, automatic door locks), and the replacement of classroom technology.

Measure 3A is a mill levy increase of 5.581 mills. For a home valued at \$250,000 home, the increase will be \$116 dollars per year, or \$3.48 per month. The \$9.9 million from the mill levy increase does not add programs, but maintains current operations and prevents loss of 165 jobs across the district.

Council thanked Dr. Paskewicz for his presentation and asked questions regarding the location and future of the Adams 12 bus garage that will remain at its current location and will not be impacted by either of these measures; the future of elementary schools in Westminster, specifically Bradburn that at this time has too few students for a new school to be built; and the Senior Tax Exemption program, which will be expanded if the ballot measures pass. Council directed staff to bring an official resolution supporting District's 12 ballot measures.

Proposed Alternatives for 2009 Community Outreach Program Events and Mayor and Council Breakfast Dates

Staff was on hand to discuss the alternatives and dates for the 2009 Community Outreach Program. Council discussed the options and decided to conduct meetings with citizens around the community, including an event at Forza coffee shop in January.

Council set the dates for 2009 events as follows:

- January 13th or 27th from 6:30 – 8:00 PM at Forza Coffee Shop as a “City Council @ ...” event
- A March dinner event hosting the Boards and Commission members for input on the strategic plan
- February 26th for the 1st Quarter Mayor and Council Breakfast.
- April 9th for the 2nd Quarter Mayor and Council Breakfast
- August 20th for the 3rd Quarter Mayor and Council Breakfast
- October 8th at Covenant Village for the 4th Quarter Mayor and Council Breakfast

Council also discussed branding efforts and different opportunities for citizen engagement, ranging from service activities like graffiti paint-out, to breakfast events, to outdoor concerts in the park, to conversations with Council in a more informal setting like a coffee house.

Mayor McNally adjourned the Study Session at 7:32 PM.