



DEEP WATER POINT COMPANY

7 November 2022

Via EMAIL

Members of the City Council
Mr. Carl Schueler, Planning
City Hall, 107 N. Nevada Ave.
Colorado Springs, CO

RE: Request to Revise Item #22-393
Revised Proposed 2023 Operating Plan and Budget
Interquest North Business Improvement District

Dear Mr. Schueler and City Council Members,

Thank you for requiring the Board of the Interquest North BID (INBID) to revise their 2023 Operating Plan and Budget. Your oversight was the only reason the District Board lowered their 50 mill property tax imposition to 17 mills thereby saving the businesses within that District over \$1.0M. Here is a sampling of the savings for a few businesses:

		INBID @ 51 mills	INBID @ 18 mills	Reduction		Value of Reduction @ 6%
1	Great Wolf Lodge	\$ 388,237	\$ 137,025	\$ (251,212)		\$ 4,186,870
2	Drury Inn	\$ 147,900	\$ 52,200	\$ (95,700)		\$ 1,595,000
3	Scheels All Sports	\$ 136,929	\$ 48,328	\$ (88,601)		\$ 1,476,685
4	Summit	\$ 59,160	\$ 20,880	\$ (38,280)		\$ 638,000
5	Cheddars	\$ 27,030	\$ 9,540	\$ (17,490)		\$ 291,500
6	Burger King	\$ 22,439	\$ 7,920	\$ (14,519)		\$ 241,989
7	Colorado Mtn Brewery	\$ 15,141	\$ 5,344	\$ (9,797)		\$ 163,285

It might be good policy going forward for the City Council to require each BID to first have their own public hearing and then adopt a final budget before presenting it to Council. That way the Council will not have hear an item multiple times before the statute's December 5th deadline for the municipality's approval or disapproval of BID operating plans and budgets. That would also give the taxpayers a chance to see and review their budgets and maybe give a little input to their Board members.

But this revised budget and plan are yet not ready for Council's approval.

The budget for the Interquest North BID underwent a dramatic change in the seven days between the Council hearing and its own Board's meeting on November 2nd. In that short time period, the Board members realized they were collecting over a million dollars too much in property tax and yet simultaneously decided to issue nearly \$3 million in more bonds – in addition to the \$3 million they were already planning.

They did not decide to pay off any existing bonds (even those with an 8.5% interest rate), nor did they decide to use the \$5.7M of excess taxpayer money sitting in the bank to pay for future improvements. Instead, they thought it was prudent to plan to issue nearly \$6M more bonds next year even after reducing revenues by \$1M. That does not seem to be in the taxpayers' best interest and the Council should ask them for a real explanation.

They gave no explanation in their District's public hearing last Wednesday when they introduced this hasty decision to increase the debt burden of the taxpayers by over 30% in just one year. In the three minutes of public comments, they were asked to identify the \$6M of planned public improvements for next year, but it was Mr. Russ Dykstra who advised the Board members that they need not reveal the planned uses of the public money to the public because the hearing was dealing with budget matters not public improvements. The District board members chose not to disclose what public improvements they are planning for next year – maybe they will divulge this to the Council if asked.

In the meantime, the City Council would certainly help look out for the interests of the taxpayers within this District by telling the District's board members to revise this budget and operating plan by first, specifically citing the improvements to be constructed next year, and second, to use the excess cash in the bank to pay for future qualified public improvements or pay down existing debt – before issuing any new debt.

I will remind the Council that all the bonds issued by this District are held privately by one Board member (\$19,140,000), and no tax is paid on the interest of these bonds. The sheets attached to the budget show the taxpayers' interest obligation alone will be over \$22M. And if allowed to issue more debt next year, that interest obligation will soar past \$30M.

Please take note that contrary to Mr. Dykstra's ambiguous comment to Council in the last meeting, while Nor'wood may be the largest taxpayer in the District, this is only so because it is the largest landlord. But the taxes it pays are passed through to its tenants who reimburse Nor'wood. So, it's all the businesses who pay these taxes – both property and business personal property taxes – not Nor'wood.

In summary, this budget is not ready for the Council to approve. It dramatically and illogically proposes a very large debt increase without identifying the reasons or uses of so many new dollars, while keeping \$5.7M in cash. Council needs to give these District board members clear direction on operating in the best interests of their taxpayers and not issuing more bonds just because they have received authorization two years ago.

Thank you for your oversight of this developer-controlled District.

Sincerely,



Timothy J. Leonard
President