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Title: A Resolution of the City Council of Colorado Springs, Colorado Approving the Proposed 2024 Operating Plan and Budget for the Interquest North Business Improvement District

Presenter:
Peter Wysocki, Director, Planning and Community Development
Michael Tassi, Assistant Director, Planning and Community Development

Sponsors:

Indexes:

Code sections:

Attachments: 1. 2024 Operating Plan and Budget - Interquest North BID(8242273.1), 2. Res. Interquest North BID 2024 approval without Exhibit E, 3. Signed Resolution No. 157-23.pdf

Date	Ver.	Action By	Action	Result
10/24/2023	2	City Council	adopted	Pass
10/9/2023	1	Council Work Session	referred	

A Resolution of the City Council of Colorado Springs, Colorado Approving the Proposed 2024 Operating Plan and Budget for the Interquest North Business Improvement District

Presenter:

Peter Wysocki, Director, Planning and Community Development
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Summary:

The Interquest North Business Improvement District (BID) is a legal entity separate from the City of Colorado Springs. However, as required by State statute, it is necessary for City Council to review and approve the proposed 2024 Operating Plan and Budget for the BID.

The District will increase its mill levy from 1.000 mill to 1.041 mills for operations and will decrease its mill levy from 17.000 mills to 12.000 mills for Debt Service. The Operating Plan and Budget for this BID anticipates continuing development and public improvement activity within this BID and notes they may have an inclusion of property in late 2023 or early 2024. Under State statute, any such inclusions must be approved by separate City Council ordinance. The District is currently negotiating the refunding of the 2010 Bonds to reduce the bond interest rate from 8.5% to 7.0%.

Background:

The BID boundaries were established pursuant to an election in 2004, with an additional property inclusion approved by City Council in 2007. In 2016 City Council approved the exclusion of 1.2 acres and in 2017 an additional 13.151 acres was approved for exclusion, both of which were being

developed for residential purposes and was no longer statutorily eligible to remain in the District. The District's elected board is comprised of individuals associated with Nor'wood Development Group. The District anticipates continued public improvement construction and the provision of operations and maintenance services in 2024, including, but not limited to, parking and street maintenance and operations, including snow removal, landscaping, stormwater, marketing, common area maintenance, and security services as needed.

In late 2023 or early 2024 the District anticipates including five acres of property into the District. Such property is being developed for commercial/retail and will need utility and improvements to be constructed by the District. Under State statute, any such inclusions must be approved by separate City Council ordinance. Upon approval of the inclusion, the property would be located in the southwest corner of the District. The BID's Operating Plan and Budget project adequate revenues to service the BID's obligations and maintain positive fund balances.

This BID is somewhat unique in that it owns and operates a large parking lot, along with owning and maintaining stormwater facilities. Most BIDs own and maintain improvements (e.g. parking lots of landscaping) through the use of easements. This budget includes expenditures for maintaining District-owned and other common areas and properties.

This Operating Plan and Budget is provided in a format consistent with the standard template approved by Council in August 2022 for these documents.

Previous Council Action:

City Council approved formation of this BID in 2004 (Ordinance No. 04-237), along with its 2010 and 2016 bond issuances (Resolution No. 185-10 and Resolution 54-16) and has approved the BID's Budget and Operating Plan annually since its formation. City Council approved a property inclusion in 2007 and an exclusion of property in 2016. An additional 13.151 acres of property were excluded by Council Ordinance No. 17-27 on March 14, 2017. In October 2018 City Council approved an increase to the District's authorized indebtedness from \$13 million to \$25 million. In February 2019 Council approved a resolution approving the credit public improvement fee (PIF) agreement between the City, Scheels All Sports, Inc., and the BID. The PIF agreement (Resolution No. 32-19) will allow Scheels to collect a PIF of 1%, which is offset by a temporary 1% reduction of the 2% general municipal sales tax for a period of 25 years, this will result in total fees and taxes equal to what customers would have paid in absence of the PIF. In May 2019 a petition was presented to Council to exclude certain properties from the BID, this request was subsequently withdrawn in June 2019. In August 2020 City Council approved issuance of \$13,735,000 in privately placed Limited General Obligation Bonds (Resolution No. 68-20).

This item was introduced in a City Council Work Session on October 9, 2023.

Financial Implications:

The District issued \$6,500,000 in Limited Tax General Obligation Bonds, Series 2010 for public improvements, with an interest rate of 8.5%, and subject to redemption at the District's option. The District is currently in negotiations on a refunding of the 2010 Bonds to reduce the bond interest rate from 8.5% to 7%, with a goal of refunding by the end of 2023. In 2016, this BID issued an additional \$4,765,000 in Limited Tax General Obligation Bonds with an interest rate of 6.5%. In 2020 the District issued \$13,735,000 in Limited Tax General Obligations Drawdown Bonds with an interest rate of 7.0%. The 2020 bonds are subject to mandatory redemption starting on December 1, 2024 and are subject to optional redemption beginning January 1, 2027. The initial draw in 2020 was

\$1,535,000, a second draw in 2021 was \$6,340,000, and a third draw of \$5,742,000 was done in 2023. As described in the 2024 Operating Plan, the District will annually review the interest rates on its bonds regarding market interest rate and evaluate possibilities to refund such bonds to the extent allowed, pursuant to the bond documents.

The proposed total mill levy for the BID in 2024 is 13.041 mills (1.041 mills for operating expenses and 12.000 mills for debt service) which represents a net decrease from 2023. The District anticipates receiving \$2,900,000 in Public Improvement Fees (PIF) during 2024. The amount of this PIF is 1.25% on all retail purchases. These fees are pledged revenue to be used toward the repayment of the Series 2010 Bonds.

The District anticipates having an outstanding developer advance balance of \$98,086 at the end of 2023, which represents mainly interest and accrues interest at a rate of 7%. The 2024 budget includes \$4,300,000 in developer advances to fund capital projects. The developer advance balance is budgeted to be paid off in 2024.

As a separate legal entity, the financial activities of the BID are separate from those of the City, and its indebtedness is an obligation of the property in the BID and not the City.

City Council Appointed Board/Commission/Committee Recommendation:

The BID Board of Directors recommends City Council's approval of the 2024 Operating Plan and Budget.

Stakeholder Process:

N/A

Alternatives:

N/A

Proposed Motion:

Move to approve the Resolution approving the proposed 2024 Operating Plan and Budget for the Interquest North Business Improvement District.

N/A