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Title: Approval of the Proposed 2021 Operating Plan and Budget for the Interquest South Business Improvement District

Presenter:
Carl Schueler, Comprehensive Planning Manager

Sponsors:

Indexes:

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Attachments: 1. 2021 Operating Plan and Budget - Interquest South BID(4285889.1) Rev

Date	Ver.	Action By	Action	Result
10/27/2020	2	City Council	approved	Pass
10/12/2020	1	Council Work Session	referred	

Approval of the Proposed 2021 Operating Plan and Budget for the Interquest South Business Improvement District

Presenter:
Carl Schueler, Comprehensive Planning Manager

Summary:
The Interquest South 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 2021 Operating Plan and Budget for the BID.

The Operating Plan and Budget for this BID anticipates no changes from the prior year related to mill levies, additional debt issuances or boundary changes. This BID will continue servicing outstanding debt, install public infrastructure and perform operations and maintenance functions.

This BID provided a revised version of their 2021 Operating Plan to clarify/update the following; paragraph 1.D, property and major assets owned by the District; and paragraph 6.G, the interest rate and total accrued interest on the developer advance balances.

Background:
The boundaries of this development-specific BID were initially established pursuant to an election in 2004. This BID has an elected board, comprised of developers associated with this property. The District is authorized to provide the acquisition and financing of improvements, construction of improvements, operation and maintenance of parking facilities, roadways, lighting, driveways, public

utilities, and landscaping.

This Operating Plan and Budget anticipates continued development in 2021, including the design, installation or acquisition of additional public improvements.

This Operating Plan and Budget is provided in a format consistent with the standard template approved by Council in August 2014 for these documents.

Previous Council Action:

City Council approved formation of this BID in 2004 (Ordinance No. 04-238) and has approved the BID Operating Plan and Budget annually since its formation. In September 2015, Council approved a series of three ordinances and one resolution authorizing exclusions of certain property, inclusions of other property, and also allowing for the temporary appointments of two directors for this otherwise elected board of directors. In 2017, City Council approved the temporary appointment of two additional directors, thereby allowing for the total membership to be increased to four individuals.

Council subsequently approved an ordinance to exclude certain property on November 14, 2017 (Ordinance No. 17-103) and authorized the issuance of up to \$4,000,000 in debt in the form of a bond issuance on October 24, 2017 (Resolution No. 116-17).

This item was introduced in a City Council Work Session on October 12, 2020. Council had no comments or questions that were uniquely pertinent to this Operating Plan and Budget.

Financial Implications:

The District issued \$4,000,000 in Limited Tax General Obligation Bonds, Series 2017 to fund public improvements, pay bond issue costs, fund an initial deposit to the Surplus Fund, and fund capitalized interest. The proposed operational mill levy for the BID in 2021 is 6.000 mills (1.000 mill for general expenses and 5.000 for debt service). The mill levy has no change compared to 2020. The pledged property taxes for these bonds are capped at no more than 30.0 mills (which is below the cap in the Special District Policy).

Some or all of the properties associated with this BID have a public improvement fee (PIF) covenant in place for up to 2.5%. This Operating Plan and Budget includes a PIF of 1.5% to be used for payment of the District's Series 2017 Special Tax Revenue Bonds, except for \$135,000, which is to be transferred in 2021 to the General Fund for operations and maintenance funding. Beginning in 2022 the amount to be transferred each year will be the same as the prior year with an increase of 1% per annum. For 2021, \$160,000 in PIF revenues are projected.

The District has outstanding developer advances with three developers totaling \$169,400, which accrues interest at a rate of 7% or 8% depending on the developer owed. As of December 31, 2019 the accrued interest on the developer advance balances was \$77,028. The 2021 budget includes an additional developer advance of \$10,000.

This Operating Plan and Budget indicates this BID owns and operates parking facilities and certain street improvements, and their budget includes expenditures for maintenance of these.

As a separate legal entity, the financial activities of the BID are separate from those of the City, such that any current or future financial obligations of the BID would be specific to the property in this BID, and would not be an obligation of the City.

City Council Appointed Board/Commission/Committee Recommendation:

The BID Board of Directors recommends City Council's approval of the 2021 Operating Plan and Budget.

Stakeholder Process:

N/A

Alternatives:

N/A

Proposed Motion:

Motion to approve the proposed 2021 Operating Plan and Budget for the Interquest South Business Improvement District.

N/A