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Title: A Resolution of the City Council of Colorado Springs, Colorado Approving the Proposed 2023 Operating Plan and Budget for the Creekwalk Marketplace Business Improvement District

Presenter:
Carl Schueler, Planning Manager - Comprehensive Planning
Michael Tassi, Assistant Director, Planning and Community Development

Sponsors:

Indexes:

Code sections:

Attachments: 1. Res. Creekwalk Marketplace BID 2023 Approval Without Exhibit E, 2. 2023 Operating Plan - Creekwalk Marketplace BID(7143086.2) Rev 2, 3. Signed Resolution No. 158-22

Date	Ver.	Action By	Action	Result
10/25/2022	1	City Council	adopted	Pass
10/10/2022	1	Council Work Session	referred	

A Resolution of the City Council of Colorado Springs, Colorado Approving the Proposed 2023 Operating Plan and Budget for the Creekwalk Marketplace Business Improvement District

Presenter:

Carl Schueler, Planning Manager - Comprehensive Planning
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Summary:

The Creekwalk Marketplace 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 2023 Operating Plan and Budget for the BID.

This Operating Plan and Budget advises this BID will continue with activities in connection with the urban renewal project for the area and continuing with development and public improvement activities in 2023. Staff notes the available debt service fund for this BID is being utilized to meet a significant proportion of bond interest payments, and that it appears there may be limited shortfall in the required bond reserves. Staff does note that the Creekwalk development has been actively progressing in terms of vertical construction and business openings.

This BID provided a revised version of their 2023 Operating Plan to include additional information in 1.D. Ownership of Property or Major Assets; 3. Boundaries, Inclusions and Exclusion to clarify that although the District does not anticipate boundary changes in 2023, there could be changes in future years; 8.C. 2023 Activities, Projects and Changes to correct a typo regarding the total mill levy to be

imposed in 2023 and; an update to the Exhibit B Budget Debt Service Reserves, noting that the reserves may fall below the required amount.

Background:

The initial boundaries of this development-specific BID were established pursuant to an election in 2016 with additional properties added in 2017, 2018, 2019 and 2021 for total of approximately 8.94 acres. As stated in the Operating Plan, the BID does not anticipate any inclusion or exclusion requests in 2023, but there could be inclusion or exclusions in future years. Under State statute, any such inclusions must be approved by separate City Council ordinance. This BID has a 5-member elected board comprised of individuals associated with this redevelopment project. 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.

Pursuant to the Urban Renewal Plan, the City-Authority Agreement, the Redevelopment Agreement, and the Cooperation Agreement, dated July 26, 2019, with the Colorado Springs Urban Renewal Authority ("CSURA"), the District will receive tax increment financing ("TIF") generated from the urban renewal area to be used toward the repayment of the District's bonds.

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 the creation of this BID in 2016 (Ordinance No. 16-18). Council subsequently approved ordinances to include additional property on September 26, 2017 (Ordinance No. 17-87), February 27, 2018 (Ordinance No. 18-10), and March 12, 2019 (Ordinance 19-19). In May 2019 Council denied a petition requesting exclusion of a property from this BID that had previously been voluntarily petitioned for inclusion. Following this decision Council approved the issuance of debt in principal amounts of approximately \$18,145,000 as Series 2019A and \$3,030,000 as subordinate Series 2019B Limited Tax Supported and Special Revenue Bonds (Resolution No. 51-19). In November 2021 Council approved the inclusion of certain property into the boundaries of the District (Ordinance No. 21-93), and the issuance of additional debt in principal amounts not to exceed \$16,500,000 (Resolution 188-21).

This item was introduced in a City Council Work Session on October 10, 2022. Council had no comments or questions that were uniquely pertinent to this Operating Plan and Budget.

Financial Implications:

The District issued \$24,230,000 as Series 2019A and \$2,500,000 as subordinate Series 2019B Limited Tax Supported and Special Revenue Bonds with interest rates of 5.0% and 8.0% respectively (for a total of \$26,730,000). These bonds were issued for the intended purpose of construction of capital improvements with a public purpose necessary for development. On December 23, 2021, the District issued Series 2021A Limited Tax Supported and Special Revenue Senior Bonds in the principal amount of \$11,040,000 and its Series 2021B Tax Supported and Special Revenue Subordinate Bonds in the principal amount of \$2,500,000 with interest rates of 5.0%-5.75% and 8.0% respectively. The 2021 Bonds were issued for the purpose of c. The District does not anticipate issuing bonds in 2023.

The proposed total mill levy for the BID in 2023 is 60.000 mills (50.000 mills for debt service and

10.000 for operations). This represents an increase from 2022 which was 50.000 mills for debt service and 1.000 mill for operations. This BID also levies a public improvement fee (PIF) of 2.5% on the sale of goods and services. For 2023, \$960,000 in PIF revenues are projected. This District will also receive tax increment financing (TIF) generated from the Districts projects to be used toward the repayment of the District's bonds. For 2023, \$620,000, in CSURA TIF Revenues are projected. In 2023 the District is anticipating the collection of \$188,210 in CAM (Common Area Maintenance) Revenue to offset the additional operations and maintenance expenses in 2023.

The District has estimated an outstanding developer advance balance of \$481,154 at the end of 2022, which accrues interest at a rate of 8% for advances for operations and 6% for infrastructure. As of December 31, 2022, the accrued interest on the developer advance balance is expected to be \$111,977. The 2023 budget includes an additional developer advance to fund operations of \$105,806 and \$2,020,850 for capital projects for a total of \$2,126,656.

Staff notes that the 2023 beginning debt service fund balance for this BID is expected to be about \$3.5M which includes a transfer in of \$3,574,000 from bond proceeds in 2022. With net bond payment costs the 2023 ending balance is expected to be about \$3.1M which is approximately \$100K short of the required debt service reserves, the District acknowledges this in the Budget. Although the required bond reserves are nearly met, assessed valuation (AV) within this BID will need to increase considerably in the next several years in order to keep bond payments current.

As a separate legal entity, the financial activities of the BID are separate from those of the City. Any financial obligations are specifically associated with the properties within the BID boundaries and do not constitute an obligation of the City.

City Council Appointed Board/Commission/Committee Recommendation:

The BID Board of Directors recommends City Council's approval of the 2023 Operating Plan and Budget.

Stakeholder Process:

N/A

Alternatives:

N/A

Proposed Motion:

Move to approve the Resolution approving the proposed 2023 Operating Plan and Budget for the Creekwalk Marketplace Business Improvement District.

N/A