



Legislation Text

File #: 22-396, **Version:** 2

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

Presenter:

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Summary:

The MW Retail 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.

The Operating Plan and Budget for this BID anticipates an issuance of debt in 2023 of approximately \$10,000,000 for the purpose of financing Public Improvements, as further described in Exhibit E of the Operating Plan and Budget. This particular proposed issuance was also specifically reviewed and approved by Council earlier in 2022. The District will increase its mill levy from 1.000 mill to 10.000 mills for operations, and advises an appointment to the Board of Directors may be made in 2023 to fill the two vacancies. The District does not anticipate any boundary changes in 2023.

This BID provided a revised version of their 2023 Operating Plan to update the District Boundary Map as provided in Exhibit C to include the recent inclusions and exclusions, and update the total acreage as described in Section 3. Boundaries, Inclusions and Exclusions and; update the Developer Advance balance in 6.G. Developer Funding Agreements and the Developer Advance table in the 2023 Budget Summary of Significant Assumptions.

Background:

This District's initial boundaries were established when this BID was created in 2019. This BID is located within the overlying existing Woodmen Heights Metropolitan District No. 3 and includes approximately 22.36 acres. The District does not anticipate any boundary changes in 2023, however, by State law, any future district inclusions or exclusions must be approved by City Council.

This BID is structured to have a 5-member elected board comprised of individuals associated with this redevelopment project. The board currently has two vacancies which the District has noted may be filled in 2023.

It is anticipated that the District will continue to be engaged in early development activities in 2023 and will perform services such as landscaping and snow removal. The District also anticipates a bond issuance in 2023 of \$10,000,000 and will acquire or construct Public Improvements with the bond proceeds. A portion of the revenues the District receives from the public improvement fees are anticipated to be pledged to the repayment of this debt. The District is authorized to exercise all the powers, functions, and duties specified in the Business Improvement District Act.

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 originally approved formation of this BID in 2019 (Ordinance No. 19-62) and has approved the BID Operating Plan and Budget annually since its formation. In 2022, City Council approved an ordinance to exclude a single parcel of about 17.193 acres that is now platted and planned for residential purposes (Ordinance No. 22-19) and include certain property totaling about 1.35 acres into the boundaries of the District (Ordinance No. 22-20). Subsequently in 2022, City Council approved the issuance of special revenue bonds by the District in an amount not to exceed \$5,000,000 for a project located at the intersection of Woodmen and Marksheffel Roads (Resolution 41-22).

This item was introduced in a City Council Work Session on October 10, 2022.

Financial Implications:

Pursuant to the Policy and the initial Operating Plan and Budget, the debt and financial obligations of BIDs do not constitute a financial obligation of the City. The District anticipates issuance of public improvement fee debt in 2023 of \$10,000,000 and provides additional information to support the debt issuance in Exhibit E.

The proposed mill levy for the BID in 2023 is 10.000 mills for operations, this is a change as compared to the mill levy certified for 2022 of 1.000 mills.

The District anticipates that at the end of 2022 they will have outstanding developer advances totaling \$100,938 in principal and interest, which accrues interest at a rate of 8% per annum. The 2023 budget includes \$68,500 in developer advances to fund operation of the BID, and \$8,600,000 for public improvements that is currently budgeted to be partially repaid in 2023 with bond proceeds. Because this BID is constrained from having a debt service mill levy due to its overlap with the Woodmen Heights Metropolitan District No. 3, the primary source of pledged revenues for any year or subsequent bond issue is expected to be a 3% public improvement fee (PIF) District Financing Analysis provided in Exhibit E of the 2023 Operating Plan and Budget. The submitted budget indicates that PIF revenues are not anticipated through the 2023 budget year.

As a separate legal entity, the financial activities of the BID are separate from those of the City. Responsibility for its indebtedness is specific to the property in the BID and is not 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 MW Retail Business Improvement District

N/A