



Legislation Text

File #: 21-399, **Version:** 2

Approval of the Proposed 2022 Operating Plan and Budget for the GSF Business Improvement District

Presenter:

Carl Schueler, Comprehensive Planning Manager

Summary:

The GSF 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 2022 Operating Plan and Budget for the BID.

The Operating Plan and Budget for this BID anticipates the District will primarily be engaged in early development and public improvement planning activities in 2022. The District plans on certifying a mill levy for the first time of 10.000 mills for operating expenses.

Background:

The District was organized in 2021, a special election for the District, consisting of debt and related issues and questions will be held on November 2, 2021. The boundaries of this BID encompass about 23 acres initially, with exclusions of property expected to occur at some point in the future as horizontal or vertical properties are identified for inclusion in one of the metropolitan districts. By State law, any future district inclusions or exclusions must be approved by City Council. The overall metropolitan district/BID structure is similar to the Southwest Downtown (aka Park Union) project, with at least the possibility of “vertical boundary segregation” of boundaries between floors of buildings. By state law, BIDs cannot assess residential properties for property taxes.

The initial members of the District’s board were appointed by City Council after which, pursuant to the Operating Plan, the positions on the board shall be elected, starting with an election to be held on November 2, 2021.

This Operating Plan and Budget allows for a mill levy cap of up to 50.000 mills for debt service and up to 10.000 Mills for general operations and administrative expense. However, in 2022 the District will only be certifying the operating mill levy of 10.000 mills. Additionally, this BID proposes to make use of public improvement fee (PIF) revenues as an additional source of revenue for bonding. The nature and amount of these PIFs is not specified at this time and is not budgeted at this time.

This BID is currently included in the boundaries of the Downtown Development Authority (DDA). The DDA mill levy is 5.0 mills, but it is also entitled to Tax Increment Financing (TIF) revenues as authorized and applicable. When BIDs are created to overlap DDA property, customarily there is an agreement with the DDA such that the BID tax revenues remain with that district. The DDA may also choose to credit all or a part of its Tax Increment Financing (TIF) revenues related to this property.

The petitioner also indicated an intent to seek urban renewal designation for this property.

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 creation of this BID in April 2021 (Ordinance No. 21-35).

This item was introduced in a City Council Work Session on October 11, 2021. Council had no comments or questions that were uniquely pertinent to this Operating Plan and Budget.

Financial Implications:

The District does not have any existing debt and does not anticipate issuing debt in 2022. The combined maximum debt authorization for this BID and the GSF Metropolitan Districts 1 & 2 is \$83,100,000, based on about \$58,000,000 in initially estimated public improvements costs for the entire project (about \$64,000,000 including site remediation costs). As noted in the Districts 2022 Operating plan and Budget the total amount of the cost of the proposed Public Improvements will be allocated between the 3 Districts as appropriate.

The District anticipates developer funding for initial revenue sources and thereafter revenue derived from property tax and public improvement fees. The District's Operating Plan Budget anticipates Developer Advances totaling \$17,850 at the end of 2021 and is budgeting advances totaling \$39,856 in the 2022 budget. The Operating Plan indicates the Developer Advances will incur an interest rate of 8%.

The District has budgeted for intergovernmental revenue from the GSF Metropolitan District No. 1 in the amount of \$11,177. This revenue is from property taxes generated from the 10.000 mills levied by the Metropolitan District for operations and maintenance and will be transferred to the BID which pays for all administrative expenses of the Metropolitan District.

The proposed mill levy for the BID in 2022 is 10.000 mills for general operations and administrative expense. As a separate legal entity, the financial activities of the BID are separate from those of the City. Its financial obligations are specific to the properties included in the BID 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 2022 Operating Plan and Budget.

Stakeholder Process:

N/A

Alternatives:

N/A

Proposed Motion:

Move to approve the proposed 2022 Operating Plan and Budget for the GSF Business Improvement District.

N/A