



Legislation Text

File #: 21-052, **Version:** 1

An Amended 2021 Operating Plan and Budget for the USAFA Visitors Center Business Improvement District

Presenter:

Carl Schueler, Planning Manager - Comprehensive Planning

Summary: This is a request to amend the previously approved 2021 Operating Plan and Budget for the USAFA Visitors Center Business Improvement District (“BID”) to conform with Council direction in their October 27, 2020 motion for approval of this Plan. Included in that motion was a requirement to submit and obtain approval for an updated Operating Plan and Budget prior to issuance of debt by this BID. Following a delay in the originally anticipated schedule for bond issuance, this BID has recently requested changes to its prior Council debt issuance authorization and has updated its cost information, financial projections and latest construction and financing scheduling assumptions. A 2021 debt issuance is now being anticipated.

By City Council practice, BID Operating Plans and Budgets are approved by Council motion rather than by resolution.

This item was introduced at a February 8, 2021 Council Work Session during which there was a specific request to provide additional information on developer advances and pre-development costs. Redline and clean versions of a further amended Operating Plan and Budget are attached.

Background:

Colorado Revised Statutes requires that business improvement districts, on or before September 30th of the prior year, submit an Operating Plan and Budget for the following year, to Council for their approval. Statutes also provide for out-of-cycle amendments of these Plans in the event there are material changes in interim. The original 2021 Operating Plan and Budget for this BID, as approved by Council on October 27, 2020, included a “placeholder” budget because of uncertainty regarding cost estimates and financing assumptions. The Council motion at that time included language requiring submission and approval of an amended plan prior to debt issuance. This BID is now anticipating bond issuance by Q2 2021. Budgetary information and financial assumptions have been updated accordingly.

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

This amended Operating Plan and Budget anticipates bond issuance and initial construction activities to commence in 2021. This BID currently has no property tax certified for collection in 2021. The original 2018 ordinance and initial Operating Plan and Budget both allow of a maximum Gallagher adjusted debt service mill levy of 50.0 mills with an operational mill levy cap of 10.0, also Gallagher adjusted.

Because this BID has undertaken very limited formal financial activity through 2020, the inclusion of prior year numbers in the attached budget is limited. To date, no revenues have been made available to this BID, with the exception of developer advances. In addition to being party to an Enhanced Use Lease (EUL) with the Air Force, this BID has also entered into a Facilities Funding and Acquisitions Agreement related in part to developer advances.

Included in the budget attached to this Operating Plan and Budget are developer advances in the amounts of \$92,210 and \$90,000 for 2019 and 2020 respectively. As represented by the District, these figures pertain to the costs of creating and administering the BID.

Staff notes that a summary of “pre-development costs” that have been incurred in association with this project is now included in this Amended Operating Plan and Budget. These costs are anticipated to be reimbursed from the proceeds of the 2021 bond issuances. The more narrowly defined developer advance amounts are incorporated within these larger numbers. Also included with these costs is an accrual of interest on components of these larger predevelopment amounts.

Previous Council Action: City Council approved creation of this BID on second reading of (Ordinance No. 18-77) on August 14, 2018. In March 2019 Council approved the annexation of area known as USAFA Annexation Addition No. 1 and No. 2 consisting of 183.13 acres (Ordinance 19-16 and 19-17). Council approved an urban renewal plan for this project site on July 9, 2019 by Resolution No. 61-19. A debt authorization was approved by City Council on October 22, 2019 by Resolution No.103-19. On October 22, 2019 Council extended the date by which this debt must be issued to October 22, 2010 (Resolution No. 94-20). On February 9, 2021 a resolution was approved to further extend this deadline for issuance and to increase the maximum combine principal amount of these bonds from no more than \$80,000,000 to no more than \$90,000,000.

The most recent Operating Plan and Budget for this BID was approved by Council motion on October 27, 2020.

Financial Implications:

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. A total of \$1,000,000 in LART revenues have been earmarked for this project. By separate action this property also has urban renewal area designation such that future tax increment financing (TIF) revenues from the City and other applicable taxing entities, will flow to this project during the TIF period.

Board/Commission Recommendation: N/A

Stakeholder Process: N/A

Alternatives: N/A

Proposed Motion: Move to approve the proposed Amended 2021 Operating Plan and Budget for the USAFA Visitors Center Business Improvement District.