



Legislation Text

File #: 22-390, **Version:** 2

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

Presenter:

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Summary:

The Gold Hill North 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 District anticipates they will primarily be engaged in improvement planning and possibly infrastructure work in 2023. The District will impose an operating Mill Levy of 10.000 mills for 2023 and anticipates issuing bonds in 2023 supported by future mill levies, URA TIF and PIF revenue.

This BID has a specific prior not-to-exceed \$22.7 Million Council debt authorization (Resolution No. 42-22 approved on April 12, 2022). However, this debt has not been issued. The BID now anticipates issuing a larger amount (potentially in association with a pledge from related metropolitan districts, and a “placeholder” bond proceed number has been included in the budget.

However, because “Exhibit E” financial information has not been provided with this operating plan and budget, the District will need to come back to Council for an amendment of this operating plan and budget (and the corresponding metropolitan district service plans) in the event they decide to issue this debt.

This BID provided a revised version of their 2023 Operating Plan and Budget to include language that clarifies that no debt will be issued prior to coming back to Council for separate approval of an amended operating plan and budget.

Background:

The District was organized in 2021, a special election for the District, consisting of debt and related issues and questions was held on November 2, 2021. The District is governed by an elected board of directors. The boundaries of this BID encompass about 52.346 acres initially, however, the District anticipates inclusion and exclusion requests as development within the District occurs. By State law, any future district inclusions or exclusions must be approved by City Council.

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 2023 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 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 creation of this BID in 2021 (Ordinance No. 21-62).

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

Financial Implications:

The District does not have any existing debt but anticipates issuing debt in 2023 totaling \$70,000,000. The combined maximum debt authorization for this BID and the Gold Hill North Metropolitan District Nos. 1 & 2 is \$90,000,000.

On April 12, 2022, Council authorized issuance of up to \$22.7 Million in Series A and B bonds by this BID subject to certain requirements and stipulations. This debt has not yet been issued but is anticipated to be later in 2022. That resolution (42-22) is attached, and is considered to still be in force and effect. However, because additional financial information has not yet been provided as an Exhibit E this operating plan and budget, any substantially different or other debt issuance will require separate Council approval. The District anticipates an outstanding developer advance balance of \$23,891 at the end of 2022, which accrues interest at a rate of 8%. As of December 31, 2022, the accrued interest on the developer advance balance is estimated to be \$629. The 2023 budget includes an additional developer advance of \$50,000.

The proposed mill levy for the BID in 2023 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 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 Gold Hill North Business Improvement District

N/A