



Legislation Text

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A Resolution of the City Council of Colorado Springs, Colorado Approving the Proposed 2024 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 2024 Operating Plan and Budget for the BID.

Depending on development activity and market conditions, the District may issue bonds in 2024 for the purpose of financing Public Improvements. City Council approved the District's issuance of debt pursuant to Resolution No. 167-22, provided such debt issuance is in general conformity with the financial plan provided in Exhibit E to the 2023 Operating Plan and Budget. The District advises an appointment to the Board of Directors may be made in 2024 to fill the two vacancies. The District does not anticipate any mill levy or boundary changes in 2024.

The District provided a revised 2024 Operating Plan to remove reference to an included Exhibit E in 6.I. that was provided in the prior year plan.

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 2024, 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 2024.

It is anticipated that the District will continue to be engaged in early development activities in 2024 and will perform services such as landscaping and snow removal. Depending on development activity and market conditions, the District may issue bonds in 2024 and, if issued, would 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). In 2022 Council approved the District's 2023 Operating Plan which included an Exhibit E that described a summary of public improvements supporting City Council authorization to issue debt of up to \$10,000,000 in conformance with 7-100 of the City Charter (Resolution No. 167-22), to date the District has not issued debt related to this authorization, but does contemplate within the 2024 Operating Plan and Budget a partial issuance of the amount authorized happening in 2024 depending on development and market conditions.

This item was introduced in a City Council Work Session on October 9, 2023.

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. Depending on development and market conditions the District anticipates issuance of public improvement fee debt in 2024 of \$3,010,000.

The proposed mill levy for the BID in 2024 is 10.000 mills for operations, this represents no change as compared to the mill levy certified for 2023.

The District anticipates that at the end of 2023 they will have outstanding developer advances totaling \$135,490 in principal and interest, which accrues interest at a rate of 8% per annum. The 2024 budget includes \$54,657 in developer advances to fund operation of the BID, and \$5,116,196 for public improvements that is currently budgeted to be partially repaid in 2024 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) per the District Financing Analysis provided in Exhibit E of the 2023 Operating Plan and Budget. The 2024 budget includes \$170,644 in anticipated PIF revenue.

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 2024 Operating Plan and Budget.

Stakeholder Process:

N/A

Alternatives:

N/A

Proposed Motion:

Move to approve the Resolution approving the proposed 2024 Operating Plan and Budget for the MW Retail Business Improvement District.

N/A