



## Legislation Text

---

**File #:** 22-388, **Version:** 2

---

A Resolution of the City Council of Colorado Springs, Colorado Approving the Proposed 2023 Operating Plan and Budget for the First and Main Business Improvement District No. 2

**Presenter:**

Carl Schueler, Planning Manager - Comprehensive Planning  
Michael Tassi, Assistant Director, Planning and Community Development

**Summary:**

The First and Main Business Improvement District (BID) No. 2 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 includes an Exhibit E which summarizes the public improvements and financial plan to support issuance of debt in 2022, which is represented in Exhibit E as being the final bond issuances of the District. However, following this issuance, this BID will continue to have a substantial remaining developer advance balance. Although this statement does not preclude this or a future BID board of directors from proposing additional debt as part of a future operating plan and budget, in that event, staff would suggest that a specific case should be presented at that time to support any such change in anticipated financing plans.

**Background:**

The boundaries of this development-specific BID were established pursuant to an election in 2008 and were modified in 2018. This District's elected board is comprised of individuals associated with Nor'wood Development Group. The District is authorized to provide the acquisition of improvements, construction of improvements, operation and maintenance of parking facilities, roadways, lighting, driveways, public utilities, and landscaping.

The District entered into an Intergovernmental Agreement in 2014 with First and Main Business Improvement District. The intergovernmental revenue represents transfers from First and Main Business Improvement District to provide funding for the overall administrative and operating costs for both Districts.

This Operating Plan and Budget is provided in 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 2008 from within the original boundaries of the First and Main Business Improvement District (Ordinance No. 08-144) and has approved the BID Operating Plan and Budget annually since its formation. Council also approved issuance of the BID's 2009 and 2010 bonds (see below), as well as a minor property inclusion in 2012. In 2014, Council approved an

ordinance authorizing this BID to convert from a Council-appointed to an elected board of directors. (This conversion was subsequently formalized via a May 2014 election.) In April 2015, Council authorized this BID to issue an additional \$3,475,000 in privately placed bonds to be used to reimburse the developers of this project for completed public improvements costs, using a combination of property tax and public improvement fee (PIF) revenues. In April 2018 Council approved the inclusion of additional property (Ordinance No. 18-34). This item was introduced in a City Council Work Session on October 10, 2022. Council had no comments or questions that were uniquely pertinent to this Operating Plan and Budget.

**Financial Implications:**

The District issued \$2,400,000 in Limited Tax General Obligation Bonds, Series 2009 to pay for debt services and general operating expenses of the District. In 2010, the BID issued \$2,000,000 in Series 2011 Public Improvement Fee (PIF) Revenue Bonds. Both bonds carry an interest rate of 8.5% and are subject to optional redemption beginning December 1, 2012. The combined \$3,475,000 in Series 2015 PIF and Limited Tax General Obligation bonds carry an interest rate of 6.75%. The District expects to issue approximately \$6,700,000 in Special Revenue Bonds and approximately \$3,941,000 in General Obligation Bonds during 2022 with an anticipated interest rate of 6.5% per annum.

The proposed mill levy for the BID in 2023 is 51.000 mills (1.000 mill for general expenses and 50.000 mills for debt service). This mill levy is unchanged from 2022. This BID also levies a public improvement fee (PIF) of \$0.0075 on each \$1.00 of retail transactions (0.75%). For 2023, \$761,000 in PIF revenues are projected. All bonds issued by this District are held by the developer of this project.

In 2016 public improvements constructed by the Developer on behalf of the District valued at \$10,014,285 was recognized and recorded by the District along with accrued interest since 2010. The District estimates that at the end of 2022 there will be total outstanding developer advances of \$10,523,838 which includes the repayment of the principal advance of \$10,525,602 to made to be made in 2022, the balance remaining is interest only.

The budget for this BID projects adequate fund balances and revenues to meet these combined debt service obligations.

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.

**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 First and Main Business Improvement District No. 2.

N/A