



## Legislation Text

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**File #:** 21-347, **Version:** 2

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Ordinance No. 21-62 organizing the Gold Hill North Business Improvement District and Appointing an Initial Board of Directors

(Legislative)

**Presenter:**

Carl Schueler, Planning Manager- Comprehensive Planning, Planning & Development Department  
Peter Wysocki, Director of Planning and Community Development

**Summary:**

This ordinance would create a Gold Hill North Business Improvement District (“District”), appoint initial directors and approve an initial 2021/2022 Operating Plan and Budget subject to annual review and approval thereafter. This BID would finance public improvements costs and provide services for the future phases of the Gold Hill Mesa project located south of U.S. Highway 24 on the west side of Colorado Springs. The petitioners propose to use a combination of this BID and two associated metropolitan districts to provide public financing and associated district services for this project area. Generally, commercial properties would be included within this BID with residential properties being included in one of the two metropolitan districts.

No deviations from the Special District Policy are being requested for this BID. Its initial 2021/2022 Operating Plan and Budget conforms to the City’s standard form template for BIDs.

By this action, Council will also appoint the initial directors to the board of this BID.

A staff PowerPoint summarizing both this request and the associated metropolitan districts service plan is included with the preceding agenda item.

This item was discussed by the City Council Budget Committee on June 22, 2021 (see discussion below).

This item was discussed by the City Council Budget Committee on June 22, 2021 and introduced at a Council Work Session on July 12, 2021. At the Work Session Council asked for this Operating Plan and Budget to be revised to insert language to specifically limit this District’s ability to restrict otherwise allowable use of concealed weapons as addressed in Colorado Senate Bill 21-256. The addition language is now inserted as a new paragraph 7.F:

*“Concealed Carry Prohibition. The District shall not adopt or enact an ordinance, resolution, rule or other regulation that prohibits or restricts an authorized permittee from carrying a concealed handgun in a building or specific area under the direct control or management of the District as provided in C.R.S. § 18-12-214.”*

See below for further discussion of both topics.

Please also see the prior agenda item concerning approval of a service plan for the Gold Hill North Metropolitan District Nos. 1 & 2 for additional discussion and a combined PowerPoint presentation.

**Background:**

This BID would provide property tax-based public improvements financing and services for the proposed redevelopment of this site. The overall proposed district boundary area encompasses about 52.3 acres initially, with exclusions of property possibly to occur as horizontal or vertical properties are identified for inclusion in one of the corresponding overlapping metropolitan districts. The overall metropolitan district/BID structure would be similar to what is approved for the Southwest Downtown and Gazette/ St. Francis projects, 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.

This Operating Plan and Budget allows a mill levy cap of up to 50.0 mills Gallagher-adjusted. The maximum Gallagher-adjusted operations and maintenance mill levies will be 10.0 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.

By State law, any future district inclusions or exclusions must be approved by City Council.

The board of directors, as initially appointed by City Council, would be comprised of 5 individuals associated with the developer of this property. Beginning with the first election in November 2021, the five proposed directors would be elected, and there will also be an election question on removing term limits. From that point forward, the structure of this BID will convert to elected governance. A TABOR election would be also held in November.

The combined maximum debt authorization for all three districts is proposed to be \$90,000,000, based on about \$73,000,000 in initially estimated public improvements costs for the entire project. These cost estimates are attached to the metropolitan district agenda item associated with this request. This initial 2021/2022 Operating Plan and Budget includes a provision whereby the overall debt authorization for the two associated metropolitan districts and this BID, would be all capped at no more than the \$90,000,000.

An initial improvements cost summary has been provided and is attached. In addition to the typical categories such as streets, streetscapes, stormwater, pedestrian facilities, and parking facilities, there is a potential for site remediation costs being included. As noted above, the specific allocations of costs among this BID and the two metropolitan district districts has yet to be determined.

The property is located in a designated urban renewal area (Gold Hill Mesa Commercial Urban Renewal Area). The urban renewal plan for this property was approved in 2015 as essentially a carve-out of the original 2004 designation of the entire Gold Hill Mesa project. Although not formally determined at this time, it is anticipated that debt for the improvements pertinent to this phase of the project would be issued by this BID with a pledge of metropolitan district revenues along with applicable URA Tax Increment Financing (TIF).

Included as attachments are a draft ordinance creating this BID, clean and redline copies of the initial Operating Plan and Budget, and project cost estimates.

This item was discussed by the Budget Committee at a June 22, 2021 meeting. For these districts there was discussion about call date provisions, and it was noted the adopted template for BIOD Operating Plans and Budgets, the model service plan and Special District Policy have no specific language concerning this topic. In discussion it was noted that there is often a balance between an interest in providing both resident and developer board with options for refinancing open, while at the same time providing some certainty to bond holders, thereby keeping interest rates low.

There were questions about district ownership and maintenance of properties and facilities, about which district representative can follow up. However, the City planner for this project notes specifically that there is a potential for streets in this development that will differ from standard City cross sections and therefore a final determination on the maintenance responsibility has not yet been made by city staff.

At the July 12, 2021 Work Session, it was clarified that although the Public Works Department ordinarily reviews the design of non-standard street sections, it is common for these facilities to not be accepted by the City for ongoing maintenance.

With respect to the concealed carry weapons topic brought up at the July Work Session, a copy of the 2021 Senate Bill is attached to the agenda item for the Freestyle Metropolitan District. At this time, staff anticipates bringing a change to the model template for BID Operating Plans and Budgets, in August 2021, that would address this topic going forward.

**Previous Council Action:**

This would be a new BID for this area and property.

On July 27, 2021, City Council approved this ordinance on the Consent Calendar.

**Financial Implications:**

There are no direct implications to general City taxpayers and ratepayers outside of the boundaries of this Districts.

**Board/Commission Recommendation:**

**Stakeholder Process:**

The staff-level Special District Committee has been provided with the materials associated with this request. Comments or concerns from the Committee have been addressed in these documents.

**Alternatives:**

- Approve the ordinance as presented
- Approve the ordinance with modifications to the operating and budget plan
- Deny the ordinance

**Proposed Motion:**

Move to approve an ordinance creating the Gold Hill North Business Improvement District and appointing an Initial Board of Directors.

An ordinance creating the Gold Hill North Business Improvement District and appointing an initial Board of Directors