



Legislation Text

File #: 16-361, **Version:** 1

Resolution Approving an Amended 2016 Operating Plan and Budget for the Interquest North Business Improvement District (Legislative Item)

Presenter:

Carl Schueler, Comprehensive Planning Manager

Summary:

This is a request to approve a limited amendment of the Interquest North Business Improvement District ("District") Operating Plan and Budget, to increase the District's maximum debt authorization. This clarifying amendment is necessary prior to the approval of a resolution to allow additional debt issuance by this District (please also refer to the following item on this agenda).

This item will be presented for action at the May 24, 2016 Council meeting.

Previous Council Action:

The District was established by an election on November, 2004, following adoption by Council of an ordinance creating the District on October 26, 2004 (Ordinance No. 04-237). In 2007, City Council approved an ordinance (Ordinance No. 07-147) including approximately 24 acres into the District. In October 2010, Council authorized issuance of Series 2010 Limited Tax General Obligation Bonds in the principal amount of \$6,500,000 (Resolution No. 185-10). On an annual basis, Council has approved the Operating Plan and Budget for this District.

Background:

Business Improvement Districts (BIDs) are created under Colorado Statute and City Policy to finance and/or maintain certain public improvements in commercial areas, primarily utilizing a property tax mill levy and/or public improvement fees (PIFs) as the revenue source. BIDs are separate legal entities from the City, but their Operating Plans and the Special District Policy require City Council approval of all formal BID debt.

Section 31-25-1211 of the Colorado Revised Statutes requires the annual approval of an Operating Plan and Budget by City Council for each BID. These documents establish the parameters within which a BID must operate, including matters such as taxation, debt issuance and budget. The same statute allows for interim amendment of these plans from time to time, as needed, and using substantially the same process as with the regular annual actions.

Beginning with the first (2005) Operating Plan and Budget for this BID, the document has generally limited the issuance of outstanding debt to no greater than a total \$9,900,000, unless Council approves an amendment to the District's Operating Plan. However, since 2005 the District has had a

combined voter-authorized indebtedness limitation of \$13,000,000 comprised of up to \$9,900,000 for street-related improvement and an additional \$3,100,000 specifically for water and/or storm water improvements.

The District now desires to issue additional debt that would effectively raise its total outstanding debt to approximately \$10,800,000. This combined debt would continue to be serviced by the existing 50.0 mill debt service property tax mill levy and 1.25% PIF.

Staff notes that, customarily, the City has allowed BIDs to more or less determine their own maximum authorized debt limits. The City has been primarily concerned with limiting maximum mill levy exposure and not maximum debt exposure.

The petitioners note that expected public improvements costs within this BID have increased during the period since initial formation. Staff notes that, when this BID was originally created in 2004, there apparently was no expectation that PIF revenues would also be available to service debt.

This action could be considered supportive of the City's Strategic plan because it supports a business friendly environment.

Financial Implications:

Responsibility for any additional indebtedness incurred by this District will be limited to the properties included within the BID, and is limited to the capped mill levy and other allowable revenues. There is no financial risk to general City taxpayers.

Board/Commission Recommendation:

N/A

Stakeholder Process:

N/A

Alternatives:

City Council could choose to approve, deny or modify the proposed resolution.

Proposed Motion:

Move adoption of the resolution approving an Amended 2016 Operating Plan and Budget for the Interquest North Business Improvement District.

N/A