



Legislation Details (With Text)

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Title: An Amended 2019 Operating Plan and Budget for the USAFA Visitors Center Business Improvement District

Presenter:
Carl Schueler, Planning Manager - Comprehensive Planning

Sponsors:

Indexes: BID, Operating Plan & Budget

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Attachments: 1. USAFA BID - 2019 AMENDED Operating Plan - Final II - Oct 15 2019

Date	Ver.	Action By	Action	Result
10/22/2019	1	City Council	approved	Pass
10/7/2019	1	Council Work Session	referred	

An Amended 2019 Operating Plan and Budget for the USAFA Visitors Center Business Improvement District

Presenter:

Carl Schueler, Planning Manager - Comprehensive Planning

Summary: This is a request to amend the previously approved Operating Plan and Budget for the USAFA Visitors Center Business Improvement District ("BID") in order to allow this BID to potentially issue debt in an amount of up to \$80,000,000 prior to the end of 2019 and make other updates and revisions to the document text and budget. Without these amendments, these activities could be precluded until January of 2020. A new 2020 Operating Plan and Budget is being concurrently processed with this request, along with petitions to include the properties that were ultimately intended to constitute this BID and then exclude the initial District property. At the same time, the BID is requesting authority to issue debt for the purpose of initiating work on the anticipated USAFA Visitors Center.

This agenda item was introduced at a Council Work Session on October 7, 2019. Questions and discussion focused on background concerning, and support for, a maximum debt authorization greater than the \$22,000,000 originally agreed to by Council when this BID was created in August of 2018. Subsequent to the October 7, 2019 Work Session the District has agreed to reduce their requested maximum debt authorization from \$87,000,000 as originally requested, to no more than \$80,000,000. A revised Operating Plan and Budget is attached.

Background:

The District had been expressly prohibited from owning any property or improvements, providing any services, issuing any debt or other financial obligations, or imposing any ad valorem property taxes, fees or assessments unless and until the project property was annexed into the City and included within the District boundaries. This annexation has now occurred, and the property inclusions are in process.

At this time the boundaries of this development-specific BID include 1.705 acres that are currently located within the boundaries of the City. However, as noted above these boundaries are in the process of being changed, such that contemplated BID boundaries are expected to be in place, concurrent with the approval and use of this 2019 Amended Operating Plan and Budget for the USAFA Visitors Center Business Improvement District (“Amended Plan”). The future project includes the development of an approximately 36.1-acre commercial mixed-use development. The entire “Project” area consists of about 57 acres, however, the northerly (and currently non-developable) part of this site is not being included in the District or developed at this time. The initial members of the District’s board have been appointed by City Council, and pursuant to the Operating Plan the District will request approval of a new board member when a qualified candidate for the Board of Directors is identified, for a total of five board members. The Amended Plan continues to require that the Board of Directors become an elected body no later than 2022.

The District’s primary purpose continues to be to provide for the financing, acquisition, construction, completion, installation, replacement and/or operation and maintenance of the services necessary to support the development of the property. The Amended Plan also continues to permit the BID to enter into an advance and reimbursement agreement with the Developer for the purpose of facilitating the funding of the District’s design, planning and development of infrastructure that will enable the Developer to offer the project to prospective tenants, and to enable the District to function operationally on its own. Staff notes that reimbursement agreements do represent financial obligations, but do not constitute formal debt. Therefore, in the event the project ended up not going forward, there effectively would be no obligation to the District or to any affected taxpayers.

This Amended Plan is provided in a format consistent with the standard template approved by Council in August 2014 for these documents.

Previous Council Action: City Council approved creation of this BID on second reading of (Ordinance No. 18-77) on August 14, 2018. In March 2019 Council approved the annexation of area known as USAFA Annexation Addition No. 1 and No. 2 consisting of 183.13 acres (Ordinance 19-16 and 19-17). Council approved an urban renewal plan for this project site on July 9, 2019 by Resolution No. 61-19.

Financial Implications:

The initial Operating Plan and Budget for this BID was approved by Council motion with a debt authorization limit of \$22,000,000 with the ordinance creating this District on August 14, 2018. This Ordinance No. 18-77 was recently re-recorded with the correct Operating Plan and Budget.

Subsequently, the District has presented information to support a higher proposed bonded indebtedness including draft bond documents in anticipation of proposed Series A, B and C bonds. Most recently, the District has agreed to an aggregate cap of no more than \$80,000,000 for all three issuances in combination. This information and these limits are included in the most recent attached version of this 2019 Amended Operating Plan and Budget.

The District does not have any existing debt, but is in the process of seeking authorization for a late 2019 or early 2020 bond issuance.

This Amended Plan and the 2020 Plan being concurrently process both continue to anticipate that the District will impose a debt service mill levy of 50 mills and an operation and maintenance mill levy of 10 mills to support the District. In addition, it is anticipated that the District may facilitate the imposition of public improvement fees (PIFs) on all taxable sales and lodging within the project to fund the District's debt service, operation and maintenance obligations, and to perform the obligations under the Enhanced Use Lease (EUL) that are assumed by the District. The amount of this PIF is expected to be 3.0% for retail sales and services and 2.0 % for lodging.

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.

Board/Commission Recommendation: The BID Board of Directors recommends City Council's approval of the Amended 2019 Operating Plan and Budget for the USAFA Visitors Center Business Improvement District

Stakeholder Process: N/A

Alternatives: N/A

Proposed Motion: Move to approve the proposed Amended 2019 Operating Plan and Budget for the USAFA Visitors Center Business Improvement District.