



Legislation Text

File #: 19-417, **Version:** 2

Approval of the Proposed 2020 Operating Plan and Budget for the Briargate Center Business Improvement District

Presenter:

Carl Schueler, Comprehensive Planning Manager

Summary:

The Briargate Center 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 2020 Operating Plan and Budget for the BID.

Previous Council Action:

City Council approved creation of this BID in 2002 (Ordinance No. 02-24) and has approved the BID Operating Plan and Budget annually since its formation. Council has also approved 2002 bond issuances as well as 2006 and 2012 bond refinances (see below). In November 2018 Council approved the issuance of a limited tax general obligation refunding loan with an estimated principal amount of \$3,544,500 (Res. 147-18). The BID's Operating Plan has been approved by Council annually.

This item was introduced in a City Council Work Session on October 7, 2019. Since introduction the District has submitted a revised operating plan that includes the incorporation of a Capital Projects Fund budget which had been inadvertently omitted from the original submission and references to "Hines & Company" throughout most of the plan have been changed to "Hines".

Background:

The boundaries of this development-specific BID were established pursuant to an election in 2001 and approved by City Council in 2002. This BID has an elected board. The Briargate Center is also known as The Promenade Shops at Briargate. Primary services provided by the BID are the financing and maintenance of street improvements, parking areas, sidewalks, pedestrian malls, retaining walls, and common landscaping. On September 13, 2019 the Promenade Shops at Briargate was sold, as a result of the sale, all 5 seats on the District's Board are now vacant. The District will seek approval from Council to authorize appointment of 5 new Board members for the District. The District Operating Plan includes the names and qualifications of the individuals that will be submitted to City Council for interim appointment to the District's Board prior to the May 2020 election. The exact Council process for these interim appointments is being determined in consultation with the City Attorney's Office. Prior to sale of the property the prior board authorized District Counsel to perform certain interim functions, including the filing of this Operating Plan and Budget.

As authorized by the District's 2019 Operating Plan and Budget, in August 2019, the District acquired the 2015, 2016, and 2018 Public Improvements, as well as the easements necessary, in exchange for the District's issuance of a Promissory Note payable to IMI, the former owner, and has since been assigned to the new Owner of The Promenade Shops at Briargate (see Financial Implications below). The District now owns all of the Public Improvements located within the common areas of The Promenade Shops at Briargate, the Public Improvements were installed at a cost of approximately \$6,196,105.

Around 2002, this BID created a special improvement district (SID) coterminous with its boundaries. This allows it to collect revenues from assessments on properties in addition to collecting property taxes. These assessments are pledged toward this BID's 2002 Special Assessment Bonds (see below).

For 2020 the District will maintain the District's existing public improvements including those acquired in 2019, and to service the District's debt. All originally planned improvements are complete.

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

Financial Implications:

The BID issued \$2,895,000 in Limited Tax General Obligation Bonds, Series 2002A in Special Assessment Revenue Bonds, Series 2002B and \$6,875,000 in Special Assessment Revenue Bonds, Series 2002B, for the purpose of financing the construction and/or acquisition of public improvements needed to serve the Business Area. In 2006, the BID refunded its 2002B Special Assessment Bonds through the issuance of \$7,360,000 in Special Assessment Refunding Revenue Bonds, Series 2006. In 2012, the BID refinanced its Series 2002A bonds in the form of a Series 2012A loan for \$4,335,000, of which a portion of the proceeds was used to reimburse the original developer. The District received approval from the City Council to modify/refinance this loan in November 2018 in the amount of \$3,379,500. The loan is a limited tax general obligation payable in varying amounts at the fixed rate of 4.77% per annum. The 2020 Operating Plan and Budget does not anticipate the formal issuance of any additional debt.

In accordance with the 2019 Acquisition and Reimbursement Agreement, the District issued a limited promissory note, in lieu of a subordinate limited tax general obligation note, in the amount of \$6,196,105 to IMI Colorado Springs, LLC (or its successor), in payment of the Public Improvements that were installed and conveyed to the District by IMI. The promissory note is not a general obligation debt of the District; it is subject to annual appropriation and budgeting of funds and is payable only if, as, and when funds are available to the District.

The proposed total mill levy cap for the BID in 2020 is 39.000 mills (35.000 mills for debt service and 4.000 for operations and maintenance). This represents no change from 2019. As a separate legal entity, the financial activities of the BID are separate from those of the City. The BID's financial obligations are specific to the property within the BID boundaries, and therefore do not constitute an obligation of the City.

Board/Commission Recommendation:

The BID Board of Directors recommends City Council's approval of the 2020 Operating Plan and Budget.

Stakeholder Process:

N/A

Alternatives:

N/A

Proposed Motion:

Move to approve the proposed 2020 Budget and Operating Plan for the Briargate Center Business Improvement District.

N/A