



Legislation Text

File #: 19-423, **Version:** 2

Approval of the Proposed 2020 Operating Plan and Budget for the Interquest North Business Improvement District

Presenter:

Carl Schueler, Comprehensive Planning Manager

Summary:

The Interquest North 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 formation of this BID in 2004 (Ordinance No. 04-237), along with its 2010 bond issuance (Resolution No. 185-10), and has approved the BID's Budget and Operating Plan annually since its formation. City Council also approved issuance of the BID's 2010 and 2016 bonds (see below), and an additional property inclusion in 2007 and an exclusion of property in 2016. An additional 13.151 acres of property were excluded by Council Ordinance No. 17-27 on March 14, 2017. In October 2018 City Council approved an increase to the District's authorized indebtedness from \$13 million to \$25 million. In February 2019 Council approved a resolution approving the credit public improvement fee (PIF) agreement between the City, Scheels All Sports, Inc., and the BID. The PIF agreement (Resolution No. 32-19) will allow Scheels to collect a PIF of 1%, which is offset by a temporary 1% reduction of the 2% general municipal sales tax for a period of 25 years, this will result in total fees and taxes equal to what customers would have paid in absence of the PIF. In May 2019 a petition was presented to Council to exclude certain properties from the BID, this request was subsequently withdrawn in June 2019.

This item was introduced in a City Council Work Session on October 7, 2019.

Background:

The BID boundaries were established pursuant to an election in 2004, with an additional property inclusion approved by City Council in 2007. In 2016 City Council approved the exclusion of 1.2 acres which was being developed for residential purposes and was no longer statutorily eligible to remain in the District. The District's elected board is comprised of individuals associated with Nor'wood Development Group. The District is authorized to provide the acquisition and financing of improvements, construction of improvements, operation and maintenance of parking facilities, roadways, lighting, driveways, public utilities, and landscaping.

In May 2019 a petition was presented to Council to exclude certain properties from the BID, this request was subsequently withdrawn in June 2019. The 2020 Operating Plan indicates that the

District may have inclusion or exclusion requests in the coming year, and may exclude property from its boundaries due to a change in use from commercial to residential. The BID's Operating Plan and Budget project adequate revenues to service the BID's obligations and maintain positive fund balances.

The Operating Plan for this BID includes future debt obligations in the form of "fill-up" or multi-tranche bonds to complete the District improvements. It is anticipated that approximately \$4,950,000 will be issued in 2020 and approximately \$4,000,000 per year issued in 2021 and 2022 respectively. The total possible debt authorization in 2020 is expected to amount to approximately \$13,000,000.

With the exception of this change, this BID does not anticipate any major changes or new activities in the coming year.

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 District issued \$6,500,000 in Limited Tax General Obligation Bonds, Series 2010 for public improvements. In 2016, this BID issued an additional \$4,765,000 in Limited Tax General Obligation Bonds. The District anticipates bond issuance in 2020 equaling \$4,950,000. The proposed total mill levy for the BID in 2020 is 51.000 mills (1.000 mill for operating expenses and 50.000 mills for debt service). This is a decrease of .329 due to the District not imposing a refund and abatement mill levy in 2020. The District anticipates receiving \$870,000 in Public Improvement Fees (PIF) during 2020. The amount of this PIF is 1.25% on all retail purchases. These fees are pledged revenue to be used toward the repayment of the Series 2010 Bonds.

As a separate legal entity, the financial activities of the BID are separate from those of the City, and its indebtedness is an obligation of the property in the BID and not 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 Operating Plan and Budget for the Interquest North Business Improvement District.

N/A