



Legislation Text

File #: 19-418, **Version:** 3

The Proposed 2020 Operating Plan and Budget for the Creekwalk Marketplace Business Improvement District

Presenter:

Carl Schueler, Comprehensive Planning Manager

Summary:

The Creekwalk Marketplace 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.

The City has received a request from this BID to postpone action on this item to the November 26, 2019 City Council meeting in order to further address Council questions regarding the amount of BID debt issuance.

Previous Council Action:

City Council approved the creation of this BID in 2016 (Ordinance No. 16-18). Council subsequently approved ordinances to include additional property on September 26, 2017 (Ordinance No. 17-87), February 27, 2018 (Ordinance No. 18-10), and March 12, 2019 (Ordinance 19-19). In May 2019 Council denied a petition requesting exclusion of a property from this BID that had previously been voluntarily petitioned for inclusion. Following this decision Council approved the issuance of debt in principal amounts of approximately \$18,145,000 as Series 2019A and \$3,030,000 as subordinate Series 2019B Limited Tax Supported and Special Revenue Bonds (Resolution No. 51-19).

This item was introduced in a City Council Work Session on October 7, 2019. Since introduction the District submitted a revised operating plan that includes changes to the developer advance and developer repayment amounts in the Capital Projects Fund budget.

This item was brought before Council on October 22, 2019 where discussion largely centered on the District's issuance of debt that exceeded the previously reviewed "approximate" amounts as approved by Council resolution 51-19 in May of 2019. Council voted to postpone this item until the November 12, 2019 Council meeting, and the District's representatives agreed to attend the Council Budget Committee meeting scheduled for November 12, 2019 to further discuss this issue. Subsequently, district representatives have agreed to attend the November 18, 2019 Council Budget Committee meeting to further address this topic. Any updates from this meeting will be verbally provided to Council.

Background:

The initial boundaries of this development-specific BID were established pursuant to an election in

2016 with additional properties added in 2017, 2018 and 2019 for total of 6.44 acres. As stated in the Operating Plan, the BID expects to include future additional properties as additional property owners participate in the District. Under State statute, any such inclusions must be approved by separate City Council ordinance. This BID has a 5-member elected board comprised of individuals associated with this redevelopment project. 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.

Pursuant to the Urban Renewal Plan, the City-Authority Agreement, the Redevelopment Agreement, and the Cooperation Agreement, dated July 26, 2019, with the Colorado Springs Urban Renewal Authority ("CSURA"), the District will receive tax increment financing ("TIF") generated from the District's project to be used toward the repayment of the District's bonds.

The District intends to undertake projects for public improvement during 2020. 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 \$24,230,000 as Series 2019A and \$2,500,000 as subordinate Series 2019B Limited Tax Supported and Special Revenue Bonds with interest rates of 5.0% and 8.0% respectively (for a total of \$26,730,000). These bonds were issued for the intended purpose of construction of capital improvements with a public purpose necessary for development. The final issued bond amounts vary from the "approximate" aggregate amount of \$21,175,000 approved by Council in May 2019. Per District Counsel the variance is due to last minute advantageous market rate changes that provided for the increased amount, and included their ability to slightly reduce the amount for the "B" bonds. District Counsel indicates that this is a legal determination and judgment on the part of the Bond Counsel, District Counsel and the District Board as to the final bond amounts.

The attached budget includes a \$4,432,812 developer advance to account for various costs expected to be accrued prior to reimbursement from District revenue sources including the proceeds from existing bonds. This budget includes \$4,344,442 as partial repayment to the developer for capital project advances. The proposed total mill levy cap for the BID in 2020 is 51.000 mills (50.000 mills for debt service and 1.000 for operations). This represents no change from 2019. This BID also levies a public improvement fee (PIF) of 2.5% on the sale of goods and services. For 2020, \$167,300 in PIF revenues are projected. This District will also receive tax increment financing (TIF) generated from the District's project to be used toward the repayment of the District's bonds. For 2020, \$177,400, in CSURA TIF Revenues are projected.

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 2020 Operating Plan and Budget.

Stakeholder Process:

N/A

Alternatives:

N/A

Proposed Motion:

Move to postpone the proposed 2020 Operating Plan and Budget for the Creekwalk Marketplace Business Improvement District to the November 26, 2019 meeting.

N/A