

Legislation Details (With Text)

File #:	Resolution 40-2017	Name:	
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On agenda:	10/17/2017	Final action:	10/17/2017
Title:	A resolution adopting the Aspen Grove Business Improvement District 2018 Operating Plan and Budget		
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Attachments:	1. Resolution No. 40-2017, 2. 2018 Aspen Grove Operating Plan and Budget(00583957_xAF7F5))		

Date	Ver.	Action By	Action	Result
10/17/2017	1	City Council	approved	Pass

Agenda Date: 10/17/2017

Subject:

A resolution adopting the Aspen Grove Business Improvement District 2018 Operating Plan and Budget

Presented By: Mark Relph, City Manager

POLICY QUESTION:

Does city council support adopting the 2018 Operating Plan and Budget for the Aspen Grove Business Improvement District (BID)?

BACKGROUND:

The Aspen Grove BID was formed to finance the public improvements necessary for the development and operation of the Aspen Grove Lifestyle Center. As of October 16, 2016, the Aspen Grove Lifestyle Center is owned by Aspen Grove GRF2, LLC, a Delaware limited liability company.

STAFF ANALYSIS AND FISCAL IMPACTS:

The BID did not construct improvements in 2017. The BID's 2017 activities focused on maintaining the BID-owned public improvements and servicing the debt incurred by the BID to finance the public improvements necessary for the development of the Lifestyle Center.

Because of favorable conditions in the municipal credit markets, the BID's Board of Directors made a determination in 2016 to pursue refunding of the BID's outstanding Limited Tax General Obligation Refunding Bonds, Series 2007 ("2007 Bonds"). The sale of the Lifestyle Center in October 2016 placed the refunding on hold because concurrent with the sale all five seats on the BID Board became vacant.

A new BID Board was appointed by City Council on August 15, 2017. As of the date of the 2018 Operating Plan, the 2007 Bonds have not been refunded, although such refunding may occur before the end of this year.

As of September 1, 2017, the net present value savings of a refund was estimated to be approximately \$628,000. If the 2007 Bonds are not refunded by the end of the year, the BID wants to have the option to refund the 2007 Bonds in 2018 if market conditions remain favorable. Accordingly, the 2018 Operating Plan and Budget contemplates refunding the 2007 Bonds just in case the planned refund does not occur before the end of 2017.

In 2008, city council excluded Lot 2, Block 3, Aspen Grove Subdivision ("Lot 2") from the BID's territorial boundaries so that Lot 2 could be developed into residential apartment units. Even though Lot 2 was excluded from the BID's territorial boundaries, it remains subject to the BID's debt service mill levy for the bonds that were in place at the time of the exclusion; including, any debt service mill levy that is necessary to pay principal and interest on any refunding bonds issued for the 2007 Bonds.

The economy in general combined with the development that has occurred within Lot 2 has helped increase the BID's assessed valuation. The 2017 preliminary assessed valuation for the BID is \$26,554,412.00 compared to a 2016 assessed valuation of \$21,074,303. As a result of the increase in assessed valuation, the BID's debt service mill levy is projected to decrease from 42.00 mills to approximately to 40.000 mills. This is a significant improvement over the 60.000 mills that were assessed for collection during tax year 2015.

STAFF RECOMMENDATION:

Staff recommends approval of the resolution adopting the 2018 Operating Plan and Budget for the Aspen Grove BID.

PROPOSED MOTION:

I move to approve the resolution adopting the 2018 Operating Plan and Budget for the Aspen Grove Business Improvement District.