

Legislation Text

File #: Resolution 58-2016, **Version:** 1

Agenda Date: 10/18/2016

Subject:

A resolution adopting the Aspen Grove Business Improvement District 2017 Operating Plan and Budget

Presented By: Mike Braaten, Deputy City Manager

POLICY QUESTION:

Does city council support adopting the 2017 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. Aspen Grove is owned by DDR Aspen Grove Lifestyle Center Properties, LLC, and managed and operated by DDR Corp.

STAFF ANALYSIS AND FISCAL IMPACTS:

The BID did not construct improvements in 2016. The BID's 2016 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 Aspen Grove.

Because of historically low interest rates in the municipal credit markets, the BID's Board of Directors ("Board") made a determination in the summer of 2016 to refund its outstanding Limited Tax General Obligation Refunding Bonds, Series 2007. On July 1, 2016 the BID submitted an Amended 2016 Operating Plan and Budget to the city council to permit the BID to refund the 2007 Bonds. The amended Operating Plan and Budget was approved by the city council on July 19, 2016.

As of this date, the 2007 Bonds have not been refunded, although such refunding may occur before the end of the year. If the 2007 Bonds are not refunded by the end of the year, they may be refunded in early 2017. Accordingly, the 2017 Operating Plan and Budget contemplates refunding the 2007 Bonds in case the planned refunding does not occur before the end of 2016.

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 (Lot 2 will remain subject to any debt service mill levy that is necessary to pay principal and interest on the refunded bonds).

The economy in general combined with the development that has occurred within Lot 2 has helped increase the BID's assessed valuation. The 2016 preliminary assessed valuation for the BID is \$21,074,303.00 as compared

to a 2015 assessed valuation of \$20,783,431. As a result of the increase in assessed valuation, the BID's debt service mill levy will remain constant at approximately 42.000 mills. This is a reduction from the 60.000 mills that were assessed for collection during 2015.

STAFF RECOMMENDATION:

Staff recommends approval of the resolution adopting the 2017 Operating Plan and Budget for the Aspen Grove BID.

PROPOSED MOTION:

I move to approve the resolution adopting the 2017 Operating Plan and Budget for the Aspen Grove Business Improvement District.