



DENVER
THE MILE HIGH CITY



Business Improvement Districts (BIDs) 2017 Budget Review



Cherry Creek North BID



Santa Fe BID



City Council Requested Action

- ▶ **Action:**
 - Approve Annual Operating Plan and Budget for each of the 12 BIDs in Denver.

- ▶ **Schedule:**
 - Oct. 24th – Ordinance Requests Submitted
 - Nov. 2nd – Budgets and Operating Plans at BIZ Committee
 - Nov. 8th – Mayor Council
 - Nov. 14th – 1st Ordinance Reading
 - Nov. 21st – 2nd Ordinance Reading– No Public Hearing Required



Types of Districts

State Statutory **Special Districts**

Title 31

Business Improvement Districts

-City Council Approves
Operating Plans and Budgets

General Improvement Districts

Urban Renewal Authority

Downtown Development Authority

Title 32: Special District Act of 1981

Metropolitan Districts

Ambulance Districts

Fire Protection Districts

Health Services Districts

Park and Rec Districts

Water and Sanitation Districts



Business Improvement Districts

- ▶ **Legal authority:** Colorado Revised Statutes Sections 31-25-1201 through 31-25-1228. (Consists of **commercial property only** –“**residential and agriculture exempt**”).

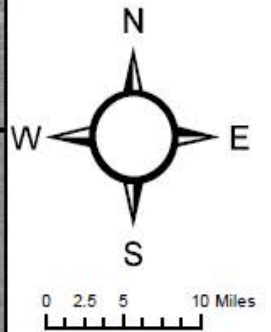
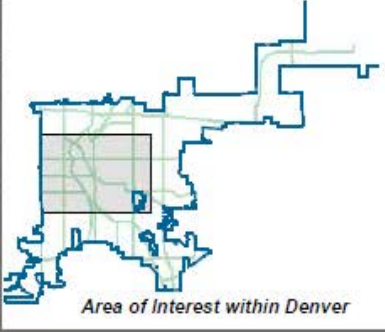
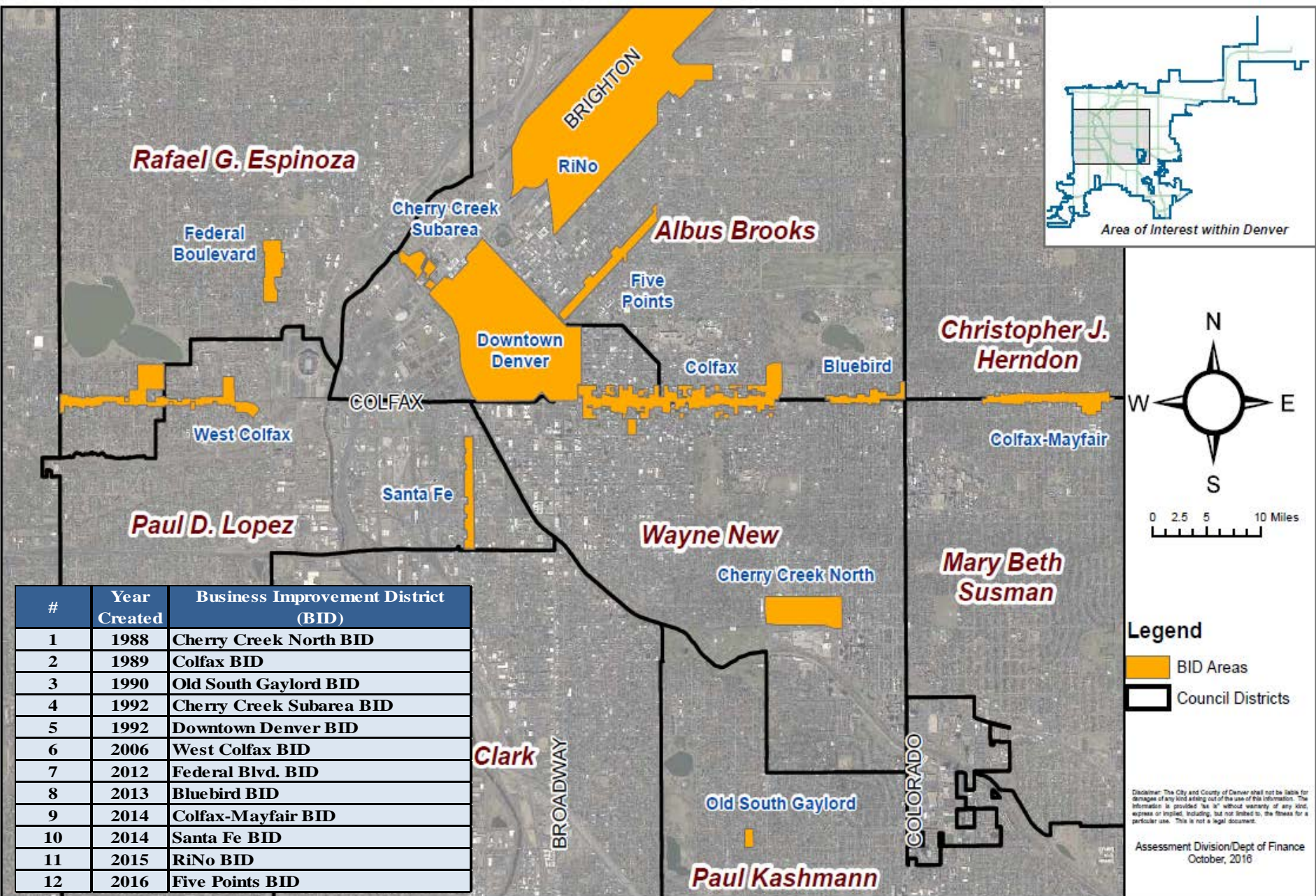
- ▶ **Created:** Letter of Intent by property owners in the district; It is initiated by a petition of owners having at least 50% of the assessed valuation and at least 50% of the district’s land. It is approved by a **Creation Ordinance with Public Hearing**.
 - BID’s revenue and debt authorization then placed on ballot for property owners in the proposed BID boundaries.
 - Once approved by Council a new governmental authority is created.

- ▶ **Powers:** To conduct *economic development activities* for the district, manage, control, and supervise all the business affairs of the district. Acquire, construct, finance, install, and operate improvements and services within the district boundaries.
 - They have the power to issue general obligation bonds (with election) and revenue bonds; Can acquire previously constructed improvements.

- ▶ **Revenues Derived:** Through levy of ad valorem tax (property taxes), special assessments, rates, fees, tolls, or charges.

- ▶ **Board of Directors:** Board of Directors are appointed by the Mayor and approved by City Council. Must meet at least once a year as board to adopt budget, audit etc.

BUSINESS IMPROVEMENT DISTRICTS WITHIN DENVER



#	Year Created	Business Improvement District (BID)
1	1988	Cherry Creek North BID
2	1989	Colfax BID
3	1990	Old South Gaylord BID
4	1992	Cherry Creek Subarea BID
5	1992	Downtown Denver BID
6	2006	West Colfax BID
7	2012	Federal Blvd. BID
8	2013	Bluebird BID
9	2014	Colfax-Mayfair BID
10	2014	Santa Fe BID
11	2015	RiNo BID
12	2016	Five Points BID

Legend

- BID Areas
- Council Districts

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Assessment Division/Dept of Finance
October, 2016



Required Budget Approval Process

BID Annual Operating Plan and Budget Administrative Schedule	
Date	Action
8/16	Annual Work Plan and Budget Reminder Letter sent to District
9/30	Statutory deadline for District files Annual Operating Plan and Budget with City Clerk
10/1 - 10/15	City Staff Review and Analysis
10/24	Ordinance Request to City Council submitted to ensure deadlines are met
12/5	Statutory deadline for City Council to vote on the Annual Operating Plan and Budget
12/15	Deadline for Mill Levy Certification to the City

Items in red are statutory deadlines



Annual BID Data Requested

Financial:

- ▶ 2017 Work Plan (Performance Activities) and Budget
- ▶ 2016 year-to-date “budget to actual” financial reports, and activities performed.
- ▶ Any material departures from the 2016 Operating Plan, and an explanation.
- ▶ The status of any planned or outstanding indebtedness.
- ▶ The results of any audits conducted during the year (2015 Annual Audited Financial Statement by July 31st of each year).

Informational:

- ▶ A copy of their Public Notice publication for the current year budget.
- ▶ A copy of the By-laws, if changed during the year.
- ▶ Current list of all Board Members and attendance records.

Performance:

- ▶ Documented tangible impacts, including any statistical performance measures, trend occupancy rates, business or citizen surveys, crime rates, lease rates, taxable retail sales, number of jobs created, pedestrian/visitor counts, and business license revenues.

Finance Department

Components of Analytic Review



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Financial Review:

- ▶ Examine results of any audits (when applicable) conducted during the year.
- ▶ Identify the status of any planned or outstanding indebtedness.
- ▶ Review Bonded Debt, where applicable
- ▶ Perform 2016 actual performance analysis. Identify material departures from the 2016 budget, and request additional information on such variations.
- ▶ Review performance metrics and impact to Work Plan.
- ▶ Perform a “Budget Change” analysis to identify material variations to proposed budgets.

Reporting:

- ▶ Material variations from 2016 budget, audit findings, debt review, and 2017 budget comparative summary.

Reporting: 2015 BID Audits*

Positive Results from Unqualified Audit Opinions:

- Cherry Creek North BID
- Downtown Denver BID
- RiNo BID
 - First audit expected next year

Exempted from Audit:

- Colfax BID
- Old South Gaylord BID
- Cherry Creek Subarea BID
- West Colfax BID
- Five Points BID
- Federal Blvd. BID
- Bluebird BID
- Fax–Mayfair BID
- Santa Fe BID

***DOLA required yearly audits and provides for an exemption on entities with budgets under \$750,000.**

Reporting: Debt Review

- **Cherry Creek North BID currently is the only BID with bonded debt.**
 - Bond debt service payments are current.
 - In Dec. 2015, District refunded approximately \$16.5 in General Obligation bonds.
 - As of 2015 Audit, there was approximately \$16.5 million of outstanding principal remaining on bonds.
 - Anticipate a balance of \$15.7 million by year end 2016.
 - Bonds are expected to payoff in 2030.



Reporting: 2016 BID Budget Performance Analysis

#	BID Name	2016 Projected Year End Revenue (change from budget)	2016 Projected Year End Expense (change from budget)
1	Bluebird BID	\$101,217 (-30.0%)	\$137,744 (5.0%)
2	Cherry Creek North BID	\$4,060,696 (0.2%)	\$4,167,150 (-0.2%)
3	Cherry Creek Subarea BID	\$16,210 (8.1%)	\$10,160 (-21.8%)
4	Colfax Ave BID	\$477,021 (1.2%)	\$525,359 (-1.8%)
5	Downtown Denver BID	\$7,683,045 (4.7%)	\$7,964,410 (4.5%)
6	Colfax-Mayfair BID	\$119,000 (1.3%)	\$119,000 (1.3%)
7	Federal Blvd BID	\$54,048 (-0.9%)	\$54,048 (-0.9%)
8	Old S. Gaylord BID	No Data from BID	No Data from BID
9	Santa Fe BID	\$107,807 (6.7%)	\$99,365 (-5.7%)
10	West Colfax BID	\$203,552 (18.0%)	\$164,318 (-4.2%)
11	Five Points BID	N/A, New BID in 2016	N/A, New BID in 2016
12	RiNo BID	\$555,202 (-4.1%)	\$480,202 (-17.1%)

See next slide for “notes”



Reporting: 2016 BID Budget Performance Analysis

Notes:	
Bluebird BID	Revenues were less than expected due to District not receiving a grant during the year. Expenses are greater than expected due to District experiencing higher than anticipated costs for its streetscape repairs during the year, and the District also transferred funds to its capital reserve.
Cherry Creek North BID	No substantive change from budget to actual expenditures.
Cherry Creek Subarea BID	Additional revenue in '16 attributable to specific ownership tax collections which were unbudgeted, lower than expected expenses during '16 due to tree replacement expenses less than anticipated.
Colfax Ave BID	No substantive change from budget to actual expenditures.
Downtown Denver BID	Revenues were greater than expected due to BID receiving more BID Enterprise Revenue (contract service work), the BID's expenses were higher than expected due to providing the increased contract service work.
Colfax-Mayfair BID	No substantive change from budget to actual expenditures.
Federal Blvd BID	No substantive change from budget to actual expenditures.
Old S. Gaylord BID	BID has not responded to requested information regarding expected year end expenditures.
Santa Fe BID	Revenues were greater than expected due to insurance claim payouts and vendor fees, expenses less than budgeted due to savings achieved in District watering, recycling, legal, and physical improvement expenses
West Colfax BID	Revenues greater than expected due to BID receiving a grant and higher than budgeted assessments, expenses less than expected due to diminished Pedestrian Mobility project expenses.
Five Points BID	N/A, new BID in '16
RiNo BID	BID overestimated debt service payments during '16 resulting in spending less than budget during the year. With debt issuance complete during the year, the District can be more accurate with projections in the future.



Reporting: 2017 Budget Comparative Summary

#	Year Created	District	Admin	Capital Improvements	Maintenance	Marketing & Econ Dev	Parking	Safety & Security	Special Events & Projects	Debt Service	Reserves	Other	Total Expenses	% of Grand Total	"Core" BID Functions Total	"Core" BID Function's % of Total Expenses
				"Core" BID Functions												
1	2013	Bluebird	\$27,452	\$43,424	\$10,850	\$36,560	\$0	\$0	\$0	\$0	\$0	\$0	\$118,286	1%	\$90,834	77%
		% of Total Expenditures	23%	37%	9%	31%										
2	1988	Cherry Creek North	\$542,990	\$0	\$1,138,000	\$1,272,000	\$206,000	\$0	\$80,000	\$1,125,760	\$0	\$29,240	\$4,393,990	30%	\$3,821,760	87%
		% of Total Expenditures	12%		26%	29%	5%		2%	26%		1%				
3	1992	Cherry Creek Subarea	\$4,660	\$15,000	\$15,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$34,660	0%	\$30,000	87%
		% of Total Expenditures	13%	43%	43%											
4	1989	Colfax	\$184,370	\$31,000	\$156,100	\$48,430	\$0	\$30,000	\$0	\$0	\$24,339	\$0	\$474,239	3%	\$289,869	61%
		% of Total Expenditures	39%	7%	33%	10%		6%			5%					
5	1992	Downtown Denver	\$1,368,681	\$272,930	\$3,827,617	\$257,787	\$0	\$1,102,356	\$399,517	\$0	\$200,113	\$712,481	\$8,141,482	56%	\$6,060,320	74%
		% of Total Expenditures	17%	3%	47%	3%		14%	5%		2%	9%				
6	2014	Colfax-Mayfair	\$79,635	\$35,000	\$0	\$6,250	\$0	\$750	\$0	\$0	\$15,863	\$0	\$137,498	1%	\$57,863	42%
		% of Total Expenditures	58%	25%		5%		1%			12%					
7	2012	Federal Blvd	\$30,037	\$12,000	\$700	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$52,737	0%	\$22,700	43%
		% of Total Expenditures	57%	23%	1%	19%										
8	1990	Old South Gaylord	\$4,420	\$0	\$37,296	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$51,716	0%	\$47,296	91%
		% of Total Expenditures	9%		72%	19%										
9	2014	Santa Fe	\$38,760	\$0	\$57,400	\$34,150	\$0	\$6,000	\$0	\$0	\$0	\$0	\$136,310	1%	\$97,550	72%
		% of Total Expenditures	28%		42%	25%		4%								
10	2006	West Colfax	\$40,137	\$114,800	\$19,590	\$93,559	\$0	\$0	\$0	\$0	\$0	\$0	\$268,086	2%	\$227,949	85%
		% of Total Expenditures	15%	43%	7%	35%										
11	2016	Five Points	\$7,848	\$4,992	\$81,000	\$12,000	\$0	\$50,004	\$0	\$0	\$0	\$1,140	\$156,984	1%	\$147,996	94%
		% of Total Expenditures	5%	0%	2%	0%		1%				0%				
12	2015	RiNo	\$161,000	\$0	\$0	\$0	\$0	\$0	\$414,255	\$0	\$25,000	\$2,500	\$602,755	4%	\$439,255	73%
		% of Total Expenditures	27%						69%		1%	0%				
Totals			\$2,489,990	\$529,146	\$5,343,553	\$1,780,736	\$206,000	\$1,189,110	\$893,772	\$1,125,760	\$265,315	\$745,361	\$14,568,743	100%	\$11,333,392	78%
% of Total Expenditures			17%	4%	37%	12%	1%	8%	6%	8%	2%	5%				

BIDs budgeting to spend \$14.5 million in 2017

No concerns for 2017 budgets.



Reporting: 2016 to 2017 Budget Change Summary

#	BID Name	2017 Projected Mills/Charges (Change From 2016)	2017 Budgeted Revenue (Change From 2016)	2017 Budgeted Expense (Change From 2016)	Forecasted '16 Debt
1	Bluebird BID	10.000 (0.0%)	\$117,086 (-19.0%)	\$118,286 (-9.9%)	-
2	Cherry Creek North BID General Fund Debt Service Mill Total	11.342 (0.0%) 5.800 (0.0%) 17.142 (0.0%)	\$4,515,908 (11.4%)	\$4,393,990 (5.3%)	\$ 15,760,000
3	Cherry Creek Subarea BID	0.190 (6.6%)	\$16,210 (8.1%)	\$34,660 (166.6%)	-
4	Colfax Ave BID	8.011 (1.3%)	\$477,966 (1.4%)	\$474,239 (-11.4%)	-
5	Downtown Denver BID	Formula Based on building size, land size, and geographic location, assessment rate increased ~4% due to TABOR allowed increases.	\$7,819,879 (6.5%)	\$8,141,482 (6.8%)	-
6	Colfax-Mayfair BID Assessment Per Lot Assessment Per Sq. Ft.-Above Grade Assessment Per Sq. Ft.-Below Grade	\$0.075 (-2.6%) \$0.075 (-2.6%) \$0.038 (-2.6%)	\$137,498 (17.0%)	\$137,498 (17.0%)	-
7	Federal Blvd BID	10.000 (0.0%)	\$52,737 (-3.3%)	\$52,737 (-3.3%)	-
8	Old S. Gaylord BID	7.471 (6.0%)	\$51,716 (-8.8%)	\$51,716 (-8.8%)	-
9	Santa Fe BID Street Frontage Assessment Building Size Assessment	\$7.81 (0.0%) \$0.099 (0.0%)	\$113,500 (12.3%)	\$136,310 (29.3%)	-
10	West Colfax BID	\$0.1023 (0.0%)	\$234,919 (36.2%)	\$268,086 (56.4%)	-
11	Five Points BID	10.000 (0.0%)	\$156,996 (0.0%)	\$156,984 (0.0%)	-
12	RiNo BID	4.000 (0.0%)	\$602,755 (4.1%)	\$602,755 (4.1%)	-

See next slide for “notes”– No concerns on year to year budget changes.



Reporting: 2016 to 2017 Budget Change Summary

Notes:	
Bluebird BID	Revenue decrease for '17 is attributable to smaller grant funding than last year, the District plans to reduce the expected lost revenue by raising revenue through events in '17. Expense decrease in '17 is a result of not spending grant funds received last year.
Cherry Creek North BID	District revenue growth in '17 driven by increased AV and increased parking garage revenues (due to increased demand), largest expenditure increases in '17 due to marketing, outreach, and physical environment (landscaping and maintenance of District).
Cherry Creek Subarea BID	District limited to collecting \$15,000 per year in property taxes, additional '17 revenue attributable to specific ownership taxes. Additional expenses in '17 are due to historical marker study the BID intends to undertake, funds for this expense come from reserves from previous years.
Colfax Ave BID	Budgeted expenses are decreased in '17 due to BID finalizing their Master Street Design in '16. The BID will use the completed design to guide its direction over the next few years. The BID also will lower its streetscape improvements expenditures during '17, it plans to implement a lighter, quicker strategy with demonstration projects. These relatively small and cost-effective projects can show the impact and value of the major and costly changes the BID is planning for its streetscape future.
Downtown Denver BID	Revenue growth for '17 due to BID Enterprise Revenue (contract for services) and assessment increases. Expense growth in '17 due to increased Safety expenditures (+~38%), increased BID Enterprise expenses, and Capital Fund Expenditures.
Colfax-Mayfair BID	Additional revenue in '17 due to grant funding for installation of District bicycle amenities. Additional expenses in '17 due to bicycle corral and rack improvements.
Federal Blvd BID	No significant changes
Old S. Gaylord BID	Revenue decrease for '17 due to a small AV decrease in the District and an inaccurate revenue forecast for '16. Expense decrease in '17 due to limitations of '17 revenues.
Santa Fe BID	Revenue increase for '17 due to foundation donations, expense increases in '17 due to increased economic development planned expenditures. The BID is planning on replacing trash receptacles, changing tree well material, and additional lighting in the District.
West Colfax BID	Revenue increase for '17 due to grants related to District's Mobility Project grants, expense increases in '17 due to increases due to signage and arts, business support, and Mobility Project.
Five Points BID	N/A, new BID in '16
RiNo BID	No significant changes

2016 Public Hearings in District

Business Improvement District (BID)	Date of Public Hearing
Colfax BID	September 13th
Cherry Creek North BID	September 14th
West Colfax BID	September 20th
RiNo BID	September 28th
Federal Blvd. BID	October 19th
Cherry Creek Subarea BID	October 28th
Downtown Denver BID	November 3rd
Five Points BID	November 9th
Santa Fe BID	November 15th
Bluebird BID	November 20th
Colfax-Mayfair BID	November 30th
Old South Gaylord BID	No Data Provided By BID

- Last year Council indicated an interest in ensuring the tax payers had a chance to provide input on budgets prior to City Council action.
- This year staff requested BIDs hold public hearings prior to submission of budget to City on September 30th.
- Some BIDs align Public Hearing with regularly scheduled board meetings, others align Public Hearings with Denver’s Assessor calendar.

Finance Department BID Analysis Conclusion

- ▶ BID audits were positive “unqualified” opinions.
- ▶ Cherry Creek North is only BID with any outstanding debt, at the end of ‘15 the District refinanced its debt to a shorter maturity and lower interest rate. Debt payments are current.
- ▶ City BIDs are budgeting to spend \$14.5 million during 2017. BID budgets are dominated by Cherry Creek North and Downtown Denver BID which make up approximately 86% of the total budgeted expenses.
- ▶ Performance measure information provided is relatively positive in nature and does not warrant any concerns at this time.



Recommendation

Approve Budgets and Operating Plans as filed with City Clerk.

CHERRY CREEK
SUBAREA BUSINESS
IMPROVEMENT
DISTRICT



Old South Gaylord Street