



DEEP WATER POINT COMPANY

6 June 2019

Via Email: allCouncil@springsgov.com

City Council Members

Colorado Springs

City Hall, 107 N. Nevada Ave.

Colorado Springs, CO

RE: Objection to the Petition of Exclusion

Interquest North Business Improvement District – Scheels 3.855 ac

Dear City Council Members,

On behalf of two of the 23 property owners within the Interquest North Business Improvement District (INBID), please regard this letter as their objections to the exclusion of the Scheels parcel.

BWR Investors, LLC (owner and operator of the Burger King in INBID) and **Riverside Restaurant Group, LLC** (owner and operator of the Cheddar's Scratch Kitchen in INBID) object to this exclusion, and request the City Council members deny it, based upon the following reasons:

1. The process of petitioning has not been properly disclosed and transparent to the other property owners within the District. To the best of our knowledge, none of the other 12 property owners or their tenants received a notice that Nor'wood Development (both District Board controller and the Scheels property owner) was requesting that their parcel be removed from the District even though this places a new burden upon them.
2. The issue of excluding a parcel, which has already benefited from infrastructure paid for by others, ought to be a matter voted upon by the existing property owners. Since exclusion of one parcel is a subsidy by the remaining owners, then those owners should have a voice in the benefits and detriments of this decision.
3. C.R.S. §31-25-1220(3) [regarding district exclusions] states: “*All property included within or excluded from a district shall thereafter be subject to the levy of taxes for the payment of its proportionate share of any indebtedness of the district outstanding at the time of inclusion or exclusion.*” There is currently approximately \$11,260,000 of debt on the District with annual debt service of nearly a million dollars paid by approximately 15 fully-assessed property owners. There has not been any disclosure of how this 3.8 acre parcel is going to pay its proportionate share of the underlying debt should you vote to exclude it.
4. Nor'wood Development controls the District Board which sets the mill levy each year. It also owns the vacant parcel under contract to sell to Scheels. No other landowner is on both sides of this transaction and could make this request directly to the City without the consent of its fellow taxpayers, as represented by its board members.

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5. The City is not burdened by the relief of 51 mills of property tax to this one landowner since the revenues are fully within the District for its own bond payments. But the City does have a fiduciary responsibility to protect the landowners within its governance from possible conflicting interests from the quasi-municipal corporation and political subdivision of the State it established as directed in Title 31 of our state statutes.
6. Since the City is not encumbered by the current or future debt of the district, it is only the 20+ landowners who would bear the burden of paying existing bonds with less revenue. With any removal of any projected tax revenue, the existing debt remains longer, more interest is paid, and mill levies cannot be reduced since the tax base did not expand. This is a burden the owners did not agree to buy into when they purchased their property in the District.
7. The consideration of excluding a major commercial contributor in the tax base and PIF revenue is very significant for a district as small and homogenous as the INBID. The District Board already levies the maximum rate allowed by its formation agreement, 50 mills. Property owners who are obligated to pay the debt issued by the District Board ought to be given financial information showing the positive and negative effects of a substantial removal of this critical revenue. This has not been done and still needs to happen before a prudent decision can be made.

As City Council members, your obligations rest in the welfare of the citizens and businesses of the City. The Board members of this District are charged with promoting the financial welfare of its 20+ landowners. However, when it's Board members, major landholder, mill levy and PIF authorizer, bondholder, infrastructure builder, and land seller are all the same persons, the other landholders must look for fairness in the oversight of the City Council.

This Council has already made the determination to incentivize the retailer, Scheels, four months in February by reducing 1% of the City's sales tax and allowing them to substitute an 1% fee on its customers so Scheels can keep the revenues. Neither of these actions have a direct impact on the other 20+ district landowners. But this new request for more financial incentives by releasing one landowner from its responsibility of contributing to the District's existing bond payments for the infrastructure the retailer will use, while free-loading off it's neighbors, is highly unreasonable.

We suggest the Council deny the District request and rest content that the incentives granted in February were received in the good faith that they fully satisfied the expressed needs of this retailer.

Sincerely,



Timothy J. Leonard
President