

Except from Braden/Nor'wood e-mail 2-16-16

Carl and Peter:

The original Wolf Ranch Master Plan was approved by City Council in 2001 and has been amended over time. The current Wolf Ranch Master Plan is attached.

In 2002, the Wolf Ranch Metropolitan Districts were approved. State law allows a maximum of 50 mills for debt service, but there is no state law limitation on the mill levy for operations and maintenance. In 2002, the policy of the City of Colorado Springs limited the total mill levy to 20 mills, so the Wolf Ranch Metropolitan Districts were approved in 2002 with that limit.

In 2006, the City amended its special district policy as applicable to residential properties to allow 10 mills for operations and maintenance and 30 mills for debt service for a total mill levy of 40. For commercial properties, the policy allowed 10 mills for operations and maintenance and 50 mills for debt service for a total mill levy of 60.

After the new City special district policy was adopted, an application by the Districts was submitted to the City to allow the new mill levy structure, **but this application only applied to undeveloped property**. The application to allow the new mill levy structure under the new policy was approved by City Council in 2006, which mill levy structure has been in effect since 2006.

The attached map illustrates the not only the trails, parks, landscape tracts and open space that are currently built, owned, operated and maintained by the Wolf Ranch Metropolitan Districts, but also future trails, parks, landscape tracts and open space that the Districts will be obligated to build, own, operate and maintain. Included in the areas maintained and to be maintained are landscape tracts and medians located on or along public rights of way, including Research Parkway and Briargate Parkway, areas that normally would be maintained by the City. In addition, the Districts are obligated to build, own, operate and maintain two neighborhood parks that normally would be built, owned, operated and maintained by the City.

After over ten years of operating within the confines of the City policy setting limits an analysis was done of the costs of maintenance of the existing and future trails, parks, landscape tracts and open space. That analysis is attached.

With the limitation of 10 mills for operations and maintenance, the following salient points are made:

- As of 12/31/14, the cumulative negative cash flow (without interest) is \$3,058,048. This means that Nor'wood, as the developer of Wolf Ranch, has subsidized the Districts in the amount of \$3,058,048.
- If the 10 mill for operations and maintenance were to continue in the future, then in 2034, the annual negative cash flow would be \$240,678, and the cumulative negative cash flow would be \$12,327,334.

- This is not a sustainable business model.

The lower part of the spreadsheet shows the added revenue if the operation and maintenance mill levy were increased to 20 mills. As was done in 2006, **this mill levy increase would only apply to undeveloped property.** The impacts of this increase are as follows:

- In 2025, the annual negative cash flow is \$12,041 and the cumulative negative cash flow is \$5,876,443.
- Starting in 2026, the Districts will operate at a sustainable level, and the subsidies paid by Nor'wood will start being repaid to Nor'wood.
- This is a sustainable business model.

It is not certain why the operation and maintenance mill levy was capped at 10, but experience operating within the confines of this limitation has shown that it is not a sustainable business model. It is therefore respectfully requested that the operation and maintenance mill levy for the undeveloped portions of Wolf Ranch (Upper Cottonwood Districts 3-5) be increased to 20 mills.



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