

## **Flying Horse Metropolitan District Nos. 1-3 Amendment to Service Plan**

### **Background**

- The consolidated service plan (the "Service Plan") for the Flying Horse Metropolitan District Nos. 1, 2 and 3 ("Districts") was approved by the Colorado Springs City Council and the Districts were organized in 2004.
- As originally approved, the Service Plan provides the maximum aggregate mill levy cap for both debt service and operations for each of the Districts shall be 35 mills.

### **Proposed Amendment**

- The proposed Amendment to Service Plan (the "Amendment") will increase the aggregate mill levy cap to 40 mills (5 mill increase) for each of the Districts to allow for increased operational expenses. The Service Plan allows for the Districts to collect up to \$1.5MM in operational revenue and currently at 5 mills the Districts collect less than \$310,000, well short of the operational expenses that are approximately \$750,000 and growing annually. This modest increase will essentially allow the Districts to collect approximately \$620,000 in operational revenue; still well below the authorized amount of \$1.5MM.
- In addition, the Amendment amends the Service Plan to reflect that no fees other than one-time builder-paid development fees shall be pledged for repayment of any debt, consistent with current City policy.

### **Rationale for Proposed Amendment to Service Plan**

- In recent years and in the projected future, the Districts' outstanding debt obligations require the Districts to impose and dedicate to debt service a debt service mill levy of 30.000 mills.
- The Districts' recent operations and maintenance mill levy (the "O&M Levy") has been 5.000 mills.
- Under the current Service Plan, the Districts are currently unable to increase the O&M Levy to pay for increased park and landscape maintenance costs.
- The proposed Amendment will allow the Districts to increase their O&M Levy by an additional 5.000 mills, from 5.000 mills to 10.000 mills.
- For a \$500,000 home, this will equal a monthly increase of \$15.
- The Districts own, operate, maintain and provide significant parks and recreation improvements and landscape services throughout the community. These are funded through the Districts' O&M Levy and have been subsidized by significant contributions by the developer that will not be available in the future.
- If the service plan is not amended and the mill levy increased, the Districts will need to consider significantly reducing the level of maintenance in the parks, open space and landscape areas they maintain.

**FLYING HORSE METROPOLITAN DISTRICTS**  
**2017 Budget Approved 12/1/2016**

	DISTRICT #1 Operating	DISTRICT #2 Residential	DISTRICT #3 Commercial	TOTAL
<b>Operations &amp; Maintenance</b>				
Current Property Tax Revenues Available for O&M		43,157,500	13,709,870	56,867,370
2016 Assessed Value		5	5	
Current mills for Operations & Maintenance		215,788	68,549	284,337
Current Total Property Tax Revenues Available for O&M		(3,237)	(1,028)	(4,265)
Less 1.5% Collection Fee		212,551	67,521	280,072
Current Net Property Tax Revenues Available for O&M				
Total Specific Ownership Taxes (Auto Taxes) for O&M		21,429	6,343	27,771
<b>Current Total Tax Revenues Available for O&amp;M</b>	-	<b>233,979</b>	<b>73,864</b>	<b>307,843</b>
Maintenance & Utilities Expense	684,333	-	-	684,333
Administrative O&M Expense	31,390	9,923	9,038	50,352
<b>Total O&amp;M Expenses</b>	<b>715,723</b>	<b>9,923</b>	<b>9,038</b>	<b>734,685</b>
<b>Operations &amp; Maintenance Shortfall</b>	<b>(715,723)</b>	<b>224,056</b>	<b>64,826</b>	<b>(226,841)</b>
<b>Proposed Increase Applied to 2017 Budget</b>				
Additional Property Tax & Auto Tax Revenues Available with 5 Mill Increase		233,979	73,864	307,843
Updated Operations & Maintenance Shortfall	<b>(715,723)</b>	<b>458,035</b>	<b>138,690</b>	<b>(118,998)</b>

With the increase of 5 mills, the districts will realize approximately \$308,000 in additional O&M revenue allowing for a sustainable effort to operate and maintain the parks, open space and landscaping within Flying Horse. Absent the 5 mill increase, the Districts will need to consider making significant cuts in the level of maintenance of these areas as continued developer funding of the shortfall is not anticipated.

**FLYING HORSE METROPOLITAN DISTRICT #1**  
**Note Payable to Classic Development-Flying Horse, LLC for O&M Shortfall**  
**September 30, 2017**

2004-2007 Totals	Advances
2008 Totals	198,470
2009 Totals	189,700
2010 Totals	91,400
2011 Totals	175,105
2012 Totals	283,300
2013 Totals	369,850
2014 Totals	205,350
2015 Totals	403,700
2016 Totals	387,400
2017 Totals	469,100
<b>Total Owed to Developer</b>	<b>271,000</b>
	<b>3,047,375</b>

TAXING ENTITY	Tax Year 2016 Collected 2017
<b>METROPOLITAN DISTRICTS</b>	
Colorado Crossing Metropolitan No. 3	60.000
Banning Lewis Ranch Metropolitan No. 3	50.000
Lake of the Rockies	50.000
Pinon Pines Metropolitan No. 1, 2, 3	50.000
Sterling Ranch Metropolitan #1, 2, 3	50.000
Upper Cottonwood Creek Metropolitan No. 3 & 4	50.000
Allison Valley Metropolitan No. 1 & 2	40.000
Woodmen Heights Metropolitan No. 2 & 3	40.000
Flying Horse Metropolitan No. 2, 3	35.000

<http://trs.elpasoco.com/Pages/MillLevies.aspx>