

Kettle Creek North Metropolitan District Nos. 1-4 Service Plan

City Council Work Session
March 13, 2023

Carl Schueler, Planning Manager- Comprehensive
Planning



Summary



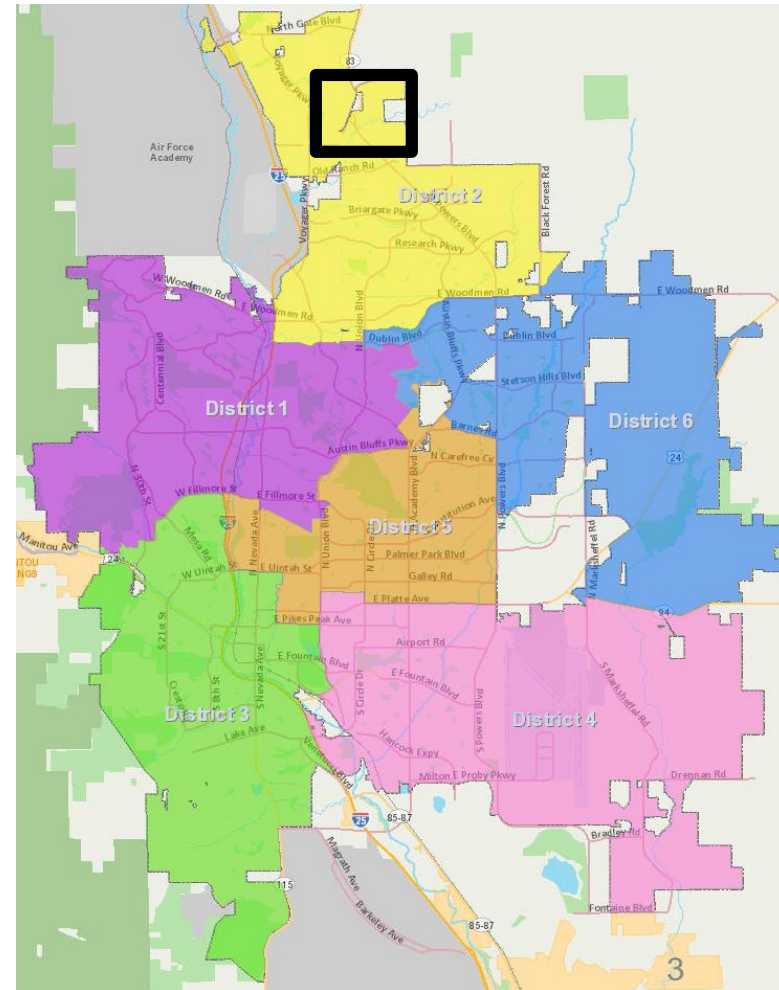
- New service plan for four metropolitan districts (Kettle Creek Metropolitan District Nos. 1, 2, 3 and 4)
- Utilizes new Policy and model service plan
 - No exceptions other than a contingency related to development plan status
- Existing land use approvals consistent with this petition
- Complete Exhibit E (improvements and financial plan) supporting “pre-authorization” of future debt without the need to come back to Council

See associated Applicant PowerPoint for additional information and detail

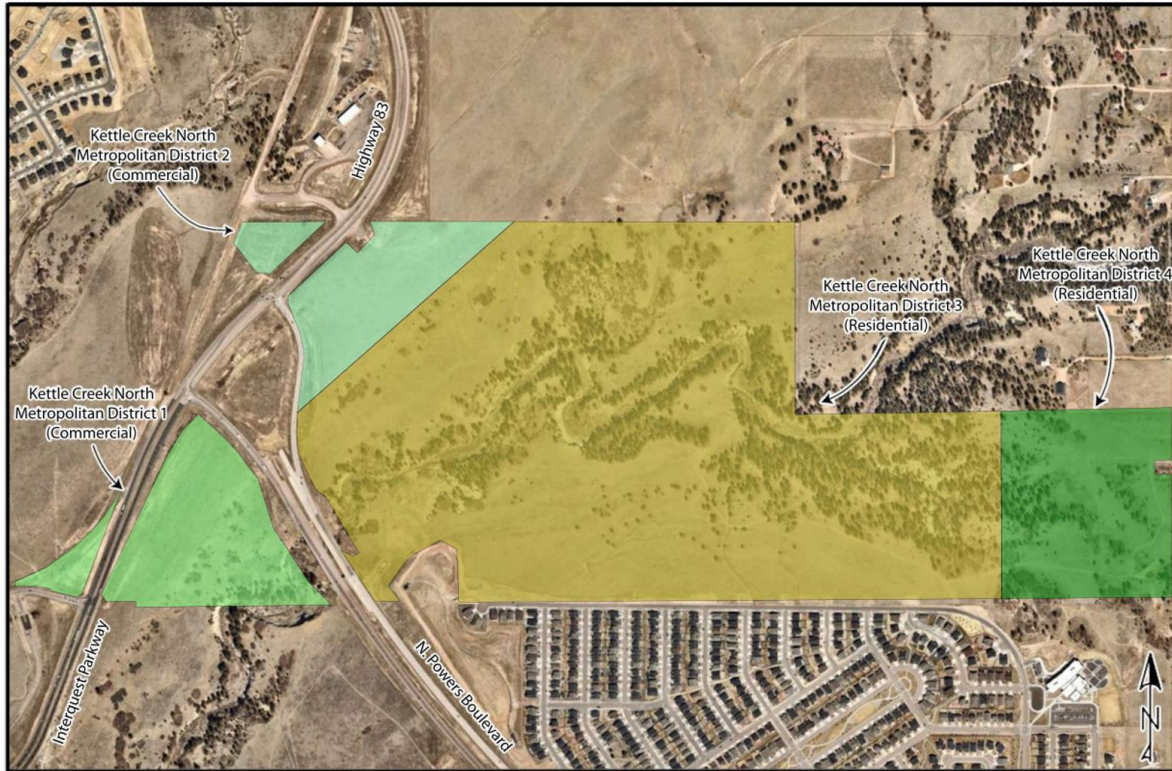
Location



- Northern Colorado Springs
- City Council District No. 2



Map of Proposed Districts



- Districts 1 and 2 Commercial (lighter green by Powers)
- Districts 3 and 4 Residential (tan and darker green to east)

| | | | |
|--|---|--|----------------------------|
| | KETTLE CREEK NORTH METROPOLITAN DISTRICTS COMMERCIAL AND RESIDENTIAL PLOTS | Kimley-Horn Planning and Design Engineering Consultants | |
| | | DATE: 7-27-2022 | DWG. NO. MAP |
| | | JOB NO: | SHEET 1 OF 1 |

Mill Levies and Authorized Debt



- Up to 50 mills for debt- all districts
- Up to 20 mills for operations- residential districts
- Up to 10 mills for operations – commercial districts
- \$ 45,800,000 in estimated eligible costs
- Requested \$52,000,000 maximum debt authorization

Operations and Functions

- District owned property
- Storm drainage
- Park and recreation
- Landscaping
- Covenant Enforcement and Design Review

Applicant Slide

Public Improvement Cost Estimates

| | |
|-----------------------------------|--------------|
| Sanitary Sewer | \$6,717,548 |
| Water Mains | \$4,866,166 |
| Storm Sewer | \$5,664,654 |
| Hwy 83 Improvements | \$11,233,580 |
| Landscaping | \$3,940,000 |
| Kettle Creek Channel Improvements | \$3,900,000 |
| Earthwork | \$1,466,490 |
| Concrete (Curb, Gutter, Sidewalk) | \$1,597,386 |

| | |
|------------------------|-------------|
| Paving | \$3,356,681 |
| Retaining Walls | \$300,000 |
| Offsite Infrastructure | \$1,900,000 |
| Fencing | \$876,000 |

Total: \$45,818,505

Exhibit E Financial Plan



- 2024 and 2034 potential debt issuances
 - 2034 would include refinance of 2024 bonds
 - Up to about \$43 Million issued at any one time
 - About 532 dwelling units, 221,000 square feet of commercial and a 160-room hotel
 - Dwelling unit count includes multi-family

Financial Plan

- Maximum Debt Mill Levy: **50 mills** (per model)
- Maximum O&M Mill Levy for Residential Districts: **20 mills** (per model)
- Maximum O&M Mill Levy for Commercial Districts: **10 mills** (per model)
- Maximum Debt Authorization Limitation: **\$52,000,000**
- Maximum Debt Mill Levy Imposition for Residential Districts: **40 years** (per model)
- Impact on \$500,000 Residence:
 - Total Mill Levy: 60 mills
 - Calculation:
 $\$500,000 \times 0.0715 = \$35,750$ (assessed valuation)
 $\$35,750 \times 0.060 = \mathbf{\$2,145}$ taxes owed per year
= **\$178.75** taxes owed each month

Applicant Slide

BOND STRUCTURE & PARAMETERS



Bond Financing Summary:

- The District is currently contemplating issuing a single series of senior-lien, current-interest bonds in late 2024.
- The District anticipates issuing a second series of bonds in 2034 to refund the Series 2024 Bonds and to fund additional reimbursement for certified infrastructure costs.
- The District anticipates that the Series 2024 Bonds will be issued as non-rated securities, secured by a limited-tax, general obligation pledge, secured by 35 mills on all commercial property (Districts 1 & 2) and 50 mills on all residential property (Districts 3 & 4).
- The Series 2024 Bonds will be additionally secured by a debt service reserve fund and capitalized interest (three years).
- The District anticipates that the Series 2034 Bonds will be issued with an investment-grade rating and a municipal bond insurance policy.
- Both the Series 2024 and 2034 Bond transactions are summarized below.

Limited Tax General Obligation Bonds, Series 2024 and Series 2034

| | Series 2024 | Series 2034 | Total |
|---------------------------------------|--|--|--|
| Tax Status | Tax-Exempt | Tax-Exempt | Tax-Exempt |
| Delivery Date | 12/1/2024 | 12/1/2034 | |
| Par Amount (\$) | 30,735,000 | 42,980,000 | 73,715,000 |
| Project Fund (\$) | 22,444,248 | 17,475,900 | 39,920,148 |
| Capitalized Interest Fund (\$) | 4,610,250 | - | 4,610,250 |
| Debt Service Reserve Funds | 2,765,802 | - | 2,765,802 |
| Cost of Issuance (\$) | 914,700 | 414,900 | 1,329,600 |
| Debt Service Mill Levy | 35 mills (commercial); 50 mills (residential) | 35 mills (commercial); 50 mills (residential) | 35 mills (commercial); 50 mills (residential) |
| Interest Rate | 5.00% | 4.00% | |
| Final Maturity | 12/1/2054 | 12/1/2064 | |
| Optional Redemption | 12/1/2029 at 103%, declining 1% per year | 12/1/2044 @ 100% | |

¹Preliminary estimates based on current market conditions; subject to change. D.A. Davidson makes no commitment to underwrite at these levels

Supporting Materials



- Council Resolution
- Transmittal letter
- Service plan and redline
- Financing plan included
- Applicant PowerPoint presentation

Budget Committee



- February 28, 2023
- Clarifications on geography, development approval status of easterly large lot single-family parcel, mouse habitat, total number of units (compared with prior appeal item), locations of and relationships to fire station and Powers extension etc.
- Questions on average assumed home value
- General counsel general observations on contingencies related to future conditions

Next Steps



- Hearing on March 28, 2023
- New districts would be formally created after May 2023 election
- Six affirmative votes needed for debt pre-authorization