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June 19, 2020

VIA E-MAIL

Carl Schueler
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**Re: Supplement to Service Plan Application - (Proposed) Reagan Ranch District
Nos. 1 - 3**

Dear Mr. Schueler:

On behalf of The Equity Group LLC (“Petitioner”), we would like to supplement our submittal materials for the (Proposed) Reagan Ranch Metropolitan District Nos. 1 - 3 (collectively, the “Districts”) following discussions with City Staff and the Budget Committee. In this letter, we summarize the revisions to the Service Plan and we provide an explanation of the structure of development expected to occur within the Districts as well as the anticipated costs of the public improvements the Districts are expected to incur as a result. Below is an outline of the topics discussed at the Budget Committee meeting on June 9, 2020 and our corresponding comments and revisions.

1. Vicinity Map Revision

The Vicinity Map for District No. 3 did not include the commercial property to the east of Marksheffel Road, which is now included.

2. Total Debt Issuance Limitation Modification

Due to the nature of the regional public improvements to support the overall development, it has been proposed that the Service Plan identify a total debt issuance limitation for each District instead of a combined total. In addition, as the Petitioner has identified certain parcels outside of the Initial District Boundaries that are likely to be included within the boundaries of District Nos. 2 and 3 in the future, it has been proposed that the Service Plan allow for an increase in the total debt issuance limitation for District Nos. 2 and 3 upon the inclusion of such property into the

June 19, 2020
Page 2

respective District's boundaries. This flexibility will address the Districts' subsequent need for additional financing capacity for public improvements to serve the future inclusion. We have modified Section V.A.10 of the Service Plan to reflect these recommendations.

We have enclosed with this letter additional information to support the requested total debt issuance limitations as they pertain to each District, the proportional regional improvement requirements for District Nos. 1 and 2, and the future incremental needs of District Nos. 2 and 3. The total estimated public improvements costs for the entire project is \$131,452,000 and the costs represented in the Public Improvement Cost Summaries have been reviewed by the civil engineering firm, Matrix Design Group. We have also enclosed a map of the major off-site public improvements to further demonstrate the conditions of this project.

First, the Public Improvement Table identifies the estimated public improvement costs within each District's initial boundaries ("Initial Inclusions"). Detailed summaries of the Initial Inclusions cost estimates for each District are enclosed.

Second, the Public Improvement Table identifies the public improvement costs District Nos. 1 and 2 will incur for the regional public improvements those Districts are anticipated to construct ("Regional Costs"). For District No. 1, the entire Regional Costs will be allocated to the property initially included within District No. 1's boundaries - the Initial Inclusions - and District No. 2 will allocate 40% of the Regional Costs to the Initial Inclusions and 60% to the Future Inclusions. Detailed summaries of the Regional Costs for District Nos. 1 and 2 are also enclosed. The regional public improvements District No. 1 is anticipated to provide include the north lift station, removal/replacement of Space Village Avenue, street development, and utility corridor overlot grading, with a total estimated cost of \$28,782,540. The regional public improvements District No. 2 is anticipated to provide include the south lift station and force main to the north lift station interceptor, with a total estimated cost of \$35,494,542. Although the cost of the District No. 2 regional public improvements is allocated 40% to the Initial Inclusions and 60% to the Future Inclusions, the needs of the project require the regional public improvements be constructed at the start of development.

Third, the Public Improvement Table identifies the public improvement costs District Nos. 2 and 3 will incur for the property included within the boundaries of District Nos. 2 and 3 in the future ("Future Inclusions"). Detailed summaries of the Future Inclusions cost estimates for District Nos. 2 and 3 are enclosed.



June 19, 2020
Page 3

3. CSU

The Budget Committee has requested that the Petitioner provide support and reflection of consistency between what is planned and CSU plans. At this point of planning, discussions are on-going with CSU regarding the construction and function of the utilities to serve the project. All District facilities and operations will be in compliance with CSU standards and anticipated agreements regarding the project.

4. Additional changes to Service Plan

- a. We clarified in Article III that the boundaries among the Districts, i.e., within the Service Area, may change pursuant to Section 32-1-401, *et seq.*, C.R.S., and Section 32-1-501, *et seq.*, C.R.S.
- b. The initial boundaries of District No. 1 have been modified to reflect the current the properties District No. 1 is anticipated to serve in the near future, including the elimination of the Powers Dairy parcel as a future inclusion area. The Powers Dairy parcel will remain as future inclusion area for District No. 2.
- c. We revised Exhibit D to reflect District potential operation and maintenance of lift stations if required by agreements with CSU.
- d. The example tax calculation in Exhibit E is revised to reflect a \$450,000 home value instead of \$250,000.

Thank you for your time and consideration of this supplement to our initial submittal. Please let us know if you have any questions or require additional information. We look forward to continuing to work with you in the formation of the Districts.

Best regards,

/s/ Russell Dykstra

Russell Dykstra

Enclosures