



Legislation Text

File #: 21-343, **Version:** 1

A resolution approving a service plan allowing for the creation of the Meadowworks Metropolitan District Nos. 1-5 located in the southern part of Banning Lewis Ranch.

(Legislative)

Presenter:

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Summary:

This service plan would allow the formation of the Meadowworks Metropolitan District Nos. 1-5 ("Districts") to finance public improvements costs and provide services for a part of the Nor'wood ownership within the southern part of Banning Lewis Ranch Master Plan in the vicinity of the existing unincorporated Colorado Centre development. District No. 1 is anticipated to function the commercial district, with District Nos. 2-5 anticipated to be residential districts. Overall, the area to be encompassed within the boundaries of the five districts is about 2,332 acres. Initial district boundaries are anticipated to be limited in area, and then expanded over time with future inclusions.

No deviations from the Special District Policy and model service plan are being requested.

This item was discussed by the City Council Budget Committee on June 22, 2021 and introduced at a Council Work Session on July 12, 2021. At the Work Session Council asked for this service plan to be revised to insert language to specifically limit these District's ability to restrict otherwise allowable use of concealed weapons as addressed in Colorado Senate Bill 21-256. The addition language is now inserted as a new paragraph V.A.17:

"Concealed Carry Prohibition. The District shall not adopt or enact an ordinance, resolution, rule or other regulation that prohibits or restricts an authorized permittee from carrying a concealed handgun in a building or specific area under the direct control or management of the District as provided in C.R.S. § 18-12-214."

As also discussed at Budget Committee. Council discussed the topic of the current service plan language addressing an expectation that the interest rate of debt should not exceed 18%, and whether a lower rate should be substituted. At this point, it is staff's recommendation that this topic be addresses uniformly as a potential model service plan and/or Special District Policy change, rather than in the context of a single service plan.

Background:

These proposed metropolitan districts would provide property tax-based public improvements financing and services for this part of Nor'wood Development Company's holdings within the

southern part of Banning Lewis Ranch. The overall proposed district area encompasses about 2,332 acres with about 184 acres of designated parcels to be included initially, with other parcels identified as future inclusion areas. Very small “directors parcels” will also be established for each district. Overall, the districts are expected to accommodate several thousand dwelling units along with a relatively more limited area of commercial development. The petitioners suggest the buildout period for all of these metropolitan districts could be 10 ten years of more.

This would be a consolidated service plan with five (5) districts created, one to serve as the commercial district, and four for different residential phases of the project.

For the residential districts, the service plan allows a service mill levy cap of up to 30.0 mills Gallagher-adjusted back to 2006. The commercial districts would have a Gallagher-adjusted cap of 50.0 mills, provided that it does not contain residential uses. The maximum Gallagher-adjusted operations and maintenance mill levies will be 10.0 mill for all the districts.

Pursuant to the Special District Policy, all future district inclusions must be identified and presented with the initial petition and illustrated on Exhibit C-2 to the service plan. About 2,148 acres are identified as future inclusion areas.

The combined maximum debt authorization for these Districts is proposed to be \$400,000,000, based on about \$373,000,000 in estimated public improvements costs. Although estimated costs have been allocated to particular potential district areas, District-specific maximum debt authorizations have been included in the service plan.

Anticipated costs have been broken down by category of infrastructure and by district, with assumptions made for the future inclusion areas.

Exhibit D of the service plan authorizes the Districts to perform ongoing operations and maintenance functions including covenant enforcement, parks, streetscapes, monumentation, public art and stormwater facility ownership and maintenance, either on property owned by the Districts or on other public properties.

Included as attachments are a clean copy of the most recent version of the service plan including exhibits, along with a “redline” showing insertions into the Model Service Plan.

These districts are overlapped by the Colorado Centre Metropolitan District (CCMD) which has been in existence since approximately 1984. The CCMD service plan was approved by the Board of County Commissioners when the original Colorado Centre project was approved as an unincorporated development of about 4,000 acres in area. Initial County development took place in the mid to late 1980s, primarily in the form of several hundred single-family homes. Subsequently, the majority of the remaining vacant property was acquired by initial developer of Banning Lewis Ranch and included as part of the 1988 BLR annexation. Essentially, CCMDs original boundaries remain unchanged. The current mill levies for CCMD include 25 mills for operations and debt, along with an additional 100 mills that was mandated through a bankruptcy action in the 1990’s, specific to “developer owned” property. It has been represented to City staff that this extra mill levy remains on a property essentially until a building permit is approved for a property, after which it no longer applies. Staff also understands that all or most of the 25.0 CCMD mills would remain on the property after creation of these districts because it is presumably pledged to outstanding debt. It is further

noted that the Bradley Heights Metropolitan District Nos. 1-3 also overlap CCMD, and Council recently authorized the issuance of debt by one of these districts under a comparable overlapping mill levy scenario.

This submittal was forwarded to the staff of CCMD. A representative responded with an e-mail indicating they had no concerns from that District's perspective. They did have another question/concern regarding the director's parcel structure.

The properties proposed for these metropolitan districts are part of an overall circa- 1988 master plan for Banning Lewis Ranch (BLR) along with the original zoning approved at that time. The property is subject to a more recently approved amendment to the original annexation agreement for BLR. For at least the initial phases of development within these districts, the applicants intend to submit development plans and final plats based on current zoning. Therefore, approval of this service plan can logically be tied to an "approved development plan" as defined in the service plan. Overall, the petitioners anticipate several thousand dwelling units will be built within these districts, with full buildout to take a decade or more.

Included in the Model Service Plan are findings from Section 32-1-203(2), Colorado Revised Statutes that need to be made in conjunction with approval of the Service Plan. In the case of this petition, a specific case could be made by the petitioners that, in the absence of these districts, the ongoing operations and maintenance of the project would be more challenging, and all of the contemplated public improvement amenities and services would not be provided or available.

Colorado Revised Statutes include four criteria for which an affirmative finding must be made in order to approve this service plan, along with five other criteria which may be considered. These are all included within the body of the City's Model Service Plans and this particular service plan. The four required criteria are as follows:

- There is sufficient existing and projected need for organized service in the area to be serviced by the Districts;
- The existing service in the area to be served by the Districts is inadequate for present and projected needs;
- The Districts are capable of providing economical and sufficient service to the area within its proposed boundaries; and
- The area to be included in the Districts does have, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis.

The petitioner's attached transmittal letter addresses these required criteria and findings. Staff would note that urban density zoning has been in place for the subject property for over three decades, and public improvements costs will support these generally entitled land uses.

This item was discussed by the Budget Committee at their June 22, 2021 meeting. The Committee had a number of questions and comments including about projected the buildout and affordable housing options. A comment was made concerning the relatively small proportion of anticipated commercial uses. There was discussion around the overlap of the Colorado Centre Metropolitan District, and available options for addressing the overlapping debt. The topic of the expected 18% maximum expected interest rate in Section VI.B was raised in association with this service plan, as it was with the proposed Freestyle metropolitan districts.

Previous Council Action:

These would be a new metropolitan districts for this area and property. The subject properties were annexed, master planned and originally zoned in 1988. The governing annexation agreement was amended in 2018.

This item is currently expected to be heard by Council at their July 27, 2021 meeting.

Financial Implications:

There are no direct implications to general City taxpayers and ratepayers outside of the boundaries of these Districts.

Board/Commission Recommendation:

N/A

Stakeholder Process:

The staff-level Special District Committee has been provided with the materials associated with this request. Comments or concerns from the Committee have been addressed in these documents.

Alternatives:

- Approve the resolution as presented
- Deny the resolution
- Approve the resolution with changes to the service plan

Proposed Motion:

Move to approve a resolution of the City of Colorado Springs approving a service plan allowing for the creation of the Meadoworks Metropolitan District Nos. 1-5

N/A