



## Legislation Text

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A Resolution approving an Amended and Restated Service Plan for the Banning Lewis Ranch Regional Metropolitan District No. 2

(Legislative Item)

**Presenter:**

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**Summary:**

This is a request by Clayton Properties Group II Inc., d/b/a Oakwood Homes for approval of an amendment to modify and restate the existing service plan for what was the Banning Lewis Ranch Metropolitan District No. 7 to convert it to a second overlay district for the limited purpose of funding a variety of regional-scale public improvements including but not limited to wastewater conveyance improvements. This would function as a second regional district to be used for later phases of the undeveloped portions of Banning Lewis Ranch that are currently owned or developed by Oakwood Homes and Walton Global Holdings and generally located east of Banning Lewis Parkway. The existing and recently amended restated regional district would apply to earlier phases of the Oakwood development west of Banning Lewis Parkway. Essentially there would be two side-by-side regional overlay districts with similar purposes and limitations. This second regional district would allow for the potential full use of the 40 year “maximum debt service mill levy imposition term” that is applicable to metropolitan districts with residential uses.

As with the first Banning Lewis Ranch Regional Metropolitan District, this District’s total maximum mill levy would be 10.0 mills (9.0 for debt service and 1.0 for operations). As is the case with the existing regional overlay district, the use of this mill levy would be limited to qualifying regional infrastructure improvements.

This service plan amendment has been prepared in the form of a complete replacement of the current service plan as an amended and restated plan. A copy of the proposed amended and restated service plan is attached.

This item was introduced at the August 13, 2018 City Council Work Session.

**Previous Council Action:**

On September 13, 2005, City Council approved the formation and service plan of the Banning Lewis Ranch Metropolitan Districts Nos. 1-7 (the “Districts”) by Resolution No. 162-05. City Council subsequently approved an Amended and Consolidated Plan (the “Service Plan”) for District Nos. 1-5 and 7, by Resolution No. 52-08 adopted on March 11, 2008. District No. 6 was reserved out in

anticipation of a wastewater improvements agreement being entered into among Colorado Springs Utilities and certain BLR developers, and the need for District No. 6 to support the purposes of that agreement. On June 22, 2010 (by Resolution No, 100-10) Council approved an Amended and Restated Service Plan for the Banning Lewis Ranch Regional Metropolitan District (BLRRMD)- (formerly District No. 6) for the unique purpose of authorizing the District to support the regional wastewater system and treatment capacity improvements identified as part of the Wastewater Agreement. Recently on April 24, 2018, in conjunction with changes to the overall BLR Annexation Agreement, Council approved an amendment of the BLRRMD to allow it to be used to generate additional tax revenues for specified regional improvements including but not limited to wastewater improvements (Resolution 39-18).

From 2013 onward, City Council has also approved resolutions authorizing the issuance of new and refinanced debt by Banning Lewis Ranch Metropolitan Districts Nos. 2 and 3 which overlap and fall within this District. Prior to and during the period, the Council has approved a variety of rezoning requests for the Oakwood Homes properties within the District.

This item was presented at the City Council Budget Committee on July 10, 2018

**Background:**

Metropolitan districts are created under Colorado Statute and City Policy to finance and/or maintain certain public improvements in residential and/or commercial areas, primarily utilizing a property tax mill levy as a revenue source. These districts are separate legal entities from the City.

Material modifications of a service plan require City Council approval, with this change clearly falling in that category.

The existing Banning Lewis Ranch Metropolitan District Nos. 1-5 and 7 were originally created with the expectation they would be deployed across the majority of the BLR property then not already conveyed to separate annexors. Similarly, the BLRRMD (former District No. 6) was modified in 2010 with the expectation that it would overlay that entire property for its specified regional wastewater improvements financing purpose. This purpose was limited to accumulating funds needed to meet requirements associated with the Wastewater Agreement, based on and tied to certain development triggers. Among other considerations, the pending amendment of the 1988 Banning Lewis Ranch Annexation Agreement responds to more recent projections concerning regional wastewater needs for all of BLR and involves a termination of the Wastewater Agreement.

Presumably, other property owners/developers within BLR will eventually propose additional metropolitan or other special districts particular to their properties.

The Amended and Restated Service Plan for BLRRMD No.2 will have the effect of dividing the These 10 mills are separate and apart from the mill levies imposed by the overlapped districts. As with BLRRMD, the allowable uses for BLRRMD No 2's debt service mill levy would be limited to a variety of necessary regional public improvements specified by category in the service plan. For example, the revenues from this District could be used to finance costs of lift stations, major sanitary sewer pipelines or roadways with a classification of arterial and above, and therefore not local streets.

Within the proposed boundary of this District, one of the "base" BLR metropolitan districts will also be

in place upon development. For this area, the base metropolitan districts will likely be one of the proposed new Banning Lewis Ranch Metropolitan District Nos. 8-11. The current Gallagher adjusted debt service mill levy cap for District Nos. 2-5 and proposed District Nos. 8-11 (the residential districts) is 30.0 mills. Each of these districts has, or is expected to have an operational mill levy cap of 20.0 mills.

The maximum combined authorized debt proposed for this District and the existing BLRRMD, is \$150,000,000. This number was based on a generalized estimate of total eligible future regional improvements costs combined with already constructed improvements included in existing recovery agreements (altogether about \$100,000,000). A factor has been added to address the impact of contingencies and inflation. A list of these generally anticipated improvements was included in that Second Amended and Restated Service Plan. The service plan for this District contains specific language reference the aggregate debt limit for both regional districts. By separate administrative action the BLRRMD will execute a minor amendment of that district's service plan to tie the aggregate limit to that plan. Actual issuance of debt (or direct reimbursement) will be dependent on available revenues as limited by the mill levy cap. The proposed service plan contains a prohibition on "end user debt service fees" as now required in the Model Service Plans, and requires City approval of all debt issuances.

This request was presented to the City Council Budget Committee on July 10, 2018 at which time the proposed district boundary geography was described (including the concurrently proposed additional "base" Banning Lewis Ranch Metropolitan District Nos. 8-11). The Committee had a number of informational and clarifying questions, and it was noted that the service plan for this District would be amended to include an overall aggregate debt limitation (in combination with the previously approved regional district).

**Financial Implications:**

The direct financial obligations associated with this District will be limited to the existing maximum mill levy on properties included within it. There will be no direct financial obligations or impacts to the General City or its taxpayers or ratepayers.

**Board/Commission Recommendation:**

The City's staff-level Special District Committee has been provided copies of these materials. No comments or concerns have been provided.

**Stakeholder Process:**

N/A

**Alternatives:**

City Council could choose to approve, deny or modify the proposed resolution.

**Proposed Motion:**

Move adoption of the resolution approving a request by Clayton Properties Group II Inc., d/b/a Oakwood Homes for an Amended and Restated Service Plan for the Banning Lewis Ranch Regional Metropolitan District No. 2

Resolution approving an Amended and Restated Service Plan for the Banning Lewis Ranch Regional Metropolitan District No. 2.

N/A