



Legislation Text

File #: 22-710, **Version:** 1

A Resolution of the City of Colorado Springs approving an Amended and Restated Service Plan for the Reagan Ranch Metropolitan District Nos. 1-4 serving an area in the west central part of Banning Lewis Ranch

Presenter:

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Summary:

This amended and restated service plan would replace the existing approved service plan for the Reagan Ranch Metropolitan Districts Nos. 1-3 (“Districts”) which were originally created in 2020 to serve this area in west central Banning Lewis Ranch. The amended plan conforms with Council’s recently adopted changes to the Special District Policy and model service plan. The amended service plan would specifically allow for potentially higher debt service and operational mill levies for the residential districts, and for the “pre-authorization” of future debt issuances, without the need to come back to Council for separate approval. As part of this request, the petitioners are requesting approval to create one additional residential metropolitan district (District No. 4) and to allow for inclusion of other newly acquired property into existing District No. 3. The petitioners are also requesting to maintain their overall debt limitation a \$121,000,000 but to remove the existing district-specific caps in favor of a single aggregate amount for all of the districts.

This item was discussed by the City Council Budget Committee on October 25, 2022 and introduced to Council at a Work Session on November 7, 2022 at which time there was high level discussion pertaining to the implications of the new Policy and model plans, but no requests for specific changes or information (also refer to discussion below).

This property is located in City Council District No. 4.

Background:

These original three metropolitan districts were created in late 2020 following Council’s approval of the original service plan earlier that year. District Nos. 1 and 4, and District Nos. 2 and 3 are anticipated to be the “commercial” districts (with District No. 2 having industrial uses).

The new District No. 4 would encompass about 17.3 acres of newly acquired adjacent property located south of the existing boundaries of the Districts.

In 2021 Council authorized and District No. 2 (a commercial district) issued \$17,890,000 in debt with an additional pledge of revenues from District No.1 (a residential district).

Altogether the four districts are planned to have a variety of non-residential and residential uses associated within this proposed approximately 250 -acre project. A total of about 776 dwelling units

and about 1,060,000 square feet of non-residential uses are contemplated.

Consistent with the new Special District Policy, this service plan allows for debt service mill levies of up to 50.0 mills for both the residential and commercial districts, but with no retroactive “Gallagher adjustments”. The residential districts are also allowed to have operations and maintenance levy up to 20 mills, with a maximum of 10 for the commercial districts. These districts also propose to use facility fees (collected at the building permit phase) and additional source of revenues (ranging from \$500 to \$3,500) depending on the type of residential unit.

The four districts that are part of this service plan are intended to share a total maximum of \$121 million in debt authorization, which would be unchanged from the original service plan. However, with this amended and restated service plan there would no longer be district-specific maximum debt limits. The cost estimates are based on detailed calculations for a variety of public improvements now included in Exhibit E. Also included in the new service plan is a map depicting the location and extent of some of the major public improvements proposed to be funded by these districts.

Exhibit E also includes a financial plan which contemplates a second approximately 12.8 Million bond issuance in 2023, with pledges from District Nos. 1 and 2. This would be followed by a larger issuance of over \$100 Million in about 2031. In the case of the residential districts, the financial plan assumes the full authorized levy of 50 mills will be applied to either the 2021 or contemplated 2023 issuances, and then collectively to the circa 2031 bonds which would refinance and add substantial “new money” to the 2021 and 2023 bonds. All this information is provided in support authorization to issue debt in the future without the need to return to Council for separate approval.

If approved, this amended and restated service plan would supersede and fully replace the original 2020 service plan for these districts.

The City Council Budget Committee considered this item at their October 25, 2022 meeting. There were a number of questions and comments. In response to a staff question about the need for one additional residential district, representatives stated that without another district, there would be the potential for unnecessarily tying up the revenues from this property with existing debt and not having them available for other future debt. Although this scenario might not come into play with the financial plan as submitted, it could in the event the circa 2031 issuance was not structured to refinance all prior debt, or if there was a desire for District No. 4 area to issue its own debt in the future.

This item was introduced at a Council Work Session on November 7, 2022, during which there was discussion around implications if the recently updated Special District Policy, but no requests for changes or new information specific to this request. As a more general Council members also asked for additional background related to disclosure of district financial information via websites, annual reports and audits.

Financial Implications:

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

Board/Commission Recommendations:

N/A

Stakeholder Process:

The staff-level Special District Committee has been provided with the materials associated with this request. No comments or concerns have been received as of the date of this cover memo.

Previous Council Action:

City Council approved the original service plan for these Districts on August 25, 2020, (Resolution 70-20). On October 26, 2021, Council approved a limited amendment to this service plan to modify the district-specific maximum debt limits for the three existing districts (Resolution 145-21). On October 26, 2021, Council authorized the first issuance of debt by District No. 2 (Resolution 146-21)

Alternatives:

City Council has the options of approving or denying this amended and restated service plan. Council could also continue the item with specific direction provided to staff and the petitioners.

Proposed Motion:

Adopt a Resolution of the City of Colorado Springs approving an Amended and Restated Service Plan for the Reagan Ranch Metropolitan District Nos. 1-4 serving an area in the west central part of Banning Lewis Ranch.