



Legislation Text

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A Resolution of the City of Colorado Springs Approving an Amended and Restated Service Plan for the Freestyle Metropolitan District Nos. 1, 2, 3 and 4 serving an area in the north central Banning Lewis Ranch

Presenter:

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Summary:

This amended and restated service plan would replace the existing approved service plan for the Freestyle Metropolitan Districts Nos. 1, 2, 3 and 4 (Districts) which were originally created in 2021 to serve this area of the Nor'wood ownership in Banning Lewis Ranch. This amended service 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 or the residential districts, and for the "pre-authorization" of future debt issuances, without the need to come back to Council for separate approval. There are no changes proposed to the district structure, the development assumptions, or the overall requested debt limit for these Districts.

This property is located in City Council District No. 6.

This agenda item was introduced in at the October 24, 2022 Council Work Session and is summarized in a staff Work Session PowerPoint provided with a prior related agenda item (North Meadow Metropolitan Districts).

Background:

These four metropolitan districts were created in late 2021 following Council's approval of the original service plan in July of that year. District Nos. 2-4 are intended to be the residential districts within this project area, with District No. 1 planned as the commercial district.

In early 2022, City Council then authorized issuance of up to \$53.6 Million in marketed debt by District No. 2 with a pledge of revenues from District Nos. 3 and 4. However, this debt has not yet been issued, initially due to the dynamics of the bond market and more recently because any future debt would be contingent upon approval of this amended service plan (with its higher allowable residential mill levies and with an authorization to issue future debt without the need to obtain Council approval coincident with the time of actual issuance).

In this multiple district structure, existing Districts Nos. 1, 2, 3 and 4 (the "Districts"), are planned to have a variety of non-residential and residential uses associated with the this proposed approximately 854-acre project. A total of about 2,866 dwelling units and about 523,000 square feet of commercial uses are contemplated for this project.

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 an 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.

The four districts that are part of this service plan are intended to share a total maximum of \$185 million in debt authorization. This estimate is based on detailed calculations for a variety of public improvements now included in Exhibit E.

Exhibit E also includes a financial plan which contemplates two bond issuances, with the first in 2023 in the second in 2033. The generally contemplated 2033 issuance assumes some refinancing of existing debt, along with additional bond proceeds. In the case of the residential districts, the financial plan assumes the full authorized levy of 50 mills, whereas for the commercial financing, 35 mills is assumed. 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 2021 service plan for these districts. Additionally, the City Council resolution will document that the previously approved 2022 Council debt authorization resolution is no longer in force and effect, since it is no longer needed.

The City Council Budget Committee considered this item at their September 27, 2022 meeting. There were a number of questions and comments pertinent to all three related service plan requests (this one, North Meadow and Meadowworks). These were primarily focused around the impacts and implications of recent changes to the Special District Policy and model plan, and particularly with respect to the “preauthorization” of future debt. Mr. Dyksta, Mr. Thomas of D.A. Davison and Mr. Taylor of Norwood responded to questions and clarified that the Exhibit E financial plans and assumptions are projections, and that aspects including timing of issuance, the bond structure, and interest rates, are all subject to change based on future needs and market conditions. Mr. Schueler noted that these financial plans would also not preclude the issuance of a structure with subordinate or privately placed bonds, as long as the issuances were consistent with the applicable limits established in the service plan. Members asked clarifying questions focused primarily on the impact of the recently amended Special District Policy on this service plan. Councilman Murray expressed concerns with the tax, debt and representation implications of these changes.

At the October 24, 2022 Work Session staff presented an overview of this request, and responded to questions and comments. Councilman Murray again expressed concerns related to limited Council oversight going forward. There were no requests for changes or specific additional information.

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 July 27, 2021, (Resolution 19-22). On February 22, 2022, Council authorized District No. to issue up to \$53.6M in debt with a pledge of revenues from District Nos. 3 and 4 (Resolution 19-22.) This authorization has not been acted upon.

Alternatives:

City Council has the options of approving or denying this 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 Freestyle Metropolitan District Nos. 1, 2, 3 and 4 serving an area in north central Banning Lewis Ranch