



Legislation Text

File #: 23-102, **Version:** 1

A Resolution of the City of Colorado Springs approving an Amended and Restated Service Plan for the Gold Hill North Metropolitan District Nos. 1 and 2 Serving an area South and West of Downtown Colorado Springs.

Presenter:

Carl Schueler, Planning Manager- Comprehensive Planning, Planning & Development Department
Peter Wysocki, Planning and Community Development Director

Summary:

This amended and restated service plan would replace the existing approved service plan for the Gold Hill North Metropolitan District Nos. 1 and 2 (“Districts”) which were originally created in 2021 to serve the residential uses the northern and not-yet-developed area of this project located south and west of downtown Colorado Springs. 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 these residential districts, and for the “pre-authorization” of future debt issuances, without the need to come back to Council for separate approval.

As of this date, there are no resident property owners in these Districts.

This item was discussed by the City Council Budget Committee on February 28, 2023, and then introduced at a Council Work Session on March 13, 2023. These discussions are summarized below.

This property is located in City Council District No. 3.

Although Council action on the balance of this amended and restated service plan only requires a simple majority vote, incorporation of the requested “pre-authorization” of future debt would require a minimum of six (6) affirmative votes.

Background:

These two metropolitan districts were organized in late 2021 following Council’s approval of the original service plan in July of that year. These metropolitan districts are intended to encompass various phases of the residential property within the Gold Hill North project. There is a corresponding Gold Hill North Business Improvement District (BID) intended to encompass the non-residential areas.

Together, the Districts currently encompass about 38.3 acres with potential to expand to up to 90.6 acres with future inclusions. About 557 total dwelling units are anticipated within the two metropolitan districts. The ultimate boundaries of the Districts are expected to change as the project is developed. With this project, there is the potential for “vertical separation” of district boundaries, wherein one residential floor of a mixed-use building is in a metropolitan district, while another non-residential floor

is included in the BID.

Consistent with the new Special District Policy, this service plan allows for debt service mill levies of up to 50.0 mills for these residential districts, but with no retroactive “Gallagher adjustments”. The current cap is 30.0 mills “Gallagher adjusted”. The Districts would also be allowed to have an operations and maintenance levy up to 20 mills. Under the current service plan, the District is authorized up to 10.0 “Gallagher adjusted” mills for this purpose.

The cost estimates are based on detailed calculations for a variety of public improvements now included in Exhibit D, a total of about \$70,250,000 in improvements costs are identified for the 3 combined districts.

Exhibit D also includes a financial plan which contemplates an issuance of a total of about \$11,490,000 in senior and subordinate bonds anticipated for 2025. This information is provided in support authorization to issue debt in the future without the need to return to Council for separate approval.

The allowable District boundaries, maximum debt limit of no more than \$18,000,000 has been reduced significantly from the amount of \$90,000,000 included in the 2021 service plan. This amount is consistent with Exhibit D financial plan, and better reflects the proportion of all potential public debt to be borne by these residential metropolitan districts. The authorized District functions would all be unchanged.

If approved, this amended and restated service plan would supersede and fully replace the original 2021 service plan for these Districts.

The City Council Budget Committee considered this item at their February 28, 2023 meeting. Clarification was provided regarding the reduction of the current debt cap for these two metropolitan districts down to \$18,000,000 noting that these districts could issue their own debt up this limit, or pledge up to that amount to debt issued by the BID or the Colorado Springs Urban Renewal Authority.

At the March 13, 2023 Work Session, Council asked clarifying questions, but requested no changes or additional information. There was specific discussion of, and concern by one Council member, around the process through which maximum debt limits are determined, the distinction between these caps and projected costs, and what happens in the event all bond proceeds are not needed. District counsel Russ Dykstra clarified that per IRS requirements, all bond proceeds must be spent/obligated within no more than three years.

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 this District on July 27, 2021, (Resolution 100-21). An ordinance creating the relate Gold Hill North BID was approved at the same time (finally passed on August 10, 2021). There have also been other actions taken by Council on related land use and urban renewal area applications.

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 Gold Hill North Metropolitan District Nos. 1 and 2 serving an area of south and west of Downtown Colorado Springs.