



## Legislation Text

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**File #:** 20-502, **Version:** 1

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Resolution Approving a Third Amendment to the Service Plan for the Colorado Crossing Metropolitan District Nos. 1-3 Increasing the Maximum Debt Authorization from \$35,000,000 to \$50,000,000.

**Presenter:**

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**Summary:**

This service plan amendment would allow the Colorado Crossing Metropolitan Districts Nos. 1-3 (Districts) to increase its maximum authorized indebtedness from \$35,000,000 to \$50,000,000 in order to accommodate increased development and financing costs which have been realized since this original service plan was approved in 2006.

With the exception of this specific amendment, the provisions of the original 2006 service plan for the District and the First and Second Amendments, would remain in force and effect

Immediately following this agenda item is a request for authorization to issue a combination of refunded and new debt by Colorado Crossing Metropolitan District No. 2 with a pledge of revenues from District Nos. 1 and 3. Approval of that item would be contingent on prior approval of this item.

This agenda item was introduced at an October 26, 2020 Council Work Session, at which time the applicants provided a detailed and updated presentation on both agenda items, including responses to questions provided at an October 20, 2020 Budget Committee pertaining to these items.

**Background:**

The 2006 City Special District Policy and the accompanying Model Service Plans require that service plans for metropolitan districts include total debt issuance limits, either for all combined districts that are part of a consolidated service plan, or with specific limits for individual districts. The original 2006 service plan for these Districts includes an aggregate debt issuance limit of no more than \$35,000,000. The Districts have petitioned to increase this combined limit to \$50,000,000, based on an increase in construction and public improvements costs since 2006, and to accommodate additional overall public financing costs and site improvement activities, not fully contemplated at that time. An increase above the current \$35,000,000 is necessary to allow District No. 2 to issue the full amount of debt contemplated with the next item on today's Council agenda.

Procedurally, this amendment would be processed in the form of a limited amendment document to be adopted by resolution. The resolution refers to the original 2006 service plan and prior 2016 and 2018 amendments, all of which would remain in force and effect except as specifically amended by the new document.

In this multiple district structure, as approved in the original 2006 service plan, District No. 1 has been functioning as the operating district and director's parcel, District No. 2 functions as the residential district, and with District No. 3 is the commercial district. The Districts now propose to modify the use of District No. 1 to eventually include developing properties originally included a part of District No. 2, if and when their land uses may convert from residential to non-residential purposes. The overall boundaries of these Districts have also been modified from those in the original plan, as a result of recent exclusions of property from District No. 3.

District No. 2 is authorized by the service plan and City Policy to levy up to 40.0 total mills (Gallagher Adjusted) in property tax (30.0 for debt service and 10.0 for operations and maintenance). As commercial districts, Districts No. 1 and 3 are authorized to levy up to 60.0 mills (50.0 for debt service and 10.0 for operations).

This mixed use development in the Colorado Crossing area has been actively developing in the last few years after a protracted period of financial difficulty beginning in about 2008. Recently, approved development plans for the southeastern part of the project have been modified significantly in response to a change in plans for what had originally been intended to be a large "Field of Dreams" sports complex

The City Council Budget Committee considered this request and the corresponding debt authorization item at their September 22, 2020 meeting. After presentations by City staff and the petitioners, and Committee discussion, the Committee essentially tabled these items to their next meeting with identified questions to provide follow-up information for. With respect to this service plan amendment item, the Committee asked for further justification for the requested \$60,000,000 debt authorization, given that only a total of about \$45.3 Million in debt is now proposed to be issued, and about \$ 44.7 Million in costs have been identified.

The Budget Committee held a special follow-up meeting on October 20, 2020 during which District representatives responded to prior questions using a PowerPoint presentation, which is attached. The presentation and Budget Committee questions focused on justification for the full \$60,000,000, related cost detail and an explanation of the need for the anticipated overlap of District Nos. 1 and 3. Representatives agreed to amend their request to \$50,000,000, which could effectively limit their ability to issue future debt anticipated for approximately 2027, without a future service plan amendment. Representatives also agreed to provide additional cost information detail at the Work Session, to include an explanation of the proportionality of benefit by individual district.

At the October 26, 2020 Work Session Council discussion covered a wide range of issues primarily related, not to this proposed service plan amendment, but focused more on the overlapping district structure, along with other questions pertinent to the proposed bond issuances.

Going forward, the current preference of the Budget Committee would be to incorporate district-specific maximum debt authorizations in service plans. However, since 2006, this service plan has had an overall aggregate limited which is consistent with most consolidated multiple district metropolitan district service plans approved at that time.

**Previous Council Action:**

Mixed use PUD zoning and concept plan were approved for the Colorado Crossing development

were approved in 2005. In 2006 City Council approved a consolidated service plan (“Original Service Plan”) for the Districts (Resolution 126-06). On October 25, 2016 Council approved a first amendment of this service plan to allow ownership and operation of a parking structure by these Districts (Resolution 111-16). On February 14, 2017 Council authorized issuance of up to \$15,000,000 in general obligation bonds for District No. 2 (Resolution 57-17). On December 11, 2018 Council approved a second amendment of this service plan to authorized maintenance of district- owned streets (Resolution 157-18).

**Financial Implications:**

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

**City Council Appointed Board/Commission/Committee Recommendation:**

N/A

**Stakeholder Process:**

The staff-level Special District Committee has been provided with the materials associated with this request, and no comments or concerns have been provided.

**Alternatives:**

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

**Proposed Motion:**

A Resolution Approving a Third Amendment to the Service Plan for the Colorado Crossing Metropolitan District Nos. 1-3 Increasing the Maximum Debt Authorization from \$35,000,000 to \$50,000,000.

N/A