



Legislation Text

File #: 21-346, **Version:** 1

A resolution approving a service plan allowing for the creation of the Gold Hill North Metropolitan District Nos. 1 & 2.

(Legislative)

Presenter:

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Summary:

This service plan would allow the formation of the Gold Hill North Metropolitan District Nos. 1 & 2 (“Districts”) to finance public improvements cost and provide services for the current undeveloped portions of the Gold Hill Mesa generally located along U.S. highway 24 and Fountain Creek. A related business improvement district (BID) is being concurrently proposed. Both metropolitan districts would function as residential districts potentially for different phases of the project. Non-residential property would be included in the corresponding Business Improvement District. There may be situation where there would be vertical separation in district boundaries (e.g. between floors in mixed use buildings).

The existing Gold Hill Mesa District Nos. 1-3 will remain to service debt and provide services associated with the developed or developing areas of the project generally located at the top of the Mesa.

These additional districts are being proposed in order to finance the newer phases of the project, and to separate them from the prior districts, one of which has had debt in place for a number of years.

No deviations from the Special District Policy and model service plan are being requested.

Ultimately, debt could be issued by one or both of these districts, potentially with a pledge of revenues from the BID and/or the urban renewal area. Alternately, the BID or the Urban Renewal Authority could issue debt with an applicable pledge from one or more of these metropolitan districts.

This item was discussed by the City Council Budget Committee on June 22, 2021 and introduced at a Council Work Session on July 12, 2021. At the Work Session Council asked for this service plan to be revised to insert language to specifically limit these District’s ability to restrict otherwise allowable use of concealed weapons as addressed in Colorado Senate Bill 21-256. The addition language is now inserted as a new paragraph V.A.17:

“Concealed Carry Prohibition. The District shall not adopt or enact an ordinance, resolution, rule or other regulation that prohibits or restricts an authorized permittee from carrying a concealed handgun in a building or specific area under the direct control or management of the District as provided in

C.R.S. § 18-12-214.”

As also discussed at Budget Committee, Council discussed the topic of the current service plan language addressing an expectation that the interest rate of debt should not exceed 18%, and whether a lower rate should be substituted. At this point, it is staff’s recommendation that this topic be addresses uniformly as a potential model service plan and/or Special District Policy change, rather than in the context of a single service plan.

See below for further discussion of both topics.

Background:

These proposed metropolitan districts would provide property tax-based public improvements financing and services for the remaining undeveloped part of the Gold Hill Mesa property. The boundaries of the existing Gold Hill Mesa Metropolitan District Nos. 1-3 are anticipated to be scaled back to exclude these properties. The overall proposed area for these two new districts encompasses about 90.6 acres.

This would be a consolidated service plan with two (2) districts created, each of which would be defined as a residential district but applicable to different locations or phases within the project.

For these residential districts, the service plan allows a service mill levy cap of up to 30.0 mills Gallagher-adjusted back to 2006. The maximum Gallagher-adjusted operations and maintenance mill levies will be 10.0 mill for both districts.

Pursuant to the Special District Policy, all future district inclusions must be identified and presented with the initial petition and illustrated on Exhibit C-2 to the service plan. This service plan identifies about 38.3 acres for initial inclusion into one of the two districts, and an additional approximately 52.3 acres for future inclusions. These future inclusion areas correspond with property proposed to be initially included in the corresponding proposed BID. If subsequently included in one of the metropolitan districts, that property would need to be excluded from the applicable metropolitan district.

The combined maximum debt authorization for these Districts is proposed to be \$90,000,000, based on about \$73,000,000 in estimated public improvements costs. District-specific caps are not being proposed. However, the Operating Plan and Budget for the corresponding BID also includes language that sets this amount as an aggregate limit for all three proposed districts. Although it remains to be determined, the expectation is that that future debt may be issued by the BID, with a pledge from one or both metropolitan districts, along with the revenues from the urban renewal area (see below).

The petitioner has also provided a summary of anticipated costs broken down by category of infrastructure and by district, with assumption also made for the future inclusion areas.

Exhibit D of the service plan authorizes the Districts to perform ongoing operations and maintenance functions including covenant enforcement, parks, streetscapes, monumentation, and storm water facility ownership and maintenance, either on property owned by the Districts or on other public properties.

The original and existing metropolitan districts for this project (Gold Hill Mesa Metropolitan District Nos. 1, 2 and 3) originally got their start in 2004 and operate under a 2006 Council-approved service plan. District No. 2 (the original residential district) formally issued debt in 2011 and in 2015. The entire Gold Hill Mesa project was approved for urban renewal area designation in 2004. In 2015 Council approved an amended urban renewal plan for which created a separate plan for the Gold Hill Mesa Commercial Area, with the original area designated as the residential area.

Included as attachments are a clean copy of the most recent version of the service plan with exhibits, along with a “redline” showing insertions into the Model Service Plan.

Included in the Model Service Plan are findings from Section 32-1-203(2), Colorado Revised Statutes that need to be made in conjunction with approval of the Service Plan. In the case of this petition, a specific case could be made by the petitioners that, in the absence of these districts, the ongoing operations and maintenance of the project would be more challenging, and all of the contemplated public improvement amenities and services would not be provided or available.

Colorado Revised Statutes include four criteria for which an affirmative finding must be made in order to approve this service plan, along with five other criteria which may be considered. These are all included within the body of the City’s Model Service Plans and this particular service plan. The four required criteria are as follows:

- There is sufficient existing and projected need for organized service in the area to be serviced by the Districts;
- The existing service in the area to be served by the Districts is inadequate for present and projected needs;
- The Districts are capable of providing economical and sufficient service to the area within its proposed boundaries; and
- The area to be included in the Districts does have, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis.

The petitioner’s attached transmittal letter addresses these required criteria and findings. Staff notes that the concept plan that has been approved for the subject property generally contemplates the intended land uses and improvements proposed to be supported by these districts.

This item was discussed by the Budget Committee at their June 22, 2021 meeting. They asked questions about the status of urban renewal area actions, and on what properties and facilities are expected to be maintained by the districts.

Staff have clarified that the only currently pending Colorado Springs Urban Renewal Authority action pertains to bifurcating the commercial area from the original urban renewal area and establishing a new commercial urban renewal area in 2015.

More information should be available at the Work Session. However, staff understands that certain streets with non-standard cross sections are expected to be maintained by these metropolitan

districts and/or the BID.

Previous Council Action:

City Council has previously approved a service plan precedent to creation of the Gold Hill Mesa Metropolitan District Nos 1-3 on July 11, 2021 by Resolution No. 99-06. As noted above, these properties would be excluded for those districts prior to being included in these newly created districts. In 2004 City Council approved an urban renewal plan for the entire Gold Hill Mesa property. Subsequently, in 2015 Council approved a separate urban renewal plan associated with this part of the property.

This item is currently expected to be heard by Council at their July 27, 2021 meeting.

Financial Implications:

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

Board/Commission Recommendation:

N/A

Stakeholder Process:

The staff-level Special District Committee has been provided with the materials associated with this request. Comments or concerns from the Committee have been addressed in these documents.

Alternatives:

- Approve the resolution as presented
- Deny the resolution
- Approve the resolution with changes to the service plan

Proposed Motion:

Move to approve a resolution of the City of Colorado Springs approving a service plan allowing for the creation of the Gold Hill North Metropolitan District Nos. 1 & 2

N/A