



## Legislation Text

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**File #:** 23-106, **Version:** 1

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A Resolution of the City of Colorado Springs approving a Service Plan for the Creekwalk Metropolitan District serving an area in the South Nevada Avenue Corridor

**Presenter:**

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**Summary:**

This consolidated service plan would allow formation of the Creekwalk Metropolitan District (District) for the purpose of providing public improvement financing and ongoing services for the proposed Creekwalk development in the southern part of Colorado Springs.

This would be a single new residential metropolitan district which would finance the public improvements for and provide ongoing services for a proposed multi-family project.

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

This service plan utilizes the recently approved new Special District Policy and model service plan, which among other provisions, allow for higher residential mill levies and provide an opportunity to present a financial plan to support issuance of future debt without needing to come back to City Council for subsequent approval.

There are no requested exceptions from the new model service plan. However, there are topics and contingencies associated with the development plans for the property, the existing urban renewal area designation, the existing Business Improvement District and the metropolitan district boundaries, which overlay all or part of the contemplated service area for this proposed new metropolitan district.

This request was discussed by the City Council Budget Committee on February 28, 2023, and then introduced at a Council Work Session on March 13, 2023. Please see the summaries below.

**Background:**

This service plan would allow for creation of a single new residential metropolitan district to support development of a proposed 4.6-acre multi-family project site in the Creekwalk area in the South Nevada area. About 3 acres of the site would be usable for development. Approximately 378 total rental units are proposed and anticipated, although development entitlements are not yet in place for the property. Use of the existing Creekwalk Marketplace Business Improvement District is not feasible, because BIDs cannot include residential properties.

The initial inclusion area for this District would be about 1.3 acres, with Exhibit C-2 Future inclusion areas comprising the balance of the intended District service area, necessary to accommodate the

proposed development. These areas cannot yet be included at this time because they are within the boundaries of either the Creekwalk Marketplace BID or one of the Canyon Creek Metropolitan Districts, which have existing debt obligations and corresponding mill levies.

Consistent with the new Special District Policy, this service plan allows for debt service mill levies of up to 50.0 mills but with no retroactive “Gallagher adjustments.” This residential district would be authorized to have an operations and maintenance levy up to 20 mills.

The District maximum is \$15.5 million in debt authorization. This estimate is based on calculations for a variety of public improvements totaling about \$11,000,000 and included in Exhibit D.

Exhibit E also includes a financial plan that contemplates a single bond issuance of potentially \$15,125,000 in 2027. This information is provided in support authorization to issue debt in the future without the need to return to Council for separate approval.

In its supplemental submittal letter, the petitioner has addressed the four criteria in Colorado Revised Statutes for which City Council is required to make an affirmative finding.

Staff recommends specific contingency language in the Council resolution because the basic land use entitlement (rezoning) process is still underway and has an uncertain outcome. Contingency language is also included to effectively limit the use of this District until and unless the overlapping districts are addressed. In the case of the BID, Colorado Revised Statutes do not permit the property to be assessed for BID purposes if it converts to residential use. In the case of the Canyon Creek Metropolitan Districts, the property is pledged for debt service mill levies on debt issued by the Colorado Springs Urban Renewal Authority (URA). This property would presumably need to be excluded from Canyon Creek Metropolitan District No. 2, but with provisions made to satisfy an applicable share of the existing URA debt.

The City Council Budget Committee considered this item at their February 28, 2023, meeting. There was significant discussion of the overlapping districts, their associated debt issuances, and the proposed plan to address this. District representatives stated that the two existing debt issuances are proposed to be refinanced in such a way that the impacted properties could be excluded from those districts. Counsel for the District addressed the potential “cart before the horse” perspective on this approach by noting that without an affirmative decision on this service plan, the conditions will not be in place to allow existing districts and their bondholders to move forward. Counsel also agreed with the proposed Council resolution contingencies addressing the situation if the refinancing and district boundary change plans do not move forward as anticipated. Budget Committee members also asked for an update on the URA finances, viewed from the perspective of this overall proposal for a new district and related actions.

At the March 13, 2023 Work Session, City Council members asked questions, but did not recommend any changes or request additional information (other than to be provided with copies or urban renewal area-related responses to Councilman O’Malley provided by Jariah Walker subsequent to the Budget Committee). At this Work Session there were questions around whether the URA or these districts could compensate for the costs of real property. These questions were responded to.

### **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. Representatives of the Colorado Springs Urban Renewal Authority and City Urban Planning Division have been specifically involved.

**Previous Council Action:**

In 2008, Council approved a service plan for the Canyon Creek Metropolitan Districts. Certain of the properties in the future inclusion area of this proposed metropolitan district overlap with these existing districts. In 2018 Council approved a pledge agreement by those metropolitan districts related to issuance of Colorado Springs Urban Renewal Authority debt.

In 2016, by Ordinance 16-18, City Council took action to organize the Creekwalk Marketplace Business Improvement District and to include certain properties in that BID that overlap parts of this proposed metropolitan district's service area. Additional potentially overlapping properties were included by Council ordinance in 2021. In 2019 Council first authorized issuance of debt by this BID, and in 2021, Council authorized a refinancing and increase of that debt.

**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 a Service Plan for the Creekwalk Metropolitan District serving an area in the South Nevada Avenue Corridor