



Legislation Text

File #: 17-1171, **Version:** 2

A resolution approving a service plan allowing for the creation of the SW Downtown Metropolitan District Nos. 1 and 2.

This agenda item is related to the SW Downtown BID
(Legislative)

Presenter:

Carl Schueler, Planning Manager- Comprehensive Planning, Planning & Development Department

Summary:

This service plan would allow formation of the SW Downtown Metropolitan District Nos. 1 and 2 ("Districts") to support development and redevelopment of the Southwest Downtown projects.

Previous Council Action:

These would be new metropolitan districts for this area. In 2001 City Council approved an urban renewal plan for this area. An application for amendment of that plan is in process.

This item was introduced to the City Council during a work session on August 21, 2017. This item was continued to this date from the September 12, 2017 regular meeting.

Background:

This would be a combination of two metropolitan districts conforming to the City's currently adopted Model Service Plans and Special District Policy. No deviations from the standard documents are being proposed. The stated intent of the master developer is to use both of these metropolitan districts for the residential properties within this project, and use the corresponding proposed business improvement district (BID) for the non-residential properties. Therefore, both metropolitan districts would be limited to 30.0 Gallagher adjusted mills for debt service. The maximum operational mill levy will be 10.0 mills for each district.

The overall project and district boundary encompasses about 67.8 acres and includes the potential for up to \$2 Billion in public and private urban mixed use investment. Initially, the boundaries of both metropolitan districts overlap the entire area (along with the boundaries of the proposed BID). As the project area develops, the intent is for individual properties to remain in only one of the three districts. Because a significant component of the project involves vertical mixed use (e.g. ground floor retail with residential above), the intent is to also vertically separate the districts by creating separate tax parcels within buildings. As noted in the attached summary of the structure for these districts, this vertical separation/ integration of districts is currently utilized in urbanizing locations including Denver and Aurora.

Section V.A.8 of the Service Plan allows more than one district to overlap, but prohibits exceedance of the overall mill levy cap of 40.0, regardless of whether more than one district will initially overlap. Language is also included in the draft resolution specifically addressing limits on more than one

district being allowed to ultimately tax the same property.

The combined maximum approved debt authorization would be \$220,000,000 for both Districts (but otherwise allowing maximum flexibility in the amount to be allocated to either district).

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. The petitioners have identified several properties north, east and south of their initial inclusion area, that could be later incorporated into the Districts (with the consent of the property owners).

This service plan contemplates the Districts providing ongoing operations and maintenance functions including maintaining landscaping and common areas, streetscapes, parks and public art. These operational activities are included in Exhibit D to the service plan.

Included as attachments are a clean copy of the most recent version of the service plan including 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 overall financing of the project would be more challenging, and all of the contemplated public improvement amenities and services would not be provided or available.

At the August 21, 2017 Council work session introducing the item, a number of Councilors asked for additional information regarding the potential costs of public improvement categories and projects anticipated to be eligible for district financing. A separate spreadsheet has been provided for information only. This list includes many but not all potentially eligible improvement costs and includes some projects that likely will be funded via other sources of revenue.

At this work session, City Council members also requested the service plan be amended to limit the overall authorized debt of the Districts to no more than \$220,000,000, rather than the individual limits in the current draft. They also requested that language pertaining to not using the City name in the name of districts be re-inserted.

Redline and final versions of the service plan have been provided with these changes incorporated.

The draft City Council resolution is included.

Financial Implications:

There are no direct implications to general City taxpayers and ratepayers outside of the boundaries of these Districts. The required mill levy caps effectively limit the financial tax exposure of property owners to no more than a combined total of 40.0 mills, Gallagher-adjusted.

Board/Commission Recommendation:

However, it is noted that this item and the corresponding SW Downtown BID petition were discussed by members of the City Council Budget Committee on August 9, 2017 (with Councilpersons Knight and Murray attending).

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:

City Council has the options of approving or denying this service plan. Council could also approve the service plan with changes.

Proposed Motion:

Move to approve a resolution of the City of Colorado Springs approving a service plan for the SW Downtown Metropolitan District Nos. 1 and 2 with a combined maximum debt authorization of \$220,000,000.

N/A