



Legislation Text

File #: 22-708, **Version:** 1

A Resolution of the City of Colorado Springs approving an Amended and Restated Service Plan for the Upper Cottonwood Creek Metropolitan District No. 5 serving the Wolf Ranch area in northern Colorado Springs

Presenter:

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Summary:

This amended and restated service plan would replace the existing approved service plan that governs the Upper Cottonwood Creek Metropolitan District No. 5 ("District"). The existing service plan that currently authorizes Upper Cottonwood Creek Metropolitan District Nos. 2-5 would continue to apply to District Nos. 2-4 but not to District No. 5. This amended service plan conforms with Council's recently adopted changes to the Special District Policy and model service plan. For District No. 5 only, this amended service plan would specifically allow for potentially higher debt service and operational mill levies for the residential districts, and for the "pre-authorization" of future debt issuances, without the need to come back to Council for separate approval. As part of this request, the petitioners are also requesting approval of an increase to the district-specific maximum debt limit for this District from \$28,650,000 to \$72,000,000.

This item was discussed by the City Council Budget Committee on October 25, 2022 and introduced to Council at a Work Session on November 7, 2022 at which time there was high level discussion pertaining to the implications of the new Policy and model plans, and also a request for the applicants to present their case for the increase in the maximum debt limit for this District (also refer to discussion below).

This property is located in City Council District No. 2.

Background:

These original four metropolitan districts were created in late 2006 following Council's approval of the original service plan earlier that year. In 2016 Council approved an amendment of the 2006 service plan for District Nos. 2-5 to allow Districts 3-5 only to increase their operational mill levy from 10 to 20 mills. In 2021, Council approved an additional amendment to reallocate the district-specific maximum debt limits among the four districts. As part of the overall metropolitan district structure for Wolf Ranch, there are also two other related metropolitan districts, authorized by an earlier and different circa 2002 service plan. These are the original Upper Cottonwood Creek Metropolitan District (now District No. 1) and the Old Ranch Metropolitan District. By IGA, the Old Ranch Metropolitan District owns most of the property improvements financed by the other districts and is responsible for many of the administrative and financial decisions.

District No. 5 encompasses about 413 acres associated with the last development phases of Wolf Ranch. The phase of the project currently has no resident property owners. Of all the financing districts in the project, this District No. 5 is the only one that has yet to issue any formal debt.

Consistent with the new Special District Policy, this service plan amendment allows for the debt service mill levy for this one metropolitan district increase from the current limit of 30.0 mills Gallagher adjusted, to 50.0 mills, but with no retroactive “Gallagher adjustments”. The District is also allowed to have an operations and maintenance levy up to 20 mills; however, in that case, the most recent prior service plan already authorized this.

Exhibit E includes updated simple estimates for a variety of public improvements totaling \$67.5 Million, in support of their request for increase in the maximum debt for this district to \$72,000,000.

Exhibit E also includes a financial plan which contemplates a total of three issuances, each with senior and subordinate bonds and presumably privately placed with parties related to this District. All this information is provided in support authorization to issue debt in the future without the need to return to Council for separate approval. These anticipated issuances are projected as follows:

2024-	Total of \$35 Million
2027-	Total of \$18.6 Million
2033-	Total of \$15.75 Million

If approved, this amended and restated service plan would supersede and fully replace the most recent previous service plan just for this District.

An alternative option for approaching these requested amendments would be to prepare an amended and restated service plan encompassing all four districts. The petitioners have noted that this would complicate the required noticing process and could lead to unnecessary concerns among the resident owners in Districts 2-4, with the petitioners representing that they are likely to not be impacted by any of these changes.

The City Council Budget Committee considered this item at their October 25, 2022, meeting. There were a number of questions and comments. At the Budget Committee, counsel for the BID agreed to modify the draft service plan to remove the future inclusion area Exhibit C-2, which would have created the potential for including portions of District Nos. 2-4 into District No. 5 without Council approval.

This item was introduced to Council at a Work Session on November 7, 2022 at which time there was high level discussion pertaining to the implications of the new Policy and model plans, as well as the related party debt that is anticipated to be issued with this district. Council also requested that the justification for the increase in maximum debt authorization for this District be explained in more detail. As a more general Council members also asked for additional background related to disclosure of district financial information via websites, annual reports and audits.

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 District Nos. 2-5 on March 26, 2006, (Resolution 38-06). On March 22, 2016, Council approved an amendment to this service plan to increase the maximum operating mill levy from 10.0 to 20.0 mills (Resolution 30-16). On October 26, 2021, Council approved a second amendment to that service plan addressing reallocations of district-specific debt limits (Resolution 144-21).

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 Upper Cottonwood Creek Metropolitan District No 5 serving the Wolf Ranch area in northern Colorado Springs.