



Legislation Text

File #: 21-168, **Version:** 1

A resolution of the City of Colorado Springs approving a service plan for the Hancock Metropolitan District Nos. 1 & 2 located in the vicinity of Hancock Expressway and Chelton Road in southeastern Colorado Springs.

(Legislative)

Presenter:

Carl Schueler, Planning Manager- Comprehensive Planning, Planning & Development Department
Peter Wysocki, Director of Planning and Community Development

Summary:

This service plan would allow the formation of the Hancock Metropolitan District Nos. 1 & 2 ("Districts") to finance public improvements cost and provide services for the proposed development of this approximately 20-acre site located near Hancock Expressway and Chelton Road. District No. 1 would be the residential district, with District No. 2 functioning as the commercial district.

The petitioners previously requested authorization for an additional "special purpose mill levy" of 5.0 mills for covenant enforcement and related purposes. No other deviations from the Special District Policy the Model Service Plan are being requested

The "special purpose mill levy" was discussed by the City Council Budget Committee on March 23, 2021, at which time the applicant agreed to remove the previously requested allowance for an additional special purpose mill levy in lieu of HOA functions. The Budget Committee also asked for an initial financial model that would support the requested \$8,257,000 debt authorization in comparison with the projected \$5.5M in costs. This has been provided and is attached.

Included with this submittal is a consent from the current owner of this parcel, for formation of these districts.

Background:

These proposed metropolitan districts would provide property tax-based public improvements financing and services for the proposed development of this site. The overall proposed district area encompasses about 20 acres initially with no designated future inclusion areas identified in this service plan. About 16 acres would be devoted to residential purposes (132 proposed townhomes and about 200 apartment units) with the remaining approximately 4 acres devoted to commercial uses. For these most recent development plans to proceed forward development applications will need to be submitted reviewed and approved. Additionally, Hancock Expressway will need to be realigned to the north of this property, with corresponding improvements made to Chelton Road. Discussions of this proposed re-alignment have occurred between Public Works Department and the applicant, but no plans have been finalized. The current zoning of the property would also need to be modified in order to fully accommodate the uses proposed for this service plan. Therefore, the draft

City Council resolution includes a provision limiting the activities of these districts until or unless there is an “approved development plan” in place for the property (as this term is defined in the service plan).

This would be a consolidated service plan with two districts created, with District No. 1 operating as the residential district and District No. 2 operating as the commercial district.

For the anticipated residential district, the service plan allows a debt service mill levy cap of up to 30.0 mills Gallagher-adjusted back to 2006. This debt service mill levy would be 50.0 mills for the commercial district. 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. No future inclusions are identified in this service plan.

The combined maximum debt authorization for these Districts is proposed to be \$8,257,000, based on about \$5,500,000 in initially estimated public improvements costs for the entire project (about \$4.9M in hard costs).

An initial improvements cost summary has been provided and is attached.

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

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 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 petitioners have addressed these required criteria and findings in their attached transmittal letter.

This item was discussed by the Budget Committee at a March 23, 2021 meeting. At this meeting the applicant agreed to remove reference to an additional special purpose levy of no more than 5.0 mills (Gallagher adjusted) which would have supported design review, covenant enforcement and common area maintenance in lieu of an HOA (homeowners association). This provision has been removed from the service plan, and new language has been added to specifically contemplate ongoing metropolitan district fees that could provide an alternate source of revenues for this function in lieu of separately created HOAs or property owners association. The Budget Committee also requested a justification of the need for \$8.257M in debt authorization. This has now been provided in the form of a financial model that includes cost of issuance, reserve fund and capitalized interest as part of the par amount of a potential future bond issuance.

Previous Council Action:

These would be new metropolitan districts for this area and property.

This item is currently expected to be heard by Council at their May 11, 2021 meeting.

Financial Implications:

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

The applicants may be making a separate request for urban renewal area designation for this site in the future.

Board/Commission Recommendation:

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: (for May 11, 2021)

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

N/A