



Legislation Text

File #: 18-0170, **Version:** 1

Resolution approving an amendment to the Service Plan for the Wildgrass at Rockrimmon Metropolitan District.

Presenter:

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Summary:

This service plan amendment is structured to allow the Wildgrass at Rockrimmon Metropolitan District to operate in lieu of an owners' association by allowing the District to own, operate, and maintain public and common area improvements, and to enforce covenants and provide design review services.

Previous Council Action:

City Council approved a consolidated service plan for the Wildgrass at Rockrimmon Metropolitan District on September 11, 2007, This District was formally created in early 2008 (Resolution 159-07).

This item was first introduced at a City Council Work Session on April 23, 2018 with a request to substantially increase the operations and maintenance mill levy for this District. At this Work Session concerns were expressed about the higher operations and maintenance mill levy in particular.

This item was presented to the City Council Budget Committee on April 10th and May 8th, 2018.

Also on May 8, 2018, Council formally postponed this item from that date to this hearing, in order to preserve legally published notice.

Background:

The Wildgrass at Rockrimmon Metropolitan District ("the District") was originally created in 2007 as a single residential metropolitan district subject to the standard Gallagher-adjusted mill levy caps in place at the time (30.0 mills for debt service and up to 10.0 mills for operations and maintenance). The District was intended to provide financing and a source of reimbursement for qualifying improvements within the 14.28 acre Wildgrass at Rockrimmon development, along some ongoing maintenance of shared public facilities. This project did not move forward at the time, in part in response to the late 2008 recession. The Wildgrass at Rockrimmon is a single-family, attached development with a total of 76 dwelling units. The property has been platted into 76 lots, but none of the anticipated homes have been fully completed to-date.

The Districts current mill levy caps are 30.0 mills for debt service and 10.0 mills for operations and maintenance. Both caps are Gallagher adjusted such that they can be legally increased to 33.166

and 11.055 mills respectfully, with no change to the service plan. The District's maximum debt authorization would remain unchanged at \$6,500,000.

The District and the developer would like to amend their existing service plan to specifically allow covenant enforce and design review authority, along with allowing a variety of ongoing operations and maintenance functions associated with commonly owned and operated property. The petitioners originally requested a substantial increase in their maximum operations and maintenance mill levy (up to 50.0 mills Gallagher adjusted from 2008) to accomplish this purpose. Based on feedback from City Council they have now amended their request keep the existing mill levy caps in place, and simply add covenant enforcement and design review to the service plan as allowable function. In order to avoid the need for a somewhat duplicative home owners association (HOA) the expectation that the District would collect substantial monthly fees, through the District. The current service plan does not limit the amount of fees metropolitan districts can charge for otherwise authorized services.

Colorado Revised Statutes were amended in approximately 2004 to allow metropolitan districts to perform covenant enforcement as a function. The City's Model Service Plans require an affirmative authorization in order to perform any operations and maintenance functions other than general administration. Although precedents in Colorado Springs are limited, the recently approved Patriot Park Metropolitan District has been authorized to perform covenant enforcement. The Banning Lewis Ranch metropolitan districts also have this authority.

As noted, the Model Service Plans do not limit the amount of fees metropolitan districts can charge for otherwise authorized and legally allowable services. Therefore, city staff do not comprehensively keep track of fees and their purposes for other existing metropolitan districts. However, most residential developments with metropolitan districts have corresponding HOAs responsible for a variety of complimentary functions, but essentially always including covenant enforcement.

In this particular situation, Planning Department staff recommend approval of the proposed service plan change for a financial and representation reasons. First and foremost, the option of not having two entities (a district and an HOA) will have clear economy of scale benefits for such a small development. Also because this is a single metropolitan district, the transparency, "consumer protection", and representation implications will be very similar for each structure, on the operations and maintenance side. With a metropolitan district, and HOA or both, the resident owners will have the forward going ability to make choices on the amount of their fees and the purposes for which to apply them.

Procedurally, this amendment would be processed in the form of an entirely new "amended and restated service plan" that would supersede the existing document. Several references to the authorized services for the District are included in the revised text and Exhibit D to the service plan has been specifically modified. Clean and redline copies of the amended and restated service plan are provided as attachments. The redline version highlights all changes from the original 2007 document. The petitioners have inserted language addressing "end user debt service fees" to bring the document into conformance with changes City Council made to the metropolitan district Model Service Plans in 2012.

Financial Implications:

There are no direct financial implications to the City.

Board/Commission Recommendation:

N/A

Stakeholder Process:

The staff-level Special District Committee has been provided with the materials associated with this request. As of the date of this staff report, there have been no comments or questions from the Committee on this request.

April 10 and May 8, 2018 meeting of the City Council Budget Committee were held. Attendees included Councilors Knight, Strand, Pico, and Murray as well as Ms. Elisabeth Cortese representing the District and Mr. Mike Fenton representing the developer.

Alternatives:

City Council has the options of approving or denying this service plan amendment.

Proposed Motion:

Adopt a resolution approving an amendment to the Service Plan for the Wildgrass at Rockrimmon Metropolitan District, specifically authorizing the District to perform covenant enforcement and design review functions.

N/A