City of Colorado Springs

City Hall
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Legislation Details (With Text)

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Title:	A Resolution approving a service plan allowing for the creation of the Chapel Heights Metropolitan District (Legislative) Presenter: Peter Wysocki, Director of Planning and Community Development Carl Schueler, Planning Manager- Comprehensive Planning, Planning and Development Department				
Sponsors:					
Indexes:	Metropolitan District, Service Plan				
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Attachments:	1. resolution, 2. Exhibit A- 2019 07 02 - Service Plan - Chapel Heights MD, 3. Attachment 1- 2019 07 02 - Transmittal Letter - Chapel Heights MD, 4. Attachment 2- 2019 07 02 - Redline Comparison Service Plan - Chapel Heights MD, 5. Attachment 3- Chapel Heights MD Cost Estimates, 6. Attachment 4- Opportunity Zone Highlghts, 7. Chapel Heights PowerPoint, 8. Signed Resolution 2-20.pdf				

Date	Ver.	Action By	Action	Result
1/14/2020	1	City Council	adopted	Pass
9/24/2019	1	City Council	postpone to a date certain	Pass
9/24/2019	1	City Council	denied	Fail
9/9/2019	1	Council Work Session	referred	

A Resolution approving a service plan allowing for the creation of the Chapel Heights Metropolitan District

(Legislative)

Presenter:
Peter Wysocki, Director of Planning and Community Development

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

Summary:
This is a request by Challenger Homes for approval of a service plan that would allow formation of the Chapel Heights Metropolitan District. The District would provide financing for public improvements in this planned residential development and also own and maintain common areas, landscaping and the community center. In lieu of an HOA, the petitioners are requesting authority to administer covenant enforcement and common area maintenance functions through this district.

The petitioners are requesting a maximum operations and maintenance mill levy of 15.0 mills Gallagher-adjusted.

This item was continued from a hearing on September 24, 2019 to this date, to allow an opportunity for additional communications related to land use and federal Opportunity Zone topics and questions.

Previous Council Action:
There have been no prior special district related actions applicable to these properties. Residential land use approval requests, including Planned Unit Development (PUD) zoning, are anticipated to be heard on today's agenda immediately prior this item

This item was discussed at the City Council Budget Committee on August 19, 2019 as further described below, and introduced to Council in a Work Session on September 9, 2019. On September 24, 2019, City Council voted to postpone action on this item to today's date.

Background:
The proposed Chapel Heights Metropolitan District (the "District"), would be used to finance local public improvements and provide ongoing operations and maintenance functions for what is planned to be a residential redevelopment of the former Nazarene Bible College property and an additional site, located east of Academy Boulevard and north of Fountain Boulevard. The initial District boundary would encompass about 42 acres, and no future property inclusions are contemplated. At this time the proposed land uses include 190 single-family residential units, 132 duplex units and 105 townhome units (total of about 427 units). The project would also include a community center (housed in the original chapel), parks or open space and one or more storm water facilities. The District is expected to own and maintain the common areas, parks and the community center.

The Service Plan conforms with the City's Model Service Plan with respect to mill levy caps and other financial limitations. The maximum debt service mill levy is requested to be 30.00 mills and the maximum operations and maintenance mill levy is proposed to be 15.0 mills, both subject to Gallagher adjustments which may be retrospective back to 2006. The 15.0 mills for operations and maintenance is higher than the recommended maximum of 10.0 mills included in the Special District Policy. The applicant's justification is based on a combination of considerations:

1) This is expected to be a moderately priced market rate residential project with limited assessed valuation to finance ongoing needs,
2) The expected lack of a separate HOA, and
3) The expectation that this district will have a number of landscaped areas and anticipated maintenance of a 30,000 square foot community/ recreation center.

The maximum debt authorized to be issued by the District will be limited to $20,000,000, provided that the foregoing shall not include the principal amount of Debt issued for the purpose of refunding or refinancing lawfully issued Debt. This figure has been arrived at based on taking $9.8 Million in estimated public improvements costs, and applying a contingency factor. A detailed summary of these improvements costs is attached.

The property is currently zoned Special Use (SU) which accommodated the prior college use. Because proposed Planned Unit Development (PUD) zoning and other land use actions for this property are pending, specific language has been recommended in the resolution for approval of this service plan to address this contingency. Essentially, the District would be limited in most functions until and unless the land use requests are approved. Ultimately the District would be dissolved or

amended in the event the approvals have not occurred on or before the end of the year 2020.

A draft City Council resolution is attached along with a copy of the proposed service plan to be approved with exhibits. Also attached is a "redline" service plan showing text insertions and deletions compared with the City's Model Service Plan.

This proposal was presented to and discussed by the City Council Budget Committee on August 19, 2019, and introduced to Council at a Work Session on September 9, 2019. At the Work Session, discussion centered on the nature of the project for which the district is being proposed, its development approval status, and its location in a federal Opportunity Zone. All of Census Tract 63.02 (about 422 acres) is included. A regional map is attached depicting this tract and other designated zone areas of the City. Additional information concerning this program is also attached.

At the Work Session Council members also asked for further detail supporting the request for 15 mills for the Maximum Operational mill levy. Members also asked for additional information about how the Model Service Plans address access to parks and facilities owned or operated by districts. The Model Service Plans (and this proposed service plan) contain the following standard language:

> *"If the District is authorized to operate and maintain certain park and recreation improvements set forth in Exhibit D, any fee imposed by the District for access to such park and recreation improvements shall not result in non-District Colorado Springs residents paying a user fee that is greater than, or otherwise disproportionate to, similar Fees and taxes paid by residents of the District. However, the District shall be entitled to impose an administrative fee as necessary to cover additional expenses associated with non-District Colorado Springs residents to ensure that such costs are not the responsibility of the District residents. All such Fees shall be based upon the determination of the District imposing such fee that such fee does not exceed a reasonable annual market fee for users of such facilities. Notwithstanding the foregoing, all parks and trails shall be open to the general public including non-District Colorado Springs residents free of charge."*

Subsequent to the September 24, 2019 Council postponement of action on this resolution, there have been additional meeting and communication involving staff, Councilwoman Avila and the developer. The developer has now confirmed that they do not plan to participate in the Opportunity Zone program in part because it requires extended property holding periods that would not be feasible with their financial and business models.

Financial Implications:
There are no direct implications to general City taxpayers and ratepayers outside of the boundaries of the proposed districts.

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 concerns provided.

Alternatives:

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

Proposed Motion: (for January 24, 2020)
Move to approve a resolution of the City of Colorado Springs approving a service plan for the Chapel Heights Metropolitan District.

A resolution of the City of Colorado Springs approving a service plan for the Chapel Heights Metropolitan District.