



## Legislation Text

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A Resolution approving a service plan allowing for the creation of the Peak Metropolitan Districts Nos. 1, 2 and 3

(Legislative)

**Presenter:**

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**Summary:**

This is request by the Colorado Springs Airport on behalf of the City. This service plan would allow formation of the Peak Metropolitan Districts which would provide public financing for improvements serving remaining undeveloped areas of the Airport Business Park.

This agenda item was introduced at the City Council Work Session on August 13, 2018.

**Previous Council Action:**

There have been no prior special district related actions applicable to these properties. Council has taken various other land use and related actions pertinent to the property including approval of the overall Airport Master Plan in 2011 as well as master plans and concept plan pertaining to the Airport Business Park, last approved in 2006. The Airport Master Plan applies primarily to areas north of Milton Proby Parkway, while the Airport Business Park Master Plan is applicable mostly for areas to the south. Additional land use applications are under review for the Airport Business Park; however, these changes, if approved, will not fundamentally change the overall anticipated land use mix for this area.

This item was discussed the City Council Budget Committee on July 10, 2018, as further described below.

**Background:**

The proposed Peak Metropolitan Districts Nos. 1, 2 and 3 (the "Districts"), are planned to have a variety of non-residential uses associated with the Airport Business Park. District No. 1 is anticipated to be the operating district, with Districts No. 2 and No. 3 being used as two different commercial districts for phasing reasons (but otherwise being similar with respect to purposes and limitations).

The area of the initial boundaries for all the districts will be confined to very small parcels, with the ultimate boundaries of District No. 2 and No. 3 expected to encompass the remaining undeveloped areas of the Airport Business Park (ABP) over time. It should be noted that the limited existing developed areas of the ABP will not be included in these Districts because these parcels have

already participated in the advance funding of significant public infrastructure for this project. Moreover, certain revenues from these Districts may be used to reimburse previous public improvements expenses associated with these prior phases.

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 will be 50.0 mills and the maximum operations and maintenance mill levy will be 10.0 mills.

The combined aggregate amount of debt authorized to be issued by the Districts will be limited \$200,000,000, 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 calculated based on general per acre public improvements estimates. Staff notes that any actual expenditures for public improvements within Airport-owned property will be subject to a high level of City oversight.

Metropolitan districts must have elected boards of directors. It is intended that the Board of Directors for these Districts will be comprised of qualified interest holders within the ABP. However, the draft service plan has been modified to create and require the position of an *ex officio* board member, who would be the Director of Aviation, as described in the following language added to sections II and V.C of the service plan:

"Ex Officio Board Member: means the Colorado Springs Airport Operations Manager or its designee.

"Given the unique nature of the underlying initial ownership of the property to be served by the Districts, in addition to the elected Board of Directors seats, the Districts shall each also establish and maintain an additional position for an Ex Officio Board Member. The Ex Officio Board Member shall not be entitled to vote or have authority to bind or act for Districts, however, to the extent provided by law, the Ex Officio Board Member shall otherwise have the same rights as the elected Board of Directors including, but not limited to, the right to receive notice of all meetings of the Board of Directors and to receive all agendas and agenda packets for such meetings, the right to be included on all correspondence and communications to the Board of Directors, and the right to participate in discussions of the Board of Directors".

At the August 13, 2018 City Council Work Session it was also noted that the service plan has been amended to insert language stating that the annual report (that is required to be submitted with all metropolitan districts) also be specifically provided to City Council as report each year.

It is anticipated that the City of Colorado Springs will remain as the long term owner of all the affected properties, subject to long term leases. City owned properties are normally exempt from property taxes. However, in this case the properties will have the requirement to pay taxes and/or payments in lieu of taxes based on their private assessed values. Staff notes that a similar metropolitan district structure is currently in place for airport-owned property associated with Jefferson County.

In Jefferson County, the development group organized four metropolitan districts to serve those

portions of the Rocky Mountain Metropolitan Airport with much the same structure as proposed here for the Colorado Springs Airport property. Each of the Boards of Directors for the Jefferson County districts is currently represented by development team representatives and annual reporting requirements are followed to ensure Jefferson County remains in the know about district functions. Additionally, (as is true here) the County remains the owner of the property at least until it is sold for development, and (irrespective of ownership) remains as the approving entity relative to land use and development approvals, so there is assurance of continued oversight of development activities. As property is proposed for development and a user is found, that property is included within the boundaries of one of the districts to ensure revenues generated from the development of the newly developed property assist with financing the public infrastructure necessary to develop the property.

This proposal was also presented to and discussed by the City Council Budget Committee on July 10, 2018. Discussion centered primarily around two topics:

- 1) Whether one or more business improvement districts (BIDs) might be a more desirable district structure given the non-residential nature of the project and the potential for a greater ongoing City Council role related to annual approvals of the BID's Operating Plan and Budget.

-The petitioners note that metropolitan districts are recommended in this case because they can be used for reimbursement of costs associated with water, sewer, storm drainage, parks and recreation, traffic control, fire, transportation, mosquito control, and television relay and transmission. The underlined powers are those that a metropolitan district has that a BID does not have, or allows for only in a more limited capacity.

At the August 13, 2018 City Council Work Session on this item, there were questions concerning the more specific authority that BIDs do and do not have to finance particular categories of public improvements. Excepted below is the pertinent language from the BID statutes.

"Improvements" means public improvements, including but not limited to streets, sidewalks, curbs, gutters, pedestrian malls, streetlights, drainage facilities, landscaping, decorative structures, statuary, fountains, identification signs, traffic safety devices, bicycle paths, off-street parking facilities, benches, rest rooms, information booths, public meeting facilities, and all necessary, incidental, and appurtenant structures and improvements. "Improvements" also includes the relocation and improvement of existing utility lines (Colorado Revised Statutes §31-25-1203)

- 2) Concerns that there be a means of formalizing City staff involvement in the Board of Directors, given the recommendation to include lessees of the Airport Business Park on the actual board.

-As described above, the draft service plan has been modified to include the City's Aviation Director as a formal ex officio member of the Board of Directors.

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.

**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:**

Move to approve a resolution of the City of Colorado Springs approving a service plan for the Peak Metropolitan Districts Nos. 1, 2 and 3.

A resolution of the City of Colorado Springs approving a service plan for the Peak Metropolitan Districts Nos. 1, 2 and 3.