



## Legislation Text

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**File #:** 21-344, **Version:** 1

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A resolution of the City of Colorado Springs approving a Service Plan for the Catalyst Campus Metropolitan District Nos. 1 & 2 east of Downtown Colorado Springs

(Legislative)

**Presenter:**

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**Summary:**

This service plan would allow the formation of the Catalyst Campus Metropolitan District Nos. 1 & 2 ("Districts") to finance public improvements cost and provide services for the continuing development of the Catalyst Campus project located just east of Downtown and primarily south of Pikes Peak Avenue. The petitioners propose to use a combination to these two metropolitan districts and an associated Business Improvement District (BID) to provide public financing and associated district services for this project area. Generally, the residential properties would be included within one of these two metropolitan districts, whereas non-residential properties would be included in the proposed BID.

No deviations from the Special District Policy and model service plan are being requested, although limiting language is being proposed for the Council resolution in order to address the status of the approved development plan for the property, as defined in the service plan.

This item was discussed by the City Council Budget Committee on July 27, 2021

**Background:**

These proposed metropolitan districts would provide property tax-based public improvements financing and services for the proposed redevelopment of this site. The overall proposed district area encompasses about 15.5 acres initially with no designated future inclusion areas identified in this service plan. Included are several of the properties that comprise the existing Catalyst Campus, along with certain additional properties slated for future development or redevelopment. This includes portions of the former BNSF Railroad right of way. Although the current Transit Mix property is incorporated in the future vision plan presentation and cost estimates associated with this submittal, that property is not controlled by this petitioner and is not part of the request.

This would be a consolidated service plan with two districts created, both to operate as similar residential districts, with their final boundary configurations to be associated with phases of this project. The overall metropolitan district/BID structure would be similar to what is now in place for the Gazette/ St. Francis and Southwest Downtown projects, with at least the possibility of "vertical boundary segregation" between floors of buildings.

The land uses and Shooks Run improvements contemplated for these districts (and the associated Transit Mix property, are recommended by staff as consistent with PlanCOS, the Experience Downtown Plan, and the Envision Shooks Run Plan, among others.

For these anticipated residential districts, the service plan allows a service mill levy cap of up to 30.0 mills Gallagher-adjusted back to 2006. The maximum Gallagher-adjusted operations and maintenance mill levies will be 10.0 mills 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. If, for example, the Transit Mix property were to be proposed for future inclusion, this service plan would need to be amended.

The combined maximum debt authorization for these Districts is proposed to be \$90,000,000, based on about \$68,000,000 in initially estimated public improvements costs for the entire project (within all three districts). The Initial Operating Plan and Budget for the associated BID includes a provision whereby the overall debt authorization for the two metropolitan districts and the BID, would be also capped at no more than \$90,000,000.

An improvements cost summary has been provided and is attached. In addition to the typical categories such as streets, streetscapes, stormwater, pedestrian facilities, several parking structures are also proposed. Several of these parking structures are depicted on off-site properties (i.e. on the Transit Mix site). Although metropolitan districts are authorized to own and maintain certain properties or facilities outside of their boundaries, it is most likely that not all of these facilities would be associated with these districts until and unless the corresponding properties were included in the districts. Conversely, only a limited segment of the anticipated Shooks Run improvements has been included in the cost estimates as presented. In the event the Transit Mix property were to be incorporated into one of these metropolitan districts or in the BID, additional Shooks Run-related district costs could be anticipated. As noted above, the specific allocations of costs among these two districts and the BID are yet to be determined.

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

Included as attachments are a clean copy 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 and 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.

The metropolitan district model service plan contemplates the availability of an Approved Development Plan on which to base estimates for public improvements costs. The model plan also prohibits issuance of debt in the absence of this land use approval. Although the adopted Experience Downtown Plan generally supports the mix and density of the proposed uses, the current zoning on portions of the property does not yet match the intended used as contemplated for these districts. Therefore, the draft City Council resolution contains language limiting the taxing and borrowing authority of the Districts, until an approved development plan is in place for the properties.

This property is currently included in the boundaries of the Downtown Development Authority (DDA). The DDA mill levy is 5.0 mills. The DDA is also entitled to tax increment financing (TIF) revenues as authorized and applicable. All or a portion of the DDA property tax can be shared back with this project at the discretion of the DDA. When metropolitan districts are created to overlap DDA property, customarily there is an agreement with the DDA such that the metropolitan district and BID tax revenues remain with those districts. The petitioners are in the process of seeking urban renewal designation for certain undeveloped or potentially redeveloping properties within these proposed districts.

This item was discussed by the Budget Committee at a July 27, 2021 meeting, at which time there was also an applicant presentation. There were a number of questions and comments, but no outstanding requests for changes or new information prior to scheduling for Council.

#### **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 September 14, 2021 meeting.

#### **Financial Implications:**

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

#### **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:**

- Approve the resolution as presented
- Deny the resolution
- Approve the resolution with changes to the service plan

**Proposed Motion:**

Move to approve a resolution approving a service plan allowing for the creation of the Catalyst Campus Metropolitan District Nos. 1 & 2.

N/A