



## Legislation Text

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**File #:** 22-108, **Version:** 1

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A resolution of the City Council of the City of Colorado Springs, Colorado approving a Fourth Service Plan Amendment for the Colorado Crossing Metropolitan Districts No. 1 through 3 to authorize an increase in the combined maximum authorized debt of the Districts from \$50,000,000 to \$72,000,000 and to authorize the creation of Special Improvement Districts for a property located south of Interquest Parkway and east of I-25

### **Presenter:**

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### **Summary:**

This service plan amendment ("Amendment") would allow the Colorado Crossing Metropolitan Districts Nos. 1-3 (Districts) to increase its maximum combined authorized indebtedness from \$50,000,000 to \$72,000,000 in order to accommodate additional financing costs that are proposed to be associated with creation of two special improvement districts (SIDs) within Colorado Crossing Metropolitan District No 2. The amendment would further limit general obligation debt to no more than \$60,000,000 and special assessment debt to no more than \$12,000,000.

With the exception of this specific amendment, the provisions of the original 2006 service plan for the District and the First, Second and Third Amendments, would remain in force and effect

Immediately following this agenda item is a request for authorization to issue special revenue debt by Colorado Crossing Metropolitan District No. 2 with revenues generated from the assessment districts. Approval of that item would be contingent on prior approval of this item.

These metropolitan districts are located in Council District No. 2, and the project is commonly referred to as Victory Ridge. The developer is Westside Development Partners.

This item was discussed at the March 22, 2022, City Council Budget Committee with the focus being on the assessment district topic (see discussion later in this memo).

### **Background:**

The 2006 City Special District Policy and the accompanying Model Service Plans require that service plans for metropolitan districts include total debt issuance limits, either for all combined districts that are part of a consolidated service plan, or with specific limits for individual districts.

The 2020 third amendment of the 2006 service plan for these Districts increased the aggregate debt issuance limit to \$50,000,000. The Districts have now petitioned to increase this combined limit to \$72,000,000, with specific caps of \$60,000,000 for general obligation debt and \$12,000,000 for

special assessment debt. This Amendment would also authorize the creation of two proposed special improvement districts (SIDs) within these metropolitan districts (as authorized by C.R.S. § 32-1-1101). The SIDs would utilize up to \$12,000,000 in specific debt authority set aside for this purpose. Assessments would be levied within the boundaries of the SIDs. Such Assessments would be imposed in an amount that does not exceed the benefit conferred by the financed Public Improvements, and which will be payable prior to the transfer of any affected property to an end user. By way of illustration, a resident homeowner, renter, commercial property owner, or commercial tenant is an end user. The business entity that constructs homes or commercial structures is not an end user.

Previously approved amendments of this service plan have included an additional authorization to operate and maintain a parking structure (and to allow an O & M levy of up to 20 mills for the commercial district related to that purpose), along with an authorization to maintain streets, and a prior increase in the aggregate mill levy cap from \$35,000,000 to \$50,000,000.

Procedurally, this amendment would be processed in the form of a limited amendment document to be adopted by resolution. The resolution refers to the original 2006 service plan and prior 2016, 2018 and 2020 amendments, all of which would remain in force and effect except as specifically amended by the new document. Concealed carry language is also included in the Amendment.

In this multiple district structure, as approved in the original 2006 service plan, District No. 1 had been functioning as the operating district and director's parcel, with District No. 2 as the residential district, and District No. 3 as the commercial district. District No. 1 does now, and will eventually, include developing properties originally included a part of District No. 2, if and when their land uses may convert from residential to non-residential purposes. The purposes and overall boundaries of these Districts have subsequently been modified.

District No. 2 is authorized by the service plan and City Policy to levy up to 40.0 total mills (Gallagher Adjusted) in property tax (30.0 for debt service and 10.0 for operations and maintenance). As commercial districts, Districts No. 1 and 3 are authorized to levy up to 70.0 mills (50.0 for debt service and 20.0 for operations).

This mixed-use development in the Colorado Crossing area has been actively developing in the past several years after a protracted period of financial difficulty beginning in about 2008.

The City Council Budget Committee considered this request and the corresponding debt authorization item at their March 22, 2022, meeting. The applicant provided and went through a comprehensive presentation. Discussion focused on the proposed assessment districts, comparative rates on borrowing with and without them, and how this approach may impact housing prices within the effected areas. The applicants indicated they would provide brief synopsis of this topic for the Budget Committee and Council. This has been provided, and is available as an attachment.

#### **Previous Council Action:**

Mixed use PUD zoning and concept plan were approved for the Colorado Crossing development were approved in 2005. In 2006, City Council approved a consolidated service plan ("Original Service Plan") for the Districts (Resolution 126-06). On October 25, 2016, Council approved a first amendment of this service plan to allow ownership and operation of a parking structure by these Districts (Resolution 111-16). On February 14, 2017, Council authorized issuance of up to

\$15,000,000 in general obligation bonds for District No. 2 (Resolution 57-17). On December 11, 2018, Council approved a second amendment of this service plan to authorize maintenance of district - owned streets (Resolution 157-18). On November 10, 2020, Council approved a third amendment of this service plan to authorize an increase in the overall debt authorization for these districts from \$35,000,000 to \$50,000,000 (Resolution 105-20).

**Financial Implications:**

There are no direct implications to general City taxpayers and ratepayers outside of the boundaries of these applicable metropolitan districts.

**City Council Appointed Board/Commission/Committee Recommendation:**

N/A

**Stakeholder Process:**

The staff-level Special District Committee has been provided with the materials associated with this request, and no comments or concerns have been provided.

**Alternatives:**

City Council has the options of approving or denying this service plan amendment. Council could also continue the item with specific direction provided to staff and the petitioners.

**Proposed Motion:**

Approve a resolution of the City Council of the City of Colorado Springs, Colorado approving a Fourth Service Plan Amendment for the Colorado Crossing Metropolitan Districts No. 1 through 3 to authorize an increase in the combined maximum authorized debt of the Districts from \$50,000,000 to \$72,000,000 and to authorize the creation of Special Improvement Districts for a property located south of Interquest Parkway and East of I-25

N/A