



Legislation Text

File #: 22-789, **Version:** 1

A Resolution of the City of Colorado Springs approving an Amended and Restated Service Plan for the Vistas at West Mesa Metropolitan District serving an area northeast of the intersection of Fillmore Road and Centennial Boulevard.

Presenter:

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Summary:

This amended and restated service plan would replace the existing approved service plan for the Vistas at West Mesa Metropolitan District ("District") which was originally created in 2021 to serve this small 105-unit townhome project. The amended plan conforms with Council's recently adopted changes to the Special District Policy and model service plan. The amended service plan would specifically allow for potentially higher debt service and operational mill levies for this residential district, and for the "pre-authorization" of future debt issuances, without the need to come back to Council for separate approval.

As of this date, there are no resident property owners in this District. However, because there are some outstanding contracts for purchase, as specific disclosure requirement is being recommended as part of the draft City Council resolution.

This item was discussed by the City Council Budget Committee on December 13, 2022, and then introduced to Council on January 9 2023 (see discussion below).

This property is located in City Council District No. 1.

Although Council action on the balance of this amended and restated service plan only requires a simple majority vote, incorporation of the requested "pre-authorization" of future debt would require a minimum of six (6) affirmative votes.

Background:

This metropolitan district was organized in late 2021 following Council's approval of the original service plan in September of that year.

District encompasses about 6.61 acres.

In March of 2022 Council authorized this District to issue up to \$1,700,000 as an initial debt issuance, with \$1,384,000 in debt having been issued earlier this year.

Consistent with the new Special District Policy, this service plan allows for debt service mill levies of up to 50.0 mills for this residential district, but with no retroactive "Gallagher adjustments". The

District would also be allowed to have an operations and maintenance levy up to 20 mills more immediately. Under the current service plan, the District is authorized to increase this mill levy to 20 only at such time as a majority of its board of directors is comprised of resident members.

The cost estimates are based on detailed calculations for a variety of public improvements now included in Exhibit E.

Exhibit E also includes a financial plan which incorporates the already completed debt issuance, and which contemplates an additional issuance of about \$1,150,000, anticipated for 2023. This information is provided in support authorization to issue debt in the future without the need to return to Council for separate approval.

The applicant has provided a summary of changes, which is attached. The District boundaries, maximum debt limit of no more than \$4,500,000 and authorized District functions would all be unchanged.

If approved, this amended and restated service plan would supersede and fully replace the original 2020 service plan for these districts.

The City Council Budget Committee considered this item at their December 13, 2022 meeting. Staff and District PowerPoints were presented. Budget Committee members asked several questions which were responded to by staff and District representatives. Budget Committee members specifically asked what the differences in taxes would be between the new and old service plans. District representatives had separately noted in their presentation that the net impact of the ability to immediately increase the O&M mill levy will be offset by lowering the amount of the corresponding monthly assessment that will be necessary to meet the overall ongoing operations and maintenance needs of the District. District representatives also explained that many of the facilities within this approximately 6.6-acre development (e.g. streets, parking, stormwater and small park) are maintained by the District, thereby contributing to the significant monthly costs. However, maintenance of building exteriors and roofs is a responsibility of the individual owners.

This item was introduced at a Council Work Session on January 9, 2023, at which time there were questions pertaining to the contract purchaser topic. Kevin Walker stated that the developer was in the process of contacting all prospective purchasers, and that this process would be completed prior to the January 24, 2023 hearing. He clarified that contract purchasers could withdraw, but might lose some of their earnest money, depending on the circumstances. He also clarified that an additional vote to increase the mill levy was not needed.

With respect to the allowable increase in debt service mill levy, a sample calculation is as follows:

- \$400,000 townhome X 7.15% residential assessment rate X about 16.6 additional debt service mills = \$475 per dwelling unit in annual additional debt service taxes

Using the same scenario, the impact of an authorized operational mill levy of 20.0 mills where about 11.0 mills are allowed now (10 mills with a Gallagher adjustment), the additional tax impact calculates to about \$257 per year or \$21 per month. However, in this case, the District notes that the impact of these higher O&M taxes will be directly offset in the form of lower monthly maintenance fee assessments.

The ongoing process of disclosing this potential change to contract purchasers was described by the applicant, and staff noted the forward-going requirement which is part to of the draft Council resolution. District representatives stated that contract purchasers have the option of withdrawing. Budget Committee members also asked if there would be a financial penalty for this. The district responded there will be no penalty associated with exiting a contract for purchase of one of these townhomes. It is possible the person might have to forfeit their earnest money.

Financial Implications:

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

Board/Commission Recommendations:

N/A

Stakeholder Process:

The staff-level Special District Committee has been provided with the materials associated with this request. No comments or concerns have been received as of the date of this cover memo.

Previous Council Action:

City Council approved the original service plan for this District on September 21, 2021, (Resolution123-21). On March 22, 2022, Council authorized an initial issuance of debt by this District (Resolution 29-22).

Alternatives:

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

Proposed Motion:

Adopt a Resolution of the City of Colorado Springs approving an Amended and Restated Service Plan for the Vistas at West Mesa Metropolitan District serving an area northeast of the intersection of Fillmore Road and Centennial Boulevard.