



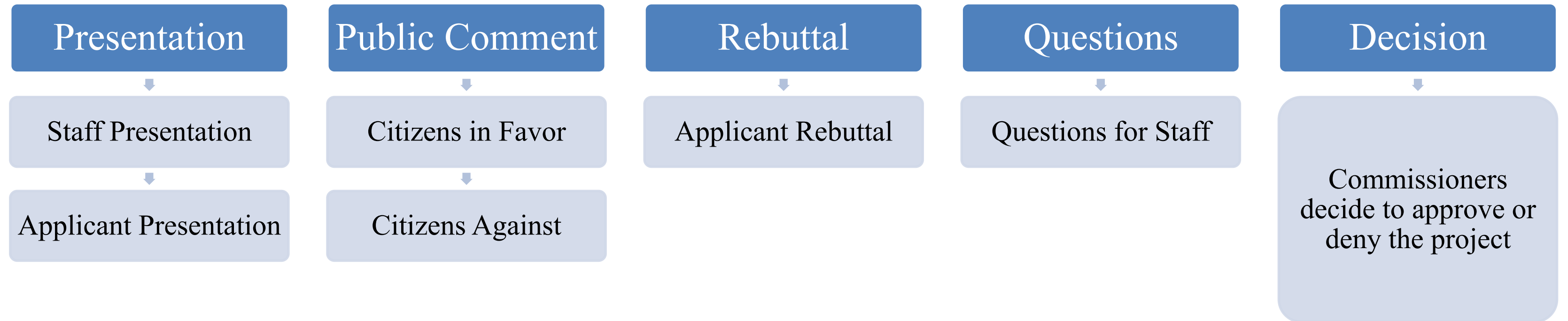
# ROCK CREEK METROPOLITAN DISTRICT AMENDED AND RESTATED ID258



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# Hearing Procedure





# REQUEST

A request by Spencer Fane, P.C. for approval of a Colorado Revised Statutes Title 32 Special District Amended and Restated Service Plan for Rock Creek Metropolitan District. The District is located within both the City of Colorado Springs and Unincorporated El Paso County.

The Service Plan includes:

- An increase from \$8,000,000.00 to a maximum debt authorization of \$48,000,000.00,
- a debt service mill levy of 50 mills for residential, & 35 mills for commercial,
- a debt service of 5 mills for special-purpose mill levy,
- an increase from 10 mills for operations and maintenance mill levy to 20 mills,
- an increase from a total maximum combined 65 mill levy to a total maximum combined mill levy of 75 mills;
- an allowance to allow the Maximum Mill Levy Imposition Term, a 40-year term to begin after the existing debt is refinanced or new debt is issued; and
- an imposition of System Development Fee, Capital Recovery Fees, and Traffic Impact Fee (not the County-Wide Road Impact Fee).

## Mandatory Criteria for Disapproval

The BoCC shall disapprove the draft service plan unless evidence satisfactory to it of each of the following is presented or, in the BoCC's discretion, the BoCC conditionally approves the draft service plan to cause compliance with these criteria (C.R.S. § 32-1-203(2)):

- There is sufficient existing and projected need for organized service in the area to be served by the proposed special district;
- The existing service in the area to be served by the proposed special district is inadequate for present and projected needs;
- The proposed special district is capable of providing economical and sufficient service to the area within its proposed boundaries;
- The area to be included in the proposed special district has, or will have, the financial ability to discharge the proposed indebtedness on a reasonable basis.

## Discretionary Criteria for Disapproval

The BoCC may disapprove the draft service plan if evidence of the following, at the BoCC's discretion, is not presented (C.R.S. § 32-1-203(2.5)):

- Adequate service is not, or will not be, available to the area through the County or other existing municipal or quasi-municipal corporations, including existing special districts, within a reasonable time and on a comparable basis;
- The facility and service standards of the proposed special district are compatible with the facility and service standards of each County within which the proposed special district is to be located and each municipality which is an interested party as defined in C.R.S. § 32-1-204 and this Code;
- The proposal is in substantial compliance with the El Paso County Master Plan;
- The proposal is in compliance with any duly adopted County regional, or State long-range water quality management plan for the area; or
- The creation of the proposed special district will be in the best interests of the area proposed to be served.



# PURPOSE OF DISTRICT

The statutory purposes of the Districts include the provision of the following:

- 1) street improvements, transportation, safety protection;
- 2) design, construction, and maintenance of drainage facilities;
- 3) design, land acquisition, construction, and maintenance of recreation facilities;
- 4) mosquito control;
- 5) design, acquisition, construction, installation, and operation and maintenance of television relay and translation facilities;
- 6) design, construction, and maintenance of water, including fire hydrants;
- 7) sanitation systems;
- 8) security services;
- 9) covenant enforcement; and
- 10) solid waste disposal.

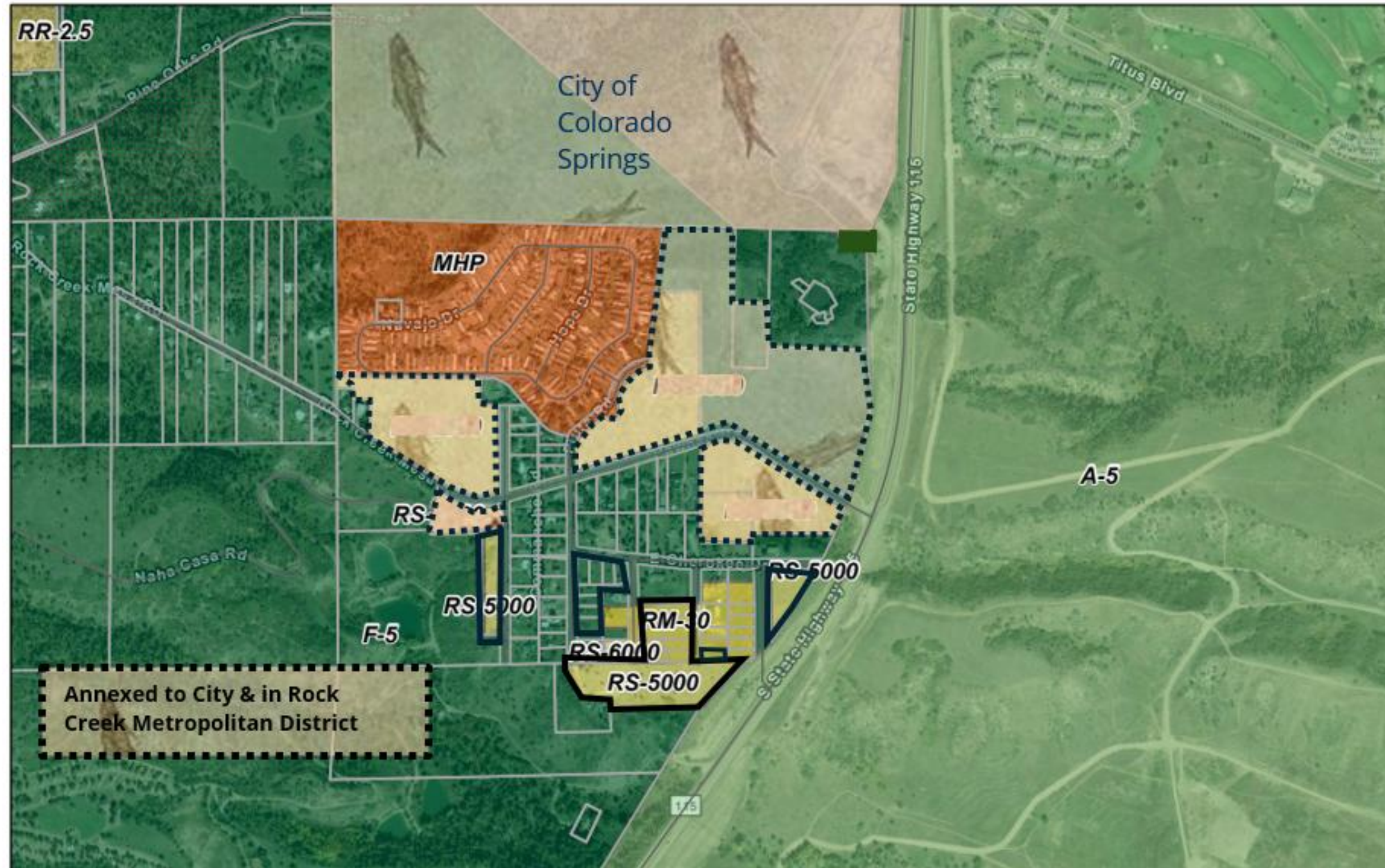


# HISTORY

- The original Rock Creek Metropolitan District Service Plan was organized by the Court on June 20, 2018, and encompasses 70.77 acres.
- The District was anticipated to include 211 Single-family homes and 240 multi-family units.
- The Service Plan did anticipate future inclusion areas within the City of Colorado Springs.
- The existing Rock Creek Metropolitan District has a maximum mill levy of 65, which is consistent with the current adopted Special District Policies and Model Service Plan, and has issued debt.
- Since the inception of the District, 48.24 acres of land have been annexed into the City of Colorado Springs, and a new Development Plan increasing density has been approved.
- The District issued General Obligation Limited Tax and Special Revenue Bonds in the amount of \$6,110,000 and Special Revenue Bonds in the amount of \$3,432,000 in 2021.



# ZONING





# EXISTING MILL LEVYS (SNAP SHOT)

## Unincorporated Mills

| TAXING ENTITY                                 | LEVY   |
|-----------------------------------------------|--------|
| EL PASO COUNTY                                | 6.857  |
| EPC ROAD & BRIDGE (UNSHARED)                  | 0.330  |
| FTN/FT CARSON SCHOOL DISTRICT #8              | 29.765 |
| PIKES PEAK LIBRARY DISTRICT                   | 2.938  |
| ROCK CREEK MESA WATER DISTRICT                | 0.000  |
| SOUTHWESTERN HWY 115 FIRE PROTECTION DISTRICT | 13.215 |
| ROCK CREEK METRO DISTRICT                     | 64.533 |

117.638 Mills Total Current

## City Mills

| TAXING ENTITY                                 | LEVY   |
|-----------------------------------------------|--------|
| EL PASO COUNTY                                | 6.857  |
| EPC ROAD & BRIDGE SHARE                       | 0.165  |
| CITY OF COLORADO SPRINGS                      | 3.009  |
| EPC-COLORADO SPGS ROAD & BRIDGE SHARE         | 0.165  |
| FTN/FT CARSON SCHOOL DISTRICT #8              | 29.765 |
| PIKES PEAK LIBRARY DISTRICT                   | 2.938  |
| SOUTHEASTERN COLO WATER CONSERVANCY DISTRICT  | 0.850  |
| SOUTHWESTERN HWY 115 FIRE PROTECTION DISTRICT | 13.215 |
| ROCK CREEK METRO DISTRICT                     | 64.533 |

121.497 Mills Total Current



# MASTER PLAN

## *Goal LU4 – Continue to encourage policies that ensure “development pays for itself.”*

*Special districts are separate from municipalities and act as self-governing, special-purpose units under Colorado law. Special districts can be formed to provide a number of public services, particularly public water and sewer services. In some instances, a special district will provide only water or only sewer services. In others, special districts are responsible for maintaining and providing various public services like construction and maintenance of parks, roads, water supply, and sewer services. Special districts providing multiple services are sometimes referred to as “metropolitan districts.” In El Paso County, there are several special districts that are responsible for managing and providing various public services.*



# OVERLAPPING DISTRICTS & AGREEMENTS

- The District is working to exclude land within its boundary from the Southwestern Highway 115 Fire Protection District to be ultimately served by the City of Colorado Springs Fire Department.
- Capital Recovery Fee that will be paid by the owner of the Cheyenne Mountain Estates mobile home park. The fee will range from \$135,324 - \$185,316 per year.
- Capital Recovery fee to be paid by Rock Creek Mesa Water District to be paid annually.



# SUMMARY OF APPLICATION

- The applicant has indicated that the design and construction of the necessary improvements have increased in cost and complexity. For example, in 2018, the anticipated design and construction of water and sewer improvements were estimated at \$4,600,000.00. The cost today is anticipated to be approximately \$37,806,649.00.
- Operations and maintenance of the Public Improvements not otherwise dedicated to the County or City for ownership, ongoing operation, and maintenance. City will own and maintain Fire Hydrants.
- No other entities located, including the County, in the immediate vicinity of the District that consider it desirable, feasible or practical to undertake the planning, design, acquisition, construction, installation, relocation, redevelopment, and financing of the Public Improvements needed for the development within the District.



# SUMMARY OF NEEDS FOR 75 MILLS

- ❑ Retaining the 50 mills for residential, 35 mills for commercial, 5 mills for special purpose, and increasing the **20 mills** for operations and maintenance for a combined maximum of 75 mills total.
  - “The District requests that the Maximum Operational Mill Levy be increased in order to support the high costs related to operating and maintaining public facilities, including water quality/detention facilities, parks, landscaping, and trails. As noted previously, the project has expanded since the Original Service Plan was approved, which will result in higher operational costs.
  - The District has experienced a sustained increase in operations and maintenance costs due to inflation, including higher expenses for labor, utilities, and contracted services, which has reduced the purchasing power of revenue available from the 10 mills and created a need for additional funding to maintain current service levels.
  - Insurance premiums and risk management expenses related to infrastructure have increased.
  - Maintaining adequate operational funding ensures that the District can respond quickly should public improvements malfunction, which will minimize public health risks and service disruptions. “



# JUSTIFICATION OF MODIFICATION TO THE MAXIMUM MILL LEVY IMPOSITION

- “The requested provision provides a limited and appropriate degree of flexibility by allowing the term to reset in connection with refinancing or new debt issuance, thereby aligning **repayment obligations with actual development absorption and revenue generation.**
- This approach will allow for more efficient debt structuring and potential interest cost savings and long-term financial sustainability of the District.
- The requested modification to the Maximum Mill Levy Imposition Term does not eliminate the forty (40)-year limitation but rather ties its application to updated financing events that reflect current economic realities.”



# SUMMARY OF APPLICATION

- DA Davidson's proposed financial plan indicates that the District has the ability to discharge the proposed indebtedness over 40 years, after the year the District refinances the existing debt or issues new general obligation bonds.
- The Service Plan relies upon the full build-out of 461 single-family residential homes and 456 multi-family units beginning in 2027, ending in 2031, with an average single-family home price of \$502,00.00 and a multi-family unit price of \$325,000.
- The financial plan also includes the following fees that the District may impose:
  - “System Development Fee, which is expected to consist of
    - (i) \$4,000 per single-family detached unit,
    - (ii) \$2,500 per single-family attached unit,
    - and (iii) \$2,500 per multi-family unit.



# MODIFIED RECOMMENDED CONDITION NO. 3

- Approval of the Service Plan for the amended and restated Rock Creek Metropolitan District includes the ability of the District to use eminent domain powers for the acquisition of property to be owned, controlled, or maintained by the District or another public or non-profit entity and is for the material use or benefit of the general public. The District may not use the power of eminent domain without prior approval from the appropriate jurisdiction either by the Board of County Commissioners or City Council at a publicly noticed hearing after showing that the use of eminent domain is necessary for the District to continue to provide service(s) within the District's boundaries and that there are no other alternatives that would not result in the need for the use of eminent domain powers.
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## PRESENTER

| OWNER:                                                                                        | REPRESENTATIVE:                                                                                            |
|-----------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| The Equity Group LLC<br>90 S. Cascade Avenue, Suite 1500,<br>Colorado Springs, Colorado 80903 | Spencer Fane, P.C.<br>Nicole Peykov, Attorney<br>1700 Lincoln Street, Suite 2000<br>Denver, Colorado 80203 |