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Letter of Intent

May 8, 2023

El Paso County
Planning and Community Development Department
Attn: Kari Parsons, Senior Planner
2880 International Circle
Colorado Springs, CO 80910

Re: 4-Way Commercial Metropolitan District Service Plan

Dear Ms. Parsons,

Please accept this document as the formal Letter of Intent for the formation of the 4-Way Commercial Metropolitan District (the “District”) pursuant to Title 32 of the Colorado Revised Statutes and Chapter 9 of the El Paso County Land Development Code. The initial inclusion area of the proposed District encompasses approximately 68.2 acres and is located on the west side of Highway 24 and is bisected by Stapleton Drive (Schedule No. 42000-00-399). The property has recently been identified in the Your El Paso Master Plan (2021) as being within the Rural Center Placetype, and was even more specifically included within the Highway 24 Commercial Priority Development Area.

A map amendment (rezoning) was recently approved by the El Paso County Board of County Commissioners to rezone the property from PUD (Planned Unit Development), pursuant to the 4-Way Commercial PUD Development Plan, to CS (Commercial Service). Development of the property is proposed to occur pursuant to the CS zoning and is planned to include approximately 400,000 square feet of commercial space.

The property included within the initial inclusion area of the proposed District is also located within the boundaries of the 4-Way Ranch Metropolitan District No. 1. Property located within the boundaries of the 4-Way Ranch Metropolitan District No.1 (including the property that is included within the proposed District) will ultimately be provided water and wastewater service by the 4-Way Ranch Metropolitan District No. 2, however, the infrastructure needed to provide such services is not currently constructed and available for interconnection nor does the underlying 4-Way Ranch Metropolitan District No. 1 have bonding and tax revenue generating capacity to finance the necessary infrastructure to serve the proposed commercial development

within the proposed District. For those reasons, the District is being proposed to allow for tax exempt financing of the needed interim and full-buildout infrastructure improvements, including those improvements associated with providing water and wastewater service to the development.

The proposed District will be responsible for financing, designing, and constructing infrastructure necessary to facilitate development of the property, with the expectation that all public roadway infrastructure, including sidewalks and associated drainage facilities, will be dedicated to El Paso County. The District also anticipates transferring all water and wastewater infrastructure to the underlying 4-Way Ranch Metropolitan District No. 2, via an intergovernmental agreement between 4-Way Ranch Metropolitan District No. 2 and the 4-Way Ranch Metropolitan District No. 1, for ongoing ownership and maintenance. The property is currently within the boundaries of 4-Way Ranch Metropolitan District No. 1. 4-Way Ranch Metropolitan District No. 1 supports the creation of the proposed District and has adopted a resolution allowing for the creation of the proposed District as an overlapping district. The adopted resolution is attached to the proposed service plan for the District for reference.

A. Purposes of the District

As mentioned above and throughout this letter of intent, the proposed District is planned to provide for the financing, design, and construction of public improvements associated with the anticipated commercial development of the property. The type and nature of the public improvements contemplated for the development include on and off-site roadways and street improvements, water and sanitary service infrastructure, stormwater and other necessary drainage improvements, and landscaping. Formation of the District will allow for access to tax-exempt financing to cover the cost associated with constructing the public improvements. The financed debt of the District can then be passed along to the property owners within the District, which represent those that are benefitted the most by construction of the public improvements.

The attached service plan proposes to create the District and includes the following:

- A maximum debt authorization of \$36,685,000
- A debt service mill levy of 50.000 mills
- A operations and maintenance (O&M) mill levy of 10.000 mills
- A special purpose mill levy of 5.000 mills
- A maximum mill levy of 65.000 mills

The service plan also identifies the proposed statutory purposes of the District, which include the following: water; sanitation; street improvements, transportation and safety protection; drainage; parks and recreation; mosquito control; fire protection (limited to fire hydrants, unless other improvements are identified within an IGA with the fire district); television relay and translation; covenant enforcement and design review; security services; and solid waste disposal.

The creation of the District will ensure the costs of the public improvements needed to support the proposed commercial development are shared by the property owners and taxpayers directly benefitting from such public improvements. The formation of the District is necessary to serve the 4-Way Commercial development because there are currently no other governmental or quasi-governmental entities, including the County, located 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 infrastructure improvements needed to serve the project.

The Developer (defined below) may need to utilize onsite wastewater treatment systems (OWTS) for initial development of the property if extension of an existing centralized system is not available (such as the system anticipated within 4-Way Ranch Metropolitan District No. 2). As phasing of the development progresses, the Developer will work with El Paso County Public Health, Colorado Department of Public Health and Environment, and/or a centralized wastewater treatment service provider, as applicable, to permit either a new centralized wastewater treatment system or an extension of an existing system. The requirement for providing centralized wastewater treatment could depend, at least in part, on the mix of land uses that are proposed to development on the property pursuant to the proposed conventional commercial zoning and upon the respective land use wastewater flows. If centralized wastewater service is required, the District will have the authority to enter into an Intergovernmental Agreement with an existing wastewater service provider or, in the alternative, to develop a centralized treatment facility on site in order to adequately treat the wastewater generated on the property as a result of the proposed development.

It is unreasonable and fiscally impractical to burden the property owners within another metropolitan district in the Falcon area with the costs of the infrastructure improvements required to serve the 4-Way Commercial Metropolitan District. To the extent any of the authorized facilities and improvements are dedicated to and accepted by the County or other entities having jurisdiction, the County or other entities shall own, operate and maintain such accepted facilities and related improvements. The District shall be authorized to own, operate and maintain any facilities and improvements not otherwise dedicated to and accepted by any applicable public entity acting as a Provider Jurisdiction (as defined in the proposed Service Plan), subject to any County rules and regulations. The District shall also have the authority to provide each of the services outlined in the proposed Service Plan, including covenant enforcement.

B. Justification

The District will serve a commercial project with infrastructure that will be developed over a five (5) year time frame. The single district structure of the proposed service plan minimizes the number of new districts being created and gives the proposed District the ability to directly manage the long-term construction, financing, and operation (as applicable) of all public

improvements within the commercial development as well as the contractual relationships and responsibilities create via any future Intergovernmental Agreements with other service providers.

Development of the 4-Way Commercial project is anticipated to occur in phases, which will require a well-planned approach to the extension of public services and facilities. The proposed single district structure will ensure that the construction and operation of each phase of Public Improvements will be coordinated and administered consistent with a long-term construction and operations program while under the supervision of a single entity.

The cost estimates and financial plan provided in Exhibit C and D to the Service Plan are intended to show the capacity of the District to issue debt and any debt issued by the District will need to be within the limit established within the proposed Service Plan. The District will coordinate with the Developer to receive the necessary consents and/or approvals (as necessary) for the provision of public services including, but not limited to, water, wastewater, and fire protection services. It is anticipated that the District will cooperate with the applicable fire district with regard to placement and installation of all fire hydrants. The Developer and the District intend to coordinate the completion of the necessary public improvements in accordance with any subsequently approved site development plans and/or final plats.

C. Development and Financial Plans

The parcel included in the Initial Inclusion Area is identified as Schedule Number 42000-00-399 and is owned by KO1515, LLC. It is anticipated at this time that KO 1515, LLC will also be the developer of the project (“Developer”) and is likely to be the builder of one of more of the planned commercial pad sites. The cost estimates for the proposed public improvements were generated by the Developer’s representatives who have experience in the constructing similar improvements.

The proposed maximum debt authorization amount, as stated in the proposed service plan, is based upon the estimated costs associated with the construction of on and off-site public improvements for the Project, including roadways, streets, water and sanitary sewer, drainage, stormwater, and other related improvements. The amount is larger than the estimated cost of the Public Improvements to allow for inflation, contingencies, and unanticipated changes from the date of approval of this Service Plan. The cost estimates are preliminary in nature and the ultimate costs may increase or decrease depending on numerous factors, many of which are out of Developer’s control. To demonstrate the District’s ability to finance the public improvement portion of costs of the project, a financial plan is attached to the Service Plan as Exhibit D. This financial plan and the cost estimates provided in Exhibit C to the Service Plan are intended to show the projected capacity of the District to issue debt. Any debt issued by the District will be limited pursuant to the provisions of the proposed Service Plan.

D. Compliance with the County Master Plan

1. Compliance with Your El Paso Master Plan

Chapter 1 of Your El Paso Master Plan (2021) states that the Plan is “general in nature-it cannot tackle every issue in sufficient detail to determine every type of necessary action.” In addition, Chapter 1 goes on to state that the Plan “is intended to provide clearer and more coordinated policy, resulting in a document that effectively communicates County goals and identifies specific actions to achieve both County-wide and local area objectives.” When taken together, these two statements suggest to the reader that the Plan may only address certain issues at a cursory level and that specific steps or actions for addressing such issues may not be offered within the Plan. That conclusion is certainly the case in numerous instances and with regard to a variety of topical areas. However, where that is not the case is with respect to the property that is proposed for initial inclusion into the 4-Way Commercial Metropolitan District, as identified below in an analysis of the three main land use sections of Chapter 3 of the Plan.

Key Area Analysis

The subject property is not identified in the Plan as either being within or in close proximity to a Key Area. The nearest Key Area to the subject property is the Potential Areas for Annexation Key Area, which is located approximately two (2) miles from the proposed District’s boundaries. None of the Key Areas would be negatively impacted or otherwise affected by the creation of the proposed District and the subsequent development of commercial uses on the property.

Area of Change Analysis

The subject property is identified in the Areas of Change map within the Plan as being split between “New Development” for the portion of the property located along the north side of Stapleton Drive and “Minimal Change: Developed” for the portion of the property located along the south side of Stapleton Drive.

Page 21 of the Plan characterizes areas of New Development by stating:

“These areas will be significantly transformed as new development takes place on lands currently largely designated as undeveloped or agricultural areas.

Undeveloped portions of the County that are adjacent to a built out area will be developed to match the character of that adjacent development or to a different supporting or otherwise complementary one such as an employment hub or business park adjacent to an urban neighborhood.” (emphasis added)

The subject property is currently undeveloped and is located immediately adjacent to residential development within the 4-Way Ranch Filing No. 1 final plat and is approximately one-half (1/2) mile east of the Meridian Ranch Master Planned

development. In addition, Highway 24, which forms the eastern boundary of the subject property, is the most heavily traveled transportation corridor in northeastern El Paso County, providing vehicular and pedestrian connections into the Falcon area as well as the smaller, more rural communities of Peyton, Calhan, and Ramah. The intent behind filing the application for the recently approved CS (Commercial Service) rezoning was to continue to plan for the commercial development of the property with a particular focus on providing siting opportunities for many of the complementary commercial uses that are permitted in the CS zoning district. The goal is to introduce new commercial uses to the area that can serve and function in a compatible, and even complementary way, to the existing residential developments and rural communities in the larger sub-region and to nearby Meadow Lake Airport. Specifically, the El Paso County Land Development Code allows the following complementary commercial uses within the CS (Commercial Service) zoning district:

- Automobile and boat storage yards
- Retail bakery
- Bar
- Barber/beauty shop
- Carwash
- Child care center
- Community building
- Convenience store
- Financial institution
- Gas station
- General office
- Kennel, major and minor
- Laundromat
- Library
- Liquor store
- Medical clinic
- Mini-warehouse
- Museum
- Nursery, retail and wholesale
- Public education institution
- Proprietary school
- Recreational vehicle and boat storage
- Rental services
- Restaurant
- General retail sales
- Shopping center
- Store

- Studio
- Theater

The CS (Commercial Service) zoning of the property, combined with the proposed District's ability to finance and construct the necessary infrastructure for development, will allow for complementary uses such as the those listed above to located on the property and to provide much needed commercial services to an ever-increasing number of underserved residents in the County. These residents include those in the Falcon-area, commuters traveling along the Stapleton Drive/Curtis Road corridor, and other County residents living in or near the more rural communities of Peyton, Calhan, and Ramah.

Placetype Analysis

The subject property is shown on the Placetypes map of Your El Paso Master Plan as being within the Rural Center Placetype. Page 34 of the Plan identifies the following land uses as being Primary Land Uses within the Rural Center Placetype:

- Restaurant
- Commercial Retail
- Commercial Service
- Institutional
- Single-family Detached Residential

In addition, the Rural Center Placetype includes the following Supporting Land Uses:

- Single-family Attached Residential
- Multifamily Residential

The two above lists of acceptable land uses within the Rural Center Placetype directly support the recent rezoning of the subject property to CS (Commercial Service), which was needed to support the formation of the 4-Way Commercial Metropolitan District. Furthermore, including the subject property into the same Rural Center area as existing commercial uses in the area (e.g., the Falcon Big R) suggests that the variety of smaller scale commercial developments are able to function in tandem as part of a growing corridor of commercial activity along Highway 24.

Commercial Priority Development Area

As discussed above, the subject property is designated as being within the Rural Center Placetype, similar to other select areas in the County. However, the subject property is further elevated within the Master Plan in terms of its economic development potential by being specifically identified as only one of the five Commercial Priority Development Areas. The Plan calls out the Highway 24 Commercial Priority Development Area as being a “new Rural Center” and even goes on to state that, “[t]he County should prioritize the development of [the] Rural Center to serve adjacent Suburban Residential to the north

of the Highway and the Large-Lot Residential to the south.” The Plan goes on to further supports the commercial zoning and development of the property by stating, “The County should emphasize the development of grocery stores, restaurants (both drive-thru and sit down), gas stations, pharmacies, and neighborhood-scale services.”

Analysis of Goals, Objectives, and Specific Strategies

Below are Goals, Objectives, and Specific Strategies from Your El Paso Master Plan that are applicable to the proposed service plan and anticipated commercial land development.

Land Use

Goal LU1. Ensure compatibility with established character and infrastructure capacity.

Goal LU3. Encourage a range of development types to support a variety of land uses.

Objective LU3-1: Development should be consistent with the allowable land uses set forth in the placetypes first and second to their built form guidelines.

*Land Use Specific Strategy- **Priority:** The New Development areas will be significantly transformed as new development takes place on lands currently largely designated as undeveloped or agricultural areas. Undeveloped portions of the County that are adjacent to a built out area should be developed to match the character of that adjacent development or to a different supporting or otherwise complementary one such as an employment hub or business park adjacent to an urban neighborhood. p.21*

Land Use Specific Strategy – The Minimal Change: Developed areas are likely to see more intense infill development with a mix of uses and scale of redevelopment that will significantly impact the character of an area. Regardless of the development that may occur, if these areas evolve to a new development pattern of differing intensity, their overall character should be maintained.

Goal LU4: Continue to encourage policies that ensure “development pays for itself.”

*Land Use Specific Strategy- **Priority:** Continue to evaluate development impact fees, requiring adequate private investment to defray the cost of capital improvements needed due to new development so that new development will not overburden County resources, and will be served by adequate infrastructure until they can be incorporated if necessary or desired. p.45*

Analysis:

The proposed service plan is necessary to support implementation of each of these goals, objectives, and strategies as they are applicable to the 4-Way Commercial Development.

The District is proposed to finance, design, construct, and maintain, as appropriate, the infrastructure and services necessary to ensure that the anticipated commercial development is able mitigate any potentially negative impacts associated with the new development, which will aid in creating better compatibility between the development and the existing residential and commercial uses located in the immediate vicinity. The planned commercial use of the subject property directly supports and is poised to fully implement the two Land Use Specific Strategies pertaining to development in areas identified as New Development and Minimal Change: Developed.

Consistency with the built form guidelines of the Rural Center placetype will need to be determined at a later stage of development in association with subsequent site development plan applications, but at a minimum the proposed development can be found to be consistent with the guidelines that state that Rural Centers should include “[p]aved major roadways with appropriate intersection controls as warranted” and that “[a]ll right of way is preserved in associated with new development. Major roads support longer trips to help connect high-density and commercial areas, accommodate truck travel, and prioritize access control.” One of the purposes of the proposed District is to finance the construction of paved roads and traffic control devices within the development and at the planned access locations along Stapleton Drive, which is planned to be a significant regional thoroughfare, connecting both existing and planned residential areas of growth in the County with good and services, such as those that will be offered with buildout of the planned 4-Way Commercial development.

The proposed District will be critical in generating funds necessary to fund capital improvements necessary to support development of the project, including associated transportation and drainage infrastructure. Many of the potential improvements will not only help ensure mitigation of the impacts created by the planned development, but they will also help address growing sub-regional impacts caused by overall growth in the area, such as ever-increasing background traffic in and around the Falcon area. The proposed District will have the financial capability to provide for such improvements in advance of the County constructing any planned capital improvements at the same intersections or along the same roadways, thereby allowing the County the ability, at least in part, to redirect any funds previously identified for this immediate area towards other areas of the County that require similar improvements.

Economic Development

Objective ED1-6: Large employers should be located on major roadways to improve connectivity and minimize their impact on daily traffic.

Goal ED3. Encourage the development of commercial districts in underserved areas.

Objective ED3-1: Continue promoting commercial development to serve increasing residential neighborhoods in the Falcon area.

Objective ED3-3: Emphasize the development of grocery stores, restaurants (both drive-thru and sit-down), gas stations, pharmacies, and neighborhood-scale services along Highway 24.

Objective ED3-5: Prioritize commercial development within or near rural communities within the Rural Center placetype to limit barriers to shopping districts and employment centers.

Objective ED3-6: Prioritize commercial use as development opportunities arise in order to support the growing residential base in the rural areas.

Economic Development Specific Strategy: Prioritize the development of Rural Center in the Highway 24 Commercial Priority Development Area to serve adjacent Suburban Residential to the north of Highway 24 and the Large-Lot Residential to the south, which should also provide some generally commercial directly adjacent to Meadow Lake Airport to support the employee population.

Analysis:

The property included within the proposed District is located on two major roadways, Stapleton Drive/Curtis Road and Highway 24, with a full movement intersection planned from Stapleton Drive located towards the eastern end of the property near Highway 24 and another undefined access from Stapleton Drive more towards the western end of the property, both of which will help ensure adequate connectivity into and throughout the site while also being mindful to site accesses in a safe location. Safe access into and out of the site becomes even more important when considering the full buildout of the planned commercial area and the nature of vehicular trips generated by such land uses.

The proposed District will help implement the recently approved CS (Commercial Service) zoning of the property, which will allow for the siting of a variety of permitting commercial uses in an area of the County that is largely underserved by such uses, as specifically identified in the County's Master Plan. The master plan specifically supports the development of this type of commercial development in order to better serve rural communities. Even more noteworthy is the fact that the Master Plan goes even further to support the commercial development of this specific piece of property, which is located within the Highway 24 Commercial Priority Development Area, to better serve the "adjacent Suburban Residential to the north of Highway 24 and the Large-Lot Residential to the south."

The District is critical to financing the necessary public infrastructure to support the development of new land uses that are complementary to the residential development in the area and Meadow Lake Airport so as to fully implement each of the above Economic Development Specific Strategies. Access to tax-exempt financing will give the District the ability to design, construct, and maintain the public improvements associated with the full buildout of the development in a more economical manner. Non-residential developments that are of the size and nature as the one being proposed for the site can also have significant ancillary economic benefits to the County and the region as a whole. These types of developments not only function as a much needed commercial retail and service center in the County but they can also function as a catalyst for additional growth in numerous sectors of the economy, including but not limited to the construction industry, manufacturing, and processing amongst others.

Community Facilities

Community Facilities Specific Strategy- Continue to require new developments to provide multiple points of access to subdivisions to help decrease response times, decrease evacuation times, and provide for additional evacuation routes. p.93

Objective CF13-4: Locate new development where it can take advantage of existing or proposed water supply projects that would allow shared infrastructure costs.

Objective CF13-5: Continue to improve coordination with fire districts, developers, and other groups to ensure that new development provides appropriate fire suppression water supplies and infrastructure.

Objective CF13-8: If it is economically feasible, wastewater service should be provided in regional and sub-regional publicly owned wastewater treatment facilities, and smaller privately owned facilities will be avoided.

Community Facilities Specific Strategy- Onsite Wastewater System (OWS) greater than 2,000 gallons per day should connect to a designated management agency's wastewater system if it is economically and technically feasible. OWS systems of less than 2,000 gallons per day that serve homes or small businesses should be encouraged to connect to a designated agency's system when it becomes accessible and continue to be reviewed by the local County health department where it will be constructed. p. 103

Analysis:

The proposed District anticipates financing and constructing both on and off-site roadway improvements, including three points of access into the site, two along the south side of Stapleton Drive and one along the north side. The multiple access points will also ensure that emergency services can respond efficiently to any emergency within the

development. In addition, the proposed service plan includes the ability for the District to finance, plan for, design, and install fire suppression infrastructure, including fire hydrants, in coordination with the Fire District.

The proposed service plan gives the proposed District the ability to enter into Intergovernmental Agreements with other water and wastewater providers to help ensure that all future necessary connections to a central water and/or wastewater provider can be financed and constructed using revenue generated from the end users on the property who stand to benefit from such services. Connection to the planned 4-Way Ranch Metropolitan District No. 2 central wastewater system is anticipated thereby limiting the need for long term use and maintenance of onsite wastewater treatment systems serving the commercial businesses within the development.

2. Compliance with Topical Elements of the Master Plan

El Paso County Water Master Plan

The Executive Summary from the Water Master Plan states that the Plan Water Master Plan (WMP) was developed for the Board of County Commissioners, El Paso County officials and staff, developers, citizens, and water providers within the County for the purpose of identifying and addressing water supply issues earlier in the land use entitlement process. For that reason, water supply should be discussed even as early as the rezoning stage, or in the case of this application, as early as the service plan application to form the District needed to support the proposed development. This does not mean that a full water sufficiency finding should be made since sufficiency findings in El Paso County are made at either the preliminary plan or final plat stage of development, both of which are associated with the process of subdividing property.

The subject property is located within Planning Region 3 of the Water Master Plan, pursuant to Figure 3-1 on page 25. Region 3, known as the Falcon Region, is made up of 13 central water providers, including several larger providers such as Woodmen Hills Metropolitan District, Paint Brush Hills Metropolitan District, and Meridian Service Metropolitan District. The property is also located within the boundaries of the Upper Black Squirrel Designated Groundwater Basin and it lies atop three Denver Basin Aquifers: the Denver, Arapahoe, and Laramie-Fox Hills formations.

The Plan states the following with respect to Region 3:

“Region 3 contains four growth areas west of Falcon projected to be completed by 2040. Other areas of 2040 growth are projected for the north-central part of the region west of Highway 24 extending from Falcon to 4-Way Ranch. North of Falcon along Highway 24, growth is projected by 2060 on both sides of the

highway. Just west of Falcon, another small development is projected by 2060 on the north and south sides of Woodmen Road. On the east side of Highway 24, three separate areas of growth are projected for development by 2060, with the largest of the three spanning from south of Judge Orr Road to east of Peyton Highway into Region 4c. This development will likely consist of 35-acre lots that will require individual wells to use Denver Basin groundwater. The other two growth areas will be located on the north and south sides of Falcon Highway directly east of Falcon.” (Emphasis added)

The subject property is located along the west side of the Highway 24 corridor in an area north of Falcon, which is specifically called out in the language above as being one of the areas within Region 3 identified for growth within the Water Master Plan.

Table 5-4 of the Plan identifies the current supply and demand forecasts at full build out (year 2060) for each of the Planning Regions. The Table indicates that the current water supplies for Region 3 amount to 7,164 AF of water per year and that the forecasted demand is 8,307 AF per year, resulting in a forecasted supply need of 1,143 AF per year. The proposed development may need to utilize groundwater wells in the early stages of development. However, the proposed service plan anticipates that ultimate water supply service to the site at full build out may require connection to a central water provider, which could occur via IGA with 4-Way Ranch Metropolitan District No. 2.

Any potential future interconnections with 4-Way Ranch Metropolitan District No. 2 would certainly encourage conjunctive use and would allow the District to better prepare for water supply emergencies. All districts in this area rely on the same water, and all are required to meet CDPHE potable water regulations.

For the reasons stated above, the applicant requests that the proposed service plan be found to be in compliance with the Water Master Plan.

El Paso County Parks Master Plan

The El Paso County Parks Master Plan identifies the existing Rock Island Regional Trail located on an adjacent parcel to the east, between the subject parcel and Highway 24. In addition, the Plan shows the planned Arroya Lane Trail and a proposed bicycle route along Stapleton Drive, both of which are either immediately adjacent or within close proximity to the subject parcel.

The applicant is prepared to work with the County if any trail easements are requested at a later stage of development and anticipates constructing internal pedestrian improvements such as sidewalks that could connect to one or more of the identified trail corridors. At the current stage of development, which is requests for approval of a Title

32 Special District service plan with prior approval of the CS (Commercial Service) rezoning, the provision of a trail easement or specific pedestrian connections would be premature since the full layout of the site has not been finalized by the applicant and the planned County Parks facilities have not yet been constructed.

Other Topical Elements of the County Master Plan

The propose service plan is in compliance with the other topical elements of the County Master Plan. Additional evaluation of such compliance will need to be provided a later stages of development, including extensive evaluation at the preliminary plan, final plat, and/or special use stages of development with respect to the Master Plan for Mineral Extraction, the El Paso County Parks Master Plan, and the El Paso County Wildlife Habitat Maps and Descriptors.

E. Review Criteria

Requests for approval of a service plan for a new special district are subject to the review criteria included within Colorado Revised Statutes § 32-1-203, specifically subsections (2) and (2.5).

The following is an analysis of each criterion as it is applicable to the proposed 4-Way Commercial Metropolitan District service plan application:

There is sufficient existing and projected need for continued organized service in the area to be served by the District;

The purposes of the proposed District are to finance, design, and construct certain public improvements and to provide other additional services necessary to support the development of the 4-Way Commercial development. The proposed improvements and services are not available to the development through the County or other existing quasi-municipal corporations, including a special district, within a reasonable time and on a comparable basis. Financing and constructing the necessary public improvements through the District can be done through tax exempt financing, thereby reducing the costs, and will ensure that the property owners who stand to benefit from such improvements will be responsible for paying off the associated debt.

The existing service in the area to be served by the District is not adequate for present and projected needs without the organization of the District;

There are no existing municipal or quasi-municipal service providers in the area that have the bonding capacity or desire to finance, design, and construct the improvements associated with the proposed commercial development. In addition, many of the existing service providers in the area are well established (e.g., Woodmen Hills Metropolitan District, Meridian Service Metropolitan District, etc.) and have already issued debt based upon full build out of their respective overall developments. The 4-Way Ranch Metropolitan District No. 2 will own and maintain all water and wastewater infrastructure designed and constructed by this District. However, 4-Way Ranch Metropolitan District

No. 2 currently lacks the financial capacity and existing infrastructure to extend service to the subject property. If any of the existing special districts in the area were to agree to provide service to the proposed commercial development then the respective district would likely need to issue additional debt, thereby causing the existing taxpayers owning property in the district to bear at least the initial financial burden of extending the existing service as the project proceeds with the construction of the up-front infrastructure. This result would not be a reasonable outcome for the existing residents in the area and would not be in line with many of the County's goals and objectives of ensuring that new development pays its own way.

The District are capable of providing economical and sufficient services to the area it intends upon serving and/or financing the public improvements which shall be dedicated to and accepted by the County, or other Provider Jurisdiction;

The formation of the District will ensure that the public improvements and other services are sufficient to support the development and ongoing maintenance of public improvements, as applicable, associated with the proposed commercial development. The District will also be able to better ensure the public improvements are constructed within a reasonable period of time since such functions will be directed and managed by the District, all of which will ultimately be to the benefit of all current and future property owners/taxpayers owning property within the District. The District's ability to access tax-exempt financing will help lower the costs of the public improvements, which should make the property more marketable with potential commercial users. A summary of the financial plan for the proposed District has been provided as an attachment to the proposed service plan.

The area to be included within the District has, or will have the financial ability to discharge the proposed indebtedness of the District on a reasonable basis within the mill levy caps and restrictions provided by the County rules and regulations;

The estimated costs of the improvements and facilities to be constructed, installed, and/or acquired by the District are set forth in the Service Plan. The District will be limited to the Maximum Debt Authorization as stated in the Service Plan. The Maximum Debt amount represents the amount the District can reasonably pay from the revenue derived from the debt service mill levy and other legally available revenue. Exhibit D of the Service Plan provides a summary of the District's ability to finance the facilities identified in the Service Plan and to discharge the proposed indebtedness on a reasonable basis.

Adequate service is not, and will not be, available to the area through the County or other existing municipal or quasi-municipal corporations, including existing special District, within a reasonable time and on a comparable basis;

Financing and construction of the proposed public improvements and the provision of the proposed services for the development and ongoing maintenance of the 4-Way Commercial development are not currently available through the County or any other existing municipality or quasi-governmental entity, including any existing Title 32 special district. Coordination via a potential intergovernmental agreement(s) (IGA) with an existing water and/or wastewater provider to provide the services necessary to facilitate full buildout of the development may be appropriate in the future to establish and ensure adequate ongoing provision of such services. The need for an IGA with another service provider will likely be determined at the preliminary plan stage of development, as applicable.

The facility and service standards of the proposed District are compatible with the facility and service standards of the County;

All proposed facilities and services will be constructed in accordance with the standards and specifications of El Paso County, the State of Colorado, and any other appropriate jurisdictions.

The proposal is in substantial compliance with the County master plan;

An extensive discussion of the substantial compliance of the proposed service plan with the County master plan is included above. Many of the components of Your El Paso Master Plan, including the Placetypes map, the Key Areas map, and the Areas of Change map, specifically anticipate development of the subject property consistent with what is being proposed via the recently approved map amendment (rezoning) requests, which are necessary to support the development and financing conclusions contained within the proposed service plan. In addition, the project is in substantial compliance with the other topical elements of the master plan, as discussed above. In some instances, determining substantial compliance at this stage of the development process is difficult as many of the goals and policies of the topical plans are oriented more towards PUD (Planned Unit Development) map amendments (rezonings) or toward the preliminary plan stage of development. A greater amount of detail regarding the specific layout of a given development is required at both the PUD and preliminary plan stages of development. Conventional zoning, such as the CS (Commercial Service) zoning of the subject property, does not include or require the same level of detail but nonetheless represent a step in the entitlement process that is allowed, and at times even recommended, by El Paso County.

The creation of the proposed District is in the best interests of the area proposed to be served.

The proposed public improvements and services necessary to serve the 4-Way Commercial Development are not and will not be available to the area through the County or other existing municipality or quasi-municipal corporation, including other

special districts, within a reasonable time and on a comparable basis. The formation of the District will ensure that the public improvements and services are sufficient and constructed within a reasonable period of time for the benefit of the property owners.

In addition, creation of the District will allow for commercial development to occur on the property, which will result in much needed commercial growth along the Highway 24 corridor, which has been identified by the County as a targeted location for a rural center. The introduction of additional commercial uses in the area will help provide the current and future residents living near and especially to the northeast of Falcon with greater options for obtaining goods and services at a location that is more convenient and in many cases in closer proximity to their residences.

F. Conclusion

The service plan for the 4-Way Commercial Metropolitan District is in substantial compliance with the County's master plan. The project as a whole will substantially expand the available inventory of commercially zoned land in the County and will serve the best interests of the future property owners within the proposed development. The formation of the District will allow for financing and development to pay for only those improvements and costs which are a direct benefit to the property within the District. The authority of the District to enter into an Intergovernmental Agreement with one or more existing water and/or wastewater providers is critical to ensuring that adequate centralized services can be made available to the development, which is in line with many of the goals and policies of the County's master plan and associated topical elements, including the El Paso County Water Master Plan.