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**VIA E-MAIL**

El Paso County  
Planning and Community Development Department  
Attn: Kari Parsons, Senior Planner  
2880 International Circle  
Colorado Springs, CO 80910  
[kariparsons@elpasoco.com](mailto:kariparsons@elpasoco.com)

**Re: Letter of Intent for Proposed Amended and Restated Service Plan**

Dear Ms. Parsons,

We are writing on behalf of our client, Peaceful Ridge Metropolitan District (the “District”), that is proposing an amended and restated service plan for the District (the “Proposed A&R Service Plan”). Please accept this as the District’s letter of intent as to the submission of the Proposed A&R Service Plan.

**Overview**

As a preliminary introduction, we would like to highlight a few important points relating to comments previously made and discussed in our meeting on February 13, 2024 relating to the submittal of the Proposed A&R Service Plan. Specifically:

1. Submission of the Proposed A&R Service Plan does not contribute to a “proliferation of metropolitan districts” because the District has been in existence since 2017. This is not a matter of a “new” district.
2. The Board of Directors of the District (the “Board”) is not interested in dissolving the District as there has been considerable time, money and effort invested in the District over the last eight (8) years.

3. The District elected not to seek annexation into any other municipality, jurisdiction or inclusion into any existing metropolitan district for several reasons. With respect to the question concerning annexation into another municipality, the property has been in El Paso County (the “County”) for many decades and was always intended to be developed within the County. The original plat was recorded in 2007 and all ongoing operations and updates have been through the County. In addition, the proposed subdivision within the District has already received commitments from all necessary utility and outside service providers for its current jurisdiction, including but not limited to, Widefield Water and Sanitation District, Security Fire District, Mountain View Electric Association and Black Hills Energy. Finally, the subdivision has received all approvals necessary to be constructed within the County. With respect to the question concerning inclusion into another metropolitan district, this is not feasible, as districts in the vicinity have their own projects to serve, with debt authorization fully assigned to such projects.
4. The District will not be providing any covenant enforcement or architectural review services, will not impose any covenants and will not seek to control covenants on public rights-of-ways.
5. The submitted financial analysis contemplates bonds being first issued in 2026 with an estimate interest rate of five percent (5%) and second bond issuance to occur ten (10) years later in 2036 with an estimated interest rate of three percent (3%). It is anticipated that the 2036 bonds will refund the 2026 bonds at a lower interest rate and pay for the final project reimbursement costs. Such a refunding and obtaining new funds is a standard practice of metropolitan districts in order to accommodate buildouts of projects and to maximize fully established revenue streams. Further, such refundings are typically beneficial to owners as lower interest rate translate into lower payments or expedited payoffs over the course of the bonds.
6. The District imposes an operations and maintenance mill levy, and will need to continue to impose such a mill levy, in order to pay expenses associated with certain District-maintained items. For example, maintenance of the detention pond, as well as maintenance and operation of the community park/pocket park.
7. The Board anticipates that residents will be in the community starting in 2027. With this, it is expected that residents will be able to submit self-nominations in the 2027 election cycle.
8. It is anticipated that Lot 1, Block 1, known as 6326 Sleepy Meadows Drive, will be used as a community park/pocket park. The Board believes this is an ideal location for the community park/pocket park as it is on the interior entrance to the community which will provide both good visibility and the location will be further removed from the traffic and noise of Marksheffel Road. The current vision is to include a large play

structure that will incorporate several different modules for play. This will include items for climbing, jumping, crawling and exploring. In addition, the District intends to install a stand-alone swing set that will allow for separate play that will include an adaptive swing to further increase accessibility. The entire community park/pocket park will have a sidewalk surround to enclose the area and to provide a space to fill in with necessary depth for fall surface protection. The fall surface is anticipated to be of wood mulch or similar material. Exhibit A-5 of the Proposed A&R Service Plan reflects the intended park amenities and Exhibit C-2 shows that \$405,000 is being set aside to insure such a park is created.

9. The community park/pocket park will not be in a drainage area.
10. There are no plans for inclusions or exclusions from the District's boundaries.
11. The property within the District is zoned as "R" and no changes are necessary for any of the planned development.
12. Development assumptions are based on the 90 years of combined experience and long-term knowledge of the area and building in the area by the team at Peaceful Ridge Development Company, LLC (the "Developer").
13. Colleen Monahan, P.E. of HR Green, Inc. reviewed the District's estimated category costs and compared the quantities against the approved construction documents for both phases of the development. She certified that the estimated costs are accurate to the best of her knowledge.
14. Parcel numbers for the Lots within the boundaries of the District have been uploaded to EDARP.

### **Introduction – District Organization in 2017**

The District, as noted above, has been in existence and operating continuously since 2017, and has been in compliance with the applicable State law and County policies regarding special districts since that time. The El Paso County Board of County Commissioners (the "BOCC") approved the District's current service plan on April 7, 2016 (the "Original Service Plan") by Resolution No. 16-113. An election was then held on November 8, 2016, whereby the organization of the District was approved by the eligible electors. The District Court of El Paso County issued an Order and Decree Organizing the District on January 27, 2017.

Currently, there are no residents within the boundaries of the District as homes have not yet been built. Construction of those homes cannot occur until certain infrastructure is installed, which is the main reason the District is requesting approval of the Proposed A&R Service Plan.

Per discussions with County Planning Staff, rather than submitting a limited amendment to the current Service Plan to address only the requested increase in debt capacity, the District is submitting the Proposed A&R Service Plan that specifically follows the County's new model service plan. This, upon approval, will supersede and replace the Original Service Plan approved in 2016.

### **Introduction – Capital Costs**

When the Original Service Plan was approved in 2016, it was estimated that the capital costs associated with infrastructure would be approximately \$7.3 million. Based on these costs estimates, it was anticipated that a debt capacity of \$7.5 million would be adequate to meet the District's needs to finance certain improvements related to water, sanitation, drainage, street, safety protection, parks and recreation, mosquito control, television relay and translation.

Due to the current economic environment with soaring interest rates, increased demands on the supply chain and drastically increased costs for construction materials, the original debt capacity is insufficient to meet the needs of the District. Currently, estimated capital costs for the improvements, as substantiated by the District's engineer and detailed in Exhibits C1 to C3 in the Proposed A&RSP, are approximately \$16.8 million. Given the disparity between the cost estimates in 2016 of \$7.3 million and those today of \$16.8million, the District needs to expand its borrowing capacity to finance the required improvements that will allow for the successful development of the community.

Approval of the Proposed A&R Service Plan will provide additional debt capacity to finance the improvements within the mill levy limits established by the County Special District Policies, which is necessary to account for increases in estimated costs due to inflation and other economic factors. Such approval will enable the District to fulfill the purposes for which it was organized in 2017.

### **Introduction – District Boundaries**

The District's boundaries consist of 60.144 acres of land generally located northwest of the intersection of Fontaine Boulevard and Marksheffel Road, encompassing the Peaceful Ridge at Fountain Valley Subdivision, as replated, which was approved by the BOCC.

The development within the District's boundaries is anticipated to consist of 252 lots, 251 of which are planned to consist of single family homes with an approximate average value of \$525,000 in year 2023 dollars. Currently, one lot is planned to be developed as a community park/pocket park - Lot 1, Block 1, known as 6326 Sleepy Meadows Drive. Exhibit A-5 of the A&R Service Plan contains the intended amenities for this community park/pocket park.

## **Introduction – Compliance**

The Proposed A&R Service Plan is in compliance with the provisions in Title 32 of the Colorado Revised Statutes and with Chapter 9 of the El Paso County Land Development Code (the “Land Development Code”) and with all other applicable policies and regulations of the County. Pursuant to Section 9.2.2(A) of the Land Development Code, we are submitting this Letter of Intent with the Planning and Community Development Department along with the Proposed A&R Service Plan.

## **Purposes of the District**

The primary purpose of the District remains the same as originally intended – that is to provide services and operate in accordance with the terms set forth in the Original Service Plan, as may be amended by the Proposed A&R Service Plan. The District anticipates financing Public Improvements (as the term is defined in the Original Service Plan, as may be amended) related to water, sanitation, drainage, street, safety protection, parks and recreation, mosquito control, television relay and translation. The District anticipates providing services related to the construction and ongoing operation and maintenance of certain Public Improvements within the District not otherwise dedicated to the County or to third party entities for ownership and/or ongoing operation and maintenance.

Furthermore, as was the case in connection with the Original Service Plan there are currently no governmental entities, 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 Public Improvements needed for the development of a project within the County (the “Project”). The Proposed A&R Service Plan is therefore necessary in order for the District to construct the Public Improvements required for the Project in the most economic manner possible.

The District will not provide covenant enforcement services or architectural review services. All covenant control will be handled by the Peaceful Ridge Homeowners Association, Inc. (the “Association”) and the Association will be responsible for certain ownership and maintenance responsibilities as indicated on the plat.

## **Development and Financial Plans**

The current Developer of the property generated revised cost estimates for the proposed Public Improvements detailed in the Proposed A&R Service Plan, which were certified by an engineer (See Exhibit C-3). As seen in the cost difference between the Original Service Plan and the Proposed A&R Service Plan, costs may increase or decrease in the future depending on numerous factors, many of which are out of the 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 Proposed A&R Service Plan as Exhibits D-1 and D-2. This financial plan and the

cost estimates provided are meant to show the capacity of the District to issue debt. Any debt the District issues will be within the limitations of the text of the Proposed A&R Service Plan.

### **Compliance with County Master Plan**

The land use proposed for the property within the District is in conformance with the policies of the County Master Plan. Specifically, the property within the District is denoted as a Suburban Residential place type. This place type consists of predominantly single family attached, single family detached and multifamily areas, and is supportive of commercial retail and commercial service, parks and open space and institutional land uses. The Suburban Residential place type suggests a density for single-family detached residential of up to 5 du/ac and the plat proposes single-family detached residential development at a density of 4.18 du/ac, which is consistent with the suburban density place type objectives.

In the Areas of Change chapter of the County Master Plan, the District resides in the “Minimal Change: Developed” area. Developed areas of minimal change have already undergone development and have an established character. These areas are largely built out but may include isolated pockets of vacant or underutilized land. These key sites 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.

### **Compliance with Water Master Plan**

The development project, as proposed, will be consistent with the County Water Master Plan in so far as the development review process will address adequacy of water service, coordination of water service with appropriate service providers, and other related matters.

The District property is located within Region 7, Fountain Area, which is the second largest demand center and is projected to experience significant growth by 2040. By 2060, the required acre foot per year is expected to more than double in Region 7. Region 7 has sufficient supply and existing infrastructure in the area to serve this development. By 2060, a 43% increase in supply is needed.

Consistent with the County Water Master Plan, water and sewer services will be provided to the development by Widefield Water and Sanitation District. To this end, the applicant has received a commitment letter from Widefield Water & Sanitation District indicating sufficiency to serve. A copy of the Water Resources Report prepared by Widefield Water and Sanitation District, was provided in connection with the underlying land use application. The report indicates an anticipated .35 acre-feet of water per year for each lot. The current water rights and augmentation plan in place are adequate to meet the estimated overall demand of 88.2 AF/year for 252 lots. Per the County’s criteria, the 300-year supply of water for the subject property located within the District’s boundaries appears to be more than adequate for full buildout.

### **2040 Major Transportation Corridor Plan (MTCP)**

Two of the major arterials in the vicinity of the Project are Marksheffel Road and Fontaine Boulevard. The 2040 Functional Classification map shows Marksheffel Road as an expressway and Fontaine Boulevard as a principal arterial. The 2040 improvements map identified that there will be improvements to Fontaine Boulevard and the 2060 corridor preservation plan shows Marksheffel Road will be improved between 2040 and 2060. Accordingly, surrounding roadway access to the Project will be adequate to meet the needs of the residents. .

### **El Paso County Parks Master Plan**

The County's Parks Master Plan identify Crews Gulch Trail in the vicinity of the District. The District is within the County's candidate open space area. The District is under three (3) miles from the Bluestem Prairie Open Space, Cross Creek Regional Park and Widefield Community Park. There is a proposed bicycle route along Marksheffel Road adjacent to the site on the El Paso County Master Plan.

Development within the boundaries of the District will include a community park/pocket park in place of a residential lot. The intent is to utilize Lot 1, Block 1, known as 6326 Sleepy Meadows Drive for this purpose. The place of the community park/pocket park will not conflict with any drainage areas. The District has budgeted \$405,000 for the development and construction of the pocket park.

### **Service Plan Conformity**

The Proposed A&R Service Plan is in conformity with the applicable standards contained in § 32-1-203, C.R.S., and is compliant with all applicable County rules and regulations including, but not limited to, County requirements for notice, publication, hearings and policies and procedures of the County for approval of a metropolitan district service plan.

In accordance with § 32-1-203(2), C.R.S., evidence satisfactory to the BOCC of each of the following shall be submitted, responses to which are also set forth below:

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

The purpose of the District is to provide services and operate in accordance with the terms set forth in the Proposed A&R Service Plan to support the Project. The proposed Public Improvements and services are not available to the community through the County or other existing quasi-municipal corporations, including special districts, within a reasonable time and on a comparable basis. Further, to develop the area, significant investment is needed in public infrastructure, including but not limited to financing Public Improvements related to related to

water, sanitation, drainage, street improvements, safety protection, parks and recreation, mosquito control, television relay and translation. Financing and constructing Public Improvements through the District will lower costs and ensure the costs are spread among those in the community that will benefit from such development.

It would not be in the best interests of those existing metropolitan districts in the vicinity of the District to provide or fund the Public Improvements needed to serve the District. The existing metropolitan districts have already been formed by different developers in connection with specific subdivisions or development. The respective service plans of these existing metropolitan districts may further prohibit or limit the ability of these existing metropolitan districts to undertake the funding of the Public Improvements within the District.

Specifically, although the Lorson Ranch Metropolitan District Nos. 1-7 (collectively, the “Lorson Districts”) as well as the Bradley Heights Metropolitan District Nos. 1- 3 (collectively, the “Bradley Districts”) are in the vicinity, neither are a viable option to accomplish the goals of the District in a timely nor cost effective manner. The Lorson Districts’ boundaries are across a major Expressway, Marksheffel Road, and their existing debt and infrastructure provide little to no benefit to the residents of the District. In addition, the mill levies are significantly higher than the District and would place an excessive burden on the residents of the District. The Bradley Districts are within the boundaries of a separate jurisdiction, Colorado Springs. As the District is already in existence and the subdivision has obtained full approval through the County, attempting to combine with the Bradley Districts would be an excessive financial and time burden that would not provide any additional benefit to the residents. In addition, as the Bradley Districts are within the City of Colorado Springs they cannot include property that is located within the County.

2. The existing services in the area served by the District are not adequate for present and projected needs without the services provided by the District.

The proposed Public Improvements and services are not and will not be available to the community through the County or other existing municipality or quasi-municipal corporations, including special districts, within a reasonable time and on a comparable basis, as no other 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 Public Improvements needed to serve the Project. All commitments from service providers necessary for a successful buildout of this subdivision have already been obtained and approved during the subdivision approval process through the County.



3. The District is 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 District will ensure that the Public Improvements and other services are sufficient to support the community. The proposed Public Improvements and services the District may provide include, but not limited to, financing Public Improvements related to water, sanitation, drainage, street improvements, safety protection, parks and recreation, mosquito control, television relay and translation. In addition, the public financing tools available to the District, including tax-exempt financing tools will help lower the costs of the Public Improvements.

4. The area 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's rules and regulations.

The estimated costs of the Public Improvements and facilities to be constructed, installed, and/or acquired by the District is approximately \$16.8 million. The District will be limited to issuing debt within the confines of the Proposed A&R Service Plan and limited to the amount the District can reasonably pay from the revenue derived from the debt service mill levy (50 mills), as adjusted by the Assessment Rate Adjustment and defined in the Proposed A&R Service Plan, and other legally available revenue. Further, the maximum period for maturity for issuance of debt is limited to thirty (30) years. In other words, the anticipated issuance of debt and repayment will be based upon the projected development within the District's boundaries, which will allow the District to finance the facilities identified in the Proposed A&R Service Plan and allow the District to discharge the proposed indebtedness on a reasonable basis. The financial plan attached to the Proposed A&R Service Plan demonstrates one example of how the District may finance the Public Improvements.

In accordance with § 32-1-203(2.5), C.R.S., the BOCC may also consider in its discretion the following criteria, responses to which are also set forth below:

1. 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 districts, within a reasonable time and on a comparable basis.

The proposed Public Improvements and services are not and will not be available to the community through the County or other existing municipality or quasi-municipal corporations, including special districts, within a reasonable time and on a comparable basis, as no other 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 Public Improvements needed to serve the Project. Although the Lorson Districts, as well as the Bradley Districts, are in the vicinity, neither are a viable option to accomplish the goals of the District in a timely nor cost effective manner. The Lorson Districts' boundaries are across a major Expressway, Marksheffel Road, and their existing debt and infrastructure provide little to no benefit to the residents of the District. In addition, the mill levies are significantly higher than the District and would place an excessive burden on the residents of the District. The Bradley Districts are within the boundaries of a separate jurisdiction, Colorado Springs. As the District is already in existence and the subdivision has obtained full approval through the County, attempting to combine with the Bradley Districts would be an excessive financial and time burden that would not provide any additional benefit to the residents. In addition, as the Bradley Districts are within the City of Colorado Springs it cannot include property that is located within County.

2. 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 the County, and any other appropriate jurisdictions.

3. The proposal is in substantial compliance with the County Master Plan, as demonstrated above.
  - The District believes the Project is compatible with the County's vision for the future growth in the area.
4. The proposal is in substantial compliance with any duly adopted county, regional, or state long-range water quality management plan for the area.

It is anticipated that water improvements will be dedicated to the Widefield Water and Sanitation District pursuant to any applicable intergovernmental agreements entered into between the District and Widefield Water and Sanitation District. As evidenced by the existing commitment to serve from Widefield Water and Sanitation District, the proposal meets all requirements of the County Water Master plan as well as the Widefield Water and Sanitation Districts long term plan.

5. The Proposed A&R Service Plan is in the best interests of the area proposed to be served.

As discussed above, the proposed Public Improvements and services are not and will not be available to the community through the County or other existing municipality or quasi-municipal corporations, including special districts, within a reasonable time and on a comparable basis, as no other 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 Public Improvements needed to serve the Project. 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 located in the community. In addition, the District will use its best efforts to limit any unnecessary or excess costs in order to keep the overall debt of the District as limited as possible. Finally, the District will use all resources available in order to secure the most favorable terms for any debt financing available.

### **Major Service Plan Points**

- There are no current residents within the District.
- The District issued a Promissory Note on December 21, 2023 to the Developer to capture capital costs incurred to date.
- The District's boundaries in the Proposed A&R Service Plan are the same as in the Original Service Plan and currently contain 60.144 acres of undeveloped, vacant land.
- Anticipated development of 252 lots, consisting of 251 single-family residential units, and one additional lot to be developed as a community park/pocket park. This is a small decrease from the 255 residential units anticipated in the Original Service Plan.
- The Original Service Plan assumed approximately \$7.3 million in costs. Due to passage of time, increasing construction costs and inflation, the approximate estimated costs are approximately \$16.8 million. Public Improvements include, but are not limited to water, sanitation, drainage, street, safety protection, parks and recreation, mosquito control, television relay and translation. These public improvements are necessary to enable the Project to be developed and are of direct benefit to the future residents and property owners.
- Requested Debt Authorization of \$20 million allows for contingencies and financing variations based upon changes to construction costs, inflation and development build out the Project.
- The District will have a Maximum Mill Levy of 60 mills inclusive of debt (50 mills) and operations (10 mills), as adjusted by the Assessment Rate Adjustment.

- Metropolitan district powers allowed by the Special District Act and consistent with other County metropolitan districts.

### **Conclusion**

The Proposed A&R Service Plan for the Peaceful Ridge Metropolitan District will serve the best interests of the taxpayers, property owners and development of the Project will maximize development within the District and County. Finally, the amendment 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 owners within the District.

We appreciate the County's attention to this matter and are available to be of assistance in any way required. Please do not hesitate to let us know should you have any questions on the Proposed A&R Service Plan, or the contents within the Proposed A&R Service Plan. We look forward to working with you on the approval of the Proposed A&R Service Plan.

Sincerely,

WHITE BEAR ANKELE TANAKA & WALDRON



Heather Hartung  
Of Counsel