



SpencerFane

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January 29, 2025

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

**Re: Letter of Intent in Support of Formation of Haven Valley Metropolitan District**

Dear Ms. Parsons:

The proposed formation of Haven Valley Metropolitan District (the “District”) encompasses approximately 11.767 acres of land generally located south of Bradley Road and southeast of the intersection of Alturas Drive and Cable Lane in El Paso County, Colorado (Schedule Number 6512200001 and a small portion of Schedule Number 6512200011) (the “Property”). The development within the boundaries of the District is anticipated to consist of approximately 98 single-family homes with a value of \$448,000 in year 2024 dollars. We respectfully request consideration of the District at the next possible public hearing of the Board of County Commissioners (the “Board”) of the County of El Paso (the “County”).

**A. Purpose of the District**

The primary purpose of the District is to provide for the construction, installation, completion, financing, and possible ownership, operation and maintenance of public improvements including, but not limited to, water and sanitary sewer infrastructure; street and road improvements; storm drainage and detention facilities; and park and recreation improvements, including landscaping and a trail; and services and powers, including covenant enforcement and design review services, provided for metropolitan districts authorized by the Special District Act, pursuant to Title 32, C.R.S. and provided within similar districts within the County. The creation of the District will ensure the costs of the public improvements are shared by the property owners and taxpayers directly benefitting from such public improvements.

Furthermore, the creation of the District is necessary to serve the Property because there are currently 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, and financing of the public improvements needed to serve the Property. Fountain Mutual Metropolitan District (“FMMD”) is located adjacent to the District and the

property located within the proposed boundaries of the District overlaps with the boundaries of the FMMD, which provides park and recreation improvements along the Fountain Mutual ditch as well as stormwater management services relating to the Fountain Mutual Irrigation Canal. The Property was included into the boundaries of FMMD when another developer intended to utilize FMMD to provide services. The current developer of the Property does not intend to utilize FMMD to provide services. Further, FMMD is not authorized to provide some of the public improvements needed by the District and also is not in a position to fund any of the District's public improvements. We are working with FMMD to obtain an overlap consent resolution that we will upload to EDARP.

At this time, the Developer anticipates that Security Fire Protection District will provide fire protection services, Security Water District will provide water services, and Security Sanitation District will provide sanitary sewer services to the Property following the construction and installation of the necessary infrastructure, including, but not limited to, water improvements, sewer improvements, and fire hydrants. Enclosed herewith are letters of commitment from Security Water District, Security Sanitation District, and Security Fire Protection District.

To the extent any of the authorized facilities and improvements are dedicated to and accepted by the County, Security Water District, Security Sanitation District, Security Fire Protection District, or other entities having jurisdiction, such 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. As mentioned above, the District will provide covenant enforcement but is not requesting a special purpose mill levy to fund such services.

## **B. Development and Financial Plans**

The Developer of the Property is Challenger Homes. Drexel, Barrell & Co. generated the cost estimates for the proposed public improvements. It should be noted that such cost estimates are preliminary in nature and the ultimate costs may increase or decrease depending on numerous factors, many of which are out of the Developer's control. In particular, the initial cost estimates only include the public improvement portion of costs and the total project improvement costs may be significantly higher. 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 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 Service Plan.

The Developer and the District intend to work with applicable service providers, including Security Water District, Security Sanitation District, and Security Fire Protection District, to obtain the necessary consents and/or approvals for the provision of necessary public services to the District including, but not limited to, water, sanitary sewer, and fire protection services. Additionally, the Developer and the District intend to coordinate the completion of the necessary public improvements in compliance with any approved development plans obtained by, or for the benefit of, the District.

## **C. Compliance with County Master Plans**

The District will provide the needed facilities and services to the Property, along with

representation and the flexibility to respond to the unique needs of the Property.

1. Compliance with Your EPC Master Plan

The District is being formed to construct and provide public services in compliance with Your EPC Master Plan as discussed further below.

- A. Core Principle: Land Use & Development. The County’s Master Plan categorizes the future land use placetype for the Property as “Suburban Residential.” This categorization provides a collection of land uses that include mainly single-family detached homes, but also includes single-family attached, multifamily, commercial retail, commercial service, parks and open space and institutional uses. It is anticipated that single family homes will be constructed within the District.

The proposed District has boundaries located in the “Proposed Fountain Valley” small plan area; however, no plan is available for review. The proposed District is in a location contiguous to existing residential subdivisions. Additionally, the proposed development is consistent with the policies of the County’s Master Plan that encourage infill development that complements and transitions to existing uses. The County’s Master Plan encourages a variety of housing options that allow for a balance of mutually supported land uses in a more urban area of the County.

The formation of the District will allow “development to pay for itself,” as the properties within the District’s boundaries will contribute to the financing of the public infrastructure serving such properties.

- B. Core Principle: Housing & Communities. The future land use placetype for the Property is “Suburban Residential.” The residential units that are proposed consist of single-family residential units at a reasonable price point.
- C. Core Principle: Economic Development. The creation of approximately 98 additional residential units upon the formation of the District will help support economic development in the area.
- D. Core Principle: Transportation & Mobility. The District will finance, construct, and install sidewalks, streets and a trail. This transportation network will promote safe and efficient travel to an adjacent park, throughout the Property, and to roads providing broader access to the community. The public financing tools available to the District will provide a cost-efficient method of funding transportation infrastructure and maintenance.
- E. Core Principle: Community Facilities & Infrastructure: The District will coordinate the provision of services with surrounding entities, including Security Water District, Security Sanitation District, and Security Fire Protection District to provide high-quality community facilities, services, and infrastructure to enhance the quality of life for the community. The District will also ensure adequate utilities are provided to manage growth and development and will coordinate the financing of such utilities and infrastructure.
- F. Core Principle: Recreation & Tourism. The District will support sustainable outdoor

recreation through the construction of sidewalks and a trail, which will provide access for walkers, runners, and bicyclists to the adjacent park area that is owned by the Fountain Mutual Metropolitan District and other existing trails.

G. Core Principle: Environment & Natural Resources. The environmental impacts from development of the Property will be considered and best practices with regard to development and infrastructure will be promoted.

## 2. Compliance with Water Master Plan

The Property is located within Region 7 of the El Paso County Water Master Plan. Although Region 7 is projected to experience significant growth, Region 7 has sufficient supply and existing infrastructure to serve the Property.

It is anticipated that Security Water District will become the overall water provider for the Property. As stated previously, Security Water District has provided a letter stating that it is willing to provide water services to the Property. According to such letter, the residential water demand is estimated to be a maximum of 49 annual acre feet of diversions based on 98 single-family equivalents (sfe). The District's estimated demand for common landscape irrigation is 3.16 annual acre feet of diversions. The total water demand for the Property is estimated to be 52.16 annual acre feet of diversions. A Water Resources and Wastewater Report prepared by Drexel Barrell Company dated March 2021 was submitted with the PUD Development/Preliminary Plan that supports the foregoing numbers.

The proposed water sources are either renewable or meet the 300-year rule for quantity. The water system will be designed with redundant equipment and backup power generation for critical facilities to ensure dependability.

More detailed information and studies regarding water were provided to El Paso County with the PUD Development/Preliminary Plan.

## 3. Compliance with EPC Major Transportation Corridor Plan

The roads within the Property are being designed to El Paso County standards. Sidewalks will be built throughout the Property, including along the portion of Cable Lane that abuts the Property. Trails will be provided in the open space tracts in the development, which will connect to internal sidewalks and the open space areas surrounding the Property.

The Traffic Impact Study submitted with the PUD Development/Preliminary Plan demonstrates that the development will not materially impact existing levels of service on surrounding roads.

## 4. Compliance with EPC Parks Master Plan

The PUD/Preliminary Plan for the Property complies with the EPC Parks Master Plan. Sidewalks are provided throughout the Property. The PUD/Preliminary Plan states that park fees in lieu of land dedication will be due at the time of final plat recordation. The District will allow for construction of a trail and open space tracts.

#### **D. Service Plan Conformity**

The proponent for the formation of the District intends that the Service Plan shall be in conformity with the applicable standards contained in C.R.S. § 32-1-203 and shall be 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. All pertinent facts, matters and issues shall be submitted to the County and evidence satisfactory to the County that each of the following was presented:

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 finance and construct certain public improvements and to provide other additional services necessary to support the Property. The proposed 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, water and sanitary sewer infrastructure; street and road improvements; storm drainage and detention facilities; and park and recreation improvements, including trails and landscaping. Financing and constructing these 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.

2. 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;

The proposed 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 Districts 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 Property. As noted previously, FMMD is not willing or able to provide the needed services or improvements.

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 formation of the District will ensure that the public improvements and other services are sufficient to support the community. The District will also ensure the public improvements are constructed within a reasonable period of time for the benefit of the property owners, taxpayers, and residents located in the community. In addition, the public financing tools available to the District, including tax-exempt financing, will help lower the costs of the public improvements.

4. 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's rules and regulations.

The estimated costs of the improvements and facilities to be constructed, installed, and/or acquired by the District are approximately \$8,107,804. The District will be limited to issuing debt within the confines of the 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) and other legally available revenue. Further, the maximum period for maturity for issuance of debt is limited to thirty 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 Service Plan and allow the District to discharge the proposed indebtedness on a reasonable basis. The financial plan attached to the Service Plan demonstrates one example of how the District may finance the public improvements.

The Board of County Commissioners may also consider in its discretion the following criteria:

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 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 Districts 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 Property. FMMD is not willing or able to provide the services or improvements that are needed.

2. The facility and service standards of the proposed District is 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.

3. The proposal is in substantial compliance with the County master plan.

The Developer has reviewed the County's master plan and is aware of the County's desire to, *inter alia*, encourage cooperation and planning among water service providers, to protect and preserve water supplies, and to promote water conscious developments. The Developer contends that the project is compatible with the County's vision for the future and complies with the policies necessary to achieve sustainable growth within the County as expressed in the County master plan. Additional information about how the proposal complies with the County's master plan is discussed above.

4. The proposal is in compliance with any duly adopted county, regional, or state long-range water quality management plan for the area.

Security Water District and Security Sanitation District are anticipated to be the water and sanitary sewer providers for the Property. Security Water District regularly tests and monitors water in order to ensure that it is in compliance with applicable regulations. The Wastewater Report that was submitted with the PUD Development/Preliminary Plan confirms that the sanitary sewer lines are sized to carry the peak wastewater discharge for the development.

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

The proposed 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 Districts 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 Property. As explained above, FMMD is not willing or able to provide the needed services or public improvements.

#### **E. Major Service Plan Points**

- Approximately 11.767 acres of property within the boundaries of the District.
- Completion of an estimated \$8,107,804 of public improvements including, but not limited to, water and sanitary sewer infrastructure; street and road improvements; storm drainage facilities; and park and recreation improvements, including trails and landscaping.
- Anticipated development of approximately 98 residential units. The rate of absorption provided in the Service Plan is a projection based on information from the Developer and is used for estimating the financial plan. There is no way to accurately predict absorption due to variables such as the economic factors, housing demand, land-use approval timing, building supply chains, and labor availability. In view of these factors, the bond underwriter projects the potential ability of the District to discharge the proposed debt per the statutory requirement. If absorption is delayed or accelerated, the bond issuance parameters will reflect those changes at the time of issuance.
- The estimated initial assessed value of the Property at time of complete build-out is \$3,327,930.
- The initial estimated cost of the public improvements is \$8,107,804. The foregoing 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. In particular, the initial cost estimates only include the public improvement portion of costs and the total project improvement costs (including items such as dry utilities, etc.) will be significantly higher and will materially increase the overall costs.

- Public Improvements need additional financing from the District to complete.
- Debt is proposed to be issued in one or more series of bond issuances to allow for financing of constructed infrastructure and expedient completion of the overall project.
- The District will have a Maximum Mill Levy of 60 mills inclusive of debt (50 mills) and operations and administration (10 mills).
- Requested Debt Authorization of \$9,000,000 allows for contingencies and financing variations based upon changes to construction costs, development build out and absorption of the project.
- Metropolitan district powers allowed by the Special District Act and consistent with other El Paso County metropolitan districts.
- Formation Election after approval of the Service Plan.
- There are no current residents within the District and no debt or bonds have been issued.
- Mill levies, interest rate limitations, term limitations and underwriting discounts are consistent with the County's model service plan.
- Maximum term of any bond issue is 30 years for general obligation bonds. The example financial pro forma attached to the Service Plan anticipates an initial bond issuance in 2026 with a 30-year term and then a refinance in 2036, which extends the term to 2066. This structure accommodates any significant drop in assessed valuation and other unknown circumstances. Any bonds the District issues will have 30-year terms with the ability to extend to 40 years if necessary. If bonds are issued in the early part of a project as proposed, the interest rate is generally higher due to the reliance on future projected development. As the development is completed, there is less risk to the bond holders and the initial bonds are refunded and replaced with lower interest rate "permanent" bonds in order to lower the tax impact on residents. This is a common structure for new development bonds.

## **F. Conclusion**

The Service Plan for the Haven Valley Metropolitan District will serve the best interests of the taxpayers, property owners and development of the property within the District, will minimize non-interested party obligations, and will maximize both development and absorption within the Districts and County without delays in 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.

Sincerely,  
SPENCER FANE LLP

*/s/Laura S. Heinrich*  
Legal Counsel





# Security Water and Sanitation Districts / Enterprises

231 SECURITY BLVD. • COLORADO SPRINGS, COLORADO 80911

TELEPHONE 719-392-3475 • FAX 719-390-7252

[www.securitywsd.com](http://www.securitywsd.com)

March 19, 2021

Mr. Matt Jenkins, Director, Land Acquisition  
Richmond American Homes  
4350 S. Monaco Street  
Denver, CO 80237

Delivered via email to: [Matthew.Jenkins@mdch.com](mailto:Matthew.Jenkins@mdch.com)

Dear Mr. Jenkins:

The 11.761 acre parcel of land currently known as Haven Valley, and previously known as Patriot Village, is within the boundaries of the Security Water District and the Security Sanitation District. It is entitled to service from each district in accordance with Colorado State law and the operating rules, regulations and conditions of each district, which are subject to change.

The residential water demand for this property is estimated to be a maximum of 49 annual acre feet of diversions based upon 98 single-family equivalents (sfe). In addition, the estimated demand for common landscape irrigation within this parcel is 3.16 annual acre feet of diversions. Consequently, the total water demand for this property is estimated to be 52.16 annual acre feet of diversions. Furthermore, the wastewater collection and treatment requirements for this property are estimated to be a maximum of 7.06 million gallons per year or 19,342 gallons per day based on 98 sfe. The districts' commitments to this property are limited to the preceding amounts.

The Security Water and Sanitation Districts currently have overall capacities that exceed current commitments. Upon the recording of the final plat for the subject property, the Security Water District agrees to commit sufficient water resources and the Security Sanitation District commits sufficient wastewater capacity to serve the property. This commitment may also be subject to determinations of sufficiency and reliability of water supply by El Paso County and the Colorado Division of Water Resources. Water and sewer service will be provided subject to rules, regulations and conditions of the districts and the payment of applicable fees at the time of requested connection.

This service commitment supersedes any previous commitments that may have been provided for this property.

If you have any questions, please contact me.

Sincerely,



Roy E. Heald, General Manager



## Security Fire Protection District

*Fire Chief ~ David Girardin*

Date: 2/21/2021

To: **Tamara Baxter**

**N.E.S. Inc.**

619 North Cascade Avenue, Suite 200  
Colorado Springs, CO 80903

This letter is being written to serve as a letter of commitment for emergency services coverage for: the proposed Haven Valley development.

The service provided will include structure and wildland fire coverage, response to medical situations, plan reviews, and fire inspections.

If you have any questions please feel free to contact me.

Thank you,  
David Girardin  
Fire Chief  
Security Fire Protection District

CC:

Brandon Sullivan  
Fire Marshal  
Security Fire Protection District

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