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AGENDA

Council Finance & Audit Committee
February 25, 2019
10:00 am - noon
CIC Room - City Hall

Approval of Minutes from the January 28th Council Finance Committee meeting.

1. Child Care Incentive / Fee Waivers	25 minutes	S. Beck-Ferkiss A. Molzer
2. Re-appropriation Review	20 minutes	L. Pollack
3. Mulberry Metro District Application	30 minutes	J. Birks
4. Water Allotment Management Program	30 minutes	A. Neel L. Hans

Other Business: Online Use Tax Form

Council Finance Committee
Agenda Planning Calendar 2018 - 2019
RVSD 02/15/19 mnb

Feb 25th			
	Child Care Incentive / Fee Waivers	25 min	S. Beck-Ferkiss A. Molzer
	Re-appropriation Review	20 min	L. Pollack
	Mulberry Metro District Application	30 min	J. Birks
	Water Allotment Management Program	30 min	A. Neel L. Hans

Mar 18th			
	Development Review Fee Update	30 min	T. Leeson
	Stormwater - NECCO	30 min	L. Smith T. Connor

Apr 15th			
	2018 Rebate Results	20 min	J. Poznanovic
	Vine/Lemay TCEF Funding	20 min	C. Crager
	Parks/Median/Parks Refresh Design / Maintenance Plan Framework	30 min	M. Calhoon K. Friesen

May 20th			
	GERP Review	30 min	T. Storin

Future Council Finance Committee Topics:

- **2020 Budget Revision – Aug**
- **2019 Annual Adjustment Ordinance - Sep**

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Finance Committee Meeting Minutes
1/28/19
10 am - noon
CIC Room - City Hall

Council Attendees: Mayor Wade Troxell, Ross Cunniff (via phone), Ken Summers

Staff: Darin Atteberry, Kelly DiMartino, Jeff Mihelich, Mike Beckstead, Jill Oropeza, Kevin Gertig, Carol Webb, Lance Smith, Ken Mannon, Stu Reeve, Chief Swoboda, Greg Yeager, Erik Martin, Jerrod Kinsman, Travis Storin, Jennifer Poznanovic, Andres Gavaldon, Tyler Marr, Joe Wimmer, Ashley Macdonald, John Duval, Zach Mozer, Jo Cech, Katie Ricketts, Laurie Kadrich, Noelle Currell, Clay Frickey, Carolyn Koontz

Others: Dale Adamy, R1ST.org, Kevin Jones, Chamber of Commerce, Ben Walker, Innosphere

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Meeting called to order at 10:07 am.

Approval of Minutes from the December 17th Council Finance Committee Meeting. Ken Summers moved for approval. Ross Cunniff seconded the motion. Minutes were approved unanimously.

NOTE: Agenda was modified due to time limitations. The Child Care Incentive / Fee Waiver agenda item was moved to the February 25th Council Finance Committee meeting.

A. Utility Lab Building Partnership

Jill Oropeza, Director, Sciences
Carol Webb, Deputy Director, Utilities
Lance Smith, Director, FP&A

Design and Construction of City Laboratory Facilities in Partnership with Innosphere

EXECUTIVE SUMMARY
The City proposes to construct a new facility that will house the Utilities Water Quality Laboratory, Pollution Control Laboratory, and the Watershed Program (collectively the Water Quality Services Division). Utilities currently operates two separate laboratories which are in separate buildings and which have not been significantly renovated since the 1980s. Costs associated with construction of the new facility would be split evenly between the Water Fund and the Wastewater Fund.

The proposal for a new facility stems from the completion of a laboratory master plan funded in the 2017/2018 Budgeting for Outcomes (BFO) process. Construction of a new facility is currently included in the Utilities Capital

Improvement Plan at a cost of $20 million. Preliminary design of the facility is included in the 2019/2020 City Council adopted budget.

The Master Plan considered several potential locations for the new facility, ultimately identifying the Drake Water Reclamation Facility (DWRF) as the preferred location. Separately, the City received a proposal to construct a new facility in partnership with the Rocky Mountain Innosphere (a high-tech incubator) on a parcel adjacent to and west of the Innosphere' s current facility, located at 320 E. Vine. A subsequent cost-benefit evaluation of these two alternatives indicated that the partnership with Innosphere offers the highest cost-benefit to the City, and also benefits the Innosphere.

The expected cost a laboratory in partnership with Innosphere based on conceptual design is $13.5M. Prior appropriations reduce the necessary future appropriations to $10.5M, with $4.25M from the Water Fund and $6.25M from the Wastewater Fund.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED
Does Council Finance Committee support pursuing a partnership with Innosphere for the construction of a new laboratory facility?

BACKGROUND/DISCUSSION
Water Quality Services Division
The City currently operates two analytical laboratories; the Water Quality Laboratory (WQL) located at the Water Treatment Facility (WTF), and the Pollution Control Laboratory (PCL) located at the Drake Water Reclamation Facility (DWRF), and a Watershed Program, located in the Water Production Division main office building. These functions operate as the Water Quality Services Division and provide critical laboratory and watershed services for Utilities customers and the community, including:

- Compliance testing for safe drinking water in the water distribution system and in customer homes, including bacteriological testing, lead and copper testing, and testing for taste and odor compounds
- Accurate and timely water quality data to meet the operational, planning and management needs of the Utilities, other City Departments, and regional water services providers.
- Analytical support for compliance and process optimization at the City's two water reclamation facilities and associated programs.
- Surface water quality monitoring of the Poudre River and local streams and waterbodies

Discussion / Next Steps:
Mike Beckstead; this is similar to the Firehouse Alley parking garage arrangement

Darin Atteberry; in the past there has been some question about whether a facility is included in our CIP - this series of appropriations leading to this - a logical progression - our partnership with Innosphere helps accomplish numerous objectives with wet labs in the community and it significantly lowers our costs as opposed to a standalone - this is something that has been thought thru and planned and is not impacting the General Fund - it has planned in the rate structure. One question we have been asked; If we don't use these dollars for this purpose what are the other priorities within the utilities?

Ross Cunniff; It looks like both the Drake option and the Innosphere option are in proximity to various river areas. Can we be assured that if the city is putting money into this it will staying well within the letter of the code as far as buffers?

Carol Webb; the Innosphere option has gone through conceptual review and that issue wasn't raised - storm water planning and management for the Innosphere site so I don't see that as an issue - we haven't done that level of analysis for the Drake site

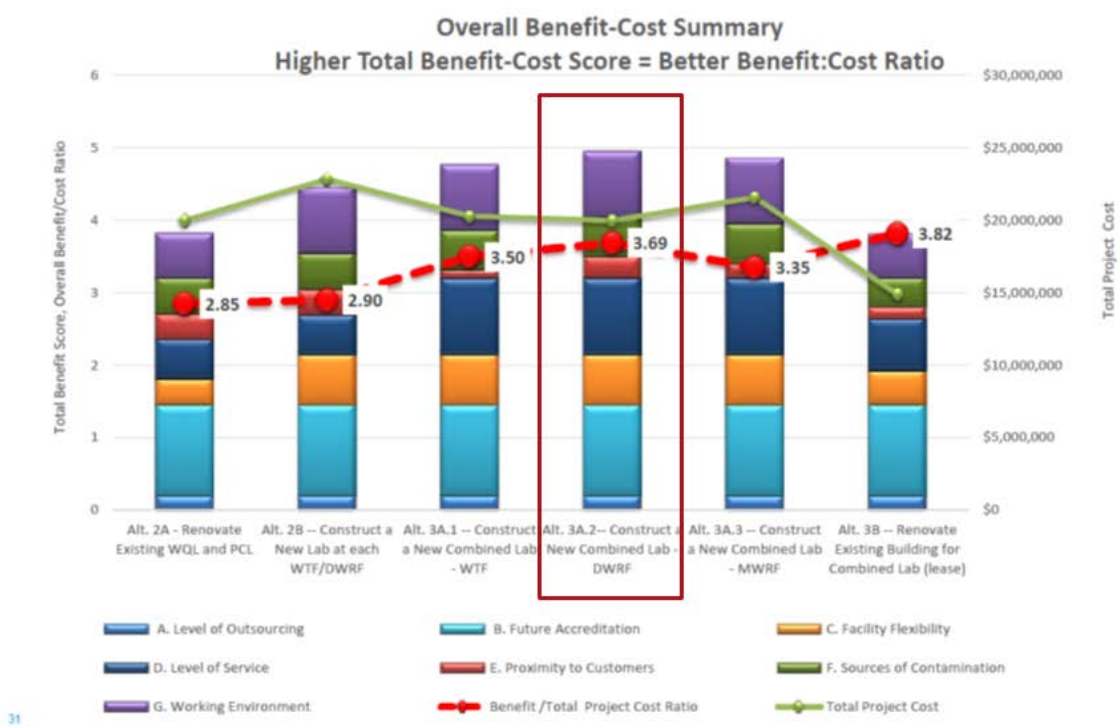
Darin Atteberry; I will confirm and follow up with Ross and the Council via email. Laurie Kadrich and Clay Frickey from CDNS are here.

ACTION ITEM:
Ross Cunniff; requested a follow up memo from John Duval on whether the partnership building would fall into the city development review process or the normal development review process.

John Duval; it sounds like it will be built by Innosphere so it will probably go through the city's normal land use review process.

Ross Cunniff; Did you do a benefit comparison of the retro fit option? Including whatever the opportunities are there?

Carol Webb; as far as renovations to the current facility - we took that option through a benefit / cost analysis



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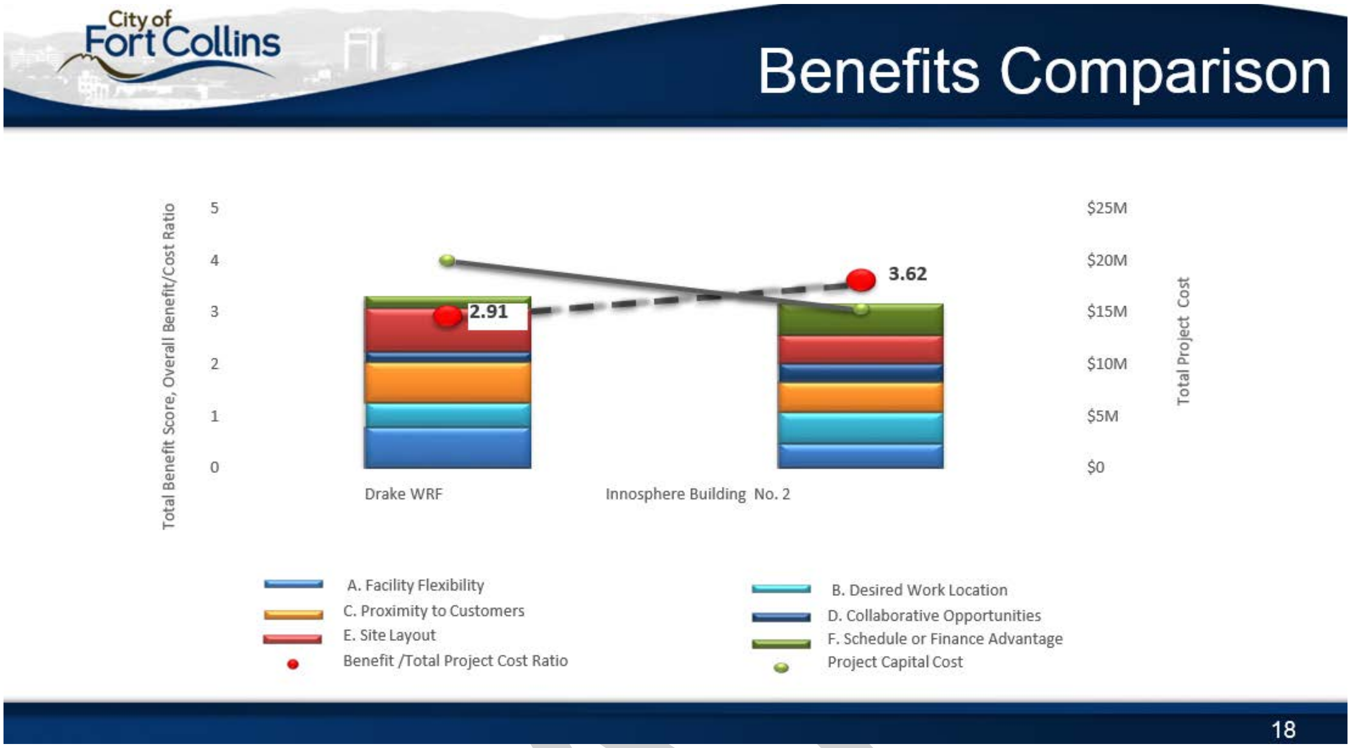

Ross Cunniff; slide 14 does not include the partnership piece and slide 18 (included above) show a slightly different benefit comparison

Carol Webb; the collaboration was only completed on the Innosphere option because that came at a later date after the master plan was completed – recognizing that those collaborative opportunities were part of the analysis of the Innosphere option - It was only really included in evaluating the Innosphere option compared to the preferred option identified in the master plan.

Ross Cunniff; I did some measurements and came up with my own estimate - Drake Water Reclamation Facility and applied that same non-zero to alternative 3B and came up to 1 digit of significance -Innosphere is at 3.6 - the much cheaper renovation of the existing facility came in at 3.7. To me it is not a clear slam dunk on cost and benefits - it looks Innosphere slightly less expensive capital costs. I would like to see the same analysis done on renovating the existing building.

Carol Webb; point out the criteria of proximity to customers - evaluates that collaboration piece because that proximity creates the collaborative opportunities versus water quality lab - while it is not explicit, I think it was certainly integrated into the proximity piece of that. The Innosphere option provides facility that is equal distance between the two - the Drake option is farther away and closer to the Mulberry facility which is a key sampling site which played a role in Innosphere being a favorable option.

Ross Cunniff; run the numbers to make sure my assumptions are correct - doing the benefit comparison on slide 18

Proposed Partnership Terms

Agreement Structure	Purchase and sales agreement, 2/3 City, 1/3 Innosphere for building and land
Facility Design and Construction	1. Three floors, ~ 25,000 square feet 2. Costs split 2/3 City and 1/3 Innosphere except City exclusive costs 3. Conformance to all City design and construction standards 4. Innosphere design team and construction contractor with City reps on team 5. All project costs are fixed unless the City has approved change order.
Financing (negotiations ongoing)	1. $400K City prior to design period. If partnership is terminated, payment will be refunded less real costs attributable to the City's portion of the project. 2. Innosphere funds all other costs of design and construction except Owner's rep fees 3. City pays Innosphere following approval of purchase and sales agreement, appropriation of funds, and issuance of CO.
Parking (negotiations ongoing)	Agreement with adjacent landowner. Cost share proposal is City 1/3 and Innosphere 2/3 cost of parking lot improvements.
Title Closing and Documentation Costs	Title Closing and Commitment proposed to be paid by the City. All other costs including condo, recording, and closing fees to be split 50/50.
Condo Assoc. and Post Closing Management	Third Party
Facilities Management	Use City maintenance staff, utilities metered separately Possible use of Innosphere front desk staff for reception and receiving.
Purchase Option	Option to purchase the top floor and remaining 1/3 land interest after 8 years at fair market value based on appraisal

ACTION ITEM:
Ross Cunniff; on the partnership terms, I would like to see more details on costs that are shared with the condo association when it comes to grounds keeping / roof repair, etc. The city sometimes is very generous with terms like these with partner organizations and I want to make sure that we are both paying our fair share. Before I give my go ahead, I would like to see more detail around the condo association costs, etc. Who is paying / how does that cost get put out?

Ken Summers; developing the condo association - are the only tenants going to be the city and Innosphere or do we anticipate leasing space to others?

Carol Webb; Innosphere will lease the space on the ground floor. The city will own floors 1 and 2 and Innosphere has title to 3rd floor to lease and the HOA has title to the grounds.

Darin Atteberry; is it possible that Innosphere could lease out space to non Innosphere users?
Are there limitations that we have placed on that 3rd floor? Guessing that is for Innosphere clients - Innosphere could partner with someone else to lease that 3rd floor space.

Ben Walker; we could but that is not our plan. The way we do our leasing today client that goes through our onboarding process or could be in bio tech space and just lease the space and not be a client consistent with the way the current Innosphere space works.

Darin Atteberry; Mike Freeman was leasing to non Innosphere clients - now mostly filled up by clients

Ben Walker; or clients that have gone through the program and graduated and are using the space

Ken Summers; the cost or need for the condo association - If we own and are not leasing and incurring expense for a condo association fee - can Innosphere manage the lease? Trying to understand the need for condo association multiple floors - owned by separate entities

Mike Beckstead; The ground would be co owed via condo association - we would have title to the 2 floors which would be metered individually - the Condo Association would take care of the shared costs; landscaping, parking etc. We would pay the proportional share of those kinds of costs.

Carol Webb; we are still discussing how we apportion the costs for the common elements - May make sense to share more. Our floors would be managed through our facilities department, but the common elements would be managed by the 3rd party that works for the Condo Association.

Darin Atteberry; Police Training Facility is a different structure- 50/50 - no Condo Association
- Governing structure set up. What I think Ken may be asking - there is a good amount of structure around Condo Associations and HOAs - that might mean additional costs – make sure the city doesn't bear any more than its fair share. Ditch company governance - If we own the majority of the building - do we have the majority of say on the Condo Association / HOA? I think those 3 things are embedded in this conversation.
Condo Association / HOA seems more expensive - why aren't we doing it like the Police Training Facility?

Mike Beckstead; we migrated initially toward the HOA since it is not a 50/50 partnership like the Police Training Facility - if we are 2/3 of the building, we have 2/3 of the HOA vote. Judy Schmidt is not here but she is closest to this. The teams have worked very closely to minimize costs - the existing Innosphere organization will do that for their floor - they are already doing that for their parking, landscaping etc. We are not anticipating having to hire property management.

Darin Atteberry; when I hear HOA / Condo Association I think private sector model. That is fairly unusual for us – public like the police building - 50/50 governance - Tool to helps define who is responsible for what in the public/ private relationship.

John Duval; ownership through a condo is based on the fact you want to control your space so that you can sell your unit easily. An HOA is established to divide up the responsibility for sharing the costs - HOA bylaws that would be created for this will have to be agreed to as far as who is going to have the voting rights - making sure that we are in control of most of the decisions - may be some that will need to be unanimous - we usually work through those.

Ken Summers; who is running the administrative piece of the HOA / making sure things get done?

John Duval; the parking garage example - controlled by the Board of Directors - they will decide who to hire to do the work - like the parking garage the agreement is between the HOA and the city - the city pays for work it will do - managing - City gets it 2/3 work done - cost sharing. We could have the contract being with the city as well - maintaining the common areas - Innosphere paying their 1/3 - it doesn't have to be a private entity

Ken Summers; could that be arranged outside of a legal structure?

John Duval; problem is the ownership of the units - making sure the city is in control of its 2 floors and can sell them if desired - Co-owners like the police training facility - hard to sell your share - Loveland would not want any other partners - condo units are easier to sell - all in one building

Ken Summers: brand new, state of the art lab that will hopefully last well over the 30 years useful life. Would we anticipate selling at some point in time? Change of use and functionality

John Duval; the city has 1st right to purchase - one option would be for the city own the whole building and lease part back to Innosphere.

ACTION ITEM:
Mike Beckstead; we can take the action to explore other comparative options to lower costs within the next 6-8 weeks. In was our intent to have those other agreements with us when we come back in May.

Ken Summers; what are the objectives we are trying to achieve - shared maintenance of parking, common grounds - Most cost effective, lease structure, admin, legal entanglements - achieve economies of scale and payback. What does the outsourcing option look like?

Carol Webb; we would provide some basic minimal lab services and contracting out the rest of the services, but this option didn't meet our world class commitments. We can provide more follow up.

Conceptual Cost Analysis

- Conceptual estimates for all alternatives.
- Utilized to develop cost-benefit ratios
- Total Cost Analysis developed for varying financing options

Lab Location	Financing Mechanism	Total Cost
Drake Water Reclamation Facility	Cash Reserves	$22.2
	Debt Issuance	$32.2
Innosphere Partnership	Cash Reserves	$13.5
	Debt Issuance	$19.6

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Ken Summers; question regarding costs on slide 21 (see above)

Lance Smith; if we paid cash for the building at Drake it would costs $22M today and
if we financed that with debt the total cost with interest would be $32M
Same with the Innosphere option above - cash is $13.5M with debt it would be $19.6M

Appropriations Summary

Budget Cycle	Offer Title	Appropriated / Available Water	Appropriated / Available Wastewater
2017 / 2018	Water Quality Lab Infrastructure Replacement	$2.6M / $2.0M	--
	Lab Master Plan	$110K / --	$100K / --
2019 / 2020	Pollution Control Lab Repairs	--	$225K / --
	New Lab 30% Design	$500K / $500K	$500K / $500K
Total-to-Date		$3.21M / $2.5M	$825K / $500K
Additional Appropriations Needed		**$4.25M**	**$6.25M**

Mike Beckstead; the current thinking is we pay cash - but Lance has listed a debt financing option just for comparison purposes - some of the $13.5M has already been appropriated - some of the funds already have money appropriated to remodel the existing labs - we would re purpose - need a little more than the $4M out of the water fund and $6.25 out of the wastewater fund – that combined with what has already been appropriated totals the $13.5M. $24-28M cash available in each fund respectively

Mayor Troxell; this is a great proposal- shows forward and collaborative thinking.
I would like to see some synergistic ideas - I bet there would be companies proposing sensors that could be used As part of our active wasteshed management, by co locating, there are benefits to the program that Innosphere Is offering that could help solve some of the challenges with higher regulatory - help meet our needs and create opportunities for businesses - Key synergic opportunities - I know this is kind of speculative but that is one of the benefits of being right in the Innosphere ecosystem in locating some of our city services.
Question - what is going to happen to the space that will no longer be needed? Will it be modified or absorbed?

Carol Webb; one area would be repurposed as garage space and the Drake facility there is a planned expansion to accommodate treatment training - it would be deconstructed to make room for that

Mayor Troxell; challenges with wet lab space on different floors - the design needs to capture water events on the 3rd floor to make sure that doesn't translate into issues on other floors

Carol Webb; our lab design architect on the team who will be specifically looking out for those types of issues.

Darin Atteberry; thank you to Kevin and Carol - your analysis is very thorough - What I am hearing from the Committee are questions regarding the' how' we are going to do it and that is where we will spend our time.

B. Police Training - LEED Options

Ken Mannon, Operation Services Director
Stu Reeve, Energy Manager
Greg Yeager, Deputy Chief
Jerrod Kinsman, Lieutenant

EXECUTIVE SUMMARY:
The purpose of this item is to request City Council Finance approve a partial waiver of LEED certification requirements for the new Police Regional Training Campus (Training Campus). In 2006, City Council adopted resolution 2006-096 which establishes a goal for all new construction projects of 5,000 square feet or more to achieve LEED Gold certification, except under limited circumstances. The City of Loveland, which is an equal partner in the Training Campus, does not have any specific LEED requirements for construction projects. City staff is requesting a partial LEED waiver in an effort to partner with Loveland. Per Section 3 of Resolution 2006-096, City staff is requesting approval to prioritize budget dollars for energy efficiency items and look to design, construct and certify the Admin/Classroom building only to the highest LEED certification practical. The remainder of the project, an indoor firing range, a driving track, and a skid/skills pad, would follow LEED principles, and prioritize energy efficiencies but not be included in the LEED certification boundary.

BACKGROUND/DISCUSSION:
The design of the Training Campus has been underway for over a year and Fort Collins and Loveland have been discussing LEED certification for several months. The Training Campus is expected to include an

administration/classroom building, an indoor firing range, a driving track, and a skid/skills pad. In 2006, City Council adopted resolution 2006-096 which establishes a goal for all new construction projects of 5,000 square feet or more to achieve LEED Gold certification except in limited circumstances, which include if it is not technically or economically feasible to meet the LEED Gold standard. The City of Loveland is an equal partner in the design, construction and operation of the Training Campus, and both cities will share the costs equally. Loveland does not have any LEED requirements for its new construction projects, but they do support building efficiencies where there is a return on investment (ROI) of 10 years or less.

City staff is requesting approval to prioritize budget dollars for energy efficiency items for the entire project, but only design, construct and certify the Admin/Classroom building to the highest LEED certification practical. The remainder of the project would follow LEED principles, and prioritize energy efficiencies but not be included in the certification boundary or process.

The site location of this project will minimize the LEED credits available and if we include the indoor firing range in the LEED certification boundary it would make it impossible to achieve LEED Gold and very difficult to achieve LEED Silver. Indoor firing ranges add many challenges with the requirement of constant air exchanges for personnel safety, the desire to eliminate natural lighting which causes glare or shadows on targets, eliminate windows for views to the outdoors, and the need to use very specific materials is problematic to achieve recyclable or low VOC requirements. These required items for LEED certification would certainly bring down the certification level for the Admin/Classroom building and firing range and will add significant cost impacts to an already tight budget.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

LEED Waiver Support

1. **With the site location and other constraints, does Council Finance support excluding the firing range and the majority of the site from the LEED Boundary.**

2. **Does Council Finance support staff prioritizing project dollars on energy and building efficiencies with achieving the highest LEED Certification practical on the Admin/Classroom Building?**

3. **Does Council Finance support staff following LEED principals on the remainder of the project and prioritizing project dollars on energy and building efficiencies?**

LEEDv4 Credit Comparison

Admin/Classroom Only

1 of 16	Location & Transportation
2 of 10	Sustainable Sites
5 of 11	Water Efficiency
25 of 33	Energy & Atmosphere
4 of 13	Materials & Resources
11 of 16	Indoor Environment Quality
4 of 6	Innovation Credits
2 of 4	Regional Credits
55 of 110	*** 60 credits needed for LEED Gold**

LEED Gold Challenged

- Very few site credits with location
- Will need to pursue most other credits to achieve LEED Gold
- Will need innovation credits for this project

Admin/Classrooms & Firing Range

1 of 16	Location & Transportation
2 of 10	Sustainable Sites
4 of 11	Water Efficiency
21 of 33	Energy & Atmosphere
3 of 13	Materials & Resources
4 of 16	Indoor Environment Quality
4 of 6	Innovation Credits
1 of 4	Regional Credits
42 of 110	*** 50 Credits needed for LEED Silver**
	*** 40 Credits needed for Certified**

LEED Silver Challenged

- Lose Energy Credits
- Lose Material Credits
- Lose Thermal Comfort Credit
- Lose Daylighting Credits
- Lose Views Credit

Discussion / Next Steps:

Very challenging location - no transportation -site credits are very difficult to achieve

Ross Cunniff; do we get credit - will we be certifying the shooting range?
42 of 110 credits - is that the entire project?

Ken Mannon: certified, then silver, gold and platinum - yes, that 42 of 100 is the entire project

Energy Board Support

Chairperson Michell moved to recommend City Council approve a partial waiver of the requirements of resolution 2006-096 for the PRTC such that only the administration/classroom building shall be designed, constructed, and certified to the highest LEED standard practical, striving for Gold, and to achieve exceptional energy performance with a defined energy performance target. The remainder of the project should follow LEED principles and also achieve high energy performance with a defined energy performance target.
Board member Braslau seconded the motion.

Vote on the motion: It passed, 7-1.
Board member Baumgarter voted no, and he said he would prefer to have a little more clarity and context on the project and in the motion presented.

FAA on slide 8 not FTA

Ross Cunniff: Thank you for work with Energy Board - Susan McFadden sent us an email 2-3 weeks ago talking about the process and need according to the 2006 Resolution to do the energy modeling and then decide the LEED level with the City Manager having the authority to modify - Did that get resolved?

Ken Mannon; yes, we met with Susan McFadden (Industry Expert) and Alan Braslau on 1/16 to discuss concerns - they worked with us to modify the resolution we are planning to bring forward to Council - they were comfortable with our direction - their goal is to make two facilities as energy efficient as possible with the goals and dollars we have.

Kelly DiMartino; there were 3 main things that I took away from that conversation;

1) The upfront work that was done - was different by working with Loveland as the lead than would have been if we were the lead – we would have preferred a different process and sequencing that what happened
2) Their concern was some of what was being stated in proposal was a bit misleading because some of the costs were based on mis sequencing of information
3) More than wordsmithing – it was about let's not be unnecessarily malign the LEED program with that resolution. Clarifying that it is the uniqueness of this project partnership that is requiring it to come to Council instead of being at City Manager's discretion.

ACTION ITEM:
Ross Cunniff; I'm still hesitant to say let's go forward - I would like an analysis of the greenhouse gas impact of the difference - to understand the benefits of greenhouse gas that we are not able to afford at this time. Doesn't have to be before the funding review.

Mayor Troxell; I am supportive - thank you to Stacey Baumgarter and Alan Braslau and others from the Energy Board as well as Stu Reeve' s involvement and expertise as an energy expert - this is a really good proposal coming forward - to get the project out the other side
Challenges of working with Loveland - it is their land use - we are a 50% partner - the approach that was taken is a thoughtful and measured one – best path forward at this time.

ACTION ITEM
Darin Atteberry; one thing would be good for Council - a separate Thursday packet memo
to reiterate the commitment and the fact that we have Council policy direction on city owned facilities to be LEED Gold. Background memo - 2 pages or less that says here is what our policy says and here is our portfolio of facilities - when that policy was adopted and what we have done with it since – we have an important story to tell – yes, this is an exception - I don't want anyone to think we are deviating from that commitment and policy direction. Take the opportunity and share that story - you could even tie it to the appropriation ordinance, but we should equip Council with that information - This is a good story and the reason we do this is to lead and to show private business that this is a good investment.

Mike Beckstead; we will move forward with Bond Ordinance assuming $18.5 with LEED waiver commitments – same thing for the appropriation

Ken Mannon; key is we need to get this out on the street as soon as we can - goal is still to stay within that $18.5M

Darin Atteberry; this has been a momentous effort and amazing work and has been in the works for a couple of years. We so appreciate you; Ken, Brian Hergott, Stu Reeves and Greg Yeager - we greatly appreciate the patience you have had and the phenomenal leadership through the process.

Ken Summers; we want to thank you for your work with the Energy Board - kudos for the fact that these are individuals who are committed to maximizing energy efficiency for the buildings we are involved in - prudent judicial process, understanding budget constraints, understanding the challenges of LEED certification criteria giving the site and partnership and the moving parts and uniqueness of this situation.

C. FOP Contract

Jeff Swoboda, Chief of Police
Kelly DiMartino, Assistant City Manager

Collective Bargaining Unit Salaries and Supplemental Budget Appropriation

EXECUTIVE SUMMARY

Per the collective bargaining agreement (CBA) agreed to by the City of Fort Collins and the Fraternal Order of Police (FOP) in 2018, the positions within the Collective Bargaining Unit (CBU) shall be compensated at the 4th rank of 12 Front Range comparison agencies. Significant changes in jurisdictions' salaries which were previously much lower than the City have resulted in large increases for the majority of bargaining unit positions, which creates a shortage from what was budgeted and will require a supplemental appropriation. The projected total cost of these increased salaries, including associated increases in overtime and percentage-based contributions such as retirement and retiree health is approximately $585,000.

BACKGROUND/DISCUSSION

The City and FOP agreed to a three-year CBA in the fall of 2018. One component of the comprehensive contract was the setting of pay and salaries for nine positions within the CBU. Within the 2019 budget, Police Services staff was budgeted for a 3.5% salary increase. The CBA states that actual salary data will be collected in late December and early January. With data now finalized, it is clear that some jurisdictions have made significant increases in their police salaries and the 3.5% that was budgeted will need supplemental appropriation in order to meet the contractual obligation of paying the equivalent of the 4th rank among the Front Range comparison agencies listed in the contract.

The following chart highlights what was initially budgeted for salary, overtime, and benefits, what the contractual increase is, and what the gap is between the budgeted amounts for each category

	Projected	Budget	Shortfall
Salary	23,237,596	22,842,724	(394,872)
Overtime	60,000	0	(60,000)
Benefits	7,794,591	7,666,841	(127,750)
Total Compensation	**31,092,187**	**30,509,565**	**(582,622)**

The positional breakdown in terms of what salary increases will be are listed below:

Job Title	Contract Increase
Community Service Officer	6.03%
Sr Supervisor, CSO	6.03%
Police Officer	6.03%
Police Corporal	6.03%
Police Sergeant	6.08%
Police Lieutenant	3.00%
Emergency Commun Dispatcher	3.29%
Sr Supervisor, Emergency Comms	3.65%
Sr Manager, Emergency Comms	3.00%

Staff plans to bring forward an appropriation ordinance on February 5th to the full Council for consideration to help cover the gap in the Police Services budget.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. Does Council Finance Committee support bringing forward of the supplemental appropriation to cover the contractual cost?

Discussion / Next Steps:

Funding for FOP Salary & Benefits

- 2018 Sales Tax collections came in above budget by 1.3%
- The General Fund portion of that unanticipated revenue provides the available funding to support this supplemental appropriation:

	Amounts ($k)
Estimated 2018 Sales Tax Revenue above budget	$1,462.0
Portion of additional Sales Tax to the General Fund (~60%)	877.2
Additional apppropriation needed to fund FOP salary and benefit increases	585.0
Remaining available / (Shortfall)	$292.2

NOTE: 2018 Sales Tax revenue over budget was not included in 2019-20 Budget

Current overtime budget for Police Services is approximately $2M.

Ross Cunniff; yes, I do support bringing it forward. The remainder of that GF surplus - I am interested in applying some of that in finishing some of the Climate Action Goals that we didn't achieve in the budget this cycle. Is there sales tax on the surplus?

Mike Beckstead; we just looked at sales tax – the use tax would be considered one-time funding, so we focused on the ongoing additional revenue that we didn't include in the 2019-20 BFO.

Ken Summers; I am good

Mayor Troxell; question about OT - Does that mean that we are going to stay lean on numbers?
How do you budget for more overtime? Additional $60K for OT

Kelly DiMartino; we took the assumptions that went into the original budget in terms of the amount of overtime hours that could occur - presuming that is an accurate assumption - this is how much more that it will cost with salary increase of 3% not a change in terms of hours – change in salary

Ross Cunniff; What the policy considerations were for the other communities / municipalities that significantly increased their salaries? Wondering if we are feeding off of other policies? Are they using Fort Collins as a metric / part of their analysis?

Mayor Troxell; great question - get caught in the positive feedback loop that drives costs higher

D. Non-Profit Facility Lease Rate Framework

Ashley Macdonald, Real Estate Services Coordinator
Joe Wimmer, Graduate Management Assistant

SUBJECT FOR DISCUSSION
Real Estate Services' new approach for determining less than fair market value rental rates for nonprofit organizations renting City facilities.

EXECUTIVE SUMMARY
Real Estate Services developed a new administrative policy for determining rental rates for nonprofit organizations. Historically, reduced rental rates for nonprofits were individually considered. As requests for reduced rates arise more frequently, Real Estate Services needs a consistent framework for determining appropriate rates. The City's current seventeen leases with nonprofits are highly variable in regard to rent amount and rent discount based on fair market value. The intent of the new administrative policy is to make rates more predictable and equitable and allow for consistent negotiations. This new administrative policy may alter rental rates for current tenants after their present lease expires and is up for renewal beyond the extension period.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED
Real Estate Services is seeking feedback on the proposed administrative policy for determining reduced rental rates for nonprofit organizations.

BACKGROUND/DISCUSSION
The City currently has seventeen leases with nonprofit organizations. Annual rent ranges from less than 1% of fair market value to 95% of fair market value. Nine nonprofits are paying less than 1% of the fair market value with a $25-$600/year lease.

In 2014, Ordinance No. 085 was approved to amend City Code, Sec 23-114 Disposition of property interests for less than fair market value, to provide guidelines for leasing or selling City owned property for less than market value and/or for a term exceeding 5 years in length. Recently, a few tenants currently leasing City owned buildings have requested additional reductions to their existing lease rate (e.g. Global Village Museum and The Center for Fine Art Photography).

Historically, rental rates for nonprofit organizations were determined on a case-by-case basis after nonprofits contacted the City seeking an available facility. The limited structure for determining an appropriate rental amount resulted in inequitable rates among the organizations and a lack of transparency regarding the evaluation criteria. The new framework will determine rental amounts based on the nonprofit's services to the community. Prospective nonprofit organizations will be evaluated using consistent criteria and procedure. The evaluation process and rubric are attached.

Real Estate Services determines fair market value through comparative market analysis, a method used by real estate appraisers and other real estate professionals. These values are analyzed quarterly or as needed to ensure the City is abreast of real estate market changes and fluctuations. It is important to note that each lease negotiation is unique based on the level of services available and amenities provided or needed in the space.

Due to the disparate characteristics of City owned properties, the policy for determining rates will not be applicable to all leases with nonprofit organization. Properties/organizations that may be exempt from the process include historical properties, CSURF, and organizations with lease-purchase agreements.

The new framework is estimated to impact four current tenants if they were to renew their leases. Reduced nonprofit lease agreements and/or long-term lease agreements would still need approval by the City Manager or Council per the guidelines outlined in the City code.

Discussion / Next Steps:

Nonprofit Leases Overview

- 17 current leases
- Inequity concerns among rates
- Rent range
  - <1% to 95% fair market value
  - Up to 99.99% rent discount
- Rates determined from case-by-case negotiations

Tenant	% of Fair Market
Foothills Gateway	0.02%
Teaching Tree	0.07%
FTC Baseball Club	0.19%
FoCo Café	15.63%
Global Village Museum	38.10%
Center for Fine Art Photography	76.19%
Center for Family Outreach	95.24%

17 current leases with non-profits - scale to be used as a tool - range of discount - historical designation

Ross Cunniff; I like the idea of a rubric - a way to analyze the alignment of lease rates which is a budget impact to the City. There may be some political fallout if we go this direction - how much time do we have to engage with these organizations so they can understand the criteria and impact -robust outreach to the effected people and to the general public.

Joe Wimmer; one of the leases (Global Village Museum) is up for renewal next year - there is a plan to introduce the new criteria - Intent would be to meet with non-profits in our current inventory so they are up to date with the changes and the new application and rubric for reduced rent.

Kelly DiMartino; we have also been working with Social Sustainability and Cultural Services as they are the ones who interact with these agencies on an ongoing basis to ensure that they fully engaged on where we are heading.

Mayor Troxell; there is a Council priority on integration of our museum services - I am meeting with Museum of Discovery and Kevin Jones - we should be thinking about all of our cultural services under a common umbrella - Some have great potential but are on the margin (Global Village, Museo and others) If we think about our Cultural Services in a common framework - curation - how do we invest in all – how do we integrate across all - one we seldom talk about which is an incredible resource is the Lindenmeir Site. This is where Jim McDonald and FoCo Creates come into play - rubric is a great idea but there is a certain class of tenants who provide a certain service - how that tells a key part of our story in our community - an asset - how do we integrate it more? what about Lee Martinez Park - the family wants to do exhibits there - how can we integrate these in a common framework within our Cultural Services. CSU has curation, cultural and scientific - county tax - that might be something that would lead to where that might make sense - think of them not just as tenants but the rubric does bring out a lot of the color and service to our community. I am supportive of what you are doing.

Ross Cunniff; to Darin - Have you given thought to having anyone appointed to the evaluation committee from the broader community in addition to staff?

Ashley Macdonald; we did not consider bringing in community for the committee - we want to have a strong perspective on City Standards that we need to maintain on the building - not opposed to this but sometimes the rubric meetings can include confidential information.

Ross Cunniff; this is an Administrative Policy – but that we consider having citizens like a BFO team.

Darin Atteberry; good question - let us bounce this around a bit - if we have a good process and one that the Council owns and a good rubric methodology. Currently, there are groups that come in unexpectedly and request to lease a building - ties to other city objectives - so it is a good thing to have a process in place that is fairly structured - I like that we are thinking about this in a systems standpoint - I would suggest that we build in some flexibility as well to address those directly tied to a Council objective - maybe exceptions would go to Council.

Kelly DiMartino; this is designed to provide predictability and more consistency in how the evaluation is done - this is a starting point for negotiations - it doesn't prohibit flexibility - we have built into the rubric a tie to Council priorities - how directly they are connected.

Ross Cunniff; hard to make the rubric completely objective - might be some disagreement on how the rubric is being applied (scoring) impact 2 on one maybe not 8 - could have significant impact on policy.

Darin Atteberry; brief conversation at LPT conversation - Gerry Horak provided some input around the criteria which he felt was still qualitative and subjective - the more quantitative we can be that would help

Ken Summers; tough to be totally objective and the challenge if we go to this is how it is communicated / implemented / making sure that this evaluation committee recognizes the impact on services that are provided for an organization. Justify from an objective standpoint but we need to drill down to understand the population being served - how many folks are impacted - it becomes an interesting prospect - maybe they charge for some services - nonprofits - How many vacant buildings do we want to have that the city owns? Are we going to be like Real Estate services - do they market to the community as a whole? Lots of issues to consider and we need to be aware of potential impacts of metrics we are trying to use - timing and how we implement are important – perception of a sales tax increase and then increasing rent charged to nonprofits -

Ashley Macdonald; when these non-profit organizations come to our department and are looking for space - they ask, 'how do we quality for the $25 a year rent?' Our challenge is to provide clear guidelines or objectives and conditions - this is intended to be a tool for our department to provide a recommendation. There is ultimately that opportunity for Council to say we appreciate your recommendation but here is what we want to do for this organization.

Ken Summers; it is not so much a new nonprofit coming in and asking - it is the one who is paying the low annual rent - there needs to be a lot of communication and interaction so that everyone understands the process - reapply as current leases expire

Darin Atteberry; the city doesn't go out and buy property and anticipate leasing it out - we will lease it out to try to bring in some revenue or make an opportunity for a nonprofit - From a real estate standpoint, our holdings are typically for future use - we are leasing those as we think there is some potential revenue in the short term –

but we have a long term use planned - we have decisions on whether to lease it out at market rate - trying to benefit the taxpayers - then we have the complexity of nonprofits – it happens through Real Estate, Finance or Economic Health.

Ashley Macdonald; it is pretty rare that we actively market city owned property for rent or sale - city owned buildings that have a future use we try to leave those available for future uses such Broadband expansion and other purposes.

Mayor Troxell; City Give can work with non-profits - help them on their business models – such as Global Village and Museo - great volunteers doing great things – but not creating a business model that makes them sustainable -Integrated Cultural Resources - proving their value to a wider customer base -There are resources there but when you are on the margin you are working to stay alive

Ken Summers; if we give a substantial discount to a non-profit - Create greater capacity and sustainability through City Care - it would be interesting to lease a non-profit a city facility at a graduated rate to encourage that.

Ashley Macdonald; that is where we are at with Global Village – a gradual increase over time.

OTHER BUSINESS:

Mike Beckstead; We have improved the usability of the online Use Tax Form and more information to follow but wanted Council to know we are working on this.

Meeting Adjourned at 12:08 pm

COUNCIL FINANCE COMMITTEE
AGENDA ITEM SUMMARY

Staff: Sue Beck-Ferkiss, Adam Molzer

Date: February, 25, 2019

SUBJECT FOR DISCUSSION

Development Incentives for Childcare Providers

EXECUTIVE SUMMARY

The Fort Collins community has more demand for childcare than available slots in childcare centers and in-home centers. While the City already provides scholarships to low-income parents, provides City facilities when possible to be used as childcare centers, partners with the school district to fund enrichment programs, and partners with providers and the Early Childcare Council to advocate and problem solve, there is still a significant need for more accessible and affordable childcare in Fort Collins. This item is seeking guidance regarding whether the City should add development incentives to the list of support provided by the City.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. Is there interest in providing development incentives for Childcare providers?
2. If so, should these be targeted specifically to the number of affordable tuition slots made available to income-qualified families?

BACKGROUND/DISCUSSION

Recent data collected by the Early Childhood Council of Larimer County shows an unmet demand for childcare in our community.

- Childcare slots for infants and toddlers provide only 25% of the need for this age children.
- Only 65% of the need is met for preschool age children.

The lack of available childcare is a concern for local work force needs. It means some parents will suffer distractions at work because their childcare situation is unstable or choose to take time out of the workforce because childcare needs are unmet. Plus, the cost of childcare is a burden for many working families, especially lower wage earners. This shortage in availability is caused by a scarcity in both facilities and staff to run them. The focus of this project is on the facility part of the equation because the City's Economic Health Office and community partners such as The Chamber of Commerce, Larimer County and the Early Childhood Council to name a few, through Talent 2.0 and in other ways are already working on the talent side of the equation. The demand for childcare has outpaced the supply for some time in the City and this is not the first time the City has looked at this issue. See attachment 1 – Work Session Summary from October 25, 2011. This remains an issue both locally and nationally.

The State of Colorado has the most influence over regulations and policy for childcare providers. They work closely with Larimer County who inspects facilities and monitors compliance with state-wide programs. The City's sphere of influence is limited in this arena. Still there are things the City currently does to support this need and there are additional actions the City could consider doing to incentivize the development of more childcare centers – both commercial centers and in-home centers.

The City is already investing to support childcare in our city:

- City facilities house childcare programs and are offered are very low nonprofit rents (i.e.- Teaching Tree at 424 Pine Street and previously Waldorf school at 906 Stuart Street).
- Competitive Process funding for scholarships and after school enrichment programs.
- Funding for the Early Childhood Council to address childcare workforce shortage issue.
- Partnering with the Chamber of Commerce and others on the Talent 2.0 Childcare Task Force.
- Providing limited pre-construction funding and classroom expansion funds from the 2017-2018 BFO funds. This offer was only for the prior budget cycle and the current budget cycle does not provide responsive funds for childcare activities.

Options to Explore:
The development arena provides another avenue to support this community need. There are substantial City fees required to build new childcare centers. For example, two recently constructed centers paid $168,000 and $245,000 respectively in City development fees. A waiver program similar to the affordable housing fee waiver incentive could be established to waive some or all of these fees. Waivers could be for the entire center because that would address the scarcity issue or the program could be tailored to the affordable childcare slots provided to address the affordability issue. Either way, the City would decide which fees to waive similar to the Affordable Housing Fee Waiver program.

Affordable housing incentives are currently provided through the Land Use Code such as priority processing and landscape reductions. These could be offered to childcare centers too. Currently, staff is analyzing ways to bring development standard flexibility to affordable housing development. That project could be expanded to include other social needs, including childcare. The idea would be to flex standards not related to health and safety. These could be things like off site infrastructure improvements or low impact design standards. The group that is working on this for affordable housing could expand the project to include childcare development too.

In-home centers do not have the same development obligations. It is considered a home occupation and is permitted in most of the City. While grants funds are available for the person offering in-home care to help get them licensed and trained, funding is not available for limited home modifications that might be needed to offer in-home childcare. The City has offered cluster funding in the past to support needed commercial activity in the City. When this program is rebooted, it could include an in-home childcare industry cluster to provide grants for egress windows, fencing, seconds sinks for example. This gap was identified by the Early Childhood Center.

Next Steps:
Staff is looking for direction from the Council Finance Committee on whether to continue to explore ways to incentivize childcare in the City.

ATTACHMENTS

1. Council Work Session Summary October 25, 2011

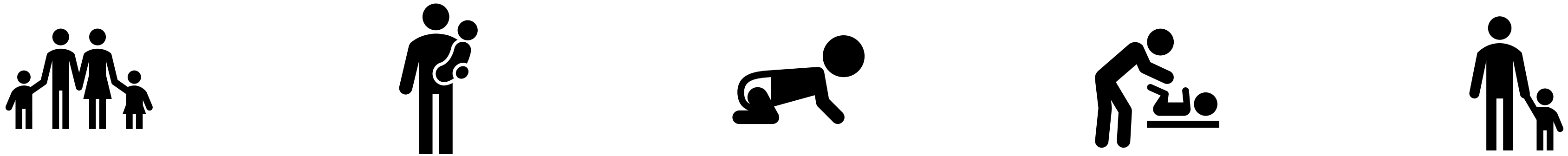
2-25-19

Development Incentives for Childcare Providers

Sue Beck-Ferkiss and Adam Molzer

Questions for Consideration

1. Is there interest in providing development incentives for Childcare providers?
2. If so, should these be targeted specifically to the number of affordable tuition slots made available to income-qualified families?



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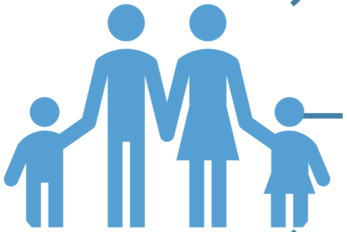
Community Needs



More Child care overall

- 25% of infant and toddler needs
- 65% of preschool age children needs

More affordable childcare

- More demand than resources for affordable slots
- Long waiting lists for subsidies

More in-home childcare

- These centers closing at faster rate than new ones opening

Levels of Regulations

State
- Primary Regulator for Childcare Centers
- Set Staff Qualifications and Funds CCAP

County
- Inspections
- Coordinates CCAP with State

City
- Regulate Development of Facilities
- Funding Partner

What the City is already doing

City acts to lower barriers to increase childcare availability:

- 2018 Funding:
    - $200,000 Competitive Process
    - $100,000 2017-2018 BFO (not continued)
    - $75,000 to PSD from Parks and Recreation
- What was funded?
    - Income-based scholarships and after-school programming
    - Predevelopment and classroom expansion needs
    - Talent 2.0 and workforce support
    - Partner with PSD for enrichment programs

Possible additional City supports

Development Incentives

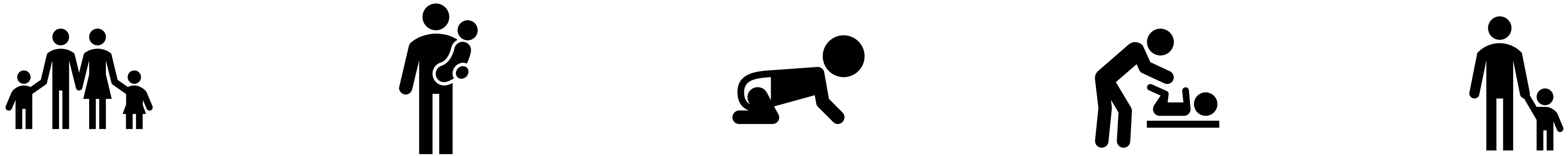
- Fee Waivers
- Flexible Development standards

Micro-grants

- Facility support for In-home Centers

Questions for Consideration

1. Is there interest in providing development incentives for Childcare providers?
2. If so, should these be targeted specifically to the number of affordable tuition slots made available to income-qualified families?



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Advance Planning
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October 28, 2011

TO: Mayor Weitkunat and City Councilmembers

THRU: Darin Atteberry, City Manager
Diane Jones, Deputy City Manager – Planning, Policy and Transportation Services
Karen Cumbo, Director of Planning, Development and Transportation

FROM: Joe Frank, Director of Advance Planning

RE: Work Session Summary October 25, 2011, Item No. 4: Early Childhood Care and Education

The Mayor and all City Councilmembers, except Wade Troxell, were present. Advance Planning Director Joe Frank provided a brief presentation. Staff answering questions included Joe Frank, Tess Heffernan, and Ken Waido.

Questions for City Council included:

1. Does Council have any comments or questions about what the City is currently doing in the area of facilitating early childhood care and education in the community?
2. Compared to what the City is currently doing, does the Council want to consider maintaining, refocusing and/or expanding the City's efforts in facilitating early childhood care and education services in the community?
3. If Council wishes to modify the City's current efforts, what additional strategies should be added to the current program?

The following is a summary of Council comments:

1. Council was supportive of maintaining the City's current roles; and refocusing/modifying those roles as described in the Snapshot Report. Council was interested in the City facilitating early childhood care and education; Council was not interested in the City getting directly into the business of providing child care.

2. Council was interested in first pursuing actions utilizing existing or small additional resources (generally, actions identified in the Snapshot Report requiring "$" and "$$" level of resources). There were no objections raised in regards to exploring any of the actions. Some Councilmember's expressed particular interest in exploring child care requirements for larger business development; new sources of City funding (dedicated sales tax) for "bricks and mortar";

tying City economic incentives, for example tax increment, to the provision of child care services; removing barriers in the City's land use code; linking child care to the City's economic development programs; incubating new child care providers; partnering with other agencies; and, siting new child care facilities (and affordable housing) in the vicinity of well-established transit routes. Council was also interested in measuring the impacts of actions in terms of what difference(s) will result.

3. Council recommended City staff "reach out" to child care providers/agencies to tap their expertise, suggesting that staff invite "10 providers/agencies" to meet to review the list of "potential options for future City role, actions and strategies" and asking them for priorities and/or other ideas. Also, ask them about the "root problem(s)" that prevent current providers from meeting demand (in particular for low income families).

4. Council was supportive of emphasizing the value of "education" as a key component of City policy and programs; not just "warehousing" children. Council was interested in understanding how recent discussions with Poudre School District and Larimer County regarding "community life centers" fit in this discussion. Council was interested in knowing more about City programs/facilities that may be used as a surrogate for child care; and, if so, how is/can "early childhood education" be built into these programs/facilities.

5. Council was interested in knowing more about the City employee benefit related to "100 hours per year of child care". In particular, Council wanted to know more about the situations in which this benefit is being used; and, what is the mean salary of employees overall. Some councilmembers would like consideration be given to limiting this benefit to low income employees.

6. Council would like an explanation of the apparent drop in total number of children served in 2011 compared to 2010 described in the attachment to the Snapshot Report.

7. Council was interested in knowing more about the demand for families who need special hours of child care, beyond the traditional 8-5 working day. Are these needs being met? Council was also interested in knowing more about the requirements for families to receive sliding scale fees and Colorado Child Care Assistance subsidy.

8. Council was very complimentary and appreciative of staff efforts, information provided, and the Council discussion. Council was very appreciative of the efforts of child care providers and associated organizations.

COUNCIL FINANCE COMMITTEE
AGENDA ITEM SUMMARY

Staff: Mike Beckstead, CFO
Lawrence Pollack, Budget Director

Date: February 25, 2019

SUBJECT FOR DISCUSSION

Review of the 2019 Reappropriation Ordinance to appropriate prior year reserves.

EXECUTIVE SUMMARY

The purpose of this item is to reappropriate monies in 2019 that were previously authorized by City Council for various expenditures in 2018 for various purposes. The authorized expenditures were not spent or could not be encumbered in 2018 because:

- there was not sufficient time to complete bidding in 2018 and therefore, there was no known vendor or binding contract as required to expend or encumber the monies

- the project for which the dollars were originally appropriated by Council could not be completed during 2018 and reappropriation of those dollars is necessary for completion of the project in 2019

- to carry on programs, services, and facility improvements in 2019 with unspent dollars previously appropriated in 2018

In the above circumstances, the unexpended and/or unencumbered monies lapsed into individual fund balances at the end of 2018 and reflect no change in Council policies.

Monies reappropriated for each City fund by this Ordinance are as follows:

General Fund	$350,230
Keep Fort Collins Great Fund	48,261
Transportation Fund	584,000
Capital Projects Fund	25,000
Equipment Fund	900,000
Data and Communications Fund	103,000
Light and Power Fund	100,000
Total	$2,110,491

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

Does Council Finance Committee support moving forward with the 2019 Reappropriation Ordinance on the Consent Agenda at the March 5, 2019 Council meeting?

BACKGROUND/DISCUSSION

The Executive Team has reviewed the Reappropriation requests to ensure alignment with organization priorities and the Budget staff reviewed the requests to verify that all met qualification requirements.

GENERAL FUND

Natural Areas

1) **Instream Flows - $28,491**

Purpose for funds: The purpose of this offer is to fund work on instream flow related matters. This budget has been utilized to support efforts to improve Poudre River Flows. They have been invested to improve diversion structures and to plan and develop an instream flow augmentation plan with the State of Colorado and numerous regional partners. The plan requires collaboration from many agencies and potentially from the state legislature.

Reason funds not expensed in 2018: While much progress has been made, there have been obstacles to overcome which have resulted in delays. Thus, the funds allocated to the plan have not yet been completely spent. The remaining funds in this budget will be used to continue to support a revised IGA among the partners which was adopted by City Council in 2018. The funds will be fully expended in 2019.

Park Planning & Development

2) **Community Opportunity Funds to Leverage Private Contributions- $25,000 (plus an additional $25,000 in Capital Projects Fund totals $50,000 for request)**

Purpose for funds: Community Opportunity Fund funding is being requested to leverage a private donation to improve Eastside Park. The funds will be used to pay the salary of a Park Planner to design the park improvements.

Reason funds not expensed in 2018: Funds were not spent in 2018 due to the timing of the project discussions and an agreement on how to move forward with the project came too late in the year to complete the project.

Parks

3) **Medians Lifecycle Funding- $20,490**

Purpose for funds: The medians and streetscape offer provides funding for maintenance of city owned medians along major arterials of the city. The lifecycle funding is used for renovating aging medians including major plant replacement, re-mulching or rocking, and irrigation system renovations

Reason funds not expensed in 2018: Funds were not fully expended in 2018 due to insufficient funding and time to complete the next lifecycle project. The re-appropriated funds will be added to 2019 funding to renovate aging irrigation systems to assist with water conservation efforts on the medians and streetscapes.

4) **Parks Lifecycle Funding- $50,904 (plus an additional $9,546 in KFCG totals $60,450 for request)**

Purpose for funds: The Parks lifecycle program provides funding for repair and replacement of park assets and infrastructure throughout the park system. Initiated in 1993, this program supports repair, replacement and renovation of over 1,000 varied Park assets within many different component categories including: buildings, fields, trails, courts, structures, playgrounds, irrigation, sidewalks, parking lots, and water related park components. This program is essential to keeping park facilities and infrastructure in safe usable condition as well as enhancing the infrastructure to support growing demand in the parks.

Reason funds not expensed in 2018: Funds were not fully expended in 2018 due to insufficient funding and time to complete the next lifecycle project. The re-appropriated funds will be added to 2019 funding to replace an aging bridge.at Rolland Moore Park.

City Clerk's Office

5) **Election Improvements- $20,000**

Purpose for funds: We were working with Operations Services on a number of changes in the fall of 2018 to make improvements related to elections. These included a new ballot box for City Hall (purchase and install), a camera (purchase and install, as well as running electricity to the site) to watch activity surrounding the box 24/7, and improvements to the conference rooms, including Clickshare technology, to be used for webinars, training and viewing items staff teams and election help is working on. Unfortunately, these items were not fully completed or billed to 2018. There is no money in our 2019 budget to cover these charges; we are requesting 2018 funds as intended.

Reason funds not expensed in 2018: We had additional election money since there was no coordinated election with the County for 2018. We intended to have all of this work completed in 2018 in preparation for our upcoming election in April 2019, but this did not occur. At this point, a lot of the work has been completed and the rest will be finalized by the end of February. None of what we are requesting monies for has been billed.

Municipal Court

6) **Temporary Judge- $10,000**

Purpose for funds: Resolution 2018-021/022 authorized Chief Judge Lane to assign Temporary Judges to hear civil case(s) filed into Municipal Court. Since no additional funding for personnel costs was appropriated for the Court's budget at that time, an Annual Adjustment Request in the amount of $5,000 was made in August of 2018 to fund costs associated with the assignment of Judge Hamilton-Fieldman to hear a civil case that was filed on April 3, 2018. In 2018, approximately $14,500 in personnel costs were paid relating to that case.

Reason funds not expensed in 2018: The civil case filed in April of 2018 is very complex with multiple parties and attorneys involved. A total of 49 individual filings have been filed to date. The case should reach final disposition in 2019, so the Court is requesting the use of 2018 funds for the estimated personnel costs to be paid in 2019.

Communications & Public Involvement

7) Marketing and Public Engagement Consulting Support- $20,000

Purpose for funds: To support broadband marketing implementation and expand public engagement activities within underserved populations. Reimagining community engagement and the launch of a municipal fiber optic network are both community and Council priorities. In 2018, staff supported the development of the Fort Collins Connexion branding. They also began working with local consultants to engage diverse and underserved parts of the community. This funding will be used to support marketing efforts as Connexion goes live in 2019. The funding will also expand and formalize a partnership with a local cultural broker to help the City deepen its relationship and engagement with underrepresented populations.

Reason funds not expensed in 2018: Expenditures of these funds were delayed in 2018 as the Connexion branding was being finalized through the end of the year, and marketing implementation is expected to fully ramp up in 2019. The City made good strides on efforts to reach underserved populations in 2018. A new strategy was identified later in the year to utilize a cultural broker partnership. Efforts to identify an appropriate partner and to evaluate how the partnership would work took longer than anticipated. This funding will be utilized to continue implementation of this strategy to enhance community engagement and expand our reach , particularly with underserved populations like Fort Collins' Spanish-speaking population.

Community Development & Neighborhood Services

8) City Plan - $50,000

Purpose for funds: As an Economic Health enhancement offer, these funds are used to support the development of updates to three major City policy plans: City Plan (the community's comprehensive plan), the Transportation Master Plan, and the Transit Master Plan. City Plan provides high-level direction for the community and decision-makers on long-range, community-wide topics and fulfills state requirements to have a plan in place to guide future growth and development in the community and the adjacent Growth Management Area.

Reason funds not expensed in 2018: In developing major policy plans, extensive community outreach and engagement takes place throughout the update process, which can span multiple years and require significant funding to facilitate engagement activities and events. City Council directed staff at Council work sessions in both November and December 2018 to continue targeted outreach activities with underrepresented populations. In order to achieve this direction, the reappropriation of funds is needed to continue these efforts in 2019 leading up to plan adoption.

9) Landmark Rehabilitation Loan- $22,866

Purpose for funds: The zero-interest, landmark rehabilitation loan program for designated Fort Collins landmarks is the Historic Preservation Division's central incentive program that supports rehabilitation of our community's important historic resources. The 2018 program funded $38,451 in loans, with the remainder of the balance budgeted for administrative program fees associated with recording and loan closings. These loans resulted in $69,401 in improvements to seven Fort Collins landmarks. Three of the loans were not closed due to circumstances beyond the control of program staff and property owners and require reappropriation in order to fulfill the commitments we made to property owners and close out the 2018 loan recipient award group.

Reason funds not expensed in 2018: The remaining budget from 2018 constitutes $17,549 in landmark rehabilitation loans plus the related loan servicing fees that will be paid to Impact Development Fund at the time of closing. Three loan applicants met the 2018 application deadline and received approval to proceed with the work but the loans were not closed in 2018 due to extenuating circumstances (weather-related, personal illness, unexpected complications related to project scope). Each of these will be finalized in Q1 2019 and the loans can be closed and funds issued.

Economic Health Office

10) Metro Districts- $8,552

Purpose for funds: The Economic Health Office provides oversight and management of the City's review of Metro District Service plans. Part of that process includes receiving funds from applicants to offset City costs incurred during review. The funds included in this reallocation request represent funds deposited with the City by the Metro Districts at the I-25 and Prospect interchange. The funds have been used to offset the City's review costs. Additional costs may be accrued in 2019. Any balance of funds must be returned to the applicant if unused. Therefore, the City will need to either expend these funds on additional review or refund them to the applicants. All funds are needed for these obligations.

Reason funds not expensed in 2018: Funds are either expended at the time of review or refunded after the analysis is complete. Additional work continues related to the interchange funding, including the financing; therefore, these projects have not been closed out and no refunds have been issued. It is anticipated that the projects will close and funds will be expended in 2019.

Social Sustainability

11) Affordable Housing Programs - $93,927

Purpose for funds: The Affordable Housing Funds are allocated annually through the Competitive Process to support critical affordable housing needs in the City of Fort Collins. All funds were awarded to housing programs or projects to further the goals identified in the City's Affordable Housing Strategic Plan.

Reason funds not expensed in 2018: The $93,927 represents $900 in unspent program support costs and $93,027 in funding that have been committed to housing programs, CARE Housing rehabilitation and the Homebuyer Assistance Program, but not yet contracted. These are matching funds for federal grants requirements of the CDBG/HOME program. Under federal guidelines, CARE Housing project cannot be contracted until the federal requirements have been met. The HBA funding cannot be contracted until individual homeowners make application to program for specific properties under contract. Housing projects often span multiple years and are not contracted in the year they receive the initial allocation.

KEEP FORT COLLINS GREAT FUND

Natural Areas

12) West Nile Virus- $2,200

Purpose for funds: Offer 85.1 provides operational funds for the City's West Nile Virus (WNV) mitigation program. This offer funds proactive measures, such as mosquito larval control, to reduce the frequency and geographic extent of adult mosquito treatment via pesticide application. Additionally, funds provide for community outreach and education centered on reducing mosquito breeding habitat and personal protective options to reduce infection risk.

Reason funds not expensed in 2018: The WNV program typically operates with very little annual underspend. However, in 2018, the City's purchasing department required the renegotiation of the mosquito pool testing contract with CSU. This renegotiation realized a savings of $8,406. Unanticipated costs to the program in 2018 included banner installation by the Utilities Department - approximately $2,200. This amount was charged by the Utilities department in early 2019.

13) Northern Integrated Supply Project (NISP)- $20,466

Purpose for funds: The purpose of these funds is to provide professional, technical, and legal support for the City’s engagement in the permitting process required of the Northern Integrated Supply Project (NISP).

Reason funds not expensed in 2018: This offer supported the City's engagement and response to the wildlife mitigation plan and environmental review for the Northern Integrated Supply Project (NISP). These funds were instrumental in enabling the City to develop a technical analysis and strategic response on behalf of our water related assets. The permitting for NISP is not complete and these funds would be used in 2019 on additional technical support to inform our ongoing engagement.

Parks

14) Parks Lifecycle Funding- $9,546 (plus an additional $50,904 in General Fund totals $60,450 for request)

Please see description in #3 under General Fund.

Communications & Public Involvement

15) Climate Action Plan Messaging and Engagement- $16,049

Purpose for funds: To continue implementation of the Climate Action Plan messaging campaigns in 2019. Community engagement has been noted as one of the top two challenges for achieving the community's climate action goals (financing is the other top challenge). In 2018, staff piloted a marketing campaign (Take Two) and reached over 5,000 Fort Collins households. This funding will be leveraged for the launch of the 2019 campaigns, which are designed to engage a wide range of households and businesses in simple, easy actions they can take that will save them time, money and energy (and help achieve the 2020 climate action goal).

Reason funds not expensed in 2018: Expenditures of these funds were delayed in 2018 to ensure that a full evaluation of the Take Two pilot could take place. Lessons learned from the pilot are being incorporated into the proposed campaigns for 2019, and this funding will be used to continue community engagement and expand our reach, particularly with underserved populations, e.g., Fort Collins' Spanish-speaking population.

TRANSPORTATION FUND

Streets

16) Street Maintenance Program- $584,000

Purpose for funds: Streets is requesting $584,000 to be re-appropriated from the 2018 Street Maintenance Program (SMP) budget to cover the costs of the three projects listed below which were scheduled to be completed in 2018:

- University Acres 1 – Garfield St. between Lemay Ave. and Green St. ($116,000)
- Lakeside Neighborhood ($162,000)
- Hickory St. ($306,000)

Reason funds not expensed in 2018: The projects were postponed because Utilities needs to complete work prior to the street maintenance work being performed. The utilities work has been, or will be completed in 2019, and the Streets department will be able to complete the projects in 2019.

CAPITAL PROJECTS FUND

Park Planning & Development

17) Community Opportunity Funds to Leverage Private Contributions- $25,000 (plus an additional $25,000 in General Fund totals $50,000 for request)

Please see description in #1 under General Fund.

EQUIPMENT FUND

Operation Services

18) 2018 Hail Damage Insurance Appropriation - $900,000

Purpose for funds: These funds are intended to fix about 350 vehicles from the June 19, 2018 hailstorm. The 2018 supplemental appropriation to cover this unanticipated expense was for $1.5M, which was based upon an per vehicle estimate at that time. This reappropriation request is for 100% of the remaining repair expenses based on the current bid that was recently completed. The repair contractor estimates three months to complete all the repairs.

Reason funds not expensed in 2018: We were not able to do complete any of the work last year because of challenges that occurred with the RFP and finalizing the amount of the settlement. The RFP issues were resolved and we re-issued a second one later in the year. When the vendor was selected, it was too late to complete all the repairs within the calendar year.

LIGHT AND POWER FUND

Utility Customer Connection

19) Non-Residential Solar Rebates- $100,000

Purpose for funds: Rebates are offered for approved project applications in support of midsize non-residential solar projects through up front rebates. Projects of this type are generally located on large commercial rooftops and are “net metered” to benefit the project owner through reduction in on site utility bills.

Reason funds not expensed in 2018: Utilities approved a group of solar rebate applications in late 2018 for which requisitions were submitted in order to generate a purchase order for each project. One of the requisitions was not entered into the system in time to be incorporated into the normal purchase order carryover review process. Completion of this reappropriation will preserve the 2019 funds for the intended Council purpose of additional solar projects.

DATA & COMMUNICATIONS FUND

Information Technology

20) Electronic Record Search- $103,000

Purpose for funds: The funds requested are to fund the implementation of an Electronic Record Search (eDiscovery) tool set and process that will enable organizations across the City to collaborate effectively and efficiently when Open Records and other searches are requested. The primary departments that will utilize this functionality are IT, City Attorney, City Clerk, Fort Collins Police Services, and various other departments within the City depending on the nature of the request. This project will enable the City to leverage the Office 365 (O365) workloads and applications the City is already paying for as a part of our tenant and will integrate other technology as identified and deemed necessary for an automated, thorough, and compliant process.

Reason funds not expensed in 2018: The original idea was to bring in a completely new tool to meet identified electronic search functionality goals and run concurrently with the O365 project. As IT completed the O365 Exchange and Office deployment, IT became aware of the eDiscovery features in O365 and decided to evaluate that tool set as the feature set of O365 as it was not well known or understood at the time. After more in-depth evaluation and analysis, the eDiscovery in O365 appeared to be a good match. However, IT was unable to engage professional services in time to begin the project before year-end due to bandwidth capacity of implementing other large scale, high-priority projects in 2018.

FINANCIAL/ECONOMIC IMPACTS

This Ordinance increases 2019 appropriations by $2,110,491. A total of $350,230 is requested for reappropriation in the General Fund, $48,261 from the Keep Fort Collins Great Fund and $1,712,000 is requested from various other City funds. Reappropriation requests represent amounts budgeted in 2018 that could not be encumbered at year-end. The appropriations are from 2018 prior year reserves.

ATTACHMENTS

PowerPoint presentation

2019 Reappropriation Ordinance

2-25-19

Mike Beckstead, CFO

2019 Reappropriation Summary

What qualifies for Reappropriation?

- Funds that were originally appropriated in 2018 for a specific purpose but were not fully expensed or encumbered by the end of the fiscal year
- Appropriate the funds from 2018 reserves into the 2019 budget for the same specific uses that were originally proposed and approved for 2018
- The executive team reviewed the reappropriation requests and concluded that all 2019 reappropriation items submitted were still high priorities to be completed

2019 Reappropriation Summary

Amount by Fund being requested for Reappropriation:

General Fund	$350,230
Keep Fort Collins Great Fund	48,261
Transportation Fund	584,000
Capital Projects Fund	25,000
Equipment Fund	900,000
Data and Communications Fund	103,000
Light and Power Fund	100,000
Total	$2,110,491

Reappropriation by Fund

GENERAL FUND:

#	Department	Request Name	Amount
1	Natural Areas	Instream Flows	28,491
2	Park Planning & Development	Community Opportunity Funds to Leverage Private Contributions	25,000
3	Parks	Medians Lifecycle Funding	20,490
4	Parks	Parks Lifecycle Funding	50,904
5	City Clerk's Office	Election Improvements	20,000
6	Municipal Court	Municipal Court: Temporary Judge	10,000
7	Comm. & Public Involvement	Marketing and Public Engagement Consulting Support	20,000
8	Comm Dev & Neighborhood Svcs	City Plan	50,000
9	Comm Dev & Neighborhood Svcs	Landmark Rehabilitation Loan	22,866
10	Economic Health Office	Metro Districts	8,552
11	Social Sustainability	Affordable Housing Programs (AHF)	93,927
		GENERAL FUND TOTAL	**$350,230**

KEEP FORT COLLINS GREAT FUND:

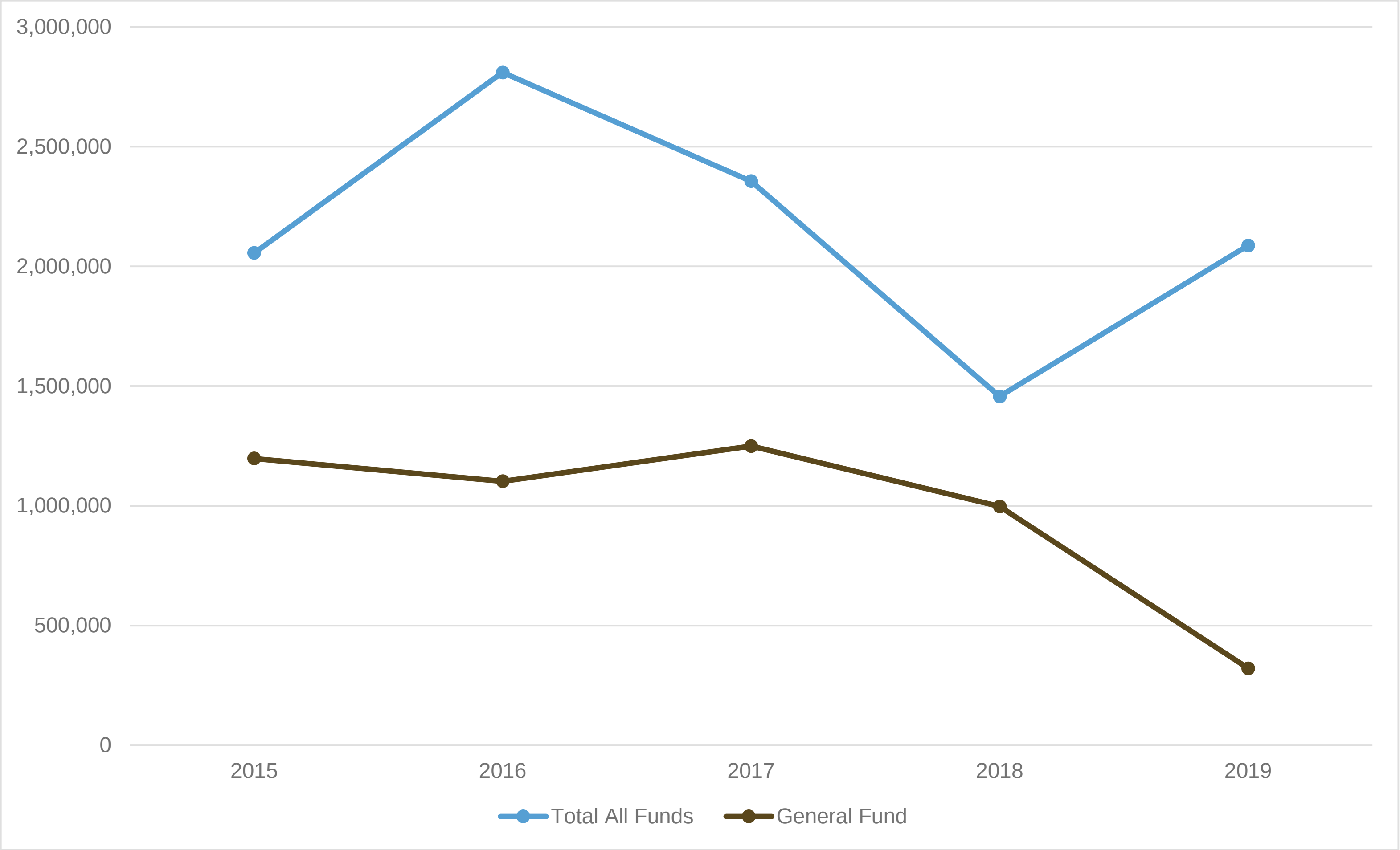
#	Department	Request Name	Amount
12	Natural Areas	West Nile Virus	$2,200
13	Natural Areas	Northern Integrated Supply Project (NISP)	20,466
14	Parks	Parks Lifecycle Funding	9,546
15	Comm. & Public Involvement	Climate Action Plan Messaging and Engagement	16,049
		KEEP FORT COLLINS GREAT TOTAL	**$48,261**

Reappropriation by Fund

OTHER FUNDS:

#	Department	Request Name	Amount
16	Streets	Street Maintenance Program	$584,000
17	Park Planning & Development	Community Opportunity Funds to Leverage Private Contributions	25,000
18	Operation Services	2018 Hail Damage Insurance Appropriation	900,000
19	Utilities Customer Connections	Non-Residential Solar Rebates	100,000
20	Information Technology	Electronic Record Search	103,000
		OTHER FUNDS TOTAL	**$1,712,000**
		GRAND TOTAL	**$2,110,491**

Historic Reappropriation Ordinances



Guidance Requested:

1) CFC feedback on the Reappropriation requests being presented

2) CFC direction on putting Reappropriation on the Consent Agenda of the March 5th City Council meeting

COUNCIL FINANCE COMMITTEE
AGENDA ITEM SUMMARY

Staff: Josh Birks and Jensen Morgan

Date: January 30, 2019

SUBJECT FOR DISCUSSION

Proposed Metro District by Hartford Development

EXECUTIVE SUMMARY

The developer of the proposed Mulberry Metro District has submitted a Metro District Service Plan to support a proposed development of approximately 226 acres located north of Mulberry Street along both sides of Greenfields Drive. The development is anticipated to have 1,600 residences, including single-family detached, single-family attached, and multi-family living options, of which a minimum of ten percent (10%) will be designated and sold as affordable. The estimated population at build-out is 4,000. The Preliminary Development Plan expects a neighborhood town center and grocery store as well as 20-30 acres of retail, commercial, and office uses.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. What additional information does the committee recommend including for the Council evaluation of Harford Development's proposed Metro District Service Plan?

BACKGROUND/DISCUSSION

Hartford Development is proposing a mixed-use community as a gateway to the Mulberry Corridor and Fort Collins just off of I-25. The development is designed to align with the East Mulberry Corridor Plan and a Metro District is proposed to address road and water infrastructure challenges with the site. The project is committed to affordable housing, on-site solar and providing additional commercial space for businesses. The overall community design is meant to employ Traditional Neighborhood Development (TND) principles in line with New Urbanist concepts.

PROJECT OVERVIEW

The proposed Metro District will support 226 acres of planned development that will become the gateway to the Mulberry Corridor off of I-25. The project anticipates constructing:

- Approximately 1,600 residential units (a mix of single-family and multi-family);

- Minimum of 10% affordable at 80% AMI or less (160 units)
- Up to 160,000 SF of retail and commercial uses, including a neighborhood-scaled grocery store up to 50,000 SF
- Up to 80,000 SF of office uses integrated into the market
- Significant open space, including a range of features from amenitized parks to preservation of high-value natural areas; and
- An extensive trail corridor and pedestrian network, providing both internal community connectivity and walkability, as well as links to the surrounding Fort Collins community.

The project is generally located north of Mulberry Street along both sides of Greenfields Drive.

METRO DISTRICT

Hartford Development has submitted the Consolidated Service Plan for Mulberry Metropolitan District Nos. 1-6 (the "Service Plan"). The Metro District would be used to construct critical public infrastructure and other site costs mitigating a portion of the overall development costs.

Service Plan Overview

The Service Plan calls for the creation of six Metro Districts working collaboratively to deliver the proposed Mulberry development. The phased development is anticipated to occur over the next nine plus years and support an estimated population of 4,000. A few highlights about the proposed Service Plan, include:

- **Assessed Value –** Estimated to be approximately $66 million in 2029 at full build-out
- **Aggregate Mill Levy –** 50 mills, subject to Gallagher Adjustments
- **Debt Mill Levy –** 40 mills, may not be levied until an approved development plan or intergovernmental agreement has been executed that delivers the pledged public benefits
- **Operating Mill Levy –** Up to 50 mills to fund several on-going operations, such as but not limited to: (a) a non-potable irrigation system, and (b) road infrastructure. Once a District imposes a Debt Mill Levy, such District's Operating Mill Levy cannot exceed ten (10) mills at any point.
- **Maximum Debt Authorization –** Anticipated to be approximately $65 million to cover a portion of the estimated $105 million in public improvement costs. If Inclusion Area is added to Districts' boundaries the Maximum Debt Authorization would become $75 million.
- **Regional Mill Levy –** The regional Mill Levy shall not be counted against the Aggregate Mill Levy Maximum

Public Improvements

The Service Plan anticipates using the Debt Mill Levy to support the issuance of bonds in the maximum amount of $65 million to fund all or a portion of the following $105 million in public improvements (details available in *Exhibit F* of the Service Plan):

- **Earthwork –** Approximately $4.2 million in earthwork and site preparation costs associated with the proposed project.

- **Sanitary Sewer Improvements –** Approximately $7.2 million in costs associated with constructing the sanitary sewer infrastructure both on- and off-site for the project
- **Water Improvements –** Approximately $8.2 million in costs to construct potable water infrastructure both on- and off-site supporting the project
- **Non-potable Water –** Approximately $4.6 million to construct a non-potable irrigation system to serve the entire development – this infrastructure will reduce the project's need to acquire additional water rights, reduce the demand on potable water treatment facilities and save energy normally consumed in potable water treatment processes.
- **Storm Sewer Improvements –** Approximately $6.1 million in costs to construct the main storm sewer system and infrastructure for the project (costs associated with grading are included in the Earthwork amount above)
- **Streets, Trails, and Sidewalks –** Approximately $25.3 million in costs to construct concrete infrastructure for roads, trails and sidewalks on the project
- **Erosion –** Approximately $1.2 million in costs to ensure erosion control and maintenance on the project
- **Landscaping –** Approximately $4.4 million in costs for Cooper Slough improvement, neighborhood park development, development of a pollinator corridor, and other landscaping
- **Misc. / Amenity –** Approximately $39.0 million in miscellaneous costs associated with the project. This includes contingency funds (14% of total), commercial promenade, neighborhood pool

The subtotal for basic costs associated with public improvements through the Metro Districts is approximately $74.0 million; non-basic costs are approximately $30.7 million which brings the project to an approximate total of $105 million.

- **Cooper Slough –** The Cooper Slough creates several significant stormwater detention, retention, and water quality issues across the site. These impacts are complicated by the fact that the slough is not consolidated creating multiple entry points for water during a storm event. The net result is the need to manage the stormwater on the site in a variety of ways that deal with off-site conditions. The development plans to invest $500,000 in improvements to the Cooper Slough through the Metro Districts.

Public Benefits

As required by the proposed new policy, the Service Plan will deliver several extraordinary development outcomes that support several public benefits. A general list of benefits and, where available, their estimated value are described in the table below (details in *Exhibit I* of the Service Plan). The table has been supplied by the applicant to provide an estimate of the relative value of the proposed extraordinary benefits. Those numbers have been reviewed by staff and the outside consultant. Further refinement has been requested to address concerns raised by the outside consultant.

Mulberry Metro District Public Benefit Evaluation

Total Project Units 1608

Environmental Sustainability	Non-Basic Improvements		
GHG Reduction	**Total Benefit ($)**	**Benefit per Unit**	**Notes**
1 800 kW Solar Power	$1,969,400	$8,600	Total 800kW Generated - 3.5kW system on 229 Homes
Water and Energy Conservation			
1 Non-Potable Irrigation System	$4,642,190	$2,887	See Cost Estimate
Multi-modal Transportation			
1			
Enhanced Resiliency			
1 Pollinator Corridors	$160,800	$100	Enhanced planting plans to encourage Pollinator development
Increased Renewalable Capacity			
1 See GHG Reduction			
TOTAL Environmental Sustainability Benefit	**$6,772,390**	**$11,587**	

Critical Public Infrastructure	Non-Basic Improvements		
On-Ste	**Total Benefit ($)**	**Benefit per Unit**	**Notes**
1 Rail Crossing	$500,000	$311	
Off-Site			
1 Vine & Timberline Contributions*	$250,000	$155	Estimated Contribution
2 Greenfields RAB	$524,453	$326	
TOTAL Critical Public Infrastructure Benefit	**$1,274,453**	**$793**	

Smarth Growth Management	Non-Basic Improvements		
Increase Density	**Total Benefit ($)**	**Benefit per Unit**	**Notes**
1 Alley Load Homes	$4,002,023	$6,670.04	40% of Units - 600 Units
2 Added Utility Services/Raw water Dedication^	$18,020,145	$11,207	Additional Sewer and Water Service - 825 Unit Density Bonus
Walkability & Pedestrian Infrastructure			
1 Enhanced crossings	$75,000	$47	6 Crossings Total @ $12,500 ea.
Availability of Transit			
1			
Public Space			
1 Neighborhood Parks	$3,270,672	$2,034	Pocket Parks / Neighborhood Parks
2 Swimming Pool	$3,000,000	$1,866	
3 Commercial Center Promenade	$3,000,000	$1,866	
Mixed - Use			
1 Project is designed as Mixed-use	Difficult to Quant.		
TOTAL Smarth Growth Management	**$31,367,840**	**$23,689**	

Strategic Priorities	Non-Basic Improvements		
Affordable Housing	**Total Benefit ($)**	**Benefit per Unit**	**Notes**
1 10% Affordable housing target	$10,458,500	$6,500	$65K Subsiby for 10% of Units at 80% AMI
2 Water Savings for Non-Potable Irrigation System	$21,671,479	$13,477	Savings on Raw water not required to be purchased to satisfy Project
Workforce Housing			
1			
Infill & Redevelopment			
1 Mulberry Frontage Improvements	$500,000	$311	Landscaping Improvements on Frontage
2 Monument / Gateway Signage	$1,750,000	$1,088	Land (1.77 Ac @ $15/Ft.) plus Signage Cost
3 Mulberry Intersection / Median Improvements	$300,000	$187	
Economic Health			
1 Catalyze cooridor Redevelopment	Difficult to Quant.		
2 New Employment / Sales Tax Generation	Difficult to Quant.		
TOTAL Strategic Priorities Benefit	**$34,679,979**	**$21,563**	

DISCLAIMER: The above represents Preliminary estimates designed to provide an illustravtive representation for the value of public benefit. This illustration is non-binding pending execution of a Development Agreement

TOTAL PUBLIC BENEFITS **$74,094,662** **$57,631**

Footnotes

^.3/AF per Unit - 825 Unit Density Bonus over LMN - $57K/AF for Water

*Estimated Contribution

- **Affordable Housing -** The financing and reimbursement options created by the Metropolitan Districts will enable the Mulberry project to deliver a minimum of 160 units or 10% of the total project at affordable rates (80% AMI or lower). These units will be delivered under the following guidelines:
    - For Sale: A minimum of 40 units (2.5%) will be for sale
    - For Rent: Approximately 120 units (7.5%) are anticipated to be for rent
    - Integrated / Dispersed Site: Approximately 40 units will be built as dispersed site, integrating market rate and affordable housing. It is anticipated that affordable units will be same units as market-rate and integrated along a block or product type
    - Enforceability: Prior to or concurrent with Development Agreement, Mulberry will create legally enforceable guarantees for affordable housing commitments. Potential options include, contract with City for Land Bank, deed restriction, reservation of acreage
- **Community Gateway -** Per the *East Mulberry Corridor Plan*, this property is uniquely positioned to provide a gateway to Fort Collins from I-25. Two small parcels have been created within the boundaries of the proposed Mulberry community and provides an ideal site for a significantly scaled, iconic City monument. This would reinforce the role of this property being a significant part of a gateway to the City of Fort Collins from I-25.
- **Non-Potable Water System** - Mulberry will provide for the construction and maintenance of a non-potable water system for community-wide landscaping and landscaping on individual lots. The proposed non-potable water system for Mulberry will lead to a significant reduction in potable water demand when compared to similar communities, while simultaneously reducing the monthly costs of homeownership.
- **Environmental Sustainability -** Throughout the community, environmentally friendly design will promote Fort Collins sustainability goals. Xeric landscaping and use of non-potable irrigation will conserve water, while landscape architecture designed to support the flight distances and migration patterns of applicable pollinators will increase the biodiversity of the area. A commitment to 800 kW of solar capacity generated within and distributed throughout the Districts will further promote resource conservation and renewable energy use.

The developer estimates a public benefit value of approximately $74 million compared to a metro district debt cap of $65 million.

Policy Comparison

A comparison of the proposed use of Metro District revenues to the currently adopted policy is provided below in **Table 1**.

Table 1
Metro District Policy Comparison

	Project	Current Policy
Mill Levy Caps	**<u>50 Mills</u>**	50 Mills
Basic Infrastructure	**Partially**	To enable public benefit
Eminent Domain	Will Comply	Prohibited
Debt Limitation	Will Comply	100% of Capacity
Dissolution Limit	Ongoing for O&M	40 years (end user refunding exception)
Citizen Control	Will Comply	As early as possible
Multiple Districts	**Yes**	Projected over an extended period
Commercial/ Residential Ratio	**Residential and Commercial**	N/A

The conceptual use of a Metro District at Mulberry complies with the City's existing policy.

POLICY EVALUATION & PUBLIC BENEFIT ASSESSMENT

The recently updated policy supports the formation of a Metro District regardless of development type when a District delivers extraordinary public benefits. The public benefits should be: (1) aligned with the goals and objectives of the City whether such extraordinary public benefits are provided by the Metro District or by the entity developing the Metro District because Metro Districts exist to provide public improvements; and (2) not be practically provided by the City or an existing public entity, within a reasonable time and on a comparable basis. The Service Plan for the Mulberry Project delivers several proposed policy outcomes (see **Attachment 3**).

Triple Bottom Line – Scan

An interdisciplinary staff team prepared a Triple Bottom Line Scan of the proposed Service Plan (see **Attachment 4).** The net analysis is generally neutral to slightly positive. The highlights are provided below:

- **Economic –** The proposed affordable housing is expected to have a positive impact on retaining and attracting talent to strengthen our local labor force for employers. The additional office and retail space is expected to have positive effects in the Fort Collins market.

- **Environmental –** Some benefit is expected from the proposed 800 kW of solar, but overall the proposed environmental public benefits were interpreted as minor by staff under the current proposal. Additional clarity is needed to assess any improved benefit.
- **Social –** This area is expected to have the most positive impact due to the commitments to affordable housing. The proposal could be strengthened with a greater focus on affordable housing (e.g. 15% affordable), clearer expectations around deed restriction over time and pricing.

FINANCIAL ASSESSMENT

Utilizing the District's Financial Plan, the City reviewed the Financial Plan in partnership with Economic & Planning Systems (**See Attachment 6)**. The review concluded the following:

- The proposed mill levies are in line with the City's policy.
- The market values used in the public revenue estimates are reasonable.
- EPS expressed concern about residential absorption of Mulberry in the context of other new North College developments: Waterfield, Water's Edge, and Montava.
- EPS believed the retail program is oversized for the residential development alone. To succeed the retail will have to be more regionally-serving and connected to other developments.
- Office absorption rates are reasonable, but some concern was expressed due to the office market in North Fort Collins being currently immature.
- EPS found it difficult to assess if there would be "extraordinary benefits" with the following: added utility services, non-potable irrigation system, and affordable housing.
- Additional detail is required to further asses; more detailed information has been requested from the applicant.

ATTACHMENTS

1. Staff Presentation
2. Project Vicinity Map
3. Public Benefit Matrix
4. Triple Bottom Line Scan One pager
5. Consolidated Service Plan for Montava Metropolitan District Nos. 1-4
6. Economic & Planning Systems Financial Assessment

City of Fort Collins

2-25-19

Mulberry Metro District Request Preview

Josh Birks

Questions for the Committee

- What additional information does the committee recommend including for the Council evaluation of the proposed Mulberry Metro District Service Plan?

Project Description

- 10+ Year Multi Phase Master Planned Project
- 1,600 Residential Units
- 5% affordable

Policy Comparison – Key Provisions

	Project	Current Policy
Mill Levy Caps	**50 Mills**	50 Mills
Basic Infrastructure	**Partially**	To enable public benefit
Eminent Domain	Will Comply	Prohibited
Debt Limitation	Will Comply	100% of Capacity
Dissolution Limit	Ongoing for O&M	40 years (end user refunding exception)
Citizen Control	Will Comply	As early as possible
Multiple Districts	**Yes**	Projected over an extended period
Commercial/ Residential Ratio	**Residential and Commercial**	N/A

City of Fort Collins

Public Improvements

Improvement	Description	Estimated Cost
Earthwork	Primarily grading	$4.2 Million
Concrete	Roads	$6.9 Million
Asphalt	Roads	$18.4 Million
Erosion	Erosion management	$1.2 Million
Water	Main infrastructure	$8.2 Million
Sanitary Sewer	Main infrastructure	$7.2 Million
Non-potable Irrigation	Community-wide system	$4.6 Million
Storm Sewer	Main infrastructure	$6.1 Million
Landscaping	Park, pollinator corridor, Cooper Slough, Lake Canal	$4.4 Million
Misc. / Amenity	Pool, gateway monumentation, contingency (20% of construction)	$39.0 Million
Total		**$104.7 Million**

Policy Evaluation & Public Benefits

Environmental Sustainability

- GHG Reduction
- Water/Energy Conservation
- Multimodal Transportation
- Enhance Resiliency
- Increase Renewable Capacity

Critical Public Infrastructure

- Existing significant infrastructure challenges
- On-site
- Off-site

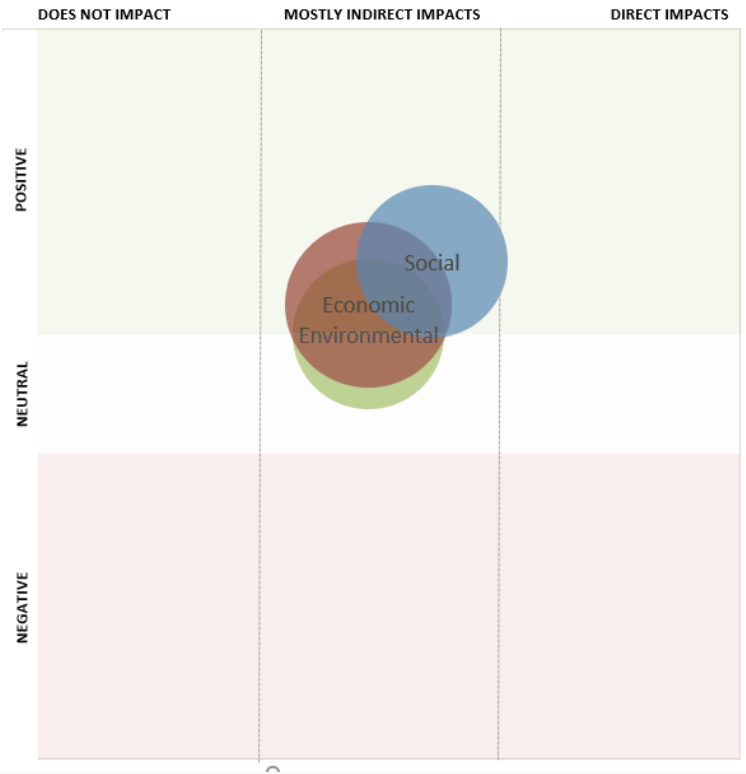
Smart Growth Management

- Increase density
- Walkability/Pedestrian Infrastructure
- Availability of Transit
- Public Spaces
- Mixed-Use

Strategic Priorities

- Affordable Housing
- Workforce Housing
- Infill/Redevelopment
- Economic Health Outcomes

Triple Bottom Line Scan (TBL-S) Results



Key TBL-S Results

- The proposed 10% affordable housing (160 units) would have positive impacts for both economic and social sustainability
- The currently proposed environmental benefits are not as strong as they could be

Mitigation Strategies

- Could benefit from strengthening a particular focus area (e.g. focusing on 15% affordable housing)
- OR The Service Plan could benefit from committing to more specific environmental public benefits (e.g. DOE Net Zero Ready homes, LEED standards, EV charging infrastructure that goes beyond code, etc.)

Affordable Housing

- Economic & Planning Systems estimates the metro district would cost each residence $96 extra per month

- 10% of housing will be affordable (160 units at 80% AMI or lower)
  - For Sale: minimum of 40 units
  - For Rent: Approx. 120 units
  - Integrated/Dispersed: Approx. 40 units will be built as ‘dispersed site’ units.

Questions for the Committee

- What additional information does the committee recommend including for the Council evaluation of the proposed Mulberry Metro District Service Plan?

Mulberry Metro District Vicinity Map

Environmental Sustainability		Critical Public Infrastructure		Smart Growth Management		Strategic Priorities	
GHG Reduction	800 kW Solar Power	**On-Site**	Rail Crossing	**Increase Density**	Alley load homes; Added utility services/Raw water dedication	**Affordable Housing**	10% of homes will be 80% AMI or below (160 units) with 20-year deed restriction; Water savings from non-potable irrigation
Water/Energy Conservation	Non-potable irrigation system			**Walkability/ Pedestrian Infrastructure**	Enhanced crossings	**Workforce Housing**	
Multimodal Transportation		**Off-Site**	Vine & Timberline contributions; Greenfields RAB	**Availability of Transit**		**Infill/ Redevelopment**	Mulberry frontage improvements; Monument / gateway signage; Mulberry intersection / median improvements
Enhance Resiliency	Pollinator corridors; Cooper Slough improvements; Lake Canal improvements			**Public Space**	Neighborhood parks; Swimming pool; Commercial center promenade	**Economic Health**	Catalyze corridor redevelopment; New employment / Sales tax generation
Increase Renewable Capacity	See GHG reduction			**Mixed-Use**	Project is designed as mixed-use		

TRIPLE BOTTOM LINE SCAN SUMMARY

Project: **Metro District Proposal: Hartford Homes**

Project Description

Service Plan proposal to create a metro district off of I-25 just north of Mulberry Street along both sides of Greenfields Drive. The developer proposes that metro district tax benefits make it easier for the Hartford Homes to create increased public benefits in the areas of infrastructure, smart growth, affordable housing, attainable housing, and building with environmental sustainability practices. This scan assumes that development would happen regardless of the Metro District and analyzes the impact of a metro district compared to a business-as-usual development scenario.

IMPACTS WITH MEDIUM TO HIGH CONFIDENCE

Environmental

Positive

- The proposed 800 KW of solar PV would reduce GHG emissions, though the impact on the City's CAP would be minor
- The non-potable irrigation system could reduce water consumption depending on resident responses and behavior change
- Pollinator corridor could improve resilience of ecosystem services by providing habitat and resources for pollinators.

Negative

- None Identified

Economic

Positive

- The 160 affordable housing units could support retention and attraction of Fort Collins workforce
- Affordable housing units could minorly help to reduce cost of living pressures
- The development proposes a sign and landscaping area that will welcome those coming into Fort Collins via I-25, this could benefit our community brand.

Negative

- None Identified

Social

Positive

- The proposed 160 affordable housing units directly increase the housing stock of affordable and attainable housing.
- Affordable housing units could benefit low-income community members feeling a better sense of belonging in Fort Collins
- Could benefit the economic conditions of low-income community members
- Affordable housing indirectly benefits the support of self-sufficiency

Negative

- None Identified

Tradeoffs / Mitigations

Tradeoffs

- While there are obvious benefits of affordable housing to economic and social sustainability, the environmental benefits proposed are not as strong as they could be.

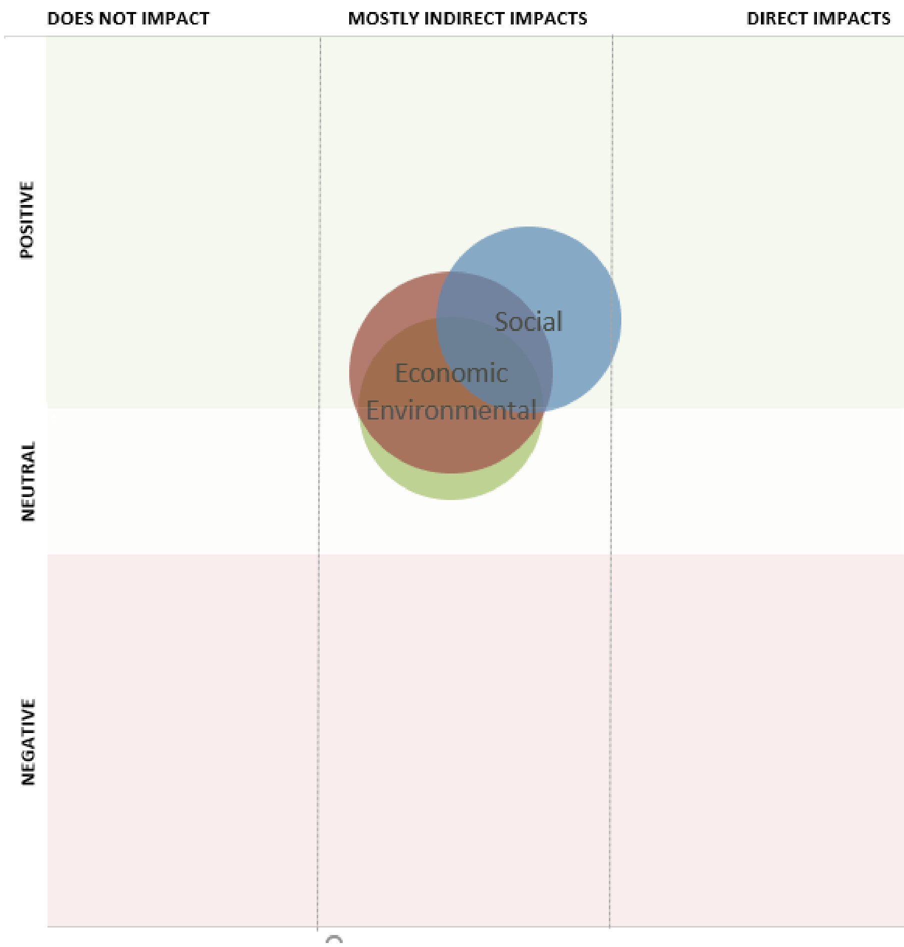
Mitigations

- The Service Plan could benefit from either strengthening a particular focus area (e.g. focusing on 15% affordable housing) and letting go of the focus on other areas.
- **OR** The Service Plan could benefit from committing to more specific environmental public benefits (e.g. DOE Net Zero Ready homes, LEED standards, EV charging infrastructure that goes beyond code, etc.)

Key Alignment: 3.3 Enhance business engagement to address existing and emerging business needs

TRIPLE BOTTOM LINE SCAN SUMMARY

Project: **Metro District Proposal: Hartford Homes**



Discussion

- Impacts within environmental and economic areas are neutral to positive and largely indirect. This is because Hartford Homes's proposal demonstrates some benefits to these areas. Their proposal does beyond basic in a handful of areas.
- The social impacts were strongest; they were more direct and positive because of the promise of 10% affordable housing.

CONSOLIDATED SERVICE PLAN

FOR

MULBERRY METROPOLITAN DISTRICT NOS. 1-6

CITY OF FORT COLLINS, COLORADO

Prepared by:

Spencer Fane LLP

1700 Lincoln Street, Suite 2000

Denver, Colorado 80203

Submitted On: January 8, 2019

Approved on:

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I. INTRODUCTION

A. Purpose and Intent.

The Districts, which are intended to be independent units of local government separate and distinct from the City, are governed by this Service Plan, the Special District Act and other applicable State law. Except as may otherwise be provided by State law, City Code or this Service Plan, the Districts' activities are subject to review and approval by the City Council only insofar as they are a material modification of this Service Plan under C.R.S. Section 32-1-207 of the Special District Act.

It is intended that the Districts will provide all of the Public Improvements for the Project for the use and benefit of all anticipated inhabitants and taxpayers of the Districts. The primary purpose of the Districts will be to finance the construction of these Public Improvements by the issuance of Debt.

It is also intended under this Service Plan that no District shall be authorized to issue any Debt, impose a Debt Mill Levy, or impose any Fees for payment on Debt unless and until the delivery of the applicable Public Benefits described in Section IV.B of this Service Plan has been secured in accordance with Section IV.B of this Service Plan.

It is intended that this Service Plan also requires the Districts to pay a portion of the cost of the Regional Improvements as part of ensuring that those privately-owned properties to be developed in the Districts that benefit from the Regional Improvements pay a reasonable share of the associated costs.

The Districts are not intended to provide ongoing operations and maintenance services except as expressly authorized in this Service Plan.

It is the intent of the Districts to dissolve upon payment or defeasance of all Debt incurred or upon a court determination that adequate provision has been made for the payment of all Debt, except that if the Districts are authorized in this Service Plan to perform continuing operating or maintenance functions, the Districts shall continue in existence for the sole purpose of providing such functions and shall retain only the powers necessary to impose and collect the taxes or Fees authorized in this Service Plan to pay for the costs of those functions.

It is intended that the Districts shall comply with the provisions of this Service Plan and that the City may enforce any non-compliance with these provisions as provided in Section XVII of this Service Plan.

B. Need for the Districts.

There are currently no other governmental entities, including the City, 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 for the Project. Formation of the Districts is therefore necessary in order for the Public Improvements required for the Project to be provided in the most economic manner possible.

C. Objective of the City Regarding Districts' Service Plan.

The City's objective in approving this Service Plan is to authorize the Districts to provide for the planning, design, acquisition, construction, installation, relocation and redevelopment of the Public Improvements from the proceeds of Debt to be issued by the Districts. Except as specifically provided in this Service Plan, all Debt is expected to be repaid by taxes and Fees imposed and collected for no longer than the Maximum Debt Mill Levy Imposition Term for residential properties. A tax mill levy may not exceed the Maximum Debt Mill Levy. Fees imposed for the payment of Debt shall be due no later than upon the issuance of a building permit unless a majority of the Board which imposes such a Fee is composed of End Users as provided in Section VII.B.2. Debt which is issued within these parameters and, as further described in the Financial Plan, will insulate property owners from excessive tax and Fee burdens to support the servicing of the Debt and will result in a timely and reasonable discharge of the Debt.

D. City Approvals.

Any provision in this Service Plan requiring "City" or "City Council" approval or consent shall require the City Council's prior written approval or consent exercised in its sole discretion. Any provision in this Service Plan requiring "City Manager" approval or consent shall require the City Manager's prior written approval or consent exercised in the City Manager's sole discretion.

II. DEFINITIONS

In this Service Plan, the following words, terms and phrases which appear in a capitalized format shall have the meaning indicated below, unless the context clearly requires otherwise:

Aggregate Mill Levy: means the total mill levy resulting from adding a District's Debt Mill Levy and Operating Mill Levy. A District's Aggregate Mill Levy does not include any Regional Mill Levy that the District may levy.

Aggregate Mill Levy Maximum: means the maximum number of combined mills that each District may levy for its Debt Mill Levy and Operating Mill Levy, at rate not to exceed the limitation set in Section IX.B.1.

Approved Development Plan: means a City-approved development plan or other land-use application required by the City Code for identifying, among other things, public improvements necessary for facilitating the development of property within the Service Area.

Board or Boards: means the duly constituted Board of Directors of any of the Districts, or the Boards of Directors of all of the Districts, in the aggregate.

Bond, Bonds or Debt: means bonds, notes or other multiple fiscal year financial obligations for the payment of which a District has promised to impose an ad valorem property tax mill levy, Fees or other legally available revenue. Such terms do not include contracts through which a District procures or provides services or tangible property.

City: means the City of Fort Collins, Colorado, a home rule municipality.

City Code: means collectively the City's Municipal Charter, Municipal Code, Land Use Code and ordinances as all are now existing and hereafter amended.

City Council: means the City Council of the City of Fort Collins, Colorado.

City Manager: means the City Manager of the City of Fort Collins, Colorado.

C.R.S.: means the Colorado Revised Statutes.

Debt Mill Levy: means a property tax mill levy imposed on Taxable Property within a District for the purpose of paying Debt as authorized in this Service Plan, at a rate not to exceed the limitations set in Section IX.B.

Developer: means a person or entity that is the owner of property or owner of contractual rights to property in the Service Area that intends to develop the property.

Developer Obligation: means any agreement executed by the District for the purpose of borrowing funds from any Developer or related party developing or selling land within the Service Area or who is a member of the Board.

District: means Mulberry Metropolitan District No. 1, Mulberry Metropolitan District No. 2, Mulberry Metropolitan District No. 3, Mulberry Metropolitan District No. 4, Mulberry Metropolitan District No. 5, or Mulberry Metropolitan District No. 6, individually, each organized under and governed by this Service Plan.

District No. 1 Boundaries: means the boundaries of the area legally described in **Exhibit "A-1"** attached hereto and incorporated by reference and as depicted in the District No. 1 Boundary Map.

District No. 2 Boundaries: means the boundaries of the area legally described in **Exhibit "A-2"** attached hereto and incorporated by reference and as depicted in the District No. 2 Boundary Map.

District No. 3 Boundaries: means the boundaries of the area legally described in **Exhibit "A-3"** attached hereto and incorporated by reference and as depicted in the District No. 3 Boundary Map.

District No. 4 Boundaries: means the boundaries of the area legally described in **Exhibit "A-4"** attached hereto and incorporated by reference and as depicted in the District No. 4 Boundary Map.

District No. 5 Boundaries: means the boundaries of the area legally described in **Exhibit "A-5"** attached hereto and incorporated by reference and as depicted in the District No. 5 Boundary Map.

District No. 6 Boundaries: means the boundaries of the area legally described in **Exhibit "A-6"** attached hereto and incorporated by reference and as depicted in the District No. 6 Boundary Map.

District No. 1 Boundary Map: means the map of the District Boundaries attached hereto as **Exhibit "B-1"** and incorporated by reference.

District No. 2 Boundary Map: means the map of the District Boundaries attached hereto as **Exhibit "B-2"** and incorporated by reference.

District No. 3 Boundary Map: means the map of the District Boundaries attached hereto as **Exhibit "B-3"** and incorporated by reference.

District No. 4 Boundary Map: means the map of the District Boundaries attached hereto as **Exhibit "B-4"** and incorporated by reference.

District No. 5 Boundary Map: means the map of the District Boundaries attached hereto as **Exhibit "B-5"** and incorporated by reference.

District No. 6 Boundary Map: means the map of the District Boundaries attached hereto as **Exhibit "B-6"** and incorporated by reference.

Districts: means Mulberry Metropolitan District No. 1, Mulberry Metropolitan District No. 2, Mulberry Metropolitan District No. 3, Mulberry Metropolitan District No. 4, Mulberry Metropolitan District No. 5, and Mulberry Metropolitan District No. 6, collectively, organized under and governed by this Service Plan.

End User: means any owner, or tenant of any owner, of any property within the Districts, who is intended to become burdened by the imposition of ad valorem property taxes and/or Fees. By way of illustration, a resident homeowner, renter, commercial property owner or commercial tenant is an End User. A Developer and any person or entity that constructs homes or commercial structures is not an End User.

External Financial Advisor: means a consultant that: (1) is qualified to advise Colorado governmental entities on matters relating to the issuance of securities by Colorado governmental entities including matters such as the pricing, sales and marketing of such securities and the procuring of bond ratings, credit enhancement and insurance in respect of such securities; (2) shall be an underwriter, investment banker, or individual listed as a public finance advisor in the Bond Buyer's Municipal Market Place or, in the City's sole discretion, other recognized publication as a provider of financial projections; and (3) is not an officer or employee of the Districts or an underwriter of the Districts' Debt.

Fees: means the fees, rates, tolls, penalties and charges the Districts are authorized to impose and collect under this Service Plan.

Financial Plan: means the Financial Plan described in Section IX of this Service Plan which was prepared by D.A. Davidson and Co. in accordance with the requirements of this Service Plan and describes (a) how the Public Improvements are to be financed; (b) how the Debt is expected to be incurred; and (c) the estimated operating revenue derived from property taxes and any Fees for the first budget year through the year in which all District Debt is expected to be defeased or paid in the ordinary course.

Inclusion Area Boundaries: means the boundaries of the property that is anticipated to be added to the Districts' Boundaries after the Districts' organization, which property is legally described in **Exhibit "C"** attached hereto and incorporated by reference and depicted in the map attached hereto as **Exhibit "D"** and incorporated herein by reference.

Maximum Debt Authorization: means the total Debt the Districts are permitted to issue as set forth in Section IX.B.8 of this Service Plan.

Maximum Debt Mill Levy Imposition Term: means the maximum term during which a District's Debt Mill Levy may be imposed on property developed in the Service Area for residential use, which shall include residential properties in mixed-use developments. This maximum term shall not exceed forty (40) years from December 31 of the year this Service Plan is approved by City Council

Operating Mill Levy: means a property tax mill levy imposed on Taxable Property for the purpose of funding District administration, operations and maintenance as authorized in this Service Plan, including, without limitation, repair and replacement of Public Improvements, and imposed at a rate not to exceed the limitations set in Section IX.B.

Planned Development: means the private development or redevelopment of the properties in the Service Area, commonly referred to as the Mulberry Development, under an Approved Development Plan.

Project: means the installation and construction of the Public Improvements for the Planned Development.

Public Improvements: means the improvements and infrastructure the Districts are authorized by this Service Plan to fund and construct for the Planned Development to serve the future taxpayers and inhabitants of the Districts, except as specifically prohibited or limited in this Service Plan. Public Improvements shall include, without limitation, the improvements and infrastructure described in **Exhibit "F"** attached hereto and incorporated by reference. Public Improvements do not include Regional Improvements.

Regional Improvements: means any regional public improvement identified by the City for funding, in whole or part, by a Regional Mill Levy levied by the Districts, including, without limitation, the public improvements described in **Exhibit "I"** attached hereto and incorporated by reference.

Regional Mill Levy: means the property tax mill levy imposed on Taxable Property for the purpose of planning, designing, acquiring, funding, constructing, installing, relocating and/or redeveloping the Regional Improvements and/or to fund the administration and overhead costs related to the Regional Improvements as provided in Section X of this Service Plan.

Service Area: means the property within the District No. 1 Boundaries, District No. 2 Boundaries, District No. 3 Boundaries, District No. 4 Boundaries, District No. 5 Boundaries, and District No. 6 Boundaries, collectively, and the property in the Inclusion Area Boundaries when it is added, in whole or part, to the Districts' Boundaries, all as may be amended from time to time as further set forth in the Service Plan and the Special District Act.

Special District Act: means Article 1 in Title 32 of the Colorado Revised Statutes, as amended.

Service Plan: means this service plan for the Districts approved by the City Council.

Service Plan Amendment: means a material modification of the Service Plan approved by the City Council in accordance with the Special District Act, this Service Plan and any other applicable law.

State: means the State of Colorado.

Taxable Property: means the real and personal property within the Service Area, including the real and personal property within the Inclusion Area Boundaries when added to the District Boundaries that will be subject to the ad valorem property taxes imposed by the Districts.

Vicinity Map: means the map attached hereto as **Exhibit "E"** and incorporated by reference depicting the location of the Service Area within the regional area surrounding it.

III. BOUNDARIES AND LOCATION

The area of the Service Area includes approximately 226 acres and the total area proposed to be included in the Inclusion Area Boundaries is approximately 77 acres. A legal description and map of the District No. 1 Boundaries are attached hereto as **Exhibit A-1** and **Exhibit B-1**, respectively; a legal description and map of the District No. 2 Boundaries are attached hereto as **Exhibit A-2** and **Exhibit B-2**, respectively; a legal description and map of the District No. 3 Boundaries are attached hereto as **Exhibit A-3** and **Exhibit B-3**, respectively; a legal description and map of the District No. 4 Boundaries are attached hereto as **Exhibit A-4** and **Exhibit B-4**, respectively; a legal description and map of the District No. 5 Boundaries are attached hereto as **Exhibit A-5** and **Exhibit B-5**, respectively; and a legal description and map of the District No. 6 Boundaries are attached hereto as **Exhibit A-6** and **Exhibit B-6**, respectively. A legal description and map of the Inclusion Area Boundaries are attached hereto as **Exhibit C** and **Exhibit D**, respectively. It is anticipated that the Districts' Boundaries may expand or contract from time to time as the Districts undertake inclusions or exclusions pursuant to the Special District Act, subject to the limitations set forth in this Service Plan. The location of the Service Area is depicted in the vicinity map attached as **Exhibit E**.

IV. DESCRIPTION OF PROJECT, PLANNED DEVELOPMENT, PUBLIC BENEFITS & ASSESSED VALUATION

A. Project and Planned Development.

The Mulberry Development is a proposed 226-acre, mixed use community located north of Mulberry Street along both sides of Greenfields Drive, otherwise known as the "Mulberry Corridor." The Mulberry Corridor is a primary gateway into the City of Fort Collins, and in its current state, does not represent the City of Fort Collins' development standards. The Developer would like to initiate redevelopment of Mulberry Corridor to meet the City's high development standards and catalyze redevelopment in the surrounding areas by incorporating several critical City objectives and plans into the Planned Development. The Planned Development incorporates the goals of the following plans: the East Mulberry Corridor Plan, the City's Transportation Master Plan, the City's Master Street Plan, the Nature in the City Strategic Plan, the City Structure Plan, the Natural Areas Master Plan, and the Paved Recreational Trail Master Plan.

The current Preliminary Development Plan for the Planned Development includes approximately 1,600 residences, including single-family detached, single-family attached, and multi-family living options, of which a minimum of ten percent (10%) will be designated and sold as affordable. In addition, the Developer intends to implement design standards, construction strategies, and innovative land planning to lower the overall cost of housing in the community. The estimated population at build-out is 4,000.

In addition, the current Preliminary Development Plan for the Planned Development provides for a neighborhood town center with a central pedestrian-oriented market street acting as the continuation of the central north-south greenway running through the community, which shall include: (i) approximately 20-30 acres of retail, commercial, and office uses; (ii) approximately 230,000 square feet of retail and commercial uses, including a neighborhood-scaled grocery store; and (iii) approximately 86,000 square feet of office uses integrated into the market street. The Planned Development also provides for significant open space, including amenitized parks and natural areas, and an extensive trail corridor and pedestrian network which will provide internal community connectivity and walkability as well as links to the surrounding Fort Collins community.

Construction of the Mulberry Development is planned to be completed by year 2028. In accordance with the Financial Plan, the estimated assessed valuation of the Planned Development in 2024 is estimated to be $14,955,749 for residential and $0.00 for commercial, and in 2029 it is estimated to be $41,584,214 for residential and $23,688,792 for commercial.

Approval of this Service Plan by the City Council does not imply approval of the development of any particular land-use for any specific area within the Districts. Any such approval must be contained within an Approved Development Plan.

B. Public Benefits.

In addition to the Public Improvements as described in Exhibit F, the Districts will deliver several public benefits to the community in accordance with the City's Metro District Service Plan Policy. The public benefits include, but are not limited to, developing critical on-site and off-site public infrastructure, employing high quality and Smart Growth practices, creating affordable housing units, creating attainable housing units to support the workforce, and incorporating Environmental Sustainability through energy conservation, water conservation, and enhanced community resiliency, all of which are specifically described in **Exhibit I** attached hereto and incorporated herein by this reference (collectively, the "Public Benefits").

Therefore, notwithstanding any provision to the contrary contained in this Service Plan, no District shall be authorized to issue any Debt or to impose a Debt Mill Levy or any Fees for payment of Debt on any Taxable Property unless and until the delivery of the Public Benefits specifically related to the phase of the Planned Development or portion of the Project to be financed with such Debt, Debt Mill Levy, or Fees are secured in a manner approved by the City Council. To satisfy this precondition to the issuance of Debt and to the imposition of the Debt Mill Levy and Fees, delivery of the Public Benefits for each phase of the Project and the Planned Development must be secured by one of the following methods, as applicable:

1. For any portion of the Public Benefits to be provided by one or more of the Districts, each such District must enter into an intergovernmental agreement with the City either (i) agreeing to provide those Public Benefits as a legally enforceable multiple-fiscal year obligation of the District under TABOR, or by (ii) securing performance of that obligation with a surety bond, letter of credit, or other security acceptable to the City, and the City Council must approve by resolution any such intergovernmental agreement;

2. For any portion of the Public Benefits to be provided by one or more Developers of the Planned Development, each such Developer must either (i) enter into a development agreement with the City under the Developer's applicable Approved Development Plan, which agreement must legally obligate the Developer to provide those Public Benefits before the City is required to issue building permits and/or certificates of occupancy for structures to be built under the Approved Development Plan for that phase of the Planned Development, or (ii) secure such obligations with a surety bond, letter of credit, or other security acceptable to the City, and the City Council must approve by resolution all such development agreements;

3. For any portion of the Public Benefits to be provided in part by one or more of the Districts in the Project and in part by one or more of the Developers in the Planned Development or Project, an agreement between the City, the affected District(s), and the Developer(s) that secures such Public Benefits as legally binding obligations using the methods described in subsections 1 and 2 above, and the City Council must approve by resolution all such agreements.

C. Assessed Valuation.

The current assessed valuation of the Service Area is approximately **$73,871** and, at build out, is expected to be **$65,273,006**. These amounts are expected to be sufficient to reasonably discharge the Debt as demonstrated in the Financial Plan.

V. <u>INCLUSION OF LAND IN THE SERVICE AREA</u>

Other than the real property in the Inclusion Area Boundaries, the Districts shall not add any real property to the Service Area without the City's approval and in compliance with the Special District Act. Once a District has issued Debt, it shall not exclude real property from the District's boundaries without the prior written consent of the City Council.

VI. <u>DISTRICT GOVERNANCE</u>

The Districts' Boards shall be comprised of persons who are a qualified "eligible elector" of the Districts as provided in the Special District Act. It is anticipated that over time, the End Users who are eligible electors will assume direct electoral control of the Districts' Boards as development of the Service Area progresses. The Districts shall not enter into any agreement by which the End Users' electoral control of the Boards is removed or diminished.

VII. AUTHORIZED AND PROHIBITED POWERS

A. General Grant of Powers.

The Districts shall have the power and authority to provide the Public Improvements, the Regional Improvements and related operation and maintenance services, within and without the Service Area, as such powers and authorities are described in the Special District Act, other applicable State law, common law and the Colorado Constitution, subject to the prohibitions, restrictions and limitations set forth in this Service Plan.

If, after the Service Plan is approved, any State law is enacted to grant additional powers or authority to metropolitan districts by amendment of the Special District Act or otherwise, such powers and authority shall be deemed to be a part hereof and available to be exercised by the Districts if the City Council first approves the exercise of such powers or authority by the Districts. Such approval by the City Council shall not constitute a Service Plan Amendment.

B. Prohibited Improvements and Services and other Restrictions and Limitations.

The Districts' powers and authority under this Service Plan to provide Public Improvements and services and to otherwise exercise its other powers and authority under the Special District Act and other applicable State law, are prohibited, restricted and limited as hereafter provided. Failure to comply with these prohibitions, restrictions and limitations shall constitute a material modification under this Service Plan and shall entitle the City to pursue all remedies available at law and in equity as provided in Section XVII of this Service Plan:

1. Eminent Domain Restriction

   The Districts shall not exercise their statutory power of eminent domain without first obtaining resolution approval from the City Council. This restriction on the Districts' exercise of its eminent domain power is being voluntarily acquiesced to by the Districts and shall not be interpreted in any way as a limitation on the Districts' sovereign powers and shall not negatively affect the Districts' status as political subdivisions of the State as conferred by the Special District Act.

2. Fee Limitation

   All Fees imposed for the repayment of Debt, if authorized by this Service Plan, shall be authorized to be imposed by the Districts upon all property within the Districts' Boundaries only if such Fees are due and payable no later than upon the issuance of a building permit by the City. Notwithstanding any of the foregoing, this Fee limitation shall not apply to any Fee imposed to fund the operation, maintenance, repair or replacement of Public Improvements or the administration of the Districts, nor shall this Fee limitation apply if a majority of the Districts' Boards are composed of End Users.

3. Operations and Maintenance

The primary purpose of the Districts is to plan for, design, acquire, construct, install, relocate, redevelop and finance the Public Improvements. The Districts shall dedicate the Public Improvements to the City or other appropriate jurisdiction or owners' association in a manner consistent with the Approved Development Plan and the City Code, provided that nothing herein requires the City to accept a dedication. The Districts are specifically authorized to operate and maintain any part or all of the Public Improvements not otherwise conveyed or dedicated to the City or another appropriate governmental entity. The Districts shall also be specifically authorized to conduct operations and maintenance functions related to the Public Improvements that are not provided by the City or other governmental entity, or to the extent that the Districts' proposed operational and maintenance functions included services or activities that exceed those provided by the City or other governmental entity. Additionally, the Districts shall be authorized to operate and maintain any part or all of the Public Improvements not otherwise conveyed or dedicated to the City or another appropriate governmental entity until such time that the Districts dissolve.

4. Fire Protection Restriction

The Districts are not authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, own, operate or maintain fire protection facilities or services, unless such facilities and services are provided pursuant to an intergovernmental agreement with the Poudre Fire Authority. The authority to plan for, design, acquire, construct, install, relocate, redevelop, finance, operate or maintain fire hydrants and related improvements installed as part of the Project's water system shall not be limited by this subsection.

5. Public Safety Services Restriction

The Districts are not authorized to provide policing or other security services. However, the Districts may, pursuant to C.R.S. § 32-1-1004(7), as amended, furnish security services pursuant to an intergovernmental agreement with the City.

6. Grants from Governmental Agencies Restriction

The Districts shall not apply for grant funds distributed by any agency of the United States Government or the State without the prior written approval of the City Manager. This does not restrict the collection of Fees for services provided by the Districts to the United States Government or the State.

7. Golf Course Construction Restriction

Acknowledging that the City has financed public golf courses and desires to coordinate the construction of public golf courses within the City's boundaries, the Districts shall not be authorized to plan, design, acquire, construct, install, relocate, redevelop, finance, own, operate or maintain a golf course unless such activity is pursuant to an intergovernmental agreement with the City.

8. <u>Television Relay and Translation Restriction</u>

The Districts are not authorized to plan for, design, acquire, construct, install, relocate, redevelop, finance, own, operate or maintain television relay and translation facilities and services, other than for the installation of conduit as a part of a street construction project, unless such facilities and services are provided pursuant to prior written approval from the City Manager.

9. <u>Potable Water and Wastewater Treatment Facilities</u>

Acknowledging that the City and other existing special districts operating within the City currently own and operate treatment facilities for potable water and wastewater that are available to provide services to the Service Area, the Districts shall not plan, design, acquire, construct, install, relocate, redevelop, finance, own, operate or maintain such facilities without obtaining the City Council's prior written approval.

10. <u>Sales and Use Tax Exemption Limitation</u>

The Districts shall not exercise any sales and use tax exemption otherwise available to the Districts under the City Code.

11. <u>Sub-district Restriction</u>

The Districts shall not create any sub-district pursuant to the Special District Act without the prior written approval of the City Manager.

12. <u>Privately Placed Debt Limitation</u>

Prior to the issuance of any privately placed Debt, the Districts shall obtain the certification of an External Financial Advisor substantially as follows:

> We are [I am] an External Financial Advisor within the meaning of the District's Service Plan.
>
> We [I] certify that (1) the net effective interest rate (calculated as defined in C.R.S. Section 32-1-103(12)) to be borne by [insert the designation of the Debt] does not exceed a reasonable current [tax-exempt] [taxable] interest rate, using criteria deemed appropriate by us [me] and based upon our [my] analysis of comparable high yield securities; and (2) the structure of [insert designation of the Debt], including maturities and early redemption provisions, is reasonable considering the financial circumstances of the District.

13. Special Assessments

The Districts shall not impose special assessments without the prior written approval of the City Council.

VIII. PUBLIC IMPROVEMENTS AND ESTIMATED COSTS

Exhibit F summarizes the type of Public Improvements that are projected to be constructed and/or installed by the Districts. The cost, scope, and definition of such Public Improvements may vary over time. The total estimated costs of Public Improvements, as set forth in **Exhibit F**, excluding any improvements paid for by the Regional Mill Levy necessary to serve the Planned Development, are approximately $104,712,037 in 2019 dollars and total approximately **[*Dollar Amount*]** in the anticipated year of construction dollars. The cost estimates are based upon preliminary engineering, architectural surveys, and reviews of the Public Improvements set forth in **Exhibit F** and include all construction cost estimates together with estimates of costs such as land acquisition, engineering services, legal expenses and other associated expenses. Maps of the anticipated location, operation, and maintenance of Public Improvements are attached hereto as **Exhibit G**. Changes in the Public Improvements or cost, which are approved by the City in an Approved Development Plan, shall not constitute a Service Plan Amendment. In addition, due to the preliminary nature of the Project, the City shall not be bound by this Service Plan in reviewing and approving the Approved Development Plan and the Approved Development Plan shall supersede the Service Plan with regard to the cost, scope, and definition of Public Improvements. Further, any agreement approved and entered into pursuant to Section IV.B of this Service Plan for the provision of a Public Improvement that is also a Public Benefit shall supersede both this Service Plan and the Approved Development Plan.

The design, phasing of construction, location and completion of Public Improvements will be determined by the Districts to coincide with the phasing and development of the Planned Development and the availability of funding sources. The Districts may, in their discretion, phase the construction, completion, operation, and maintenance of Public Improvements or defer, delay, reschedule, rephase, relocate or determine not to proceed with the construction, completion, operation, and maintenance of Public Improvements, and such actions or determinations shall not constitute a Service Plan Amendment. The Districts shall also be permitted to allocate costs between such categories of the Public Improvements as deemed necessary in their discretion.

The Public Improvements shall be listed using an ownership and maintenance matrix in **Exhibit F**, either individually or categorically, to identify the ownership and maintenance responsibilities of the Public Improvements.

The City Code has development standards, contracting requirements and other legal requirements related to the construction and payment of public improvements and related to certain operation activities. Relating to these, the Districts shall comply with the following requirements:

A. Development Standards.

The Districts shall ensure that the Public Improvements are designed and constructed in accordance with the standards and specifications of the City Code and of other governmental entities having proper jurisdiction, as applicable. The Districts directly, or indirectly through any Developer, will obtain the City's approval of civil engineering plans and will obtain applicable permits for construction and installation of Public Improvements prior to performing such work. Unless waived by the City, the Districts shall be required, in accordance with the City Code, to post a surety bond, letter of credit, or other approved development security for any Public Improvements to be constructed by the Districts. Such development security may be released in the City Manager's discretion when the constructing District has obtained funds, through Debt issuance or otherwise, adequate to insure the construction of the Public Improvements, unless such release is prohibited by or in conflict with any City Code provision or State law. Any limitation or requirement concerning the time within which the City must review the Districts' proposal or application for an Approved Development Plan or other land use approval is hereby waived by the Districts.

B. Contracting.

The Districts shall comply with all applicable State purchasing, public bidding and construction contracting requirements and limitations.

C. Land Acquisition and Conveyance.

The purchase price of any land or improvements acquired by the Districts from the Developer shall be no more than the then-current fair market value as confirmed by an independent MAI appraisal for land and by an independent professional engineer for improvements. Land, easements, improvements and facilities conveyed to the City shall be free and clear of all liens, encumbrances and easements, unless otherwise approved by the City Manager prior to conveyance. All conveyances to the City shall be by special warranty deed, shall be conveyed at no cost to the City, shall include an ALTA title policy issued to the City, shall meet the environmental standards of the City and shall comply with any other conveyance prerequisites required in the City Code.

D. Equal Employment and Discrimination.

In connection with the performance of all acts or activities hereunder, the Districts shall not discriminate against any person otherwise qualified with respect to its hiring, discharging, promoting or demoting or in matters of compensation solely because of race, color, religion, national origin, gender, age, military status, sexual orientation, gender identity or gender expression, marital status, or physical or mental disability, and further shall insert the foregoing provision in contracts or subcontracts entered into by the Districts to accomplish the purposes of this Service Plan.

IX. FINANCIAL PLAN/PROPOSED DEBT

This Section IX of the Service Plan describes the nature, basis, method of funding and financing limitations associated with the acquisition, construction, completion, repair, replacement, operation and maintenance of Public Improvements.

Notwithstanding any provision to the contrary contained in this Service Plan, the Districts shall not be authorized to impose the Debt Mill Levy, the Operating Mill Levy or any other taxes or Fees for any purpose unless and until (a) the Districts and/or the Developer have obtained an

Approved Development Plan that secures the Public Benefits described in Section IV.B of this Service Plan, or (b) the City and Districts, at the City's option, have entered into an intergovernmental agreement securing the delivery of the Public Benefits described in Section IV.B Failure to comply with this provision shall constitute a material modification under this Service Plan and shall entitle the City to all remedies available at law and in equity as provided in Section XVII of this Service Plan.

A. Financial Plan.

The Districts' Financial Plan, attached as **Exhibit H** and incorporated by reference, reflects the Districts' anticipated schedule for incurring Debt to fund Public Improvements in support of the Project. The Financial Plan also reflects the schedule of all anticipated revenues flowing to the Districts derived from the Districts' mill levies, Fees imposed by the Districts, specific ownership taxes, and all other anticipated legally available revenues. The Financial Plan incorporates all of the provisions of this Section IX.

Based upon the assumptions contained therein, the Financial Plan projects the issuance of Bonds to fund Public Improvements and anticipated Debt repayment based on the development assumptions and absorptions of the property in the Service Area by End Users. The Financial Plan anticipates that the Districts will acquire, construct, and complete all Public Improvements needed to serve the Service Area.

The Financial Plan demonstrates that the Districts will have the financial ability to discharge all Debt to be issued as part of the Financial Plan on a reasonable basis. Furthermore, the Districts will secure the certification of an External Financial Advisor who will provide an opinion as to whether such Debt issuances are in the best interest of the Districts at the time of issuance.

B. Mill Levies.

It is anticipated that the Districts will impose a Debt Mill Levy and an Operating Mill Levy on all property within the Service Area. In doing so, the following shall apply:

1. Aggregate Mill Levy Maximum

   The Aggregate Mill Levy shall not exceed in any year the Aggregate Mill Levy Maximum, which is fifty (50) mills.

2. Regional Mill Levy Not Included in Other Mill Levies

   The Regional Mill Levy shall not be counted against the Aggregate Mill Levy Maximum.

3. Operating Mill Levy

   Each District may impose an Operating Mill Levy of up to fifty (50) mills until such District imposes a Debt Mill Levy. Once a District imposes a Debt Mill Levy, such District's Operating Mill Levy shall cannot exceed ten (10) mills at any point.

4. Gallagher Adjustments

In the event the State's method of calculating assessed valuation for the Taxable Property changes after approval of this Service Plan, the Districts' Aggregate Mill Levy, Debt Mill Levy, Operating Mill Levy, and Aggregate Mill Levy Maximum, amounts herein provided may be increased or decreased to reflect such changes; such increases or decreases shall be determined by the Districts' Boards in good faith so that to the extent possible, the actual tax revenues generated by such mill levies, as adjusted, are neither enhanced nor diminished as a result of such change.

5. Excessive Mill Levy Pledges

Any Debt issued with a mill levy pledge, or which results in a mill levy pledge, that exceeds the Aggregate Mill Levy Maximum or the Maximum Debt Mill Levy Imposition Term, shall be deemed a material modification of this Service Plan and shall not be an authorized issuance of Debt unless and until such material modification has been approved by a Service Plan Amendment.

6. Refunding Debt

The Maximum Debt Mill Levy Imposition Term may be exceeded for Debt refunding purposes if: (1) a majority of the issuing District's Board is composed of End Users and have voted in favor of a refunding of a part or all of the Debt; or (2) such refunding will result in a net present value savings.

7. Maximum Debt Authorization

The Districts anticipate approximately **$74,037,174** in project costs in 2019 dollars as set forth in **Exhibit F** and anticipate issuing approximately **$65,000,000** in Debt to pay such costs as set forth in **Exhibit H,** which Debt issuance amount shall be the amount of the Maximum Debt Authorization, provided, however, if the Inclusion Area is added to the Districts' boundaries, the Maximum Debt Authorization shall be **$75,000,000**. The request for the additional debt authorization will allow for contingencies and financing variations based upon changes to construction costs, development build out and absorption of the future inclusion area as well as additional debt capacity to provide for Public Improvements needed these contingencies and for the future inclusion area which development has not currently been included in the financial and capital projections. The Districts collectively shall not issue Debt in excess of the Maximum Debt Authorization. The Districts must seek prior resolution approval by the City Council to issue Debt in excess of the Maximum Debt Authorization to pay the actual costs of the Public Improvements set forth in **Exhibit F** plus inflation, contingencies and other unforeseen expenses associated with such Public Improvements. Such approval by the City Council shall not constitute a material modification of this Service Plan requiring a Service Plan Amendment so long as increases are reasonably related to the Public Improvements set forth in **Exhibit F** and any Approved Development Plan.

C. Maximum Voted Interest Rate and Underwriting Discount.

The interest rate on any Debt is expected to be the market rate at the time the Debt is issued. The maximum interest rate on any Debt is not permitted to exceed Twelve Percent (12%). The maximum underwriting discount shall be three percent (3%). Debt, when issued, will comply with all relevant requirements of this Service Plan, the Special District Act, other applicable State law and federal law as then applicable to the issuance of public securities.

D. Interest Rate and Underwriting Discount Certification.

The Districts shall retain an External Financial Advisor to provide a written opinion on the market reasonableness of the interest rate on any Debt and any underwriter discount payed by the Districts as part of a Debt financing transaction. The Districts shall provide this written opinion to the City before issuing any Debt based on it.

E. Disclosure to Purchasers.

In order to notify future End Users who are purchasing residential lots or dwellings units in the Service Area that they will be paying, in addition to the property taxes owed to other taxing governmental entities, the property taxes imposed under the Debt Mill Levy, the Operating Mill Levy and possibly the Regional Mill Levy, the Districts shall not be authorized to issue any Debt under this Service Plan until there is included in the Developer's Approved Development Plan provisions that require the following:

1. That the Developer, and its successors and assigns, shall prepare and submit to the City Manager for his approval a disclosure notice in substantially the form attached hereto as **Exhibit J** (the "Disclosure Notice");

2. That when the Disclosure Notice is approved by the City Manager, the Developer shall record the Disclosure Notice in the Larimer County Clerk and Recorders Office; and

3. That the approved Disclosure Notice shall be provided by the Developer, and by its successors and assigns, to each potential End User purchaser of a residential lot or dwelling unit in the Service Area before that purchaser enters into a written agreement for the purchase and sale of that residential lot or dwelling unit.

F. External Financial Advisor.

An External Financial Advisor shall be retained by the Districts to provide a written opinion as to whether any Debt issuance is in the best interest of the issuing District once the total amount of Debt issued by such District exceeds Five Million Dollars ($5,000,000). The External Financial Advisor is to provide advice to the issuing District's Board regarding the proposed terms and whether Debt conditions are reasonable based upon the status of development within the District, the projected tax base increase in the District, the security offered and other considerations as may be identified by the Advisor. The issuing District shall include in the transcript of any Bond transaction, or other appropriate financing documentation for related Debt instrument, a signed letter from the External Financial Advisor providing an official opinion on the structure of the Debt, stating the Advisor's opinion that the cost of issuance, sizing, repayment term, redemption feature, couponing, credit spreads, payment, closing date, and other material transaction details of the proposed Debt serve the best interest of the issuing District.

Debt shall not be undertaken by the Districts if found to be unreasonable by the External Financial Advisor.

G. Disclosure to Debt Purchasers.

Any Debt of the Districts shall set forth a statement in substantially the following form:

> "By acceptance of this instrument, the owner of this Debt agrees and consents to all of the limitations with respect to the payment of the principal and interest on this Debt contained herein, in the resolution of the District authorizing the issuance of this Debt and in the Service Plan of the District. This Debt is not and cannot be a Debt of the City of Fort Collins"

Similar language describing the limitations with respect to the payment of the principal and interest on Debt set forth in this Service Plan shall be included in any document used for the offering of the Debt for sale to persons, including, but not limited to, a Developer of property within the Service Area.

H. Security for Debt.

The Districts shall not pledge any revenue or property of the City as security for the indebtedness set forth in this Service Plan. Approval of this Service Plan shall not be construed as a guarantee by the City of payment of any of the Districts' obligations; nor shall anything in the Service Plan be construed to create any responsibility or liability on the part of the City in the event of default by the Districts in the payment of any such obligation.

I. TABOR Compliance.

The Districts shall comply with the provisions of the Taxpayer's Bill of Rights in Article X, § 20 of the Colorado Constitution ("TABOR"). In the discretion of the Boards, the Districts may set up other qualifying entities to manage, fund, construct and operate facilities, services, and programs. To the extent allowed by law, any entity created by a District will remain under the control of the District's Board.

J. Districts' Operating Costs.

The estimated cost of acquiring land, engineering services, legal services and administrative services, together with the estimated costs of the Districts' organization and initial operations, are anticipated to be SEVENTY FIVE THOUSAND DOLLARS ($75,000), which will be eligible for reimbursement from Debt proceeds.

In addition to the capital costs of the Public Improvements, the Districts will require operating funds for administration and to plan and cause the Public Improvements to be operated and maintained. The first year's operating budget is estimated to be ONE HUNDRED THOUSAND DOLLARS ($100,000).

Ongoing administration, operations and maintenance costs may be paid from property taxes collected through the imposition of an Operating Mill Levy, subject to the limitations set forth in Section IX.B.3, as well as from other revenues legally available to the Districts.

X. REGIONAL IMPROVEMENTS

The Districts shall be authorized to provide for the planning, design, acquisition, funding, construction, installation, relocation, redevelopment, administration and overhead costs related to the provision of Regional Improvements. At the discretion of the City, the Districts shall impose a Regional Improvement Mill Levy on all property within the Districts under the following terms:

A. Regional Mill Levy Authority.

The Districts shall seek the authority to impose an additional Regional Mill Levy of five (5) mills as part of the Districts' initial TABOR election. The Districts shall also seek from the electorate in that election the authority under TABOR to enter into an intergovernmental agreement with the City obligating the Districts to pay as a multiple-fiscal year obligation the proceeds from the Regional Mill Levy to the City. Obtaining such voter-approval of this intergovernmental agreement shall be a precondition to the Districts issuing any Debt under this Service Plan.

B. Regional Mill Levy Imposition.

The Districts shall each impose the Regional Mill Levy at a rate not to exceed five (5) mills within one year of receiving written notice from the City Manager to the Districts requesting the imposition of the Regional Mill Levy and stating the mill rate to be imposed.

C. City Notice Regarding Regional Improvements.

Such notice from the City shall provide a description of the Regional Improvements to be constructed and an analysis explaining how the Regional Improvements will be beneficial to property owners within the Service Area. The City shall require that planned developments that (i) are adjacent to the Service Area and (ii) will benefit from the Regional Improvement also impose a Regional Mill Levy, to the extent possible.

D. Regional Improvements Authorized Under Service Plan.

If so notified by the City Manager, the Regional Improvements shall be considered public improvements that the Districts would otherwise be authorized to design, construct, install re-design, re-construct, repair or replace pursuant to this Service Plan and applicable law.

E. Expenditure of Regional Mil Levy Revenues.

Revenue collected through the imposition of the Regional Mill Levy shall be expended as follows:

1. <u>Intergovernmental Agreement</u>

   If the City and the Districts have executed an intergovernmental agreement concerning the Regional Improvements, then the revenue from the Regional Mill Levy shall be used in accordance with such agreement;

2. <u>No Intergovernmental Agreement</u>

   If no intergovernmental agreement exists between the Districts and the City, then the revenue from the Regional Mill Levy shall be paid to the City, for use by the City in the planning, designing, constructing, installing, acquiring, relocating, redeveloping or financing of Regional Improvements which benefit the End Users of the Districts as prioritized and determined by the City.

F. Regional Mill Levy Term.

The imposition of the Regional Mill Levy shall not exceed a term of twenty-five (25) years from December 31 of the tax collection year after which the Regional Mill Levy is first imposed.

G. Completion of Regional Improvements.

All Regional Improvements shall be completed prior to the end of the twenty-five (25) year Regional Mill Levy term.

H. City Authority to Require Imposition.

The City's authority to require a District to initiate the imposition of a Regional Mill Levy shall expire fifteen (15) years after December 31st of the year in which said District first imposes a Debt Mill Levy.

I. Regional Mill Levy Not Included in Other Mill Levies.

The Regional Mill Levy imposed shall not be applied toward the calculation of the Aggregate Mill Levy Maximum.

J. Gallagher Adjustment.

In the event the method of calculating assessed valuation is changed after the date of approval of this Service Plan, the Regional Mill Levy may be increased or shall be decreased to reflect such changes; such increases or decreases shall be determined by the Districts in good faith so that to the extent possible, the actual tax revenues generated by the Regional Mill Levy, as adjusted, are neither enhanced nor diminished as a result of such change.

XI. CITY FEES

The Districts shall pay all applicable City fees as required by the City Code.

XII. BANKRUPTCY LIMITATIONS

All of the limitations contained in this Service Plan, including, but not limited to, those pertaining to the Aggregate Mill Levy Maximum, Maximum Debt Mill Levy Imposition Term and Fees, have been established under the authority of the City in the Special District Act to approve this Service Plan. It is expressly intended that by such approval such limitations: (i) shall not be set aside for any reason, including by judicial action, absent a Service Plan Amendment; and (ii) are, together with all other requirements of State law, included in the "political or governmental powers" reserved to the State under the U.S. Bankruptcy Code (11 U.S.C.) Section 903, and are also included in the "regulatory or electoral approval necessary under applicable non-bankruptcy law" as required for confirmation of a Chapter 9 Bankruptcy Plan under Bankruptcy Code Section 943(b)(6).

XIII. ANNUAL REPORTS AND BOARD MEETINGS

A. General.

Each of the Districts shall be responsible for submitting an annual report to the City Clerk no later than September 1st of each year following the year in which the Orders and Decrees creating the Districts have been issued. These documents may be made available to the public on the City's website.

B. Board Meetings.

Each of the District's board of directors shall hold at least one public board meeting in three of the four quarters of each calendar year, beginning in the first full calendar year after the Districts' creation. Notice for each of these meetings shall be given in accordance with the requirements of the Special District Act and other applicable State Law. This requirement shall not apply when a majority of the board of directors are End Users.

C. Report Requirements.

Unless waived in writing by the City Manager, each of the Districts' annual report must include the following in the Annual Report:

1. Narrative

   A narrative summary of the progress of the District in implementing its Service Plan for the report year.

2. Financial Statements

   Except when exemption from audit has been granted for the report year under the Local Government Audit Law, the audited financial statements of the District for the report year including a statement of financial condition (i.e., balance sheet) as of December 31 of the report year and the statement of operation (i.e., revenue and expenditures) for the report year.

3. Capital Expenditures

   Unless disclosed within a separate schedule to the financial statements, a summary of the capital expenditures incurred by the District in development of improvements in the report year.

4. Financial Obligations

   Unless disclosed within a separate schedule to the financial statements, a summary of financial obligations of the District at the end of the report year, including the amount of outstanding Debt, the amount and terms of any new District Debt issued in the report year, the total assessed valuation of all Taxable Property within the Service Area as of January 1 of the report year and the current total District mill levy pledged to Debt retirement in the report year.

5. Board Contact Information

The names and contact information of the current board members, any District manager and the attorney for the District shall be listed in the report. The District's current office address, phone number, email address and any website address shall also be listed in the report.

6. Other Information

Any other information deemed relevant by the City Council or deemed reasonably necessary by the City Manager.

D. Reporting of Significant Events.

The annual report of each District shall include information as to any of the following that occurred during the report year:

1. Boundary changes made or proposed to the District's Boundaries as of December 31 of the report year.
2. Intergovernmental Agreements with other governmental entities, either entered into or proposed as of December 31 of the report year.
3. Copies of the District's rules and regulations, if any, or substantial changes to the District's rules and regulations as of December 31 of the report year.
4. A summary of any litigation which involves the District's Public Improvements as of December 31 of the report year.
5. A list of all facilities and improvements constructed by the District that have been dedicated to and accepted by the City as of December 31 of the report year.
6. Notice of any uncured events of default by the District, which continue beyond a ninety (90) day period, under any Debt instrument.
7. Any inability of the District to pay its obligations as they come due, in accordance with the terms of such obligations, which continue beyond a ninety (90) day period.

E. Failure to Submit.

In the event the annual report is not timely received by the City Clerk or is not fully responsive, notice of such default shall be given to the District's Board at its last known address. The failure of the District to file the annual report within forty-five (45) days of the mailing of such default notice by the City Clerk may constitute a material modification of the Service Plan, at the discretion of the City Manager.

XIV. SERVICE PLAN AMENDMENTS

This Service Plan is general in nature and does not include specific detail in some instances. The Service Plan has been designed with sufficient flexibility to enable the Districts to provide required improvements, services and facilities under evolving circumstances without the need for numerous amendments. Modification of the general types of improvements and facilities making up the Public Improvements, and changes in proposed configurations, locations or dimensions of the Public Improvements, shall be permitted to accommodate development needs consistent with the then-current Approved Development Plans for the Project. Any action of the Districts, which is a material modification of this Service Plan requiring a Service Plan Amendment as provided in in Section XV below or any other applicable provision of this Service Plan, shall be deemed to be a material modification to this Service Plan unless otherwise expressly provided in this Service Plan. All other departures from the provisions of this Service Plan shall be considered on a case-by-case basis as to whether such departures are a material modification under this Service Plan or the Special District Act.

XV. MATERIAL MODIFICATIONS

Material modifications to this Service Plan may be made only in accordance with C.R.S. Section 32-1-207 as a Service Plan Amendment. No modification shall be required for an action of the Districts that does not materially depart from the provisions of this Service Plan, unless otherwise provided in this Service Plan.

Departures from the Service Plan that constitute a material modification requiring a Service Plan Amendment include, without limitation:

1. Actions or failures to act that create materially greater financial risk or burden to the taxpayers of the Districts;
2. Performance of a service or function, construction of an improvement, or acquisition of a major facility that is not closely related to an improvement, service, function or facility authorized in the Service Plan;
3. Failure to perform a service or function, construct an improvement or acquire a facility required by the Service Plan; and
4. Failure to comply with any of the prohibitions, limitations and restrictions of this Service Plan.

Actions that are not to be considered material modifications include without limitation changes in quantities of improvements, facilities or equipment; immaterial cost differences; and actions expressly authorized in this Service Plan.

XVI. DISSOLUTION

Upon independent determination by the City Council that the purposes for which any District was created have been accomplished, said District shall file a petition in district court for dissolution as provided in the Special District Act. In no event shall dissolution occur until the District has provided for the payment or discharge of all of its outstanding indebtedness and other financial obligations as required pursuant to State law.

XVII. SANCTIONS

Should any of the Districts undertake any act without obtaining prior City Council approval or consent or City Manager approval or consent as required in this Service Plan, or that constitutes a material modification to this Service Plan requiring a Service Plan Amendment as provided herein or under the Special Districts Act, the City Council may impose one (1) or more of the following sanctions, as it deems appropriate:

1. Exercise any applicable remedy under the Special District Act;
2. Withhold the issuance of any permit, authorization, acceptance or other administrative approval, or withhold any cooperation, necessary for the District's development or construction or operation of improvements or provision of services;
3. Exercise any legal remedy under the terms of any intergovernmental agreement under which the District is in default; or
4. Exercise any other legal and equitable remedy available under the law, including seeking injunctive relief against the District, to ensure compliance with the provisions of the Service Plan or applicable law.

XVIII. CONCLUSION

It is submitted that this Service Plan, as required by C.R.S. Section 32-1-203(2), establishes that:

1. There is sufficient existing and projected need for organized service in the Service Area to be served by the Districts;
2. The existing service in the Service Area to be served by the Districts is inadequate for present and projected needs;
3. The Districts are capable of providing economical and sufficient service to the Service Area; and
4. The Service Area does have, and will have, the financial ability to discharge the proposed indebtedness on a reasonable basis.

XIX. RESOLUTION OF APPROVAL

The Districts agree to incorporate the City Council's resolution approving this Service Plan, including any conditions on any such approval, into the copy of the Service Plan presented to the District Court for and in Larimer County, Colorado.

EXHIBIT A-1

LEGAL DESCRIPTION OF DISTRICT NO. 1 BOUNDARIES

EXHIBIT A

LEGAL DESCRIPTION
SPRINGER-FISHER-WHITHAM DISTRICT NO. 1

THAT PART OF THE NORTHWEST QUARTER OF SECTION 9, TOWNSHIP 7 NORTH, RANGE 68 WEST OF THE 6TH P.M., LARIMER COUNTY, COLORADO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE CENTER QUARTER CORNER OF SECTION 9;

THENCE NORTH 00°09'57" EAST FOR 87.10 FEET ON THE EAST LINE OF SAID NORTHWEST QUARTER OF SECTION 9 TO THE NORTH RIGHT OF WAY LINE OF THE GREAT WESTERN RAILROAD, THE START OF A NONTANGENT CURVE TO THE RIGHT AND THE TRUE POINT OF BEGINNING;

THENCE ON SAID NORTH RIGHT OF WAY LINE FOR THE FOLLOWING 2 COURSES;

1) THENCE ALONG SAID CURVE TO THE RIGHT, HAVING A RADIUS OF 692.09 FEET, A CENTRAL ANGLE OF 21°41'33", A DISTANCE OF 262.03 FEET, A CHORD BEARING OF N52°40'51"W WITH A CHORD DISTANCE OF 260.47 FEET;

2) THENCE N41°01'15"W, A DISTANCE OF 356.86 FEET;

THENCE N45°30'06"E, A DISTANCE OF 622.29 FEET TO THE WEST LINE OF SAID NORTHWEST QUARTER OF SECTION 9;

THENCE S00°09'57"W, A DISTANCE OF 863.31 FEET TO THE POINT OF BEGINNING.

PARCEL CONTAINS 202,592 SQUARE FEET OR 4.651 ACRES.

BASIS OF BEARING: THE EAST LINE OF NORTHWEST QUARTER OF SECTION 9, TOWNSHIP 7 NORTH, RANGE 68 WEST OF THE 6TH P.M., LARIMER COUNTY, COLORADO, AS REFERENCE TO FINAL PLAT OF EASTRIDGE SECOND FILING RECORDED AT REC NO 20160047573 IN THE LARIMER COUNTY CLERK AND RECORDERS OFFICE BEARS NORTH 00°09'57" EAST FOR 2634.32 FEET BETWEEN THE SOUTHEAST CORNER OF SAID NORTHEAST QUARTER, MONUMENTED WITH A WITH A 2 " ALUMINUM CAP ON NO 6 REBAR, STAMPED PLS 23503, 1996 AND THE NORTHEAST CORNER OF SAID NORTHEAST QUARTER, MONUMENTED A WITH A 2 1/2" ALUMINUM CAP ON NO 6 REBAR STAMPED PLS 28285, WITH ALL OTHER BEARINGS REFERENCED THERETO

EXHIBIT B IS ATTACHED HERETO AND IS ONLY INTENDED TO DEPICT EXHIBIT A - LEGAL DESCRIPTION. IN THE EVENT THAT EXHIBIT A CONTAINS AN AMBIGUITY, EXHIBIT B MAY BE USED TO RESOLVE SAID AMBIGUITY.

PREPARED FOR AND ON BEHALF OF GALLOWAY
BY FRANK A. KOHL, PLS# 37067

EXHIBIT A-2

LEGAL DESCRIPTION OF DISTRICT NO. 2 BOUNDARIES

EXHIBIT A

LEGAL DESCRIPTION
SPRINGER-FISHER-WHITHAM DISTRICT NO. 2

THAT PART OF THE NORTHWEST QUARTER OF SECTION 9, TOWNSHIP 7 NORTH, RANGE 68 WEST OF THE 6TH P.M., LARIMER COUNTY, COLORADO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE CENTER QUARTER CORNER OF SECTION 9;
THENCE NORTH 00°09'57" EAST FOR 950.41 FEET ON THE EAST LINE OF SAID NORTHWEST QUARTER OF SECTION 9 TO THE TRUE POINT OF BEGINNING;

THENCE S45°30'06"W, A DISTANCE OF 622.29 FEET TO THE NORTH RIGHT OF WAY LINE OF THE GREAT WESTERN RAILROAD;

THENCE N41°01'15"W, A DISTANCE OF 2518.11 FEET ON SAID NORTH RIGHT OF WAY LINE TO A POINT OF CURVATURE;

THENCE CONTINUING ON SAID NORTH RIGHT OF WAY LINE ALONG SAID CURVE TO THE LEFT, HAVING A RADIUS OF 742.09 FEET, A CENTRAL ANGLE OF 39°19'08", A DISTANCE OF 509.26 FEET, A CHORD BEARING OF N59°53'25"W WITH A CHORD DISTANCE OF 499.32 FEET TO THE SOUTH RIGHT OF WAY LINE OF EAST VINE STREET;

THENCE S88°38'14"E, A DISTANCE OF 2534.03 FEET ON SAID SOUTH RIGHT OF WAY LINE TO THE EAST LINE OF SAID NORTHWEST QUARTER OF SECTION 9;

THENCE S00°09'57"W, A DISTANCE OF 1653.91 FEET TO THE POINT OF BEGINNING.

PARCEL CONTAINS 2,809,099 SQUARE FEET OR 64.488 ACRES.

BASIS OF BEARING: THE EAST LINE OF NORTHWEST QUARTER OF SECTION 9, TOWNSHIP 7 NORTH, RANGE 68 WEST OF THE 6TH P.M., LARIMER COUNTY, COLORADO, AS REFERENCE TO FINAL PLAT OF EASTRIDGE SECOND FILING RECORDED AT REC NO 20160047573 IN THE LARIMER COUNTY CLERK AND RECORDERS OFFICE BEARS NORTH 00°09'57" EAST FOR 2634.32 FEET BETWEEN THE SOUTHEAST CORNER OF SAID NORTHEAST QUARTER, MONUMENTED WITH A WITH A 2 " ALUMINUM CAP ON NO 6 REBAR, STAMPED PLS 23503, 1996 AND THE NORTHEAST CORNER OF SAID NORTHEAST QUARTER, MONUMENTED A WITH A 2 1/2" ALUMINUM CAP ON NO 6 REBAR STAMPED PLS 28285, WITH ALL OTHER BEARINGS REFERENCED THERETO

EXHIBIT B IS ATTACHED HERETO AND IS ONLY INTENDED TO DEPICT EXHIBIT A - LEGAL DESCRIPTION. IN THE EVENT THAT EXHIBIT A CONTAINS AN AMBIGUITY, EXHIBIT B MAY BE USED TO RESOLVE SAID AMBIGUITY.

PREPARED FOR AND ON BEHALF OF GALLOWAY
BY FRANK A KOHL, PLS# 37067

EXHIBIT A-3

LEGAL DESCRIPTION OF DISTRICT NO. 3 BOUNDARIES

EXHIBIT A

LEGAL DESCRIPTION
SPRINGER-FISHER-WHITHAM DISTRICT NO. 3

THAT PART OF THE NORTHWEST QUARTER OF SECTION 9, TOWNSHIP 7 NORTH, RANGE 68 WEST OF THE 6TH P.M., LARIMER COUNTY, COLORADO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE CENTER QUARTER CORNER OF SAID SECTION 9;
THENCE NORTH 88°55'57" WEST FOR 1,257.90 FEET ON THE SOUTH LINE OF SAID NORTHWEST QUARTER OF SECTION 9
THENCE N00°13'30"E, A DISTANCE OF 94.01 FEET TO THE TRUE POINT OF BEGINNING;

THENCE N88°56'09"W, A DISTANCE OF 1350.59 FEET TO EAST LINE OF EASTRIDGE SECOND FILING RECORDED AT REC NO 20160047573 IN THE LARIMER COUNTY CLERK AND RECORDERS OFFICE;

THENCE ON SAID EAST LINE FOR THE FOLLOWING 3 COURSES;

1) THENCE N00°17'47"E, A DISTANCE OF 1003.03 FEET;

2) THENCE N89°29'01"W, A DISTANCE OF 38.08 FEET;

3) THENCE N00°17'47"E, A DISTANCE OF 1480.45 FEET TO THE SOUTH RIGHT OF WAY LINE OF THE GREAT WESTERN RAILROAD AND A NON-TANGENT POINT OF CURVATURE;

THENCE ON SAID SOUTH RIGHT OF WAY LINE FOR THE FOLLOWING 2 COURSES;

1) THENCE ALONG SAID NONTANGECT CURVE TO THE RIGHT, HAVING A RADIUS OF 692.09 FEET, A CENTRAL ANGLE OF 47°31'20", A DISTANCE OF 574.03 FEET, A CHORD BEARING OF S63°57'51"E WITH A CHORD DISTANCE OF 557.72 FEET;

2) THENCE CONTINUING ON SAID SOUTH RIGHT OF WAY LINE S41°01'15"E, A DISTANCE OF 1566.60 FEET TO A NONTANGENT POINT OF CURVATURE;

THENCE ALONG SAID NONTANGENT CURVE TO THE LEFT, HAVING A RADIUS OF 534.50 FEET, A CENTRAL ANGLE OF 43°55'11", A DISTANCE OF 409.72 FEET, A CHORD BEARING OF S22°11'05"W WITH A CHORD DISTANCE OF 399.76 FEET;

THENCE S00°13'30"W, A DISTANCE OF 711.96 FEET TO THE POINT OF BEGINNING.

PARCEL CONTAINS 2,751,597 SQUARE FEET OR 63.168 ACRES.

BASIS OF BEARING: THE EAST LINE OF NORTHWEST QUARTER OF SECTION 9, TOWNSHIP 7 NORTH, RANGE 68 WEST OF THE 6TH P.M., LARIMER COUNTY, COLORADO, AS REFERENCE TO FINAL PLAT OF EASTRIDGE SECOND FILING RECORDED AT REC NO 20160047573 IN THE LARIMER COUNTY CLERK AND RECORDERS OFFICE BEARS NORTH 00°09'57" EAST FOR 2634.32 FEET BETWEEN THE SOUTHEAST CORNER OF SAID NORTHEAST QUARTER, MONUMENTED WITH A WITH A 2 " ALUMINUM CAP ON NO 6 REBAR, STAMPED PLS 23503, 1996 AND THE NORTHEAST CORNER OF SAID NORTHEAST QUARTER, MONUMENTED A WITH A 2 1/2"

ALUMINUM CAP ON NO 6 REBAR STAMPED PLS 28285, WITH ALL OTHER BEARINGS REFERENCED THERETO

EXHIBIT B IS ATTACHED HERETO AND IS ONLY INTENDED TO DEPICT EXHIBIT A - LEGAL DESCRIPTION. IN THE EVENT THAT EXHIBIT A CONTAINS AN AMBIGUITY, EXHIBIT B MAY BE USED TO RESOLVE SAID AMBIGUITY.

PREPARED FOR AND ON BEHALF OF GALLOWAY
BY FRANK A KOHL, PLS# 37067

EXHIBIT A-4

LEGAL DESCRIPTION OF DISTRICT NO. 4 BOUNDARIES

EXHIBIT A

LEGAL DESCRIPTION

SPRINGER-FISHER-WHITHAM DISTRICT NO. 4

THAT PART OF THE WEST HALF OF SECTION 9, TOWNSHIP 7 NORTH, RANGE 68 WEST OF THE 6TH P.M., LARIMER COUNTY, COLORADO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE CENTER QUARTER CORNER OF SAID SECTION 9;
THENCE NORTH 88°55'57" WEST FOR 1,257.90 FEET ON THE SOUTH LINE OF THE NORTHWEST QUARTER OF SECTION 9 TO THE TRUE POINT OF BEGINNING;

THENCE N88°55'57"W, A DISTANCE OF 65.51 FEET CONTINUING ON SAID SOUTH LINE TO THE WEST CENTER 1/16TH CORNER;

THENCE S00°13'30"W, A DISTANCE OF 1311.25 FEET ON THE EAST LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 9;

THENCE N89°43'01"W, A DISTANCE OF 238.69 FEET TO A NON-TANGENT POINT OF CURVATURE TO THE RIGHT;

THENCE ALONG SAID CURVE TO THE RIGHT, HAVING A RADIUS OF 327.50 FEET, A CENTRAL ANGLE OF 21°50'53", A DISTANCE OF 124.88 FEET, A CHORD BEARING OF N78°48'58"W WITH A CHORD DISTANCE OF 124.13 FEET;

THENCE N67°53'32"W, A DISTANCE OF 207.56 FEET TO A POINT OF CURVATURE;

THENCE ALONG SAID CURVE TO THE LEFT, HAVING A RADIUS OF 272.50 FEET, A CENTRAL ANGLE OF 21°48'05", A DISTANCE OF 103.69 FEET, A CHORD BEARING OF N78°47'34"W WITH A CHORD DISTANCE OF 103.06 FEET;

THENCE N89°41'37"W, A DISTANCE OF 41.75 FEET TO A POINT OF CURVATURE;

THENCE ALONG SAID CURVE TO THE LEFT, HAVING A RADIUS OF 272.50 FEET, A CENTRAL ANGLE OF 19°06'10", A DISTANCE OF 90.85 FEET, A CHORD BEARING OF S80°45'18"W WITH A CHORD DISTANCE OF 90.43 FEET;

THENCE S71°12'13"W, A DISTANCE OF 250.44 FEET TO A POINT OF CURVATURE;

THENCE ALONG SAID CURVE TO THE RIGHT, HAVING A RADIUS OF 327.50 FEET, A CENTRAL ANGLE OF 19°06'10", A DISTANCE OF 109.19 FEET, A CHORD BEARING OF S80°45'18"W WITH A CHORD DISTANCE OF 108.69 FEET;

THENCE N89°41'37"W, A DISTANCE OF 195.27 FEET TO THE SOUTH 1/16TH CORNER OF SECTIONS 8 AND 9;

THENCE N00°17'04"E, A DISTANCE OF 1323.84 FEET ON THE WEST LINE OF THE SOUTHWEST QUARTER OF SAID SECTION 9 TO THE WEST QUARTER CORNER THEREOF;

THENCE ON THE EAST LINE OF THE FINAL PLAT OF EAST RIDGE SECOND FILNG RECORDED AT REC NO 20160047573 IN THE LARIMER COUNTY CLERK AND RECORDERS OFFICE FOR THE FOLLOWING 3 COURSES;

1) THENCE N00°17'47"E, A DISTANCE OF 55.99 FEET;

2) THENCE S88°50'11"E, A DISTANCE OF 38.08 FEET;

3) THENCE N00°17'09"E, A DISTANCE OF 38.08 FEET;

THENCE S88°56'09"E, A DISTANCE OF 1350.59 FEET;

THENCE S00°13'30"W, A DISTANCE OF 94.01 FEET TO THE POINT OF BEGINNING.

PARCEL CONTAINS 1,819,728 SQUARE FEET OR 41.775 ACRES.

BASIS OF BEARING: THE EAST LINE OF NORTHWEST QUARTER OF SECTION 9, TOWNSHIP 7 NORTH, RANGE 68 WEST OF THE 6TH P.M., LARIMER COUNTY, COLORADO, AS REFERENCE TO FINAL PLAT OF EASTRIDGE SECOND FILING RECORDED AT REC NO 20160047573 IN THE LARIMER COUNTY CLERK AND RECORDERS OFFICE BEARS NORTH 00°09'57" EAST FOR 2634.32 FEET BETWEEN THE SOUTHEAST CORNER OF SAID NORTHEAST QUARTER, MONUMENTED WITH A WITH A 2 " ALUMINUM CAP ON NO 6 REBAR, STAMPED PLS 23503, 1996 AND THE NORTHEAST CORNER OF SAID NORTHEAST QUARTER, MONUMENTED A WITH A 2 1/2" ALUMINUM CAP ON NO 6 REBAR STAMPED PLS 28285, WITH ALL OTHER BEARINGS REFERENCED THERETO

EXHIBIT B IS ATTACHED HERETO AND IS ONLY INTENDED TO DEPICT EXHIBIT A - LEGAL DESCRIPTION. IN THE EVENT THAT EXHIBIT A CONTAINS AN AMBIGUITY, EXHIBIT B MAY BE USED TO RESOLVE SAID AMBIGUITY.

PREPARED FOR AND ON BEHALF OF GALLOWAY
BY FRANK A KOHL, PLS# 37067

EXHIBIT A-5

LEGAL DESCRIPTION OF DISTRICT NO. 5 BOUNDARIES

<u>EXHIBIT A</u>

<u>LEGAL DESCRIPTION</u>

SPRINGER-FISHER-WHITHAM DISTRICT NO. 5

THAT PART OF THE NORTHWEST QUARTER OF SECTION 9, TOWNSHIP 7 NORTH, RANGE 68 WEST OF THE 6TH P.M., LARIMER COUNTY, COLORADO, DESCRIBED AS FOLLOWS:

BEGINNING AT THE CENTER QUARTER CORNER OF SAID SECTION 9;

THENCE NORTH 88°55'57" WEST FOR 1,257.90 FEET ON THE SOUTH LINE OF SAID NORTHWEST QUARTER OF SECTION 9

THENCE N00°13'30"E, A DISTANCE OF 805.98 FEET TO A POINT OF CURVATURE;

THENCE ALONG SAID CURVE TO THE RIGHT, HAVING A RADIUS OF 534.50 FEET, A CENTRAL ANGLE OF 43°55'11", A DISTANCE OF 409.72 FEET, A CHORD BEARING OF N22°11'05"E WITH A CHORD DISTANCE OF 399.76 FEET TO THE SOUTH RIGHT OF WAY LINE OF THE GREAT WESTERN RAILROAD;

THENCE ON SAID SOUTH RIGHT OF WAY LINE FOR THE FOLLOWING 2 COURSES;

1) THENCE S41°01'15"E, A DISTANCE OF 1309.06 FEET TO A NON-TANGENT POINT OF CURVATURE;

2) THENCE ALONG SAID NONTANGENT CURVE TO THE LEFT, HAVING A RADIUS OF 742.09 FEET, A CENTRAL ANGLE OF 23°36'51", A DISTANCE OF 305.85 FEET, A CHORD BEARING OF S53°36'50"E WITH A CHORD DISTANCE OF 303.69 FEET;

THENCE S00°09'57"W, A DISTANCE OF 31.77 FEET TO THE POINT OF BEGINNING.

PARCEL CONTAINS 783,129 SQUARE FEET OR 17.978 ACRES.

<u>BASIS OF BEARING:</u> THE EAST LINE OF NORTHWEST QUARTER OF SECTION 9, TOWNSHIP 7 NORTH, RANGE 68 WEST OF THE 6TH P.M., LARIMER COUNTY, COLORADO, AS REFERENCE TO FINAL PLAT OF EASTRIDGE SECOND FILING RECORDED AT REC NO 20160047573 IN THE LARIMER COUNTY CLERK AND RECORDERS OFFICE BEARS NORTH 00°09'57" EAST FOR 2634.32 FEET BETWEEN THE SOUTHEAST CORNER OF SAID NORTHEAST QUARTER, MONUMENTED WITH A WITH A 2 " ALUMINUM CAP ON NO 6 REBAR, STAMPED PLS 23503, 1996 AND THE NORTHEAST CORNER OF SAID NORTHEAST QUARTER, MONUMENTED A WITH A 2 1/2" ALUMINUM CAP ON NO 6 REBAR STAMPED PLS 28285, WITH ALL OTHER BEARINGS REFERENCED THERETO

EXHIBIT B IS ATTACHED HERETO AND IS ONLY INTENDED TO DEPICT EXHIBIT A - LEGAL DESCRIPTION. IN THE EVENT THAT EXHIBIT A CONTAINS AN AMBIGUITY, EXHIBIT B MAY BE USED TO RESOLVE SAID AMBIGUITY.

PREPARED FOR AND ON BEHALF OF GALLOWAY
BY FRANK A KOHL# 37067

EXHIBIT A-6

LEGAL DESCRIPTION OF DISTRICT NO. 6 BOUNDARIES

EXHIBIT A

LEGAL DESCRIPTION

SPRINGER-FISHER-WHITHAM DISTRICT NO. 6

THAT PART OF THE SOUTHWEST QUARTER OF SECTION 9, TOWNSHIP 7 NORTH, RANGE 68 WEST OF THE 6^{TH} P.M., LARIMER COUNTY, COLORADO, DESCRIBED AS FOLLOWS:

COMMENCING AT THE CENTER QUARTER CORNER OF SAID SECTION 9;

THENCE NORTH 88°55'57" WEST FOR 1,323.41 FEET ON THE SOUTH LINE OF THE NORTHWEST QUARTER OF SECTION 9 TO THE WEST CENTER $1/16^{TH}$ CORNER;

THENCE S00°13'30"W, A DISTANCE OF 1311.25 FEET ON THE EAST LINE OF THE WEST HALF OF THE SOUTHEAST QUARTER OF SAID SECTION 9 TO THE TRUE POINT OF BEGINNING;

THENCE S00°13'30"W, A DISTANCE OF 1330.10 FEET CONTINUING ON SAID EAST LINE TO THE WEST $1/16^{TH}$ CORNER COMMON TO SECTIONS 9 AND 16;

THENCE N89°12'17"W, A DISTANCE OF 631.24 FEET ON THE SOUTH LINE OF SAID SECTION 9 TO THE EAST LINE OF THAT PARCEL RECORDED AT REC NO 92016987 IN THE LARIMER COUNTY CLERK AND RECORDERS OFFICE;
THENCE ON SAID EAST LINE FOR THE FOLLOWING 6 COURSES;

1) THENCE N13°44'09"W, A DISTANCE OF 250.02 FEET;
2) THENCE N15°22'09"W, A DISTANCE OF 112.04 FEET;
3) THENCE N57°53'09"W, A DISTANCE OF 181.02 FEET;
4) THENCE N49°41'09"W, A DISTANCE OF 146.77 FEET;
5) THENCE N43°21'09"W, A DISTANCE OF 362.79 FEET;
6) THENCE N60°03'09"W, A DISTANCE OF 100.57 FEET TO THE WEST LINE OF SAID SOUTHWEST QUARTER OF SECTION 9;

THENCE N00°17'21"E, A DISTANCE OF 477.22 FEET ON SAID WEST LINE TO THE SOUTH $1/16^{TH}$ CORNER COMMON TO SECTIONS 8 AND 9;

THENCE S89°41'37"E, A DISTANCE OF 195.27 FEET TO A POINT OF CURVATURE;

THENCE ALONG SAID CURVE TO THE LEFT, HAVING A RADIUS OF 327.50 FEET, A CENTRAL ANGLE OF 19°06'10", A DISTANCE OF 109.19 FEET, A CHORD BEARING OF N80°45'18"E WITH A CHORD DISTANCE OF 108.69 FEET;

THENCE N71°12'13"E, A DISTANCE OF 250.44 FEET TO A POINT OF CURVATURE;

THENCE ALONG SAID CURVE TO THE RIGHT, HAVING A RADIUS OF 272.50 FEET, A CENTRAL ANGLE OF 19°06'10", A DISTANCE OF 90.85 FEET, A CHORD BEARING OF N80°45'18"E WITH A CHORD DISTANCE OF 90.43 FEET;

THENCE S89°41'37"E, A DISTANCE OF 41.75 FEET TO A POINT OF CURVATURE;

THENCE ALONG SAID CURVE TO THE RIGHT, HAVING A RADIUS OF 272.50 FEET, A CENTRAL ANGLE OF 21°48'05", A DISTANCE OF 103.69 FEET, A CHORD BEARING OF S78°47'34"E WITH A CHORD DISTANCE OF 103.06 FEET;

THENCE S67°53'32"E, A DISTANCE OF 207.56 FEET TO A POINT OF CURVATURE;

THENCE ALONG SAID CURVE TO THE LEFT, HAVING A RADIUS OF 327.50 FEET, A CENTRAL ANGLE OF 21°50'53", A DISTANCE OF 124.88 FEET, A CHORD BEARING OF S78°48'58"E WITH A CHORD DISTANCE OF 124.13 FEET;

THENCE S89°43'01"E, A DISTANCE OF 238.69 FEET TO THE POINT OF BEGINNING.

PARCEL CONTAINS 1,440,733 SQUARE FEET OR 33.075 ACRES.

BASIS OF BEARING: THE EAST LINE OF NORTHWEST QUARTER OF SECTION 9, TOWNSHIP 7 NORTH, RANGE 68 WEST OF THE 6TH P.M., LARIMER COUNTY, COLORADO, AS REFERENCE TO FINAL PLAT OF EASTRIDGE SECOND FILING RECORDED AT REC NO 20160047573 IN THE LARIMER COUNTY CLERK AND RECORDERS OFFICE BEARS NORTH 00°09'57" EAST FOR 2634.32 FEET BETWEEN THE SOUTHEAST CORNER OF SAID NORTHEAST QUARTER, MONUMENTED WITH A WITH A 2 " ALUMINUM CAP ON NO 6 REBAR, STAMPED PLS 23503, 1996 AND THE NORTHEAST CORNER OF SAID NORTHEAST QUARTER, MONUMENTED A WITH A 2 1/2" ALUMINUM CAP ON NO 6 REBAR STAMPED PLS 28285, WITH ALL OTHER BEARINGS REFERENCED THERETO

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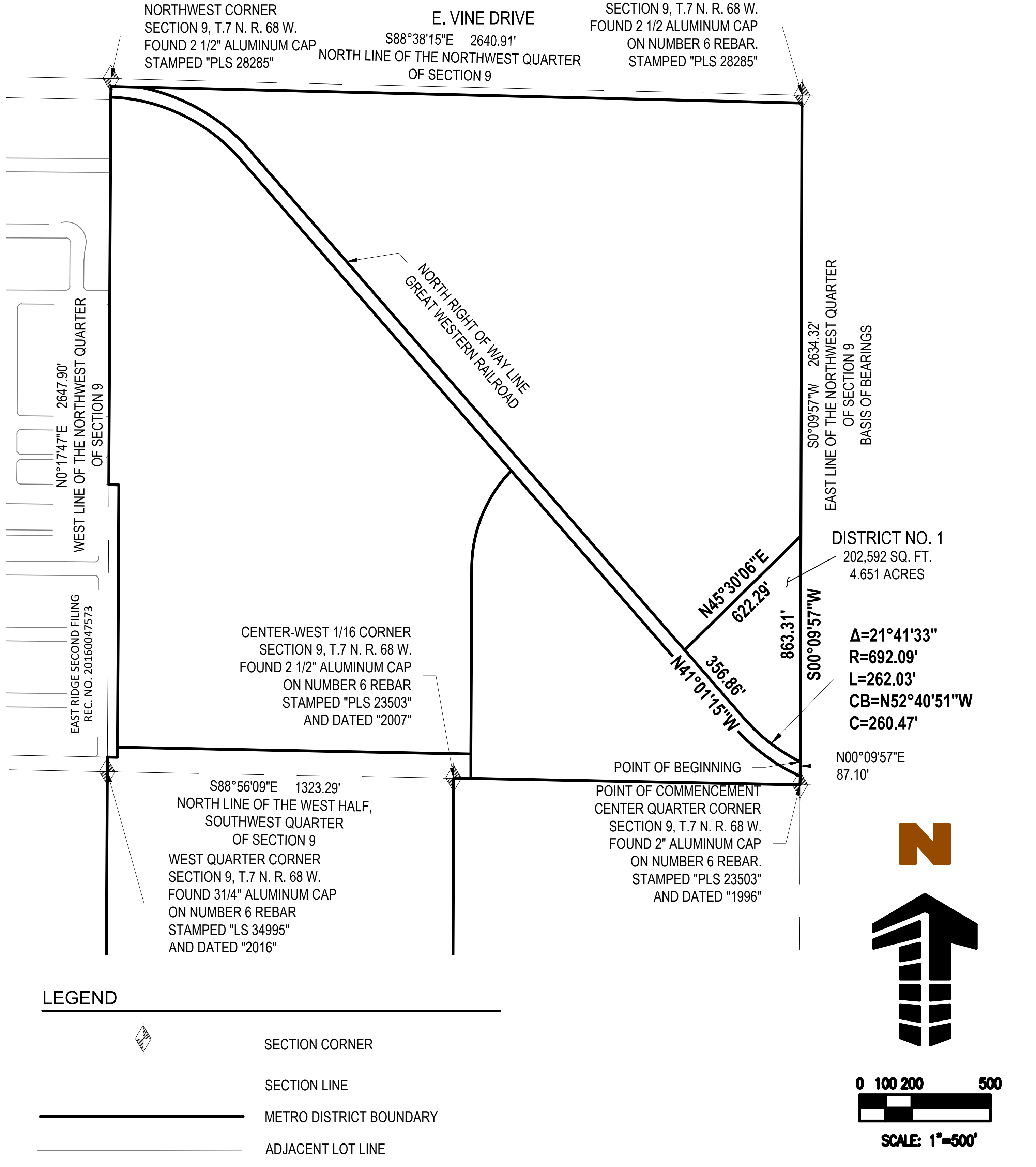
PREPARED FOR AND ON BEHALF OF GALLOWAY
BY FRANK A KOHL, PLS# 37067

EXHIBIT B-1

DISTRICT NO. 1 BOUNDARY MAP

EXHIBIT B
DISTRICT NO. 1



SPRINGER-FISHER-WHITHAM
-
HARTFORD HOMES, LLC
-
METRO DISRICTS

Project No:	HFH000008.01
Drawn By:	AN
Checked By:	FK
Date:	01/08/19

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Johnstown, CO 80534
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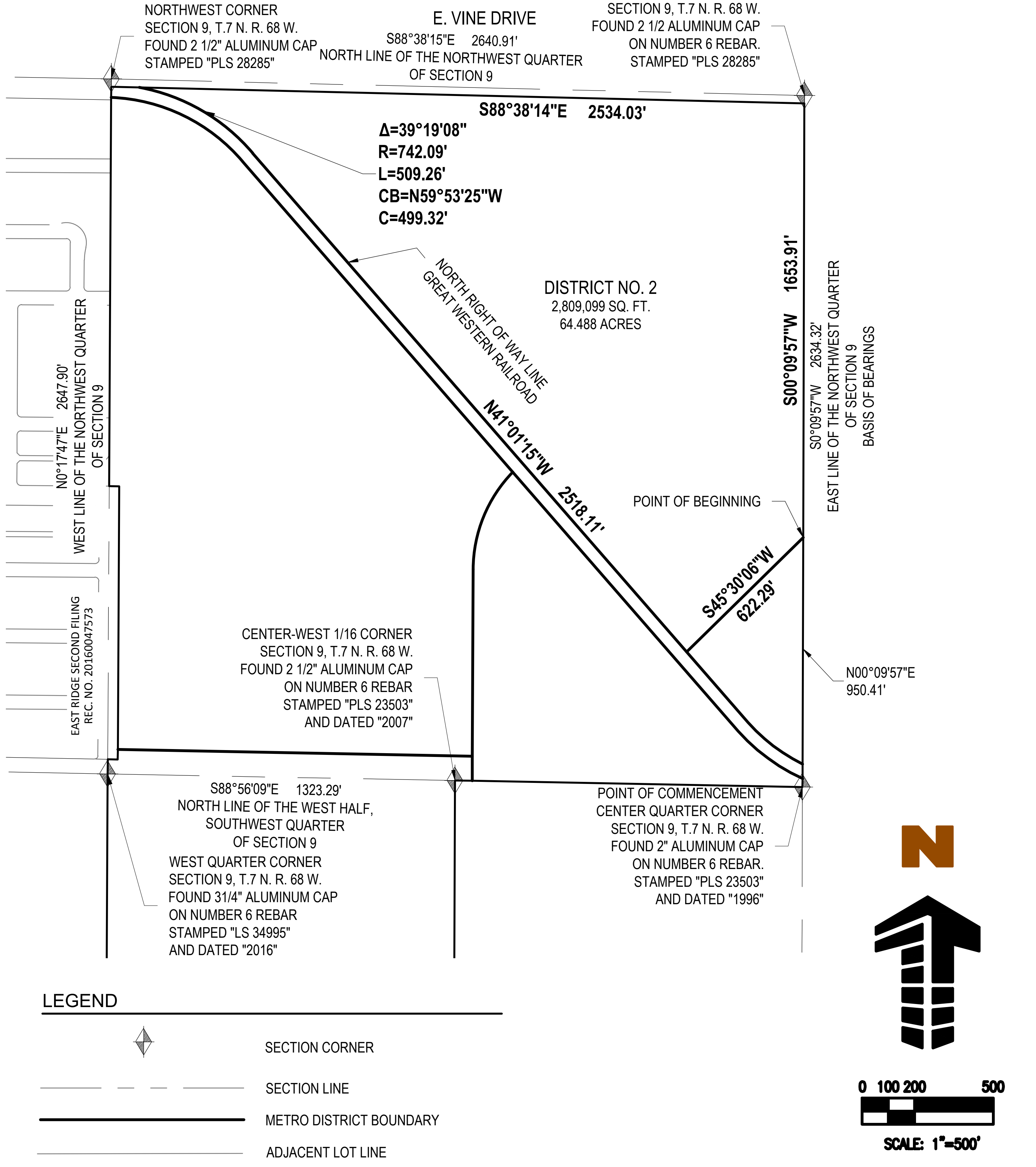
EXHIBIT B-2

DISTRICT NO. 2 BOUNDARY MAP

EXHIBIT B
DISTRICT NO. 2



SPRINGER-FISHER-WHITHAM
-
HARTFORD HOMES, LLC
-
METRO DISRICTS

Project No:	HFH000008.01
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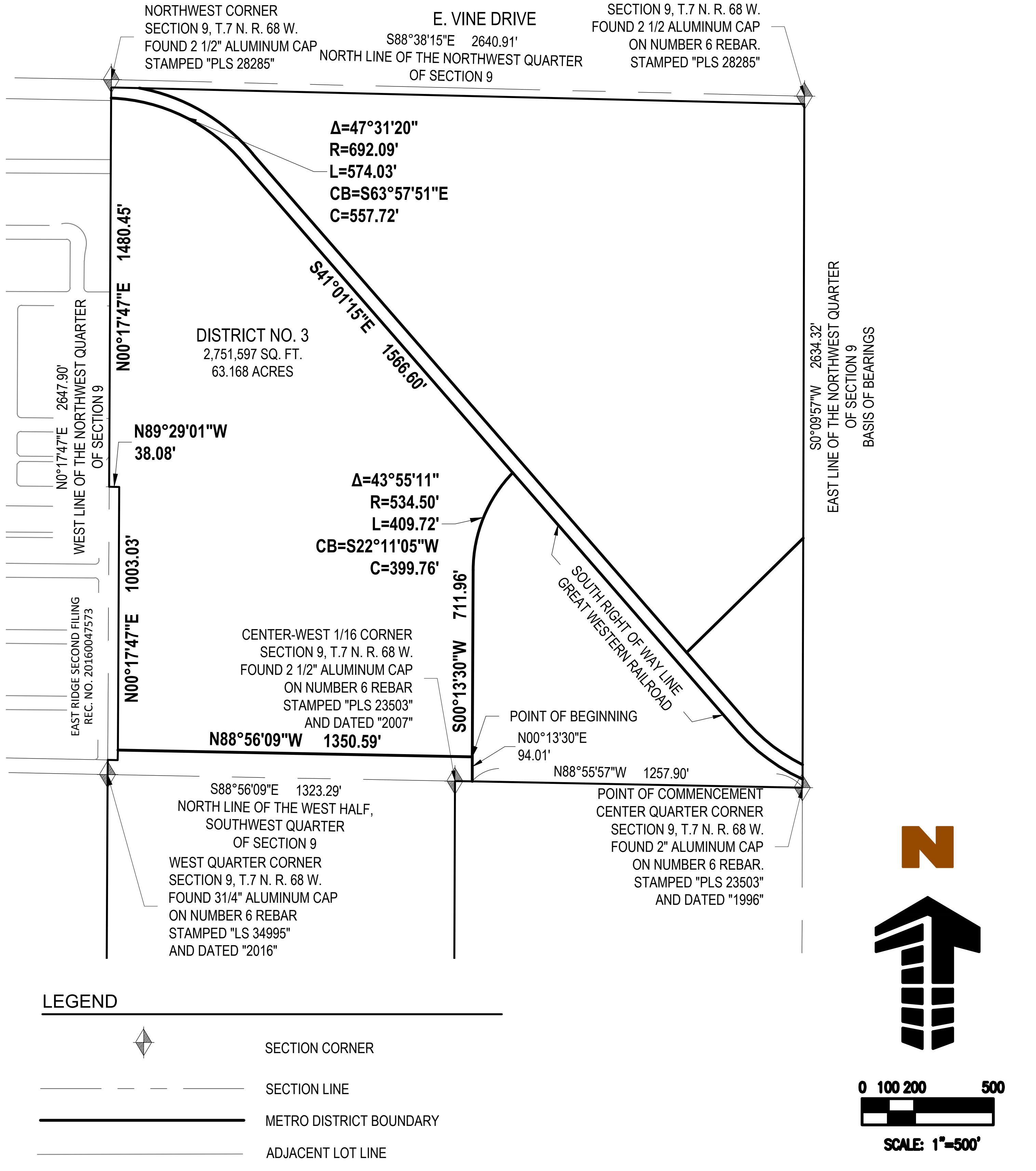
EXHIBIT B-3

DISTRICT NO. 3 BOUNDARY MAP

EXHIBIT B
DISTRICT NO. 3



SPRINGER-FISHER-WHITHAM
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HARTFORD HOMES, LLC
-
METRO DISRICTS

Project No:	HFH000008.01
Drawn By:	AN
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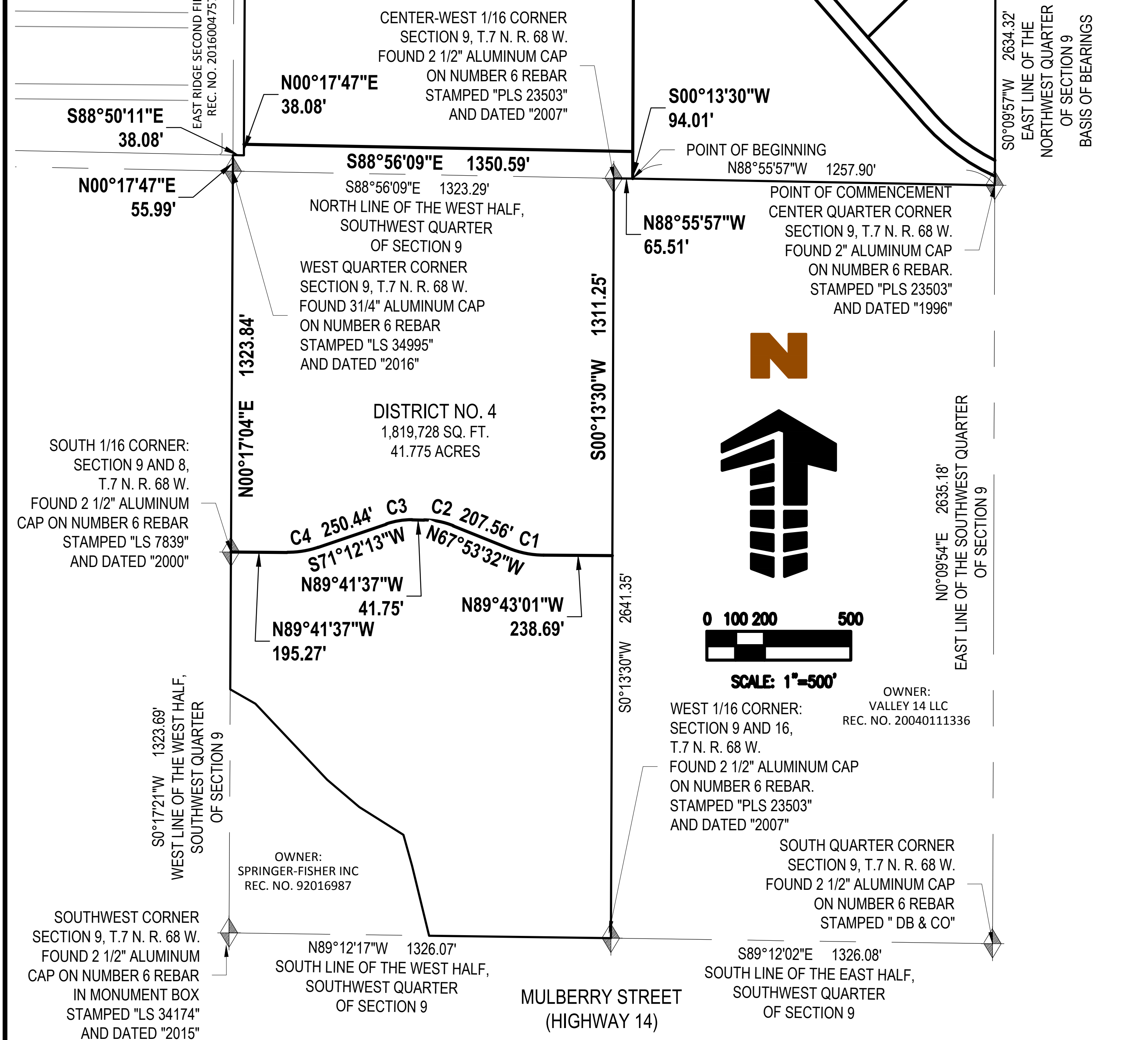
EXHIBIT B-4
DISTRICT NO. 4 BOUNDARY MAP

EXHIBIT B
DISTRICT NO. 4



LEGEND

- SECTION CORNER
- SECTION LINE
- METRO DISTRICT BOUNDARY
- ADJACENT LOT LINE

CURVE TABLE

CURVE	RADIUS	LENGTH	DELTA	BEARING	CHORD
C1	327.50	124.88	21°50'53"	N78°48'58"W	124.13
C2	272.50	103.69	21°48'05"	N78°47'34"W	103.06
C3	272.50	90.85	19°06'10"	S80°45'18"W	90.43
C4	327.50	109.19	19°06'10"	S80°45'18"W	108.69

SPRINGER-FISHER-WHITHAM
-
HARTFORD HOMES, LLC
-
METRO DISRICTS

Project No:	HFH000008.01
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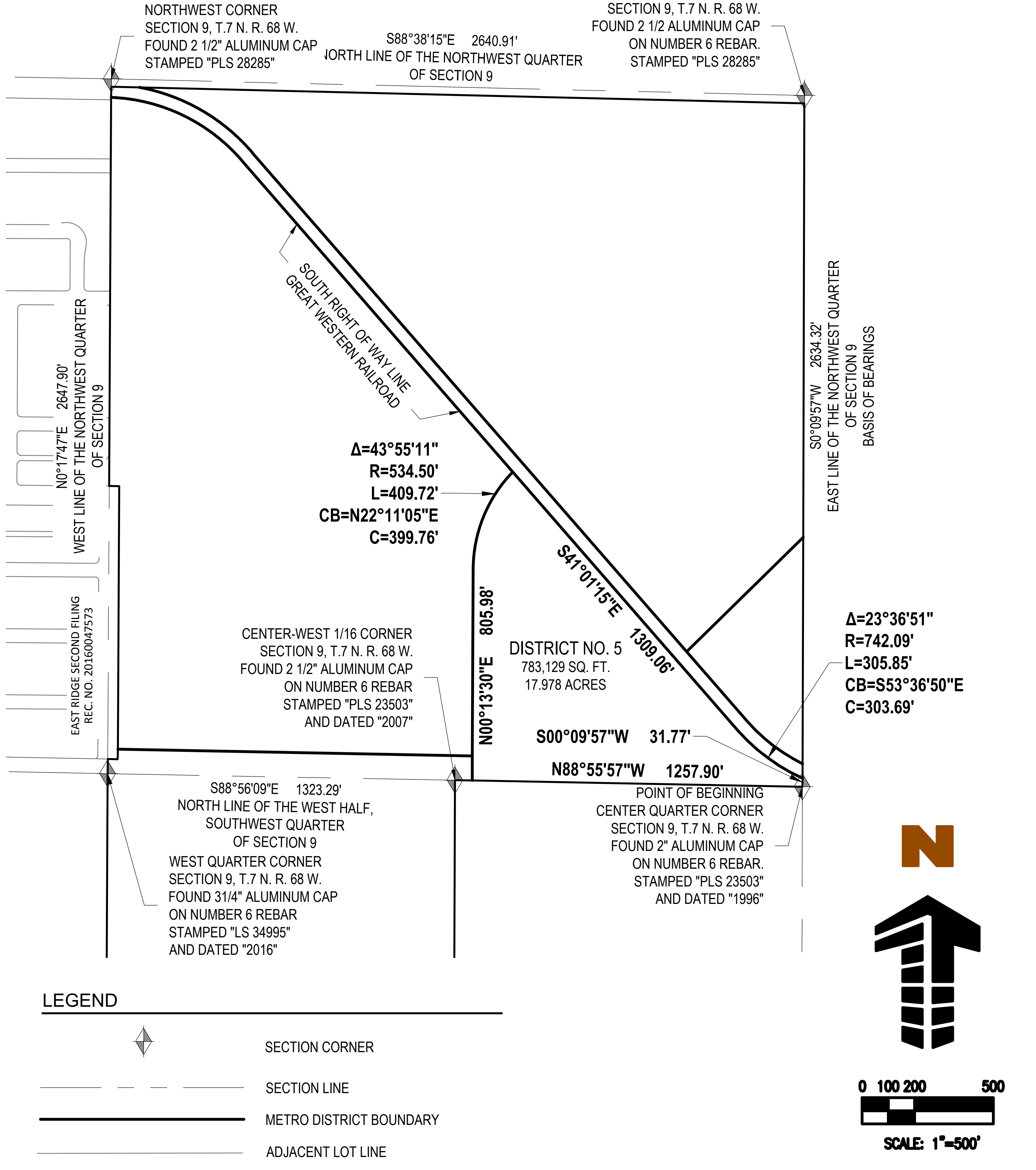
EXHIBIT B-5

DISTRICT NO. 5 BOUNDARY MAP

EXHIBIT B
DISTRICT NO. 5



SPRINGER-FISHER-WHITHAM
-
HARTFORD HOMES, LLC
-
METRO DISRICTS

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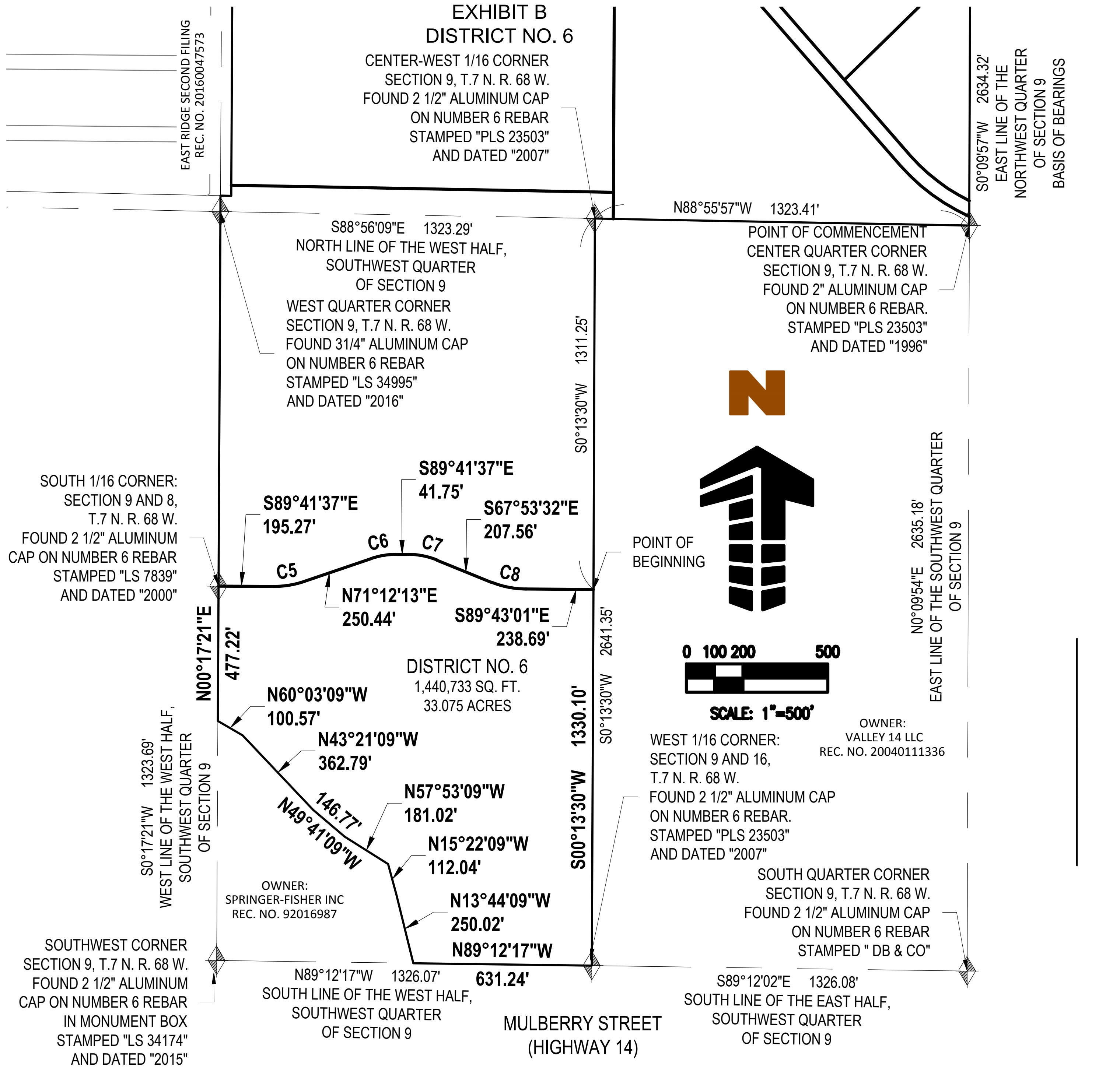
EXHIBIT B-6

DISTRICT NO. 6 BOUNDARY MAP

EXHIBIT B
DISTRICT NO. 6



LEGEND

SECTION CORNER

SECTION LINE

METRO DISTRICT BOUNDARY

ADJACENT LOT LINE

CURVE TABLE

CURVE	RADIUS	LENGTH	DELTA	BEARING	CHORD
C5	327.50	109.19	19°06'10"	N80°45'18"E	108.69
C6	272.50	90.85	19°06'10"	N80°45'18"E	90.43
C7	272.50	103.69	21°48'05"	S78°47'34"E	103.06
C8	327.50	124.88	21°50'53"	S78°48'58"E	124.13

SPRINGER-FISHER-WHITHAM
-
HARTFORD HOMES, LLC
-
METRO DISRICTS

Project No:	HFH000008.01
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Date:	01/08/19

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EXHIBIT C

LEGAL DESCRIPTION OF INCLUSION AREA

EXHIBIT D

INCLUSION AREA BOUNDARY MAP

Galloway

VALLEY 14 LLC

Hartford Homes, LLC.

VICINITY MAP

01.08.2019

0' 800' 1600' 4000'

SCALE: 1" = 800'-0"

N

EXHIBIT E

VICINITY MAP

Galloway

SPRINGER-FISHER-WHITHAM

VICINITY MAP

Hartford Homes, LLC.

01.07.2019

0' 800' 1600' 4000'

SCALE: 1" = 800'-0"

N

EXHIBIT F

PUBLIC IMPROVEMENT COST ESTIMATES

Springer-Fisher-Whitham

Metro District Cost Estimate

Date January 8, 2019

				Total Project		
				Acreage:	229.43	
				Units:	1608	

Group	Activity	Unit	Unit Cost	Basic Public Improvements Qty	Basic Public Improvements Total	Basic Public Improvements Per Unit	Non-Basic Public Improvements Qty	Non-Basic Public Improvements Total	Non-Basic Public Improvements Per Unit
Earthwork	Clear and Grub	Acre	$ 200.00	229.43	$ 45,887	$ 29			
Earthwork	Strip Topsoil and Stockpile - 6"	Cubic Yard	$ 2.85	185,076	$ 527,467	$ 328			
Earthwork	Overlot Grading	Cubic Yard	$ 3.15	525,000	$ 1,653,750	$ 1,028			
Earthwork	Finish Grading	Square Yard	$ 1.25	1,110,457	$ 1,388,071	$ 863			
Earthwork	Replace Topsoil	Cubic Yard	$ 2.85	185,076	$ 527,467	$ 328			
Earthwork	Remove Concrete Lined Irrigation Ditch	Linear Feet	$ 7.75	10,650	$ 82,538	$ 51			
Earthwork	Remove Tree	Each	$ 615.00	30	$ 18,450	$ 11			
Earthwork	**Earthwork Subtotal**				**$ 4,243,630**	**$ 2,639**			
Sanitary	Connect to Existing	Each	$ 5,400.00	5	$ 27,000	$ 17			
Sanitary	Sanitary Sewer Dewatering	Day	$ 850.00	60	$ 51,000	$ 32			
Sanitary	8" Sanitary Sewer	Linear Feet	$ 70.20	41,044	$ 2,881,302	$ 1,792			
Sanitary	12" Sanitary Sewer	Linear Feet	$ 83.70	7,901	$ 661,338	$ 411			
Sanitary	4' DIA Sanitary Sewer Manhole	Each	$ 3,786.67	370	$ 1,401,067	$ 871			
Sanitary	4" Sanitary Service	Each	$ 1,852.50	1,009	$ 1,869,173	$ 1,162			
Sanitary	Jetting / Camera	Linear Feet	$ 2.50	48,945	$ 122,364	$ 76			
Sanitary	Off Site 12" Sanitary Sewer	Linear Feet	$ 83.70	1,139	$ 95,361	$ 59			
Sanitary	Offsite 4' DIA Sanitary Sewer Manhole	Each	$ 3,786.67	11	$ 41,653	$ 26			
Sanitary	**Sanitary Subtotal**				**$ 7,150,257**	**$ 4,446.68**			
Water	Connect to Existing	Each	$ 3,200.00	18	$ 57,600	$ 36			
Water	8" Water Main	Linear Feet	$ 44.35	43,705	$ 1,938,315	$ 1,205			
Water	8" x 8" Water Main Tee	Each	$ 465.00	85	$ 39,690	$ 25			
Water	8" Water Main Gate Valve	Each	$ 1,240.00	263	$ 326,720	$ 203			
Water	8" x 8" Water Main Cross	Each	$ 692.00	7	$ 5,136	$ 3			
Water	8" Water Main Air Release Valve	Each	$ 3,310.00	22	$ 73,701	$ 46			
Water	8" Water Main - Bend	Each	$ 300.00	130	$ 38,966	$ 24			
Water	8" Waterline Lowering	Each	$ 2,230.00	59	$ 132,410	$ 82			
Water	12" Water Main	Linear Feet	$ 59.00				9,687	$ 571,541	$ 355
Water	12" x 8" Water Main Cross	Each	$ 1,520.00				12	$ 17,884	$ 11
Water	12" x 8" Water Main Tee	Each	$ 940.00				12	$ 11,060	$ 7
Water	12" Water Main Gate Valve	Each	$ 2,630.00				67	$ 175,349	$ 109
Water	12" Water Main - Bend	Each	$ 750.00				31	$ 23,531	$ 15
Water	12" Waterline Lowering	Each	$ 4,000.00				12	$ 47,063	$ 29
Water	3/4" Water Service	Each	$ 2,900.00	777	$ 2,253,300	$ 1,401			
Water	1.5" Water Service	Each	$ 5,000.00	232	$ 1,160,000	$ 721			
Water	Fire Hydrant Assembly	Each	$ 5,000.00	189	$ 946,316	$ 589			
Water	Water Main Testing	Linear Feet	$ 1.10	53,392	$ 58,731	$ 37			
Water	Offsite 12" Water Main	Linear Feet	$ 59.00	1,118	$ 65,933	$ 41			
Water	Offsite 12" Water Main - Bend	Each	$ 750.00	12	$ 9,000	$ 6			
Water	Offsite 20" Water Main	Linear Feet	$ 100.00	2,008	$ 200,755	$ 125			
Water	**Water Subtotal**				**$ 7,306,574**	**$ 4,544**		**$ 846,428**	**$ 526**
Non-Pot Water	Non-Potable Water Pumphouse	Each	$ 450,000.00		$ -	$ -	2	$ 900,000	$ 560
Non-Pot Water	Non-Potable Water Main	Linear Feet	$ 60.00		$ -	$ -	62,370	$ 3,742,200	$ 2,327
Non-Pot Water	**Non-Potable Water Subtotal**				**$ -**	**$ -**		**$ 4,642,200**	**$ 2,887**
Storm	18" RCP	Linear Feet	$ 55.80	1,317	$ 73,476	$ 46			
Storm	24" RCP	Linear Feet	$ 73.00	1,352	$ 98,686	$ 61			
Storm	30" RCP	Linear Feet	$ 91.00	4,893	$ 445,272	$ 277			
Storm	36" RCP	Linear Feet	$ 124.00	9,765	$ 1,210,891	$ 753			
Storm	42" RCP	Linear Feet	$ 160.00	1,226	$ 196,117	$ 122			
Storm	48" RCP	Linear Feet	$ 195.00	5,271	$ 1,027,896	$ 639			
Storm	54" RCP	Linear Feet	$ 230.00	1,261	$ 290,014	$ 180			
Storm	60" RCP	Linear Feet	$ 265.00	850	$ 225,372	$ 140			
Storm	66" RCP	Linear Feet	$ 300.00	629	$ 188,625	$ 117			
Storm	72" RCP	Linear Feet	$ 330.00	766	$ 252,925	$ 157			
Storm	42" RCP FES	Each	$ 1,500.00	2	$ 3,000	$ 2			
Storm	48" RCP FES	Each	$ 2,000.00	3	$ 6,000	$ 4			
Storm	66" RCP FES	Each	$ 3,500.00	2	$ 7,000	$ 4			
Storm	72" RCP FES	Each	$ 4,000.00	1	$ 4,000	$ 2			
Storm	6' DIA Storm Manhole	Each	$ 4,573.33	97	$ 443,613	$ 276			
Storm	7' DIA Storm Manhole	Each	$ 9,600.00	42	$ 403,200	$ 251			
Storm	8' DIA Storm Manhole	Each	$ 10,500.00	17	$ 178,500	$ 111			
Storm	5' Type R Inlet	Each	$ 5,265.00	54	$ 286,581	$ 178			
Storm	10' Type R Inlet	Each	$ 7,920.00	66	$ 522,144	$ 325			
Storm	15' Type R Inlet	Each	$ 10,600.00	4	$ 38,824	$ 24			
Storm	Type C Inlet	Each	$ 3,340.00	18	$ 60,600	$ 38			
Storm	Outlet Structure	Each	$ 10,800.00	5	$ 54,000	$ 34			
Storm	Offsite Box Culvert	Liner Feet	$ 500.00	142	$ 70,865	$ 44			
Storm	**Storm Subtotal**				**$ 6,087,601**	**$ 3,786**			
Concrete	Fine Grade Curb And Gutter	Linear Feet	$ 2.10	79,847	$ 167,678	$ 104			
Concrete	Fine Grade Concrete Sidewalks and Trails	Square Feet	$ 0.68	530,476	$ 358,071	$ 223			
Concrete	Subgrade Prep	Square Yard	$ 1.30	81,121	$ 105,458	$ 66			
Concrete	Roadbase for underneath Curb and Gutter and Flatwork	Ton	$ 22.60	18,773	$ 424,269	$ 264			
Concrete	6" Depth Concrete Trail	Square Feet	$ 5.00	160,265	$ 801,326	$ 498			
Concrete	6" Depth Detached Sidewalk	Square Feet	$ 5.50	370,211	$ 2,036,161	$ 1,266			
Concrete	Curb And Gutter	Linear Feet	$ 21.50	79,847	$ 1,716,704	$ 1,068			
Concrete	Handicap Ramps	Each	$ 1,622.50	295	$ 479,105	$ 298			
Concrete	Flyash Mobilization	Each	$ 3,510.00	5	$ 17,550	$ 11			
Concrete	Flyash Treated Subgrade 12", 12%	Square Yard	$ 9.85	81,121	$ 799,046	$ 497			
Concrete	**Concrete Subtotal**				**$ 6,905,368**	**$ 4,294**			
Asphalt	Mobilization - Streets	Each	$ 6,210.00	6	$ 37,260	$ 23			
Asphalt	Subgrade Prep	Square Yard	$ 1.30	218,055	$ 283,472	$ 176			
Asphalt	Alley - 4" Asphalt / 6" Class 5 Agg Base	Square Yard	$ 28.50		$ -	$ -	61,712	$ 1,758,792	$ 1,094
Asphalt	Alley - 5.5" Asphalt / 8" Class 5 Agg Base	Square Yard	$ 36.35		$ -	$ -	61,712	$ 2,243,231	$ 1,395
Asphalt	Local Street - 5" Asphalt / 7" Class 5 Agg Base	Square Yard	$ 30.80	102,826	$ 3,167,044	$ 1,970			
Asphalt	Local Street - 5.5" Asphalt / 8" Class 5 Agg Base	Square Yard	$ 36.35	102,826	$ 3,737,729	$ 2,324			
Asphalt	Collector Street - 6" Asphalt / 8" Class 5 Agg Base	Square Yard	$ 37.50	53,517	$ 2,006,885	$ 1,248			
Asphalt	Collector Street - 6.5" Asphalt / 10" Class 5 Agg Base	Square Yard	$ 41.65	53,517	$ 2,228,981	$ 1,386			
Asphalt	Flyash Mobilization	Each	$ 3,510.00	5	$ 17,550	$ 11			
Asphalt	Flyash Treated Subgrade 12", 12%	Square Yard	$ 9.85	218,055	$ 2,147,842	$ 1,336			
Asphalt	Signing	Acre of Total Dev.	$ 925.63	229	$ 212,370	$ 132			
Asphalt	Pavement Marking	Acre of Total Dev.	$ 362.99	229	$ 83,282	$ 52			

Springer-Fisher-Whitham

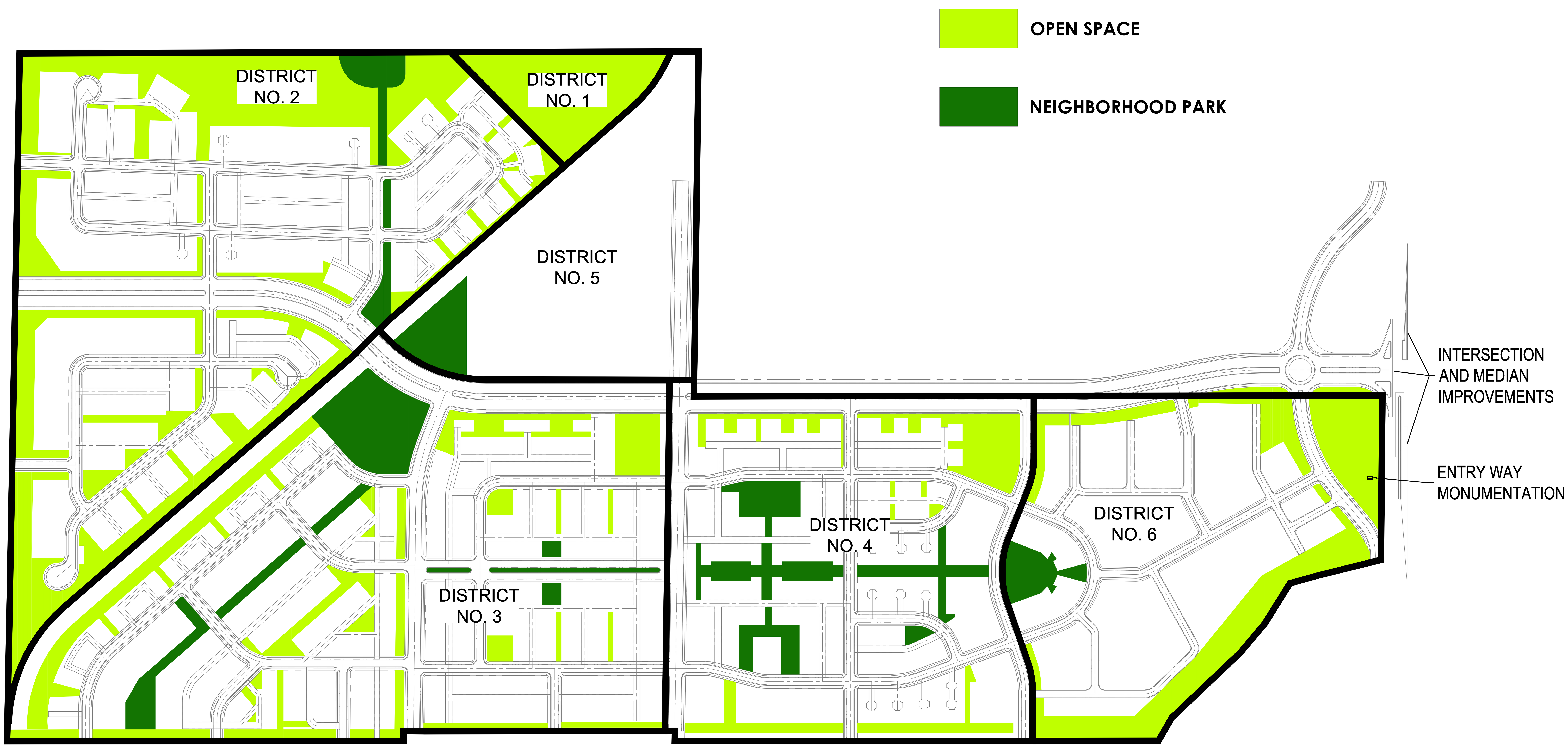
Metro District Cost Estimate

Date January 8, 2019

				Total Project					
					Acreage:	229.43			
					Units:	1608			
				Basic Public Improvements			Non-Basic Public Improvements		
Group	**Activity**	**Unit**	**Unit Cost**	**Qty**	**Total**	**Per Unit**	**Qty**	**Total**	**Per Unit**
Asphalt	Adjust Sanitary Manhole In Asphalt Pavement	Each	$ 560.00	370	$ 207,200	$ 129			
Asphalt	Adjust Storm Manhole In Asphalt Pavement	Each	$ 560.00	156	$ 87,360	$ 54			
Asphalt	Adjust Valve Box In Asphalt Pavement	Each	$ 450.00	352	$ 158,590	$ 99			
Asphalt	**Asphalt Subtotal**				**$ 14,375,566**	**$ 8,940**		**$ 4,002,023**	**$ 2,489**
Erosion	Erosion Control Mobilization	Each	$ 2,700.00	6	$ 15,911	$ 10			
Erosion	Erosion Control BMPs	Acre	$ 4,352.10	229.43	$ 998,517	$ 621			
Erosion	SWMP Inspections and Permits	Acre	$ 172.42	229.43	$ 39,559	$ 25			
Erosion	Erosion Control Maintenance	Month	$ 2,700.00	24	$ 64,800	$ 40			
Misc.	Ongoing SWMP Management	Month	$ 3,780.00	24	$ 90,720	$ 56			
Erosion	**Erosion Control, Maint. Subtotal**				**$ 1,209,508**	**$ 752**			
Landscaping	Landscaping / Neighborhood Park Development	Acre of Total Dev.	$ 32,712.17	129.43	$ 4,233,936	$ 2,633	100.00	$ 3,271,217	$ 2,034
Landscaping	Pollinator Corridors	Lump Sum	$ 160,800.00				1	$ 160,800	$ 100
Landscaping	Cooper Slough Improvements	Lump Sum	$ 500,000.00				1	$ 500,000	$ 311
Landscaping	Lake Canal Improvements	Lump Sum	$ 150,000.00				1	$ 150,000	$ 93
Landscaping	Mulberry Frontage Lanscape Improvements	Acres	$ 500,000.00				1	$ 500,000	$ 311
Landscaping	Fencing	Linear Feet	$ 20.00	8,252	$ 165,031	$ 103			
Landscaping / OS	**Landscaping and Fence Subtotal**				**$ 4,398,967**	**$ 2,735.68**		**$ 4,582,017**	**$ 2,850**
Misc. / Amenity	Dry Utility Conduit Crossings	Lot	$ 550.00	1,607	$ 883,850	$ 550			
Misc. / Amenity	Dry Utility Coordination	Lot	$ 165.00	1,607	$ 265,155	$ 165			
Misc. / Amenity	Neighborhood Pool	Lump Sum	$ 3,000,000.00				1	$ 3,000,000	$ 1,866
Misc. / Amenity	Commercial Promenade	Lump Sum	$ 3,000,000.00				1	$ 3,000,000	$ 1,866
Misc. / Amenity	Enhanced Pedestrian Crossings	Each	$ 12,500.00				6	$ 75,000	$ 47
Misc. / Amenity	Gateway / Monumentation and ROW	Lump Sum	$ 1,250,000.00				1	$ 1,250,000	$ 777
Misc. / Amenity	Greenfields Rail Crossing	Lump Sum	$ 500,000.00				1	$ 500,000	$ 311
Misc. / Amenity	Adjust existing sewer manhole to grade	Each	$ 920.00	7	$ 6,440	$ 4			
Misc. / Amenity	Pothole Existing Utilities	Hour	$ 210.00	350	$ 73,455	$ 46			
Misc. / Amenity	Greenfield Offsite Cost Including RAB (Earth, Concrete, & Asphalt)	Lump Sum	$ 524,453.00			$ -	1	$ 524,453	$ 326
Misc. / Amenity	Mulberry Instersection and Median Improvements	Lump Sum	$ 300,000.00		$ -	$ -	1	$ 300,000	$ 187
Testing	Testing And Observation	Acre	$ 3,366.70	229.43	$ 772,433	$ 480			
Misc.	Overall Mobilization & General Conditions	Acre	$ 8,024.74	229.43	$ 1,841,142	$ 1,145			
Misc.	Engineering/Survey/Construction Management (15% of Constuction Costs)	Lump Sum	$ 34,589.38	229.43	$ 7,935,956	$ 4,935		$ 3,408,318	$ 2,120
Contingency	Contingency (20% of Construction Costs)	Lump Sum	$ 46,119.17	229.43	$ 10,581,274	$ 6,580		$ 4,544,424	$ 2,826
Misc. / Amenity	**Miscellaneous Subtotal**				**$ 22,359,704**	**$ 13,905**		**$ 16,602,195**	**$ 10,325**
	Springer Fisher Metro District Development Costs				**$ 74,037,174**	**$ 46,043**		**$ 30,674,863**	**$ 19,076**

EXHIBIT G

PUBLIC IMPROVEMENT MAPS



Galloway

SPRINGER-FISHER-WHITHAM

Hartford Homes, LLC.

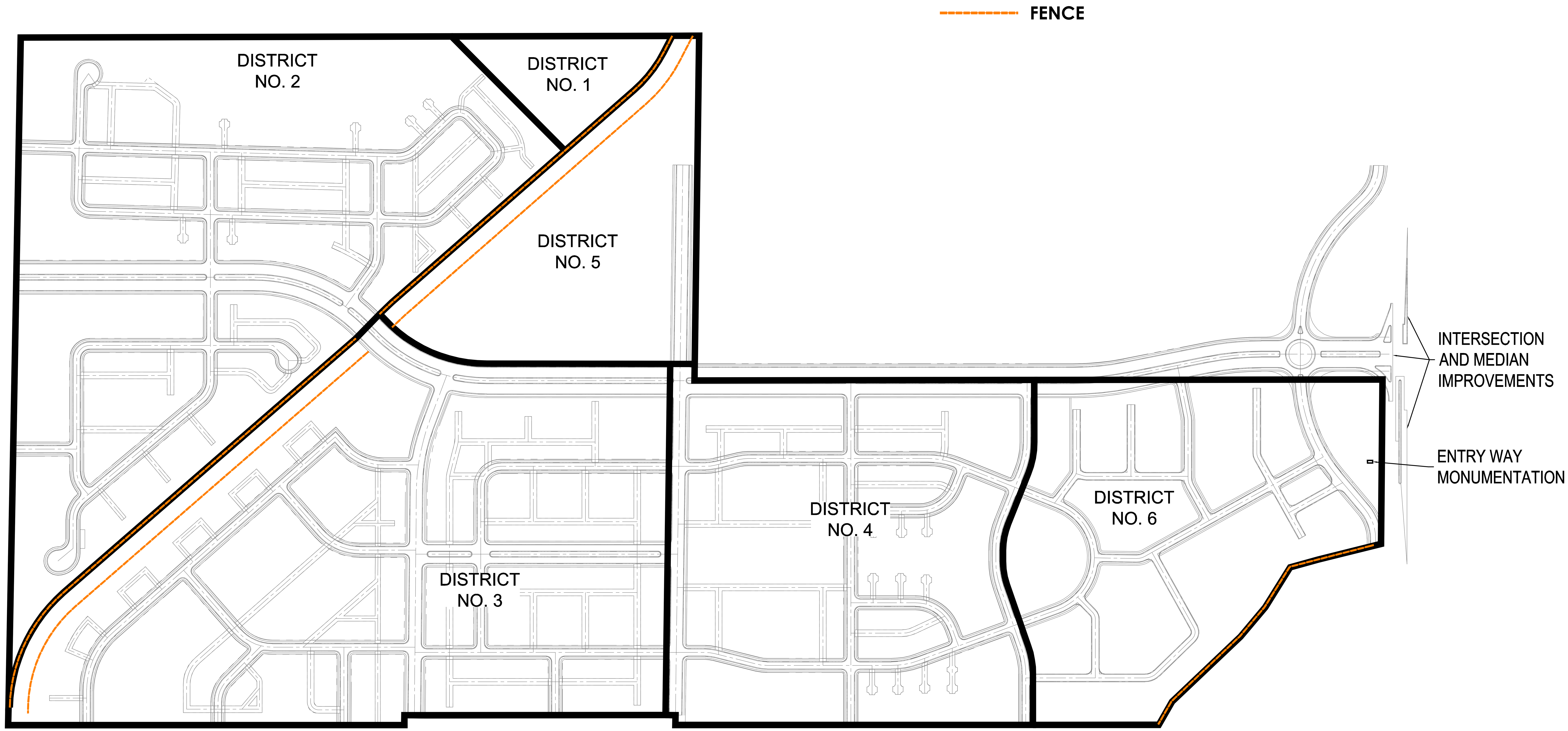
METRO DISTRICT MAP
PARKS AND OPEN SPACE

01.07.2019

0' 200' 400' 1000'

SCALE: 1" = 200'-0"

N



Galloway

SPRINGER-FISHER-WHITHAM

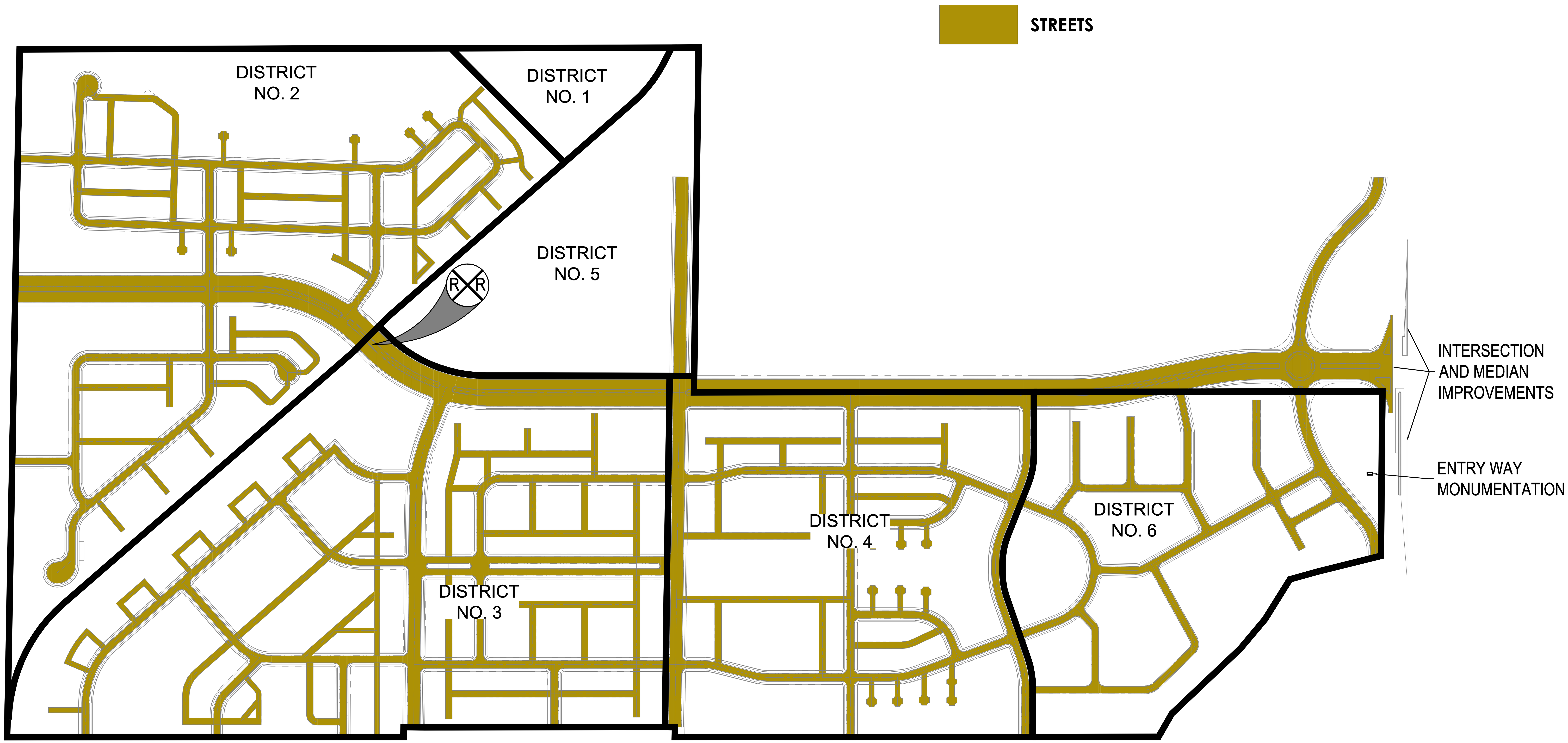
Hartford Homes, LLC.

METRO DISTRICT MAP FENCING

01.07.2019

0' 200' 400' 1000' N

SCALE: 1" = 200'-0"



Galloway

SPRINGER-FISHER-WHITHAM

Hartford Homes, LLC.

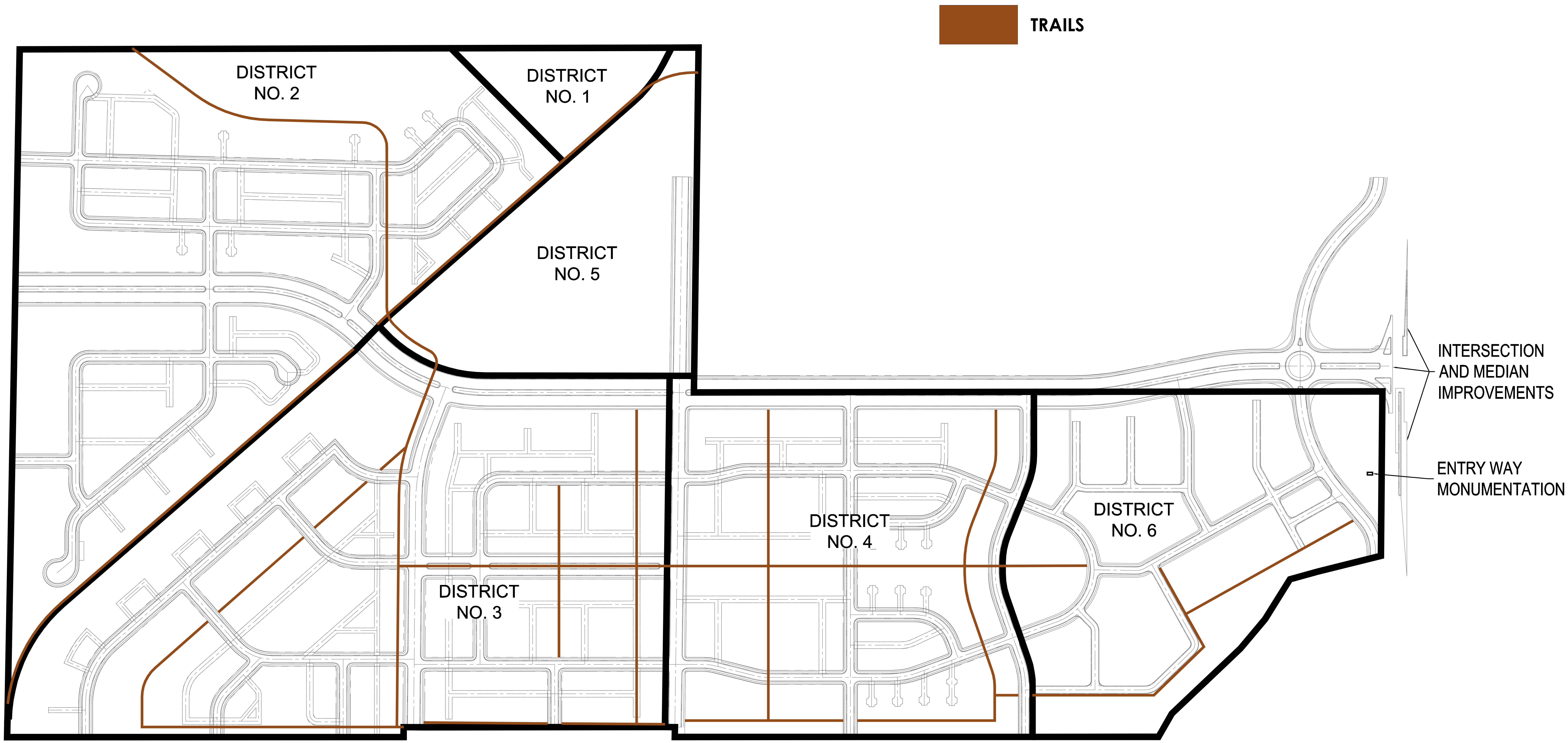
METRO DISTRICT MAP
STREET PLAN

01.07.2019

0' 200' 400' 1000'

N

SCALE: 1" = 200'-0"



Galloway

SPRINGER-FISHER-WHITHAM

Hartford Homes, LLC.

METRO DISTRICT MAP
TRAILS

01.07.2019

0' 200' 400' 1000'

SCALE: 1" = 200'-0"

N

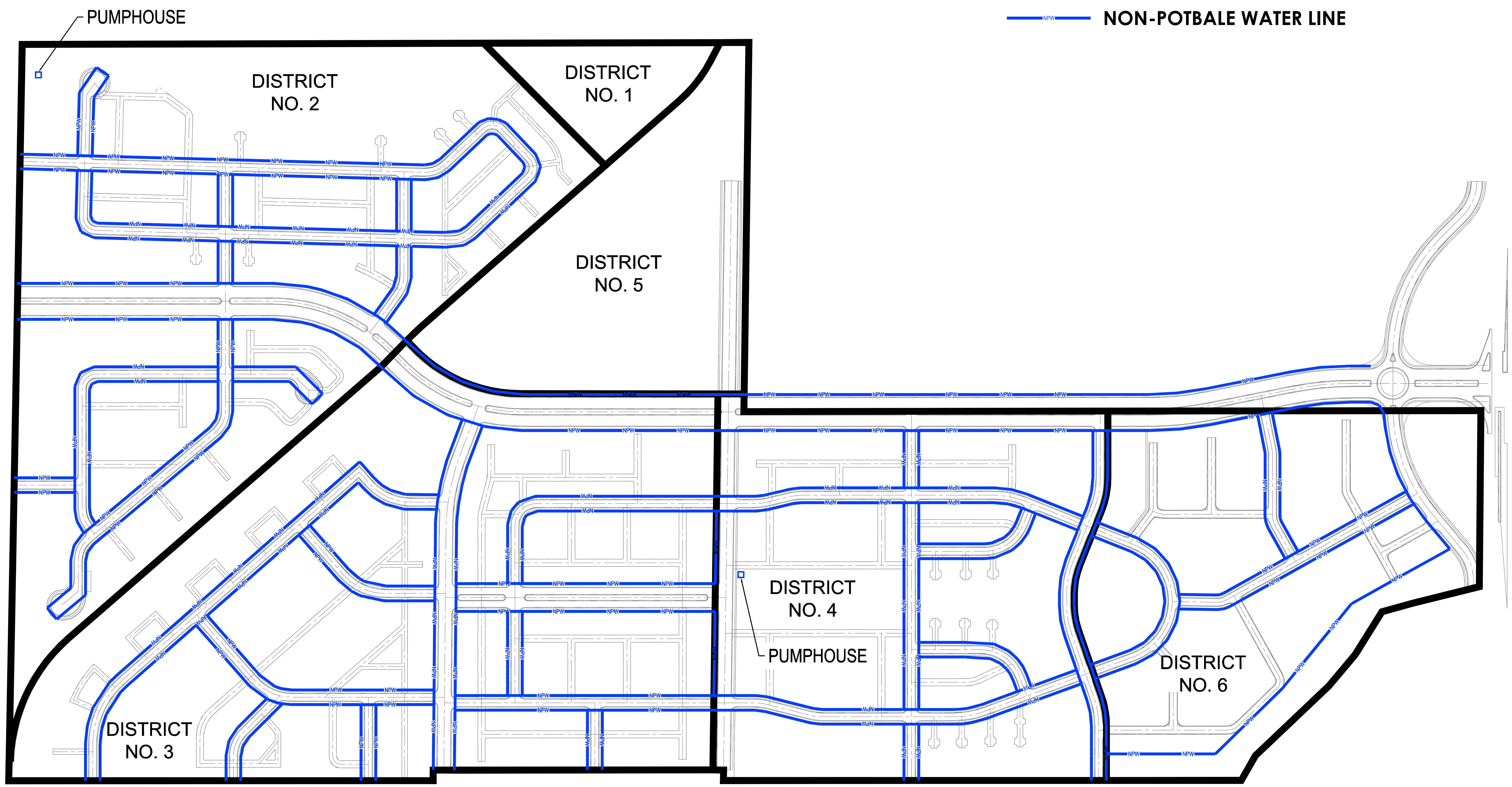
Galloway

SPRINGER-FISHER-WHITHAM

Hartford Homes, LLC.

METRO DISTRICT MAP
WATER

01.07.2019



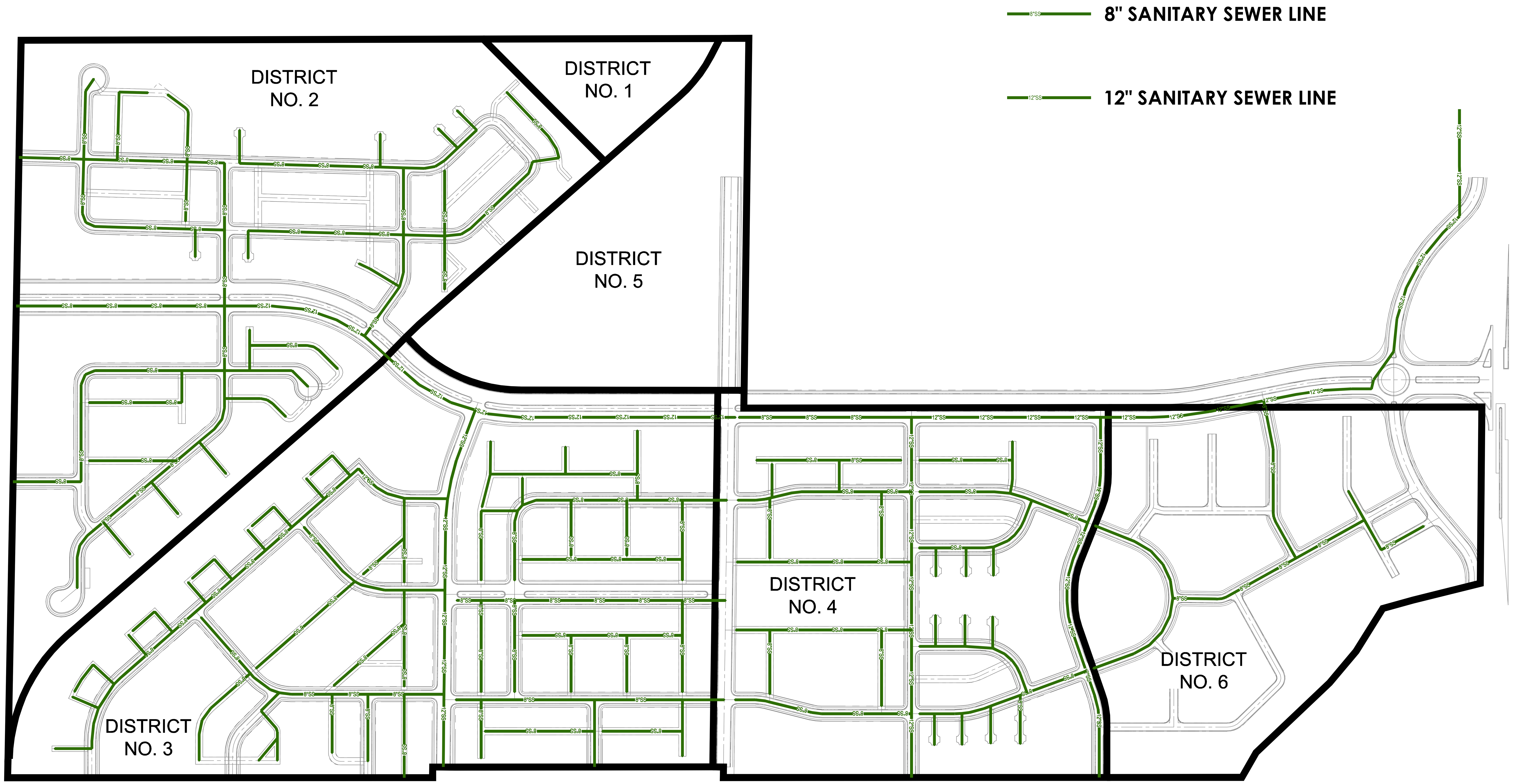
Galloway

SPRINGER-FISHER-WHITHAM

Hartford Homes, LLC.

METRO DISTRICT MAP
NON-POTABLE WATER

01.07.2019



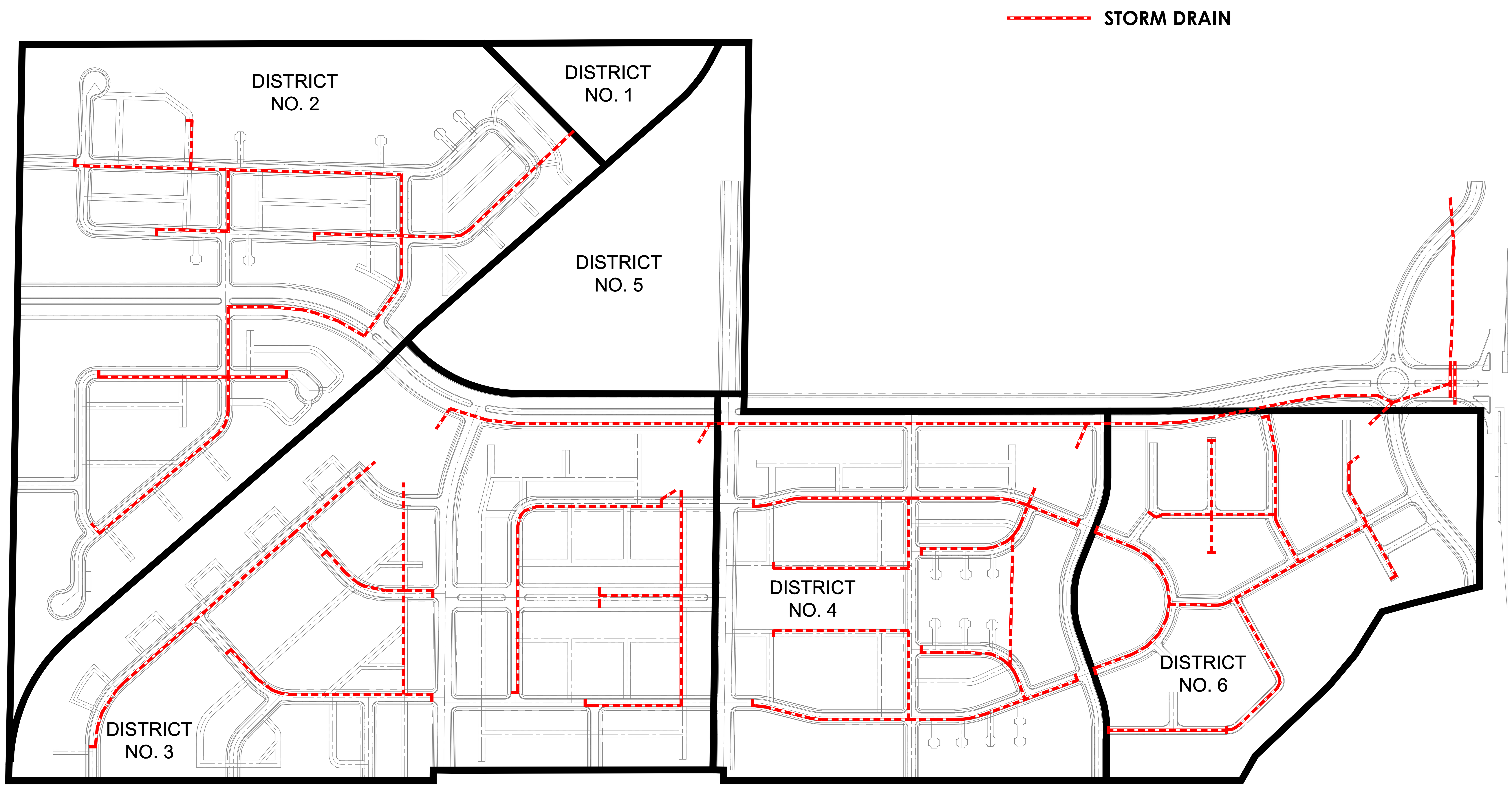
Galloway

SPRINGER-FISHER-WHITHAM

Hartford Homes, LLC.

METRO DISTRICT MAP
SANITARY SEWER

01.07.2019



Galloway

SPRINGER-FISHER-WHITHAM

Hartford Homes, LLC.

METRO DISTRICT MAP
STORM DRAIN

01.07.2019

0' 200' 400' 1000'

SCALE: 1" = 200'-0"

N

EXHIBIT H

FINANCIAL PLAN

MULBERRY METROPOLITAN DISTRICT (Residential & Commercial)

Development Projection at 40.000 (target) Res'l Mills + 20.000 (target) Comm'l Mills for Debt Service -- 12/21/2018

Series 2032, G.O. Bonds, P&C Refg of (proposed) Series 2022 + New, 100x, Assumes Investment Grade, 30-yr. Maturity (SERVICE PLAN)

YEAR	Res'l Dist #2 Total Assessed Value	District #2 D/S Mill Levy [40.000 Target] [40.000 Cap]	District #2 D/S Mill Levy Collections @ 98%	District #2 S.O. Taxes Collected @ 6%	Comm'l Dist #1 Total Assessed Value	District #1 D/S Mill Levy [20.000 Target] [20.000 Cap]	District #1 D/S Mill Levy Collections @ 98%	District #1 S.O. Taxes Collected @ 6%	Total Available Revenue
2017									$0
2018									0
2019									0
2020	0	40.000	$0	$0	0	20.000	$0	$0	0
2021	0	40.000	0	0	0	20.000	0	0	0
2022	4,057,100	40.000	159,038	9,542	0	20.000	0	0	168,581
2023	12,197,336	40.000	478,136	28,688	0	20.000	0	0	506,824
2024	16,463,749	40.000	645,379	38,723	0	20.000	0	0	684,102
2025	20,597,427	40.000	807,419	48,445	0	20.000	0	0	855,864
2026	28,008,568	40.000	1,097,936	65,876	694,782	20.000	13,618	817	1,178,247
2027	37,489,668	40.000	1,469,595	88,176	9,307,895	20.000	182,435	10,946	1,751,151
2028	41,584,214	40.000	1,630,101	97,806	23,688,792	20.000	464,300	27,858	2,220,066
2029	42,668,101	40.000	1,672,590	100,355	23,688,792	20.000	464,300	27,858	2,265,103
2030	45,228,187	40.000	1,772,945	106,377	25,110,120	20.000	492,158	29,530	2,401,009
2031	45,228,187	40.000	1,772,945	106,377	25,110,120	20.000	492,158	29,530	2,401,009
2032	47,941,878	40.000	1,879,322	112,759	26,616,727	20.000	521,688	31,301	2,545,070
2033	47,941,878	40.000	1,879,322	112,759	26,616,727	20.000	521,688	31,301	2,545,070
2034	50,818,391	40.000	1,992,081	119,525	28,213,731	20.000	552,989	33,179	2,697,774
2035	50,818,391	40.000	1,992,081	119,525	28,213,731	20.000	552,989	33,179	2,697,774
2036	53,867,494	40.000	2,111,606	126,696	29,906,555	20.000	586,168	35,170	2,859,641
2037	53,867,494	40.000	2,111,606	126,696	29,906,555	20.000	586,168	35,170	2,859,641
2038	57,099,544	40.000	2,238,302	134,298	31,700,948	20.000	621,339	37,280	3,031,219
2039	57,099,544	40.000	2,238,302	134,298	31,700,948	20.000	621,339	37,280	3,031,219
2040	60,525,517	40.000	2,372,600	142,356	33,603,005	20.000	658,619	39,517	3,213,092
2041	60,525,517	40.000	2,372,600	142,356	33,603,005	20.000	658,619	39,517	3,213,092
2042	64,157,048	40.000	2,514,956	150,897	35,619,185	20.000	698,136	41,888	3,405,878
2043	64,157,048	40.000	2,514,956	150,897	35,619,185	20.000	698,136	41,888	3,405,878
2044	68,006,470	40.000	2,665,854	159,951	37,756,336	20.000	740,024	44,401	3,610,231
2045	68,006,470	40.000	2,665,854	159,951	37,756,336	20.000	740,024	44,401	3,610,231
2046	72,086,859	40.000	2,825,805	169,548	40,021,716	20.000	784,426	47,066	3,826,844
2047	72,086,859	40.000	2,825,805	169,548	40,021,716	20.000	784,426	47,066	3,826,844
2048	76,412,070	40.000	2,995,353	179,721	42,423,019	20.000	831,491	49,889	4,056,455
2049	76,412,070	40.000	2,995,353	179,721	42,423,019	20.000	831,491	49,889	4,056,455
2050	80,996,794	40.000	3,175,074	190,504	44,968,400	20.000	881,381	52,883	4,299,842
2051	80,996,794	40.000	3,175,074	190,504	44,968,400	20.000	881,381	52,883	4,299,842
2052	85,856,602	40.000	3,365,579	201,935	47,666,504	20.000	934,263	56,056	4,557,833
2053	85,856,602	40.000	3,365,579	201,935	47,666,504	20.000	934,263	56,056	4,557,833
2054	91,007,998	40.000	3,567,514	214,051	50,526,495	20.000	990,319	59,419	4,831,303
2055	91,007,998	40.000	3,567,514	214,051	50,526,495	20.000	990,319	59,419	4,831,303
2056	96,468,478	40.000	3,781,564	226,894	53,558,084	20.000	1,049,738	62,984	5,121,181
2057	96,468,478	40.000	3,781,564	226,894	53,558,084	20.000	1,049,738	62,984	5,121,181
2058	102,256,587	40.000	4,008,458	240,507	56,771,569	20.000	1,112,723	66,763	5,428,452
2059	102,256,587	40.000	4,008,458	240,507	56,771,569	20.000	1,112,723	66,763	5,428,452
2060	108,391,982	40.000	4,248,966	254,938	60,177,864	20.000	1,179,486	70,769	5,754,159
2061	108,391,982	40.000	4,248,966	254,938	60,177,864	20.000	1,179,486	70,769	5,754,159
2062	114,895,501	40.000	4,503,904	270,234	63,788,535	20.000	1,250,255	75,015	6,099,408
			103,496,054	6,209,763			27,644,807	1,658,688	139,009,312

MULBERRY METROPOLITAN DISTRICT (Residential & Commercial)

Development Projection at 40.000 (target) Res'l Mills + 20.000 (target) Comm'l Mills for Debt Service -- 12/21/2018

Series 2032, G.O. Bonds, P&C Refg of (proposed) Series 2022 + New, 100x, Assumes Investment Grade, 30-yr. Maturity (SERVICE PLAN)

YEAR	Net Available for Debt Svc	Series 2022 $43,540,000 Par [Net $32.442 MM] Net Debt Service	Ser. 2032 $64,595,000 Par [Net $21.562 MM] Net Debt Service	Total Net Debt Service	Funds on Hand* Used as Source	Annual Surplus	Surplus Release @ to $6,459,500	Cumulative Surplus $6,459,500 Target	Senior Debt/ Assessed Ratio	Senior Debt/ Act'l Value Ratio	Cov. of Net DS: Target	Cov. of Net DS: Cap
2017	$0					n/a			n/a	n/a	0.0%	0.0%
2018	0					n/a			n/a	n/a	0.0%	0.0%
2019	0					n/a			n/a	n/a	0.0%	0.0%
2020	0					n/a			n/a	n/a	0.0%	0.0%
2021	0					n/a			1318%	35%	0.0%	0.0%
2022	168,581	$0		$0		168,581	0	168,581	357%	20%	0.0%	0.0%
2023	506,824	0		0		506,824	0	675,404	264%	16%	0.0%	0.0%
2024	684,102	0		0		684,102	0	1,359,506	211%	13%	0.0%	0.0%
2025	855,864	544,250		544,250		311,614	0	1,671,120	152%	8%	157.3%	157.3%
2026	1,178,247	2,177,000		2,177,000		(998,753)	0	672,367	93%	7%	54.1%	54.1%
2027	1,751,151	2,177,000		2,177,000		(425,849)	0	246,519	67%	6%	80.4%	80.4%
2028	2,220,066	2,217,000		2,217,000		3,066	0	249,584	66%	6%	100.1%	100.1%
2029	2,265,103	2,260,000		2,260,000		5,103	0	254,688	62%	6%	100.2%	100.2%
2030	2,401,009	2,400,750		2,400,750		259	0	254,947	61%	6%	100.0%	100.0%
2031	2,401,009	2,399,250		2,399,250		1,759	0	256,706	58%	6%	100.1%	100.1%
2032	2,545,070	2,542,250	$0	2,542,250	$255,000	(252,180)	0	4,526	87%	8%	100.1%	100.1%
2033	2,545,070	[Ref'd by Ser. '32]	2,368,483	2,368,483		176,587	0	181,113	82%	8%	107.5%	107.5%
2034	2,697,774		2,693,800	2,693,800		3,974	0	185,087	82%	8%	100.1%	100.1%
2035	2,697,774		2,694,400	2,694,400		3,374	0	188,462	77%	8%	100.1%	100.1%
2036	2,859,641		2,854,800	2,854,800		4,841	0	193,302	77%	7%	100.2%	100.2%
2037	2,859,641		2,858,600	2,858,600		1,041	0	194,343	72%	7%	100.0%	100.0%
2038	3,031,219		3,026,800	3,026,800		4,419	0	198,762	71%	7%	100.1%	100.1%
2039	3,031,219		3,027,800	3,027,800		3,419	0	202,181	67%	7%	100.1%	100.1%
2040	3,213,092		3,208,000	3,208,000		5,092	0	207,274	66%	6%	100.2%	100.2%
2041	3,213,092		3,210,200	3,210,200		2,892	0	210,166	62%	6%	100.1%	100.1%
2042	3,405,878		3,401,200	3,401,200		4,678	0	214,844	61%	6%	100.1%	100.1%
2043	3,405,878		3,403,400	3,403,400		2,478	0	217,322	56%	6%	100.1%	100.1%
2044	3,610,231		3,609,000	3,609,000		1,231	0	218,552	55%	5%	100.0%	100.0%
2045	3,610,231		3,609,800	3,609,800		431	0	218,983	51%	5%	100.0%	100.0%
2046	3,826,844		3,823,600	3,823,600		3,244	0	222,227	49%	5%	100.1%	100.1%
2047	3,826,844		3,826,800	3,826,800		44	0	222,271	45%	4%	100.0%	100.0%
2048	4,056,455		4,052,400	4,052,400		4,055	0	226,326	44%	4%	100.1%	100.1%
2049	4,056,455		4,056,400	4,056,400		55	0	226,381	40%	4%	100.0%	100.0%
2050	4,299,842		4,297,200	4,297,200		2,642	0	229,024	38%	4%	100.1%	100.1%
2051	4,299,842		4,295,200	4,295,200		4,642	0	233,666	34%	3%	100.1%	100.1%
2052	4,557,833		4,554,600	4,554,600		3,233	0	236,899	32%	3%	100.1%	100.1%
2053	4,557,833		4,554,800	4,554,800		3,033	0	239,932	28%	3%	100.1%	100.1%
2054	4,831,303		4,830,600	4,830,600		703	0	240,634	26%	2%	100.0%	100.0%
2055	4,831,303		4,830,800	4,830,800		503	0	241,137	22%	2%	100.0%	100.0%
2056	5,121,181		5,120,800	5,120,800		381	0	241,518	19%	2%	100.0%	100.0%
2057	5,121,181		5,118,800	5,118,800		2,381	0	243,899	16%	2%	100.0%	100.0%
2058	5,428,452		5,425,800	5,425,800		2,652	0	246,551	13%	1%	100.0%	100.0%
2059	5,428,452		5,424,200	5,424,200		4,252	0	250,803	10%	1%	100.1%	100.1%
2060	5,754,159		5,750,600	5,750,600		3,559	0	254,362	7%	1%	100.1%	100.1%
2061	5,754,159		5,751,600	5,751,600		2,559	0	256,921	3%	0%	100.0%	100.0%
2062	6,099,408		6,094,400	6,094,400		5,008	261,929	0	n/a	n/a	100.1%	100.1%
	139,009,312	16,717,500	121,774,883	138,492,383	255,000	261,929	261,929					
		[BDec2118 22nrspB]	[BDec2118 32igr21B]									

[*] Estimated balance (tbd)

MULBERRY METROPOLITAN DISTRICT (Residential)

Assessed Value Summary

YEAR	Total Res'l Units	< < < < < < < < Residential > > > > > > > > Mkt Value Biennial Reasses'mt @ 6.0%	Cumulative Market Value	As'ed Value @ 7.20% of Market (2-yr lag)	< Platted/Developed Lots > Cumulative Market Value	As'ed Value @ 29.00% of Market (2-yr lag)	Total Comm'l Sq. Ft.*	Total Hotel Rooms	< < < < < < < < Commercial > > > > > > > > Mkt Value Biennial Reasses'mt @ 6.0%	Cumulative Market Value	As'ed Value @ 29.00% of Market (2-yr lag)	< Oil & Gas > As'ed Value @ 87.50% of Market[3] (2-yr lag)	Total Assessed Value
2017	0		0		0		0	0		$0			
2018	0	0	0		0		0	0	0	0			
2019	0		0	0	0	0	0	0		0	0		$0
2020	0	0	0	0	13,990,000	0	0	0	0	0	0		0
2021	660		148,462,999	0	5,200,000	0	0	0		0	0		0
2022	120	2,969,260	207,718,732	0	5,200,000	4,057,100	0	0	0	0	0		4,057,100
2023	120		265,130,933	10,689,336	5,200,000	1,508,000	0	0		0	0		12,197,336
2024	120	5,302,619	328,993,998	14,955,749	14,900,000	1,508,000	0	0	0	0	0		16,463,749
2025	420		500,148,162	19,089,427	5,100,000	1,508,000	0	0		0	0		20,597,427
2026	120	10,002,963	569,905,754	23,687,568	1,900,000	4,321,000	0	0	0	0	0		28,008,568
2027	40		592,612,513	36,010,668	0	1,479,000	0	0		0	0		37,489,668
2028	0	35,556,751	628,169,263	41,033,214	0	551,000	0	0	0	0	0		41,584,214
2029	0		628,169,263	42,668,101	0	0	0	0		0	0		42,668,101
2030	0	37,690,156	665,859,419	45,228,187	0	0	0	0	0	0	0		45,228,187
2031	0		665,859,419	45,228,187	0	0	0	0		0	0		45,228,187
2032	0	39,951,565	705,810,984	47,941,878	0	0	0	0	0	0	0		47,941,878
2033	0		705,810,984	47,941,878	0	0	0	0		0	0		47,941,878
2034	0	42,348,659	748,159,643	50,818,391	0	0	0	0	0	0	0		50,818,391
2035	0		748,159,643	50,818,391	0	0	0	0		0	0		50,818,391
2036	0	44,889,579	793,049,222	53,867,494	0	0	0	0	0	0	0		53,867,494
2037	0		793,049,222	53,867,494	0	0	0	0		0	0		53,867,494
2038		47,582,953	840,632,175	57,099,544	0	0			0	0	0		57,099,544
2039			840,632,175	57,099,544	0	0				0	0		57,099,544
2040		50,437,931	891,070,106	60,525,517	0	0			0	0	0		60,525,517
2041			891,070,106	60,525,517	0	0				0	0		60,525,517
2042		53,464,206	944,534,312	64,157,048	0	0			0	0	0		64,157,048
2043			944,534,312	64,157,048	0	0				0	0		64,157,048
2044		56,672,059	1,001,206,371	68,006,470	0	0			0	0	0		68,006,470
2045			1,001,206,371	68,006,470	0	0				0	0		68,006,470
2046		60,072,382	1,061,278,753	72,086,859	0	0			0	0	0		72,086,859
2047			1,061,278,753	72,086,859	0	0				0	0		72,086,859
2048		63,676,725	1,124,955,479	76,412,070	0	0			0	0	0		76,412,070
2049			1,124,955,479	76,412,070	0	0				0	0		76,412,070
2050		67,497,329	1,192,452,807	80,996,794	0	0			0	0	0		80,996,794
2051			1,192,452,807	80,996,794	0	0				0	0		80,996,794
2052		71,547,168	1,263,999,976	85,856,602	0	0			0	0	0		85,856,602
2053			1,263,999,976	85,856,602	0	0				0	0		85,856,602
2054		75,839,999	1,339,839,974	91,007,998	0	0			0	0	0		91,007,998
2055			1,339,839,974	91,007,998	0	0				0	0		91,007,998
2056		80,390,398	1,420,230,373	96,468,478	0	0			0	0	0		96,468,478
2057			1,420,230,373	96,468,478	0	0				0	0		96,468,478
2058		85,213,822	1,505,444,195	102,256,587	0	0			0	0	0		102,256,587
2059			1,505,444,195	102,256,587	0	0				0	0		102,256,587
2060		90,326,652	1,595,770,847	108,391,982	0	0			0	0	0		108,391,982
2061			1,595,770,847	108,391,982	0	0				0	0		108,391,982
2062		95,746,251	1,691,517,097	114,895,501	0	0			0	0	0		114,895,501
	1,600	1,117,179,427					0	0	0				

[*] Not incl. Hotels; presented in Rooms

[3] Estimated, tbd.

MULBERRY METROPOLITAN DISTRICT (Residential)
Development Summary
Development Projection -- Buildout Plan (updated 12/21/18)

Residential Development

Product Type	Apts (Affordable)	Apts (Market Rate)	Cluster	SFD - Alley Load	SFD - Traditional	TH	Condos	Res'l Totals
Base $ ('18)	**$110,000**	**$205,000**	**$350,000**	**$450,000**	**$500,000**	**$475,000**	**$300,000**	
2017	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-
2021	240	300	40	40	40	-	-	660
2022	-	-	40	40	40	-	-	120
2023	-	-	40	40	40	-	-	120
2024	-	-	40	40	40	-	-	120
2025	-	-	40	40	40	40	260	420
2026	-	-	40	40	-	40	-	120
2027	-	-	-	-	-	40	-	40
2028	-	-	-	-	-	-	-	-
2029	-	-	-	-	-	-	-	-
2030	-	-	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-
2034	-	-	-	-	-	-	-	-
2035	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-
2037	-	-	-	-	-	-	-	-
	240	300	240	240	200	120	260	**1,600**
MV @ Full Buildout (base prices;un-infl.)	**$26,400,000**	**$61,500,000**	**$84,000,000**	**$108,000,000**	**$100,000,000**	**$57,000,000**	**$78,000,000**	**$514,900,000**

notes:

Platted/Dev Lots = 10% MV; one-yr prior
Base MV $ inflated 2% per annum

PAINTED PRAIRIE METROPOLITAN DISTRICT (Commercial)

Assessed Value Summary

	< < < < < < < < Residential > > > > > > > >				< Platted/Developed Lots >		< < < < < < < < Commercial > > > > > > > >					
YEAR	Total Res'l Units	Mkt Value Biennial Reasses'mt @ 6.0%	Cumulative Market Value	As'ed Value @ 7.20% of Market (2-yr lag)	Cumulative Market Value	As'ed Value @ 29.00% of Market (2-yr lag)	Total Comm'l Sq. Ft.*	Total Hotel Rooms	Mkt Value Biennial Reasses'mt @ 6.0%	Cumulative Market Value	As'ed Value @ 29.00% of Market (2-yr lag)	Total Assessed Value
2017	0		0		0		0	0		$0		
2018	0	0	0		0		0	0	0	0		
2019	0		0	0	0	0	0	0		0	0	$0
2020	0	0	0	0	0	0	0	0	0	0	0	0
2021	0		0	0	0	0	0	0		0	0	0
2022	0	0	0	0	0	0	0	0	0	0	0	0
2023	0		0	0	0	0	0	0		0	0	0
2024	0	0	0	0	2,395,800	0	0	0	0	0	0	0
2025	0		0	0	4,575,978	0	108,900	0		27,520,211	0	0
2026	0	0	0	0	0	694,782	207,999	0	550,404	81,685,491	0	694,782
2027	0		0	0	0	1,327,034	0	0		81,685,491	7,980,861	9,307,895
2028	0	0	0	0	0	0	0	0	4,901,129	86,586,620	23,688,792	23,688,792
2029	0		0	0	0	0	0	0		86,586,620	23,688,792	23,688,792
2030	0	0	0	0	0	0	0	0	5,195,197	91,781,818	25,110,120	25,110,120
2031	0		0	0	0	0	0	0		91,781,818	25,110,120	25,110,120
2032	0	0	0	0	0	0	0	0	5,506,909	97,288,727	26,616,727	26,616,727
2033	0		0	0	0	0	0	0		97,288,727	26,616,727	26,616,727
2034	0	0	0	0	0	0	0	0	5,837,324	103,126,050	28,213,731	28,213,731
2035	0		0	0	0	0	0	0		103,126,050	28,213,731	28,213,731
2036	0	0	0	0	0	0	0	0	6,187,563	109,313,613	29,906,555	29,906,555
2037	0		0	0	0	0	0	0		109,313,613	29,906,555	29,906,555
2038		0	0	0	0	0			6,558,817	115,872,430	31,700,948	31,700,948
2039			0	0	0	0				115,872,430	31,700,948	31,700,948
2040		0	0	0	0	0			6,952,346	122,824,776	33,603,005	33,603,005
2041			0	0	0	0				122,824,776	33,603,005	33,603,005
2042		0	0	0	0	0			7,369,487	130,194,262	35,619,185	35,619,185
2043			0	0	0	0				130,194,262	35,619,185	35,619,185
2044		0	0	0	0	0			7,811,656	138,005,918	37,756,336	37,756,336
2045			0	0	0	0				138,005,918	37,756,336	37,756,336
2046		0	0	0	0	0			8,280,355	146,286,273	40,021,716	40,021,716
2047			0	0	0	0				146,286,273	40,021,716	40,021,716
2048		0	0	0	0	0			8,777,176	155,063,450	42,423,019	42,423,019
2049			0	0	0	0				155,063,450	42,423,019	42,423,019
2050		0	0	0	0	0			9,303,807	164,367,257	44,968,400	44,968,400
2051			0	0	0	0				164,367,257	44,968,400	44,968,400
2052		0	0	0	0	0			9,862,035	174,229,292	47,666,504	47,666,504
2053			0	0	0	0				174,229,292	47,666,504	47,666,504
2054		0	0	0	0	0			10,453,758	184,683,050	50,526,495	50,526,495
2055			0	0	0	0				184,683,050	50,526,495	50,526,495
2056		0	0	0	0	0			11,080,983	195,764,033	53,558,084	53,558,084
2057			0	0	0	0				195,764,033	53,558,084	53,558,084
2058		0	0	0	0	0			11,745,842	207,509,875	56,771,569	56,771,569
2059			0	0	0	0				207,509,875	56,771,569	56,771,569
2060		0	0	0	0	0			12,450,592	219,960,467	60,177,864	60,177,864
2061			0	0	0	0				219,960,467	60,177,864	60,177,864
2062		0	0	0	0	0			13,197,628	233,158,095	63,788,535	63,788,535
	0	0					316,899	0	152,023,008			

[*] Not incl. Hotels; presented in Rooms

PAINTED PRAIRIE METROPOLITAN DISTRICT (Commercial)
Development Summary
Development Projection -- Buildout Plan (updated 12/17/18)

Commercial Development

Product Type	Comm'l ('C)	Comm'l (D1)	Comm'l (D2)	Comm'l SF Total*	Hotel Rooms
Base $ ('18)	**$220/sf**	**$220/sf**	**$220/sf**		
Sales $ ('18)	**$0/sf**	**$0/sf**	**$0/sf**		
Taxable %	**100%**	**100%**	**100%**		
2017	-	-	-	-	-
2018	-	-	-	-	-
2019	-	-	-	-	-
2020	-	-	-	-	-
2021	-	-	-	-	-
2022	-	-	-	-	-
2023	-	-	-	-	-
2024	-	-	-	-	-
2025	-	108,900	-	108,900	-
2026	133,947	-	74,052	207,999	-
2027	-	-	-	-	-
2028	-	-	-	-	-
2029	-	-	-	-	-
2030	-	-	-	-	-
2031	-	-	-	-	-
2032	-	-	-	-	-
2033	-	-	-	-	-
2034	-	-	-	-	-
2035	-	-	-	-	-
2036	-	-	-	-	-
2037	-	-	-	-	-
	133,947	108,900	74,052	**316,899**	**-**
MV @ Full Buildout (base prices;un-infl.)	**$29,468,340**	**$23,958,000**	**$16,291,440**	**$69,717,780**	

[*] Not incl. Hotels; presented in Rooms

notes:

Platted/Dev Lots = 10% MV; one-yr prior
Base MV $ inflated 2% per annum

SOURCES AND USES OF FUNDS

MULBERRY METROPOLITAN DISTRICT (Residential & Commercial)
GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS, SERIES 2032
Pay & Cancel Refunding of (proposed) Series 2022 + New Money
40.000 (target) Res'l Mills + 20.000 (target) Comm'l Mills
Assumes Investment Grade, 100x, 30-yr. Maturity
(SERVICE PLAN: Full Growth + 6% Bi-Reassessment Projections)
[Preliminary -- for discsussion only]

Dated Date	12/01/2032
Delivery Date	12/01/2032

Sources:	
Bond Proceeds:	
Par Amount	64,595,000.00
Other Sources of Funds:	
Funds on Hand*	255,000.00
	64,850,000.00

Uses:	
Project Fund Deposits:	
Project Fund	21,561,708.33
Refunding Escrow Deposits:	
Cash Deposit*	42,550,000.00
Other Fund Deposits:	
Capitalized Interest Fund	215,316.67
Cost of Issuance:	
Other Cost of Issuance	200,000.00
Delivery Date Expenses:	
Underwriter's Discount	322,975.00
	64,850,000.00

Note: [*] Estimated balances (tbd)

D|A DAVIDSON
FIXED INCOME CAPITAL MARKETS

BOND SUMMARY STATISTICS

MULBERRY METROPOLITAN DISTRICT (Residential & Commercial)
GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS, SERIES 2032
Pay & Cancel Refunding of (proposed) Series 2022 + New Money
40.000 (target) Res'l Mills + 20.000 (target) Comm'l Mills
Assumes Investment Grade, 100x, 30-yr. Maturity
(SERVICE PLAN: Full Growth + 6% Bi-Reassessment Projections)
[Preliminary -- for discsussion only]

Dated Date	12/01/2032
Delivery Date	12/01/2032
First Coupon	06/01/2033
Last Maturity	12/01/2062
Arbitrage Yield	4.000000%
True Interest Cost (TIC)	4.035175%
Net Interest Cost (NIC)	4.000000%
All-In TIC	4.057081%
Average Coupon	4.000000%
Average Life (years)	22.213
Weighted Average Maturity (years)	22.213
Duration of Issue (years)	14.523
Par Amount	64,595,000.00
Bond Proceeds	64,595,000.00
Total Interest	57,395,200.00
Net Interest	57,718,175.00
Bond Years from Dated Date	1,434,880,000.00
Bond Years from Delivery Date	1,434,880,000.00
Total Debt Service	121,990,200.00
Maximum Annual Debt Service	6,094,400.00
Average Annual Debt Service	4,066,340.00
Underwriter's Fees (per $1000)	
Average Takedown	
Other Fee	5.000000
Total Underwriter's Discount	5.000000
Bid Price	99.500000

Bond Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date	PV of 1 bp change
Term Bond due 2062	64,595,000.00	100.000	4.000%	22.213	02/17/2055	112,395.30
	64,595,000.00			22.213		112,395.30

	TIC	All-In TIC	Arbitrage Yield
Par Value	64,595,000.00	64,595,000.00	64,595,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount	-322,975.00	-322,975.00	
- Cost of Issuance Expense		-200,000.00	
- Other Amounts			
Target Value	64,272,025.00	64,072,025.00	64,595,000.00
Target Date	12/01/2032	12/01/2032	12/01/2032
Yield	4.035175%	4.057081%	4.000000%

BOND DEBT SERVICE

MULBERRY METROPOLITAN DISTRICT (Residential & Commercial)
GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS, SERIES 2032
Pay & Cancel Refunding of (proposed) Series 2022 + New Money
40.000 (target) Res'l Mills + 20.000 (target) Comm'l Mills
Assumes Investment Grade, 100x, 30-yr. Maturity
(SERVICE PLAN: Full Growth + 6% Bi-Reassessment Projections)
[Preliminary -- for discsussion only]

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2033			1,291,900	1,291,900	
12/01/2033			1,291,900	1,291,900	2,583,800
06/01/2034			1,291,900	1,291,900	
12/01/2034	110,000	4.000%	1,291,900	1,401,900	2,693,800
06/01/2035			1,289,700	1,289,700	
12/01/2035	115,000	4.000%	1,289,700	1,404,700	2,694,400
06/01/2036			1,287,400	1,287,400	
12/01/2036	280,000	4.000%	1,287,400	1,567,400	2,854,800
06/01/2037			1,281,800	1,281,800	
12/01/2037	295,000	4.000%	1,281,800	1,576,800	2,858,600
06/01/2038			1,275,900	1,275,900	
12/01/2038	475,000	4.000%	1,275,900	1,750,900	3,026,800
06/01/2039			1,266,400	1,266,400	
12/01/2039	495,000	4.000%	1,266,400	1,761,400	3,027,800
06/01/2040			1,256,500	1,256,500	
12/01/2040	695,000	4.000%	1,256,500	1,951,500	3,208,000
06/01/2041			1,242,600	1,242,600	
12/01/2041	725,000	4.000%	1,242,600	1,967,600	3,210,200
06/01/2042			1,228,100	1,228,100	
12/01/2042	945,000	4.000%	1,228,100	2,173,100	3,401,200
06/01/2043			1,209,200	1,209,200	
12/01/2043	985,000	4.000%	1,209,200	2,194,200	3,403,400
06/01/2044			1,189,500	1,189,500	
12/01/2044	1,230,000	4.000%	1,189,500	2,419,500	3,609,000
06/01/2045			1,164,900	1,164,900	
12/01/2045	1,280,000	4.000%	1,164,900	2,444,900	3,609,800
06/01/2046			1,139,300	1,139,300	
12/01/2046	1,545,000	4.000%	1,139,300	2,684,300	3,823,600
06/01/2047			1,108,400	1,108,400	
12/01/2047	1,610,000	4.000%	1,108,400	2,718,400	3,826,800
06/01/2048			1,076,200	1,076,200	
12/01/2048	1,900,000	4.000%	1,076,200	2,976,200	4,052,400
06/01/2049			1,038,200	1,038,200	
12/01/2049	1,980,000	4.000%	1,038,200	3,018,200	4,056,400
06/01/2050			998,600	998,600	
12/01/2050	2,300,000	4.000%	998,600	3,298,600	4,297,200
06/01/2051			952,600	952,600	
12/01/2051	2,390,000	4.000%	952,600	3,342,600	4,295,200
06/01/2052			904,800	904,800	
12/01/2052	2,745,000	4.000%	904,800	3,649,800	4,554,600
06/01/2053			849,900	849,900	
12/01/2053	2,855,000	4.000%	849,900	3,704,900	4,554,800
06/01/2054			792,800	792,800	
12/01/2054	3,245,000	4.000%	792,800	4,037,800	4,830,600
06/01/2055			727,900	727,900	
12/01/2055	3,375,000	4.000%	727,900	4,102,900	4,830,800
06/01/2056			660,400	660,400	
12/01/2056	3,800,000	4.000%	660,400	4,460,400	5,120,800
06/01/2057			584,400	584,400	
12/01/2057	3,950,000	4.000%	584,400	4,534,400	5,118,800
06/01/2058			505,400	505,400	
12/01/2058	4,415,000	4.000%	505,400	4,920,400	5,425,800
06/01/2059			417,100	417,100	
12/01/2059	4,590,000	4.000%	417,100	5,007,100	5,424,200
06/01/2060			325,300	325,300	
12/01/2060	5,100,000	4.000%	325,300	5,425,300	5,750,600
06/01/2061			223,300	223,300	
12/01/2061	5,305,000	4.000%	223,300	5,528,300	5,751,600
06/01/2062			117,200	117,200	
12/01/2062	5,860,000	4.000%	117,200	5,977,200	6,094,400
	64,595,000		57,395,200	121,990,200	121,990,200

D|A DAVIDSON
FIXED INCOME CAPITAL MARKETS

NET DEBT SERVICE

MULBERRY METROPOLITAN DISTRICT (Residential & Commercial)
GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS, SERIES 2032
Pay & Cancel Refunding of (proposed) Series 2022 + New Money
40.000 (target) Res'l Mills + 20.000 (target) Comm'l Mills
Assumes Investment Grade, 100x, 30-yr. Maturity
(SERVICE PLAN: Full Growth + 6% Bi-Reassessment Projections)
[Preliminary -- for discsussion only]

Period Ending	Principal	Interest	Total Debt Service	Capitalized Interest Fund	Net Debt Service
12/01/2033		2,583,800	2,583,800	215,316.67	2,368,483.33
12/01/2034	110,000	2,583,800	2,693,800		2,693,800.00
12/01/2035	115,000	2,579,400	2,694,400		2,694,400.00
12/01/2036	280,000	2,574,800	2,854,800		2,854,800.00
12/01/2037	295,000	2,563,600	2,858,600		2,858,600.00
12/01/2038	475,000	2,551,800	3,026,800		3,026,800.00
12/01/2039	495,000	2,532,800	3,027,800		3,027,800.00
12/01/2040	695,000	2,513,000	3,208,000		3,208,000.00
12/01/2041	725,000	2,485,200	3,210,200		3,210,200.00
12/01/2042	945,000	2,456,200	3,401,200		3,401,200.00
12/01/2043	985,000	2,418,400	3,403,400		3,403,400.00
12/01/2044	1,230,000	2,379,000	3,609,000		3,609,000.00
12/01/2045	1,280,000	2,329,800	3,609,800		3,609,800.00
12/01/2046	1,545,000	2,278,600	3,823,600		3,823,600.00
12/01/2047	1,610,000	2,216,800	3,826,800		3,826,800.00
12/01/2048	1,900,000	2,152,400	4,052,400		4,052,400.00
12/01/2049	1,980,000	2,076,400	4,056,400		4,056,400.00
12/01/2050	2,300,000	1,997,200	4,297,200		4,297,200.00
12/01/2051	2,390,000	1,905,200	4,295,200		4,295,200.00
12/01/2052	2,745,000	1,809,600	4,554,600		4,554,600.00
12/01/2053	2,855,000	1,699,800	4,554,800		4,554,800.00
12/01/2054	3,245,000	1,585,600	4,830,600		4,830,600.00
12/01/2055	3,375,000	1,455,800	4,830,800		4,830,800.00
12/01/2056	3,800,000	1,320,800	5,120,800		5,120,800.00
12/01/2057	3,950,000	1,168,800	5,118,800		5,118,800.00
12/01/2058	4,415,000	1,010,800	5,425,800		5,425,800.00
12/01/2059	4,590,000	834,200	5,424,200		5,424,200.00
12/01/2060	5,100,000	650,600	5,750,600		5,750,600.00
12/01/2061	5,305,000	446,600	5,751,600		5,751,600.00
12/01/2062	5,860,000	234,400	6,094,400		6,094,400.00
	64,595,000	57,395,200	121,990,200	215,316.67	121,774,883.33

SUMMARY OF BONDS REFUNDED

MULBERRY METROPOLITAN DISTRICT (Residential & Commercial)
GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS, SERIES 2032
Pay & Cancel Refunding of (proposed) Series 2022 + New Money
40.000 (target) Res'l Mills + 20.000 (target) Comm'l Mills
Assumes Investment Grade, 100x, 30-yr. Maturity
(SERVICE PLAN: Full Growth + 6% Bi-Reassessment Projections)
[Preliminary -- for discsussion only]

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
12/21/18: (R+C) Ser 22 NR SP, 5.00%, 100x, 40.00+20.00, FG+6% BiRe:					
TERM52	12/01/2033	5.000%	415,000.00	12/01/2032	100.000
	12/01/2034	5.000%	590,000.00	12/01/2032	100.000
	12/01/2035	5.000%	620,000.00	12/01/2032	100.000
	12/01/2036	5.000%	810,000.00	12/01/2032	100.000
	12/01/2037	5.000%	850,000.00	12/01/2032	100.000
	12/01/2038	5.000%	1,065,000.00	12/01/2032	100.000
	12/01/2039	5.000%	1,120,000.00	12/01/2032	100.000
	12/01/2040	5.000%	1,355,000.00	12/01/2032	100.000
	12/01/2041	5.000%	1,425,000.00	12/01/2032	100.000
	12/01/2042	5.000%	1,690,000.00	12/01/2032	100.000
	12/01/2043	5.000%	1,775,000.00	12/01/2032	100.000
	12/01/2044	5.000%	2,065,000.00	12/01/2032	100.000
	12/01/2045	5.000%	2,170,000.00	12/01/2032	100.000
	12/01/2046	5.000%	2,495,000.00	12/01/2032	100.000
	12/01/2047	5.000%	2,620,000.00	12/01/2032	100.000
	12/01/2048	5.000%	2,980,000.00	12/01/2032	100.000
	12/01/2049	5.000%	3,130,000.00	12/01/2032	100.000
	12/01/2050	5.000%	3,530,000.00	12/01/2032	100.000
	12/01/2051	5.000%	3,705,000.00	12/01/2032	100.000
	12/01/2052	5.000%	8,140,000.00	12/01/2032	100.000
			42,550,000.00		

ESCROW REQUIREMENTS

MULBERRY METROPOLITAN DISTRICT (Residential & Commercial)
GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS, SERIES 2032
Pay & Cancel Refunding of (proposed) Series 2022 + New Money
40.000 (target) Res'l Mills + 20.000 (target) Comm'l Mills
Assumes Investment Grade, 100x, 30-yr. Maturity
(SERVICE PLAN: Full Growth + 6% Bi-Reassessment Projections)
[Preliminary -- for discsussion only]

Dated Date	12/01/2032
Delivery Date	12/01/2032

12/21/18: (R+C) Ser 22 NR SP, 5.00%, 100x, 40.00+20.00, FG+6% BiRe

Period Ending	Principal Redeemed	Total
12/01/2032	42,550,000.00	42,550,000.00
	42,550,000.00	42,550,000.00

D|A DAVIDSON
FIXED INCOME CAPITAL MARKETS

PRIOR BOND DEBT SERVICE

MULBERRY METROPOLITAN DISTRICT (Residential & Commercial)
GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS, SERIES 2032
Pay & Cancel Refunding of (proposed) Series 2022 + New Money
40.000 (target) Res'l Mills + 20.000 (target) Comm'l Mills
Assumes Investment Grade, 100x, 30-yr. Maturity
(SERVICE PLAN: Full Growth + 6% Bi-Reassessment Projections)
[Preliminary -- for discsussion only]

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2033			1,063,750	1,063,750	
12/01/2033	415,000	5.000%	1,063,750	1,478,750	2,542,500
06/01/2034			1,053,375	1,053,375	
12/01/2034	590,000	5.000%	1,053,375	1,643,375	2,696,750
06/01/2035			1,038,625	1,038,625	
12/01/2035	620,000	5.000%	1,038,625	1,658,625	2,697,250
06/01/2036			1,023,125	1,023,125	
12/01/2036	810,000	5.000%	1,023,125	1,833,125	2,856,250
06/01/2037			1,002,875	1,002,875	
12/01/2037	850,000	5.000%	1,002,875	1,852,875	2,855,750
06/01/2038			981,625	981,625	
12/01/2038	1,065,000	5.000%	981,625	2,046,625	3,028,250
06/01/2039			955,000	955,000	
12/01/2039	1,120,000	5.000%	955,000	2,075,000	3,030,000
06/01/2040			927,000	927,000	
12/01/2040	1,355,000	5.000%	927,000	2,282,000	3,209,000
06/01/2041			893,125	893,125	
12/01/2041	1,425,000	5.000%	893,125	2,318,125	3,211,250
06/01/2042			857,500	857,500	
12/01/2042	1,690,000	5.000%	857,500	2,547,500	3,405,000
06/01/2043			815,250	815,250	
12/01/2043	1,775,000	5.000%	815,250	2,590,250	3,405,500
06/01/2044			770,875	770,875	
12/01/2044	2,065,000	5.000%	770,875	2,835,875	3,606,750
06/01/2045			719,250	719,250	
12/01/2045	2,170,000	5.000%	719,250	2,889,250	3,608,500
06/01/2046			665,000	665,000	
12/01/2046	2,495,000	5.000%	665,000	3,160,000	3,825,000
06/01/2047			602,625	602,625	
12/01/2047	2,620,000	5.000%	602,625	3,222,625	3,825,250
06/01/2048			537,125	537,125	
12/01/2048	2,980,000	5.000%	537,125	3,517,125	4,054,250
06/01/2049			462,625	462,625	
12/01/2049	3,130,000	5.000%	462,625	3,592,625	4,055,250
06/01/2050			384,375	384,375	
12/01/2050	3,530,000	5.000%	384,375	3,914,375	4,298,750
06/01/2051			296,125	296,125	
12/01/2051	3,705,000	5.000%	296,125	4,001,125	4,297,250
06/01/2052			203,500	203,500	
12/01/2052	8,140,000	5.000%	203,500	8,343,500	8,547,000
	42,550,000		30,505,500	73,055,500	73,055,500

D|A DAVIDSON
FIXED INCOME CAPITAL MARKETS

BOND SOLUTION

MULBERRY METROPOLITAN DISTRICT (Residential & Commercial)
GENERAL OBLIGATION REFUNDING & IMPROVEMENT BONDS, SERIES 2032
Pay & Cancel Refunding of (proposed) Series 2022 + New Money
40.000 (target) Res'l Mills + 20.000 (target) Comm'l Mills
Assumes Investment Grade, 100x, 30-yr. Maturity
(SERVICE PLAN: Full Growth + 6% Bi-Reassessment Projections)
[Preliminary -- for discsussion only]

Period Ending	Proposed Principal	Proposed Debt Service	Debt Service Adjustments	Total Adj Debt Service	Revenue Constraints	Unused Revenues	Debt Serv Coverage
12/01/2033		2,583,800	-215,317	2,368,483	2,545,070	176,587	107.45569%
12/01/2034	110,000	2,693,800		2,693,800	2,697,774	3,974	100.14753%
12/01/2035	115,000	2,694,400		2,694,400	2,697,774	3,374	100.12523%
12/01/2036	280,000	2,854,800		2,854,800	2,859,641	4,841	100.16956%
12/01/2037	295,000	2,858,600		2,858,600	2,859,641	1,041	100.03641%
12/01/2038	475,000	3,026,800		3,026,800	3,031,219	4,419	100.14600%
12/01/2039	495,000	3,027,800		3,027,800	3,031,219	3,419	100.11292%
12/01/2040	695,000	3,208,000		3,208,000	3,213,092	5,092	100.15874%
12/01/2041	725,000	3,210,200		3,210,200	3,213,092	2,892	100.09010%
12/01/2042	945,000	3,401,200		3,401,200	3,405,878	4,678	100.13753%
12/01/2043	985,000	3,403,400		3,403,400	3,405,878	2,478	100.07280%
12/01/2044	1,230,000	3,609,000		3,609,000	3,610,231	1,231	100.03410%
12/01/2045	1,280,000	3,609,800		3,609,800	3,610,231	431	100.01193%
12/01/2046	1,545,000	3,823,600		3,823,600	3,826,844	3,244	100.08485%
12/01/2047	1,610,000	3,826,800		3,826,800	3,826,844	44	100.00116%
12/01/2048	1,900,000	4,052,400		4,052,400	4,056,455	4,055	100.10006%
12/01/2049	1,980,000	4,056,400		4,056,400	4,056,455	55	100.00136%
12/01/2050	2,300,000	4,297,200		4,297,200	4,299,842	2,642	100.06149%
12/01/2051	2,390,000	4,295,200		4,295,200	4,299,842	4,642	100.10808%
12/01/2052	2,745,000	4,554,600		4,554,600	4,557,833	3,233	100.07098%
12/01/2053	2,855,000	4,554,800		4,554,800	4,557,833	3,033	100.06659%
12/01/2054	3,245,000	4,830,600		4,830,600	4,831,303	703	100.01455%
12/01/2055	3,375,000	4,830,800		4,830,800	4,831,303	503	100.01041%
12/01/2056	3,800,000	5,120,800		5,120,800	5,121,181	381	100.00744%
12/01/2057	3,950,000	5,118,800		5,118,800	5,121,181	2,381	100.04651%
12/01/2058	4,415,000	5,425,800		5,425,800	5,428,452	2,652	100.04887%
12/01/2059	4,590,000	5,424,200		5,424,200	5,428,452	4,252	100.07839%
12/01/2060	5,100,000	5,750,600		5,750,600	5,754,159	3,559	100.06189%
12/01/2061	5,305,000	5,751,600		5,751,600	5,754,159	2,559	100.04449%
12/01/2062	5,860,000	6,094,400		6,094,400	6,099,408	5,008	100.08218%
	64,595,000	121,990,200	-215,317	121,774,883	122,032,286	257,403	

EXHIBIT I

PUBLIC BENEFITS

Mulberry Metro District Public Benefit Evaluation

Total Project Units 1608

Environmental Sustainability	**Non-Basic Improvements**		
GHG Reduction	**Total Benefit ($)**	**Benefit per Unit**	**Notes**
1 800 kW Solar Power	$1,969,400	$8,600	Total 800kW Generated - 3.5kW system on 229 Homes
Water and Energy Conservation			
1 Non-Potable Irrigation System	$4,642,190	$2,887	See Cost Estimate
Multi-modal Transportation			
1			
Enhanced Resiliency			
1 Pollinator Corridors	$160,800	$100	Enhanced planting plans to encourage Pollinator development
Increased Renewalable Capacity			
1 See GHG Reduction			
TOTAL Environmental Sustainability Benefit	**$6,772,390**	**$11,587**	

Critical Public Infrastructure	**Non-Basic Improvements**		
On-Ste	**Total Benefit ($)**	**Benefit per Unit**	**Notes**
1 Rail Crossing	$500,000	$311	
Off-Site			
1 Vine & Timberline Contributions*	$250,000	$155	Estimated Contribution
2 Greenfields RAB	$524,453	$326	
TOTAL Critical Public Infrastructure Benefit	**$1,274,453**	**$793**	

Smarth Growth Management	**Non-Basic Improvements**		
Increase Density	**Total Benefit ($)**	**Benefit per Unit**	**Notes**
1 Alley Load Homes	$4,002,023	$6,670.04	40% of Units - 600 Units
2 Added Utility Services/Raw water Dedication^	$18,020,145	$11,207	Additional Sewer and Water Service - 825 Unit Density Bonus
Walkability & Pedestrian Infrastructure			
1 Enhanced crossings	$75,000	$47	6 Crossings Total @ $12,500 ea.
Availability of Transit			
1			
Public Space			
1 Neighborhood Parks	$3,270,672	$2,034	Pocket Parks / Neighborhood Parks
2 Swimming Pool	$3,000,000	$1,866	
3 Commercial Center Promenade	$3,000,000	$1,866	
Mixed - Use			
1 Project is designed as Mixed-use	Difficult to Quant.		
TOTAL Smarth Growth Management	**$31,367,840**	**$23,689**	

Strategic Priorities	**Non-Basic Improvements**		
Affordable Housing	**Total Benefit ($)**	**Benefit per Unit**	**Notes**
1 10% Affordable housing target	$10,458,500	$6,500	$65K Subsiby for 10% of Units at 80% AMI
2 Water Savings for Non-Potable Irrigation System	$21,671,479	$13,477	Savings on Raw water not required to be purchased to satisfy Project
Workforce Housing			
1			
Infill & Redevelopment			
1 Mulberry Frontage Improvements	$500,000	$311	Landscaping Improvements on Frontage
2 Monument / Gateway Signage	$1,750,000	$1,088	Land (1.77 Ac @ $15/Ft.) plus Signage Cost
3 Mulberry Intersection / Median Improvements	$300,000	$187	
Economic Health			
1 Catalyze cooridor Redevelopment	Difficult to Quant.		
2 New Employment / Sales Tax Generation	Difficult to Quant.		
TOTAL Strategic Priorities Benefit	**$34,679,979**	**$21,563**	

DISCLAIMER: The above represents Preliminary estimates designed to provide an illustravtive representation for the value of public benefit . This illustration is non-binding pending execution of a Development Agreement

TOTAL PUBLIC BENEFITS **$74,094,662** **$57,631**

Footnotes

^.3/AF per Unit - 825 Unit Density Bonus over LMN - $57K/AF for Water

*Estimated Contribution

HARTFORD DEVELOPMENT

MULBERRY METROPOLITAN DISTRICT

PUBLIC BENEFITS NARRATIVE

Fort Collins, Colorado

Prepared for the
Fort Collins Planning Department

2.19.2019

THE PROJECT

The Mulberry Corridor ("the Corridor") is quickly becoming the primary gateway to Fort Collins – Old Town, new hotels, breweries, Woodward, the Poudre River Whitewater Park, Poudre Canyon access, etc. This gateway does not represent our City well. While enclaving the Corridor represents significant progress, the Corridor needs a project to set a high development standard and catalyze redevelopment. On the last remaining large greenfield development site on the Corridor, Mulberry (the Community) represents the perfect opportunity to do just that. A Metropolitan District will provide the financing mechanism to accomplish this higher standard of development and accelerate redevelopment of the Corridor.

Our City is in desperate need of affordable and attainable housing. Hartford has entitled, developed and built 1,000+ homes at affordable and attainable price points in northeast Fort Collins – Dry Creek, TimberVine, Mosaic – since 2011. Hartford's ability to maintain these price points and deliver affordable or attainable homes under the historical model is no longer possible due to rising water, land, infrastructure, labor and material costs. In order to provide this much needed housing Mulberry will use Metropolitan District funds to offsets costs of innovating on water sources and uses, community and home designs, construction techniques, and public/private partnerships, to deliver a minimum of 160 affordable, and 1,440 attainable units.
Mulberry's vision is to deliver on these critical City objectives and with Metropolitan District financing tools, will:

1) Catalyze redevelopment of the Corridor; and

2) Create affordable housing units

3) Create attainable housing units to support the workforce.

In addition to these top priorities, Metropolitan District Financing will support the City's objectives to:

3) Employ high quality and Smart Growth practices;

4) Incorporate Environmental Sustainability through energy conservation, water conservation, and enhanced community resiliency; and

5) Develop critical on-site and off-site public infrastructure.

This mixed-use community will provide a variety of opportunities for shopping, working, living, and playing, including:

- A neighborhood town center located between the Corridor and the residential portions of Mulberry, with a central pedestrian-oriented market street acting as the continuation of the central north-south greenway running through the community; and including:
    - Approximately 20-30 acres of retail, commercial, office uses
    - Up to +/- 160,000 SF of retail and commercial uses, including the potential of a neighborhood-scaled grocery store up to 50,000 SF
    - Up to +/- 80,000 SF of office uses integrated into the market street
- 1,600 or more residences to include single-family detached, single-family attached, and multi-family living options, of which a minimum of 10% will be designated as affordable;
- Significant open space, including a range of features from amenitized parks to preservation of high-value natural areas; and
- An extensive trail corridor and pedestrian network, providing both internal community connectivity and walkability, as well as links to the surrounding Fort Collins community.

PUBLIC BENEFITS

1. CATALYZE THE MULBERRY CORRIDOR

MULBERRY STREET FRONTAGE, INTERSECTION AND MEDIAN IMPROVEMENTS

The Mulberry project would like to make improvements beyond its boundaries to help establish the appropriate standard for the Corridor redevelopment. Specifically, Mulberry will contribute to the Frontage Road, the HWY 14 Median and the Intersection of HWY 14 and Greenfields improvements. With the appropriate infrastructure and landscaping improvements, Mulberry can be a catalyst and provide an appropriate entrance to our City.

Quantitative Benefit: Improvement Costs - $800,000

Qualitative Benefit: Establishing an implicit standard for redevelopment of the Corridor; catalyzing investment in and redevelopment of the Corridor.

Metropolitan District Role: Design, construction and financing of all infrastructure associated with the frontage area improvements adjacent to the Mulberry community, including roadway, utility, drainage/grading, landscape, identity and signage and other related improvements along this corridor.

MULBERRY COMMUNITY GATEWAY

Per the East Mulberry Corridor Plan, this property is uniquely positioned to provide a gateway to Fort Collins from I-25. Two small parcels have been created between the realigned frontage road and Mulberry Road as a part of the ongoing County-led improvements, the westernmost of which is located within the prop boundaries of the proposed Mulberry community. Despite its ideal situation for a profitable convenience store or drive-thru site, Mulberry would rather see this site developed for an iconic City monument and community entry feature

- This entry feature will reinforce the role of this property as a gateway to the City of Fort Collins.
- This welcoming monument, were it to be supported by the City, would be constructed and maintained by the Mulberry Metropolitan Districts.

Quantitative Public Benefit: Foregone Land Value - $1.25M; Entry Feature - $500,000

Qualitative Public Benefit: Establishing an iconic gateway to the Mulberry Community, as well as a Fort Collins as a whole

Metropolitan District Role: Ownership of monument land, design, construction, maintenance and financing of gateway features/improvements.

DESIGN STANDARDS.

Mulberry provides an opportunity to set a high standard of design for the redevelopment of the corridor including

- Infrastructure design through new pedestrian, vehicular, and landscape improvements
- Establishment of an architectural character for this portion of the city
- Develop a signature mixed-use New Urbanist community which will also help catalyze investment in this area.

Quantitative Public Benefit: $0M

Qualitative Public Benefit: Establishing an implicit standard for redevelopment of the Corridor; catalyzing investment in and redevelopment of the Corridor.

Metropolitan District Role: Infrastructure reimbursements allow for higher quality design.

ECONOMIC HEALTH OUTCOMES

Mulberry will provide a range of economic benefits to the Corridor, as it will

- Help retain existing businesses by filling the need for an appropriate gateway to the northern portions of the city.
- Create an attractive, attainable, affordable, and diverse place to live, work, and play, through innovative site planning, construction methods, and overall design
- Provide employment opportunity as well as additional tax revenues to the City through retail, commercial, and office uses within the mixed-use community center
- Attract a dynamic workforce with its healthy balance of natural and urban environments

Quantitative Public Benefit: $0
Qualitative Public Benefit: New Employment; Sales Tax Generation
Metropolitan District Role: Financing and District reimbursements make the project economically feasible, delivering high priority retail, employment and attainable housing to the Corridor.

2. CREATE AFFORDABLE HOUSING

The financing and reimbursement options created by the Metropolitan Districts will offset infrastructure costs during development and enable the Mulberry project to deliver a minimum of 160 residential units, or 10% of the total project, at 80% AMI or lower. These units will be delivered under the following guidelines:

- For Sale: A minimum of 40 units (2.5%) will be for sale
- For Rent: Approximately 120 units (7.5%) are anticipated to be for rent
- Integrated / Dispersed Site: Approximately 40 units will be built as 'dispersed site' units, integrating market rate units and affordable housing units within the neighborhood. It is anticipated that affordable units will be the same units as market-rate units and will be integrated along a block or product type within the community.
- Enforceability: Prior to or concurrent with preparation of the Development Agreement, Mulberry will create legally enforceable guarantees for affordable housing commitments. Potential options include a contract with the City for Land Bank, deed restriction, and reservation of acreage.

A variety of opportunities and potential delivery methods exist to achieve the above guidelines, including:

- **Qualified Census Tract –** Mulberry is located in a Qualified Census Tract, creating access to HUD financing for affordable multi-family developers and builders. If infrastructure costs can be offset by a Metropolitan District, experienced, affordable housing developers have expressed interest in the site
- **Opportunity Zone –** Mulberry is located in an Opportunity Zone, qualifying long-term investments for new tax incentives; this further provides viability for affordable, multi-family developers
- **Partnership with Habitat for Humanity –** Hartford Homes and the Mulberry community have been working on a partnership with Habitat for Humanity to build the affordable, for-sale residential units
- **Land Trust Partnership -** Hartford Homes and the Mulberry community have been in early discussions with several Land Trusts
- **Partnership with the City of Fort Collins –** Mulberry would like to explore partnership opportunities with the City - Land Bank or other similar programs
- **Partnership with Major Employer(s) –** Mulberry is exploring co-investment programs with multiple employers to provide workforce housing
- **Builder/Developer Model –** As Developer and Builder, Hartford Homes has the ability to fully deliver or subsidize costs, where necessary, to ensure delivery of the affordable housing units

Quantitative Public Benefits: $65K per unit subsidy - $10.5M

Qualitative Public Benefits: Provide for sale and for rent affordable housing and create a more integrated and diverse community.

Metropolitan District Role: Lower cost of infrastructure (through District reimbursements), enabling creation of more affordable units.

3. CREATE ATTAINABLE HOUSING

In addition to the aforementioned methods to provide and ensure affordable homes within the proposed Mulberry community, the Mulberry Metropolitan Districts will allow for the use of innovative land planning and construction strategies, lowering the overall cost of housing and providing for a wide range of market-rate attainable housing options.

RESIDENTIAL NEIGHBORHOOD DESIGN

Consistent with New Urbanist principles, the single-family attached and detached homes at Mulberry are envisioned to have predominately alley-accessed garages, with less private yard space, but direct access to open spaces, pedestrian corridors and public streets. This and related design features are a critical component to developing smaller, more attainably priced homes, including:

- Decreasing the amount of land required per home allows the home to be sold for a lower market price. (land accounts for approximately 25% of the cost of new construction)
- Mulberry anticipates a density of 8.8 units per acre versus LMN code standard of 4 units per acre. (an increase of about 825 units) further diluting the overall cost of land for development.
- Locating the garage in the rear of the home, allows for the overall lot to be narrower
- Open spaces will be integrated throughout the neighborhood, with construction and maintenance provided by the Mulberry Metropolitan Districts, rather than by private homeowners.

While alleys help facilitate denser and more urban patterns of development, they also lead to somewhat higher construction costs. The additional paving that is required for alley-based community design is typically passed on to the homebuyer, through an increase in the sale price of the home. The Metropolitan District can be used to offset this increase instead of passing it directly to homebuyers, creating an overall more attainable neighborhood at Mulberry.

Quantitative Public Benefit: Alley Construction Costs - $4M; Additional Utilities - $18M

Qualitative Public Benefit: More attainably priced homes for Fort Collins households, increased space for community interaction.

Metropolitan District Role: Lower the direct cost of infrastructure for homebuyers; Design, construction, and maintenance of alleys and common open spaces.

HOME DESIGN & CONSTRUCTION

Home design and construction will play a key role in keeping construction costs lower and home prices attainable. Key methods employed will include:

- Constructing some homes with a slab foundation, as opposed to a full basement
- Utilizing detached, condominiumized garages
- Utilizing ready-frame construction
- Building homes in 4' increments only
- Reducing the number of corners in some home types
- Avoiding the use of steel
- Developing fully sprinkled homes with 2' side setbacks
- Including roof top outdoor spaces and/or 3-stories, and other strategies, as appropriate

Quantitative Public Benefit: $0

Qualitative Public Benefit: More attainably priced homes for Fort Collins households; greater sustainability achieved through reduced overall consumption per home.

Metropolitan District Role: Density increase allows potential for construction methods outlined above.

NON-POTABLE IRRIGATION SYSTEM

Mulberry will provide for the construction and maintenance of a non-potable water system for community-wide landscaping and landscaping on individual lots. The proposed non-potable water system for Mulberry will lead to a 45% reduction in potable water demand. Utilizing the onsite wells for irrigation reduces overall water dedication requirements, reducing project costs and home costs. Simultaneously, the non-potable system will reduce the monthly costs of homeownership.

Quantitative Benefit: Raw Water reduction - $22M, reduction in monthly water bills

Qualitative Public Benefit: Less demand on water treatment system; lower initial cost for homes; lower on-going water costs than City system.

Metropolitan District Role: Design, financing, construction, operation, and maintenance of the non-potable system.

4. EMPLOY HIGH QUALITY AND SMART GROWTH PRACTICES

In planning the Mulberry community, special effort has been made to ensure that the community will not only meet, but exceed City standards, integrating best practices in planning and design to create a high quality, environmentally sustainable community.

As a New Urbanist community employing Traditional Neighborhood Development principles, Mulberry proposes a greenway system that will not only integrate nature into the City but will activate it through numerous connections to pocket parks, green courts, and front doors. Features include:

- A pedestrian-friendly mixed-use neighborhood center that will function as the central node on the south end of the community
- A central pedestrian-oriented greenway spine proposed to run north-south through the center of the neighborhood, flanked by a variety of housing types
- Pocket parks adjacent to the spine providing central access to open space facilities and activation on the main corridor
- A secondary bicycle path on the west side of Greenfields Court to provide a more direct route for cyclists, which will also allow the central spine to be more focused on local pedestrian traffic
- A neighborhood pool on the east side of Greenfields Drive, within a +/- 5-minute walk from all residential areas within Mulberry
- An enhanced east-west greenway to connect from the railroad crossing to Cooper Slough

Quantitative Benefit: Neighborhood Parks - $3.3M, Swimming Pool - $3M, Commercial Center Promenade - $3M, Enhanced crossings - $75K

Qualitative Public Benefit: Increased walkability / connectivity, creating a better sense of community and place in key gathering areas. Embracing Nature in the City.

Metropolitan District Role: Design, financing, construction and maintenance of parks, commercial center promenade, trail system and other related improvements.

5. INCORPORATE ENVIRONMENTAL SUSTAINABILITY THROUGH ENERGY CONSERVATION, WATER CONSERVATION, AND ENHANCED COMMUNITY RESILIENCY

Fort Collins Sustainability Goals are promoted throughout the community with environmentally friendly design.

WATER CONSERVATION

An irrigation system, designed congruently with a water conserving landscape design, is not a requirement of the City; however, to achieve a water conserving landscape both the overall planting plan and irrigation system will be designed congruently. Once this is designed and installed, true water savings is primarily achieved through the proper operation of a strategically designed community wide irrigation system.

- Xeric landscaping and use of non-potable irrigation will conserve water
- Plants with similar water needs will be grouped together and a properly designed irrigation system will correspond with this planting plan.
- The vision for the landscape character includes water-wise landscaping throughout, which can reduce further demand for irrigation water by about 20% compared to conventional landscaping.
- Utilizing onsite wells reduces need for excess water rights to be pulled from agricultural ("Buy and Dry") thereby preserving more water in its current state/use.
- Yard areas on some residential lots will be minimized to reduce the amount of traditionally irrigated area.

Quantitative Public Benefits: Non-potable System Cost - $4.6M

Qualitative Public Benefits: Xeric, Waterwise Landscaping; preservation of agricultural water rights

Role of Metropolitan District: Design, financing, construction and maintenance of common areas where water conserving landscape improvements occur. Holistic design, construction and maintenance of overall infrastructure improvements and non-potable system.

ENERGY CONSERVATION

A commitment to 800 kW of solar capacity generated within and distributed throughout Mulberry will further promote resource conservation and renewable energy use.

Quantitative Public Benefits: Solar - $2M

Qualitative Public Benefits: Addresses City's goals to achieve carbon neutrality by 2050, with 2% from local installed distribution generation.

Metropolitan District Role: Enforce delivery of system.

ENHANCED RESILIENCY

Cooper Slough Improvements, Lake Canal Improvements, Community Resiliency through Flood Plain Reduction, Pollinator Corridors

- Improvements to the Cooper Slough will reduce runoff and lower peak flows through upstream planting and mitigation.
- Improvements to Lake Canal will help to bring it out of the current flood plain. This will reduce financial, health and safety risks for the future while supporting development of the commercial portion of the project.
- Landscape architecture will be designed to support the flight distances and migration patterns of applicable pollinators and will increase the biodiversity of the area.

Quantitative Benefit: Pollinator Corridors - $160,000

Qualitative Public Benefit: Design and engineering of the full master planned community of Mulberry will achieve an integrated and complete solution for these improvements, likely beyond minimum standards.

Metropolitan District Role: Design, construction and maintenance of Cooper Slough, Lake Canal and other associated common open space area improvements.

6. DEVELOP CRITICAL ON-SITE AND OFF-SITE PUBLIC INFRASTRUCTURE.

DEVELOPING CRITICAL PUBLIC INFRASTRUCTURE

To develop the proposed new community, significant infrastructure elements are required, including the extension of Greenfields Court from Mulberry Street north to Vine Drive. This roadway extension is described in the East Mulberry Corridor Plan and is a critical component of the City's Master Streets Plan, and it will:

- Provide a critical connection to the Mulberry and I-25 interchange for residents and businesses in northern Fort Collins.
- Relieve pressure on failing or nearly failing intersections (Timberline & Vine and Lemay & Vine).
- Require a railroad crossing for an existing railroad right-of-way that currently serves industrial tenants along I-25, to the east of the site.

Quantitative Benefit: Rail Crossing - $500,000, Vine & Timberline Contribution - $250,000, Greenfields RAB - $524,453

Qualitative Public Benefit: Better means for transportation for Fort Collins residents, improved accessibility to surrounding area.

Metropolitan District Role: Design, construction and maintenance of significant roadway infrastructure associated with the Mulberry community.

EXHIBIT J

DISCLOSURE NOTICE

MEMORANDUM

To: Josh Birks and Jensen Morgan
Economic Health & Redevelopment, City of Fort Collins

From: Dan Guimond and Elliot Kilham
Economic & Planning Systems

Subject: Mulberry Metro District Market and Financial Review
EPS #193012

Date: February 11, 2019

The Economics of Land Use

This memorandum summarizes Economic & Planning System's (EPS) evaluation of the Financial Plan section of the Consolidated Service Plan (Service Plan) for the Mulberry Metropolitan Service District (District). The City is required to approve the Service Plan for a Title 32 Metropolitan District prior to it being submitted for a vote by the electorate of the district. EPS's third-party evaluation includes a review of the market and financial assumptions underlying the application as well as the feasibility of the District's Financial Plan, including public revenue and bond proceed forecasts. The evaluation also reviews the proposal against the City's metro district public benefit policy requirements.

Development Program

Mulberry is a proposed 226-acre mixed-use community in North Fort Collins located between E. Vine Drive to the north, Colorado Hwy 14 (Mulberry) to the south, S. Timberline Road to the west, and I-25 frontage roads to the east, near the intersection of Frontage Road N. and Dawn Avenue, as shown **Figure 1** at the end of this section.

The proposed project contains a mix of residential and commercial uses; the residential component includes both single and multifamily homes as well as for-sale and rental product, and the commercial component includes community serving retail and office uses. The project is projected to be completed over the next nine years; at which time, it is forecasted to include 1,600 housing units and approximately 316,000 square feet of commercial space.

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The Developer provided a preliminary development program to D.A. Davidson, the District's bond underwriter, as shown in **Table 1**. This preliminary program includes:

- 240 *cluster homes* with a projected market value of $350,000. Cluster or patio homes are higher density, attached single family houses.
- 240 *single family – alley loaded homes* with a projected market value of $450,000. These homes will be higher density than a traditional single family home with garages that are accessed through an alley, allowing for smaller lots.
- 240 *single family – traditional homes* with a projected market value of $500,000.
- 120 *townhomes* with a projected market value of $475,000.
- 260 *condominiums* with a projected market value of $300,000.
- 316,000 square feet of *commercial space* with a projected market value of $220 per square foot. The D.A. Davidson projections do not distinguish between the type of commercial space, but the District proposal suggests that 86,000 square feet will be office and 230,000 square feet will be community serving retail.

Table 1. Proposed Mulberry Development Program and Market Values

Description	Amount	% Total	Market Value 2018 $
Residential			
For-Sale	*Units*		*$/Unit*
Cluster Homes	240	15%	$350,000
Single Family - Alley Loaded	240	15%	$450,000
Single Family - Traditional	200	13%	$500,000
Townhomes	120	8%	$475,000
Condos	260	16%	$300,000
Subtotal/Weighted Avg.	**1,060**	**66%**	**$402,830**
Rental	*Units*		*$/Unit*
Market Rate	240	15%	$205,000
Affordable	300	19%	$110,000
Subtotal/Weighted Avg.	**540**	**34%**	**$152,222**
Total/Weighted Avg.	**1,600**	**100%**	**$318,250**
Commercial	*Sq. Ft.*		*$/Sq. Ft.*
Office	86,000	27%	$220
Retail/Commercial	230,000	73%	$220
Total/Weighted Avg.	**316,000**	**100%**	**$220**

Source: DA Davidson; Economic & Planning Systems

The proposed buildout of the Mulberry development is estimated to take place over a 9-year period from 2019 to 2027, as shown in **Table 2**. In total, the Developer proposes to build an average of 229 residential units per year from 2019 to 2027. The proposed commercial development is projected to occur in 2025 and 2026 as shown.

The project is shown with the initial development focused on 550 apartments in 2021 (240 market rate and 300 affordable). For sale housing is also planned for development starting in 2021 with 120 units in the three single family detached categories. The remaining 480 single family units are expected to be built the following five years (2022 to 2026). The last phase of the project is the townhomes and condominiums, and commercial development built in 2025 to 2027 as shown.

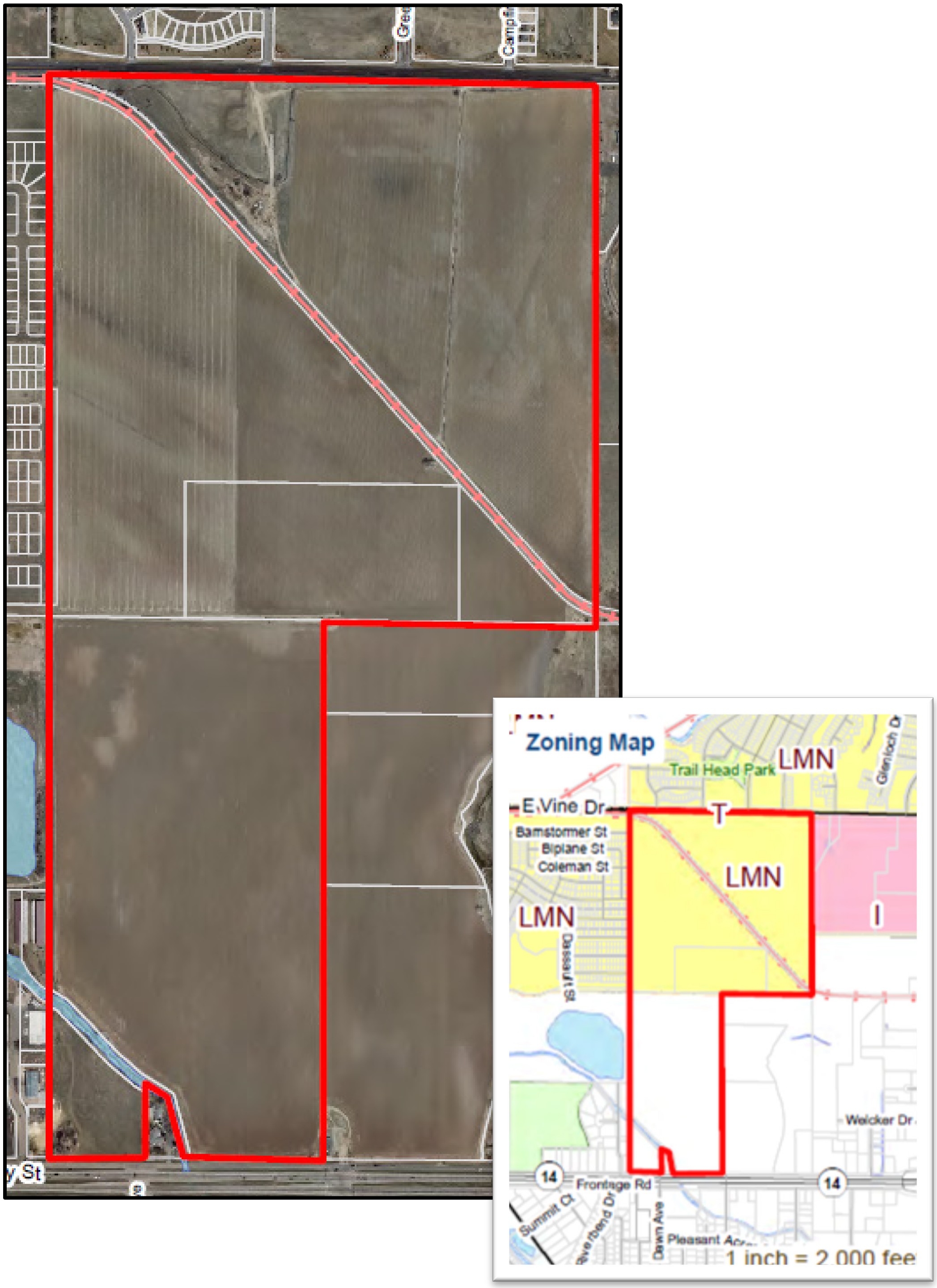
It is important to note that this preliminary program is used as inputs into D.A. Davidson's estimate of bond proceeds and draft bond series offerings. As the basis for the Financial Plan, EPS focused its market assessment on these inputs.

Table 2. Proposed Mulberry Absorption Schedule

Description	Residential (Units)								Commercial
	Mkt. Rate Apts.	Affordable Apts.	Cluster Homes	SF Alley Loaded	Single Family	Town-homes	Condos	Total	(Sq. Ft.)
Year									
2019	0	0	0	0	0	0	0	0	0
2020	0	0	0	0	0	0	0	0	0
2021	240	300	40	40	40	0	0	660	0
2022	0	0	40	40	40	0	0	120	0
2023	0	0	40	40	40	0	0	120	0
2024	0	0	40	40	40	0	0	120	0
2025	0	0	40	40	40	40	260	420	108,900
2026	0	0	40	40	0	40	0	120	207,999
2027	0	0	0	0	0	40	0	40	0
Summary									
Total	240	300	240	240	200	120	260	1,600	316,899
Average [1]	34	43	34	34	29	17	37	229	45,271

[1] Average between the first and last year of buildout or from 2021 to 2027
Source: DA Davidson; Economic & Planning Systems

Figure 1. Mulberry Metro District Vicinity Map Diagram



Metro District Proposal

Summary

The Service Plan proposes to form six separate metro districts. The districts will have the ability to impose an aggregate mill levy of 50 mills, which includes a Debt Mill Levy and an Operating Mill Levy. The Operating Mill Levy can equal up to 50 mills until the District imposes a Debt Mill Levy, at which point the Operating Mill Levy cannot exceed 10 mills. While District levies are capped at 50 mills, the Service Plan allows for adjustments to the mill levies in the event that there are changes to the method of calculating assessed value or any other changes impacting the revenue generating capabilities of the District. In such cases, the District may increase or decrease mill levies to ensure that actual tax revenues generated are not diminished. This ability helps to further guarantee future revenue streams and reduce the risk for bond holders.

The Debt Mill Levy is expected to be used to finance public improvements listed in Exhibit F of the Service Plan. The financial projections are based on a debt mill levy of 40 mills for residential and 20 mills for commercial districts. In total, the Developer anticipates issuing approximately $64 million in debt to fund a portion of these public improvement costs. The Developer's engineering consultant estimates that the total cost of the public improvements will be approximately $104 million.

Metro District Policy

In August 2018, the City updated its policy originally adopted in 2008 for reviewing proposed metro district service plans. The new policy removes previous limitations for metro district to be 90 percent commercial and not to be used to fund "basic infrastructure improvements normally required from new development". In their place, the policy requires that developers deliver "extraordinary public benefits" to the City. In addition, the new policy increased the recommended maximum mill levy for both debt service and O&M to 50 mills—up from 40 mills in the 2008 resolution. The proposed Mulberry maximum aggregate mill levy of 50 mills is in-line with this recommended maximum mill levy.

Market Assessment

This section reviews market values and buildout/absorption assumptions used to estimate the potential public financing revenues and debt capacity of the project, as described in the proposed Financial Plan. The section is organized into the residential and commercial land uses. The residential section, further delineates between for-sale and rental product, and the commercial section delineates between proposed office and retail uses.

Residential

Market Values

To help determine their reasonableness, EPS compared the market value assumptions used the in the Financial Plan's debt capacity estimates with recent sales in Fort Collins. In addition, EPS compared Mulberry's proposed market values with other comparable developments in the Fort Collins area.

For-Sale

The Developer's proposed market values fall near the average of recent sales in the Fort Collins market. The Fort Collins Board of Realtors (FCBR) reports that the average price of a single family home sold in Fort Collins in 2018 was $454,527 and that the average price of a townhome/condo was $308,946, as shown in **Table 3**.

- **Cluster Home:** The Financial Plan uses a market value of $350,000 or 23.0 percent less than the average of recent sales. Given that cluster homes are typically smaller and denser than a single family home, and potentially more similar to a townhome, a market value assumption less than the current single family average in Fort Collins but greater than the townhome/condo average seems reasonable.
- **Single Family – Alley Loaded:** The Financial Plan uses a market value of $450,000 or 1.0 percent less than the average of recent sales. As a result, the proposed values are in line with market averages.
- **Single Family – Traditional:** The Financial Plan uses a market value of $500,000 or 10 percent higher than the average of recent sales. The market average sales price includes both new construction sales and sales of older, existing homes. A premium for new construction in Mulberry is to be expected. In EPS's professional experience, a 10 percent premium for the new construction sales is within an acceptable range.
- **Townhomes:** The Financial Plan uses a market value of $475,000 or 53.7 percent higher than the average of recent townhome/condo sales. As with single family traditional homes, new construction townhomes will trade at a premium. Moreover, the recent average sales price includes condo sales, which may bring down the average when looking at townhome sales alone. While perhaps higher than average, in EPS's professional experience, the market values are within an acceptable range.
- **Condos:** The Financial Plan uses a market value of $300,000 or 2.9 percent less than the average of recent sales. As a result, the proposed values are in line with market averages.

Table 3. Proposed Mulberry Market Values Compared to Fort Collins Average Prices

Description	Cluster	SF - Alley	SF - Traditional	Townhomes	Condos
Service Plan	$350,000	$450,000	$500,000	$475,000	$300,000
Average Price	$454,527	$454,527	$454,527	$308,946	$308,946
Difference	**-$104,527**	**-$4,527**	**$45,473**	**$166,054**	**-$8,946**
% Difference	*-23.0%*	*-1.0%*	*10.0%*	*53.7%*	*-2.9%*

Source: DA Davidson; FCBR; CoStar; Economic & Planning Systems

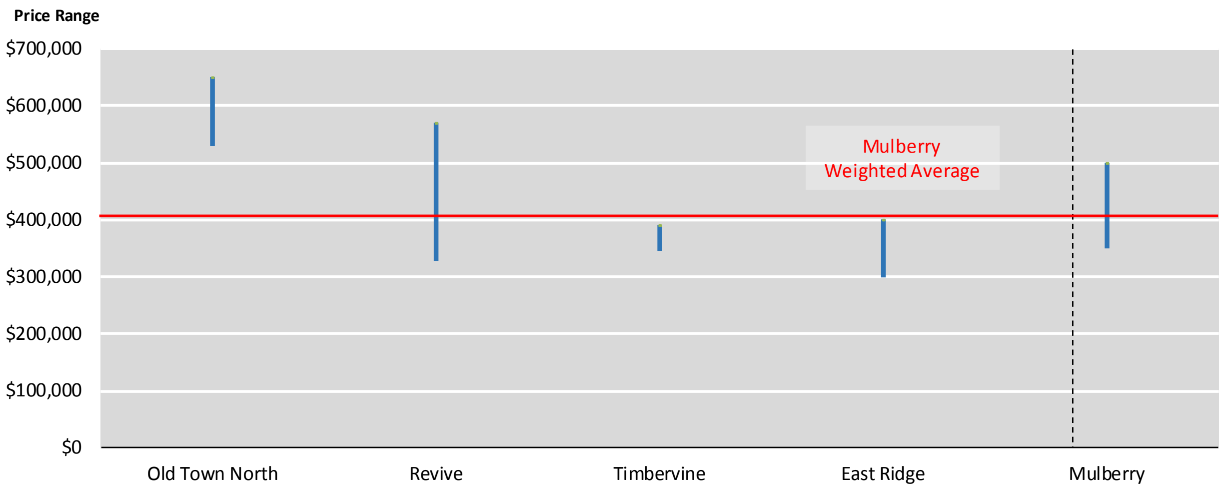
This section compares Mulberry to other recent for-sale residential projects in the North Fort Collins market area. This comparison reveals that Mulberry's price points for single family homes largely overlap with the price ranges proposed in recent residential projects, as shown **Table 4** and **Figure 2**. At a proposed 1,600 units, however, Mulberry would be one of the largest residential development projects in Fort Collins.

Table 4. For-Sale Residential Projects in the North Fort Collins Market

Project	Status	Project Start	Product	Units	Price
Compable Projects					
Old Town North	Third Phase	2007	Single Family Townhomes Condos	450-500 [1]	$350,000-$650,000 $300,000-$430,000 $230,000-$450,000
Revive	Under Construction	2015	Single Family Townhomes	18 37	$540,000-$570,000 $327,500-$360,000
Timbervine	Under Construction	2017	Single Family	146	$346,000-$390,000
East Ridge	Approved	---	Single Family	568	$300,000-$400,000
Brownes on Howes	Complete	2016	Townhomes	6	$850,000-$1,000,000
Townhomes at Library Park	Under Construction	2017	Townhomes	10	$1,195,000-$1,500,000
Mulberry					
Service Plan	Proposed	2019	Single Family [2] Townhomes Condos	680 120 260	$350,000-$500,000 $475,000 $300,000

[1] Total housing units for all product types.
[2] Includes cluster homes, single family - alley loaded, and single family traditional.
Source: Zillow ; FCBR; DA Davidson; Economic & Planning Systems

Figure 2. Price Range in Comparable Residential Projects and Mulberry



Source: Zillow ; FCBR; DA Davidson; Economic & Planning Systems

<u>Rental – Market Rate</u>

The Mulberry Financial Plan assumes that the market rate apartments in the development will have a market value of $205,000 per unit. To benchmark this assumption, EPS compared it to the historical five-year average sales price per unit of apartments in Fort Collins and to the capitalized value of apartments. Capitalized value was calculated by dividing the five-year average rent by the five-year average capitalization rate in the Fort Collins market. As shown in **Table 5**, the five-year average sales price was approximately $194,000 per unit or 6 percent less that the market value assumption, and the capitalization value was $228,000 or 11 percent more than the market value assumption. As a result of these comparison, EPS concludes that the market value used in the Financial Plan falls within an acceptable range and is appropriate.

Table 5. Market Rate Apartment Market Value Comparison

Description	Sales Price Per Unit [1]	Capitalized Value [2]	Mulberry Assumption
Apartment			
Market Value ($/Sq. Ft.)	$193,582.00	$228,000.00	$205,000.00
% Difference [3]	6%	-11%	0%

[1] 5-year average sales price per unit.
[2] Capitalized value equals the 5-year average rent divided by the 5-year average capitalization rate.
[3] Percent difference from the market value assumption.
Source: CoStar; Economic & Planning Systems

Rental – Affordable

The development program in **Table 1** shows 300 affordable apartments with no specifications on the level of affordability. Exhibit I of the District Plan indicates 10 percent of the total 1,600 residential units or 160 units will be affordable between 60 and 120 percent of the area median income (AMI).

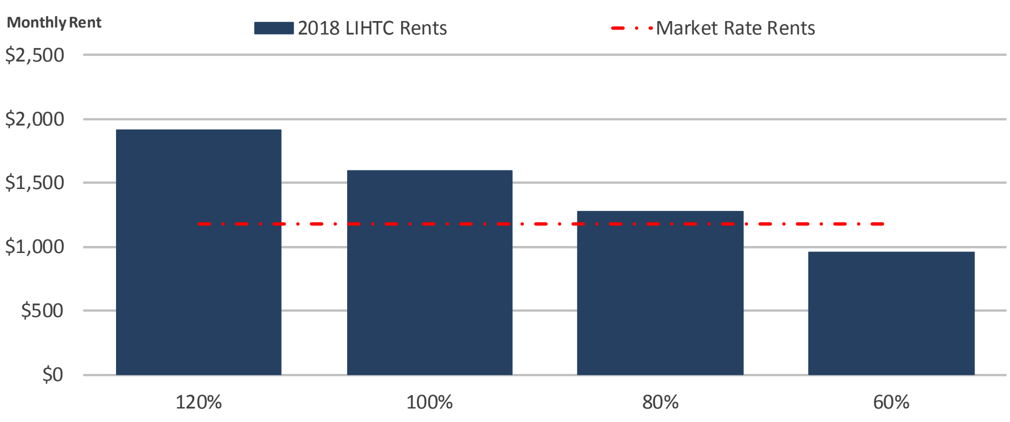
Table 6 compares the LIHTC maximum rates as set by CHFA for different sized units and different AMI levels with market rate rents in Fort Collins. (The AMI of, for example, a family of four in Larimer County is $85,100, which is high compared to many other counties in Colorado.) At 80 percent of AMI and higher, the affordable rents are actually higher than the current market as shown in **Figure 3**. Above 60 percent, the affordable units will have a similar value to the market rate units. To provide true benefit to the community, EPS recommends that any units designated as affordable be priced at 60 percent of AMI or lower.

Table 6. Affordable vs. Market Rate Rents

Description	Bedrooms 0	Bedrooms 2	Bedrooms 3
Income (% AMI)		*LIHTC Maximum Rents*	
120%	$1,788	$1,915	$298
100%	$1,490	$1,596	$1,915
80%	$1,192	$1,277	$1,532
60%	$894	$957	$1,149
CoStar		*Market Rate Rents*	
5-Year Average	$1,024	$1,102	$1,177
Survey	$1,071	$1,178	$1,261

Source: CHFA; CoStar; Economic & Planning Systems

Figure 3. Affordable vs. Market Rate Rents – 1 Bedroom



Source: CHFA; CoStar; Economic & Planning Systems

Absorption

EPS compared the planned buildout to forecast future demand for specific housing products. We calculated future housing demand as part of our work on the update to Fort Collins City Plan, organizing these estimates into low density (single family homes), middle density (2- to 20-unit buildings), and high density (20 or more unit buildings) housing products. (More detail on EPS's housing demand estimate is shown in **Table 8** on the following page.) Based on this comparison, EPS calculated an implied capture rate by Mulberry to gain a perspective on the size and reasonableness of the proposed building plan.

From 2016 to 2040, EPS estimates that there will be a demand of 570 low density units and 700 middle and high density units per year, for a total annual average of 1,270 units. In comparison, the Developer proposes to develop the Mulberry project at an average of 97 low density per year (cluster and single family homes) and 131 middle density units (multifamily and townhomes) from 2019 to 2027. This development schedule implies a capture rate of 17 percent for low density products and 52 percent for middle density units.

In total, the proposed schedule implies a 28 percent capture rate. A capture rate of 28 percent is a significant portion of the residential development market in the Fort Collins market, and may be relatively aggressive. Overall, it is a large and ambitious development, and its success depends on its ability to attract a large segment of the market. The fact that the development seems to be targeting the middle of the market in terms of prices and has a variety of housing types should help it attract a wider market demand segment.

Ultimately, Mulberry's ability to meet this implied capture rate will depend on the size of the pipeline and its competitive position against other projects. There are currently a number of proposed large-scale residential developments in North Fort Collins, including Waterfield, Water's Edge, and Montava that will compete with Mulberry. However, North Fort Collins is one of the few remaining growth areas of the city, meaning that Mulberry may have less competition from other areas of the city. The Fort Collins market is also a very attractive area that competes regionally and even nationally. Finally, in the past, growth may have been constrained by supply.

Table 7. Mulberry Development Implied Residential Capture Rate

Description	Mulberry Average	Fort Collins Annual Avg [3] *2016-2040*	Mulberry Capture % [4]
Low Density [1]	97	570	17%
Middle Density [2]	131	254	52%
Subtotal	**229**	**824**	**28%**

[1] Based on definitions from the CityPlan estimate, low density housing includes cluster homes and single family homes.

[2] Based on definitions from the CityPlan estimate, middle density includes townhomes and multifamily homes.

[3] Annual average from CityPlan housing demand forecast completed by EPS.

[4] Capture % = Mulberry Average / Fort Collins Average.

Source: Economic & Planning Systems

Table 8. Fort Collins City Plan Future Housing Demand Estimates

Description	2016		2040		2016-2040		
	Amount	% Total	Amount	% Total	Total	Ann. #	Ann. %
Low Density	42,254	66%	55,926	59%	13,672	570	1.2%
Middle Density	14,891	23%	20,998	22%	6,108	254	1.4%
High Density	6,590	10%	17,296	18%	10,706	446	4.1%
Total	**63,735**	**100%**	**94,220**	**100%**	**30,485**	**1,270**	**1.6%**

Source: Economic & Planning Systems

Commercial Development

Market Values

The Mulberry Financial Plan assumes that the commercial space, both retail and office, in the development will have a market value of $220 per square foot. To benchmark this assumption, EPS compared it to the historical five-year average sales price per square foot of retail and office space in the Fort Collins market and to the capitalized value of retail and office space. Capitalized value was calculated by dividing the five-year average rent per square foot by the five-year average capitalization rate for the respective product types, as shown in **Table 9**.

- **Office:** For office, the five-year average sales price was $157 per square foot or 29 percent less than the market value assumption used in the Financial Plan, and the capitalized value was approximately $282 per square foot or 28 percent higher than the market value.
- **Retail:** For retail, the five-year average sales price was $191 per square foot or 13 percent less than the market value assumption used in the Financial Plan, and the capitalized value was approximately $240 per square foot or 10 percent higher than the market value.
- **Combined:** The combined or weighted five-year average sales price was $182 per square foot or 17 percent less than the market value assumption used in the Financial Plan, and the capitalized value was approximately $252 per square foot or 15 percent higher than the market value.

As a result of these comparisons, EPS concludes that the market value used in the Financial Plan is relatively moderate and generally within a range set by the sales price and capitalized value benchmarks.

Table 9. Retail Market Value Comparison

Description	Sales Price Per Sq. Ft. [1]	Capitalized Value [2]	Mulberry Assumption
Office			
Market Value ($/Sq. Ft.)	$157.00	$282.57	$220.00
% Difference [3]	29%	-28%	0%
Retail			
Market Value ($/Sq. Ft.)	$191.00	$240.91	$220.00
% Difference [3]	13%	-10%	0%
Weighted Avg. [4]	$182	$252	$220
% Difference [3]	17%	-15%	0%

[1] 5-year average sales price per sq. ft.
[2] Capitalized value equals the 5-year average rent divided by the 5-year average capitalization rate.
[3] Percent difference from the market value assumption.
[4] Weighted average based on Mulberry's proposed development program (27% office and 73% retail).
Source: CoStar; Economic & Planning Systems

Absorption

Office Absorption

EPS benchmarked Mulberry's proposed office development against historic office development in the city to calculate an implied capture rate, as shown in **Table 10**. From 2019 to 2027, the Developer proposes to build an average of 9,556 square feet of office per year. Over the last 18 years, from 2000 to 2017, the City delivered an average 134,430 square feet of office space per year. As a result, the Mulberry proposal implies a capture rate of 7 percent per year relative to the historical average, which is a relatively conservative number. However, the office market in North Fort Collins, not including downtown, is not established and this amount of development may not be realized. The proximity of the development to I-25 may help support additional office development. The residential development will also help support service office uses once a critical mass has been achieved.

Table 10. Mulberry Development Implied Office Capture Rate

Description	Mulberry Annual Avg 2019-2027	Fort Collins Annual Avg 2000-2017	Montava Capture %
Office	**9,556**	**134,430**	**7%**

[1] Capture % = Mulberry Average / Fort Collins Average.
Source: City of Fort Collins; Economic & Planning Systems

Retail Absorption

EPS benchmarked Mulberry's proposed retail development against historic office development in the city to calculate an implied capture rate, as shown in **Table 11**. From 2019 to 2027, the Developer proposes to build an average of 25,556 square feet of retail per year. Over the last 12 years, from 2006 to 2017, the City delivered an average 141,826 square feet of retail space per year. As a result, the Mulberry proposal implies a capture rate of 18 percent per year relative to the historical average. EPS believes that an 18 percent capture rate is relatively high. However, the success of the retail portion of the project will largely hinge on the success of the residential portion of the project—as retail follows households. If the residential portion of the development is successful then it is likely that the retail portion of the development will be successful.

Table 11. Mulberry Development Implied Retail Capture Rate

Description	Mulberry Annual Avg 2019-2027	Fort Collins Annual Avg 2006-2017	Mulberry Capture %
Retail	**25,556**	**141,826**	**18%**

[1] Capture % = Mulberry Average / Fort Collins Average.
Source: City of Fort Collins; Economic & Planning Systems

To gain a perspective on the amount of retail relative to the residential development, EPS estimated the amount of retail that could be supported by the households in the Mulberry project alone, as shown in **Table 12**. Based on this analysis, EPS estimates that just the households in Mulberry, not including any inflow, could support approximately 78,000 square feet of locally oriented retail or 152,000 less than the proposed 230,000 square feet of retail in the development. This suggests that the amount of retail space in the development is greater in proportion to the number of residential units. To support this level of retail, the development will need to attract inflow from residents that live outside of the development and potentially attract more regionally-serving retail uses.

Table 12. Mulberry Retail Demand TPI Model

Description	Units	Formula	Amount	Source
Units	#	A	1,600	D.A. Davidson
Occupancy	%	B	95.0%	EPS
HHs	**#**	**C = A x B**	**1,520**	**Calculation**
Mean HH Income	$/HH	D	$81,151	ACS 2017 1-Year
TPI	**$**	**E = C X D**	**$123,349,520**	**Calculation**
% of HH Inc. on Retail	%	F	35%	2012 Census of Retail Trade
E-Commerce % Total	%	G	10%	EPS
Pct. Taxable Expenditures	**%**	**H = F + G**	**32%**	**Calculation**
Est. Taxable Expenditures	$	I = (1-H) x E	$38,978,358	Calculation
% Locally-Oriented	%	J	50%	2012 Census of Retail Trade
Total Local Spending	**$**	**K = (1-J) x I**	**$19,489,179**	**Calculation**
Avg. Sales Per SF	$/sq. ft.	L	$250	EPS
Total Retail Space	**sq. ft.**	**P = K / L**	**77,957**	**Calculation**

Source: D.A. Davidson; ACS 2017 1-Year; Economic & Planning Systems

Grocery Store

Another perspective on the likelihood of neighborhood/community retail potential would be to determine at what point a grocery store would be supportable as the anchor for a neighborhood shopping center. To gain insights on the potential feasibility of grocery, **Table 13** shows the number of households within a two-mile radius of the development. A two-mile radius represents a typical service area of a grocery store. As a rule of thumb, a typical grocery store requires between 6,000 and 7,000 households within its service area to be supportable. As of 2018, there were 4,197 households in the service area. The development is proposed to add an additional 1,600 households, which will increase the total number of households in the service area to approximately 5,800. This is only 200 households short of the minimum threshold of 6,000. Growth in other areas of the service area will likely push the number of households above the minimum threshold.

While there will likely be enough households within a two-mile radius of the development to nominally support a grocery store, the space would face competition from a number of stores already within or near the two-mile radius of the development, including a Safeway at the intersection of Riverside Avenue and South Lemay Avenue and a Walmart Supercenter at the intersection of Lincoln Avenue and South Lemay Avenue. Moreover, the District will face competition from other metro districts and other developments for grocery store space.

Overall, EPS finds a grocery store to be feasible within the area—especially a smaller, more neighborhood oriented one as suggested in the District plan. A smaller grocery store will be more readily supportable by fewer households and may compete less directly with the larger grocery store chains in the area. In addition, the store will become more feasible as the development builds out.

Table 13. Demographics in a 2 Mile Radius from Mulberry Development

Description	2000	2010	2018	*Forecast* 2023	2000-2023 Total	Ann. #	Ann. %
Demographics							
Population	6,579	8,860	11,789	13,581	7,002	304	3.2%
Households	2,550	3,151	4,197	4,802	2,252	98	2.8%
Avg. HH Size	2.58	2.81	2.81	2.83	0.25	0.01	0.4%
Income							
Median Income	---	---	$63,967	$75,503	---	---	---

Source: ESRI; Economic & Planning Systems

Metro District Competition in North Fort Collins

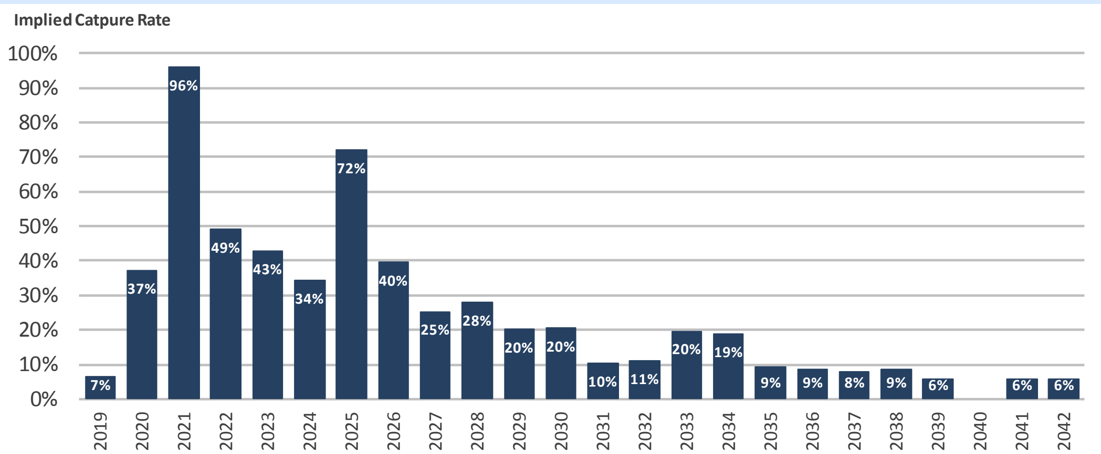
Mulberry is one of four major planned developments, all proposing metro districts in the North Fort Collins area. The others include Montava, Water's Edge, and Waterfield. At buildout (from 2018 to 2042), the four proposed districts are projected to result in 7,411 additional housing units. This is **24 percent** of the estimated growth of approximately 30,500 households in Fort Collins from 2016 to 2040, as shown in **Table 8**.

Given that North Fort Collins is one of the few remaining growth areas in the city, an expected capture rate of 24 percent seems reasonable. However, on a year-to-year basis the four developments will compete for absorption. If the developments happen to each deliver a large number of units at the same time, it may take months or even years for these units to be absorbed. This will in turn impact the bond revenue projections of the four districts.

Figure 4 below compares the combined estimated residential build of each of the districts with the total average annual growth rate for the city in **Table 8**. The figure illustrates that while from 2019 to 2042 the four districts will need to capture 24 percent of total growth, in certain years the buildout schedules imply a much higher capture rate, including 96 percent in 2021.

- **Appendix A** provides more detail on the residential buildout assumptions for each of the metro districts.

Figure 4. Implied Capture Rate Four Metro Districts



Source: DA Davidson; Economic & Planning Systems

The four districts will also compete in their commercial programs, particularly in the retail portion of these programs. In total, the districts project to develop over 500,000 square feet of retail. Based on a TPI model, the districts' residential program would only support approximately 361,000 square feet. In additional to competing with each other, the retail will need to attract regional inflow to be supportable.

- **Appendix B** provides additional detail on the commercial programs.
- **Appendix C** provides additional detail on the TPI model.

Financial Analysis

The Service Plan proposes to use the revenues derived from metro district property taxes to issue debt in the form of bonds. These bond proceeds will be used to reimburse the Developer for public improvement costs. This section reviews proposed public improvement costs and the revenue and debt estimates described in the metro district Service Plan.

Public Improvement Costs

The Developer provided the public improvement cost estimates in Exhibit F of the Service Plan. Overall, public improvements associated with the development are estimated to be approximately $105 million, as shown in **Table 14**. This includes $74 million in basic infrastructure costs and $31 million in non-basic or extraordinary costs. Basic costs include earthwork, sanitary sewer, water, stormwater, sidewalks, and streets. Non-basic include non-potable water systems, regional street improvements, and park and other amenities including a community pool and retail promenade. It is important to note that these cost estimates are preliminary and will likely change as the development plan evolves and becomes more detailed.

The Developer proposes to issue debt generating approximately $64 million in project proceeds, as shown in **Table 14**. This debt would cover 61 percent of the total public improvement costs. The Developer would need to cover the remaining $41 million with other funds.

Table 14. Public Infrastructure and Estimated Costs

Description	Basic	Non-Basic	Total	% Total
Public Improvement Costs				
Earthwork	$4,243,630	$0	$4,243,630	4%
Sanitary	$7,150,257	$0	$7,150,257	7%
Water	$7,306,574	$846,428	$8,153,002	8%
Non-Potable Water	$0	$4,642,200	$4,642,200	4%
Stormwater	$6,087,601	$0	$6,087,601	6%
Concrete	$6,905,368	$0	$6,905,368	7%
Streets	$14,375,566	$4,002,023	$18,377,589	18%
Erosion Control	$1,209,508		$1,209,508	1%
Landscaping	$4,398,967	$4,582,017	$8,980,984	9%
Amenities/Misc			$0	0%
Neighborhood Pool	$0	$3,000,000	$3,000,000	3%
Commercial Promenade	$0	$3,000,000	$3,000,000	3%
Enhanced Pedestrian Crossings	$0	$75,000	$75,000	0%
Gateway/Monumentation and ROW	$0	$1,250,000	$1,250,000	1%
Greenfields Rail Crossing	$0	$500,000	$500,000	0%
Greenfield Offsite Costs	$0	$524,453	$524,453	1%
Mulberry Intersection	$0	$300,000	$300,000	0%
Other Costs	$2,001,333	$0	$2,001,333	2%
Construction Mgmt/General Conditions	$9,777,098	$3,408,318	$13,185,416	13%
Contingency	$10,581,274	$4,544,424	$15,125,698	14%
Total	**$74,037,176**	**$30,674,863**	**$104,712,039**	**100%**
Metro District Impact				
Project Funds			$64,072,025	61%
Other Funds			$40,640,014	39%
Total			**$104,712,039**	**100%**

Source: Hartford Investments LLC; Galloway; Economic & Planning Systems

Revenue Estimates

Proposed Mill Levies and Facility Fee

The proposed maximum District Mill Levy of 50 mills is relatively common and within the distribution of similar metro districts in Colorado. The 50 mills would be added onto to the existing property tax levy of 90.828 mills and increase the property tax burden. Based on information in the Financial Plan and D.A. Davidson's bond projections, the Developer plans to charge 50 mills (40 mills as debt levy and 10 mills for operations) for the residential portion of the project, and 30 mills (20 mills as debt levy and 10 mills for operations) for the commercial portion of the project. (The Developer is able to do this by forming separate districts for the residential and retail areas of the program.) The Developer is likely charging the commercial portion of the project less due to the higher assessment rate for commercial property in the State (29 percent compared to 7.2 percent for residential). A lower commercial mill rate allows the commercial proportion of the project to remain competitive.

For the residential portion of the property, the maximum District Mill Levy of 50 mills would result in an average of $1,146 per year or $96 per month of additional cost to the tenant. For the commercial portion of the property, the 30 mills would result in an average of $1.91 per square feet of additional property tax cost per year, as shown in **Table 15**.

Table 15. Metro District Mill Levies

Description	Market Value	Assessed Value	Property Tax		
			Existing	District	Total
Residential (Units)		7.20%	90.828 mills	50.000 mills	140.828 mills
Cluster Homes	$350,000	$25,200	$2,289	$1,260	$3,549
Single Family - Alley Loaded	$450,000	$32,400	$2,943	$1,620	$4,563
Single Family - Traditional	$500,000	$36,000	$3,270	$1,800	$5,070
Townhomes	$475,000	$34,200	$3,106	$1,710	$4,816
Condos	$300,000	$21,600	$1,962	$1,080	$3,042
Market Rate	$205,000	$14,760	$1,341	$738	$2,079
Affordable	$110,000	$7,920	$719	$396	$1,115
Weighted Average	**$318,250**	**$22,914**	**$2,081**	**$1,146**	**$3,227**
% Total			*64%*	*36%*	*100%*
Commercial ($/SF)		29.00%	90.828 mills	30.000 mills	120.828 mills
Office	$220	$64	$5.79	$1.91	$7.71
Commercial	$220	$64	$5.79	$1.91	$7.71
Weighted Average	**$220**	**$64**	**$5.79**	**$1.91**	**$7.71**
% Total			*75%*	*25%*	*100%*

Source: DA Davidson; Economic & Planning Systems

Public Revenue Forecasts and Bond Proceeds

D.A. Davidson estimates that the metro district will generate a total of approximately $122 million in revenues from Debt Mill Levy collections, as shown in **Table 16**. The market value and absorption assumptions described in the Market Assessment section of this memorandum are the main drivers of these revenue estimates. A reduction in the proposed market values for the residential and commercial development and/or extended buildout and absorption schedule will reduce the total bond proceeds. The underwriting process and bond structure include reserve funds and capitalized interest mitigate difference between forecasted and actual values relating to market values, buildout schedule, and other variables. These public revenues will be used to generate approximately $64.1 million that can be used to reimburse the Developer for infrastructure expenditures related to the public improvements.

Table 16. Mulberry Metro District Public Revenue and Project Funds

Description	Amount	% Total
Public Revenues		
Bond Par Value	$64,595,000	53%
Interest	$57,395,200	47%
Total	**$121,990,200**	**100%**
Project Funds		
Par Value	$64,595,000	
Underwriter's Discount	-$322,975	
Cost of Issuance	-$200,000	
Total	**$64,072,025**	

Source: D.A. Davidson; Economic & Planning Systems

Public Benefits

The City's policy for reviewing metro districts supports the formation of a district "where it will deliver extraordinary public benefits that align with the goals and objectives of the City". The policy goes on to define four focus areas or types of benefits that meet this policy as follows:

- **Environmental Sustainability Outcomes** – defined as public improvements that provide environmental benefits including reduction in greenhouse gases, water or energy conservation, community resiliency against natural disasters, renewable energy capacity, and/or other environmental outcomes.
- **Critical Public Infrastructure** – public improvements that address significant infrastructure needs previously identified by the City.
- **Smart Growth Management** – public improvements that facilitate design that increases development density, enhances walkability, increases the availability of transit or multimodal facilities, and/or encourages mixed use development patterns.
- **Strategic Priorities** – public improvements that address City priorities including affordable housing, infill or redevelopment, and economic health improvements (e.g., job growth business retention, or construction of a missing economic resource).

Exhibit I of the Service Plan describes the proposed public benefits of the Mulberry project. The Developer is able to provide these public benefits in part due to the District bonds that reimburse the developer for public improvement costs. More specifically, by reimbursing basic infrastructure investments typically associated with development with District bond proceeds, the Developer is able to invest more money into public benefits the City views as priorities. These include environmental sustainability, critical public infrastructure, smart growth management, and strategic priorities like affordable housing.

The Service Plan describes a number of public benefits for the project. These include creating a mixed-use, New Urbanist community with a number of housing options and employing Traditional Neighborhood Development (TND) principles. They also include:

- **Roads** – including the extension of Greenfields Court to connect Mulberry to I-25;
- **Non-Potable Water System** – to reduce the amount of water used for landscaping (which can be between 60 and 70 percent of the total water use of a development);
- **Parks, Open Space, and Trails** – including a variety of trail connections, community parks, and a community pool;
- **Attainable Homes Price** – primarily provided through denser housing and smaller lots;
- **Affordable Housing –** a minimum of 160 units between 60 and 120 percent of the area median income (AMI);
- **Environmental Sustainability** – including a commitment to 800 kW of solar capacity, xeric landscaping.

Table 17 shows the Developer's estimates of the value for different public benefits in the four focus areas outlined by the City. Overall, the development estimates that the District is providing approximately $69 million of public benefits. This amount is greater than the total estimated bond proceeds of approximately $64 million. Overall, the Service Plan does not guarantee the delivery of public benefits. Public benefits will have to be vetted and guaranteed through additional approval steps for the metro district, including approval of the development plan.

After reviewing the District plan, EPS identified several items for which it is difficult to determine what are "extraordinary benefits" to the City and what are simply costs associated with a typical development of this type as listed below:

- **Added Utility Services** – The District plan describes this cost as relating to additional water and sewer infrastructure associated with higher density housing types. However, it is unclear whether these costs are recouped in the pricing of this housing or through additional revenues from increased total lots in the District.
- **Non-Potable Irrigation System** – The public benefit estimates includes the costs of the non-potable water irrigation system at $4.6 million. However, it also takes credit for the $19.0 million in water savings to consumers under "Water Savings for Non-Potable Irrigation System". This appears to be "double counting" by taking credit for both the costs of building the irrigation system and again for the savings to consumers for the resultant water usage reduction.
- **Affordable Housing** – There is insufficient information to substantiate the $10.5 affordable housing benefits claimed for the project. As indicated above, the project shows 300 affordable housing units in **Table 1** with no income or price specifications. The Financial Plan (Exhibit I) indicates that 10 percent of total housing will be affordable at 60 to 120 percent of AMI. If the units are all apartments and provided at below 60 percent AMI, they would be affordable at a level requiring a subsidy. If some of the units are for-sale affordable housing, the income levels could potentially be modestly higher but not above 100 percent AMI. In any case, the project would need to substantiate the actual costs of the subsidies to qualify as an extraordinary public benefit.

Table 17. Mulberry Development Public Benefit Estimates

Description	Category	Benefit	% Total
Enivronmental Sustainability			
800 kW of Solar Power	GHG Reduction	$1,969,400	3%
Non-Potable Water Irrigation System	Water Conservation	$4,642,190	7%
Pollinator Corridor	Enhanced Resiliency	$160,800	0%
Cooperslough Improvements	Enhanced Resiliency	$500,000	1%
Lake Canal Improvements	Enhanced Resiliency	$150,000	0%
Subtotal		**$7,422,390**	**11%**
Critical Public Infrastructure			
Rail Crossing	On-Site	$500,000	1%
Vine & Timberline Contribution	Off-Site	$250,000	0%
Greenfield RAB	Off-Site	$524,453	1%
Subtotal		**$1,274,453**	**2%**
Smart Growth Management			
Alley Loaded Homes	Increased Density	$4,002,023	6%
Added Utility Services	Walkability	$15,138,750	22%
Enhanced Crossings	Public Space	$75,000	0%
Neighborhood Parks	Public Space	$3,270,672	5%
Swimming Pool	Public Space	$3,000,000	4%
Commercial Center Promenade	Public Space	$3,000,000	4%
Subtotal		**$28,486,445**	**41%**
Strategic Priorities			
Affordable Housing	Affordable Housing	$10,458,500	15%
Water Savings for Non-Potable Irrigation System	Affordable Housing	$18,962,544	28%
Mulberry Frontage Improvemetns	Infill & Redevelopment	$500,000	1%
Monument/Gateway Signage	Infill & Redevelopment	$1,250,000	2%
Mulberry Intersection/Median Improvements	Infill & Redevelopment	$300,000	0%
Subtotal		**$31,471,044**	**46%**
TOTAL		**$68,654,332**	**100%**

Source: Hartford Homes; Economic & Planning Systems

Summary and Conclusions

- **Proposed Mill Levies:** The proposed Mulberry maximum aggregate mill levy of 50 mills is in line with the City's current metro district policy. Reducing the mill for the commercial proportion of the project helps to mitigate the property tax burden on commercial properties and will help the commercial portion of the development be competitive.
- **Market Values:** EPS generally finds that the market values used in the public revenue estimates to be reasonable. These assumptions align with market averages, given a new construction premium, and the residential market values are comparable to other recent developments in North Fort Collins.
- **Residential Absorption:** Mulberry is an ambitious development that will need to capture a significant portion of the residential and retail market to achieve the proposed buildout assumptions in its Financial Plan. In particular, Mulberry will need to compete with other larger-scale residential and mixed-use developments planned for North Fort Collins, including the Waterfield, Water's Edge, and Montava. The fact that North Fort Collins is one of the only remaining growth areas of the city should help each of these developments achieve a significant market share. However, in aggregate, the cumulative absorption of these four large developments may exceed overall market demand.
- **Retail Absorption:** The success of the retail portion of the project will depend on the success of the residential portion of the project. Overall, EPS finds that the retail program to be oversized. To support this level of retail, the project will need to attract inflow from residents that live outside of the development and potentially build more regionally-serving retail.
- **Office Absorption:** EPS finds that an implied 7 percent capture rate of the office program to be a reasonable target for the development. However, we note that the office market in North Fort Collins is immature. The proximity of the development to I-25 may help support office in Mulberry. The residential development will also help support service office uses once a critical mass has been achieved.
- **Public Benefits:** As outlined in Exhibit I Public Benefits, the Service Plan proposes an extensive list of public improvement that potentially meet the City's proposed metro district criteria for extraordinary public benefits. The estimated value of these benefits is greater than the estimate project fund proceeds from a bond issuance. However, there are at least three public benefits for which the value is either unsubstantiated or overstated requiring additional supportable data including—Added Utility Services, water savings from Non-Potable Water Irrigation System, and Affordable Housing.

Appendices

Appendix A: Metro District Residential Buildout Assumptions

Table 18. Metro District Residential Buildout

Description	Mulberry		Montava		Water's Edge		Waterfield		Total		
	Low	Middle	Low	Middle	Low	Middle	Low	Middle	Low	Middle	Total
Year											
2019	0	0	0	0	60	24	0	0	60	24	84
2020	0	0	160	50	69	40	54	100	283	190	473
2021	120	540	175	150	69	40	54	72	418	802	1,220
2022	120	0	170	125	68	40	54	46	412	211	623
2023	120	0	180	100	65	40	38	0	403	140	543
2024	120	0	180	0	65	40	30	0	395	40	435
2025	120	300	180	180	65	40	30	0	395	520	915
2026	80	40	180	90	61	31	20	0	341	161	502
2027	0	40	160	90	31	0	0	0	191	130	321
2028	0	0	175	180	0	0	0	0	175	180	355
2029	0	0	175	80	0	0	0	0	175	80	255
2030	0	0	160	100	0	0	0	0	160	100	260
2031	0	0	130	0	0	0	0	0	130	0	130
2032	0	0	140	0	0	0	0	0	140	0	140
2033	0	0	150	100	0	0	0	0	150	100	250
2034	0	0	140	100	0	0	0	0	140	100	240
2035	0	0	0	120	0	0	0	0	0	120	120
2036	0	0	0	110	0	0	0	0	0	110	110
2037	0	0	0	100	0	0	0	0	0	100	100
2038	0	0	0	110	0	0	0	0	0	110	110
2039	0	0	0	75	0	0	0	0	0	75	75
2040	0	0	0	0	0	0	0	0	0	0	0
2041	0	0	0	75	0	0	0	0	0	75	75
2042	0	0	0	75	0	0	0	0	0	75	75
Summary											
Total	680	920	2,455	2,010	553	295	280	218	3,968	3,443	7,411
Avg.	28	38	102	84	23	12	12	9	165	143	309

Source: DA Davidson; Economic & Planning Systems

Appendix B: Metro District Commercial Buildout Assumptions

Table 19. Metro District Commercial Buildout

Description	Mulberry		Montava			Water's Edge	Total		
	Retail	Office	Retail	Office	Industrial	Retail	Retail	Office	Industrial
Year									
2019	0	0	0	0	0	0	0	0	0
2020	0	0	20,000	0	30,000	0	20,000	0	30,000
2021	0	0	20,000	0	40,000	0	20,000	0	40,000
2022	0	0	20,000	0	20,000	0	20,000	0	20,000
2023	0	0	25,000	15,000	0	20,000	45,000	15,000	0
2024	0	0	25,000	0	30,000	0	25,000	0	30,000
2025	108,900	0	0	25,000	0	20,000	128,900	25,000	0
2026	121,999	86,000	10,000	10,000	40,000	0	131,999	96,000	40,000
2027	0	0	10,000	10,000	0	30,000	40,000	10,000	0
2028	0	0	10,000	0	40,000	0	10,000	0	40,000
2029	0	0	0	10,000	0	0	0	10,000	0
2030	0	0	10,000	10,000	40,000	0	10,000	10,000	40,000
2031	0	0	10,000	0	0	0	10,000	0	0
2032	0	0	20,000	0	50,000	0	20,000	0	50,000
2033	0	0	0	30,000	50,000	0	0	30,000	50,000
2034	0	0	10,000	20,000	30,000	0	10,000	20,000	30,000
2035	0	0	0	0	0	0	0	0	0
2036	0	0	0	0	50,000	0	0	0	50,000
2037	0	0	10,000	0	0	0	10,000	0	0
2038	0	0	0	10,000	25,000	0	0	10,000	25,000
2039	0	0	0	0	0	0	0	0	0
2040	0	0	0	20,000	0	0	0	20,000	0
2041	0	0	0	0	0	0	0	0	0
2042	0	0	10,000	20,000	0	0	10,000	20,000	0
2043	0	0	0	10,000	0	0	0	10,000	0
2044	0	0	0	10,000	0	0	0	10,000	0
Summary									
Total	230,899	86,000	210,000	200,000	445,000	70,000	510,899	286,000	445,000
Avg.	8,881	3,308	8,077	7,692	17,115	2,692	19,650	11,000	17,115

Source: DA Davidson; Economic & Planning Systems

Appendix C: Metro District TPI Analysis

Table 20. Metro District TPI Analysis

Description	Units	Formula	Amount	Source
Units	#	A	7,411	D.A. Davidson
Occupancy	%	B	95.0%	EPS
HHs	**#**	**C = A x B**	**7,040**	**Calculation**
Mean HH Income	$/HH	D	$81,151	ACS 2017 1-Year
TPI	**$**	**E = C X D**	**$571,339,558**	**Calculation**
% of HH Inc. on Retail	%	F	35%	2012 Census of Retail Trade
E-Commerce % Total	%	G	10%	EPS
Pct. Taxable Expenditures	**%**	**H = F + G**	**32%**	**Calculation**
Est. Taxable Expenditures	$	I = (1-H) x E	$180,542,880	Calculation
% Locally-Oriented	%	J	50%	2012 Census of Retail Trade
Total Local Spending	**$**	**K = (1-J) x I**	**$90,271,440**	**Calculation**
Avg. Sales Per SF	$/sq. ft.	L	$250	EPS
Total Retail Space	**sq. ft.**	**P = K / L**	**361,086**	**Calculation**

Source: D.A. Davidson; ACS 2017 1-Year; Economic & Planning Systems

COUNCIL FINANCE COMMITTEE
AGENDA ITEM SUMMARY

Staff: Abbye Neel, Water Conservation Specialist
Liesel Hans, Water Conservation Manager
Carol Webb, Water Resources and Treatment Operations Manager

Date: Monday February 25th

SUBJECT FOR DISCUSSION
Water Allotment Management Program (AMP)

EXECUTIVE SUMMARY

The purpose of this item is to seek input from the Council Finance Committee regarding the proposed Allotment Management Program to assist customers in reducing their Excess Water Use Surcharges by reducing their landscape water use. The proposed program targets a specific group of customers impacted by the changes to the Water Supply Requirements (formally Raw Water Requirements) and the related increase to the Excess Water Use Fee as outlined in Section 26-129 of City Code.

To support Utility goals and customer needs Utilities staff recommends the following:

- A change in City Code that gives discretion to the Executive Director to provide a temporary exemption from the Excess Water Use fees while a customer implements a project to permanently reduce the customer's landscape water use.

Through the proposed program, customers can apply funds toward implementing water conservation projects to lower their demands and reduce Excess Water Use fees in the future. Projects will help customers convert to more resilient landscapes and will also lower the Utilities' need to develop additional water supplies to compensate for use beyond what was provided for these customers at the time of initial development.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. What questions or feedback does the Council Finance Committee have regarding the proposed Allotment Management Program?
2. Does the Council Finance Committee support the proposed program and recommend bringing the item to City Council for adoption?

BACKGROUND/DISCUSSION

Water Supply Requirements

Since the 1960s, The City has required that all Water Utility customers meet Water Supply Requirements (WSR). The WSR is a dedication of water rights or cash-in-lieu (CIL) of water rights to the Water Utility to provide reliable water supply service to the customer. From 1965 to mid-1984, WSRs were determined only by the total acreage developed (e.g. a one-acre development would be required to meet a WSR of 3 acre-feet of water). In March of 1984, the methodology for determining WSRs changed to including both the acreage developed and the estimated water use for the development type (e.g. brewery vs. an office building). This methodology was adopted to ensure reliable water use for all customers.

Commercial Water Allotments

Commercial taps that have met the WSR since 1984 have also received an equivalent water allotment, which is the annual volume of water a meter (tap) can use without being subject to an Excess Water Use (EWU) fee. If a tap uses more water than the established annual allotment, the (EWU) fee is applied to all water used over the allotment for the remainder of the calendar year. This charge is in addition to the standard water rate. The EWU provides revenue to the Water Utility to purchase additional water rights and/or infrastructure to serve the customer beyond what was provided at the time of development.

For customers with a meter (tap) size less than 2”, the WSR and equivalent water allotment are largely determined by the amount of typical water use within a meter (or tap) size. Table 1 summarizes historical CIL and corresponding allotments for specific tap sizes.

Tap Size (inches)	Minimum WSR (acre-feet)	Equivalent CIL Payment at $6,500 per acre-foot	Minimum Annual Allotment (Gallons/Year)
¾	0.90	$5,980	293,270
1	3.00	$19,500	977,550
1 ½	6.00	$39,000	1,955,110
2	9.60	$62,000	3,128,170
3 and above	Based on use		

All water taps installed prior to the change (pre- March 1984) were grandfathered into the system and do not have an allotment unless the property has applied for a new water permit.

In September 2017, City Council approved various changes to the WSRs, including an increase in the CIL rate (Code Section 26-129). As a result, the CIL price increased from $6,500 to $17,300 per acre-foot of water (a 2.66 factor increase). The EWU fee also increased by the same factor: from $3.06 to $8.14 per 1,000 gallons over the allotment. Methodology for determining this increase can be found in ATTACMENT 1.

Customer Impact related to EWU Changes

About 34 percent (~1200) commercial water taps have annual water allotments. In a given year, approximately 10 percent of all commercial taps exceed their allotment (~350 accounts with an allotment). Most taps that exceed their allotment are irrigation taps. Of these irrigation taps, over 70 are associated with HOAs or multi-family complexes where residents, as opposed to businesses, are responsible for paying the EWU fees.

At the previous rate of $3.06 per 1,000 gallons, customers paid up to $20,000 in EWU fees, with the majority paying an average of $1,500. Three customers experienced EWU fees over $10,000. With the new rate of $8.14 per 1,000 gallons, customers paid up to $40,000 in EWU fees, with the majority paying $4,000 and 30 paying over $10,000.

Customers who exceed their allotment currently have four options related to EWU Fees:

1. Make no changes and pay the EWU fees at rate of $8.14 per 1,000 gallons over the allotment.
2. Pay the CIL rate to permanently increase their allotment. With the 1.92 supply factor[1] included, the cost is $33,216 per acre-foot[2] increase.
3. Implement a conservation project to reduce use to or below allotment.
4. Stop using water to reduce use to or below allotment (e.g. abandon or stress the landscape to avoid excess water use fees).

Customer Outreach for EWU Changes

Staff conducted outreach to impacted customers throughout 2017, prior to adoption of changes to the WSR. Early stakeholder outreach focused on the development community, as this was the primary focus of the WSR changes. Outreach to current commercial customers impacted by the increase in the EWU Fees was initiated in mid-2017 and to date has included postcards and letters, targeted outreach via phone calls, emails, and in-person meetings, informational sessions, workshops, and free education-based services (e.g. the Landscape Budget Program). However, even with the significant outreach, staff recognizes that impacted customers need additional time to understand the financial impacts of the EWU increase and reduce their excess water use to avoid the additional costs noted above.

Customer Feedback on EWU Changes

Feedback received from customers impacted by the increase in EWU fees are summarized as follows:

- Dramatic cost increase (166%).
- Not enough time to prepare or factor in a solution into their annual budgeting before prices were raised (no customer was notified more than six months prior to implementation in January 2018).
- Significant concern in cases where the allotment is not sized correctly for the use type as depicted in Figure 1 (e.g. tap's allotment is not large enough given the property's efficient water need). Customers in this situation often express frustration with the City for allowing the developer to satisfy a WSR with an allotment that was not large enough for the property at the time of initial development.

[1] A 1.92 water supply factor is applied to all non-residential taps to account for treatment and distribution losses in the supply system, variable demands of customers (e.g., higher use during hot, dry years), variable yields of supplies (e.g., less yield in droughts) and variable yield from the Utilities different water supply sources (since some yield better than others).

[2] 1 acre-foot = 325,815 gallons

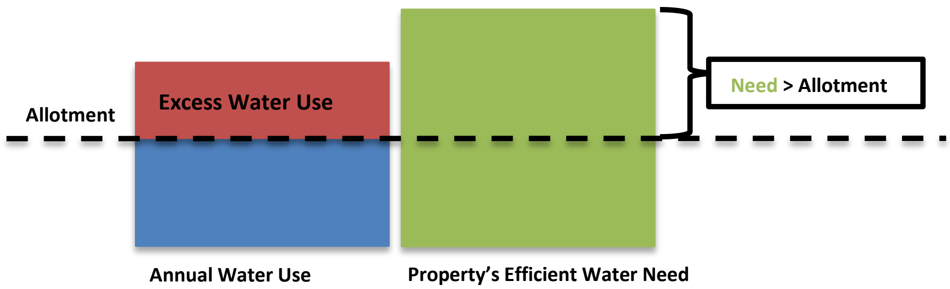


Figure 1 – A customer's Annual Water Use is larger than its allotment resulting in EWU fees (depicted in red). However, the customer's efficient water need (depicted in green) is larger than the allotment. Because the customer's need is larger than the allotment the property will always receive excess water use fees unless a large change is made.

In 2018, seven customer complaints regarding the impact of increased EWU Fees were escalated to City Council members. In response, staff committed to presenting a proposed solution to City Council in Q1 of 2019 (ATTACHMENT 2).

Rationale for Proposed Allotment Management Program (AMP)

Staff have identified three primary reasons customers exceed their annual water allotments:

1. Inefficient water use (e.g. overwatering)
2. Change in use type (e.g. a building that was originally a gas station changes to a restaurant)
3. Allotment is not sized correctly for the use type as depicted in Figure 1 (e.g. tap's allotment is not large enough given the property's efficient water need).

Staff have tools available (e.g. Water Conservation programs) to assist customers with inefficient water use and changes in use type (#1 and #2 above). Resources are not available, however, to assist customers with an allotment that is not sized correctly (#3 above), which are typically HOAs with irrigation taps. To avoid paying fees, these customers must either pay the EWU fees, the current CIL rates to increase their allotment, or implement water conservation projects to reduce their water use.

Example: An HOA in Fort Collins has a two-inch tap with an allotment of 3.1 million gallons. Analysis shows that the current landscape needs a minimum of 6.7 million gallons.[3] The HOA can:

1. Pay the excess water use fees: $25,000 per year
2. Pay the CIL rate to permanently increase their allotment: $367,000
3. Implement a conservation project to reduce use to or below allotment: $75,000 over the course of 3 years to reduce landscape need to o 2.8 million gallons

Most HOAs do not have the reserves available to fund the yearly EWUs long-term or the cost to increase their allotment. Through stakeholder outreach, Staff has identified that many of these customers would like to implement a water conservation project, however they cannot finance water conservation projects and the EWU fees at the same time. The proposed Allotment

[3] Numbers are from a Fort Collins Utilities Customer

Management Program targets these customers by providing a temporary exemption from EWU fees while customers implement water savings projects to reduce their water use.

Proposed Allotment Management Program (AMP)

Staff proposes a change to City Code that would give the Utilities Executive Director the ability to provide a customer a temporary exemption from the Excess Water Use fees if they meet specific requirements. During the exemption period customers will be able to redirect funds that would have been used to pay EWU fees into a water conservation project.

Customer enrollment in the Allotment Management Program (AMP) is proposed as follows:

- Eligible customers submit an application with a plan for long-term permanent reduction in outdoor water use.
- Staff determines if customer and project qualify.
- If project qualifies, customer receives a temporary exemption from excess water use fees for a predetermined period of time.
- Customers who do not complete a project will be billed for any applicable water use fees.

If approved, the customers would be eligible for an exemption starting in 2020. The program will be available through Dec 31, 2022. Additional program details include:

- Eligibility
  - All customers with commercial rate codes (includes commercial customers and all irrigation taps).
- Qualifications
  - Customer demonstrates need (e.g. customers water tap is undersized) and is quantified with support from Water Conservation Staff.
  - Project is reasonable and demonstrates long-term reduction in outdoor water use.
- Program Details
  - Up to 3-year exemption depending on project type and scope.
  - If granted a multi-year project status, amount of exemption will be tiered (e.g. Year 1 – 100% waived, Year 2 – 50% waived).
  - Customer must meet project milestones outlined in a customer agreement to stay enrolled in the program. If deadlines are not met customer will be back billed any EWU fees and asked to leave the program.

Customers will be able to redirect money that would have been used to pay EWU fees into a project that will reduce the customer's water use to better align with their allotment.

Staff believes this is the best solution for customers and the Utility because:

1. As the cost of water supplies and infrastructure rise, the cost of WSRs and the associated EWU fee will continue to increase, which may result in customers abandoning landscapes, as we've seen in other Front Range communities, or have other impacts on residents. AMP provides a proactive solution that ensure customers can adapt to increasing costs while increasing community resiliency to drought and a changing climate.

2. AMP is a cost-effective way to reduce the volume of water the Utility must provide to compensate for use over what was initially provided at the time of development by avoiding additional water storage projects beyond the Halligan Water Supply Project.

The proposed AMP also aligns with key City Strategic Objectives related to Environmental Health and High Performing Government and with Council-adopted Plans, including the Water Supply and Demand Management Policy and the Water Efficiency Plan.

Potential Risks associated with AMP

The primary risk associated with AMP is the unrealized revenue associated with waiving EWU Fees. Based on the average number of customers that exceed their allotment (~350) the maximum revenue implication if every customer were to apply, qualify, and not complete a project with a long-term water reduction would be $1.2 Million. However, based on analysis of water use and the number of customers who have expressed interest, staff expects around 50 customers to participate. The expected revenue implication is $370,000.

Staff is mitigating risks associated with AMP in the following ways:

- Requiring customers sign agreements to meet milestones and have regular progress check-ins to ensure projects are completed.
- Staff has a successful record in supporting customers through programs like the Xeriscape Incentive Program.
- Back-billing customers who do not complete projects.
- Implementing a decreasing tiered exemption for multi-year projects to lower the risk of providing a multi-year exemption (e.g. 100% then 50%).

AMP Outreach

Utilities Staff have presented AMP to key stakeholders including property managers, HOA community members, Utilities key accounts, businesses affected by the change, the landscape contractor community, and other affected City departments (Forestry, Parks, Development Planning, Natural Areas, and Zoning). In addition, staff completed a work session with the Water Board and will present AMP to the Natural Resource Advisory Board, Economic Health Advisory Board – see dates below.

Input received has been very supportive of the proposed program. Concerns are primarily related to the following:

- Ensuring that the assigned annual water allotment matches the expected water use at the time of development in the future (note Utilities staff is developing improvements to the process in partnership with Development Review staff).
- How customers who have already implemented solutions will respond if AMP is approved.
- The proposed program's adoption timeline and if they will have enough time to respond in 2019.
- Other City Departments (e.g. Forestry, Natural Areas, and Parks) regarding impacts to vegetation and tree loss if customers stop watering landscapes.

Next Steps

Staff is proposing to present the program for consideration by City Council on April 16th. Staff will consider CFC input and conduct any additional outreach or analysis before presenting to City Council.

Upcoming schedule:

- 3/20/2019: Natural Resources Advisory Board
- 3/20/209: Economic Health Advisory Board
- 3/21/2019: Water Board – action item
- 4/16/2019: 1st reading City Council

ATTACHMENTS

1. Methodology for determining Cash-In-Lieu increase
2. 2017 Memorandums in response to customer concerns

Attachment 1 – Methodology for determining Cash-In-Lieu increase
Relevant sections highlighted.

CITY OF FORT COLLINS COUNCIL FINANCE COMMITTEE
January 23, 2017 Work Session

AGENDA ITEM SUMMARY

Staff: Donnie Dustin, P.E., Water Resources Manager
Lance Smith, Utilities Strategic Finance Director
Carol Webb, Water Resources and Treatment Operations Manager

Subject for discussion – Changes to the Utilities Raw Water Requirements

EXECUTIVE SUMMARY

The purpose of this work session is to provide the Council Finance Committee with an overview of the current Raw Water Requirement system and associated cash-in-lieu rate, and review proposed changes to the current approach.

Utilities staff recommends the following changes:

- Adjust Raw Water Requirement (RWR) schedules to reflect recent (lower) water use
    - Use number of bedrooms for indoor component of residential schedule
- Adjust the Cash-in-Lieu (CIL) rate per a hybrid cost approach
    - Increase CIL rate to ~$16,700 per acre-foot of requirement
- Accept cash only (and existing City-issued water certificates and credits) for RWR satisfaction
- Review and adjust (if necessary) the CIL rate biennially
- Review and adjust (if necessary) the RWR schedules every 5 to 7 years

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. Does Council support changing the amount of raw water requirements to reflect recent (lower) water use?

2. Does Council support adopting the proposed Cash-in-lieu rate?

3. Does Council support accepting cash only rather than cash and/or water rights?

BACKGROUND/DISCUSSION

The Utilities' Raw Water Requirements ("RWR") are a dedication of water rights or cash-in-lieu of water rights to ensure that adequate water supply and associated infrastructure are available to serve the water needs of development. In preparation for an update to City Council at their February 14, 2017 work session, staff will present background information including the existing RWR system and cash-in-lieu ("CIL") rate, future development and water supply needs, water use changes, and potential changes to the RWR system and CIL rates.

Water Service Areas in Fort Collins

The City of Fort Collins Utilities ("Utilities") water service area covers the central portion of Fort Collins. As the City continues to grow into the Growth Management Area, much of this growth will be outside the Utilities water service area, and will instead be in the service areas of the surrounding water districts (mostly the East Larimer County Water District and the Fort Collins-Loveland Water District ("Districts"")). Water service for much of this growth will thus be provided by the Districts. The attached map shows these service areas (ATTACHMENT 1).

Although regional water collaboration discussions are ongoing with the Districts and direction or potential outcomes of those discussions have yet to be determined, any proposed changes to the RWR will only apply to water service from Utilities and within the Utilities water service area. This does not preclude future changes to the RWR for water service from Utilities based on potential outcomes of the regional discussions or from the Districts modifying their RWR.

Raw Water Requirements

The RWR are a requirement for providing adequate water supply service by Utilities. It currently requires a dedication of water rights, a payment of cash-in-lieu of water rights, or City-issued water certificates to ensure that an adequate supply of raw (untreated) water and associated infrastructure (e.g., storage reservoirs) are available to serve the needs of development (including redevelopment).

Generally, the RWR are based on water use and development type. The current RWR schedules are attached (ATTACHMENTS 2 and 3). The goal of the RWR is to acquire adequate water rights and funds to provide a reliable raw water supply for a development. Although not the focus of this discussion, other water-related development fees include water and wastewater plant investment fees ("PIFs") that are assessed to cover the treatment and distribution infrastructure required to process and transport treated water and resulting wastewater into and out of a development. These water-related development fees are one-time impact fees (or requirements) and are separate from water rates, which recover the operational costs of running and maintaining this infrastructure. For the purposes of this discussion, RWR refers to the volume of raw water needed to meet the projected water use of a development (in acre-feet of water) and the CIL fee refers to the cash equivalent of that water supply needed.

The current amount of RWR assessed for residential development is based on a calculation that incorporates indoor and outdoor use components and a water supply factor multiplier. The current amount of RWR assessed for non-residential (or commercial) development is based on the average use for particular meter (or tap) sizes and also includes a water supply factor multiplier. The water supply factor used in both the residential and commercial RWR schedules is currently 1.92, which means that Utilities requires 1.92 times the amount of the projected (or average) water use of a development. Reasons for this factor include the need to account for treatment and distribution losses in the supply system, variable demands of customers (e.g., higher use during hot, dry years), variable yields of supplies (e.g., less yield in droughts) and variable yield from the Utilities different water supply sources (since some yield better than others). Given these and other uncertainties in providing reliable water supplies (e.g., climate change), the 1.92 water supply factor continues to be reasonable.

Once the amount of RWR for a development is determined (in acre-feet), the RWR currently can be satisfied with acceptable water rights, a payment of cash in-lieu-of water rights, City-issued water certificates or credits, or a combination. The water rights currently accepted by Utilities for satisfaction of the RWR are attached (ATTACHMENT 4). The Utilities CIL rate is currently $6,500 per acre-foot of RWR. Previous adjustments to the CIL rate have considered the raw water supply situation of Utilities at the time, including factors such as the market price of Colorado-Big Thompson Project ("CBT") units, the potential value of local water rights (e.g., Southside Ditches[1]), and the goal to receive an appropriate mix of water rights and cash needed to develop additional firm yield for development.

Among other things, changes to the CIL rate should consider the cost to acquire additional storage capacity (e.g., Halligan Water Supply Project) and other facilities required to fully utilize the Utilities water rights portfolio, the value of the existing water supply system, and developing a methodology for easily updating the CIL rate.

Future Development

The amount of RWR needed to meet our future water supply needs includes calculating the projected amount of future water use, determining the water rights and/or facilities needed to meet that projected use, and adjusting the RWR to acquire the necessary supplies and/or facilities.

Calculating the projected amount of future water use and expected RWR that will be turned in depends on projected growth (both population and commercial/industrial). The Utilities' water service area population is projected to grow about 45,000 by the year 2065 (from the current population of about 133,000 to about 178,000). Based on the current RWR schedules, this projected growth is estimated to provide about 11,900 acre-feet of additional RWR that will be turned in to Utilities. However, water use has significantly changed since the current RWR schedules were developed.

Water Use Changes

The current RWR schedules are based on a 1983 study focused on relating actual water use with the raw water requirements. The study analyzed annual water consumption data broken into categories based on number of dwelling units, type of living structure, and equivalent lot size (net total area of development divided by number of dwelling units). A linear formula was then derived which could be used to project consumption on the basis of residential density (number of units and size of lot), utilizing the same formula for both single-family and multi-family developments. This projected consumption is the "expected use" for a particular type of development.

Acknowledging the impacts of conservation on the City's water consumption, Utilities staff studied recent water use patterns for single-family, multi-family, and commercial developments. The results of the study showed significantly lower water consumption for single-family and multi-family developments over recent years, as compared to the expected use from the current RWR calculations. Differences in water consumption for commercial developments were not as significant, though changes were also present.

The differences in expected use versus recent actual use prompted staff to investigate possible methods for updating the water use formulas in the RWR in order to better project expected use for future developments.

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[1] The Southside Ditches include the Arthur Ditch, New Mercer Ditch, Larimer County Canal No. 2 and Warren Lake Reservoir. The Pleasant Valley and Lake Canal is another canal that runs through Fort Collins and is sometimes considered a Southside Ditch.

Methods
To investigate recent trends in water consumption, the past 10 years (2006-2015) of monthly water billing data was analyzed, broken out by single-family residential, multi-family residential, and commercial developments. Utilizing 10 years of consumption data helps to capture climatic variations, which can greatly affect water consumption across all development types. From the outset, the data for different types of residential developments were analyzed separately, with the anticipation that average consumption trends would differ between development types. Further investigation into the use data and types of developments led to combining data for duplexes with single-family developments.

Single-family/Duplex
Due in great part to successful conservation efforts, water consumption for single-family residential customers has decreased. The current analysis shows a significant difference between the average annual use per single-family home and the calculated expected use from the current RWR equations. These differences are outlined in Table 1.

Multi-family
Due to the complexity of compiling and verifying water consumption data for multi-family developments, which often include multiple buildings and irrigation taps, a representative sample of developments were analyzed for this study.

Multi-family residential water use, which includes both indoor and outdoor use, has seen an overall downward trend and the average annual use per unit is significantly lower than the calculated expected use from the current RWR equations. Table 1 shows the average use per unit, as well as the change from the expected use predicted from the current RWR equations.

Table 1. Summary of annual residential water use from 2006-2015.

Residential Development Type	Expected Use per Unit (gal/year)	Average Use per Unit (gal/year)	Fraction of Expected Use
Single-family/Duplex	130,840	96,640	**74%**
Multi-family	79,720	48,380	**61%**

In an effort to realign the RWR equations to more closely reflect current use patterns, multi-variate regression models were utilized to investigate multiple variables (e.g., lot size, number of units, building square footage, number of bathrooms, and number of bedrooms) and their ability to predict water use. The results of the analyses suggest that the best models for predicting water consumption for both single-family and multi-family residential developments are those which include lot size and number of bedrooms. The correlation between number of bedrooms and indoor water use was much greater than the current method based on number of units.

This analysis indicates that altering the current RWR schedules would more accurately reflect current residential water use patterns, as well as more equitably distribute those requirements across the range of development types and sizes by better reflecting actual water use. Proposed alterations to the residential RWR schedule include separate equations for single-family (and duplex) and multi-family residential developments, as well as modifying the equation to reflect expected use as a function of number of bedrooms and lot size. These changes would reduce the volume of water required under the RWR for the average residential development.

Commercial

Finally, the analysis considered non-residential (or commercial) water use. An analysis of non-residential water use from 1981-2015 showed that non-residential water use increased by roughly 35% shortly after the 1980s water use study, but has trended back downward since then.

Non-residential water use can vary widely by the type of business (even for the same tap size). For instance, a restaurant would be expected to use more water than a hardware store, even though they may occupy otherwise similar commercial spaces of equal size and are connected to Utilities with the same tap size. It would be administratively difficult for Utilities or developers to accurately estimate each non-residential development type's water use, especially as that use can change over time as businesses evolve and come and go on a particular property. Each of the most common tap sizes from 0.75-inch to 2-inch thus have a set RWR volume[2].

The current method of a set RWR volume for the smaller tap sizes maintains equity across different types of water users for a single tap size by setting an allotment for a maximum allowed amount of water use, and then applying a surcharge rate for use beyond the allotment. The allotment is based on 80% of the average use for a tap size. This method provides a baseline that encourages water conservation, while still allowing customers to pay for additional RWR for greater amounts of water use. This method also recognizes that a small number of high water-use businesses pull up the overall average use of all customers in that tap size. Consequently, by using 80% of the average, the numerous businesses that use much less than the average are not penalized. Funds acquired from the surcharge rate applied to use over the allotment are used to acquire more water supplies. This methodology is still applicable to current commercial development and is recommended to be continued.

Table 2 shows the average annual water use by tap size, the expected use predicted by the 1980s study and used in the current calculation of RWR, as well as the fraction of expected use. The table shows that non-residential water use was less than expected for the 1-inch, 1.5-inch, and 2-inch taps, but the 0.75-inch, was near expected. Since RWR for non-residential development is determined by tap size, the RWR could be adjusted by the fraction of expected use to reflect the change in water use over time.

Table 2. Summary of annual, non-residential water use from 2006-2015.

Tap Size (inches)	Expected Use (gallons/year)	Average Use (gallons/year)	Fraction of Expected Use (%)
0.75	191,000	190,000	**100%**
1.0	636,000	479,000	**75%**
1.5	1,273,000	1,002,000	**79%**
2.0	2,037,000	1,678,000	**82%**

Suggested RWR Adjustments

[2] The RWR for a customer needing a tap larger than 2-inch or multiple taps is established by the customer's estimate of peak annual use. These customers are not common and tend to be large, established business. It is thus far less difficult for Utilities and the customer to accurately estimate the peak annual use for these customers.

Given the changes in water use from the expected amount per the current RWR calculations, it is recommended that the RWR calculations be adjusted to reflect the information provided above. Making these changes will reduce the overall projected amount of expected RWR the Utilities will receive in the next 50 years from about 11,900 acre-feet to about 7,700 acre-feet.

More specifically, it is recommended the RWR calculations be changed to the following:

Single Family/Duplex RWR (acre-feet)

$$= 1.92 \times \frac{7.048 \times Lot\ size\ (sq.ft.) + 12{,}216.9 \times Bedrooms\ (\#)}{325{,}851(\frac{gallons}{acre-foot})}$$

Multi-Family (>2 units) RWR (acre-feet)

$$= 1.92 \times \frac{9.636 \times Lot\ size\ (sq.ft.) + 13{,}592.8 \times Bedrooms\ (\#)}{325{,}851(\frac{gallons}{acre-foot})}$$

Commercial RWR (acre-feet) =

¾-inch tap: 0.90 AF
1-inch tap: 2.26 AF
1 ½-inch tap: 4.72 AF
2-inch tap: 7.91 AF
'> 2-inch tap: case-by-case

Water Supply Needs

In order to meet the projected water supply needs of future growth, Utilities projects the need for new infrastructure and some additional water rights. The largest part of the new infrastructure would be acquisition of additional storage capacity through the Halligan Water Supply Project. This additional storage at an enlarged Halligan Reservoir would meet a large portion of the projected future demands by storing existing water rights (and water rights to be acquired in the future) during wet times for use during dry times[3].

Other infrastructure that is projected to be needed by 2065 includes being part of facilities required to fully utilize the Utilities' recently changed Water Supply and Storage Company shares and potential future measuring devices and by-pass facilities on the Poudre River as part of requirements for utilizing some of the Utilities water rights. Utilities also projects a longer term need (by 2065) for some additional water rights to complement the additional storage capacity.

Adding the new infrastructure and water rights to the water supply portfolio will increase the Utilities' firm yield about 7,800 acre-feet, from the existing firm yield of 30,800 acre-feet to about 38,600 acre-feet. This boost in firm yield will meet the expected future growth for the Utilities water service area mentioned above. The new infrastructure is estimated to cost approximately

[3] It should be noted that an alternative to the enlargement of Halligan Reservoir that meets the Utilities future needs could be selected by the Army Corps of Engineers as part of the permitting process.

$63.9 million and the additional water rights about $25.5 million, both of which include a 25 percent contingency and total about $89.4 million.

Other Costs for Increasing Firm Yield

In addition to the new infrastructure and water rights mentioned above, future Utilities customers will benefit from the existing water supply portfolio. Alone, acquiring the new infrastructure and water rights mentioned above would not provide adequate water supplies needed for those future customers. In order to fairly charge the new customers, a value for a portion of the existing water rights portfolio needed to be determined. Adding the new infrastructure and water rights will increase the Utilities' water supply firm yield from 30,800 to 38,600 acre-feet. This 7,800 acre-foot increase equals 20.2 percent of the future firm yield. It can be assumed that 20.2 percent of the existing firm yield (or 6,224 acre-feet) will be needed by the future customers to achieve the needed 7,800 acre-foot increase in firm yield. Applying the long-standing CIL rate of $6,500 per acre-foot to the 6,224 acre-feet, results in a value of the portion of the existing portfolio that can be utilized by new development of about $40.5 million.

Combining the costs of the new infrastructure and water rights needed with the value of the existing water supply portfolio gives the total cost to increase the firm yield for new development (or redevelopment) of approximately $129.9 million.

Cash Only Considerations

It is imperative that the RWR become a "cash only" system. This would mean no longer accepting water rights to meet the RWR. However, the existing City-issued water certificates, as well as credits from previously satisfied RWR, will still be accepted.

This cash only system would recognize the importance of acquiring additional storage capacity (which cannot be turned in to meet the RWR), since such storage capacity increases our supplies by making existing (and future) water rights available during dry times. Utilities will need to focus on specific water rights in the future to avoid inefficient rights that are ineffective in our water supply system. In a cash only system, water rights could still be purchased by Utilities and focus would be given to the best water rights for our water supply system. It should be noted that Utilities plans to focus use of the cash received on infrastructure first (particularly additional storage), since it efficiently and economically provides for reliable water supplies. In addition, accepting cash only would provide flexibility to pursue other water supply options in the future, which could include regionally collaborative projects.

Cash-in-Lieu (CIL) Rate Changes

BBC Research and Consulting ("BBC"), which has expertise in fee and rate analyses, was hired to review the RWR system and the CIL rate. Utilities took the information provided by BBC to consider options for changes to the RWR system and CIL rate.

As part of their study, BBC was asked to evaluate the value of the Utilities' water supply portfolio. BBC did this by considered an equity buy-in approach for a CIL rate adjustment, where they valued the Utilities existing and future water supply system to be worth between $1.3 and $1.5 billion. Dividing that total system value by the future firm yield of the water supply system of approximately 38,600 acre-feet determines the equity buy-in value of the water supply system. Using the low end of the total system value ($1.3 billion) results in an equity buy-in amount of about $36,800 per acre-feet of RWR. This would be an amount to "plug into" the Utilities water supply system and approximates what it would cost to acquire those supplies today.

BBC also helped Utilities consider other approaches for a CIL rate adjustment. The other main option was an incremental cost approach, which considers only the costs of future water supply needs. Because the existing water rights portfolio includes water rights which will be more effectively utilized through the development of water storage and thereby will provide some water to future growth, this approach does not accurately reflect the total costs for development and would under collect the anticipated cost of developing the required water supply system. Ultimately, BBC helped Utilities identify a hybrid approach that combined elements of the equity buy-in approach and an incremental cost approach. This hybrid approach involves looking at the value of existing water supply portfolio (as discussed above), the costs of future water supply needs and dividing this cost by the firm yield those future water supplies provide. Using the total costs of approximately $129.9 million, divided by the additional 7,800 acre-feet of firm yield provided, results in a hybrid approach value of about $16,700 per acre-foot of RWR.

Principles of Impact Fees

As staff investigated potential options for changes to the RWR system and the CIL rate, the following principles of impact fees for new development or redevelopment were followed

- Growth should pay its own way. This means the impacts of the development should be paid for by the development and not by existing ratepayers via increased rates.
- The impact fee should charge only the cost of mitigating the impact. For example, setting the CIL to the market value of local water rights could result in charging more than is needed.
- Adding the development should be done while maintaining the current level of service, with little to no impact to existing rate-paying customers.

RWR and CIL Rate Changes: Options Explored

Several options for changing the RWR system and the CIL rate were explored. The criteria used in considering these options included whether the option met the principles of impact fees (as explained above), was financially sustainable, and was defensible. Financial sustainability means that it will generate adequate funds to acquire the future water supply needs of the development, as well as having a reasonable and easily reproducible methodology for acquiring the funds. Lastly, defensibility is important to avoid potential risks associated with the methodologies used in any option.

The following is a brief description of the different options or approaches that were investigated for changing the RWR system and CIL rate, including whether the option met the criteria mentioned above. With the exception of the first option (Status Quo), all options include going to a cash only RWR/CIL system.

Status Quo: This option would involve not changing anything, including the RWR calculations, the current $6,500 CIL rate or going to a cash only system. This option does not meet any of the criteria since it does not generate adequate funds, it burdens existing customers to pay for future needs, and it asks for more water (RWR) than development needs.

Existing RWR, Adjust CIL: This option would involve leaving the RWR calculations the same and adjusting the CIL rate by dividing the costs of our total future needs by the projected RWR we expect. Although this option meets the financially sustainable criteria by generating the necessary funds for acquiring the future water supply needs mentioned above, it does not meet the other criteria since it asks for more water (RWR) than development needs.

Equity buy-in approach: This option would involve adjusting the RWR calculations as recommended above and adjusting the CIL rate to the equity buy-in amount of $36,800 as explained above. Although this option partially meets the financially sustainable criteria by generating the necessary funds for acquiring the future water supply needs mentioned above, it is based on a replacement cost of the entire water supply system. As such, it is not defensible as it would acquire more funds than needed.

Modified equity buy-in approach: This option would involve adjusting the RWR calculations as recommended above and adjusting the CIL rate to an amount that would only generate the necessary funds for acquiring the future water supply needs mentioned above, thus meeting the principles of impact fees and defensibility criteria. However, it does not require growth to fully cover the cost of its impact on the water supply system.

Split fee approach: This option would also involve adjusting the RWR calculations as recommended above. This option would involve creating a new, additional impact fee for the necessary infrastructure needed for future water supplies, along with the current RWR fee for the water rights needed (or available to developers through existing City water certificates or credits). A variation of this option (termed a Water Right Utilization Fee) was presented to City Council during a September 24, 2013 work session. Although this option would meet most of the criteria, it potentially would create disputed issues with the use of some of the City's water certificates and was thus not considered further.

Incremental cost approach: This option involves adjusting the RWR calculations as recommended above and adjusting the CIL rate based on only the incremental costs to acquire the future water supply needs. However, because of the City's outstanding water certificates and credits, this approach does not recognize the value of these credits to the new development and also would not generate adequate funds.

Hybrid approach: This option involves adjusting the RWR calculations as recommended above and adjusting the CIL rate based on the incremental costs to meet the future water supply needs, along with a charge to future customers for the value of a portion of the Utilities' existing water supply portfolio. This option meets all the criteria used, thus it is the recommended option.

Rate increases to maintain lower CIL: This option would actually involve using one of the other options (e.g., hybrid approach), but lowering or phasing in the CIL rate to avoid high development costs. However, this option does not meet the principles of impact fees criteria since it doesn't have growth pay its own way and burdens existing customers with the cost of the future water needs.

Proposed Changes to the RWR and CIL Rate

Given the information provided above, and consulting with BBC on various aspects of the RWR system and CIL rate, the best option is to use a hybrid approach. This approach would include changing the RWR calculations as suggested above. The CIL rate for this hybrid approach would be $16,700 per acre-foot of RWR. This CIL rate can be compared with about $50,000 per acre-foot of firm yield from the CBT project, which uses an average cost of $25,000 per CBT unit and a firm yield of 0.5 acre-feet per unit (under drought conditions).

RWR/CIL Comparisons

Table 4 shows information for the status quo (no changes) and the proposed hybrid approach, including the assumed RWR amounts, CIL rates and cost for typical developments. Although the proposed changes to the RWR schedules and CIL rates are related to impact fees specific to the Utilities water service area, a comparison with other northern Colorado water providers for single family homes and 1-inch taps are provided in Figures 1 and 2 (for illustrative purposes only).

Table 4 – Fort Collins Utilities Raw Water Requirements (RWR) for Typical Developments

Development Type	Status Quo (CIL=$6,500/AF)	Hybrid Approach (CIL=$16,700/AF)
Single family, 4br, 6,000 sq ft lot		
Raw Water Requirement, AF:	0.66	0.54
Total Cost, $:	**$4,309**	**$8,970**
Multi-family, 100 units		
Raw Water Requirement, AF:	42.49	23.33
Total Cost, $:	**$276,210**	**$389,674**
Unit Cost, $/unit:	**$2,762**	**$3,896.74**
Commercial Tap: 0.75"		
Raw Water Requirement, AF:	0.90	0.90
Total Cost, $:	**$5,850**	**$15,070**
Commercial Tap: 1.0"		
Raw Water Requirement, AF:	3.00	2.27
Total Cost, $:	**$19,500**	**$37,836**
Commercial Tap: 1.5"		
Raw Water Requirement, AF:	6.00	4.72
Total Cost, $:	**$39,000**	**$78,877**
Commercial Tap: 2.0"		
Raw Water Requirement, AF:	9.60	7.91
Total Cost, $:	**$62,400**	**$132,104**

Figure 1

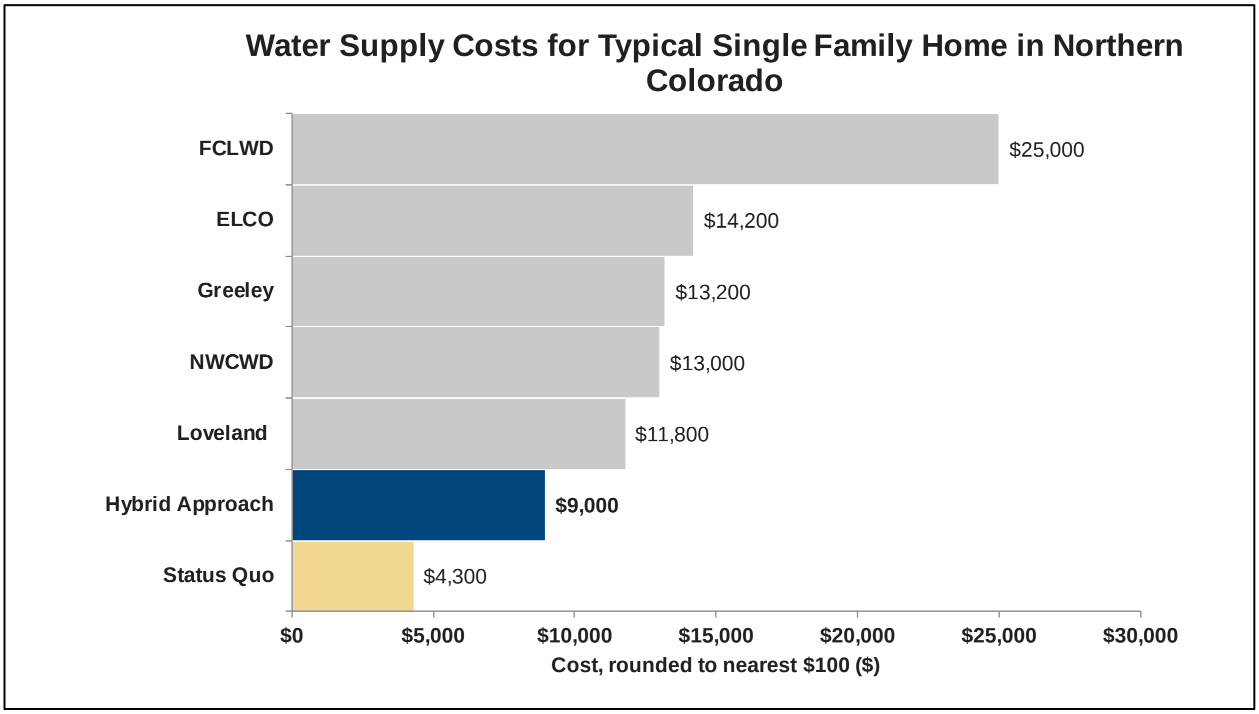
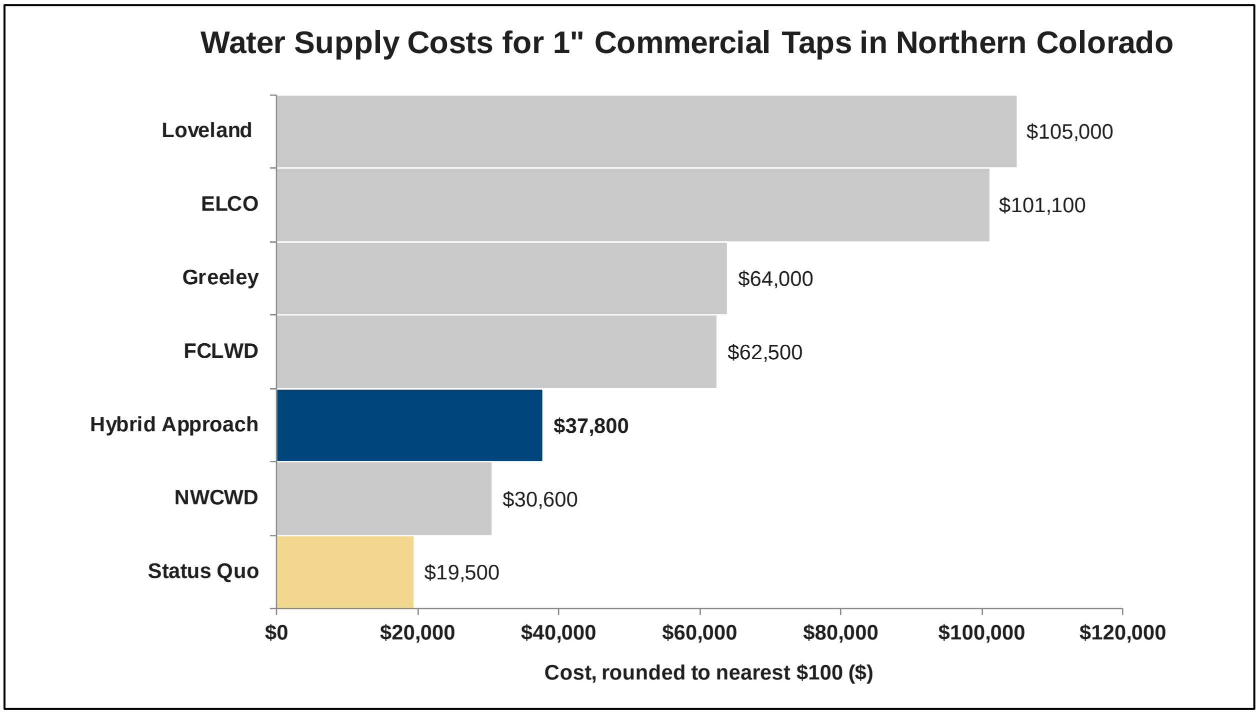


Figure 2



Future RWR/CIL Adjustments

It is recommended that the CIL rate be reviewed biennially, along with the other City biennial fee review process, and adjusted as needed to reflect changes to construction costs[4], water rights and projected RWR (related to growth projections).

It is recommended that the RWR schedules should be reviewed every 5 to 7 years and changed if necessary, since changes to average water use are usually the result of long-term water conservation and thus less volatile than the factors underlying the CIL rate. This review would assess any potential changes in consumption, investigate the appropriateness of predictor variables, and if necessary, reflect any changes in updated equations. It is also recommended to utilize the previous 10 years of data when performing these updates.

Outreach

Utilities staff presented this issue to the Water Board on October 6, 2016. Based on input from their meeting, Utilities staff postponed an October 25, 2016 City Council work session until after presenting to the Council Finance Committee. Staff is currently working on scheduling presentations for gathering input from stakeholder groups like the Fort Collins Chamber of Commerce, Fort Collins Board of Realtors, and Northern Colorado Homebuilders Association. Also, similar outreach to City boards and commissions such as the Water Board, Economic Advisory Commission, and the Affordable Housing Board will be conducted based on the direction given at the City Council work session on February 14. The input gathered from the

[4] It should be noted that the current estimate of future infrastructure needs includes the projected costs for the enlargement of Halligan Reservoir, but that alternatives to the Halligan Reservoir enlargement that might be selected through the Halligan Water Supply Project permitting process could cost substantially more – and thus, there could be a need to increase the CIL rate accordingly.

outreach efforts will be provided as part of the final City Council actions that will be required for adoption of changes.

STAFF RECOMMENDATION

Utilities staff recommends the following changes:

- Adjust Raw Water Requirement (RWR) schedules to reflect recent (lower) water use
  - Use number of bedrooms for indoor component of residential schedule
- Adjust the Cash-in-Lieu (CIL) rate per a hybrid cost approach
  - Increase CIL rate to ~$16,700 per acre-foot of requirement
- Accept cash only (and existing City-issued water certificates and credits) for RWR satisfaction
- Review and adjust (if necessary) the CIL rate biennially
- Review and adjust (if necessary) the RWR schedules every 5 to 7 years

In addition, it is recommended the name of this Utilities development fee be change in City Code from Raw Water Requirements to "Water Supply Requirements", since developing adequate and reliable water supplies requires more than just acquiring "raw water".

NEXT STEPS

Staff will present this issue to the City Council at the February 14 work session. Staff will consider City Council input and conduct additional public outreach prior to returning to City Council for final approval of the changes to the RWR and CIL, which is likely to occur in the next several months.

ATTACHMENTS

1) Fort Collins Area Water Districts Map
2) Residential Raw Water Requirements (RWR) Schedule
3) Non-Residential Raw Water Requirements (RWR) Schedule
4) Water Rights and Conversion Factors Accepted by the City for Satisfaction of RWR
5) Glossary of Water Resources Terms
6) Presentation

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MEMORANDUM

DATE: November 1, 2018

TO: Mayor Troxell and Councilmembers

FROM: Carol Webb, Deputy Director, Water Resources and Treatment Operations

THROUGH: Darin Atteberry, City Manager
Jeff Mihelich, Deputy City Manager J.M.
Kevin R. Gertig, Utilities Executive Director

RE: Response and Next Steps Related to Concerns from Water Utility Customers Regarding Changes to Water Supply Requirements and Resulting Increases in Excess Water Use Surcharges

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BOTTOM LINE:

Approximately 260 commercial account customers of the Water Utility have raised concerns regarding an increase in excess water use surcharges that are billed when they exceed their annual water allotment ("surcharges"). The increases in the surcharges followed Ordinance No. 116, 2017 (effective January 1, 2018), when City Council approved various changes to the Water Supply Requirements (formerly Raw Water Requirements) and increased the surcharge rate.

The particular circumstances of these commercial account customers and their resulting surcharge increases vary by customer. For example, some appear to have taps and allotments that are undersized for their demand, while others appear to not have historically been billed for the surcharges they should have incurred. In the lead up to Ordinance No. 116, 2017, some customers did not receive the same advance notice as was provided to other customers.

To address this, Utilities staff has sought to reduce surcharges in the interim, performed various analyses of the issues, and is working internally and with the City Attorney's Office on long-term solutions, some of which may require City Council approval.

DISCUSSION:

In Ordinance No. 116, 2017 (which was effective January 1, 2018), City Council approved various changes to the Water Supply Requirements (formerly Raw Water Requirements) and increased the surcharge rate. The Water Supply Requirement cash-in-lieu fee sets the monetary amount for customers to buy a volume of water service and to buy an increased allotment. It was increased from $6,500 per acre foot to $17,300 per acre foot based on extensive analysis. Surcharges are to be billed to commercial and irrigation tap customers when they exceed their annual water allotment. The surcharge rate was changed from $3.06 per 1,000 gallons to $8.14 per 1,000 gallons, also based on extensive analysis.

Utilities staff conducted significant outreach to all potentially-impacted customers in the lead up to the ordinance to assist them in reducing their water use. However, approximately 260 existing Water Utility commercial customer accounts that are impacted by ordinance and the associated increase in the surcharge rate were not notified of the changes in a timely manner relative to the notification provided to other customers.

Several of these customers (particularly home owners' associations, or "HOAs") have expressed concerns related to the impact the changes in the Water Supply Requirements and the associated increase in surcharges will have on their budgets. The particular circumstances of these commercial account customers and their resulting surcharge increases vary by customer. For example, some appear to have taps and allotments that are undersized for their demand, while others appear to not have historically been billed for the surcharges they should have incurred. Some customers are expected to experience bill increases of over $22,000 dollars a year. Consequently, these customers are requesting that Utilities consider waiving the charges, and/or mitigating these impacts.

The Utilities Executive Director has sought to delay the effective date of surcharge rate increase for these customers until January 2019 to allow the customers an opportunity to reduce their water use. The Utilities Executive Director is also considering additional opportunities to facilitate reduction of water use for certain customers, including those that have historically never received excess water use fees and are committed to managing their landscape water use (e.g. will not overwater based on their landscape needs or will commit to converting to a lower water use landscape).

In addition, Utilities staff conducted a broad analysis of the potential options to address customer concerns and identified several options to analyze in more detail. It is anticipated that some options may require further administrative and/or Council action and thus may take some time to implement. Utilities staff also understands that the increase in the surcharges have placed a financial burden on certain customers, particularly those 260 customers who were not notified in as timely of a manner as desired.

It should be noted that staff continues to provide significant support to all customers who are receiving surcharges to reduce their water use.

Staff intends to present recommendations for a long-term solution to City Council following a more detailed analysis of certain options in first quarter 2019 and is working internally and with the City Attorney's Office.

pc: Lisa Rosintoski, Deputy Director, Customer Connections
Liesel Hans, Manager, Water Conservation

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MEMORANDUM

DATE: November 19, 2018

TO: Mayor Troxell and Councilmembers

FROM: Carol Webb, Deputy Director, Water Resources and Treatment Operations

THROUGH: Darin Atteberry, City Manager
Jeff Mihelich, Deputy City Manager
Kevin R. Gertig, Utilities Executive Director KRG

RE: Concerns from Water Utility Customers re: Excess Water Use Surcharges: Additional Information and Status

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This memo addresses concerns raised by some commercial account Water Utility customers (primarily home owner associations "HOAs") regarding an increase in excess water use surcharges ("surcharges") that are billed when they exceed their annual water allotment ("allotment"). The surcharge increases followed Ordinance No. 116, 2017, which increased the surcharge rate.

This memo follows a previous memo on these issues: Memorandum, *RE: Response and Next Steps Related to Concerns from Water Utility Customers Regarding Change to Water Supply Requirements and Resulting Increases in Excess Water Use Surcharges*, November 1, 2018. This memo provides additional information and a discussion of the status of work on possible solutions.

BOTTOM LINE:

Surcharges are intended to ensure that the Water Utility recovers enough revenue to provide a reliable water supply (e.g. costs for water rights or storage). Surcharges were increased on January 1, 2018 when City Council made modifications to Water Supply Requirements.

Some commercial account Water Utility customers have been particularly impacted by the increased surcharge rates. Utilities staff is working to help these customers in several ways, including developing a program to allow for a temporary waiver of the surcharges for certain impacted customers that are taking steps to address the underlying issues causing use in excess of their allotments. The program will require changes to City Code.

DISCUSSION:

Rationale for Surcharge Rate

In Ordinance No. 116, 2017 (which was effective January 1, 2018), City Council approved various changes to the Water Supply Requirements (formerly Raw Water Requirements) and the surcharge rate. The surcharge rate increased from $3.06 per 1,000 gallons over the allotment to $8.14 per 1,000 gallons over the allotment.

A commercial customer's allotment is determined at the time of application for a water service permit. For tap sizes between ¾" and 2", the allotment is indicated in City Code Section 26-149(b). For taps larger than 2" and for customers requiring two or more meters, the allotment is calculated based on considering an approved estimate of peak annual use. Surcharges are to be billed to commercial and irrigation tap customers when they exceed their allotment in a given year.

The surcharge rate is distinct from the user rate. The user rate is structured to recover costs for operations and maintenance of the Water Utility system. The surcharge rate is structured to ensure that the Water Utility recovers enough revenue to provide a reliable water supply (e.g. costs for water rights or storage). The surcharge rate is based on the current cash-in-lieu rate because that is the current cost for the provision of a reliable water supply. If this revenue is not recovered through surcharges, the cost of service will be shifted to all customers through increases in user rates.

Impacts to Certain Commercial Account Water Utility Customers with Allotments

Some commercial account Water Utility customers have been particularly impacted by the increased surcharge rates. The circumstances of commercial account customers that have regularly been exceeding their allotments generally fall into four categories:

- Category 1: Historically Paying Surcharges with Reduced Future Use. Some customers have historically exceeded their allotments and paid surcharges but have appropriately size taps and allotments. These customers have the opportunity to avoid future surcharges by reducing their water use while still maintaining their current landscape.

- Category 2: Historically Paying Surcharges with Landscape Changes or Fee Payments. Some customers that have historically exceeded their allotments and paid surcharges but appear to have water taps and allotments that were undersized for their demand. These customers will need to either make significant changes to their landscape to reduce their use or pay a significant sum of money in additional Water Supply Requirement cash-in-lieu fees to increase their allotment to their demand and avoid future surcharges.[1]

[1] Utilities Staff is working with staff from the Planning Department to address the issue of undersized taps going forward (Categories 2 and 4), to help ensure that such irrigation taps are not undersized in future developments.

- Category 3: Historically Not Paying Surcharges with Reduced Future Use. Some customers appear to not have historically been billed for the surcharges they should have incurred and thus are now subject to future surcharges. Most of these customers will be able to reduce use to avoid surcharges, however may need time to make these changes.
- Category 4: Historically Not Paying Surcharges with Landscape Changes or Fee Payments. Some customers that have not been historically billed and also have water taps and allotments that are undersized for their demand. These customers will need to make significant changes to their landscape to reduce their use or pay a significant sum of money in additional Water Supply Requirement cash-in-lieu fees to increase their allotment to their demand and avoid future surcharges.

Customer Outreach and Support

Utilities staff conducted outreach to potentially-impacted customers in the lead up to Ordinance No. 116, 2017 to assist them in reducing their water use. However, a subset of existing Water Utility commercial customer accounts that are expected to be impacted by the ordinance and the associated increase in the surcharge rate were not notified of the changes through this pre-agenda public outreach process in as timely a manner that Utilities staff would have preferred.

Several of these customers (particularly HOAs) have expressed concerns related to the impact the changes in the Water Supply Requirements and the associated increase in surcharges will have on their budgets.

Utilities staff are providing extensive support to these and other customers to help them understand their watering needs and to consider landscape changes to reduce their use. As discussed above, many customers may reduce their use and avoid surcharges by implementing relatively small changes in their water use. Some customers, however, need to consider significant changes (which may require significant investment) to reduce their water use.

The Utilities Executive Director has sought to delay the effective date of surcharge rate increase for these customers until January 2019 to allow the customers an opportunity to reduce their water use, however this may not be adequate time for some customers to implement the necessary changes and to make strategic and budgeting decisions on these items. Staff is also evaluating potential incentive programs (grants, rebates, on-bill financing, etc.) to help customers make significant changes in their water use, with some options requiring additional funding.

Next Steps

Utilities staff is working to develop a program to provide certain customers with a temporary exemption to surcharges provided that they meet certain criteria. The current draft criteria in development and subject to change is as follows:

- The customer has historically never received excess water use fees but has been identified as being eligible to receive excess water fees based on their original water service permit(s).

- The customer is expected to exceed their allotment based on their historical use.
- The customer submits a satisfactory plan to reduce their landscape water use (e.g. will not overwater based on their landscape needs or will commit to converting to a lower water use landscape).
- If applying for an extension to purchase more water, the customer must have an allotment that is undersized for the property.

Under the draft program being developed, customers that meet the criteria could apply for a temporary surcharge exemption by submitting a plan to address water use and/or plan to pay to increase allotment. Staff would determine eligibility and the duration of the extension for each customer based on the information submitted (not to exceed two years). Staff would provide resources to participating customers and would perform a post-project assessment to confirm the project has been completed. Customers would only receive exemption from surcharges if they apply for the exemption. If a customer were to not complete any part of the application process, surcharges incurred during the time of the extension would be back-billed to the customer. Implementing the program above will facilitate water conservation as well as reduce the overall cost of service to these customers.

In order to implement the proposed program outlines above, City Code would need to be changed. Utilities staff is working with the City Attorney's Office on the program and such potential Code changes.

It should be noted that staff continues to provide significant support to all customers who are receiving surcharges to help them reduce their water use.

City of Fort Collins

Allotment Management Program (AMP)

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February 25, 2019

Agenda

- Background
- Customer Impact
- Customer Outreach & Feedback
- Allotment Management Program
- Next Steps

Direction Sought

1. What questions or feedback does the Council Finance Committee have regarding the proposed Allotment Management Program?

2. Does the Council Finance Committee support the proposed program and recommend bringing the item to City Council for adoption?

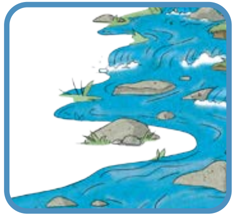
Strategic Alignment

Environmental Health

- 4.5 – Develop strategies to improve the community’s climate resiliency
- 4.6 – Provide a reliable, high-qualify water supply

High Performing Government

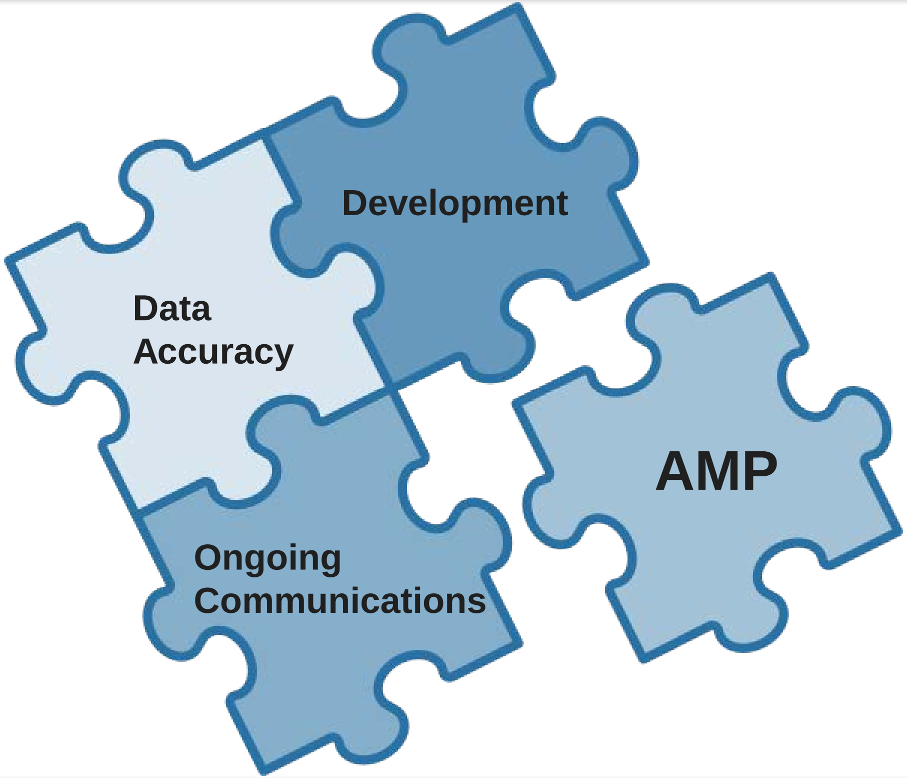
- 7.1 – Provide world-class municipal services to residents and businesses



Water Efficiency Plan and Water Supply and Demand Management Policy

- Reduce water use to 130 gallons per capita per day by 2030

Background



Water Supply Requirements
(Formally Raw Water Requirements)

- Dedication of water rights or cash-in-lieu (CIL) of water rights to the Water Utility to provide reliable water supply service to the customer
- Last update – Sept 2017

Mid-1960s to Mid-1984
WSR based on total acreage developed (e.g. 1 acre required 3 acre-feet of water).

Starting Mid-1984
WSR based on acreage developed and the estimated water use for the development type.

Commercial Water Allotments

Allotment

- Annual volume of water a tap can use before being subject to Excess Water Use fees
- Increased from $12,500 to $33,400 per acre foot

Excess Water Use Fee

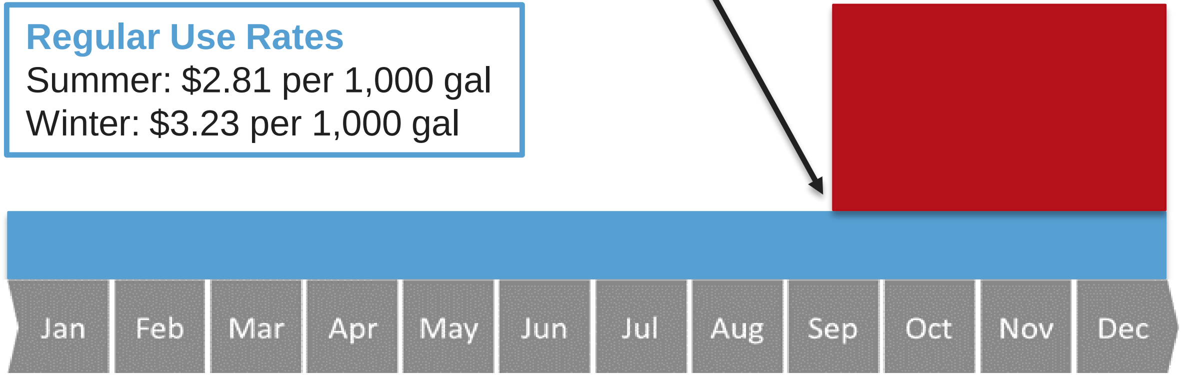
- Fee applied to all water used over the allotment for Utility to purchase additional water rights and/or infrastructure
- Increased from $3.06 to $8.14 per 1,000 gallons over the allotment

Commercial Water Allotments

Allotment is exceeded.

Excess Water Use Fee
+ $8.14 per 1,000 gal
For all use over allotment for the remainder of the calendar year.

Regular Use Rates
Summer: $2.81 per 1,000 gal
Winter: $3.23 per 1,000 gal

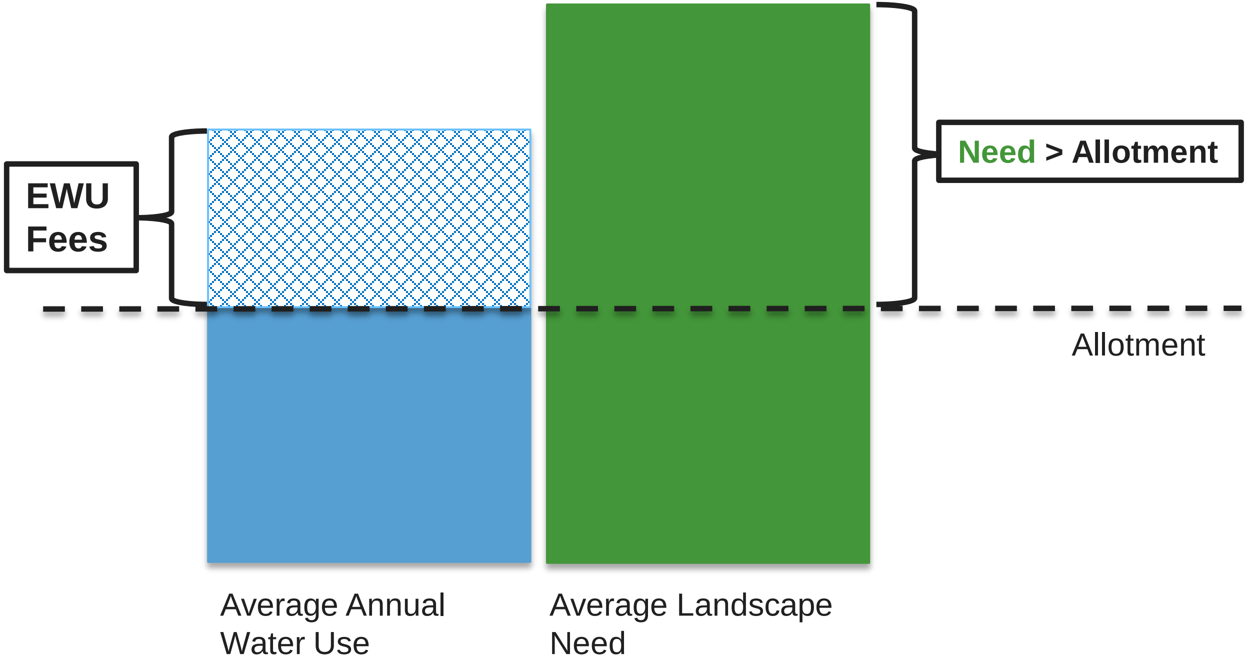


Commercial Water Allotments

- 34% of commercial accounts have an allotment (~1,200)
- 11% of commercial accounts typically receive Excess Water Use Fees (~350/year)
- 3% of commercial account receive Excess Water Use Fees over $2,000 (~100/year)

Customer Impact

1. Inefficient Use
2. Change in Use Type (e.g. gas station converted to a restaurant)
3. Allotment is not sized correctly for the use type (e.g. tap's allotment is not large enough given the property's efficient water need



Customer Outreach & Feedback

Dramatic Cost Increase

- 166% Increase
- Average EWU Fees: $4,700

Not enough time to prepare or factor into budgets

- No customer notified more than six months prior to implementation

Frustration when allotment is not sized correctly for use type

Rationale

Franklin HOA
Need: 6.7 millions gallons
Allotment: 3.1 million gallons
Excess Water Use Fees: $25K

<u>Option 1</u>
Pay $25K in Excess Water Use Fees each year

<u>Option 2</u>
Pay $366,000 to increase allotment

<u>Option 3</u>
Pay $75K over three years to convert 6 acres of land to lower water need to 2.8 million gallons

AMP - Structure

Allotment Management Program (AMP)

- Eligible customers submit an application with plan for long-term, permanent water reduction.
- Staff determines if customer and project qualify.
- If project qualifies, customer receives a temporary exemption from excess water use fees for a predetermined period of time to implement water saving project.
- Customers who do not complete project will be billed for any applicable excess water use fees.

AMP - Rationale

Smith HOA
Need: 2.0 million gallons
Allotment: 3.2 million gallons
Excess Water Use Fees: 10K

<u>Option 1</u>
Pay $10K in Excess Water Use Fees each year

<u>Option 2</u>
Pay $122,000 to increase allotment

<u>Option 3 - AMP</u>
Redirect 10K of EWU to fund $22K conversion of 2.5 acres of land

AMP - Benefits

- Creates solution for group of affected customers
- Increases community's drought resiliency and conservation ethic
- Cost-effective way to reduce volume of water not accounted for at development

AMP - Risks

	Number that Exceed Their Allotment	Program Impact (est. using 2018 Excess Water Use Fees)
Commercial Customers	350	$1.2 Million
Customers with over $2,000 in fees	156	$1.1 Million
Engaged Customers	48	$368,339

- Total Commercial Customers: ~3,500
- Total Commercial Customers with Allotment: ~1,200

Timeline / Next Steps

Data acquisition, analysis, and program development
2018

WaterBoard Work Session, Direction to Proceed (Y)
Dec 20, 2018

Customer & Stakeholder Outreach and Feedback, Supportive of Proposal
Jan - Feb 2018

CFC Presentation, Direction to proceed (Y/N)
Feb 25, 2018

Natural Resource Advisory Board
March 20, 2018

Economic Health Advisory Board
March 20, 2018

Water Board Action Item
March 21, 2018

City Council
Tentative: April 16 2018

Program Launch
Tentative: June 2019

Direction Sought

1. What questions or feedback does the Council Finance Committee have regarding the proposed Allotment Management Program?

2. Does the Council Finance Committee support the proposed program and recommend bringing the item to City Council for adoption?

THANK YOU!

Boards and Commissions

- Water Board
- Natural Resources Advisory Board
- Economic Health Advisory Board
- Council Finance Committee

NOTE: Utilities will continue presentations through March 2019

Key Stakeholders

- Community stakeholder group comprised of customers that exceed their allotment
- Certified Landscape Professionals
- Affected City Departments: Parks, Natural Areas, Forestry, Planning and Development