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Planning Dept.

SERVICE PLAN

FOR

BOBCAT MEADOWS
METROPOLITAN DISTRICT

PREPARED BY:

Philip J. Anderson
545 East Pikes Peak Avenue
Suite 207
Colorado Springs, Colorado 80903

(719) 633-4873

TABLE OF CONTENTS

	<u>PAGE</u>
SECTION A - INTRODUCTION.....	1
Name of Proposed District.....	1
Description of Proposed Services.....	1
Boundaries.....	2
Relationship to Adjoining and Overlapping Districts.....	2
Need/Adequate Existing Services.....	3
Master Plan.....	4
SECTION B - DEVELOPMENTAL ANALYSIS.....	5
Infrastructure.....	5
Water rights.....	6
Absorption Schedule.....	6
Operating and Maintenance Costs.....	6
SECTION C - FINANCIAL PLAN ANALYSIS.....	7
SECTION D - MISCELLANEOUS.....	9
 TABLES:	
Table 1 - Overlapping Mill Levies.....	2
 EXHIBITS:	
Exhibit A - Legal Description	
Exhibit B - Map	
Exhibit C - Water System and Costs	
Exhibit D - Summary of Water Rights	
Exhibit E - Estimated Operating and Maintenance Costs	
Exhibit F - Financial Plan Analysis	

SECTION A - INTRODUCTION

The zoning and preliminary plat for the 516.19 acre, 178 single family lot Bobcat Meadows Subdivision was approved by the Board of County Commissioners of El Paso County in January, 1997. The water supply plan for the subdivision, which is described in the recent final plat submitted to the County, provides for a central water system through the establishment of a private water company to own and operate the water system with a water district to be established shortly thereafter. For reasons set forth below, a governmental water district is believed to be a better alternative to a private company. Also such a district may provide water services in the future to other subdivisions in this area that wish to take advantage of a central water system.

1. NAME OF PROPOSED DISTRICT:

The proposed water district shall be named the BOBCAT MEADOWS METROPOLITAN DISTRICT, hereinafter referred to as the "District".

2. DESCRIPTION OF PROPOSED SERVICES:

The proposed services include the supply of water for domestic and other public and private purposes by any available means and all necessary reservoirs, treatment works and facilities, equipment, and appurtenances incident thereto. The proposed services also include the provision of limited fire protection services in a cooperative manner with the Falcon Fire Protection District

("Falcon") which overlaps the proposed District. It is anticipated that there will be an draft intergovernmental agreement with Falcon describing and setting forth the roles of each entity with regard to the provision of fire protection services and that the role of the District will be limited to assisting Falcon in obtaining the capital costs of constructing a new fire station.

3. BOUNDARIES:

The jurisdictional boundaries of the District will include certain unincorporated properties in the east-central portion of El Paso County, more particularly described in the attached legal description (Exhibit A) and depicted on the attached maps (Exhibit B).

4. RELATIONSHIP TO ADJOINING AND OVERLAPPING DISTRICTS:

There is no municipality within the boundaries of the proposed District. The proposed District is overlapped by five governmental entities that have certified mill levies in 1997: Falcon School District No. 49, El Paso County, Falcon Fire Protection District, the Pikes Peak Library District and the Upper Black squirrel Creek Ground Water District. The overlapping mill levies are described in Table 1:

TABLE 1

OVERLAPPING MILL LEVIES

(1996)

	Mill Rate
El Paso County	11.405
Falcon FPD	2.702
Pikes Peak Library District	4.059
Falcon School Dist. No. 49	59.197
Upper Black Squirrel Creek Ground Water District	1.040
	78.403
1996 Tax Rate	

The total mill levy after creation of the District would be 85.403 mills. This appears to be about average compared to most other areas in El Paso County. The District's mill levy for a \$120,000.00 home would generate approximately \$84.00 per year.

5. NEED/INADEQUATE EXISTING SERVICES:

The creation of the District will be in the best interests of the property owners proposed to be served. A district enjoys statutory powers and protections that are not available to homeowners' associations or private utility companies. These include the ability to levy property taxes, fees and charges collectible by the County Treasurer through the tax sale process, a perpetual statutory lien for services, representative government with known budgetary and audit protections, and certain liability protections for those operating the water system. All of these help assure the long-term provision of water services at the lowest rates possible.

Adequate public water service for Bobcat Meadows Subdivision is not expected to be made

available through other county, municipal or quasi-municipal entities. Inclusion into an existing water district does not appear to be a viable alternative to the creation of the District due to costs associated with the relatively large distances from existing districts (Woodmen Hills Metropolitan District 5 to 6 miles along rights of way, Paint Brush Hills Metropolitan District 7 to 8 miles), water rights issues and other impacts on the existing and future customers of those districts and the proposed District. Although there are private central water systems in the Sagecreek, Bluesage and Sagecreek North subdivisions two to four miles to the east of Bobcat Meadows, these systems were put in some years ago and were not designed or built to the City of Colorado Springs' standards being used in the Bobcat Meadows Subdivision. Based on the costs of upgrading and maintaining those systems, costs related to their distance from Bobcat Meadows, potential pressure problems, and water rights/adjudication issues associated with the separate water systems, it does not appear to be in the best interests of the future taxpayers and customers of the Bobcat Meadows Metropolitan District to include those subdivisions into the District. It is also thought to be unlikely that the existing property owners of those subdivisions would vote to be included in a taxing district.

The Falcon Heights subdivision is located approximately two miles to the west of the Bobcat Meadows subdivision and has a private central water system for existing five acre lots. The Board of County Commissioners recently approved a rezoning request for additional 2 1/2 acre lots at Falcon Heights with a proposed central water system. Although some of the potential problems cited above for combining disjointed water systems with different water rights and issues may preclude including those subdivisions in the proposed Bobcat Meadows Metropolitan District, there is merit in exploring the possibilities and this will be done prior the Planning Commission review of this service plan.

6. MASTER PLAN:

A finding of consistency can be made for the proposed District based on the Pikes Peak Regional Land Use Plan - 1990. A stated goal of that plan is to "provide adequate, efficient and economical utilities and public services to all areas within the Pikes Peak Region". It is also consistent with the Falcon/Peyton Comprehensive Plan which includes a general recommendation against a proliferation of near-surface individual wells and which recognizes the benefit of central water systems. The proposed District is also consistent with all duly adopted county, regional and state long-range water quality management plans for the area, including Project Aquarius.

SECTION B - DEVELOPMENTAL ANALYSIS

1. INFRASTRUCTURE:

The central water system for the 178 lots contained in the Bobcat Meadows Subdivision will include 2 wells, pumps, storage tank, treatment facilities, water mains and fire hydrants. Included in Exhibit C hereto is a detailed breakdown of the water system and its costs. In accordance with conditions typically placed upon the approval of subdivisions by the Board of County Commissioners, guarantees for the construction of the water system will be posted with the County and the water system will be constructed to City of Colorado Springs' design standards. The construction of the water system will be coordinated with the Falcon Fire Protection District in order to meet its requirements with regard to fire flows. All such water infrastructure together with the necessary

easements will be conveyed to the District immediately upon acceptance by the District.

2. WATER RIGHTS:

The water for the 178 lots will be leased from the developer, TexCol, LP, a Texas limited partnership, to the District and the District will have an option to purchase the same. A summary of said water rights is included in Exhibit D hereto.

3. ABSORPTION SCHEDULE:

Based upon current sales activity and market analyses of this project and the area, this plan anticipates that fifty-five homes will be built in the first year, seventy-five in year two and forty-eight in year three. A less optimistic build-out schedule of thirty homes in each of the first five years and twenty-eight homes in year six is also shown in Exhibit F-1. The average home sales price is estimated at \$120,000.00. Based upon the 2.58 people per household average in El Paso County (PPACG), the total population at buildout is estimated to be 459.24 people.

4. OPERATING AND MAINTENANCE COSTS:

The estimated operating and maintenance costs for the District are shown in Exhibit E hereto.

It is anticipated that in the formative years the District will have shortfalls in being able to meet its monthly operations and maintenance expenses. TexCol, LP is prepared to assume these obligations for the development of the initially included property within the District. A reserve fund in the amount of \$25,000.00 will be established over the first three years of the District's operations to fund unanticipated capital and maintenance needs.

The estimated operating and maintenance costs for the District are believed to be conservatively on the high side. The system maintenance estimate is thought to be realistic based upon the modern telemetry system that will be installed which has the following features: equipment connected by modem to the operator's place of business which measures current well pumping rates, level of water in water tank, chlorine and other chemical levels, and water usage. The meters being required for each home are read by radio frequency from a drive by and then downloaded into the District's computer for billing purposes. It is estimated that additional testing for the Department of Health will cost approximately \$2,500.00 per year.

SECTION C - FINANCIAL PLAN ANALYSIS

1. Attached as Exhibits F and F-1 hereto are Financial Plan Analyses over the next twenty (20) year period of time. Exhibit F-1 assumes a build-out scenerio approximately one half that shown in Exhibit F. These analyses show the number of homes to be built each year and depict the income to be derived from ad valorem taxes, tap fees and monthly user fees. They also include the estimates for the annual operating and maintenance costs of the water system.

2. It is proposed that the District will have indebtedness not to exceed Three Million Dollars (\$3,000,000.00) which represents payment to TexCol, LP for the lease or purchase of the water rights, reimbursement for the design and construction of the water infrastructure conveyed to the District and repayment of any loans to the District for operating and maintenance shortfalls. This debt, however, will be in the form of installment purchase agreements, and/or private revenue or special obligation bonds and will not be general obligation debt of the District. Repayment of this debt will be from the fee sources shown in Exhibit F and the District will not be obligated to raise its mill levy to repay the debt. Repayment of this debt will be expressly contingent upon the receipt of taxes based upon a capped mill levy of ten mills, as adjusted for the Gallagher Amendment and other statutory changes, and fees from the District. Repayment of this debt will be expressly contingent upon the receipt of tap fees capped at a maximum of 150% of the rate shown in Exhibit F (ie. \$6,000.00). Finally, repayment of this debt will be expressly contingent upon the receipt of monthly utility charges capped at a rate not to exceed 125% of those charged by the City of Colorado Springs for water supplied to premises located outside the corporate limits of the City. Any increases in tax and fee rates above the foregoing shall be considered material modifications of this service plan requiring the prior approval of the Board of County Commissioners of El Paso County. If development does not occur as projected, there may be a reduced or delayed payback to TexCol, LP.

3. Reimbursement for the design and construction of the water infrastructure as well as any loans to the District for operating and maintenance shortfalls shall be based upon the actual costs of same. Should the District purchase the water rights presently owned by TexCol, LP, the purchase price shall

be based upon the actual purchase price paid by TexCol, LP for said water rights plus the actual costs of adjudicating and developing said water rights. If the District desires to purchase the water rights for a fair market price that is higher than the foregoing, any such purchase shall be based upon an appraisal approved by the County and the District. If the County and the District are unable to agree on an appraised value of the water rights, the matter shall be determined by mediation in a manner mutually established by the County and the District.

4. At the time of the election forming the District, it is proposed that there be a ballot question authorizing up to Three Million Dollars (\$3,000,000.00) in debt for the above-described purposes and containing the repayment restrictions set forth herein.

5. Because the developer owns all necessary land, there are no land acquisition costs reflected in this Service Plan or in the costs of the water system being conveyed to the District. The developer will convey all necessary land to the District at no cost to the District.

6. Because Southfork Development Ltd. will pay for all infrastructure capital costs, this Service Plan does not contain a commitment from a qualified lender or investment banking firm.

7. This District should be capable of providing economical service within its boundaries. It is not anticipated that there would be any financial difficulties that could affect the performance of the proposed District due to the fact that there is no general obligation debt.

SECTION D - MISCELLANEOUS

The following is additional information required by the Colorado Revised Statutes and the County's guidelines:

- a. The contemplated municipal services are under the jurisdiction of the Special District Control Act and not the Public Utilities Commission.
- b. At this time there are no anticipated needs or plans to exercise the power of eminent domain within or without the District's boundaries.
- c. An annual report will be required and submitted as described in C.R.S. 32-1-207(3)(d).
- d. The District may be dissolved in the event development activity permanently ceases and the District is failing to provide any services.
- e. Should material modifications occur as described in C.R.S. 32-1-207(2), the District shall apply for approval of such modifications to the Board of County Commissioners. The exclusion of any of the property described in Exhibit A (the Bobcat Meadows Subdivision approved by the Board of County Commissioners in Resolution No. 97-8, Land Use-2) from the District shall constitute a material modification of the approved Service Plan and shall require the prior approval of the Board of County Commissioners.

f. There are no existing or proposed intergovernmental agreements between the proposed District and any other governmental entities. It is the intent of the organizers of the proposed District to cause the District to join the El Paso County Water Authority upon the organization of the District.

LAND DESCRIPTION

THAT PORTION OF SECTION 15, TOWNSHIP 13 SOUTH, RANGE 64 WEST OF THE 6TH P.M., COUNTY OF EL PASO, STATE OF COLORADO AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHEAST CORNER OF SAID SECTION 15;

THENCE S00°16'47"W, 5250.73 FEET ALONG THE EASTERLY LINE OF SAID SECTION 15 TO THE SOUTHEAST CORNER OF SAID SECTION 15;

THENCE S89°23'18"W, 1317.03 FEET ALONG THE SOUTHERLY LINE OF SAID SECTION 15 TO THE SOUTHEAST CORNER OF THE SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 15;

THENCE N00°00'14"W, 1316.00 FEET ALONG THE EASTERLY LINE OF SAID SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 15;

THENCE S89°21'08"W, 1309.47 FEET ALONG THE NORTHERLY LINE OF SAID SOUTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 15;

THENCE S89°26'40"W, 2633.65 FEET ALONG THE SOUTHERLY LINE OF THE NORTH HALF OF THE SOUTHWEST QUARTER OF SAID SECTION 15 TO THE SOUTHWEST CORNER THEREOF;

THENCE N00°14'34"E, 3953.51 FEET ALONG THE WESTERLY LINE OF SAID SECTION 15 TO THE NORTHWEST CORNER OF SAID SECTION 15;

THENCE N89°36'47"E, 5268.96 FEET ALONG THE NORTHERLY LINE OF SAID SECTION 15 TO SAID NORTHEAST CORNER OF SECTION 15, ALSO BEING THE POINT OF BEGINNING, AND CONTAINING 516.90 ACRES MORE OR LESS.

ZONE CHANGE (DISAPPROVED)

Commissioner Bebb moved that the following Resolution be adopted:

BEFORE THE PLANNING COMMISSION

OF THE COUNTY OF EL PASO

STATE OF COLORADO

RESOLUTION NO. P-96-019

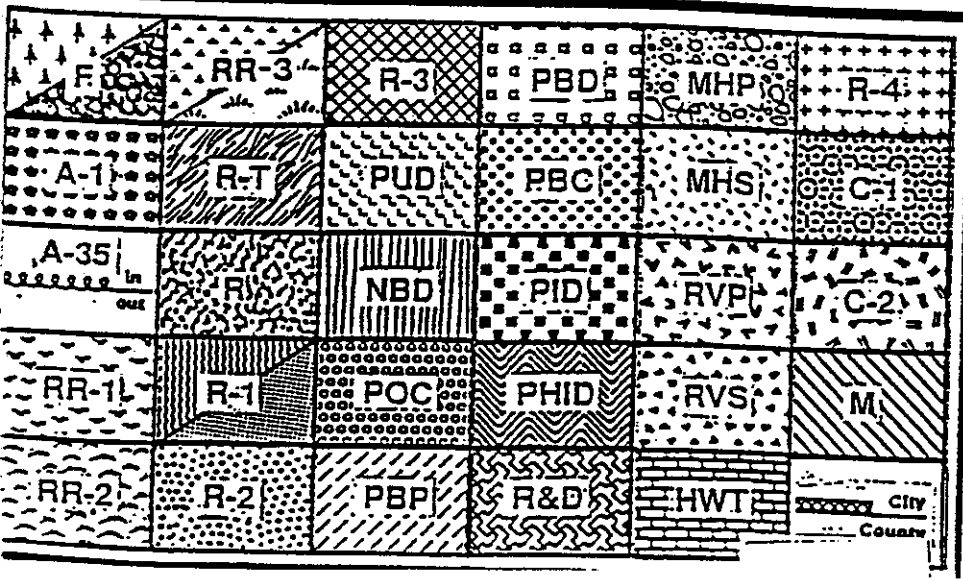
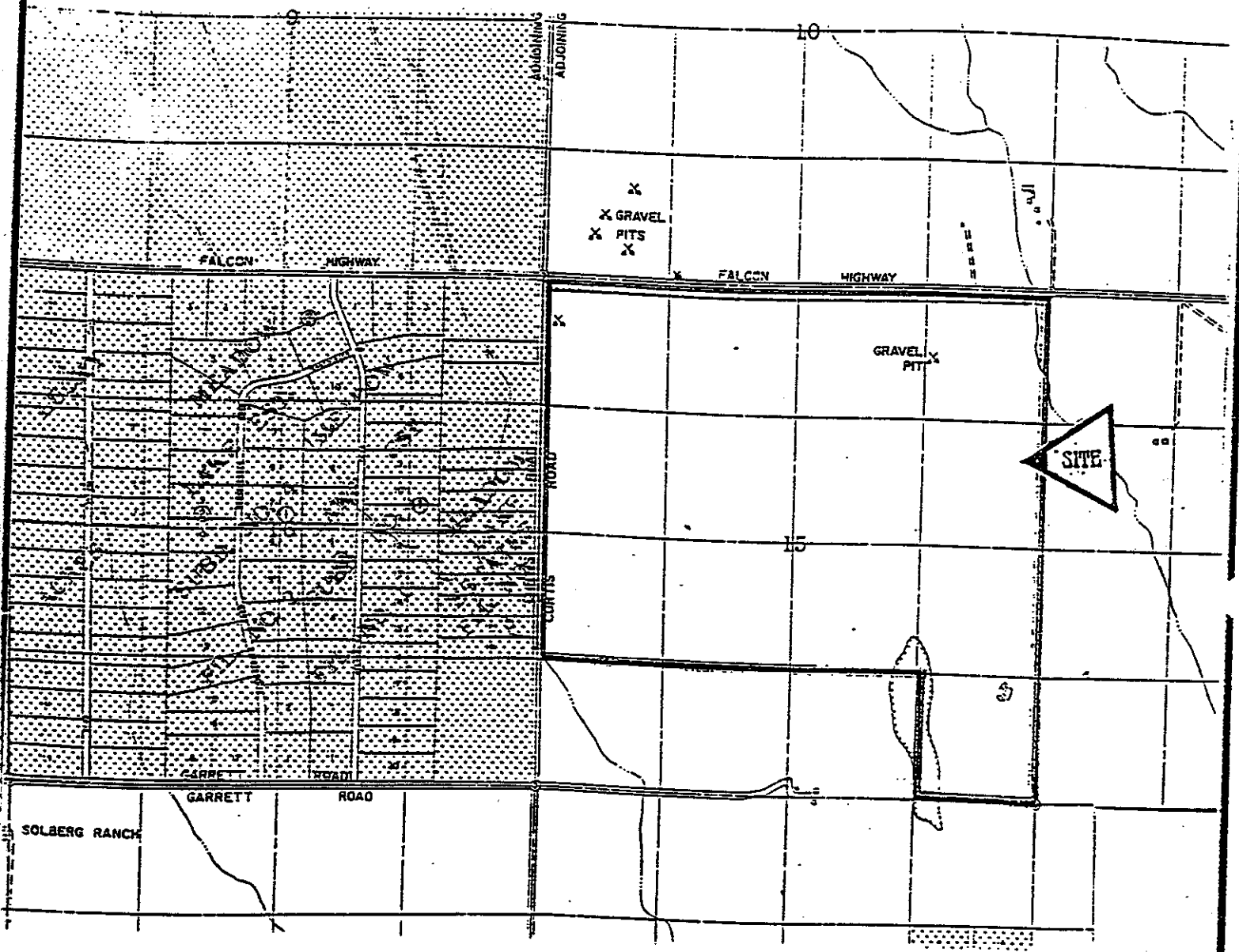
WHEREAS, KEL Investments did file a petition with the Planning Department of El Paso County on or about September 30, 1996, to rezone the herein described property in El Paso County from an unzoned classification to the RR-2 (Rural Residential) Zone District; and

WHEREAS, a public hearing was held by this Commission on December 17, 1996; and

WHEREAS, based on the evidence, testimony, exhibits, study of the master plan for the unincorporated area of the county, comments of the El Paso County Planning Department, comments of public officials and agencies, and comments from all interested parties, this Commission finds as follows:

1. That proper posting, publication and public notice was provided as required by law for the hearing before the Planning Commission.
2. That the hearing before the Planning Commission was extensive and complete, that all pertinent facts, matters and issues were submitted and that all interested parties were heard at that hearing.
3. That the proposed zoning is not in compliance with the recommendations set forth in the master plan for the unincorporated area of the county.
4. That the proposed land use will not be compatible with existing and permitted land uses in all directions.
5. That the proposed land use does not permit the use of an area containing a commercial mineral deposit in a manner which would interfere with the present or future extraction of such deposit by an extractor.

Vicinity Map



FILE
 P 96 019
 SP 96 020

MAP
 431.15

TITLE
 BOBCAT MEADOWS /
 KEL INVESTMENT

EXHIBIT C

WATER SYSTEM AND COSTS

<u>ITEM</u>	<u>QUANTITY</u>	<u>COST PER UNIT</u>	<u>COST</u>
Wells (1 Arapahoe & 1 Laramie)	2		\$207,968
Pumps	1		40,000
Metal Building	1		15,000
Storage Tank	1		100,000
Treatment Facility	1		200,000
Service Connections	178	\$375.00 ea.	66,750
Water Mains	26,785	\$12.00 lf	321,420
Fire Hydrants	6	\$1,750.00	10,500
Construction total:			\$961,638
Engineering, surveying & testing:	15%		144,246

The Pratt Law Firm

ATTORNEYS

*Emphasizing Construction, Environmental, Water and Real Property Law
and Commercial Trials*

Steven L. Mann
Kevin B. Pratt

425 South Wilcox Street, Suite 500
Castle Rock, Colorado 80104

Telephone 303 - 688 - 2500
FAX 303 - 688 - 2600

August 27, 1996

Rick O'Connor
El Paso County Planning Dept.
27 East Vermijo
Colorado Springs, Colorado 80903

Re: Bobcat Meadows Subdivision

Dear Rick:

This letter is for the purpose of providing information about establishment and operation of the water supply system at Bobcat Meadows.

The water supply system for the subdivision will be a central water system operated by the incorporated Property Owners Association. It will use Arapahoe and Laramie-Fox Hills aquifer wells located within the property boundaries and within the boundaries of the Upper Black Squirrel Creek Designated Groundwater Basin Management District.

A water resources report has been prepared by Wm. Curtis Wells & Co. and is submitted herewith.

Well permit applications for one Arapahoe aquifer well and one Laramie-Fox Hill aquifer well are being submitted to the State Engineer's Office. Copies are submitted herewith.

The amount of water required for Bobcat Meadows central water system will be conveyed to the POA by the developer. A sample deed is submitted herewith.

The water supply system will be constructed by the developer at the developer's expense upon easements. The completed system and easements will be assigned and deeded to the POA.

The POA has the power to hire a water system manager, is required to use a licensed water treatment plant operator, and is authorized to charge users for water, to assess the units in the subdivision, and to shut off water for non-payment of user charges. Because the POA is being organized under the Colorado Common Interest Ownership Act, 38-33.3-101 et seq., 16A C.R.S. 1995 Cum. Supp., ("CCIOA") detailed explanations of the

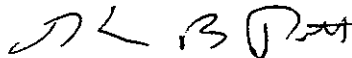
Mr. O'Connor
August 27, 1996
Page 2

operation of the water system and the charges and liens for the system are necessary. Drafts of the Articles of Incorporation, Declaration, and Land Use Standards are submitted herewith. Please see Declaration sections 4n, 6, 8, 9, 22.1, 22.6, and 26, and Land Use Standards sections 3, 4, and 17a regarding the water system and water use. Please note that Declarations 4n states in part,

unit owners have no easement in the water supply system or any portion of the water supply system. The water supply system shall be operated exclusively by the Association, which shall contract for a licensed water treatment plant operator and professional management of the water system.

As additional phases are added to the subdivision, the Arapahoe and Laramie-Fox Hills water necessary for those phases will be added and those areas incorporated within the water system operated by Bobcat Meadows.

Very truly yours,



Kevin B. Pratt

KBP/cp

Encl:

1. Curt Wells Letter Report, revision dated July 29, 1996.
2. Well permit applications and cover letter.
3. Draft Special Warranty Deed for water and water system.
4. Draft Article of Incorporation for POA.
5. Draft Declaration for Bobcat Meadows.
6. Draft Land Use Standards for Bobcat Meadows.